

BANCORP 34

Bancorp 34, Inc. reports fourth quarter 2025 results

\$1.5 million	\$1.8 million	\$12.33	\$0.19
Net Income	Bank Net Income	TBVPS	Diluted EPS

Management Comments - Ciaran McMullan, Chairman & CEO

- ❖ Loan growth improved for the second consecutive quarter, with linked-quarter growth of 3.2%, or 12.8% annualized.
- ❖ Driven by strong performance in Arizona, with our Greater Phoenix Market up 4.7% (18.8% annualized) and our Tucson Market up 2.3% (9.2% annualized) quarter-over-quarter.
- ❖ Total commitments¹ booked in the fourth quarter reached a post-merger single quarter record of \$45 million and totaled \$135 million for the full-year.
- ❖ Deposit mix continued to improve, with non-maturity deposits rising to 77% of total deposits and cost of funds declining 9 basis points to 2.54%.
- ❖ Core² ROAA improved for the fifth consecutive quarter to 0.62%, up 94% year-over-year.
- ❖ Tangible book value per share increased to \$12.33, representing 17% growth for full-year 2025.
- ❖ The Bank reached a positive agreement on the \$7.8 million non-accrual loan downgraded in Q3 2025, adding significant collateral and converting the loan to a fully amortizing structure.

4Q25 Highlights

Net Income and NIM	Performance Metrics (Consolidated)			
<ul style="list-style-type: none"> Net income improved significantly over Q4 2024 but declined over the linked quarter due to the impact of a reverse provision in the prior quarter. Net Operating Income (pre-tax pre-provision) increased by 8% over the linked quarter, primarily driven by an improved NIM. The NIM increased 29bp over the linked quarter due to a reduction in cost of funds and improved asset mix. Non-interest expense remained flat compared to the linked quarter and declined by ~\$2.0 million, or 23%, over the prior year. 	ROATA	0.66%	0.74%	0.06%
	ROATE	6.66%	7.91%	0.74%
	Core ² ROATA	0.62%	0.59%	0.32%
	Core ² ROATE	6.21%	6.18%	6.37%
	Net Interest Margin	3.65%	3.47%	3.70%
	Cost of Funds	2.54%	2.64%	2.76%
	Overhead Ratio ³	2.86%	2.79%	3.61%
	Efficiency Ratio	81.78%	81.17%	97.32%
	NPA ⁴	1.02%	1.00%	0.32%
	ACL to Total Loans	1.37%	1.41%	1.50%
Balance Sheet	Select Metrics (Bank Only)			
<ul style="list-style-type: none"> Total deposits were stable through the quarter, and our deposit mix improved, driven by a decline in CDs offset by gains in non-maturity deposits. Total loans increased by \$22 million, or 3.2%, during the quarter and by 5.4% for the full year 2025. 	ROATA	0.82%	0.85%	0.18%
	Core ² ROATA	0.77%	0.68%	0.44%
	Net Interest Margin	3.81%	3.61%	3.85%
	Core Efficiency Ratio	75.82%	74.62%	82.35%
Asset Quality	Balance Sheet (in 000s)			
<ul style="list-style-type: none"> NPAs⁴ were stable during the quarter with the small ratio increase attributed to a decline in average assets. The dollar volume of the ACL was stable and represented 1.37% of total loans. 	Total Assets	\$897,636	\$899,621	\$917,417
	Total Loans	\$712,492	\$690,519	\$676,092
	Total Deposits	\$760,585	\$760,273	\$792,566
	Total Capital	\$96,823	\$95,260	\$86,515
	TBVPS	\$12.33	\$12.07	\$10.54
Capital	Income Statement (000s)			
<ul style="list-style-type: none"> TBVPS increased by \$0.26 during the quarter, \$0.03 of which was due to a reduction in AOCI. The bank's Tier 1 Leverage Ratio increased to 12.89%. 	Net Interest Income	\$7,856	\$7,740	\$8,269
	Non-interest Income	\$204	\$242	\$348
	Non-interest Expense	\$6,454	\$6,494	\$8,409
	Net Operating Income	\$1,606	\$1,488	\$208
	Net Income	\$1,490	\$1,733	\$149
	Core ² Net Income	\$1,387	\$1,355	\$736
	Diluted Earnings per Share	\$0.19	\$0.24	\$0.01

1 – Includes new loan balances disbursed and new unfunded commitments. Source: Internal Reporting

2 – Non-GAAP, excludes merger related accretion and amortization, as well as material non-recurring income and expense items.

