BANCORP 34

Bancorp 34, Inc. reports second quarter 2026 results

$1.9 million	$2.1 million	$12.88	$0.24
Net Income	Bank Net Income	TBVPS	Diluted EPS

Management Comments - Ciaran McMullan, Chairman & CEO

- Core[1] ROATA improved for the seventh consecutive quarter
- Core[1] Net Interest Margin also improved over both the linked and prior year quarters
- While total loans increased modestly over the linked quarter, we booked approximately $37.0 million in new commitments
- Non-performing assets declined significantly as we returned a single large relationship to accrual status
- The bank received approval to retire $23.0 million of subordinated debt, effective July 15th, 2026
- As a result, annual interest cost will decline by $920,000
- During the quarter, we appointed a new Market President for our Las Cruces / El Paso market

2Q26 Highlights

Net Income and NIM

- Core[1] NIM improved over the linked and prior year quarters, by 8bps and 22bps, respectively driven by declining deposit costs and improved loan portfolio yields.
- Net Income improved over the linked quarter driven primarily by increased net interest income, and declined over the prior year due to the impact of a large recovery in Q2 2025
- Net Operating Income (pre-tax pre-provision) increased over both the linked and prior year quarters due to improved NIM and non-interest income
- Non-interest expense increased slightly during the quarter due to one-time costs related to the relocation of our Scottsdale Branch

Balance Sheet

- Deposits declined by $29.0 million in line with historical trends primarily due to tax payments coming due in April
- Total loans were up only slightly as elevated payoffs offset the impact of $37.0 million in new loan commitments

Asset Quality

- NPAs[3] improved significantly, declining to 0.31% due to the upgrade of a single relationship of approximately $7.0 million

Capital

- TBVPS increased by $0.32, including a modestly negative AOCI impact
- The bank's Tier 1 Leverage Ratio increased to 13.36%.

Performance Metrics	2Q26	1Q26	2Q25
ROATA	0.83%	0.75%	1.01%
ROATE	8.09%	7.41%	11.14%
Core[1] ROATA	0.68%	0.65%	0.51%
Core[1] ROATE	6.74%	6.41%	5.56%
Net Interest Margin	3.85%	3.86%	3.66%
Cost of Funds	2.46%	2.47%	2.61%
Overhead Ratio[2]	2.85%	2.86%	2.84%
Efficiency Ratio	73.47%	75.50%	79.07%
NPA[3]	0.31%	1.07%	0.18%
ACL to Total Loans	1.23%	1.31%	1.55%

Balance Sheet (in 000s)	2Q26	1Q26	2Q25
Total Assets	$895,991	$918,984	$931,267
Total Loans	$707,154	$706,062	$676,389
Total Deposits	$752,230	$781,226	$795,104
Total Capital	$100,168	$98,137	$92,242
TBVPS	$12.88	$12.56	$11.39

Income Statement (000s)	2Q26	1Q26	2Q25
Net Interest Income	$8,365	$8,206	$8,096
Non-interest Income	$484	$230	$292
Non-interest Expense	$6,501	$6,369	$6,633
Net Operating Income	$2,348	$2,067	$1,755
Net Income	$1,867	$1,654	$2,330
Core[1] Net Income	$1,556	$1,430	$1,163
Diluted Earnings per Share	$0.24	$0.21	$0.32

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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TABLE INDEX

UNAUDITED

BALANCE SHEET (in 000s)	2Q26	1Q26	2Q25
Assets			
Cash and due from banks	3,244	3,494	3,645
Fed funds sold & repos	5,540	1,040	5,430
Interest bearing deposits with banks	38,657	61,403	95,086
Investment securities	97,413	103,815	104,455
Loans, net of unearned income	707,154	706,062	676,389
Allowance for credit losses	-8,710	-9,258	-10,492
Premises and equipment, net	8,832	11,040	11,565
Accrued interest receivable	2,689	2,645	2,559
Core deposit intangible	5,328	5,677	6,791
Other assets	35,844	33,066	35,839
Total Assets	**895,991**	**918,984**	**931,267**
Liabilities			
Non-interest bearing deposits	157,766	165,202	168,931
Interest bearing demand deposits	100,000	104,519	105,630
Savings and money market deposits	339,574	353,244	307,474
Time deposits - retail	152,350	155,721	207,999
Time deposits - wholesale	2,540	2,540	5,070
Total Deposits	752,230	781,226	795,104
Accrued expenses and other liabilities	16,273	12,322	16,680
Other borrowings	27,319	27,299	27,241
Total Liabilities	**795,822**	**820,847**	**839,025**
Equity			
Common stock	74	74	75
Capital surplus	66,610	66,402	67,652
Retained earnings	33,850	33,850	25,989
Accumulated other comprehensive loss	-3,887	-3,843	-4,849
Net income	3,522	1,654	4,638
Unearned ESOP shares	0	0	-1,263
Total Equity	**100,169**	**98,137**	**92,242**
Total Liabilities & Equity	**895,991**	**918,984**	**931,267**

