



**FOR IMMEDIATE RELEASE**

Contact: Mr. William E. “Bill” Edwards, III  
President and Chief Executive Officer  
(865) 694-5725

Mr. David A. Bright, CPA  
EVP / CFO / CAO  
(865) 694-5731

**Mountain Commerce Bancorp, Inc. Announces First Quarter 2025 Results  
And Quarterly Cash Dividend**

**Knoxville, Tennessee, April 21, 2025** – Mountain Commerce Bancorp, Inc. (the “Company”) (OTCQX: MCBI), the holding company for century-old Mountain Commerce Bank (the “Bank”), today announced financial results and related data as of and for the three months ended March 31, 2025.

The Company also announced today that its Board of Directors declared a quarterly cash dividend of \$0.07 per common share, its eighteenth consecutive quarterly dividend, and a 40% increase from the prior quarter. The dividend is payable on June 2, 2025 to shareholders of record as of the close of business on May 5, 2025.

**Management Commentary**

William E. “Bill” Edwards, III, President and Chief Executive Officer of the Company, commented as follows:

“We continued to see further improvements in our net interest margin which improved from 2.29% in the fourth quarter of 2024 to 2.31% in the first quarter of 2025, and finished the quarter at 2.33% for the month of March 2025. The Company anticipates continued improvement in its net interest margin throughout 2025 as the result of rising loan portfolio yields and improved funding costs resulting from contractually scheduled repricing of certain deposits and borrowings. We also believe our net interest margin is well positioned and protected in a variety of potential interest rate scenarios. Our cost of funds declined 18 bp to 3.30% in the first quarter of 2025 from 3.48% in the fourth quarter of 2024. Partially offsetting this improvement was a 9 bp decline in taxable loan yields to 5.78% in the first quarter of 2025 from 5.87% in the fourth quarter of 2024 as a result of the Federal Reserve’s decision to reduce interest rates on December 18, 2024.

We continue to experience excellent asset quality with non-performing loans to total loans of 0.06% and an allowance to non-performing loans coverage ratio of over 12x. Our noninterest expense to average assets was 1.50% during the first quarter of 2025, which is approximately half that of similarly-sized peer banks based on recent call report data. Careful management of our dividend and asset growth has allowed our tangible common equity to tangible assets ratio to rise to 7.60% at March 31, 2025 from 7.58% at December 31, 2024, with the Bank’s leverage ratio finishing the first quarter of 2025 at 9.35%.

In summary, we will seek to continue to carefully control our risk and growth while net interest margin and earnings continue to recover. Our modeling and forecasting suggest continued improvement in earnings throughout 2025, should macro-economic conditions hold.”

## Highlights

The following tables highlight the trends that the Company believes are most relevant to understanding the performance of the Company as of and for the three months ended March 31, 2025. As further detailed in Appendix A and Appendix C to this press release, adjusted results (which are non-GAAP financial measures), reflect adjustments for realized and unrealized investment gains and losses, gains and losses from the sale of fixed assets, the provision for or recovery of credit losses, and net loan charge-offs or recoveries. See Appendix B to this press release for more information on the Company’s tax equivalent net interest margin. All financial information in this press release is unaudited.

		For the Three Months Ended					
		(Dollars in thousands, except per share data)					
		2025	2024				
		March 31	December 31	September 30	June 30	March 31	
		GAAP	GAAP	GAAP	GAAP	GAAP	
Net income	\$	2,179	2,092	2,992	2,324	\$	1,515
Diluted earnings per share	\$	0.35	0.33	0.48	0.37	\$	0.24
Return on average assets (ROAA)		0.50%	0.47%	0.67%	0.53%		0.34%
Return on average equity		6.43%	6.32%	9.17%	7.46%		4.92%
Noninterest expense to average assets		1.50%	1.40%	1.46%	1.36%		1.30%
Net interest margin (tax equivalent)		2.31%	2.29%	2.08%	2.00%		1.66%
Yield on interest-earning assets		5.58%	5.69%	5.70%	5.63%		5.51%
Cost of funds		3.30%	3.48%	3.70%	3.70%		3.98%
		2025	2024				
		March 31	December 31	September 30	June 30	March 31	
		Adjusted (1)	Adjusted (2)	Adjusted (2)	Adjusted (2)	Adjusted (1)	
Net income	\$	2,214	2,481	2,203	1,966	\$	1,274
Diluted earnings per share	\$	0.35	0.39	0.35	0.31	\$	0.20
Return on average assets (ROAA)		0.50%	0.56%	0.49%	0.44%		0.29%
Return on average equity		6.53%	7.49%	6.75%	6.31%		4.14%
Pre-tax, pre-provision earnings	\$	2,823	3,441	2,450	2,448	\$	1,418
Pre-tax, pre-provision ROAA		0.64%	0.78%	0.55%	0.55%		0.32%
(1) Represents a non-GAAP financial measure. See Appendix A to this press release for more information.							
(2) Represents a non-GAAP financial measure. See Appendix C to this press release for more information.							

