

# 2021 and 2022 Restatement and Second Quarter 2023 Earnings

SCOTTSDALE, ARIZONA, UNITED STATES, August 1, 2023 /EINPresswire.com/ -- Bancorp 34, Inc. (OTCQB: BCTF), (the "Company") the parent company for Bank 34, reports a restatement to its year-end 2022 and 2021 financial statements.

Additionally, the Company has included results for the second quarter of 2023.



## Restatement of December 31, 2022, and December 31, 2021, Financial Statements



While we continue to progress through the required approvals for the merger, we are incurring professional and merger-related expenses that were largely anticipated."

*President and Chief Executive Officer Jim Crotty*

In connection with our preparation for filing a registration statement with the Securities and Exchange Commission for the merger with CBOA Financial, Inc. ("CBOA"), we conducted a re-audit of our December 31, 2022, and December 31, 2021, year-end financial statements. As a result of the re-audit, we concluded that the Company's 2022 and 2021 year-end financial statements should be restated.

The impact of the restatements on the Company's 2022 and 2021 audited financial statements include:

- a charge-off of \$2.9 million taken during the first quarter of 2023 was pushed back to December 31, 2022, due to information that indicates the deterioration of the credit had occurred as of that date;
- an allowance allocation to our allowance for loan losses of \$1.3 million relating to the Covid-19 pandemic was removed due to the limited impact of the pandemic on economic conditions at December 31, 2022;
- the timing of the expense recognition for the termination of Bank 34's defined benefit plan was restated, moving a portion of the plan expense out of 2021 and into 2022 to reflect expense recognition based on the timeframe of the plan's termination; and
- \$254,000 of the employee retention credit booked in 2022 was reversed and booked as deferred income due to its qualitative nature.

Ultimately, the restated financials, in conjunction with the improvement of first quarter 2023 results due to the change in the timing of the charge-off, have a minimal impact to the Company's current financial position. As of March 31, 2023, current capital totaled \$64.5 million and equated to a tangible book value per share of \$13.76, reflecting a decrease of \$0.2 million to capital and \$0.04 to tangible book value per share as compared to the results reported in our first quarter 2023 earnings release. The majority of this decline is attributed to the reversed employee retention credit noted above, as the remainder of the restatements were only timing related.

Our audited financial statements, as restated, for the years ending December 31, 2022, and December 31, 2021, can be accessed by stockholders on our website, [www.bank34.com/Investor-Relations](http://www.bank34.com/Investor-Relations), by clicking the tab "Financials."

President and Chief Executive Officer Jim Crotty, commented, "We remain excited and focused in seeing our merger with Commerce Bank of Arizona come to fruition. As part of the preparation for our regulatory and SEC applications we had our financials re-audited and concluded some timing changes were necessary that shifted certain events from one quarter to another or from one year to another. As previously stated, these changes had a relatively minimal impact on the Company's net capital position."

Results of 2nd Quarter 2023 Operations and Financial Condition

BANCORP 34, INC. CONSOLIDATED CONDENSED BALANCE SHEETS (Unaudited) (in 000s)				
	Jun. 30, 2023		Dec. 31, 2022	
<b>ASSETS</b>				
Total cash and cash equivalents	\$	11,300	\$	16,947
Available-for-sale securities, at fair value		55,978		58,582
Held-to-maturity securities, amortized cost, net		5,775		5,832
Loans held for investment, net		474,159		458,582
Other Assets		34,319		34,397
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>581,531</b>	<b>\$</b>	<b>574,340</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>Liabilities</b>				
Total deposits	\$	470,832	\$	487,587
Other Borrowings		15,000		5,000
Sub Debt		24,568		24,531
Accrued interest and other liabilities		7,391		7,994
<b>Total liabilities</b>		<b>517,791</b>		<b>525,102</b>
Total stockholders' equity		63,740		49,238
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$</b>	<b>581,531</b>	<b>\$</b>	<b>574,340</b>
Tangible Book Value Per Share		\$13.57		\$13.85
Equity to Assets		10.96%		8.57%
Non-Performing Assets to Total Assets		0.60%		0.73%
Shares Outstanding		4,696,060		3,554,455

