BANCORP 34

Bancorp 34, Inc. reports third quarter 2026 results

$2.4 million	$2.7 million	$12.98	$0.33
Net Income	Bank Net Income	TBVPS	Diluted EPS

Management Comments - Ciaran McMullan, Chairman & CEO

- Core[1] ROATA improved for the eighth consecutive quarter
- Core[1] Net Interest Margin also improved over both the linked and prior year quarters
- Total loans declined by approximately $23 million including $14 million with yields lower than 4.75%
- Helping to drive an increase in total average core[1] loan yield of 14bps
- We booked new lending commitments of approximately $30 million during the quarter and are on track to outperform total new commitments booked in FY2025
- The bank recorded a $700,000 reverse provision tied to the expected reduction of a qualitative factor related to the Commerce Bank acquisition
- The Bancorp paid off its subordinated debt in full during the 3rd quarter prior to its repricing, saving more than $1 million in annual interest expense

3Q26 Highlights

Net Income and NIM

- Core[1] NIM improved over the linked and prior year quarters, by 5bps and 37bps, respectively driven by declining deposit costs and improved loan portfolio yields
- Net Income improved over the linked quarter, driven primarily by the reverse provision and improved NIM
- Net Operating Income (pre-tax pre-provision) increased over both the linked and prior-year quarters due to improved NIM
- Non-interest expense increased slightly during the quarter due to additional hires and other smaller non-recurring items

Balance Sheet

- Deposits mix continued to improve as non-maturity deposits increased by $16 million
- Total loans decreased by $23 million driven by expected elevated payoffs of low yielding loans booked in 2021

Asset Quality

- The bank released ACL due to the reduction of the management qualitative factor related to the merger in 2024

Capital

- TBVPS increased by $0.20 including negative AOCI
- The Bank's Tier 1 Leverage Ratio declined to 11.26% due to $23 million dividend to Bancorp 34 to payoff the sub-debt.

Performance Metrics	3Q26	2Q26	3Q25
ROATA	1.07%	0.83%	0.75%
ROATE	10.20%	8.09%	7.91%
Core[1] ROATA	0.69%	0.68%	0.59%
Core[1] ROATE	6.55%	6.74%	6.18%
Net Interest Margin	4.13%	3.85%	3.47%
Cost of Funds	2.55%	2.46%	2.64%
Overhead Ratio[2]	2.97%	2.85%	2.79%
Efficiency Ratio	73.16%	73.47%	81.17%
NPA[3]	0.36%	0.31%	1.00%
ACL to Total Loans	1.16%	1.23%	1.41%

Balance Sheet (in 000s)	3Q26	2Q26	3Q25
Total Assets	$882,764	$895,991	$899,621
Total Loans	$684,624	$707,154	$690,519
Total Deposits	$755,830	$752,230	$760,273
Total Capital	$101,128	$100,168	$95,260
TBVPS	$12.98	$12.88	$12.07

Income Statement (000s)	3Q26	2Q26	3Q25
Net Interest Income	$8,950	$8,365	$7,740
Non-interest Income	$336	$484	$242
Non-interest Expense	$6,793	$6,501	$6,494
Net Operating Income	$2,493	$2,348	$1,488
Net Income	$2,435	$1,867	$1,733
Core[1] Net Income	$1,563	$1,556	$1,355
Diluted Earnings per Share	$0.33	$0.24	$0.24

1 – Non-GAAP, excludes merger related accretion and amortization, as well as material non-recurring income and expense items.
2 – Non-interest expense as a percentage of average assets
3 – NPA is non-performing assets as a % of total assets, net of government guarantees.

ABOUT BANCORP 34, INC. – Bancorp 34 is the holding company for Southwest Heritage Bank. The bank's headquarters are located at 8777 East Hartford Drive, Suite 100, Scottsdale, Arizona 85255. In addition, we operate seven full-service community bank branches, two in Maricopa County, Arizona, in the cities of Scottsdale and Gilbert; three in Pima County, Arizona, in the cities of Tucson and Green Valley; one branch in Otero County, New Mexico in the city of Alamogordo; and one branch in Dona Ana County New Mexico, in the city of Las Cruces.