		As of and for the		As of and for the	
		3 Months Ended		12 Months Ended	
		March 31,		December 31,	
		2025		2024	
		(Dollars in thousands, except share data)			
Asset Quality					
	Non-performing loans	\$	891	\$	1,383
	Real estate owned	\$	3,256	\$	2,572
	Non-performing assets	\$	4,147	\$	3,955
	Non-performing loans to total loans		0.06%		0.09%
	Non-performing assets to total assets		0.23%		0.23%
	Year-to-date net charge-offs (recoveries)	\$	155	\$	(247)
	Allowance for credit losses to non-performing loans		1279.01%		835.14%
	Allowance for credit losses to total loans		0.78%		0.79%
Other Data					
	Cash dividends declared and paid	\$	0.050	\$	0.230
	Shares outstanding		6,408,625		6,393,081
	Book and tangible book value per share (2)	\$	21.26	\$	20.70
	Accumulated other comprehensive loss (AOCI) per share		(2.09)		(2.37)
	Book and tangible book value per share, excluding AOCI (1) (2)		23.35	\$	23.07
	Closing market price per common share	\$	20.00	\$	21.52
	Closing price to book value ratio		94.08%		103.95%
	Tangible common equity to tangible assets ratio		7.60%		7.58%
	Bank regulatory leverage ratio		9.35%		9.31%
(1) As further detailed in Appendix A and Appendix C to this press release, this is a non-GAAP financial measure.					
(2) The Company does not have any intangible assets.					

## Net Interest Income

Net interest income increased \$2.5 million, or 38.4%, from \$6.4 million for the three months ended March 31, 2024 to \$8.9 million for the same period in 2025. The change between the periods was primarily the net result of the following factors:

- Average interest-earning assets declined \$30.5 million, or 1.8%, from \$1.680 billion to \$1.649 billion, driven primarily by decreases in taxable investments and interest earning deposits.
- Average net interest-earning assets grew \$16.8 million, or 6.2%, from \$268.6 million to \$285.4 million, due primarily to a \$18.1 million increase in noninterest-bearing deposits and a \$12.5 million increase in shareholders' equity.
- Cost of funds declined 68 bp from 3.98% to 3.30%, while the average yield earned on interest-earning assets increased 7 bp from 5.51% to 5.58%, resulting in tax-equivalent net interest rate spread expanding by 69 bp to 1.62% from 0.93% and tax-equivalent net interest margin expanding 65 bp from 1.66% to 2.31%. Cost of funds and the yield earned on interest-earning assets over

the last year have been materially impacted by 100 bp's of decreases in interest rates by the Federal Reserve.

### Rate Sensitivity

The Company has the following assets, derivatives and liabilities subject to contractual repricing of interest rates:

		<b>March 31, 2025</b>
Interest-earning deposits	\$	95,438
Investments available for sale		20,763
Loans receivable		388,273
Interest rate swaps (notional)		225,000
	\$	613,607
Deposits	\$	99,254
Senior debt		12,000
	\$	111,254

### Interest Rate Swaps

The Company has the following interest rate swaps hedging loans receivable as of March 31, 2025:

				<b>Estimated</b>				
			<b>Fair</b>	<b>Annual</b>			<b>Receive</b>	<b>Pay</b>
		<b>Notional</b>	<b>Value</b>	<b>Earnings</b>	<b>Term</b>	<b>Maturity</b>	<b>Rate</b>	<b>Rate</b>
Interest Rate Swap	\$	150,000	(2,140)	(525)	3 Yrs	10/1/2026	4.34%	4.69%
Interest Rate Swap		75,000	103	473	2 Yrs	9/1/2026	4.34%	3.71%
	\$	225,000	(2,037)	(52)				

### Provision For (Recovery Of) Credit Losses

The following summarizes the Company's provision for (recovery of) credit losses and net charge-offs (recoveries) for each of the last five quarters:

		<b>Three Months Ended</b>				
		<b>March 31,</b>	<b>December 31,</b>	<b>September 30,</b>	<b>June 30,</b>	<b>March 31,</b>
		<b>2025</b>	<b>2024</b>	<b>2024</b>	<b>2024</b>	<b>2024</b>
Provision for (recovery of) credit losses	\$	64	480	(1,282)	(499)	(469)
Net charge-offs (recoveries)		155	11	-15	-13	-230

The Company continues to experience near historically low levels of problem assets and net charge-offs which, when combined with favorable economic factors, has resulted in minimal provisions for credit

losses (or recoveries) of credit losses during the last five quarters. Given our limited loss history, the Company utilizes peer data in its estimation of expected loan losses.

### Noninterest Income

The following summarizes changes in the Company's noninterest income for the periods indicated:

(In thousands)		Three Months Ended March 31		
		2025	2024	Change
Service charges and fees	\$	384	382	2
Bank owned life insurance		55	55	-
Realized gain (loss) on sale of investment securities available for sale		(139)	77	(216)
Realized and unrealized loss on equity securities		(4)	(20)	16
Gain (loss) on sale of loans		3	(3)	6
Gain on sale of fixed assets		5	30	(25)
Wealth management		219	201	18
Swap fees		-	51	(51)
Other		5	9	(4)
Total noninterest income	\$	528	782	(254)

Noninterest income declined to \$0.5 million in the first quarter of 2025 from \$0.8 million in the same quarter of 2024. The following factors had an impact on noninterest income during these periods:

- Realized gain (loss) on sale of investment securities available for sale declined by \$0.2 million from the first quarter of 2024 due to management's decision to sell a municipal bond that at a loss that was in close proximity to the California wildfires during the first quarter of 2025 rather than risk a complete loss.
- Swap fees declined \$0.1 million due to a decline in the Company's lending volume and reduced customer demand for swaps. The Bank receives a fee for delivering the swap to a third party with our borrower as counterparty to the swap, but does not maintain a contractual obligation for the swap other than in the event of a default.

