



Dogwood State Bank Reports Fourth Quarter and Full Year 2024 Results

Raleigh, North Carolina, January 23, 2025 – Dogwood State Bank (“Dogwood” or the “Bank”) announced today its financial results for the three and twelve months ended December 31, 2024.

Fourth Quarter and Full Year 2024 Highlights

- **Adjusted net income (non-GAAP) improved to \$6.6 million, or \$0.35 per diluted share, in Q4 2024 and improved to \$18.7 million, or \$1.12 per diluted share, in FY 2024**
- **Adjusted pre-tax, pre-provision net revenue (non-GAAP) improved to \$9.7 million in Q4 2024 and improved to \$28.8 million in FY 2024**
- **Net interest margin expanded to 4.13% in Q4 2024 and expanded to 3.80% in FY 2024**
- **Adjusted efficiency ratio (non-GAAP) improved to 61.06% in Q4 2024 and improved to 62.76% in FY 2024**
- **Dogwood completed the acquisition of Community First Bancorporation (“Community First”) on August 1, 2024**
- **Dogwood Small Business Lending was recognized as the 3rd largest North Carolina SBA lender and 29th largest in the nation in the SBA’s 2024 fiscal year**

“We are proud to close out the year with strong performance, reflecting the hard work, dedication, and innovation of our entire team,” commented Steve Jones, Chief Executive Officer. “Our successful acquisition and integration of Community First was transformational for our organization. We delivered exceptional value to our stakeholders, advanced key initiatives, and positioned ourselves for sustained growth in the years ahead. As we move forward, we remain committed to executing our strategy, fostering innovation, and delivering meaningful results for our customers and shareholders, while continuing to focus on building and nurturing strong relationships within our communities.

Q4 2024 Earnings Performance

Dogwood reported GAAP net income in Q4 2024 of \$6.2 million, or \$0.32 per diluted share, compared to \$2.9 million, or \$0.20 per diluted share, in Q4 2023. Current quarter GAAP earnings were negatively impacted by merger & acquisition expenses of \$595 thousand related to the acquisition of Community First.

Adjusted net income (non-GAAP) in Q4 2024, which excludes the impact of merger & acquisition expenses, increased to \$6.6 million, or \$0.35 per diluted share, from \$2.9 million, or \$0.20 per diluted share, in Q4 2023. Adjusted pre-tax, pre-provision net revenue (non-GAAP) in Q4 2024 was \$9.7 million, an increase from \$5.5 million in Q4 2023.

Net Interest Income

Net interest income was \$21.1 million in Q4 2024, an increase from \$11.9 million in Q4 2023. The increase was primarily due to significant growth in interest-earning assets over the past year, including an increase in assets from the Community First acquisition, and an expansion in net interest margin.

Total average interest-earning assets increased to \$2.04 billion in Q4 2024 from \$1.27 billion in Q4 2023. Average loans increased by \$749.8 million. Average investment securities balances increased by \$50.8 million.

Net interest margin expanded to 4.13% in Q4 2024 from 3.43% in Q4 2023. Higher yields on interest-earning assets coupled with a more favorable mix of those assets contributed to the improved net interest margin.

Provision for Credit Losses and Asset Quality

Provision for credit losses was \$1.1 million in Q4 2024, a decrease from \$1.6 million in Q4 2023. The allowance for credit losses to total loans was 1.08% as of Q4 2024, compared to 1.09% as of both Q3 2024 and Q4 2023.

Nonperforming loans were 0.33% of total loans as of Q4 2024, compared to 0.18% as of Q3 2024, and 0.15% as of Q4 2023. Annualized net charge offs were 0.13% of average loans in Q4 2024, compared to 0.17% in Q3 2024 and 0.02% in Q4 2024. The vast majority of charge offs recognized in Q4 2024 were related to unguaranteed portions of U.S. Small Business Administration (“SBA”) loans.

Non-Interest Income

Non-interest income was \$3.7 million in both Q4 2024 and Q4 2023. SBA lending income as well as service charges & debit card income increased over this period, but a \$1.2 million gain on the early payoff of \$50 million of term FHLB advances in Q4 2023 offset these increases.

SBA lending income rose by \$381 thousand due to higher secondary market premiums on sales of guaranteed loans sold in the quarter and higher servicing fee income. The weighted average net premium on SBA loans sold in Q4 2024 was 8.95%, an increase from 8.14% in Q4 2023. Guaranteed balances of SBA loans sold totaled \$23.2 million in Q4 2024, which was a decrease from \$25.4 million in Q4 2023.