FORWARD-LOOKING STATEMENTS - Certain statements herein constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may be identified by words such as "believes," "will," "expects," "project," "may," "could," "developments," "strategic," "launching," "opportunities," "anticipates," "estimates," "intends," "plans," "targets" and similar expressions. These statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. Actual results may differ materially from those set forth in the forward-looking statements as a result of numerous factors. Factors that could cause such differences to exist include, but are not limited to, general economic conditions, changes in interest rates, the effects of any health pandemic, regulatory considerations, competition and the other risks. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Forward-looking statements speak only as of the date they are made, and we assume no obligation to update any of these statements in light of new information, future events or otherwise unless required under federal securities laws.

NON-GAAP FINANCIAL MEASURES- Some of the financial measures included in this release are not measures of financial performance recognized in accordance with generally accepted accounting principles in the United States ("GAAP"). These non-GAAP financial measures include: (i) core net income; (ii) core net interest margin; (iii) core ROAA; (iv) core ROAE (v) core ROATA; (vi) core ROATE; (vii) core NIE to average assets; and (viii) core efficiency ratio. We believe these non-GAAP financial measures provide investors and management with a more complete understanding of our financial position and performance. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore, this presentation may not be comparable to other similarly titled measures as presented by other companies. A reconciliation of our non-GAAP financial measures to the comparable GAAP financial measures is included at the end of the financial statement tables.

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UNAUDITED

BALANCE SHEET (in 000s)	3Q26	2Q26	3Q25
Assets			
Cash and due from banks	3,255	3,244	3,158
Fed funds sold & repos	3,295	5,540	4,200
Interest bearing deposits with banks	42,771	38,657	47,123
Investment securities	98,590	97,413	109,151
Loans, net of unearned income	684,624	707,154	690,519
Allowance for credit losses	-7,945	-8,710	-9,733
Premises and equipment, net	8,445	8,832	11,085
Accrued interest receivable	2,657	2,689	2,543
Core deposit intangible	4,991	5,328	6,409
Other assets	42,081	35,844	35,166
Total Assets	**882,764**	**895,991**	**899,621**
Liabilities			
Non-interest bearing deposits	155,645	157,766	163,339
Interest bearing demand deposits	104,061	100,000	105,347
Savings and money market deposits	353,586	339,574	301,835
Time deposits - retail	139,998	152,350	184,682
Time deposits - wholesale	2,540	2,540	5,070
Total Deposits	755,830	752,230	760,273
Accrued expenses and other liabilities	20,967	16,273	16,828
Other borrowings	4,839	27,319	27,261
Total Liabilities	**781,636**	**795,822**	**804,362**
Equity			
Common stock	74	74	74
Capital surplus	66,878	66,610	66,482
Retained earnings	33,850	33,850	25,989
Accumulated other comprehensive loss	-5,630	-3,887	-3,656
Net income	5,956	3,522	6,371
Unearned ESOP shares	0	0	0
Total Equity	**101,128**	**100,169**	**95,260**
Total Liabilities & Equity	**882,764**	**895,991**	**899,621**