### Noninterest Expense

The following summarizes changes in the Company's noninterest expense for the periods indicated:

(In thousands)		Three Months Ended March 31		
		2025	2024	Change
Compensation and employee benefits	\$	3,528	2,992	536
Occupancy		750	588	162
Furniture and equipment		332	245	87
Data processing		666	446	220
FDIC insurance		379	383	(4)
Office		166	166	-
Advertising		96	100	(4)
Professional fees		425	599	(174)
Real Estate Owned		23	-	23
Other noninterest expense		247	282	(35)
Total noninterest expense	\$	6,612	5,801	811

Noninterest expense increased \$0.8 million, or 14.0%, from \$5.8 million for the three months ended March 31, 2024 to \$6.6 million in the same period of 2025. The following factors had an impact on changes in noninterest expense during these periods:

- Compensation and employee benefits expense increased \$0.5 million, or 17.9%, due primarily to an increase in incentive accruals and bonuses tied to forecasted 2025 performance as well as merit increases, offset partly by a decline in FTE employees from 110 to 108.
- Occupancy and furniture and equipment expenses increased by a combined \$0.2 million, or 29.9%, due to the opening of the Johnson City financial center on July 1, 2024, offset, in part, by the elimination of expenses for the formerly leased facilities.
- Data processing expense increased \$0.2 million, or 49%, due to certain accrual adjustments during the first quarter of 2024 that reduced the amount of recorded data processing expenses in that quarter.
- Professional fees declined \$0.2 million, or 29.0%, due to a reduction in the Company's internal and external auditing costs.

### Income Taxes

The effective tax rates of the Company were as follows for the periods indicated:

Three Months Ended March 31	
2025	2024
21.02%	19.71%

The Company's marginal tax rate of 26.14% is favorably impacted by certain sources of non-taxable income including bank-owned life insurance (BOLI) and investments in tax-free municipal securities, and state tax credits on certain loans.

### Balance Sheet

Total assets increased \$48.0 million, or 2.75%, from \$1.746 billion at December 31, 2024 to \$1.794 billion at March 31, 2025. The change was primarily driven by the following factors:

- Cash and cash equivalents increased \$40.1 million, or 53.1%, due to a decrease in new loan volumes and an increased focus on liquidity and core deposit growth.
- Available for sale investment security balances increased \$2.3 million, or 2.1%, primarily due to a \$2.4 million improvement in the fair value of the underlying bonds.

The following summarizes the composition of the Company's available for sale investment securities portfolio (at fair value) as of the periods indicated:

	March 31, 2025		December 31, 2024	
	Estimated	Net	Estimated	Net
	Fair	Unrealized	Fair	Unrealized
	Value	Gain (Loss)	Value	Gain (Loss)
(in thousands)				
Agency MBS / CMO	\$ 12,979	(1,707)	11,560	(1,960)
Agency multifamily (non-guaranteed)	7,188	(620)	7,081	(750)
Agency floating rate	6,399	15	6,647	18
Business Development Companies	3,584	(172)	3,522	(236)
Corporate	23,175	(1,495)	22,832	(1,860)
Municipal	26,224	(6,403)	25,987	(7,169)
Non-agency MBS / CMO	35,740	(7,745)	35,331	(8,566)
	\$ 115,290	(18,126)	112,960	(20,523)

Non-agency MBS/CMO have an average credit-enhancement of approximately 33% as of March 31, 2025. Municipal securities are generally rated AA or higher.

- The Company did not have any securities classified as held-to-maturity as of March 31, 2025 and December 31, 2024
- Loans receivable increased \$6.4 million, or 0.4%, from \$1.463 billion at December 31, 2024 to \$1.469 billion at March 31, 2025. The Company is intentionally managing its loan growth as it seeks to improve its risk profile and begin reducing the amount of its wholesale borrowings. The Company is actively managing its exposure to commercial real estate and has a regulatory commercial real estate concentration of 331% of total risk-based capital as of March 31, 2025 as compared to 325% at December 31, 2024. The following summarizes changes in loan balances over the last five quarters:

		March 31,	December 31,	September 30,	June 30,	March 31,
		2025	2024	2024	2024	2024
(in thousands)						
Residential construction	\$	19,636	14,831	18,957	18,859	29,716
Other construction		51,047	60,474	48,991	79,309	84,967
Farmland		7,577	4,513	9,462	9,539	9,684
Home equity		56,588	57,972	53,407	53,670	48,059
Residential		444,620	449,056	466,107	459,572	449,894
Multi-family		121,511	114,634	115,069	115,530	115,065
Owner-occupied commercial		252,764	252,615	260,981	244,344	239,010
Non-owner occupied commercial		389,666	382,136	367,918	356,914	335,634
Commercial & industrial		114,899	115,234	122,096	124,712	134,397
PPP Program		66	83	101	119	137
Consumer		11,112	11,559	9,409	9,562	8,779
	\$	1,469,486	1,463,107	1,472,498	1,472,130	1,455,342

The following summarizes the industry components of the Company's non-owner occupied commercial real estate loans as of March 31, 2025. Office loans are primarily comprised of low-rise office space.