UNAUDITED

INCOME STATEMENT (in 000s)	2Q26	1Q26	2Q25
Interest Income			
Interest on Loans	11,659	11,338	11,008
Fees on Loans	69	133	173
Interest on federal funds sold	32	33	49
Interest on deposits with banks	479	310	1,095
Investment Securities - Taxable	1,028	1,218	1,162
Total Interest Income	13,267	13,032	13,487
Interest Expense			
Interest bearing demand deposits	369	349	373
Savings and Money Market Deposits	2,835	2,640	2,498
Time Deposits - Retail	1,336	1,469	2,124
Time Deposits - Wholesale	25	31	52
Total Interest Expense on Deposits	4,565	4,489	5,047
Interest on other borrowings	337	337	344
Total Interest Expense	4,902	4,826	5,391
Net Interest Income	**8,365**	**8,206**	**8,096**
Provision for Credit Losses	0	0	-1,250
Net In. Inc. After Prov. for Credit Losses	**8,365**	**8,206**	**9,346**
Non Interest Income			
Service charges and fees	146	125	148
Mortgage loan and related fees	53	31	-9
Other noninterest income	285	74	153
Total Non Interest Income	484	230	292
Non Interest Expense			
Salaries and employee benefits	3,420	3,451	3,323
Occupancy	773	725	726
Other noninterest expense	2,308	2,193	2,584
Total Non Interest Expense	6,501	6,369	6,633
Income Before Taxes	**2,348**	**2,067**	**3,005**
Income taxes	481	413	675
Net Income	**1,867**	**1,654**	**2,330**

INCOME STATEMENT (in 000s)	6 months ending 2Q26	6 months ending 2Q25
Interest Income		
Interest on Loans	22,996	22,165
Fees on Loans	202	323
Interest on federal funds sold	65	101
Interest on deposits with banks	789	2,359
Investment Securities - Taxable	2,247	2,135
Total Interest Income	26,299	27,083
Interest Expense		
Interest bearing demand deposits	718	702
Savings and Money Market Deposits	5,475	4,886
Time Deposits - Retail	2,804	4,570
Time Deposits - Wholesale	57	114
Total Interest Expense on Deposits	9,054	10,272
Interest on other borrowings	673	694
Total Interest Expense	9,727	10,966
Net Interest Income	**16,572**	**16,117**
Provision for Credit Losses	0	-2,750
Net In. Inc. After Prov. for Credit Losses	**16,572**	**18,867**
Non Interest Income		
Service charges and fees	272	302
Mortgage loan and related fees	86	27
Other noninterest income	357	227
Total Non Interest Income	715	556
Non Interest Expense		
Salaries and employee benefits	6,871	6,901
Occupancy	1,499	1,426
Other noninterest expense	4,501	5,098
Total Non Interest Expense	12,871	13,425
Income Before Taxes	**4,416**	**5,998**
Income taxes	894	1,360
Net Income	**3,522**	**4,638**