Bancorp 34, Inc. Balance Sheets

BANCORP 34, INC. CONSOLIDATED CONDENSED STATEMENTS OF INCOME (Unaudited) (in 000s)				
	Six Months Ended June 30,		Three Months Ended June 30,	
	2023	2022	2023	2022
Total interest income	\$ 13,548	\$ 11,373	\$ 6,882	\$ 5,890
Total interest expense	5,661	1,521	3,066	858
<b>Net interest income</b>	<b>7,887</b>	<b>9,852</b>	<b>3,816</b>	<b>5,032</b>
Provision for credit losses	134	655	134	150
Total noninterest income	428	302	260	137
Total noninterest expense	7,455	6,501	3,818	3,416
<b>Pre-Tax Income</b>	<b>726</b>	<b>2,998</b>	<b>124</b>	<b>1,603</b>
Provision for income taxes	178	730	20	381
<b>NET INCOME</b>	<b>\$ 548</b>	<b>\$ 2,268</b>	<b>\$ 104</b>	<b>\$ 1,222</b>
Diluted EPS	\$ 0.12	\$ 0.95	\$ 0.01	\$ 0.51
Return on Average Assets	0.19%	0.78%	0.07%	0.84%
Return on Average Equity	1.77%	11.41%	0.64%	12.62%
Net Interest Margin	2.90%	3.65%	2.77%	3.64%

Bancorp 34, Inc. Statements of Income

Bancorp 34, Inc. reported net income and diluted EPS for the quarter ended June 30, 2023, of 104,000 and \$0.01, respectively, compared with \$1.2 million and \$0.51 for the same period in 2022. The Company reported consolidated total assets of \$581.5 million, up from \$574.3 million as of December 31, 2022.

Profitability was negatively impacted by expenses related to the merger with CBOA announced in April 2023 and the continued increase in funding costs. Total assets have increased \$7.2 during the year with increases in borrowings and capital offsetting the decline in deposit balances. Tangible book value per share closed the quarter at \$13.57, down from the end of the first quarter due to an increase in unrealized losses in the investment portfolio.

The Company also announced that it has suspended its quarterly dividend as it looks to leverage its capital through the pending merger and ongoing organic growth.

President and Chief Executive Officer Jim Crotty stated, "While we continue to progress through the required approvals for the merger, we are incurring professional and merger-related expenses that were largely anticipated, yet impact our reported quarterly earnings. Additionally, the ongoing competition for deposits has resulted in our interest expense levels continuing to increase. We made the decision to suspend our quarterly dividend as a tool to preserve capital that we believe can be effectively deployed through the merger and other growth initiatives to enhance shareholder value."

Refer to Appendix A for a condensed consolidated balance sheet and statements of income for the Company.

#### Additional Information About the Merger and Where to Find It

This communication is being made in respect of the proposed merger transaction between the Company and CBOA. In connection with the proposed merger, the Company will file a registration statement on Form S-4 with the SEC to register the Company's shares that will be issued to CBOA's shareholders in connection with the merger. The registration statement will include a proxy statement of the Company and CBOA and a prospectus of the Company, as well as other relevant documents concerning the proposed transaction. INVESTORS AND SHAREHOLDERS OF THE COMPANY AND CBOA ARE URGED TO READ THE REGISTRATION STATEMENT, INCLUDING THE PROXY STATEMENT/PROSPECTUS THAT WILL BE CONTAINED IN THE REGISTRATION STATEMENT REGARDING THE MERGER WHEN THEY BECOME AVAILABLE, AS WELL AS ANY OTHER RELEVANT DOCUMENTS FILED BY THE COMPANY OR CBOA WITH THE SEC, INCLUDING ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE COMPANY, CBOA AND THE MERGER.

Kevin Vaughn  
Bancorp 34, Inc.  
+1 623-334-6064  
BCTF@Bank34.com

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