

2016 Annual Report



Responsive Relationship Banking



Mission Statement

We will grow and prosper, building *long-term* relationships based on *top-quality* service, high ethical standards and core-funded, safe and sound assets.

Purpose Statement

Our brand purpose, ***Responsive, Relationship Banking*** is how we compete, how we prosper, and how we differentiate ourselves. At the foundation of our purpose is our “Sundown Rule” whereby we will respond on the same day, before the sun goes down.

Core Values

Integrity

Excellence

Leadership

Communication

Reality

Accountability

Teamwork

Consideration

Financial Overview (000s, Except Percentages and Per Share Data) *					
	2012	2013	2014	2015	2016
Total Assets	\$306,953	\$324,376	\$412,241	\$495,690	\$619,141
Gross Loans Held For Investment	248,931	265,341	333,100	415,782	515,433
Allowance For Loan Losses	5,289	5,166	4,514	5,186	5,281
Net Loans	243,642	260,175	328,587	410,596	510,151
Deposits	269,182	280,433	350,140	431,623	534,327
Borrowings	12,105	12,206	29,146	27,785	22,439
Equity	24,420	30,234	31,284	34,226	58,191
Equity to Assets	8.0%	9.3%	7.6%	6.9%	9.4%
Book Value	\$5.83	\$7.21	\$7.91	\$8.74	\$10.11
Tangible Book Value	5.73	7.15	7.87	8.72	10.11
Performance Measures					
Pretax ROAA (Approximate)	0.64%	0.75%	0.96%	1.08%	1.22%
Pretax ROAE (Approximate)	8.71%	8.64%	11.51%	14.94%	14.76%
ROAA (Approximate)	0.64%	2.01%	0.61%	0.68%	0.76%
ROAE (Approximate)	8.71%	23.18%	7.32%	9.38%	9.16%
Nonperforming Assets ("NPAs")	11,542	9,010	9,353	12,389	10,041
NPAs / Assets	3.76%	2.78%	2.27%	2.50%	1.62%
Reserves / NPAs	46%	57%	48%	42%	53%

* Earnings in 2013 included nonrecurring tax benefit of \$3,973,000 (\$0.95 per share) from the recovery of the the deferred tax asset.

Earnings Overview (000s, Except Per Share Data) *					
	2012	2013	2014	2015	2016
Interest Income	\$14,424	\$13,513	\$15,627	\$19,117	\$23,140
Interest Expense	2,656	1,706	2,446	3,498	4,614
Net Interest Income	11,768	11,807	13,181	15,618	18,526
Loan Loss Provision	835	649	1,163	775	158
Net Interest Income After Prov.	10,933	11,158	12,018	14,843	18,369
Noninterest Income	1,652	922	1,606	1,567	2,033
Noninterest Expense	10,548	9,719	10,083	11,518	13,580
Pretax Earnings	2,037	2,361	3,541	4,893	6,822
Income Taxes	-	(3,973)	1,289	1,822	2,588
Net Income	\$2,037	\$6,334	\$2,252	\$3,071	\$4,233
Earnings Per Share	\$0.49	\$1.51	\$0.54	\$0.79	\$1.03
Pretax Earnings Per Share	\$0.49	\$0.56	\$0.86	\$1.26	\$1.66

* Earnings in 2013 included nonrecurring tax benefit of \$3,973,000 (\$0.95 per share) from the recovery of the the deferred tax asset.

Dear Shareholders, Clients and Friends of MCB:

Mountain Commerce Bancorp had an exceptional year in 2016, with record earnings and exceptional growth.

During the year, we:

- Surpassed the \$600 million mark in total assets, an increase of 25 percent over prior year-end figures.
- Continued to elevate our profile in the Knoxville market, which now accounts for approximately 78 percent of our total loans—up from a base of zero when we entered the market in 2007.
- Concluded a private placement of more than \$20 million of common stock—approximately 1.7 million shares at \$12.00 per share—to augment the Company's capital.
- Reached an all-time high in profits, excluding the nonrecurring deferred tax benefit of 2013.
- Heightened shareholder value and improved liquidity by joining the OTCQX Best marketplace.
- Enhanced our technology offerings with noteworthy upgrades to both our Mountain Commerce Bank website and our versatile mobile apps.
- Celebrated our milestone 10th anniversary as Mountain Commerce Bancorp, Inc.



For all these reasons and more, 2016 was one of the most momentous in our Company's history. In the following pages, I will share a few more of the details with you. Suffice it to say, however, that I am proud of the results our team delivered. I am also grateful for the valuable input provided by your Board of Directors, and the confidence expressed by your investment.

