



Statement of Condition

June 30, 2025

TriCity Bankshares Corporation 

Dividend Announcement

The Board of Directors declared a dividend of \$0.18 per share payable on August 07, 2025, to shareholders as of the record date of July 28, 2025.

The Corporation has a long history of maintaining capital ratios in excess of the levels required to be considered well capitalized and maintained that position through June 30, 2025.

The Board will continue to monitor earnings, on-going regulatory requirements, economic outlooks and other factors when approving future dividends.

INCOME STATEMENT (unaudited)				
	Six Months Ended		Three Months Ended	
	6.30.25	6.30.24	6.30.25	6.30.24
Interest Income	\$37,146,304	\$37,784,990	\$18,802,575	\$19,002,393
Interest Expense	\$8,786,201	\$12,239,341	\$4,271,612	\$6,111,500
Net Interest Income	\$28,360,103	\$25,545,649	\$14,530,963	\$12,890,893
Non-Interest Income	\$7,465,554	\$8,715,617	\$3,885,896	\$4,902,528
Less: Provision for Credit Losses	\$250,000	\$(125,000)	\$250,000	\$(125,000)
Non-Interest Expense	\$27,924,549	\$27,341,765	\$14,508,379	\$14,312,888
Income Before Income Taxes	\$7,651,108	\$7,044,501	\$3,658,480	\$3,605,533
Income Tax Expense	\$1,254,626	\$1,039,612	\$586,651	\$524,034
Change in Tax Law	\$(83,663)	\$(44,195)	\$(77,987)	\$(44,195)
Total Income Tax Expense	\$1,170,963	\$995,417	\$508,664	\$479,839
Net Income	\$6,480,145	\$6,049,084	\$3,149,816	\$3,125,694
Net Income Per Common Share	\$0.73	\$0.68	\$0.35	\$0.35
Dividends Per Common Share	\$0.36	\$0.36	\$0.18	\$0.18

BALANCE SHEET JUNE 30, 2025 & 2024 (unaudited)					
Assets	2025	2024	Liabilities & Equity	2025	2024
Cash & Due from Banks	\$134,950,387	\$140,067,178	Non-Interest Bearing Deposits	\$400,805,110	\$403,530,766
Federal Funds Sold	\$2,034,257	\$1,841,560	Interest Bearing Deposits	\$1,263,751,517	\$1,258,240,354
Security Investments	\$462,227,089	\$557,113,255	Total Deposits	\$1,664,556,627	\$1,661,771,120
Total Loans	\$1,157,487,969	\$1,174,744,182	Borrowings	\$693,000	\$150,000,000
Allowance for Credit Losses	\$(14,433,515)	\$(14,433,886)	Lease Liability	\$11,419,629	\$11,836,117
Net Loans	\$1,143,054,454	\$1,160,310,296	Other Liabilities	\$3,388,365	\$7,965,246
Bank Premises & Equipment	\$19,712,396	\$19,372,300	Total Liabilities	\$1,680,057,621	\$1,831,572,483
Right of Use Lease Asset	\$48,104,401	\$44,960,825	Common Stock	\$8,904,915	\$8,904,915
Cash Surrender Value of Life Insurance	\$11,419,629	\$11,836,117	Additional Paid-in Capital	\$26,543,470	\$26,543,470
Other Assets	\$28,894,934	\$38,535,523	Unrealized Loss on Security Investments	\$(43,571,982)	\$(65,700,664)
			Retained Earnings	\$178,463,523	\$172,716,850
Total Assets	\$1,850,397,547	\$1,974,037,054	Total Stockholders' Equity	\$170,339,926	\$142,464,571
			Total Liabilities & Equity	\$1,850,397,547	\$1,974,037,054

Management Comments

The Corporation posted net income of \$6.48 million for the first half of 2025, an increase of \$0.4 million or 7.1%, compared to the first half of 2024. Earnings per share increased to \$0.73 for the first half of 2025 compared to \$0.68 for the first half of 2024.

