

BANCORP 34, INC.
CONSOLIDATED BALANCE SHEETS (Unaudited)

	<u>December 31, 2020</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>
ASSETS			
Cash and due from banks	\$ 8,201,201	\$ 5,100,832	\$ 4,496,465
Interest-bearing deposits with banks	3,785,000	26,540,000	24,990,000
Total cash and cash equivalents	<u>11,986,201</u>	<u>31,640,832</u>	<u>29,486,465</u>
Available-for-sale securities, at fair value	54,343,254	53,958,079	44,517,178
Loans held for investment	353,565,535	354,867,660	294,660,719
Allowance for loan losses	(4,820,883)	(4,418,767)	(2,921,931)
Loans held for investment, net	<u>348,744,652</u>	<u>350,448,893</u>	<u>291,738,788</u>
Premises and equipment, net	8,304,432	8,461,377	8,990,955
Operating lease right-of-use assets	950,042	1,089,485	-
Stock in financial institutions, restricted, at cost	1,324,361	4,062,361	4,016,761
Accrued interest receivable	1,657,014	1,675,401	961,105
Deferred income tax asset, net	2,111,019	1,618,517	1,907,876
Bank owned life insurance	11,111,634	11,047,176	10,850,085
Core deposit intangible, net	97,604	106,466	133,052
Prepaid and other assets	<u>1,291,463</u>	<u>1,676,460</u>	<u>1,137,090</u>
TOTAL ASSETS	\$ 441,921,676	\$ 465,785,047	\$ 393,739,355
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits			
Demand deposits	\$ 76,492,839	\$ 78,810,193	\$ 56,401,370
Savings and NOW deposits	219,777,876	203,994,253	166,107,428
Time deposits	74,479,109	82,300,630	81,387,861
Total deposits	<u>370,749,824</u>	<u>365,105,076</u>	<u>303,896,659</u>
Federal Home Loan Bank advances	19,000,000	48,000,000	40,000,000
Escrows	267,503	332,333	254,593
Operating lease liabilities	1,032,758	1,089,485	-
Accrued interest and other liabilities	4,838,206	5,405,205	4,271,437
Accrued interest and other liabilities - discontinued operations	-	141,081	233,427
Total liabilities	<u>395,888,291</u>	<u>420,073,180</u>	<u>348,656,116</u>
Stockholders' equity			
Preferred stock, \$0.01 par value, 50,000,000 authorized, none issued and outstanding	-	-	-
Common stock, \$0.01 par value, 100,000,000 authorized, 3,137,573, 3,153,609 and 3,208,618 issued and outstanding.	31,376	31,536	32,086
Additional paid-in capital	22,811,166	22,833,252	23,168,176
Retained earnings	24,324,634	23,740,483	23,157,134
Accumulated other comprehensive income	388,416	643,604	307,255
Unearned employee stock ownership plan (ESOP) shares	(1,522,207)	(1,537,008)	(1,581,412)
Total stockholders' equity	<u>46,033,385</u>	<u>45,711,867</u>	<u>45,083,239</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 441,921,676	\$ 465,785,047	\$ 393,739,355

BANCORP 34, INC.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Year Ended December 31,		Quarter Ended December 31,	
	2020	2019	2020	2019
Interest income				
Interest and fees on loans	\$ 18,285,426	\$ 17,489,918	\$ 4,693,880	\$ 4,529,693
Interest on securities	1,290,725	972,524	302,706	275,813
Interest on other interest-earning assets	115,574	484,546	9,032	103,111
Total interest income	19,691,725	18,946,988	5,005,618	4,908,617
Interest expense				
Interest on deposits	3,155,902	3,799,642	576,316	1,026,589
Interest on borrowings	552,990	1,020,368	41,855	234,450
Total interest expense	3,708,892	4,820,010	618,171	1,261,039
Net interest income	15,982,833	14,126,978	4,387,447	3,647,578
Provision for loan losses	1,944,000	22,500	400,000	(150,000)
Net interest income after provision for loan losses	14,038,833	14,104,478	3,987,447	3,797,578
Noninterest income				
Gain on sale of loans	24,959	272,293	22,318	14,162
Gain on sale of securities	10,157	-	-	-
Service charges and fees	443,901	202,865	116,165	(157,317)
Bank owned life insurance	363,904	370,388	90,741	92,558
Loss on disposal of fixed assets	(240,663)	-	(35,000)	-
Other	151,774	14,225	38,171	(17,989)
Total noninterest income	754,032	859,771	232,395	(68,586)
Noninterest expense				
Salaries and benefits	7,023,314	6,619,148	1,878,556	1,613,826
Occupancy	1,393,807	1,462,077	335,879	371,787
Data processing fees	2,009,382	2,092,060	517,914	497,372
FDIC and other insurance expense	263,497	181,206	79,527	53,105
Professional fees	783,273	815,278	171,147	184,044
Advertising	193,402	260,440	49,144	58,039
Other	834,001	901,980	259,043	122,345
Total noninterest expense	12,500,676	12,332,189	3,291,210	2,900,518
Income from continuing operations				
before provision for income taxes	2,292,189	2,632,060	928,632	828,474
Provision for income taxes	496,930	665,953	189,626	214,626
Net income from continuing operations	1,795,259	1,966,107	739,006	613,848
Discontinued operations				
Loss from discontinued operations	-	(1,683,555)	-	(92,917)
Benefit for income taxes	-	(427,627)	-	(35,434)
Net loss from discontinued operations	-	(1,255,928)	-	(57,483)
NET INCOME	1,795,259	710,179	739,006	556,365
Earnings per common share - Diluted				
Earnings per common share - continuing operations	\$ 0.59	\$ 0.64	\$ 0.25	\$ 0.21
Loss per common share - discontinued operations	-	(0.41)	-	(0.03)
Earnings per common share - Diluted	\$ 0.59	\$ 0.23	\$ 0.25	\$ 0.18

BANCORP 34, INC.
SELECTED FINANCIAL DATA (Unaudited)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Performance Ratios:				
Return on average assets	0.65%	0.57%	0.41%	0.18%
Return on average equity	6.35%	4.89%	3.90%	1.53%
Net interest margin	4.11%	3.96%	3.89%	3.95%
Noninterest expense to average assets	2.90%	2.96%	2.87%	4.97%
Dividends per share	\$0.05	\$0.05	\$0.20	\$0.15
Dividend payout ratio	20.95%	28.48%	34.97%	67.85%
Efficiency ratio	71.24%	81.04%	74.69%	95.18%
Capital Ratios:				
Total capital to risk-weighted assets (Bank only)	13.15%	14.59%		
Tier 1 capital to risk-weighted assets (Bank only)	11.90%	13.58%		
Tier 1 capital to average assets (Bank only)	9.41%	10.30%		
Average stockholders' equity to average total assets	10.25%	12.03%	10.55%	12.03%
Tangible book value per share	\$14.64	\$14.01		
Asset Quality Ratios:				
Allowance for loan losses to gross loans *	1.47%	0.99%		
Allowance for loan losses to nonperforming loans	181.69%	83.36%		
Net charge-offs (recoveries) to average loans *	(0.00)%	(0.00)%	0.01%	0.00%
Nonperforming loans to gross loans *	0.81%	1.19%		
Nonperforming loans to total assets *	0.64%	0.89%		
Nonperforming loans guaranteed by SBA	87%	66%		

* Balances for asset quality ratios exclude PPP loans