As we wrap up 2016 and focus our attention on 2017, I can share that this year, too, shows great promise for profitability and market share gains.

As a community bank, we place great value on our strong, personal relationships and our ability to make decisions locally to benefit the communities we serve. Thank you for your continued support, and please stop by if you haven't visited our new headquarters.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Edwards III'.

William E. Edwards III

President and Chief Executive Officer

MCB – Making our Communities Better



At Mountain Commerce Bank, our directors, officers and staff are actively and enthusiastically engaged with more than a dozen non-profit organizations.

At fairs and festivals across the region, MCB passionately supports and celebrates our community's unique mountain heritage, along with our music, food, crafts and culture.

We're huge sports fans, too! In fact, through our team sponsorship, Mountain Commerce Bank nurtures the blossoming baseball dreams of young Little Leaguers every spring. And, we proudly back local high school athletes—in softball, soccer, baseball and football—from Unicoi to Johnson City to Knoxville.

At MCB, we believe community involvement is another opportunity to demonstrate the value of "Hometown Service."





Unicoi High School Career Day

As part of an event sponsored by the Kiwanis Club of Erwin, Kathy Hensley, VP/Branch Manager (Erwin Branch), Mountain Commerce Bank, speaks with freshmen at Unicoi High School about careers in banking.

Since she had their attention, Kathy took the opportunity to also show the students how to make a budget and balance a checkbook.

Boys & Girls Clubs of the Tennessee Valley

Two members of the Mountain Commerce Bank team – Michael Saporito, FVP/Relationship Manager (left) and Tom Jensen, EVP/City Executive (right) – join Boys & Girls Clubs honoree, Knoxville businessman and Tennessee gubernatorial candidate Randy Boyd (center) at the clubs' Gift of Hope Fundraising Luncheon.



MCB employees and several guests enjoyed the Boys & Girls Clubs of the Tennessee Valley Gift of Hope Fundraising Luncheon. They are, left to right, Matt Regas, Chris Martin, Tom Jensen (MCB), Edie Devrnja, Michael Saporito (MCB), Bob Devrnja and Bob Monday.

Michael Saporito sits on the Boys & Girls Clubs of the Tennessee Valley advisory board; and Tom Jensen is on the clubs' corporate board and executive committee. He also serves as chairman of the finance committee, which meets regularly in MCB's Bearden Financial Center board room.

National “Wear Red” Day



Employees from MCB locations show their “true colors” for the American Heart Association’s National Wear Red Day. Clockwise from top left: Cedar Bluff, Unicoi, Bearden, Boone Ridge and Erwin.

To raise awareness of heart disease among women, Mountain Commerce Bank employees at all six locations dressed in red on the American Heart Association’s National Wear Red Day, raising \$600 in donations for the organization.



American Cancer Society Hope Gala

MCB Board Member Michael L. Hatcher (left) was honored at the 2016 American Cancer Society Hope Gala on November 11.

A cancer survivor, Mike is a member of the American Cancer Society Leadership Council and a strong advocate for the society. More than 400 guests attended the event at The Mill and Mine in downtown Knoxville, which raised \$199,000 to support the society’s mission and research programs. Instrumental in the success of the 2016 gala, Mike is currently serving as an ambassador for 2017’s event to be held November 10.

Client Perspectives

MCB - They understand our needs



Andy Dietrich & Tim Copenhaver

From the earliest days at Champion Chevrolet Cadillac, the team at Mountain Commerce Bank has been a trusted financial partner. They are a community bank, and they understand our needs. Because we have forged such a strong relationship, we have confidence that MCB, with its wide array of financial products and services, is the right fit for us—whether for business or personal banking.

Tim Copenhaver & Andy Dietrich

Tim Copenhaver
Andy Dietrich



Champion Chevrolet Cadillac
3606 Bristol Highway
Johnson City, TN 37601
(423) 282-2121

MCB – More than just a bank to us



Naomi and Gavin Baker, and children

Working with Mountain Commerce Bank over the last few years, we have come to understand just how important a personal banking relationship can be. Because MCB has continually gone above and beyond what is “normal,” they have become more than just a bank to us. They are a team of people committed to Baker Labs’ success in business, and equally committed to taking great care of us as its owners. Their smiling faces are genuine. They’re truly happy to help with whatever we need, which makes us thankful that we call MCB our banking home.