Net interest income before the provision for (recapture of) credit loss was \$28.4 million for the half of 2025, an increase of \$2.8 million or 11%, compared to the first half of 2024. The growth was comprised of a decrease of \$3.6 million in interest paid on short-term borrowings and increase on interest income from loans of \$2.2 million; offset by a decrease of \$1.6 million in interest income on amounts held at the Federal Reserve and other banks, a decrease of \$1.2 million in interest income on security investments, and an increase of \$0.1 million in interest paid on deposits.

Non-interest income for the first half of 2025 was \$7.5 million, a decrease of \$1.3 million or 14.3%, compared to the first half of 2024. The decline was comprised of a decrease in gain on sale of premises and equipment of \$1.1 million, a decrease in debit card interchange income of \$0.2 million, a decrease in ATM fees of \$0.1 million, and a decrease in merchant service and loan servicing of \$0.1 million; partially offset by an increase other income, service charges on deposits, and net gain on sale of loans of \$0.1 million, and an increase to the cash value of bank owned life insurance of \$0.3 million.

A provision of \$0.25 million in credit losses was recorded in the first half of 2025, an increase of \$0.38 million compared to the first half of 2024. The Corporation has recognized net recoveries on its allowance for loan losses in each of the past five years. The Corporation will continue to closely monitor loan portfolio activity and local market economic conditions as part of the analysis of the overall allowance for credit losses.

Non-interest expense during the first half of 2025 was \$27.9 million, an increase of \$0.6 million or 2.1% compared to 2024. The increase was primarily attributable to an increase in salaries and employee benefits of \$0.8 million, an increase in net occupancy cost of \$0.2 million, an increase in furniture and equipment expenses of \$0.2 million, an increase in data processing expense of \$0.1 million, and other net activity, partially offset by a decrease in professional fees of \$0.4 million and a decrease in loss on the sale of securities of \$0.3 million. In the 2nd quarter of 2025, the Corporation executed a loss trade within its security portfolio to take advantage of higher interest rates. A total of \$10 million in securities were sold for a loss of \$0.57 million and reinvested in \$10 million of new securities at higher rates. The Corporation will benefit from an immediate pickup in interest income. Further loss trades are undetermined but will be evaluated by management on an ongoing basis.

Income tax expense during the first half of 2025 was \$1.2 million, an increase of \$0.2 million, or 17.6%, compared to the first half of 2024.

The Corporation's total assets as of June 30, 2025, were \$1.85 billion, a decrease of \$123.6 million compared to June 30, 2024. The decrease was primarily a result of repaying \$150 million in borrowings using cash held at the Fed Reserve. Investments in securities decreased by \$94.9 million, driven primarily by principal cash inflows and the sale of \$59.9 million in securities, offset by an increase in fair market value of \$28.6 million. Net loans decreased by \$17.3 million or 1.5%. Cash and amounts due from the Federal Reserve and other banks decreased by \$5.1 million compared to the first half of 2024. The Corporation has maintained core deposits year over year with an increase of \$2.8 million, or 0.2%, driven by an increase of in CDs of \$18.4 million, offset by a reduction in transaction and saving deposits of \$15.6 million.

Total shareholders' equity for GAAP purposes was \$170.3 million as of June 30, 2025, an increase of \$27.9 million, or 19.6% compared to June 30, 2024. The increase resulted from a \$5.7 million increase in retained earnings, net of dividends paid of \$6.4 million, during the twelve-month period and an increase of \$22.1 million in the unrealized market value of the security investment portfolio net of deferred taxes. The Corporation's Tier One Capital, the primary regulatory measure of strong capital, excludes unrealized gain or loss on the security investment portfolio, and it increased from \$208.2 million as of June 30, 2024, to \$213.9 million as of June 30, 2025, an increase of 2.8%.