Select Financial Ratios	2Q26	1Q26	2Q25
Return on Average Assets (ROAA)	0.82%	0.74%	1.01%
Core[4] ROAA	0.68%	0.64%	0.50%
Return on Average Tangible Assets (ROATA)	0.83%	0.75%	1.01%
Core[4] ROATA	0.69%	0.65%	0.51%
Return on Average Equity (ROAE)	7.52%	6.84%	9.93%
Core[4] ROAE	6.27%	5.91%	5.23%
Return on Average Tangible Equity	8.09%	7.41%	11.14%
Core[4] ROATE	6.74%	6.41%	5.56%
Overhead Ratio	2.85%	2.86%	2.84%
Core[4] Overhead Ratio	2.71%	2.65%	2.65%
Efficiency Ratio	73.47%	75.50%	79.07%
Core[4] Efficiency Ratio	76.14%	76.92%	82.26%
Net Interest Margin	3.85%	3.86%	3.66%
Core[5] Net Interest Margin	3.50%	3.42%	3.28%
Cost of Funds	2.46%	2.47%	2.61%
Earnings Per Share (EPS)	$0.25	$0.22	$0.32
Diluted EPS	$0.24	$0.21	$0.32

Bank Regulatory Capital Ratios	2Q26	1Q26	2Q25
Tier 1 Leverage Capital Ratio	13.36%	13.16%	11.86%
Common Equity Tier 1 Capital Ratio	15.11%	14.71%	14.18%
Tier 1 Capital Ratio	15.11%	14.71%	14.18%
Total Risk-based Capital Ratio	16.26%	15.93%	15.44%

Credit Quality[6]	2Q26	1Q26
Total Classified Loans	$16,311	$18,299
Classified - Accrual Loans	$13,522	$7,339
Classified - Non-Accrual Loans	$2,789	$10,960
Non-Performing Assets	$2,789	$10,960
Total Classified / Total Loans	2.31%	2.59%
Adversely Classified Items/Total Bank Capital	12.09%	14.39%

Period	GAAP Net Income	Loan Mark Accretion	CDI Amortization	Non-Recurring Items[7]	Core Net Income[8]
2Q26	$1,867	-$679	$349	-$84	$1,556
1Q26	$1,654	-$855	$360	$196	$1,430
2Q25	$2,330	-$758	$399	-$1,197	$1,163

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

	June 30, 2026			March 31, 2026		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest Earning Assets:						
Federal funds sold	$ 3,521,978	$ 32,189	3.67%	$ 3,649,944	$ 33,244	3.69%
Deposits with banks	54,403,513	479,362	3.53%	36,988,630	309,723	3.40%
Investment securities	106,258,336	1,028,148	3.88%	110,477,352	1,218,027	4.47%
Loans	708,187,996	11,727,349	6.64%	710,396,489	11,471,365	6.55%
Total Interest Earning Assets	$ 872,371,823	$ 13,267,048	6.10%	$ 861,512,415	$ 13,032,359	6.13%
Non-Interest Earning Assets	$ 41,795,279			$ 41,417,194		
Total Assets	$ 914,167,102			$ 902,929,609		
Interest Bearing Liabilities:						
Interest bearing demand	$ 104,563,048	$ 369,136	1.42%	$ 102,078,048	$ 349,075	1.39%
Savings and Money Market	347,058,899	2,835,039	3.28%	327,965,659	2,639,522	3.26%
Time deposits - Retail	155,333,571	1,335,594	3.45%	165,714,505	1,468,887	3.59%
Time Deposits - Wholesale	2,540,000	25,650	4.05%	3,158,444	31,554	4.05%
Total Interest Bearing Deposits	609,495,518	4,565,419	3.00%	598,916,656	4,489,038	3.04%
Total Borrowed Funds	27,307,385	336,310	4.94%	27,287,777	336,989	5.01%
Total Interest Bearing Liabilities	636,802,903	4,901,729	3.09%	626,204,433	4,826,027	3.13%
Non-Interest Bearing Deposits	162,926,161	-	0.00%	165,855,529	-	0.00%
Total Funding Sources/Cost	799,729,064	4,901,729	2.46%	792,059,962	4,826,027	2.47%
Non-Interest Bearing Liabilities	14,870,604			12,781,143		
Equity	99,567,434			98,088,504		
Total Liabilities and Equity	$ 914,167,102			$ 902,929,609		
Net Interest Income		$ 8,365,319			$ 8,206,332	
Net Interest Margin			3.85%			3.86%