Naomi & Gavin Baker

Gavin Baker
Principal

Baker Labs
201 North Weisgarber Road
Knoxville, Tennessee 37919
(865) 226-9472



MCB - There when you need them

We are a Knoxville-based, family-owned business with a dedicated business partner in Tom Jensen at MCB. Tom and MCB have worked tirelessly to ensure that our operations run smoothly. When an opportunity to expand our business presented itself, MCB was there and acted quickly. We didn’t have to go anywhere else. MCB meets all our banking needs and far exceeds our expectations. They understand our business and anticipate our financial requirements. We happily call MCB “our bank.”

Dr. Robert Devrnja & Edie Devrnja

Robert Devrnja, M.D.
Edie Devrnja, RN

ERx Group
9724 Kingston Pike, Suite 1300
Knoxville TN 37922
(865) 777-1300



Dr. Robert Devrnja and Edie Devrnja

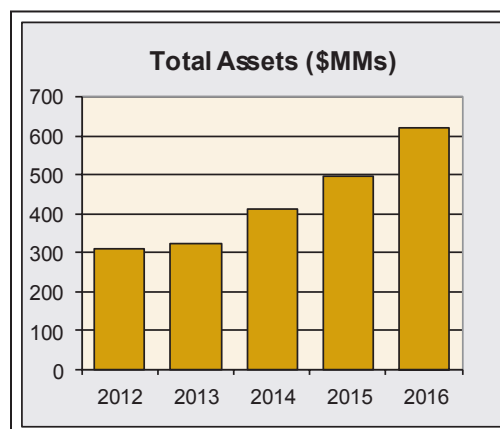


To Our Shareholders:

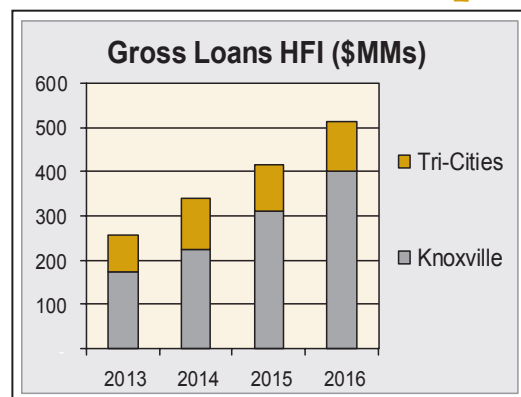
Your Company experienced another eventful year in 2016. We continued to execute on our strategy, growing our balance sheet by 25 percent in a single year. We positioned ourselves to maintain this progress by completing a private placement of \$20 million in common stock during December, which significantly boosted our capital ratios. We maintained our commitment to sound underwriting and problem-asset management, lowering our nonperforming assets-to-assets ratio to less than half of what it was five years ago. Finally, we worked diligently to improve the value of your investment. In fact, we recently issued our common stock at \$12 per share, which was an all-time high for the Company.

Grew Assets by 25 Percent to \$620 million

Balance sheet momentum was excellent in 2016. Total assets were up 25 percent to \$620 million, while deposits grew 24 percent to \$534 million, and net loans also increased 24 percent to \$510 million. The size of an institution has important implications for economies of scale, profitability and valuation. All three of these tend to increase as a bank grows in asset size, particularly as it moves from \$500 million to \$1 billion in assets. It is gratifying to consider that our institution is twice the size it was just five years ago, and that our growth was achieved without the benefit of acquisitions. This progress is the result of the collective and coordinated efforts of a broad team of employees, each of whom plays a critical role in fulfilling our main purpose: to build value for shareholders by providing the best products and services to customers, and to provide an exciting and rewarding environment in which to work.