		Loan	% of Total
		Balance	Loans
Hotels	\$	92,299	6.3%
Retail		82,089	5.6%
Medical Office		33,640	2.3%
Marina		30,779	2.1%
Office		27,504	1.9%
Campground		23,986	1.6%
Warehouse		22,482	1.5%
Mini-storage		22,213	1.5%
Vacation Rentals		18,388	1.3%
Car Wash		16,755	1.1%
Entertainment		8,650	0.6%
Restaurant		4,075	0.3%
Other		6,805	0.5%
	\$	389,666	26.5%



The following summarizes the Company's loan portfolio by market where the loan was originated:

		<b>March 31,</b>	<b>December 31,</b>
		<b>2025</b>	<b>2024</b>
Tri-Cities	\$	194,484	189,287
Knoxville		1,012,568	1,019,266
Nashville		262,434	254,554
	\$	1,469,486	1,463,107

- Other real estate owned increased \$0.7 million, or 26.6%, from \$2.6 million at December 31, 2024 to \$3.3 million at March 31, 2025. The following summarizes the detail of Other real estate owned as of the periods indicated:

		<b>March 31,</b>	<b>December 31,</b>
		<b>2025</b>	<b>2024</b>
Residential	\$	2,572	2,572
Vacation Rental		468	-
Land		216	-
	\$	3,256	2,572

- Total deposits increased \$43.5 million, or 2.8%, from \$1.527 billion at December 31, 2024 to \$1.570 billion at March 31, 2025.

The following summarizes changes in deposit balances over the last five quarters:

		<b>March 31,</b>	<b>December 31,</b>	<b>September 30,</b>	<b>June 30,</b>	<b>March 31,</b>
		<b>2025</b>	<b>2024</b>	<b>2024</b>	<b>2024</b>	<b>2024</b>
(in thousands)						
Non-interest bearing transaction	\$	248,711	248,298	268,563	285,446	247,262
NOW and money market		462,367	431,629	437,579	415,772	421,139
Savings		189,814	189,246	207,466	227,282	266,168
Retail time deposits		372,741	370,989	382,386	378,944	381,110
		1,273,633	1,240,162	1,295,994	1,307,444	1,315,679
Wholesale time deposits		296,578	286,552	255,739	247,329	272,932
Total deposits	\$	1,570,211	1,526,714	1,551,733	1,554,773	1,588,611

The following summarizes the composition of wholesale time deposits as of March 31, 2025:

Type	Principal	Rate	Maturity	Original Term
(in thousands)				
Brokered CD	46,673	5.25%	May, 2025	1 Yr
Brokered CD	555	4.75%	Dec, 2025	2 Yr
Brokered CD	20,000	4.10%	Jan, 2026	15 Months
Brokered CD	39,721	4.95%	Mar, 2026	2 Yr
Brokered CD	10,579	4.90%	Mar, 2026	2 Yr
Brokered CD	48,551	4.50%	Dec, 2026	3 Yr
Brokered CD	44,201	4.75%	Apr, 2027	3 Yr
Qwickrate	86,298	4.99%	Through June 17, 2027	2.5 Yrs or Less
	\$ 296,578	4.85%		

The following summarizes deposits by market where the deposit was originated:

	March 31, 2025	December 31, 2024
Tri-Cities	\$ 330,976	329,912
Knoxville	691,813	688,049
Nashville	98,192	100,928
	\$ 1,120,981	1,118,889

- FHLB borrowings were \$50.0 million at March 31, 2025 and December 31, 2024 and consisted of the following at March 31, 2025:

Amounts (000's)	Original Term	Current Rate	Maturity Date
\$ 25,000	1 month	4.42%	04/16/25
15,000	1 Year	4.53%	08/26/25
10,000	2 Years	4.38%	11/05/26
\$ 50,000		4.45%	

- Total equity increased \$3.9 million, or 2.9%, from \$132.4 million at December 31, 2024 to \$136.2 million at March 31, 2025. The following summarizes the components of the change in total shareholders' equity and tangible book value per share for the three months ended March 31, 2025:

		<b>Total</b>	<b>Tangible</b>	
		<b>Shareholders'</b>	<b>Book Value</b>	
		<b>Equity</b>	<b>Per Share</b>	
(In thousands)				
December 31, 2024	\$	132,353	20.70	
Net income		2,179	0.35	
Dividends paid		(320)	(0.05)	
Stock compensation		287	0.04	
Share repurchases from stock compensation		(21)	(0.00)	
Change in fair value of investments available for sale		1,758	0.27	
March 31, 2025	\$	136,236	21.26	*
* Sum of the individual components may not equal the total				

The Company's tangible equity to tangible assets ratio increased to 7.60% at March 31, 2025 from 7.58% at December 31, 2024, as the Company continues to manage its growth and dividend levels in light of current income levels. The Company and Bank both remain well capitalized at March 31, 2025, with the Bank maintaining a regulatory leverage ratio of 9.35% at March 31, 2025.

### Share Repurchases

The Company has an active authorization to repurchase up to \$5 million of shares through March 31, 2026. No shares were repurchased pursuant to such plan during the three months ended March 31, 2025.