3 – Non-interest expense as a percentage of average assets

4 – 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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TABLE INDEX

Page

Consolidated Balance Sheet	4
Consolidated Income Statement	5
Select Financial Ratios	7
Credit Quality	7
GAAP to Non-GAAP Reconciliation	7
Consolidated Margin Analysis	8

BALANCE SHEET (in 000s)	4Q25	3Q25	4Q24
Assets			
Cash and due from banks	3,208	3,158	3,675
Fed funds sold & repos	1,055	4,200	2,085
Interest bearing deposits with banks	30,494	47,123	107,836
Investment securities	107,850	109,151	85,522
Loans, net of unearned income	712,492	690,519	676,092
Allowance for credit losses	-9,734	-9,733	-10,160
Premises and equipment, net	10,721	11,085	12,482
Accrued interest receivable	2,728	2,543	2,613
Core deposit intangible	6,038	6,409	7,589
Other assets	32,786	35,166	29,683
Total Assets	897,636	899,621	917,417
Liabilities			
Non-interest bearing deposits	163,620	163,339	187,048
Interest bearing demand deposits	102,390	105,347	101,546
Savings and money market deposits	318,823	301,835	262,917
Time deposits - retail	170,682	184,682	232,973
Time deposits - wholesale	5,070	5,070	8,082
Total Deposits	760,585	760,273	792,566
Accrued expenses and other liabilities	12,948	16,828	10,633
Other borrowings	27,280	27,261	27,703
Total Liabilities	800,813	804,362	830,902
Equity			
Common stock	74	74	74
Capital surplus	66,274	66,482	67,317
Retained earnings	25,989	25,989	24,300
Accumulated other comprehensive loss	-3,375	-3,656	-5,578
Net income	7,861	6,371	1,689
Unearned ESOP shares	0	0	-1,287
Total Equity	96,823	95,260	86,515
Total Liabilities & Equity	897,636	899,621	917,417

INCOME STATEMENT (in 000s)**4Q25****3Q25****4Q24****Interest Income**

Interest on Loans	11,167	10,836	11,594
Fees on Loans	97	119	181
Interest on federal funds sold	46	49	878
Interest on deposits with banks	404	997	587
Investment Securities - Taxable	1,190	1,199	827
Total Interest Income	12,904	13,200	14,067

Interest Expense

Interest bearing demand deposits	408	404	335
Savings and Money Market Deposits	2,600	2,690	2,373
Time Deposits - Retail	1,645	1,967	2,620
Time Deposits - Wholesale	53	53	85
Total Interest Expense on Deposits	4,706	5,114	5,413
Interest on other borrowings	342	345	385
Total Interest Expense	5,048	5,460	5,798

Net Interest Income

Provision for Credit Losses	-157	-700	-41
Net In. Inc. After Prov. for Credit Losses	8,013	8,440	8,310

Non Interest Income

Service charges and fees	139	141	158
Mortgage loan and related fees	21	26	14
Other noninterest income	44	75	176
Total Non Interest Income	204	242	348

Non Interest Expense

Salaries and employee benefits	3,422	3,418	3,882
Occupancy	724	540	706
Other noninterest expense	2,308	2,536	3,821
Total Non Interest Expense	6,454	6,494	8,409

Income Before Taxes

Income taxes	273	455	100
Net Income	1,490	1,733	149

INCOME STATEMENT (in 000s)	Year Ended Dec 31, 2025	Year Ended Dec 31, 2024
Interest Income		
Interest on Loans	44,197	43,308
Fees on Loans	509	705
Interest on federal funds sold	196	1,709
Interest on deposits with banks	3,761	2,519
Investment Securities - Taxable	4,524	2,544
Total Interest Income	53,187	50,785
Interest Expense		
Interest bearing demand deposits	1,514	1,037
Savings and Money Market Deposits	10,177	8,996
Time Deposits - Retail	8,182	8,603
Time Deposits - Wholesale	220	380
Total Interest Expense on Deposits	20,093	19,016
Interest on other borrowings	1,382	2,471
Total Interest Expense	21,475	21,487
Net Interest Income	31,712	29,298
Provision for Credit Losses	-3,607	3,825
Net In. Inc. After Prov. for Credit Losses	35,319	25,473
Non Interest Income		
Service charges and fees	582	643
Mortgage loan and related fees	36	-52
Other noninterest income	385	4,959
Total Non Interest Income	1,003	5,550
Non Interest Expense		
Salaries and employee benefits	13,740	12,939
Occupancy	2,689	2,523
Other noninterest expense	9,944	14,946
Total Non Interest Expense	26,373	30,408
Income Before Taxes	9,949	615
Income taxes	2,088	-1,074
Net Income	7,861	1,689