UNAUDITED

INCOME STATEMENT (in 000s)	3Q26	2Q26	3Q25
Interest Income			
Interest on Loans	12,297	11,659	10,836
Fees on Loans	32	69	119
Interest on federal funds sold	27	32	49
Interest on deposits with banks	554	479	997
Investment Securities - Taxable	1,103	1,028	1,199
Total Interest Income	14,013	13,267	13,200
Interest Expense			
Interest bearing demand deposits	412	369	404
Savings and Money Market Deposits	2,961	2,835	2,690
Time Deposits - Retail	1,261	1,336	1,967
Time Deposits - Wholesale	26	25	53
Total Interest Expense on Deposits	4,660	4,565	5,114
Interest on other borrowings	403	337	345
Total Interest Expense	5,063	4,902	5,460
Net Interest Income	**8,950**	**8,365**	**7,740**
Provision for Credit Losses	-660	0	-700
Net In. Inc. After Prov. for Credit Losses	**9,610**	**8,365**	**8,440**
Non Interest Income			
Service charges and fees	163	146	141
Mortgage loan and related fees	6	53	26
Other noninterest income	167	285	75
Total Non Interest Income	336	484	242
Non Interest Expense			
Salaries and employee benefits	3,575	3,420	3,418
Occupancy	752	773	540
Other noninterest expense	2,466	2,308	2,536
Total Non Interest Expense	6,793	6,501	6,494
Income Before Taxes	**3,153**	**2,348**	**2,188**
Income taxes	718	481	455
Net Income	**2,435**	**1,867**	**1,733**

INCOME STATEMENT (in 000s)	9 months ending 3Q26	9 months ending 3Q25
Interest Income		
Interest on Loans	35,294	33,030
Fees on Loans	234	413
Interest on federal funds sold	92	149
Interest on deposits with banks	1,343	3,357
Investment Securities - Taxable	3,349	3,333
Total Interest Income	40,312	40,282
Interest Expense		
Interest bearing demand deposits	1,130	1,106
Savings and Money Market Deposits	8,436	7,576
Time Deposits - Retail	4,065	6,537
Time Deposits - Wholesale	83	167
Total Interest Expense on Deposits	13,714	15,386
Interest on other borrowings	1,076	1,040
Total Interest Expense	14,790	16,426
Net Interest Income	**25,522**	**23,856**
Provision for Credit Losses	-660	-3,450
Net In. Inc. After Prov. for Credit Losses	**26,182**	**27,306**
Non Interest Income		
Service charges and fees	435	443
Mortgage loan and related fees	204	55
Other noninterest income	411	301
Total Non Interest Income	1,050	799
Non Interest Expense		
Salaries and employee benefits	10,446	10,319
Occupancy	2,250	1,966
Other noninterest expense	6,968	7,634
Total Non Interest Expense	19,664	19,919
Income Before Taxes	**7,568**	**8,186**
Income taxes	1,611	1,815
Net Income	**5,957**	**6,371**

Select Financial Ratios	3Q26	2Q26	3Q25
Return on Average Assets (ROAA)	1.06%	0.82%	0.74%
Core[4] ROAA	0.68%	0.67%	0.58%
Return on Average Tangible Assets (ROATA)	1.07%	0.83%	0.75%
Core[4] ROATA	0.69%	0.68%	0.59%
Return on Average Equity (ROAE)	9.53%	7.52%	7.35%
Core[4] ROAE	6.32%	6.27%	5.74%
Return on Average Tangible Equity	10.20%	8.09%	7.91%
Core[4] ROATE	6.55%	6.74%	6.18%
Overhead Ratio	2.97%	2.85%	2.79%
Core[4] Overhead Ratio	2.65%	2.71%	2.54%
Efficiency Ratio	73.16%	73.47%	81.17%
Core[4] Efficiency Ratio	74.89%	76.14%	77.85%
Net Interest Margin	4.13%	3.85%	3.47%
Core[5] Net Interest Margin	3.55%	3.50%	3.30%
Cost of Funds	2.55%	2.46%	2.64%
Earnings Per Share (EPS)	$0.33	$0.25	$0.24
Diluted EPS	$0.33	$0.24	$0.24

Bank Regulatory Capital Ratios	3Q26	2Q26	3Q25
Tier 1 Leverage Capital Ratio	11.26%	13.36%	12.26%
Common Equity Tier 1 Capital Ratio	12.84%	15.11%	14.28%
Tier 1 Capital Ratio	12.84%	15.11%	14.28%
Total Risk-based Capital Ratio	13.91%	16.26%	15.54%