Service charges and debit card income increased by \$611 thousand, which was primarily due to the Community First acquisition.

Non-Interest Expense

Non-interest expense was \$15.8 million in Q4 2024, an increase from \$10.2 million in Q4 2023. Merger & acquisition expenses of \$595 thousand were incurred in Q4 2024 related to the Community First acquisition. These one-time expenses were primarily related to the systems conversion and other integration-related costs. Further, amortization of the Community First core deposit intangible, which was recognized in the acquisition, added \$599 thousand to expense in the quarter.

Also contributing to the increase in non-interest expense, compensation and benefits grew by \$2.5 million due partially to the increased headcount from the Community First acquisition as well as other investments that have been made in human capital across the Bank to support its organic growth.

Increases in expense items such as occupancy and equipment, software, data processing, and FDIC insurance were primarily due to the Community First acquisition.

Income Taxes

Dogwood had tax expense of \$1.8 million in Q4 2024, compared to tax expense of \$865 thousand in Q4 2023. The effective tax benefit rate was 22.73% in Q4 2024, which was similar to the effective tax rate of 22.77% in Q4 2023.

Full Year 2024 Earnings Performance

Dogwood reported GAAP net income in 2024 of \$5.9 million, or \$0.35 per diluted share, compared to net income of \$10.6 million, or \$0.72 per diluted share, in 2023. GAAP earnings in 2024 were negatively impacted by merger & acquisition expenses and a one-time provision charge on acquired PCD loans, both of which were related to the acquisition of Community First.

Adjusted net income (non-GAAP) in 2024, which excludes the impact of merger & acquisition expenses as well as the provision charge on acquired non-PCD loans, increased to \$18.7 million, or \$1.12 per diluted share, from \$10.6 million, or \$0.72 per diluted share, in 2023. Adjusted pre-tax, pre-provision net revenue (non-GAAP) in 2024 was \$28.8 million, an increase from \$18.8 million in 2023.

Net Interest Income

Net interest income was \$63.1 million in 2024, an increase from \$42.8 million in 2023. The increase was due to significant growth in interest-earning assets over the past year, including an increase in assets from the Community First acquisition, and an expansion in net interest margin.

Total average interest-earning assets increased to \$1.66 billion in 2024 from \$1.22 billion in 2023. Average loans increased by \$435.8 million. Average investment securities balances increased by \$25.3 million.

Net interest margin expanded to 3.80% in 2024 from 3.52% in 2023. While cost of funds increased by 0.44% over the periods under comparison, higher yields on interest-earning assets coupled with a more favorable mix of those assets contributed to the improved net interest margin.

Provision for Credit Losses and Asset Quality

Provision for credit losses was \$9.9 million in 2024, an increase from \$5.2 million in 2023. The increase in provision expense was primarily due to a one-time provision charge of \$5.3 million on acquired non-PCD loans.

Non-Interest Income

Non-interest income was \$14.2 million in 2024, an increase from \$12.1 million in 2023. This increase was primarily related to SBA lending income as well as service charges and debit card income, partially offset by a \$1.2 million gain on the early payoff of term FHLB advances in 2023.

SBA lending income rose by \$1.5 million due to higher secondary market premiums on sales of guaranteed loans sold during the year and higher servicing fee income. The weighted average net premium on SBA loans sold in 2024 was 9.39%, an increase from 8.14% in 2023. Guaranteed balances of SBA loans sold totaled \$102.7 million in 2024, which was a decrease from \$105.1 million in 2023.

Service charges and debit card income increased by \$1.1 million, which was primarily due to the Community First acquisition.

Non-Interest Expense

Non-interest expense was \$59.8 million in 2024, an increase from \$36.1 million in 2023. Merger & acquisition expenses of \$11.3 million were incurred in 2024 to complete the Community First acquisition. These one-time expenses included placement agent fees, professional fees, executive change in control payments, vendor termination payments, and other merger-related costs. Further, amortization of the Community First core deposit intangible which was recognized in the acquisition added \$1.0 million to expense.

Also contributing to the increase in non-interest expense, compensation and benefits grew by \$7.0 million due partially to the increased headcount from the Community First acquisition as well as other investments that have been made in human capital across the Bank to support its organic growth.