Select Financial Ratios	4Q25	3Q25	4Q24
Return on Average Assets (ROAA)	0.66%	0.74%	0.06%
Core ⁵ ROAA	0.62%	0.58%	0.32%
Return on Average Tangible Assets (ROATA)	0.66%	0.75%	0.06%
Core ⁵ ROATA	0.62%	0.59%	0.32%
Return on Average Equity (ROAE)	6.18%	7.35%	0.68%
Core ⁵ ROAE	5.71%	5.74%	3.36%
Return on Average Tangible Equity	6.66%	7.91%	0.74%
Core ⁵ ROATE	6.21%	6.18%	3.70%
Overhead Ratio	2.86%	2.79%	3.61%
Core ⁵ Overhead Ratio	2.68%	2.54%	2.74%
Efficiency Ratio	81.78%	81.17%	97.32%
Core ⁵ Efficiency Ratio	80.46%	77.85%	86.58%
Net Interest Margin	3.65%	3.47%	3.70%
Core ⁶ Net Interest Margin	3.36%	3.30%	3.17%
Cost of Funds	2.54%	2.64%	2.76%
Earnings Per Share (EPS)	\$0.19	\$0.24	\$0.01
Diluted EPS	\$0.19	\$0.24	\$0.01

Bank Regulatory Capital Ratios	4Q25	3Q25	4Q24
Tier 1 Leverage Capital Ratio	12.89%	12.26%	11.06%
Common Equity Tier 1 Capital Ratio	14.15%	14.29%	13.74%
Tier 1 Capital Ratio	14.15%	14.29%	13.74%
Total Risk-based Capital Ratio	15.40%	15.54%	15.00%

Credit Quality ⁷	4Q25	3Q25
Total Classified Loans	\$12,592	\$15,131
Classified - Accrual Loans	\$3,434	\$5,835
Classified - Non-Accrual Loans	\$9,158	\$9,296
Non-Performing Assets	\$9,158	\$9,296
Total Classified / Total Loans	1.77%	2.19%
Adversely Classified Items/Total Bank Capital	10.02%	12.25%

Period	GAAP Net Income	Loan Mark Accretion	CDI Amortization	Non-Recurring Items ⁸	Core Net Income ⁹
4Q25	\$1,490	-\$540	\$371	\$33	\$1,387
3Q25	\$1,733	-\$571	\$386	-\$319	\$1,355
4Q24	\$149	-\$1,112	\$415	\$1,478	\$736

5 – Non-GAAP, excludes merger related accretion and amortization, as well as material non-recurring income and expense items.

6 – Non-GAAP, excludes merger related fair value mark accretion and amortization.

7 – Classified and non-performing assets are net of government guarantees

8 – Includes Loan ACL reverse provision

9 – Non-GAAP, Assumes 25% tax rate

Average Balance Sheet and Yields

For the Three Months Ended

	December 31, 2025			September 30, 2025		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest Earning Assets:						
Federal funds sold	\$ 4,594,293	\$ 46,392	4.01%	\$ 4,357,283	\$ 48,758	4.44%
Deposits with banks	43,357,135	404,053	3.70%	92,046,784	997,294	4.30%
Investment securities	113,686,437	1,189,745	4.15%	105,746,137	1,198,727	4.50%
Loans	696,214,926	11,264,177	6.42%	680,493,148	10,954,738	6.39%
Total Interest Earning Assets	\$ 857,852,791	\$ 12,904,367	5.97%	\$ 882,643,352	\$ 13,199,517	5.93%
Non-Interest Earning Assets	\$ 44,357,743			\$ 49,081,977		
Total Assets	<u>\$ 902,210,534</u>			<u>\$ 931,725,329</u>		
Interest Bearing Liabilities:						
Interest bearing demand	\$ 105,364,026	\$ 407,755	1.54%	\$ 106,626,968	\$ 404,378	1.50%
Savings and Money Market	311,440,354	2,600,467	3.31%	310,491,189	2,690,248	3.44%
Time deposits - Retail	173,597,584	1,645,161	3.76%	199,560,785	1,967,084	3.91%
Time Deposits - Wholesale	5,070,000	52,697	4.12%	5,070,000	52,697	4.12%
Total Interest Bearing Deposits	595,471,964	4,706,080	3.14%	621,748,942	5,114,407	3.26%
Total Borrowed Funds	27,268,568	342,568	4.98%	27,249,239	345,256	5.03%
Total Interest Bearing Liabilities	622,740,532	5,048,648	3.22%	648,998,181	5,459,663	3.34%
Non-Interest Bearing Deposits	166,241,386	-	0.00%	172,469,155	-	0.00%
Total Funding Sources/Cost	788,981,918	5,048,648	2.54%	821,467,336	5,459,663	2.64%
Non-Interest Bearing Liabilities	16,823,824			16,649,825		
Equity	96,404,792			93,608,168		
Total Liabilities and Equity	<u>\$ 902,210,534</u>			<u>\$ 931,725,329</u>		
Net Interest Income		<u>\$ 7,855,719</u>			<u>\$ 7,739,854</u>	
Net Interest Margin			3.65%			3.47%

