

BANCORP 34

Bancorp 34, Inc. reports first quarter 2026 results

\$1.7 million	\$1.9 million	\$12.56	\$0.21
Net Income	Bank Net Income	TBVPS	Diluted EPS

Management Comments - Ciaran McMullan, Chairman & CEO

- ❖ Core¹ ROATA improved for the sixth consecutive quarter - to 0.65% compared to 0.35% for Q1 2025
- ❖ Non-interest expense declined over the linked and prior year quarters by 1.3% and 6.2%, respectively
- ❖ Driven by our ongoing efforts to make incremental improvements across multiple expenses categories
- ❖ NIM continued to improve, increasing by 21bps over the linked quarter
- ❖ Deposit mix continued to improve with non-maturity deposits increasing from ~73% to ~80% year-over-year
- ❖ Driving continued improvement in our cost for funds, which declined to 2.47% QTD
- ❖ Total loans declined slightly during the quarter (~1.0%) in part due to the intentional exit of a large purchased participation
- ❖ Purchased participations now represent less than 1.0% of total loans underscoring our focus on relationship-based lending

1Q26 Highlights

Net Income and NIM
<ul style="list-style-type: none"> • NIM (<i>and core NIM</i>) improved over the linked and prior year quarters by 21bps (<i>6bps</i>) and 23bps (<i>32bps</i>) driven by declining deposit costs, earning asset mix, and accelerated loan mark accretion
<ul style="list-style-type: none"> • Net Operating Income (pre-tax pre-provision) increased over the linked and prior year quarters by 29% and 38% driven primarily by improving NIM
<ul style="list-style-type: none"> • Net Income improved over the linked and prior year quarters due to improving margin and declining non-interest expense
<ul style="list-style-type: none"> • Non-interest expense declined compared to the linked and prior quarters by 1.3% and 6.2% respectively

Balance Sheet
<ul style="list-style-type: none"> • Total deposits increased by \$21 million and our deposit mix improved with a \$38 million increase in non maturity deposits
<ul style="list-style-type: none"> • Total loans declined by ~\$6.0 million driven in part by exiting \$6.0 million in non-core purchased participations

Asset Quality
<ul style="list-style-type: none"> • NPAs³ increased slightly due to a single \$1.3 million relationship downgrade
<ul style="list-style-type: none"> • NPAs are expected to decline during Q2 due to improving performance of prior downgrades

Capital
<ul style="list-style-type: none"> • TBVPS increased by \$0.23 during the quarter including a negative \$0.06 AOCI impact.
<ul style="list-style-type: none"> • The bank's Tier 1 Leverage Ratio increased to 13.16%.

Performance Metrics (Consolidated)	1Q26	4Q25	1Q25
ROATA	0.75%	0.66%	1.01%
ROATE	7.41%	6.66%	11.67%
Core ¹ ROATA	0.65%	0.62%	0.35%
Core ¹ ROATE	6.41%	6.21%	4.11%
Net Interest Margin	3.86%	3.65%	3.63%
Cost of Funds	2.47%	2.54%	2.70%
Overhead Ratio ²	2.86%	2.86%	2.79%
Efficiency Ratio	75.50%	81.78%	81.98%
NPA ³	1.07%	1.02%	0.27%
ACL to Total Loans	1.31%	1.37%	1.50%

Select Metrics (Bank Only)	1Q26	4Q25	1Q25
ROATA	0.86%	0.82%	1.13%
Core ¹ ROATA	0.77%	0.77%	0.47%
Net Interest Margin	4.02%	3.81%	3.73%
Core Efficiency Ratio	73.36%	75.82%	71.72%

Balance Sheet (in 000s)	1Q26	4Q25	1Q25
Total Assets	\$918,984	\$897,636	\$943,639
Total Loans	\$706,062	\$712,492	\$676,612
Total Deposits	\$781,226	\$760,585	\$814,255
Total Capital	\$98,137	\$96,823	\$90,057
TBVPS	\$12.56	\$12.33	\$11.06

Income Statement (000s)	1Q26	4Q25	1Q25
Net Interest Income	\$8,206	\$7,856	\$8,020
Non-interest Income	\$230	\$204	\$265
Non-interest Expense	\$6,369	\$6,454	\$6,792
Net Operating Income	\$2,067	\$1,606	\$1,493
Net Income	\$1,654	\$1,490	\$2,308
Core ¹ Net Income	\$1,430	\$1,387	\$813
Diluted Earnings per Share	\$0.21	\$0.19	\$0.31

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.