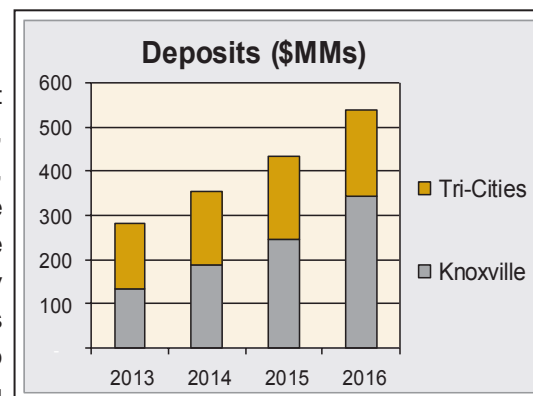


Continued to Ramp Up Our Knoxville Presence



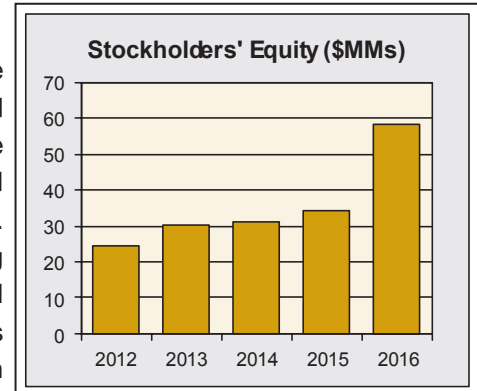
As we discussed in our 2015 Annual Report, we opened our new headquarters in Knoxville in mid-2015. This state-of-the-art, 10,000-square-foot building has been a drawing card for many new customer relationships. It has also been a facility that area businesses and community organizations have used for luncheon meetings and educational programs. Our elevated presence in Knoxville speaks for itself. Knoxville currently accounts for roughly 78 percent of our total loans, up from 75 percent in 2015, 69 percent in 2014, and from a base of zero in 2007 when we first entered the market.

While most of our loan growth has come from Knoxville, our deposit growth has been more balanced, as noted in the adjacent chart. In 2016, approximately 64 percent of our total deposits were from Knoxville, compared to 56 percent the prior year. It's worth noting that most of these deposits were from local depositors. Differences in markets, such as we have with Tri-Cities and Knoxville, often allow for a more optimal asset/liability mix, as certain markets are better suited as lending markets and others as deposit markets. Such differences allow us to better tailor products to specific needs and preferences, as well as to more efficiently fund earning asset growth. That is not to compare the importance of one market versus the other, as both contribute to the Company's capabilities and earnings potential. Though much of the emphasis in recent years has been on Knoxville, we continue to build market share in our legacy markets.



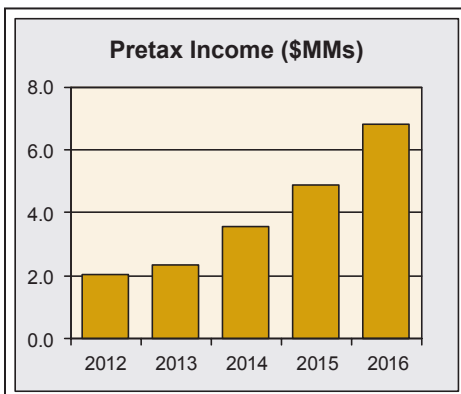
Completed a \$20 Million Offering

One of the more important events of 2016 was the completion of the private placement of \$20 million of common stock in December. The Company issued approximately 1.7 million shares at a price of \$12.00 per share. The private placement increased the Company's number of shareholders to 256. It boosted shares outstanding to 5.8 million, and it increased all of the Bank's capital ratios. As can be seen in the adjacent table, the additional capital—combined with strong earnings—significantly increased the Company's common equity base, which will accommodate continued asset growth. As of December 31, 2016, total equity was \$58 million or 9.4 percent of assets, versus \$34 million or 6.9 percent of assets on the year-ago date.



Increased Earnings to an All-Time High (Excluding 2013's Deferred Tax Benefit)

If we exclude our nonrecurring deferred tax benefit from 2013, profits in 2016 reached an all-time high. Pretax income (which excludes the effects of different tax rates and the large deferred tax asset adjustment in 2013) was \$6.8 million in 2016, up 39 percent from 2015 and more than three times what it was in 2012. Bottom line earnings growth was also quite robust, as net income in 2016 was \$4.233 million or \$1.03 per share, up from \$3.071 million or \$0.79 per share in 2015. The improvement in earnings came from various sources. Net interest income was up 19 percent, reflecting the strong growth in average earning assets. The provision dropped 80 percent, largely due to improving asset quality. Finally, noninterest income was up 30 percent, much of which was due to an increase in revenue associated with interest rate swaps, as well as an increase in service charges on deposit accounts. Tight cost controls were also an important aspect of achieving these results. Although noninterest expense increased 18 percent in the year, it declined 10 basis points to 2.44 percent of average assets in 2016 from 2.55 percent of average assets in 2015. Our noninterest expense also includes \$1,543,159 OREO expense/reserve, which should decrease in the future.