Increases in expense items such as occupancy and equipment, software, data processing, and FDIC insurance were primarily due to the Community First acquisition.

Income Taxes

Dogwood had tax expense of \$1.8 million in 2024, compared to tax expense of \$3.0 million in 2023. The effective tax rate was 23.12% in 2024, which was slightly higher than the effective tax rate of 22.12% in 2023.

Community First Acquisition

On August 1, 2024, Dogwood completed the acquisition of Community First in an all-stock transaction. A total of 3.4 million shares of Dogwood voting common stock were issued in the transaction, which equated to total consideration paid of \$54.3 million. Dogwood added \$682.5 million in total assets, \$474.1 million in gross loans, \$572.1 million in total deposits, and \$53.6 million in shareholders' equity to its balance sheet in the acquisition. As part of the purchase price allocation, \$4.8 million in goodwill was recognized at acquisition.

About Dogwood State Bank

Dogwood State Bank is a state-chartered community bank headquartered in Raleigh, North Carolina, with approximately \$2.2 billion in total assets. Dogwood provides a wide range of banking products and services through its online offerings and twenty-one branch offices in North Carolina, South Carolina, and Eastern Tennessee. Dogwood also specializes in providing lending services to small businesses through its Dogwood State Bank Small Business Lending division. Dogwood is focused on becoming the bank for businesses, business owners, professionals, and their employees and redefining what it means to Bank Local. By leveraging leadership, investing in technology, and committing to personalized, superior customer service, Dogwood is changing the landscape of community banking.

Forward-Looking Statements

Statements made in this press release, other than those concerning historical financial information, may be considered forward-looking statements, which speak only as of the date of this press release and are based on current expectations and involve a number of assumptions. Forward-looking statements can be identified by words such as “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “project,” “estimate,” “expect,” “strategy,” “future,” “likely,” “may,” “should,” “will” and similar references to future periods. Our ability to predict results, or the actual effect of future plans or strategies, is inherently uncertain. Factors that could have a material effect on the Bank’s operations and future prospects include but are not limited to: the expected growth opportunities or cost savings from the proposed merger (the “merger”) of Community First and Community First Bank, Inc. with and into the Bank may not be fully realized or may take longer to realize than expected; the businesses of the Bank and Community First may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; deposit attrition, operating costs, customer losses and business disruption prior to and following the merger, including adverse effects on relationships with employees and customers, may be greater than expected; the regulatory and shareholder approvals required for the merger may not be obtained; changes in interest rates, general economic and business conditions; legislative/regulatory changes; the monetary and fiscal policies of the U.S. government, including policies of the U.S. Treasury and the Board of Governors of the Federal Reserve System; the quality and composition of the Bank’s loan and securities portfolios; demand for loan products and other financial services in our market areas; inflation; deposit flows; competition; our implementation of new technologies and ability to develop and maintain secure and reliable electronic systems; changes in the securities markets; and changes in accounting principles, policies and guidelines. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or clarify these forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

This press release contains financial information determined by methods other than in accordance with United States generally accepted accounting principles (“GAAP”). The Bank uses the non-GAAP financial measures discussed herein in its analysis of the Bank’s performance. The Bank’s management believes that these non-GAAP financial measures enhance comparability of results of operations with prior periods by excluding the impact of items or events that may obscure trends in the Bank’s performance. These disclosures should not be viewed as a substitute for financial results in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures which may be presented by other companies. Please refer to the Non-GAAP Reconciliation table for a reconciliation of these non-GAAP measures to the most directly comparable GAAP measure.