Investor contact: Kevin Vaughn, CFO, 623-334-6064, BCTF@swhb.com

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Select Financial Ratios	1Q26	4Q25	1Q25
Return on Average Assets (ROAA)	0.74%	0.66%	1.00%
Core ⁴ ROAA	0.64%	0.62%	0.35%
Return on Average Tangible Assets (ROATA)	0.75%	0.66%	1.01%
Core ⁴ ROATA	0.65%	0.62%	0.36%
Return on Average Equity (ROAE)	6.84%	6.18%	10.63%
Core ⁴ ROAE	5.91%	5.71%	3.77%
Return on Average Tangible Equity	7.41%	6.66%	11.67%
Core ⁴ ROATE	6.41%	6.21%	4.15%
Overhead Ratio	2.86%	2.86%	2.90%
Core ⁴ Overhead Ratio	2.65%	2.68%	2.64%
Efficiency Ratio	75.50%	81.78%	81.98%
Core ⁴ Efficiency Ratio	76.92%	80.46%	86.06%
Net Interest Margin	3.86%	3.65%	3.63%
Core ⁵ Net Interest Margin	3.42%	3.36%	3.10%
Cost of Funds	2.47%	2.54%	2.70%
Earnings Per Share (EPS)	\$0.22	\$0.19	\$0.31
Diluted EPS	\$0.21	\$0.19	\$0.31

Bank Regulatory Capital Ratios	1Q26	4Q25	1Q25
Tier 1 Leverage Capital Ratio	13.16%	12.89%	11.10%
Common Equity Tier 1 Capital Ratio	14.71%	14.15%	13.56%
Tier 1 Capital Ratio	14.71%	14.15%	13.56%
Total Risk-based Capital Ratio	15.93%	15.40%	14.81%

Credit Quality ⁶	1Q26	4Q25
Total Classified Loans	\$18,299	\$12,592
Classified - Accrual Loans	\$7,339	\$3,434
Classified - Non-Accrual Loans	\$10,960	\$9,158
Non-Performing Assets	\$10,960	\$9,158
Total Classified / Total Loans	2.59%	1.77%
Adversely Classified Items/Total Bank Capital	14.39%	10.02%

Period	GAAP Net Income	Loan Mark Accretion	CDI Amortization	Non-Recurring Items ⁷	Core Net Income ⁸
1Q26	\$1,654	-\$855	\$360	\$196	\$1,430
4Q25	\$1,490	-\$540	\$371	\$33	\$1,387
1Q25	\$2,308	-\$1,103	\$414	-\$1,384	\$746

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

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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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BALANCE SHEET (in 000s)

1Q26

4Q25

1Q25

Assets

Cash and due from banks	3,494	3,208	3,652
Fed funds sold & repos	1,040	1,055	6,020
Interest bearing deposits with banks	61,403	30,494	118,722
Investment securities	103,815	107,850	94,818
Loans, net of unearned income	706,062	712,492	676,612
Allowance for credit losses	-9,258	-9,734	-10,180
Premises and equipment, net	11,040	10,721	11,984
Accrued interest receivable	2,645	2,728	2,572
Core deposit intangible	5,677	6,038	7,184
Other assets	33,066	32,786	32,255

Total Assets	918,984	897,636	943,639
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Liabilities

Non-interest bearing deposits	165,202	163,620	182,376
Interest bearing demand deposits	104,519	102,390	114,505
Savings and money market deposits	353,244	318,823	294,820
Time deposits - retail	155,721	170,682	217,484
Time deposits - wholesale	2,540	5,070	5,070

Total Deposits	781,226	760,585	814,255
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Accrued expenses and other liabilities	12,322	12,948	11,605
Other borrowings	27,299	27,280	27,722

Total Liabilities	820,847	800,813	853,582
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Equity

Common stock	74	74	74
Capital surplus	66,402	66,274	67,529
Retained earnings	33,850	25,989	25,989
Accumulated other comprehensive loss	-3,843	-3,375	-4,570
Net income	1,654	7,861	2,308
Unearned ESOP shares	0	0	-1,273