### Asset Quality

Non-performing loans to total loans decreased to 0.06% at March 31, 2025 from 0.09% at December 31, 2024. Non-performing assets to total assets remained at 0.23% at both March 31, 2025 and December 31, 2024. Other real estate owned of \$3.3 million at March 31, 2025 is comprised of three properties for which no remaining loss on sale is anticipated. Net charge-offs of \$0.2 million were recognized during the three months ended March 31, 2025 in conjunction with the transfer of multiple properties to other real estate owned, compared to net recoveries of \$0.2 million during the year ended December 31, 2024.

The allowance for credit losses to total loans declined to 0.78% at March 31, 2025 from 0.79% at December 31, 2024 due primarily to the elimination of several specific reserves in conjunction with transfers to Other real estate owned. Coverage of non-performing loans by the allowance for credit losses was more than 12 to 1 at March 31, 2025 as compared to more than 8 to 1 at December 31, 2024.

### Non-GAAP Financial Measures

Statements included in this press release include non-GAAP financial measures and should be read along with the accompanying tables in Appendix A and Appendix C, which provide a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures. This press release and the accompanying tables discuss financial measures such as adjusted net income, adjusted diluted earnings per share, adjusted return on average assets, and adjusted return on average equity, which are all non-GAAP financial measures. We also present in this press release and the accompanying tables pre-

tax, pre-provision earnings, pre-tax, pre-provision return on average assets, and book and tangible book value per share excluding AOCI, which are also non-GAAP financial measures. We believe that such non-GAAP financial measures are useful because they enhance the ability of investors and management to evaluate and compare the Company's operating results from period to period in a meaningful manner. Non-GAAP financial measures should not be considered as an alternative to any measure of performance calculated pursuant to GAAP, nor are they necessarily comparable to non-GAAP financial measures that may be presented by other companies. Investors should consider the Company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Company. Non-GAAP financial measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results or financial condition as reported under GAAP.

### **Forward-Looking Statements**

This press release contains forward-looking statements. The words "expect," "intend," "should," "may," "could," "believe," "suspect," "anticipate," "seek," "plan," "estimate" and similar expressions are intended to identify such forward-looking statements, but other statements not based on historical fact may also be considered forward-looking. Such forward-looking statements involve known and unknown risks and uncertainties that include, without limitation, (i) deterioration in the financial condition of our borrowers, including as a result of continued elevated interest rates, persistent inflationary pressures and challenging economic conditions, resulting in significant increases in credit losses and provisions for those losses; (ii) the impact of U.S. and global trade policies and tensions, including changes in, or the imposition of, tariffs and/or trade barriers and the economic impacts, volatility and uncertainty resulting there from, and geopolitical instability, (iii) fluctuations or differences in interest rates on loans or deposits from those that we are modeling or anticipating, including as a result of our inability to better match deposit rates with the changes in the short-term rate environment, or that affect the yield curve; (iv) deterioration in the real estate market conditions in our market areas; (v) our ability to grow and retain low cost core deposits and retain large, uninsured deposits including during times when we are seeking to limit the rates we pay with other financial institutions, including pricing pressures, and the resulting impact on our results, including as a result of compression to our net interest margin; (vi) the deterioration of the economy in our market areas, including the negative impact of inflationary pressures and other challenging economic conditions on our customers and their businesses; (vii) our ability to meet our liquidity needs without having to liquidate investment securities that we own while those securities are in an unrealized loss position as a result of the elevated rate environment, or increase the rates we pay on deposits or increase our levels of non-core deposits to levels that cause our net interest margin to decline; (viii) significant downturns in the business of one or more large customers; (ix) effectiveness of our asset management activities in improving, resolving or liquidating lower quality assets; (x) our inability to maintain the historical, long-term growth rate of our loan portfolio; (xi) risks of expansion into new geographic or product markets; (xii) the possibility of increased compliance and operational costs as a result of increased regulatory oversight; (xiii) our inability to comply with regulatory capital requirements, including those resulting from changes to capital calculation methodologies and required capital maintenance levels; (xiv) the ineffectiveness of our hedging strategies, or the unexpected counterparty failure or failure of the underlying hedges; (xv) changes in state or Federal regulations, policies, or legislation applicable to banks and other financial service providers, including regulatory or legislative developments arising out of current unsettled conditions in the economy; (xvi) changes in capital levels

and loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments; (xvii) inadequate allowance for credit losses; (xviii) results of regulatory examinations; (xix) the vulnerability of our network and online banking portals, and the systems of parties with whom we contract or do business with, to unauthorized access, computer viruses, phishing schemes, spam attacks, ransomware attacks, human error, natural disasters, power loss and other security breaches; (xx) loss of key personnel; and (xxi) adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future litigation, examinations or other legal and/or regulatory actions. These risks and uncertainties may cause our actual results or performance to be materially different from any future results or performance expressed or implied by such forward-looking statements. Our future operating results depend on a number of factors which were derived utilizing numerous assumptions that could cause actual results to differ materially from those projected in forward-looking statements.

#### **About Mountain Commerce Bancorp, Inc. and Mountain Commerce Bank**

Mountain Commerce Bancorp, Inc. is the holding company for Mountain Commerce Bank. The Company's shares of common stock trade on the OTCQX under the symbol "MCBI".