Financial Tables

Dogwood State Bank Income Statements

	Quarter Ended					Twelve Months Ended	
	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Dec 31 2024	Dec 31 2023
(Dollars in thousands, except per share data)							
Net interest income	\$ 21,129	\$ 18,157	\$ 12,521	\$ 11,312	\$ 11,900	\$ 63,119	\$ 42,784
Provision for credit losses	1,116	5,857	2,017	921	1,638	9,911	5,164
Net interest income after provision	20,013	12,300	10,504	10,391	10,262	53,208	37,620
Non-interest income							
SBA lending	2,219	2,801	2,717	2,197	1,838	9,934	8,421
Service charges and debit card income	954	811	340	351	343	2,456	1,399
Bank-owned life insurance	346	301	219	211	201	1,079	751
Securities gains (losses), net	60	(8)	(6)	6	5	52	77
Gain on payoff of FHLB advances	-	-	-	-	1,230	-	1,230
Other	160	293	161	85	93	697	251
Total non-interest income	3,739	4,198	3,431	2,850	3,710	14,218	12,129
Non-interest expense							
Compensation and benefits	9,389	8,598	6,683	6,506	6,910	31,176	24,139
Occupancy and equipment	1,166	1,025	707	719	634	3,617	2,403
Software	561	497	344	346	343	1,748	1,375
Loan related costs	570	182	314	290	254	1,359	1,010
Data processing	780	648	315	261	245	2,004	914
Professional fees	157	208	235	225	242	825	971
FDIC insurance	390	287	204	240	239	1,122	734
Merger and acquisition expenses	595	9,139	562	958	14	11,254	14
Amortization of other intangible assets	599	408	4	11	18	1,022	111
Other	1,572	1,731	1,102	1,259	1,274	5,660	4,406
Total non-interest expense	15,779	22,723	10,470	10,815	10,173	59,787	36,077
Net income (loss) before income taxes	7,973	(6,225)	3,465	2,426	3,799	7,639	13,672
Income tax expense (benefit)	1,812	(1,445)	811	588	865	1,766	3,024
Net income (loss)	\$ 6,161	\$ (4,780)	\$ 2,654	\$ 1,838	\$ 2,934	\$ 5,873	\$ 10,648
Pre-Tax, Pre-Provision Net Revenue (PPNR) ⁽¹⁾	\$ 9,089	\$ (368)	\$ 5,482	\$ 3,347	\$ 5,437	\$ 17,550	\$ 18,836
Adjusted PPNR ⁽¹⁾	9,684	8,771	6,044	4,305	5,451	28,804	18,850
Per Share Data:							
Earnings per share (EPS) - basic	\$ 0.33	\$ (0.28)	\$ 0.18	\$ 0.13	\$ 0.20	\$ 0.36	\$ 0.75
Adjusted EPS - basic ⁽¹⁾	0.36	0.37	0.21	0.18	0.21	1.15	0.75
Earnings per share - diluted	0.32	(0.28)	0.17	0.12	0.20	0.35	0.72
Adjusted EPS - diluted ⁽¹⁾	0.35	0.36	0.20	0.17	0.20	1.12	0.72
Performance Ratios:							
Return on average assets (ROA)	1.13%	-0.97%	0.71%	0.53%	0.80%	0.33%	0.83%
Adjusted ROA ⁽¹⁾	1.22%	1.30%	0.83%	0.74%	0.81%	1.06%	0.83%
Return on average equity (ROE)	10.73%	-9.07%	6.16%	4.44%	7.15%	3.02%	6.87%
Adjusted ROE ⁽¹⁾	11.53%	12.09%	7.16%	6.22%	7.18%	9.58%	6.88%
Return on tangible common equity (ROTCE) ⁽¹⁾	11.96%	-9.93%	6.42%	4.63%	7.48%	3.25%	7.20%
Adjusted ROTCE ⁽¹⁾	12.85%	13.24%	7.46%	6.50%	7.51%	10.32%	7.21%
Net interest margin	4.13%	3.93%	3.53%	3.41%	3.42%	3.80%	3.52%
Efficiency ratio	63.45%	101.65%	65.63%	76.37%	65.17%	77.31%	65.70%
Adjusted efficiency ratio ⁽¹⁾	61.06%	60.76%	62.11%	69.60%	65.08%	62.76%	65.67%

⁽¹⁾ Denotes a non-GAAP measure. Refer to the non-GAAP reconciliation subsequently included in these materials for a reconciliation to the most directly comparable GAAP measure. "Adjusted" items exclude the impact of merger and acquisition expenses.