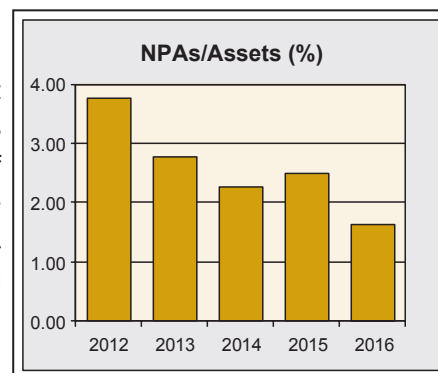


Significantly Increased Shareholder Value

One of the benefits of our common stock private placement was that it expanded our shareholder base. Simply put, the more shareholders we have, the greater likelihood there will be improved liquidity in the stock. To encourage a more actively traded market, the Company recently applied and was accepted for inclusion in the OTCQX Best quotation system. The stock is now traded under the ticker symbol "MCBI." Our reception on that market has been most gratifying. As of early March 2017, the best bid price for your stock was quoted at \$14.50 per share. Most trades in 2015, at least the ones of which we are aware, occurred between \$6.50 and \$10.00 per share, and those in 2014 were generally below that level. In fact, we were active acquirers of our stock (through stock buy-backs) in 2015, acquiring 115,650 shares at a weighted average price of about \$6.18 per share. Taking an active role in issuing and buying back stock—as the value of the stock, our capital needs and alternative uses of cash may dictate—is just one way that we are mindful of shareholder interests and endeavor to boost the value of your investment.

Managed Problem Assets

Obviously, growth must be tempered with prudence, particularly when it comes to asset quality. At the end of 2016, nonperforming assets (which consisted of non-accruing loans and other real estate owned) were just 1.62 percent of assets, down from 2.50 percent of assets at the end of 2015, and 3.76 percent of assets at the end of 2012. Our reserve position remains strong as well. Although our allowance for loan losses dropped as a percentage of loans (consistent with the declining loan loss exposure), it increased on an absolute basis during the year. We will continue to use care in making new loan commitments and to work diligently with customers who experience financial hardship. We will always strive to achieve a mutually beneficial outcome with our customers.



Continued to Embrace Technology and Alternative Delivery Channels

Although branches remain an important channel for reaching our customers, today's clients clearly demand alternative delivery methods for our products and services. We continue to invest heavily to accommodate this long-term shift to technology-enabled services. For example, in November 2016 we launched new-and-improved versions of our website and mobile app. The website upgrades included faster navigation, improved content and better functionality—all on a highly secure platform. Enhancements to our mobile app included fingerprint identification, bill pay, e-statements, quick-touch balance, and mobile check deposit. And soon we will be offering online account opening. The goal with all our technology is to streamline processes while preserving the personal touch of a hometown, community bank. For customers who are less familiar with the latest technology offerings, we have staff members who are happy to assist them. And we continue to seek additional refinements to organizational processes and procedures.

Loan Growth / Outlook

Loan growth in 2016 was excellent once again with an annual increase in total loans of approximately 24 percent. This continued the trend established in 2014 and 2015 when loan growth was 25.7 percent and 24.8 percent, respectively. Loans secured with real estate realized a net increase of 27.5 percent with nearly all categories within the real estate portfolio seeing a significant increase in 2016. Residential mortgages and non-owner occupied commercial real estate continue to be leaders for the bank with both realizing substantial increases. Another area of significant growth was owner occupied commercial real estate which had a 27 percent increase in 2016. The Knoxville area saw the largest increase in loan demand, resulting in a 29.5 percent increase in loan balances following a 37 percent increase in 2015. Loan balances in the Johnson City and Unicoi County areas realized an 8 percent increase in 2016, following a 7 percent increase in 2015. The increase in loan demand is a direct result of an improving economy throughout East Tennessee, with the Knoxville metro area realizing significant growth. Improving economic conditions combined with a team of seasoned relationship managers has enabled the bank to take advantage of loan opportunities throughout the region. The Johnson City and Unicoi County areas are continuing to see steady though slower growth, but loan opportunities have continued to increase over the last year. Loan competition continues to be intense throughout East Tennessee as banks search for quality loan opportunities. Our team continues to compete well in the environment by securing high quality loans that result in valuable overall relationships.

Loans / Credit Quality

Loans, net of unearned income, consist of the following as of December 31:

	December 31,	
	2016	2015
Secured by real estate:		
Construction/development/land	\$ 40,060,751	\$ 32,555,526
Farmland	7,624,517	5,380,108
Residential	151,057,777	126,697,007
Junior mortgage	1,630,595	1,660,416
Multifamily	24,483,441	17,488,877
Commercial-owner occupied	80,603,815	63,505,122
Commercial-nonowner occupied	147,841,060	108,048,491
Total commercial loans	453,301,956	355,335,547
Non-real estate loans:		
Commercial-other	50,933,836	52,046,226
Consumer loans	11,196,749	8,400,512
Total non-real estate loans	62,130,585	60,446,738
Total loans	\$ 515,432,541	\$ 415,782,285