Mountain Commerce Bank is a state-chartered financial institution headquartered in Knoxville, TN. The Bank traces its history back over a century and serves Middle and East Tennessee through 7 branches located in Brentwood, Erwin, Johnson City (2), Bearden (Knoxville), West Knoxville and Unicoi. The Bank focuses on responsive relationship banking of small and medium-sized businesses, professionals, affluent individuals, and those who value the personal service and attention that only a community bank can offer. For further information, please visit us at [www.mcb.com](http://www.mcb.com).

Mountain Commerce Bancorp, Inc. and Subsidiaries				
Condensed Consolidated Statements of Income				
(Amounts in thousands, except share data)				
		Three Months Ended		
		March 31, 2025	December 31, 2024	March 31, 2024
Interest income				
Loans	\$	20,395	21,055	19,846
Investment securities - taxable		1,028	1,076	1,323
Investment securities - tax exempt		30	29	29
Dividends and other		758	1,101	1,326
		22,211	23,261	22,524
Interest expense				
Savings		1,197	1,227	2,078
Interest bearing transaction accounts		3,513	3,762	3,648
Time certificates of deposit of \$250,000 or more		4,238	4,397	4,860
Other time deposits		3,478	3,638	3,653
Total deposits		12,426	13,024	14,239
Senior debt		229	269	405
Subordinated debt		164	167	164
FHLB advances		485	737	1,279
		13,304	14,197	16,087
Net interest income		8,907	9,064	6,437
Provision for (recovery of) credit losses		64	480	(469)
Net interest income after provision for (recovery of) credit losses		8,843	8,584	6,906
Noninterest income				
Service charges and fees		384	386	382
Bank owned life insurance		55	57	55
Realized gain (loss) on sale of investment securities available for sale		(139)	-	77
Realized and unrealized loss on equity securities		(4)	(58)	(20)
Gain (loss) on sale of loans		3	-	(3)
Gain on sale of fixed assets		5	-	30
Wealth management		219	199	201
Swap fees		-	-	51
Other		5	(2)	9
		528	582	782
Noninterest expense				
Compensation and employee benefits		3,528	3,010	2,992
Occupancy		750	742	588
Furniture and equipment		332	348	245
Data processing		666	634	446
FDIC insurance		379	332	383
Office		166	173	166
Advertising		96	120	100
Professional fees		425	450	599
Real estate owned expense		23	-	-
Other noninterest expense		247	396	282
		6,612	6,205	5,801
Income before income taxes		2,759	2,961	1,887
Income taxes		580	869	372
Net income	\$	2,179	2,092	1,515
Earnings per common share:				
Basic	\$	0.35	0.33	0.24
Diluted	\$	0.35	0.33	0.24
Weighted average common shares outstanding:	14			
Basic		6,291,244	6,284,585	6,251,792
Diluted		6,305,674	6,297,259	6,264,626

Mountain Commerce Bancorp, Inc. and Subsidiaries					
Condensed Consolidated Balance Sheets					
(Amounts in thousands)					
		March 31,		December 31,	
		2025		2024	March 31,
					2024
<b>Assets</b>					
Cash and due from banks	\$	20,232	\$	15,819	\$ 12,176
Interest-earning deposits in other banks		95,438		59,717	127,961
Cash and cash equivalents		115,670		75,536	140,137
Investments available for sale		115,290		112,960	120,295
Equity securities		2,706		2,695	1,875
Premises and equipment held for sale		3,762		3,762	3,762
Loans receivable		1,469,486		1,463,107	1,455,342
Allowance for credit losses		(11,396)		(11,550)	(12,553)
Net loans receivable		1,458,090		1,451,557	1,442,789
Premises and equipment, net		60,478		61,215	56,182
Accrued interest receivable		5,804		5,587	5,657
Other real estate owned		3,256		2,572	-
Bank owned life insurance		10,245		10,190	10,023
Restricted stock		3,640		4,317	6,224
Deferred tax assets, net		7,302		7,762	8,832
Other assets		7,473		7,516	7,337
Total assets	\$	1,793,716	\$	1,745,669	\$ 1,803,113
<b>Liabilities and Shareholders' Equity</b>					
Noninterest-bearing deposits	\$	248,711	\$	248,298	\$ 247,262
Interest-bearing deposits		1,024,922		991,864	1,068,417
Wholesale deposits		296,578		286,552	272,932
Total deposits		1,570,211		1,526,714	1,588,611
FHLB borrowings		50,000		50,000	50,000
Senior debt, net		12,000		14,000	20,000
Subordinated debt, net		9,985		9,971	9,932
Accrued interest payable		4,922		4,435	1,968
Post-employment liabilities		3,314		3,285	3,383
Other liabilities		7,048		4,911	5,134
Total liabilities		1,657,480		1,613,316	1,679,028
Total shareholders' equity		136,236		132,353	124,085
Total liabilities and shareholders' equity	\$	1,793,716	\$	1,745,669	\$ 1,803,113