Dogwood State Bank
Balance Sheets

	Ending Balance				
	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023
(In thousands, except per share data)					
Assets					
Cash and due from banks	\$ 10,582	\$ 7,622	\$ 2,514	\$ 2,353	\$ 5,191
Interest-earning deposits with banks	75,612	146,732	59,073	91,365	123,474
Total cash and cash equivalents	86,194	154,354	61,587	93,718	128,665
Investment securities available for sale	99,411	95,290	58,989	55,984	49,244
Investment securities held to maturity	71,952	73,144	74,404	76,119	77,557
Marketable equity securities	395	335	329	336	329
Total investment securities	171,758	168,769	133,722	132,439	127,130
Loans held for sale	6,733	7,924	11,030	8,146	15,274
Loans	1,819,796	1,757,828	1,236,722	1,148,899	1,095,339
Less allowance for credit losses	(19,698)	(19,143)	(13,349)	(12,344)	(11,943)
Loans, net	1,800,098	1,738,685	1,223,373	1,136,555	1,083,396
Bank-owned life insurance	45,089	44,743	27,888	27,669	27,458
Premises and equipment, net	37,180	35,378	19,713	18,838	18,707
SBA servicing asset	4,982	5,026	4,568	4,373	3,967
Goodwill	11,771	11,771	7,016	7,016	7,016
Other intangible assets, net	11,374	11,972	-	4	15
Other assets	35,991	36,274	21,854	19,750	20,060
Total assets	\$ 2,211,170	\$ 2,214,896	\$ 1,510,751	\$ 1,448,508	\$ 1,431,688
Liabilities and Shareholders' Equity					
Deposits:					
Noninterest-bearing	\$ 474,458	\$ 483,908	\$ 379,465	\$ 302,705	\$ 291,910
Interest-bearing	1,334,937	1,357,439	872,430	913,914	902,369
Total deposits	1,809,395	1,841,347	1,251,895	1,216,619	1,194,279
FHLB advances	130,164	101,686	60,000	40,000	50,000
Subordinated debt	9,708	9,627	-	-	-
Lease obligations	12,258	10,491	10,726	10,959	11,187
Other liabilities	19,456	26,503	13,162	11,459	11,719
Total liabilities	1,980,981	1,989,654	1,335,783	1,279,037	1,267,185
Shareholders' equity					
Common stock (\$1 par value)	18,976	18,980	15,541	15,020	14,710
Additional paid-in capital	188,175	187,981	137,431	135,077	132,373
Retained earnings	28,280	22,118	26,897	24,244	22,406
Accumulated other comprehensive loss	(5,242)	(3,837)	(4,901)	(4,870)	(4,986)
Total shareholders' equity	230,189	225,242	174,968	169,471	164,503
Total liabilities and shareholders' equity	\$ 2,211,170	\$ 2,214,896	\$ 1,510,751	\$ 1,448,508	\$ 1,431,688
Per Share Information:					
Shares outstanding	18,976	18,980	15,541	15,020	14,710
Book value per share	\$ 12.13	\$ 11.87	\$ 11.26	\$ 11.28	\$ 11.18
Tangible book value per share ⁽¹⁾	\$ 10.91	\$ 10.62	\$ 10.81	\$ 10.82	\$ 10.71
Capital Ratios:					
Tier 1 leverage	9.83%	10.58%	12.14%	11.75%	11.05%
Common equity Tier 1 capital	10.70%	10.70%	12.64%	13.12%	13.47%
Tier 1 risk-based capital	10.70%	10.70%	12.64%	13.12%	13.47%
Total risk-based capital	12.32%	12.34%	13.81%	14.29%	14.65%
Tangible common equity ⁽¹⁾	9.46%	9.20%	11.17%	11.27%	11.05%

⁽¹⁾ Denotes a non-GAAP measure. Refer to the non-GAAP reconciliation subsequently included in these materials for a reconciliation to the most directly comparable GAAP measure.