Overall credit quality continued to improve in 2016 with total classified loans being .24 percent of total loans compared to .36 percent of total loans as of December 31, 2015. Non-performing assets decreased over \$2 million or 19 percent in 2016. Total non-performing assets were \$10 million as of December 31, 2016, compared to \$12.4 million as of December 31, 2015. Total net charge-offs in 2016 were \$63 thousand compared to \$100 thousand 2015. The provision for loan losses was \$157 thousand for 2016 compared to \$775 thousand for 2015. The decrease in loan loss provision was a direct result of the strong performance with the loan portfolio over the last two years with minimal past due or classified loans. The ratio of allowance for loan losses to total loans was 1.03 percent at December 31, 2016, compared to 1.25 percent at December 31, 2015. The decrease in the allowance as a percent of total loans is largely due to the continued decrease in charge-offs in 2016 which were .01 percent of total loans.

Provision for Loan Losses and Credit Quality

The following tables detail the Company's allowance for loan loss activity for the years ended December 31, 2016 and 2015.

	For the Year Ended December 31, 2016		
	Secured by Real Estate	Non-Real Estate	Total
Allowance for credit losses:			
Beginning balance	\$ 4,695,125	\$ 491,206	\$ 5,186,331
Provision for (recovery of) losses	(400,978)	558,478	157,500
Loans charged off	-	(198,439)	(198,439)
Recoveries credited to allowance	120,390	15,277	135,667
Net (charge - offs) recoveries	120,390	(183,162)	(62,772)
Ending balance	\$ 4,414,537	\$ 866,522	\$ 5,281,059
	For the Year Ended December 31, 2015		
Allowance for credit losses:			
Beginning balance	\$ 3,797,740	\$ 715,832	\$ 4,513,572
Provision for (recovery of) losses	979,403	(204,403)	775,000
Loans charged off	(599,839)	(310,885)	(910,724)
Recoveries credited to allowance	517,821	290,662	808,483
Net (charge - offs) recoveries	(82,018)	(20,223)	(102,241)
Ending balance	\$ 4,695,125	\$ 491,206	\$ 5,186,331

Consolidated Balance Sheet

	December 31,	
<u>Assets</u>	<u>2016</u>	<u>2015</u> (Restated)
Cash and due from banks	\$ 4,651,766	\$ 4,537,392
Interest-earning deposits	23,712,480	10,450,540
Cash and cash equivalents	28,364,246	14,987,932
Securities available for sale	43,857,907	33,009,610
Loans held for sale	78,599	-
Loans receivable	515,432,541	415,782,285
Allowance for loan losses	(5,281,059)	(5,186,331)
Net loans	510,151,482	410,595,954
Premises and equipment, net	13,453,591	12,562,119
Accrued interest receivable	1,718,171	1,348,108
Real estate owned	8,781,161	10,903,813
Bank owned life insurance	6,991,438	6,814,917
Restricted stock	1,128,900	1,128,900
Prepaid expenses and other assets	1,190,555	1,433,289
Deferred tax asset	3,425,367	2,837,948
Core deposit intangible	-	67,518
Total assets	\$ 619,141,417	\$ 495,690,108
<u>Liabilities and Stockholders' Equity</u>		
Liabilities:		
Deposits:		
Noninterest-bearing	\$ 67,156,351	\$ 61,897,381
Interest-bearing	467,170,920	369,725,433
Total deposits	534,327,271	431,622,814
Federal Home Loan Bank advances	9,555,942	9,439,038
Senior note payable	9,913,921	9,877,023
Other short-term borrowings	-	5,500,000
Accrued interest payable	47,159	57,105
Mandatorily redeemable preferred stock	2,969,000	2,969,000
Other liabilities	4,136,654	1,999,420
Total liabilities	560,949,947	461,464,400
Stockholders' equity:		
Preferred stock; \$0.01 par; 1,000,000 shares authorized; 2,969 issued and outstanding at December 31, 2016 and 2015	-	-
Common stock; \$0.01 par, 10,000,000 shares authorized; 5,758,055 and 3,917,410 issued and outstanding at December 31, 2016 and 2015	57,352	39,174
Additional paid-in capital	60,224,408	40,093,146
Accumulated deficit	(1,955,864)	(6,031,966)
Accumulated other comprehensive income	(134,426)	125,354
Total stockholders' equity	58,191,470	34,225,708
Total liabilities and stockholders' equity	\$ 619,141,417	\$ 495,690,108