Credit Quality[6]	3Q26	2Q26
Total Classified Loans	$16,460	$16,311
Classified - Accrual Loans	$13,274	$13,522
Classified - Non-Accrual Loans	$3,186	$2,789
Non-Performing Assets	$3,186	$2,789
Total Classified / Total Loans	2.40%	2.31%
Adversely Classified Items/Total Bank Capital	14.99%	12.09%

Period	GAAP Net Income	Loan Mark Accretion	CDI Amortization	Non-Recurring Items[7]	Core Net Income[8]
3Q26	$2,435	-$1,201	$338	-$299	$1,563
2Q26	$1,867	-$679	$349	-$84	$1,556
3Q25	$1,733	-$571	$386	-$319	$1,355

4 – Non-GAAP, excludes merger related accretion and amortization, as well as material non-recurring income and expense items.
5 – Non-GAAP, excludes merger related fair value mark accretion and amortization.
6 – Classified and non-performing assets are net of government guarantees
7 – Includes Loan ACL reverse provision
8 – Non-GAAP, Assumes 25% tax rate

Average Balance Sheet and Yields

For the Three Months Ended

	September 30, 2026			June 30, 2026		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest Earning Assets:						
Federal funds sold	$ 2,822,609	$ 26,530	3.73%	$ 3,521,978	$ 32,189	3.67%
Deposits with banks	61,631,417	554,488	3.57%	54,403,513	479,362	3.53%
Investment securities	104,333,343	1,102,945	4.19%	106,258,336	1,028,148	3.88%
Loans	692,735,010	12,297,105	7.04%	708,187,996	11,727,349	6.64%
Total Interest Earning Assets	$ 861,522,379	$ 13,981,068	6.44%	$ 872,371,823	$ 13,267,048	6.17%
Non-Interest Earning Assets	$ 46,576,193			$ 41,795,279		
Total Assets	$ 908,098,572			$ 914,167,102		
Interest Bearing Liabilities:						
Interest bearing demand	$ 107,477,716	$ 412,254	1.52%	$ 104,563,048	$ 369,136	1.42%
Savings and Money Market	362,287,406	2,960,856	3.24%	347,058,899	2,835,039	3.28%
Time deposits - Retail	146,406,713	1,260,617	3.42%	155,333,571	1,335,594	3.45%
Time Deposits - Wholesale	2,540,000	25,921	4.05%	2,540,000	25,650	4.05%
Total Interest Bearing Deposits	618,711,835	4,659,648	2.99%	609,495,518	4,565,419	3.00%
Total Borrowed Funds	8,672,164	402,667	18.42%	27,307,385	336,310	4.94%
Total Interest Bearing Liabilities	627,383,999	5,062,315	3.20%	636,802,903	4,901,729	3.09%
Non-Interest Bearing Deposits	158,197,096	-	0.00%	162,926,161	-	0.00%
Total Funding Sources/Cost	785,581,095	5,062,315	2.56%	799,729,064	4,901,729	2.46%
Non-Interest Bearing Liabilities	21,155,010			14,870,604		
Equity	101,362,467			99,567,434		
Total Liabilities and Equity	$ 908,098,572			$ 914,167,102		
Net Interest Income		$ 8,918,753			$ 8,365,319	
Net Interest Margin			4.13%			3.85%