Dogwood State Bank
Asset Quality Measures

	Quarter Ended				
	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023
(Dollars in thousands)					
Nonperforming Assets:					
Non-accrual loans	\$ 5,582	\$ 3,234	\$ 2,069	\$ 1,938	\$ 1,670
Loans 90 days or more past due and accruing	338	-	-	-	-
Other real estate owned	104	104	-	-	-
Total nonperforming assets	<u>\$ 6,024</u>	<u>\$ 3,338</u>	<u>\$ 2,069</u>	<u>\$ 1,938</u>	<u>\$ 1,670</u>
Asset Quality Ratios:					
Nonperforming loans/loans	0.33%	0.18%	0.17%	0.17%	0.15%
Nonperforming assets/total assets	0.27%	0.15%	0.14%	0.13%	0.12%
Nonperforming assets/loans and other real estate owned	0.33%	0.19%	0.17%	0.17%	0.15%
Loans 30 days or more past due/loans (excludes non-accruals)	0.67%	0.29%	0.21%	0.41%	0.23%
Allowance for Credit Losses (ACL):					
ACL on Loans:					
Balance, beginning of period	\$ 19,143	\$ 13,349	\$ 12,344	\$ 11,943	\$ 11,385
Reclass of Day 1 ACL from loan fair value discount on acquired PCD loans	-	658	-	-	-
Loans charged off	(614)	(738)	(987)	(288)	(81)
Recoveries of loans previously charged off	29	79	11	9	40
Net loans charged off	<u>(585)</u>	<u>(659)</u>	<u>(976)</u>	<u>(279)</u>	<u>(41)</u>
Provision for credit losses	1,140	5,795	1,981	680	599
Balance, end of period	<u>\$ 19,698</u>	<u>\$ 19,143</u>	<u>\$ 13,349</u>	<u>\$ 12,344</u>	<u>\$ 11,943</u>
ACL on Off-Balance Sheet Credit Exposures:					
Balance, beginning of period	\$ 2,595	\$ 2,336	\$ 2,300	\$ 2,059	\$ 1,020
Reserve on acquired unfunded loan commitments	-	197	-	-	-
Provision for credit losses	(24)	62	36	241	1,039
Balance, end of period	<u>\$ 2,571</u>	<u>\$ 2,595</u>	<u>\$ 2,336</u>	<u>\$ 2,300</u>	<u>\$ 2,059</u>
Allowance for Credit Losses Ratios:					
Allowance for credit losses/loans	1.08%	1.09%	1.08%	1.07%	1.09%
Allowance for credit losses/nonperforming loans	332.74%	591.93%	645.19%	636.95%	715.15%
Net charge-offs/average loans (annualized)	0.13%	0.17%	0.33%	0.10%	0.02%

Dogwood State Bank
Net Interest Margin Analysis

	Quarter Ended								
	December 31, 2024			September 30, 2024			December 31, 2023		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
(Dollars in thousands)									
Interest-Earning Assets:									
Loans	\$ 1,772,350	\$ 30,524	6.85%	\$ 1,585,101	\$ 27,589	6.92%	\$ 1,022,537	\$ 15,959	6.19%
Investment securities	170,307	1,635	3.82%	152,851	1,361	3.54%	119,534	840	2.79%
Interest-earning deposits with banks	93,153	1,005	4.29%	100,616	1,272	5.03%	131,977	1,710	5.14%
Total interest-earning assets	2,035,810	33,164	6.48%	1,838,568	30,222	6.54%	1,274,048	18,509	5.76%
Non interest-earning assets	129,999			116,334			65,619		
Total assets	<u>\$ 2,165,809</u>			<u>\$ 1,954,902</u>			<u>\$ 1,339,667</u>		
Interest-Bearing Liabilities:									
Interest-bearing demand	\$ 175,373	\$ 468	1.06%	\$ 165,104	\$ 531	1.28%	\$ 109,731	\$ 254	0.92%
Savings and money market	759,932	6,006	3.14%	696,594	6,502	3.71%	448,059	4,199	3.72%
Time	395,409	4,489	4.52%	319,104	3,846	4.79%	225,987	2,489	4.37%
Total interest-bearing deposits	1,330,714	10,963	3.28%	1,180,802	10,879	3.67%	783,777	6,942	3.51%
FHLB advances	68,177	797	4.65%	76,176	979	5.11%	50,435	505	3.97%
Subordinated debt	9,659	209	8.61%	6,630	139	0.00%	-	-	0.00%
Lease obligations	10,404	66	2.52%	10,353	68	2.61%	10,606	59	2.21%
Total interest-bearing liabilities	1,418,954	12,035	3.37%	1,273,961	12,065	3.77%	844,818	7,506	3.52%
Non-interest bearing deposits	496,016			451,987			326,827		
Other liabilities	22,497			19,280			8,813		
Shareholders' equity	228,342			209,674			159,209		
Total liabilities and shareholders' equity	<u>\$ 2,165,809</u>			<u>\$ 1,954,902</u>			<u>\$ 1,339,667</u>		
Net interest income and interest rate spread		<u>\$ 21,129</u>	<u>3.11%</u>		<u>\$ 18,157</u>	<u>2.77%</u>		<u>\$ 11,005</u>	<u>2.24%</u>
Net interest margin			<u>4.13%</u>			<u>3.93%</u>			<u>3.43%</u>
Cost of funds			2.50%			2.78%			2.54%
Cost of deposits			2.39%			2.65%			2.48%