Consolidated Statements of Operations

	For the Years Ended December 31,	
	<u>2016</u>	<u>2015</u> (Restated)
Interest income:		
Loans	\$ 22,276,964	\$ 18,153,857
Investment securities	806,339	933,864
Interest-earning deposits	56,889	29,114
Total interest income	<u>23,140,192</u>	<u>19,116,835</u>
Interest expense:		
Interest on deposits:		
Savings	2,403,415	1,162,251
Interest bearing transaction accounts	240,260	228,124
Time certificates of deposit of \$250,000 or more	786,939	967,305
Other time deposits	259,131	242,046
Other borrowings	924,299	898,756
Total interest expense	<u>4,614,044</u>	<u>3,498,482</u>
Net interest income	18,526,148	15,618,353
Provision for loan losses	157,500	775,000
Net interest income after provision for loan losses	<u>18,368,648</u>	<u>14,843,353</u>
Noninterest income:		
Service charges and other fees on deposit accounts	1,098,238	1,044,091
Gain on sale of investment securities	98,075	26,423
Gain on sale of loans	499,289	232,751
Other operating income	337,174	264,144
Total noninterest income	<u>2,032,776</u>	<u>1,567,409</u>
Noninterest expenses:		
Compensation and employee benefits	6,725,590	6,213,836
Occupancy expenses	1,335,547	1,240,761
Furniture and equipment costs	279,792	262,989
Data processing fees	1,079,641	930,317
FDIC Insurance	500,830	425,503
Office expense	399,758	347,609
Advertising	215,427	244,254
Professional fees	691,770	644,156
Real estate owned	1,543,159	485,571
Other operating costs	808,194	722,734
Total noninterest expenses	<u>13,579,708</u>	<u>11,517,730</u>
Income before income taxes	6,821,716	4,893,032
Income tax expense	2,588,250	1,821,936
Net income	<u><u>\$ 4,233,466</u></u>	<u><u>\$ 3,071,096</u></u>

Consolidated Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2016 and 2015

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2014	\$ 39,554	\$ 39,968,310	\$(8,945,697)	\$ 221,663	\$ 31,283,830
Net income (restated)	-	-	3,071,096	-	3,071,096
Other comprehensive income	-	-	-	(96,309)	(96,309)
Dividend on preferred stock	-	-	(148,450)	-	(148,450)
Amortization of stock issuance cost	-	-	(8,915)	-	(8,915)
Repurchase of common stock	(1,157)	(714,044)	-	-	(715,201)
Issuance of common stock	777	775,964	-	-	776,741
Share-based compensation	-	62,916	-	-	62,916
Balance, December 31, 2015	\$ 39,174	\$ 40,093,146	\$(6,031,966)	\$ 125,354	\$ 34,225,708
Net income	-	-	4,233,466	-	4,233,466
Other comprehensive income	-	-	-	(259,780)	(259,780)
Dividend on preferred stock	-	-	(148,450)	-	(148,450)
Amortization of stock issuance cost	-	-	(8,914)	-	(8,914)
Issuance of common stock, net of stock issuance costs of \$1,333,980	18,137	19,976,677	-	-	19,994,814
Share-based compensation	41	154,585	-	-	154,626
Balance, December 31, 2016	\$ 57,352	\$ 60,224,408	\$(1,955,864)	\$ (134,426)	\$ 58,191,470

Consolidated Statements of Comprehensive Income

For the Years Ended December 31,

Comprehensive Income:	2016	2015 (Restated)
Net income	\$ 4,233,466	\$ 3,071,096
Other comprehensive income (loss):		
Unrealized holdings gains (losses) on securities available for sale:		
Reclassification adjustment for realized gains on sale of securities available for sale	(98,075)	(26,423)
Deferred income tax benefit	37,269	10,041
Unrealized losses arising during the period	(322,895)	(129,643)
Deferred income tax benefit	123,921	49,716
Total other comprehensive income (loss)	(259,780)	(96,309)
Total comprehensive income	\$ 3,973,686	\$ 2,974,787

The Consolidated Balance Sheets, Consolidated Statements of Operations, Consolidated Statements of Comprehensive Income and Consolidated Statements of Changes in Stockholders' Equity contained in this annual report are derived from the Company's 2016 audited Consolidated Financial Statements. The 2016 audited Consolidated Financial Statements and accompanying notes to Consolidated Financial Statements are available upon request to:

Marie Patterson
Senior Vice President & Chief Financial Officer
Mountain Commerce Bancorp, Inc.
Email: marie.patterson@mcb.com