Average Balance Sheet and Yields

For the Three Months Ended

	June 30, 2026			June 30, 2025		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest Earning Assets:						
Federal funds sold	$ 3,521,978	$ 32,189	3.67%	$ 4,391,538	$ 48,968	4.47%
Deposits with banks	54,403,513	479,362	3.53%	101,230,867	1,095,171	4.34%
Investment securities	106,258,336	1,028,148	3.88%	109,636,098	1,161,439	4.09%
Loans	708,187,996	11,727,349	6.64%	674,518,875	11,181,795	6.65%
Total Interest Earning Assets	$ 872,371,823	$ 13,267,048	6.10%	$ 889,777,378	$ 13,487,373	6.08%
Non-Interest Earning Assets	$ 41,795,279			$ 40,031,708		
Total Assets	$ 914,167,102			$ 929,809,086		
Interest Bearing Liabilities:						
Interest bearing demand	$ 104,563,048	$ 369,136	1.42%	$ 107,769,299	$ 373,496	1.39%
Savings and Money Market	347,058,899	2,835,039	3.28%	296,161,664	2,497,634	3.38%
Time deposits - Retail	155,333,571	1,335,594	3.45%	211,751,684	2,123,642	4.02%
Time Deposits - Wholesale	2,540,000	25,650	4.05%	5,070,000	52,144	4.13%
Total Interest Bearing Deposits	609,495,518	4,565,419	3.00%	620,752,647	5,046,916	3.26%
Total Borrowed Funds	27,307,385	336,310	4.94%	27,430,238	344,231	4.96%
Total Interest Bearing Liabilities	636,802,903	4,901,729	3.09%	648,182,885	5,391,147	3.33%
Non-Interest Bearing Deposits	162,926,161	-	0.00%	178,549,677	-	0.00%
Total Funding Sources/Cost	799,729,064	4,901,729	2.46%	826,732,562	5,391,147	2.61%
Non-Interest Bearing Liabilities	14,870,604			12,197,579		
Equity	99,567,434			90,878,946		
Total Liabilities and Equity	$ 914,167,102			$ 929,809,086		
Net Interest Income		$ 8,365,319			$ 8,096,226	
Net Interest Margin			3.85%			3.66%

Average Balance Sheet and Yields

For the Six Months Ended

	June 30, 2026			June 30, 2025		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest Earning Assets:						
Federal funds sold	$ 3,585,608	$ 65,434	3.68%	$ 4,569,807	$ 100,521	4.44%
Deposits with banks	45,744,179	789,085	3.48%	109,611,472	2,359,340	4.34%
Investment securities	108,356,189	2,246,174	4.18%	104,119,287	2,135,178	4.14%
Loans	709,286,142	23,198,714	6.60%	674,926,165	22,487,850	6.72%
Total Interest Earning Assets	$ 866,972,118	$ 26,299,407	6.12%	$ 893,226,731	$ 27,082,889	6.11%
Non-Interest Earning Assets	$ 41,607,280			$ 40,010,655		
Total Assets	$ 908,579,398			$ 933,237,386		
Interest Bearing Liabilities:						
Interest bearing demand	$ 103,327,413	$ 718,212	1.40%	$ 106,113,429	$ 701,713	1.33%
Savings and Money Market	337,565,023	5,474,561	3.27%	289,896,939	4,886,018	3.40%
Time deposits - Retail	160,495,362	2,804,481	3.52%	221,669,292	4,569,911	4.16%
Time Deposits - Wholesale	2,847,514	57,204	4.05%	5,605,160	114,403	4.12%
Total Interest Bearing Deposits	604,235,312	9,054,458	3.02%	623,284,820	10,272,045	3.32%
Total Borrowed Funds	27,297,635	673,299	4.97%	27,569,740	694,276	5.08%
Total Interest Bearing Liabilities	631,532,947	9,727,757	3.11%	650,854,560	10,966,321	3.40%
Non-Interest Bearing Deposits	164,382,753	-	0.00%	181,029,672	-	0.00%
Total Funding Sources/Cost	795,915,700	9,727,757	2.46%	831,884,232	10,966,321	2.66%
Non-Interest Bearing Liabilities	13,831,646			12,112,019		
Equity	98,832,052			89,241,135		
Total Liabilities and Equity	$ 908,579,398			$ 933,237,386		
Net Interest Income		$ 16,571,650			$ 16,116,568	
Net Interest Margin			3.85%			3.65%