Appendix A - Reconciliation of Non-GAAP Financial Measures			
		Three Months Ended	
		March 31	
		(Dollars in thousands, except per share data)	
		2025	2024
<b>Adjusted Net Income</b>			
Net income (GAAP)	\$	2,179	1,515
Realized (gain) loss on sale of investment securities available for sale		139	(77)
Realized and unrealized loss on equity securities		4	20
Gain on sale of fixed assets		(5)	(30)
Provision for (recovery of) credit losses		64	(469)
Net (charge-offs) recoveries of credit losses		(155)	230
Tax effect of adjustments		(12)	85
Adjusted net income (Non-GAAP)	\$	2,214	1,274
<b>Adjusted Diluted Earnings Per Share</b>			
Diluted earnings per share (GAAP)	\$	0.35	0.24
Realized (gain) loss on sale of investment securities available for sale		0.02	(0.01)
Realized and unrealized loss on equity securities		0.00	0.00
Gain on sale of fixed assets		(0.00)	(0.00)
Provision for (recovery of) credit losses		0.01	(0.07)
Net (charge-offs) recoveries of credit losses		(0.02)	0.04
Tax effect of adjustments		(0.00)	0.01
Adjusted diluted earnings per share (Non-GAAP)	\$	0.35	0.20
<b>Adjusted Return on Average Assets</b>			
Return on average assets (GAAP)		0.50%	0.34%
Realized (gain) loss on sale of investment securities available for sale		0.03%	-0.02%
Realized and unrealized loss on equity securities		0.00%	0.00%
Gain on sale of fixed assets		0.00%	-0.01%
Provision for (recovery of) credit losses		0.01%	-0.11%
Net (charge-offs) recoveries of credit losses		-0.04%	0.05%
Tax effect of adjustments		0.00%	0.02%
Adjusted return on average assets (Non-GAAP)		0.50%	0.29%
<b>Adjusted Return on Average Equity</b>			
Return on average equity (GAAP)		6.43%	4.92%
Realized (gain) loss on sale of investment securities available for sale		0.41%	-0.25%
Realized and unrealized loss on equity securities		0.01%	0.06%
Gain on sale of fixed assets		-0.01%	-0.10%
Provision for (recovery of) credit losses		0.19%	-1.52%
Net (charge-offs) recoveries of credit losses		-0.46%	0.75%
Tax effect of adjustments		-0.04%	0.28%
Adjusted return on average equity (Non-GAAP)		6.53%	4.14%



Appendix A - Reconciliation of Non-GAAP Financial Measures, Continued			
		Three Months Ended	
		March 31	
		(Dollars in thousands, except per share data)	
		2025	2024
<b>Pre-tax, Pre-Provision Earnings</b>			
Net income (GAAP)	\$	2,179	1,515
Income taxes		580	372
Provision for (recovery of) credit losses		64	(469)
Pre-tax, pre-provision earnings (non-GAAP)	\$	2,823	1,418
<b>Pre-tax, Pre-Provision Return on Average Assets (ROAA)</b>			
Return on average assets (GAAP)		0.50%	0.34%
Income taxes		0.13%	0.08%
Provision for (recovery of) credit losses		0.01%	-0.11%
Pre-tax, pre-provision return on average assets (non-GAAP)		0.64%	0.32%
<b>Book and Tangible Book Value Per Share, excluding AOCI</b>			
Book and tangible book value per share (GAAP)	\$	21.26	19.46
Impact of AOCI per share		2.09	2.55
Book and tangible book value per share, excluding AOCI (non-GAAP)	\$	23.35	22.01

## Appendix B - Tax Equivalent Net Interest Margin Analysis

		For the Three Months Ended March 31,						
		2025			2024			
		Average Outstanding Balance	Interest	Yield / Rate		Average Outstanding Balance	Interest	Yield / Rate
		(Dollars in thousands)						
<b>Interest-earning Assets:</b>								
Loans - taxable, including loans held for sale	\$	1,429,977	20,395	5.78%	\$	1,410,898	19,846	5.66%
Loans - imputed tax credits (2)		28,414	473	6.75%		29,440	494	6.75%
Investments - taxable		111,726	1,028	3.73%		126,380	1,323	4.21%
Investments - tax exempt (1)		4,226	38	3.64%		4,285	37	3.45%
Interest earning deposits		69,783	631	3.67%		100,896	1,126	4.49%
Other investments, at cost		5,331	127	9.66%		8,056	200	9.99%
Total interest-earning assets		1,649,457	22,692	5.58%		1,679,955	23,026	5.51%
Noninterest earning assets		110,669				103,690		
Total assets	\$	1,760,126			\$	1,783,645		
<b>Interest-bearing liabilities:</b>								
Interest-bearing transaction accounts	\$	129,621	1,100	3.44%	\$	114,979	1,077	3.77%
Savings accounts		195,542	1,197	2.48%		258,151	2,078	3.24%
Money market accounts		311,518	2,413	3.14%		235,371	2,571	4.39%
Retail time deposits		369,129	3,742	4.11%		396,708	4,808	4.87%
Wholesale time deposits		290,723	3,974	5.54%		289,984	3,705	5.14%
Total interest bearing deposits		1,296,533	12,426	3.89%		1,295,193	14,239	4.42%
Senior debt		13,133	229	7.07%		20,000	405	8.14%
Subordinated debt		9,981	164	6.66%		9,927	164	6.64%
Federal Home Loan Bank advances		44,444	485	4.43%		86,264	1,279	5.96%
Total interest-bearing liabilities		1,364,091	13,304	3.96%		1,411,384	16,087	4.58%
Noninterest-bearing deposits		247,944				229,836		
Other noninterest-bearing liabilities		12,465				19,338		
Total liabilities		1,624,500				1,660,558		
Total shareholders' equity		135,626				123,087		
Total liabilities and shareholders' equity	\$	1,760,126			\$	1,783,645		
Tax-equivalent net interest income			9,388				6,939	
Net interest-earning assets (3)	\$	285,366			\$	268,571		
Average interest-earning assets to interest-bearing liabilities		121%				119%		
Tax-equivalent net interest rate spread (4)		1.62%				0.93%		
Tax equivalent net interest margin (5)		2.31%				1.66%		
(1) Tax exempt investments are calculated assuming a 21% federal tax rate								
(2) Reflects the tax equivalent yield of a 5% state tax credit assuming a 26% federal and state tax rate								
(3) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities								
(4) Tax-equivalent net interest rate spread represents the difference between the tax equivalent yield on average interest-earning assets and the cost of average interest-bearing liabilities.								
(5) Tax equivalent net interest margin represents tax equivalent net interest income divided by average total interest-earning assets								