Average Balance Sheet and Yields

For the Three Months Ended

	December 31, 2025			December 31, 2024		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest Earning Assets:						
Federal funds sold	\$ 4,594,293	\$ 46,392	4.01%	\$ 72,095,217	\$ 878,382	4.85%
Deposits with banks	43,357,135	404,053	3.70%	52,093,157	586,857	4.48%
Investment securities	113,686,437	1,189,745	4.15%	86,043,852	827,330	3.83%
Loans	696,214,926	11,264,177	6.42%	681,792,429	11,774,700	6.87%
Total Interest Earning Assets	\$ 857,852,791	\$ 12,904,367	5.97%	\$ 892,024,655	\$ 14,067,269	6.27%
Non-Interest Earning Assets	\$ 44,357,743			\$ 39,862,881		
Total Assets	<u>\$ 902,210,534</u>			<u>\$ 931,887,536</u>		
Interest Bearing Liabilities:						
Interest bearing demand	\$ 105,364,026	\$ 407,755	1.54%	\$ 102,323,491	\$ 335,035	1.30%
Savings and Money Market	311,440,354	2,600,467	3.31%	272,759,208	2,372,765	3.46%
Time deposits - Retail	173,597,584	1,645,161	3.76%	232,093,952	2,619,561	4.49%
Time Deposits - Wholesale	5,070,000	52,697	4.12%	8,082,000	85,219	4.19%
Total Interest Bearing Deposits	595,471,964	4,706,080	3.14%	615,258,651	5,412,580	3.50%
Total Borrowed Funds	27,268,568	342,568	4.98%	34,147,480	385,199	4.41%
Total Interest Bearing Liabilities	622,740,532	5,048,648	3.22%	649,406,131	5,797,779	3.55%
Non-Interest Bearing Deposits	166,241,386	-	0.00%	183,872,205	-	0.00%
Total Funding Sources/Cost	788,981,918	5,048,648	2.54%	833,278,336	5,797,779	2.77%
Non-Interest Bearing Liabilities	16,823,824			11,125,887		
Equity	96,404,792			87,483,313		
Total Liabilities and Equity	<u>\$ 902,210,534</u>			<u>\$ 931,887,536</u>		
Net Interest Income		<u>\$ 7,855,719</u>			<u>\$ 8,269,490</u>	
Net Interest Margin			3.65%			3.70%

Average Balance Sheet and Yields

For the Year Ended

	December 31, 2025			December 31, 2024		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest Earning Assets:						
Federal funds sold	\$ 4,522,411	\$ 195,671	4.33%	\$ 33,229,074	\$ 1,709,351	5.14%
Deposits with banks	88,484,485	3,760,687	4.25%	57,761,524	2,518,620	4.36%
Investment securities	108,468,255	4,523,651	4.17%	93,016,666	2,545,177	2.74%
Loans	681,695,284	44,706,764	6.56%	737,781,399	44,012,673	5.97%
Total Interest Earning Assets	\$ 883,170,435	\$ 53,186,773	6.02%	\$ 921,788,663	\$ 50,785,821	5.51%
Non-Interest Earning Assets	\$ 41,865,363			\$ 46,665,175		
Total Assets	<u>\$ 925,035,798</u>			<u>\$ 968,453,838</u>		
Interest Bearing Liabilities:						
Interest bearing demand	\$ 106,053,979	\$ 1,513,846	1.43%	\$ 98,343,350	\$ 1,036,924	1.05%
Savings and Money Market	300,517,940	10,176,733	3.39%	293,566,839	8,996,354	3.06%
Time deposits - Retail	203,980,032	8,182,156	4.01%	207,512,473	8,603,466	4.15%
Time Deposits - Wholesale	5,335,381	219,796	4.12%	10,209,786	379,620	3.72%
Total Interest Bearing Deposits	615,887,332	20,092,531	3.26%	609,632,448	19,016,364	3.12%
Total Borrowed Funds	27,412,770	1,382,112	5.04%	70,983,229	2,470,972	3.48%
Total Interest Bearing Liabilities	643,300,102	21,474,643	3.34%	680,615,677	21,487,336	3.16%
Non-Interest Bearing Deposits	178,144,809	-	0.00%	187,984,450	-	0.00%
Total Funding Sources/Cost	821,444,911	21,474,643	2.61%	868,600,127	21,487,336	2.47%
Non-Interest Bearing Liabilities	11,442,269			(254,388)		
Equity	92,148,618			100,108,099		
Total Liabilities and Equity	<u>\$ 925,035,798</u>			<u>\$ 968,453,838</u>		
Net Interest Income		<u>\$ 31,712,130</u>			<u>\$ 29,298,485</u>	
Net Interest Margin			3.60%			3.19%