



Statement of Condition

September 30, 2025

TriCity Bankshares Corporation 

Dividend Announcement

The Board of Directors declared a dividend of \$0.18 per share payable on November 06, 2025, to shareholders as of the record date of October 27, 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 September 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)				
	Nine Months Ended		Three Months Ended	
	9.30.25	9.30.24	9.30.25	9.30.24
Interest Income	\$58,254,916	\$57,341,225	\$21,108,612	\$19,556,235
Interest Expense	\$13,178,158	\$18,272,201	\$4,391,957	\$6,032,860
Net Interest Income	\$45,076,758	\$39,069,024	\$16,716,655	\$13,523,375
Non-Interest Income	\$11,425,332	\$12,878,259	\$3,959,778	\$4,162,642
Less: Provision for Credit Losses	\$250,000	\$(125,000)	-	-
Non-Interest Expense	\$43,649,136	\$41,353,613	\$15,724,587	\$14,011,848
Income Before Income Taxes	\$12,602,953	\$10,718,670	\$4,951,845	\$3,674,169
Income Tax Expense	\$2,125,776	\$1,609,505	\$871,150	\$569,893
Change in Tax Law	\$(140,945)	\$(111,282)	\$(57,282)	\$(67,087)
Total Income Tax Expense	\$1,984,831	\$1,498,223	\$813,868	\$502,806
Net Income	\$10,618,122	\$9,220,447	\$4,137,977	\$3,171,363
Net Income Per Common Share	\$1.19	\$1.04	\$0.46	\$0.36
Dividends Per Common Share	\$0.54	\$0.54	\$0.18	\$0.18

BALANCE SHEET SEPTEMBER 30, 2025 & 2024 (unaudited)					
Assets	2025	2024	Liabilities & Equity	2025	2024
Cash & Due from Banks	\$216,925,546	\$153,579,935	Non-Interest Bearing Deposits	\$430,928,068	\$420,106,536
Federal Funds Sold	\$2,399,651	\$2,929,979	Interest Bearing Deposits	\$1,305,592,441	\$1,227,366,261
Security Investments	\$474,990,787	\$550,338,151	Total Deposits	\$1,736,520,509	\$1,647,472,797
Total Loans	\$1,152,031,820	\$1,179,805,601	Borrowings	\$693,000	\$150,000,000
Allowance for Credit Losses	\$(14,327,186)	\$(14,436,390)	Lease Liability	\$11,540,318	\$11,685,058
Net Loans	\$1,137,704,634	\$1,165,369,211	Other Liabilities	\$10,129,191	\$9,989,343
Bank Premises & Equipment	\$19,554,761	\$19,017,267	Total Liabilities	\$1,758,883,018	\$1,819,147,198
Right of Use Lease Asset	\$11,540,318	\$11,685,058	Common Stock	\$8,904,915	\$8,904,915
Cash Surrender Value of Life Insurance	\$48,506,367	\$45,315,030	Additional Paid-in Capital	\$26,543,470	\$26,543,470
Other Assets	\$27,051,014	\$32,944,889	Unrealized Loss on Security Investments	\$(36,656,940)	\$(47,701,391)
			Retained Earnings	\$180,998,615	\$174,285,328
Total Assets	\$1,938,673,078	\$1,981,179,520	Total Stockholders' Equity	\$179,790,060	\$162,032,322
			Total Liabilities & Equity	\$1,938,673,078	\$1,981,179,520

Management Comments

The Corporation posted net income of \$10.6 million for the first nine months of 2025, an increase of \$1.4 million or 15.2%, compared to the first nine months of 2024. Earnings per share increased to \$1.19 for the first nine months of 2025 compared to \$1.04 for the first nine months of 2024.

Net interest income before the provision for (recapture of) credit loss was \$45.1 million for the first nine months of 2025, an increase of \$6 million or 15.4%, compared to the first nine months of 2024. The growth was comprised of a decrease of \$5.4 million in interest paid on short-term borrowings and increase on interest income from loans of \$4.1 million; offset by a decrease of \$1.5 million in interest income on amounts held at the Federal Reserve and other banks, a decrease of \$1.7 million in interest income on security investments, and an increase of \$0.3 million in interest paid on deposits.

Non-interest income for the first nine months of 2025 was \$11.4 million, a decrease of \$1.5 million or 11.3%, compared to the first nine months of 2024. The decline was comprised of a decrease in gain on sale of premises and equipment of \$1.1 million, a decrease in death benefits from bank owned life insurance of \$0.3 million, a decrease in debit card interchange income of \$0.2 million, a decrease in ATM fees of \$0.2 million, a decrease in service charges on deposits of \$0.1 million, and a decrease in merchant service and loan servicing of \$0.1 million; partially offset by an increase in other income and net gain on sale of loans of \$0.2 million, and an increase to the cash value of bank owned life insurance of \$0.4 million.

A provision of \$0.25 million in credit losses was recorded in the first nine months of 2025, an increase of \$0.38 million compared to the first nine months 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 nine months of 2025 was \$43.6 million, an increase of \$2.3 million or 5.6% compared to 2024. The increase was primarily attributable to an increase in salaries and employee benefits of \$1.5 million, an increase of \$0.8 million in other expense, an increase in net occupancy cost of \$0.3 million, an increase in furniture and equipment expenses of \$0.3 million, an increase in data processing expense of \$0.3 million, and other net activity, partially offset by a decrease in professional fees of \$0.5 million and a decrease in loss on the sale of securities of \$0.4 million. The Corporation executed a loss trade within its security portfolio to take advantage of higher interest rates. Year to date a total of about \$15 million in securities were sold for a loss of \$1.1 million and reinvested in about \$15 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 nine months of 2025 was \$2 million, an increase of \$0.5 million, or 32.5%, compared to the first nine months of 2024.

The Corporation's total assets as of September 30, 2025, were \$1.94 billion, a decrease of \$42.5 million compared to September 30, 2024. Investments in securities decreased by \$75.4 million, driven primarily by principal cash inflows and sales totaling \$53.2 million, offset by an increase in fair market value of \$12.5 million. Net loans decreased by \$27.7 million or 2.4%. Cash and amounts due from the Federal Reserve and other banks increased by \$63.4 million compared to the first nine months of 2024. The Corporation has maintained core deposits year over year with an increase of \$89 million, or 5.4%, driven by an increase of in CD's of \$21.1 million and an increase in transaction and saving deposits of \$57.1 million

Total shareholders' equity for GAAP purposes was \$179.8 million as of September 30, 2025, an increase of \$17.7 million, or 11% compared to September 30, 2024. The increase resulted from a \$6.7 million increase in retained earnings, net of dividends paid of \$6.4 million, during the twelve-month period and an increase of \$11 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 \$209.7 million as of September 30, 2024, to \$216.4 million as of September 30, 2025, an increase of 3.2%.