Appendix C - Reconciliation of Prior Period Non-GAAP Financial Measures				
		Three Months Ended		
		(Dollars in thousands, except per share data)		
		December 31, 2024	September 30, 2024	June 30, 2024
<b>Adjusted Net Income</b>				
Net income (GAAP)	\$	2,092	2,992	2,324
Realized loss on sale of investment securities available for sale		-	-	8
Realized and unrealized (gain) loss on equity securities		58	(57)	7
Provision for (recovery of) credit losses		480	(1,282)	(499)
Net (charge-offs) recoveries of credit losses		(11)	15	13
Software conversion expense		-	271	-
Tax effect of adjustments		(138)	275	123
Adjusted net income (Non-GAAP)	\$	2,481	2,214	1,976
<b>Adjusted Diluted Earnings Per Share</b>				
Diluted earnings per share (GAAP)	\$	0.33	0.48	0.37
Realized loss on sale of investment securities available for sale		-	-	-
Realized and unrealized (gain) loss on equity securities		0.01	(0.01)	-
Provision for (recovery of) credit losses		0.08	(0.20)	(0.08)
Net (charge-offs) recoveries of credit losses		(0.00)	0.00	0.00
Software conversion expense		-	0.04	-
Tax effect of adjustments		(0.02)	0.04	0.02
Adjusted diluted earnings per share (Non-GAAP)	\$	0.39	0.35	0.31
<b>Adjusted Return on Average Assets</b>				
Return on average assets (GAAP)		0.47%	0.67%	0.53%
Realized loss on sale of investment securities available for sale		0.00%	0.00%	0.00%
Realized and unrealized (gain) loss on equity securities		0.01%	-0.01%	0.00%
Provision for (recovery of) credit losses		0.11%	-0.29%	-0.11%
Net (charge-offs) recoveries of credit losses		0.00%	0.00%	0.00%
Software conversion expense		0.00%	0.06%	0.00%
Tax effect of adjustments		-0.03%	0.06%	0.03%
Adjusted return on average assets (Non-GAAP)		0.56%	0.49%	0.45%
<b>Adjusted Return on Average Equity</b>				
Return on average equity (GAAP)		6.32%	9.17%	7.46%
Realized loss on sale of investment securities available for sale		0.00%	0.00%	0.03%
Realized and unrealized (gain) loss on equity securities		0.18%	-0.17%	0.02%
Provision for (recovery of) credit losses		1.45%	-3.93%	-1.60%
Net (charge-offs) recoveries of credit losses		-0.03%	0.05%	0.04%
Software conversion expense		0.00%	0.83%	0.00%
Tax effect of adjustments		-0.42%	0.86%	0.41%
Adjusted return on average equity (Non-GAAP)		7.49%	6.81%	6.36%

Appendix C - Reconciliation of Prior Period Non-GAAP Financial Measures, Continued			
		Three Months Ended	
		(Dollars in thousands, except per share data)	
		December 31, 2024	September 30, 2024
			June 30, 2024
<b>Adjusted Noninterest Expense to Average Assets</b>			
Noninterest expense to average assets (GAAP)		1.40%	1.46%
Software conversion expense		0.00%	-0.02%
Adjusted noninterest expense to average assets (Non-GAAP)		1.40%	1.45%
<b>Pre-tax Pre-Provision Earnings</b>			
Net income (GAAP)	\$	2,092	2,992
Income taxes		869	740
Provision for (recovery of) credit losses		480	(1,282)
Pre-tax Pre-provision earnings (non-GAAP)	\$	3,441	2,450
<b>Pre-tax Pre-Provision Return on Average Assets (ROAA)</b>			
Return on average assets (GAAP)	\$	0.47%	0.67%
Income taxes		0.20%	0.17%
Provision for (recovery of) credit losses		0.11%	-0.29%
Pre-tax Pre-provision return on average assets (non-GAAP)	\$	0.78%	0.55%
<b>Book and Tangible Book Value Per Share, excluding AOCI</b>			
Book and tangible book value per share (GAAP)	\$	20.70	20.83
Impact of AOCI per share		2.37	2.02
Book and tangible book value per share, excluding AOCI (non-GAAP)	\$	23.07	22.85