



Statement of Condition

March 31, 2026

TriCity Bankshares Corporation 

Dividend Announcement

The Board of Directors declared a dividend of \$0.20 per share payable on May 7, 2026, to shareholders as of the record date of April 27, 2026.

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 March 31, 2026.

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

INCOME STATEMENT (unaudited)

	Three Months Ended	
	3.31.26	3.31.25
Interest Income	\$20,985,981	\$18,361,750
Interest Expense	\$4,514,046	\$4,514,589
Net Interest Income	\$16,471,935	\$13,847,161
Non-Interest Income	\$3,506,459	\$3,561,637
Less: Provision for Credit Losses	-	-
Non-Interest Expense	\$15,446,750	\$13,416,170
Income Before Income Taxes	\$4,531,644	\$3,992,628
Income Tax Expense	\$709,970	\$662,299
Net Income	\$3,821,674	\$3,330,329
Net Income Per Common Share	\$0.43	\$0.37
Dividends Per Common Share	\$0.18	\$0.18

BALANCE SHEET MARCH 31, 2026 & 2025 (unaudited)

Assets	2026	2025	Liabilities & Equity	2026	2025
Cash & Due from Banks	\$211,077,774	\$104,036,029	Non-Interest Bearing Deposits	\$417,261,298	\$402,314,515
Federal Funds Sold	\$2,212,049	\$2,102,706	Interest Bearing Deposits	\$1,347,696,462	\$1,265,294,825
Security Investments	\$483,012,891	\$471,379,965	Total Deposits	\$1,764,957,760	\$1,667,609,340
Total Loans	\$1,175,550,010	\$1,170,243,699	Borrowings	\$693,000	\$276,000
Allowance for Credit Losses	\$(14,351,939)	\$(14,175,034)	Lease Liability	\$11,104,878	\$11,462,631
Net Loans	\$1,161,198,071	\$1,156,068,665	Other Liabilities	\$3,283,542	\$3,308,115
Bank Premises & Equipment	\$20,212,264	\$20,021,775	Total Liabilities	\$1,780,039,180	\$1,682,656,086
Right of Use Lease Asset	\$11,104,878	\$11,462,631	Common Stock	\$8,904,915	\$8,904,915
Cash Surrender Value of Life Insurance	\$49,397,362	\$47,672,844	Additional Paid-in Capital	\$26,543,470	\$26,543,470
Other Assets	\$28,082,105	\$33,229,005	Unrealized Loss on Security Investments	\$(34,832,779)	\$(49,047,442)
			Retained Earnings	\$185,642,608	\$176,916,591
Total Assets	\$1,966,297,394	\$1,845,973,620	Total Stockholders' Equity	\$186,258,214	\$163,317,534
			Total Liabilities & Equity	\$1,966,297,394	\$1,845,973,620

Management Comments

The Corporation posted net income of \$3.82 million for the first three months of 2026, an increase of \$0.5 million or 14.8%, compared to the first three months of 2025. Earnings per share increased to \$0.43 for the first three months of 2026 compared to \$0.37 for the first three months of 2025.

Net interest income before the provision for credit loss was \$16.5 million for the first three months of 2026, an increase of \$2.6 million or 19%, compared to the first three months of 2025. The growth was comprised of an increase of \$1.1 million in interest income on loans, an increase of \$0.9 million in interest income on amounts held at the Federal Reserve and other banks, and an increase of \$0.6 million in interest income on security investments.

Non-interest income for the first three months of 2026 was \$3.5 million, a decrease of \$0.1 million or 1.5%, compared to the first three months of 2025. The decline was comprised of a decrease in merchant services income, service charges on deposits and other non-interest income, slightly offset by an increase in mortgage banking income.

No provision for credit losses was recorded in either of the first three months of 2026 and 2025. 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 three months of 2026 was \$15.4 million, an increase of \$2 million or 15.1% compared to 2025. The increase was primarily attributable to an increase in salaries and employee benefits of \$0.9 million, an increase in loss on sales of securities of \$0.6 million, an increase in data processing expense of \$0.2 million, and other net activity. During the quarter, the Corporation executed a loss trade within its security portfolio to take advantage of higher interest rates. A total of about \$8.1 million in securities were sold for a loss of \$0.6 million and immediately reinvested in 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 three months of 2026 was \$0.7 million, an increase of less than \$0.1 million, or 7.1%, compared to the first three months of 2025.

The Corporation's total assets as of March 31, 2026, were \$1.97 billion, an increase of \$120.3 million compared to March 31, 2025. The increase was primarily due to a \$107.2 million increase in cash and cash equivalents. Investments in securities increased by \$11.6 million, driven primarily by an increase in fair market value of \$18.5 million. Investment principal reduction and maturities were replaced with investment purchases of \$104.5 million. Net loans increased by \$5.1 million or 0.4%. The Corporation has maintained core deposits year over year with an increase of \$97.4 million, or 5.8% primarily driven by an increase in savings and NOW deposits of \$64.3 million.

Total shareholders' equity for GAAP purposes was \$186.3 million as of March 31, 2026, an increase of \$22.9 million, or 14% compared to March 31, 2025. The increase resulted from an \$8.7 million increase in retained earnings, net of dividends paid of \$6.5 million, during the twelve-month period, and an increase of \$14.2 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 \$212.3 million as of March 31, 2025, to \$221.1 million as of March 31, 2026, an increase of 4.1%.