Total Equity	98,137	96,823	90,057
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Total Liabilities & Equity	918,984	897,636	943,639
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INCOME STATEMENT (in 000s)	1Q26	4Q25	1Q25
Interest Income			
Interest on Loans	11,338	11,167	11,155
Fees on Loans	133	97	151
Interest on federal funds sold	33	46	52
Interest on deposits with banks	310	404	1,264
Investment Securities - Taxable	1,218	1,190	973
Total Interest Income	13,032	12,904	13,595
Interest Expense			
Interest bearing demand deposits	349	408	328
Savings and Money Market Deposits	2,640	2,600	2,389
Time Deposits - Retail	1,469	1,645	2,446
Time Deposits - Wholesale	31	53	62
Total Interest Expense on Deposits	4,489	4,706	5,225
Interest on other borrowings	337	342	350
Total Interest Expense	4,826	5,048	5,575
Net Interest Income	8,206	7,856	8,020
Provision for Credit Losses	0	-157	-1,500
Net In. Inc. After Prov. for Credit Losses	8,206	8,013	9,520
Non Interest Income			
Service charges and fees	125	139	154
Mortgage loan and related fees	31	21	33
Other noninterest income	74	44	78
Total Non Interest Income	230	204	265
Non Interest Expense			
Salaries and employee benefits	3,451	3,422	3,578
Occupancy	725	724	700
Other noninterest expense	2,193	2,308	2,514
Total Non Interest Expense	6,369	6,454	6,792
Income Before Taxes	2,067	1,763	2,993
Income taxes	413	273	685
Net Income	1,654	1,490	2,308

Select Financial Ratios	1Q26	4Q25	1Q25
Return on Average Assets (ROAA)	0.74%	0.66%	1.00%
Core ⁴ ROAA	0.64%	0.62%	0.35%
Return on Average Tangible Assets (ROATA)	0.75%	0.66%	1.01%
Core ⁴ ROATA	0.77%	0.62%	0.36%
Return on Average Equity (ROAE)	6.84%	6.18%	10.63%
Core ⁴ ROAE	5.91%	5.71%	3.77%
Return on Average Tangible Equity	7.41%	6.66%	11.67%
Core ⁴ ROATE	6.41%	6.21%	4.15%
Overhead Ratio	2.86%	2.86%	2.90%
Core ⁴ Overhead Ratio	2.65%	2.68%	2.64%
Efficiency Ratio	75.50%	81.78%	81.98%
Core ⁴ Efficiency Ratio	76.92%	80.46%	86.06%
Net Interest Margin	3.86%	3.65%	3.63%
Core ⁵ Net Interest Margin	3.42%	3.36%	3.10%
Cost of Funds	2.47%	2.54%	2.70%
Earnings Per Share (EPS)	\$0.22	\$0.19	\$0.31
Diluted EPS	\$0.21	\$0.19	\$0.31

Bank Regulatory Capital Ratios	1Q26	4Q25	1Q25
Tier 1 Leverage Capital Ratio	13.16%	12.89%	11.10%
Common Equity Tier 1 Capital Ratio	14.71%	14.15%	13.56%
Tier 1 Capital Ratio	14.71%	14.15%	13.74%
Total Risk-based Capital Ratio	15.93%	15.40%	14.81%

Credit Quality ⁶	1Q26	4Q25
Total Classified Loans	\$18,299	\$12,592
Classified - Accrual Loans	\$7,339	\$3,434
Classified - Non-Accrual Loans	\$10,960	\$9,158
Non-Performing Assets	\$10,960	\$9,158
Total Classified / Total Loans	2.59%	1.77%
Adversely Classified Items/Total Bank Capital	14.39%	10.02%

Period	GAAP Net Income	Loan Mark Accretion	CDI Amortization	Non-Recurring Items ⁷	Core Net Income ⁸
1Q26	\$1,654	-\$855	\$360	\$196	\$1,430
4Q25	\$1,490	-\$540	\$371	\$33	\$1,387
1Q25	\$2,308	-\$1,103	\$414	-\$1,384	\$746

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8 – Non-GAAP, Assumes 25% tax rate