Average Balance Sheet and Yields

For the Three Months Ended

	September 30, 2026			September 30, 2025		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest Earning Assets:						
Federal funds sold	$ 2,822,609	$ 26,530	3.73%	$ 4,498,187	$ 149,279	4.44%
Deposits with banks	61,631,417	554,488	3.57%	103,692,236	3,356,634	4.33%
Investment securities	104,333,343	1,102,945	4.19%	99,918,850	3,333,906	4.46%
Loans	692,735,010	12,297,105	7.04%	676,802,218	33,442,588	6.61%
Total Interest Earning Assets	$ 861,522,379	$ 13,981,068	6.44%	$ 884,911,491	$ 40,282,407	6.09%
Non-Interest Earning Assets	$ 46,576,193			$ 47,816,337		
Total Assets	$ 908,098,572			$ 932,727,828		
Interest Bearing Liabilities:						
Interest bearing demand	$ 107,477,716	$ 412,254	1.52%	$ 106,289,490	$ 1,106,091	1.39%
Savings and Money Market	362,287,406	2,960,856	3.24%	296,837,126	7,576,266	3.41%
Time deposits - Retail	146,406,713	1,260,617	3.42%	214,218,806	6,536,995	4.08%
Time Deposits - Wholesale	2,540,000	25,921	4.05%	5,424,813	167,100	4.12%
Total Interest Bearing Deposits	618,711,835	4,659,648	2.99%	622,770,235	15,386,452	3.30%
Total Borrowed Funds	8,672,164	402,667	18.42%	27,461,732	1,039,532	4.99%
Total Interest Bearing Liabilities	627,383,999	5,062,315	3.20%	650,231,967	16,425,984	3.38%
Non-Interest Bearing Deposits	158,197,096	-	0.00%	178,144,809	-	0.00%
Total Funding Sources/Cost	785,581,095	5,062,315	2.56%	828,376,776	16,425,984	2.65%
Non-Interest Bearing Liabilities	21,155,010			13,636,749		
Equity	101,362,467			90,714,303		
Total Liabilities and Equity	$ 908,098,572			$ 932,727,828		
Net Interest Income		$ 8,918,753			$ 23,856,423	
Net Interest Margin			4.13%			3.59%

Average Balance Sheet and Yields

For the Nine Months Ended

	September 30, 2026			September 30, 2025		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest Earning Assets:						
Federal funds sold	$ 3,328,480	$ 91,964	3.69%	$ 4,498,187	$ 149,279	4.44%
Deposits with banks	51,098,120	1,343,573	3.52%	103,692,236	3,356,634	4.33%
Investment securities	107,000,505	3,349,118	4.18%	99,918,850	3,333,906	4.46%
Loans	703,708,471	35,527,432	6.75%	676,802,218	33,442,588	6.61%
Total Interest Earning Assets	$ 865,135,576	$ 40,312,087	6.23%	$ 884,911,491	$ 40,282,407	6.09%
Non-Interest Earning Assets	$ 43,284,633			$ 47,816,337		
Total Assets	$ 908,420,209			$ 932,727,828		
Interest Bearing Liabilities:						
Interest bearing demand	$ 104,726,050	$ 1,130,465	1.44%	$ 106,289,490	$ 1,106,091	1.39%
Savings and Money Market	345,896,375	8,435,417	3.26%	296,837,126	7,576,266	3.41%
Time deposits - Retail	155,747,539	4,065,098	3.49%	214,218,806	6,536,995	4.08%
Time Deposits - Wholesale	2,743,883	83,125	4.05%	5,424,813	167,100	4.12%
Total Interest Bearing Deposits	609,113,847	13,714,105	3.01%	622,770,235	15,386,452	3.30%
Total Borrowed Funds	21,020,920	1,075,966	6.84%	27,461,732	1,039,532	4.99%
Total Interest Bearing Liabilities	630,134,767	14,790,071	3.14%	650,231,967	16,425,984	3.38%
Non-Interest Bearing Deposits	162,298,209	-	0.00%	178,144,809	-	0.00%
Total Funding Sources/Cost	792,432,976	14,790,071	2.50%	828,376,776	16,425,984	2.65%
Non-Interest Bearing Liabilities	16,302,440			13,636,749		
Equity	99,684,793			90,714,303		
Total Liabilities and Equity	$ 908,420,209			$ 932,727,828		
Net Interest Income		$ 25,522,016			$ 23,856,423	
Net Interest Margin			3.95%			3.59%