	Twelve Months Ended					
	December 31, 2024			December 31, 2023		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
(Dollars in thousands)						
Interest-Earning Assets:						
Loans	\$ 1,420,334	\$ 95,775	6.74%	\$ 984,510	\$ 59,618	6.06%
Investment securities	146,973	5,091	3.46%	121,632	3,405	2.80%
Interest-earning deposits with banks	93,097	4,512	4.85%	109,396	5,480	5.01%
Total interest-earning assets	1,660,404	105,378	6.35%	1,215,538	68,503	5.64%
Non interest-earning assets	95,589			64,638		
Total assets	<u>\$ 1,755,993</u>			<u>\$ 1,280,176</u>		
Interest-Bearing Liabilities:						
Interest-bearing demand	145,803	\$ 1,576	1.08%	\$ 114,956	\$ 1,037	0.90%
Savings and money market	666,483	24,858	3.73%	436,020	14,831	3.40%
Time	268,658	12,508	4.66%	197,264	7,781	3.94%
Total interest-bearing deposits	1,080,944	38,942	3.60%	748,240	23,649	3.16%
FHLB advances	53,280	2,696	5.06%	42,069	1,831	4.35%
Subordinated debt	3,504	348	9.93%	-	-	-
Lease obligation	11,262	273	2.42%	10,260	240	2.34%
Total interest-bearing liabilities	1,148,990	42,259	3.68%	800,569	25,720	3.21%
Non-interest bearing deposits	395,495			315,963		
Other liabilities	16,898			8,657		
Shareholders' equity	194,610			154,987		
Total liabilities and shareholders' equity	<u>\$ 1,755,993</u>			<u>\$ 1,280,176</u>		
Net interest income and interest rate spread		<u>\$ 63,119</u>	<u>2.67%</u>		<u>\$ 42,783</u>	<u>2.42%</u>
Net interest margin			<u>3.80%</u>			<u>3.52%</u>
Cost of funds			2.74%			2.30%
Cost of deposits			2.64%			2.22%