Average Balance Sheet and Yields

For the Three Months Ended

	March 31, 2026			December 31, 2025		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest Earning Assets:						
Federal funds sold	\$ 3,649,944	\$ 33,244	3.61%	\$ 4,594,293	\$ 46,392	4.01%
Deposits with banks	36,988,630	309,723	3.32%	43,357,135	404,053	3.70%
Investment securities	110,477,352	1,218,027	4.37%	113,686,437	1,189,745	4.15%
Loans	710,396,489	11,471,365	6.41%	696,214,926	11,264,177	6.42%
Total Interest Earning Assets	\$ 861,512,415	\$ 13,032,359	6.00%	\$ 857,852,791	\$ 12,904,367	5.97%
Non-Interest Earning Assets	\$ 41,417,194			\$ 44,357,743		
Total Assets	\$ 902,929,609			\$ 902,210,534		
Interest Bearing Liabilities:						
Interest bearing demand	\$ 102,078,048	\$ 349,075	1.36%	\$ 105,364,026	\$ 407,755	1.54%
Savings and Money Market	327,965,659	2,639,522	3.19%	311,440,354	2,600,467	3.31%
Time deposits - Retail	165,714,505	1,468,887	3.52%	173,597,584	1,645,161	3.76%
Time Deposits - Wholesale	3,158,444	31,554	3.96%	5,070,000	52,697	4.12%
Total Interest Bearing Deposits	598,916,656	4,489,038	2.97%	595,471,964	4,706,080	3.14%
Total Borrowed Funds	27,287,777	336,978	4.90%	27,268,568	342,568	4.98%
Total Interest Bearing Liabilities	626,204,433	4,826,016	3.06%	622,740,532	5,048,648	3.22%
Non-Interest Bearing Deposits	165,855,529	-	0.00%	166,241,386	-	0.00%
Total Funding Sources/Cost	792,059,962	4,826,016	2.42%	788,981,918	5,048,648	2.54%
Non-Interest Bearing Liabilities	12,781,143			16,823,824		
Equity	98,088,504			96,404,792		
Total Liabilities and Equity	\$ 902,929,609			\$ 902,210,534		
Net Interest Income		\$ 8,206,343			\$ 7,855,719	
Net Interest Margin			3.86%			3.65%

Average Balance Sheet and Yields

For the Three Months Ended

	March 31, 2026			March 31, 2025		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
Interest Earning Assets:						
Federal funds sold	\$ 3,649,944	\$ 33,244	3.61%	\$ 4,750,056	\$ 51,553	4.32%
Deposits with banks	36,988,630	309,723	3.32%	118,085,194	1,264,169	4.26%
Investment securities	110,477,352	1,218,027	4.37%	98,541,177	973,739	3.93%
Loans	710,396,489	11,471,365	6.41%	675,337,980	11,306,055	6.66%
Total Interest Earning Assets	\$ 861,512,415	\$ 13,032,359	6.00%	\$ 896,714,407	\$ 13,595,516	6.03%
Non-Interest Earning Assets	\$ 41,417,194			\$ 39,993,536		
Total Assets	\$ 902,929,609			\$ 936,707,943		
Interest Bearing Liabilities:						
Interest bearing demand	\$ 102,078,048	\$ 349,075	1.36%	\$ 104,439,161	\$ 328,216	1.25%
Savings and Money Market	327,965,659	2,639,522	3.19%	283,562,606	2,388,384	3.35%
Time deposits - Retail	165,714,505	1,468,887	3.52%	231,697,095	2,446,269	4.20%
Time Deposits - Wholesale	3,158,444	31,554	3.96%	6,146,267	62,259	4.03%
Total Interest Bearing Deposits	598,916,656	4,489,038	2.97%	625,845,129	5,225,128	3.32%
Total Borrowed Funds	27,287,777	336,978	4.90%	27,710,793	350,045	4.94%
Total Interest Bearing Liabilities	626,204,433	4,826,016	3.06%	653,555,922	5,575,173	3.39%
Non-Interest Bearing Deposits	165,855,529	-	0.00%	183,537,223	-	0.00%
Total Funding Sources/Cost	792,059,962	4,826,016	2.42%	837,093,145	5,575,173	2.65%
Non-Interest Bearing Liabilities	12,781,143			12,025,510		
Equity	98,088,504			87,589,288		
Total Liabilities and Equity	\$ 902,929,609			\$ 936,707,943		
Net Interest Income		\$ 8,206,343			\$ 8,020,343	
Net Interest Margin			3.86%			3.63%