Dogwood State Bank
Non-GAAP Reconciliation

	Quarter Ended					Twelve Months Ended	
	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Dec 31 2024	Dec 31 2023
(In thousands, except per share data)							
Net income and EPS:							
Net income (loss) (GAAP)	\$ 6,161	\$ (4,780)	\$ 2,654	\$ 1,838	\$ 2,934	\$ 5,873	\$ 10,648
Adjust for provision on acquired non-PCD loans, net of tax	-	4,111	-	-	-	4,111	-
Adjust for merger and acquisition expenses, net of tax	458	7,039	433	738	11	8,668	11
Adjusted net income (non-GAAP)	\$ 6,619	\$ 6,369	\$ 3,087	\$ 2,576	\$ 2,945	\$ 18,651	\$ 10,659
Weighted average common shares outstanding							
Basic	18,488	17,301	14,905	14,377	14,329	16,275	14,152
Diluted	18,978	17,810	15,480	15,075	15,039	16,726	14,839
EPS (GAAP)							
Basic	\$ 0.33	\$ (0.28)	\$ 0.18	\$ 0.13	\$ 0.20	\$ 0.36	\$ 0.75
Diluted	0.32	(0.28)	0.17	0.12	0.20	0.35	0.72
Adjusted EPS (non-GAAP)							
Basic	\$ 0.36	\$ 0.37	\$ 0.21	\$ 0.18	\$ 0.21	\$ 1.15	\$ 0.75
Diluted	0.35	0.36	0.20	0.17	0.20	1.12	0.72
PPNR:							
Net income (loss) (GAAP)	\$ 6,161	\$ (4,780)	\$ 2,654	\$ 1,838	\$ 2,934	\$ 5,873	\$ 10,648
Add:							
Provision for credit losses	1,116	5,857	2,017	921	1,638	9,911	5,164
Income tax expense (benefit)	1,812	(1,445)	811	588	865	1,766	3,024
PPNR (non-GAAP)	9,089	(368)	5,482	3,347	5,437	17,550	18,836
Add: merger and acquisition expenses	595	9,139	562	958	14	11,254	14
Adjusted PPNR (non-GAAP)	\$ 9,684	\$ 8,771	\$ 6,044	\$ 4,305	\$ 5,451	\$ 28,804	\$ 18,850
ROA:							
Net income (loss) (GAAP)	\$ 6,161	\$ (4,780)	\$ 2,654	\$ 1,838	\$ 2,934	\$ 5,873	\$ 10,648
Adjusted net income (non-GAAP)	6,619	6,369	3,087	2,576	2,945	18,651	10,659
Average assets	2,165,809	1,954,902	1,494,353	1,402,220	1,448,929	1,755,993	1,280,176
ROA	1.13%	-0.97%	0.71%	0.53%	0.80%	0.33%	0.83%
Adjusted ROA (non-GAAP)	1.22%	1.30%	0.83%	0.74%	0.81%	1.06%	0.83%
ROE and ROTCE:							
Net income (loss) (GAAP)	\$ 6,161	\$ (4,780)	\$ 2,654	\$ 1,838	\$ 2,934	\$ 5,873	\$ 10,648
Adjusted net income (non-GAAP)	6,619	6,369	3,087	2,576	2,945	18,651	10,659
Average shareholders' equity (GAAP)	228,342	209,674	173,356	166,534	162,703	194,610	154,987
Less: average goodwill and other intangible assets, net	23,426	18,234	7,018	7,027	7,041	13,964	7,080
Average tangible common equity (non-GAAP)	204,916	191,440	166,338	159,507	155,662	180,646	147,907
ROE	10.73%	-9.07%	6.16%	4.44%	7.15%	3.02%	6.87%
Adjusted ROE (non-GAAP)	11.53%	12.09%	7.16%	6.22%	7.18%	9.58%	6.88%
ROTCE (non-GAAP)	11.96%	-9.93%	6.42%	4.63%	7.48%	3.25%	7.20%
Adjusted ROTCE (non-GAAP)	12.85%	13.24%	7.46%	6.50%	7.51%	10.32%	7.21%
Efficiency Ratio:							
Non-interest expense (GAAP)	\$ 15,779	\$ 22,723	\$ 10,470	\$ 10,815	\$ 10,173	\$ 59,787	\$ 36,077
Less: merger and acquisition expenses	595	9,139	562	958	14	11,254	14
Adjusted non-interest expense (non-GAAP)	15,184	13,584	9,908	9,857	10,159	48,533	36,063
Net interest income	21,129	18,157	12,521	11,312	11,900	63,119	42,784
Non-interest income	3,739	4,198	3,431	2,850	3,710	14,218	12,129
Total revenue	24,868	22,355	15,952	14,162	15,610	77,337	54,913
Efficiency ratio (non-interest expense / total revenue)	63.45%	101.65%	65.63%	76.37%	65.17%	77.31%	65.70%
Adjusted efficiency ratio (non-GAAP)	61.06%	60.76%	62.11%	69.60%	65.08%	62.76%	65.67%
Tangible Book Value per Share and Tangible Common Equity Ratio:							
Shareholders' equity (GAAP)	\$ 230,189	\$ 225,242	\$ 174,968	\$ 169,471	\$ 164,503	\$ 230,189	\$ 164,503
Less: goodwill and other intangible assets, net	23,145	23,743	7,016	7,020	7,031	23,145	7,031
Tangible common equity (non-GAAP)	207,044	201,499	167,952	162,451	157,472	207,044	157,472
Common shares outstanding	18,976	18,980	15,541	15,020	14,710	18,976	14,710
Book value per share	\$ 12.13	\$ 11.87	\$ 11.26	\$ 11.28	\$ 11.18	\$ 12.13	\$ 11.18
Tangible book value per share (non-GAAP)	10.91	10.62	10.81	10.82	10.71	10.91	10.71
Total assets (GAAP)	\$ 2,211,170	\$ 2,214,896	\$ 1,510,751	\$ 1,448,508	\$ 1,431,688	\$ 2,211,170	\$ 1,431,688
Less: goodwill and other intangible assets, net	23,145	23,743	7,016	7,020	7,031	23,145	7,031
Tangible assets (non-GAAP)	2,188,025	2,191,153	1,503,735	1,441,488	1,424,657	2,188,025	1,424,657
Tangible common equity to tangible assets (non-GAAP)	9.46%	9.20%	11.17%	11.27%	11.05%	9.46%	11.05%