Branch Locations

Bearden:	6101 Kingston Pike (Main Office) Knoxville, TN 37919 Phone: (865) 694-5725	Erwin N Main:	400 North Main Ave. Erwin, TN 37650 Phone: (423) 735-5331
Bristol Highway:	3122 Bristol Highway Johnson City, TN 37601 Phone: (423) 232-5129	Unicoi Branch:	4200 Unicoi Drive Unicoi, TN 37692 Phone: (423) 735-5380
Cedar Bluff:	320 N. Cedar Bluff Rd, Suite 101 Knoxville, TN 37923 Phone: (865) 694-5704		

Operations Center

Boone Ridge:	121 Boone Ridge Drive, Suite 1002 Johnson City, TN 37615 Phone: (423) 262-5820
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Corporate Information

Corporate Office 6101 Kingston Pike P.O. Box 52942 Knoxville, TN 37919	Independent Public Accounting Firm Dixon Hughes Goodman LLP 500 Ridgefield Court P.O. Box 3049 Asheville, NC 28802
Shareholder Inquiries Mountain Commerce Bancorp, Inc. Stock Investor Relations Attn: Regenia Ellis VP / Corporate Secretary 121 Boone Ridge Drive, Suite 1002 Johnson City, TN 37615 (423) 262-5820 ir@mcb.com www.mcb.com 1.866.622.1910 (866.MCB.1910)	Transfer Agent American Stock Transfer (AST) 6201 15 th Ave. Brooklyn, New York 11219 (800) 937-5449 www.astfinancial.com Legal Counsel Bass Berry & Sims PLC 150 Third Avenue South Suite 2800 Nashville, Tennessee 37201

Stock Symbol: MCBI

Mountain Commerce Bancorp, Inc. and Mountain Commerce Bank - Board of Directors

William E. "Bill" Edwards, III

President / Chief Executive Officer / Vice-Chairman
Director of Mountain Commerce Bancorp, Inc. and
Mountain Commerce Bank

Wade H. Farmer, CPA

Partner, Blackburn Childers and Steagall, PLC
Director of Mountain Commerce Bancorp, Inc. and
Mountain Commerce Bank

Dwight B. Ferguson, Jr., CPA

Chairman of the Board
Director of Mountain Commerce Bancorp, Inc. and
Mountain Commerce Bank
Retired since 2009; prior thereto President & CEO of
Nuclear Fuel Services, Inc.

Michael L. Hatcher, CPA

Commercial Developer; Owner of Hatcher Properties
Director of Mountain Commerce Bancorp, Inc. and
Mountain Commerce Bank

Kevin W. Horne

EVP / Chief Credit Officer / Chief Operating Officer &
Area President - TriCities
Director of Mountain Commerce Bancorp, Inc. and
Mountain Commerce Bank

Wendell C. Kirk, CPA

Retired since 1990; prior thereto President & CEO of Heritage
Federal Bank Consultant - Kirk and Associates
Director of Mountain Commerce Bancorp, Inc. and
Mountain Commerce Bank

Tim A. Topham

EVP / Area President - Knoxville Region
Director of Mountain Commerce Bank

Samuel L. Widener

Owner of Winco Tile and Wincrest Angus Farm
Partner, Wincrest Properties, LP
Director of Mountain Commerce Bancorp, Inc. and
Mountain Commerce Bank

Frank Wood

Owner & Chief Executive Officer of Holston Companies; includes
Holston Distributing Co., Inc., Warehouse Central, LLC, Truck
Central, LLC, Records Storage and Management Central, LLC
Director of Mountain Commerce Bancorp, Inc. and Mountain
Commerce Bank

Douglas A. Yoakley, CPA

Co-founded Pershing Yoakley and Associates, a CPA firm in
Knoxville; serves as wealth management consultant for PYA
Waltman Capital
Director of Mountain Commerce Bancorp, Inc. and Mountain
Commerce Bank

Mountain Commerce Bank Senior Bank Officers

William E. "Bill" Edwards, III,

President / Chief Executive Officer / Vice-Chairman

Kevin W. Horne

EVP / Chief Credit Officer /
Chief Operating Officer & Area President – TriCities

Tim Topham

EVP / Area President – Knoxville Region

Tom Jensen

EVP / City Executive – Knoxville Region

Marie Patterson

SVP / Chief Financial Officer

Barbara Broshears

SVP / Chief Compliance Officer

Tracy Jones

SVP / Director of Operations / Electronic Banking Officer

Todd Jones

SVP / Director of Investments & Financial Planning

Donnie Blair

FVP / Dir. of Technology & Information Security / Information
Security Officer

Vicki Weaver

FVP / Director of Human Resources

V.V. Elliott

FVP / Director of Loan Operations

Other Officers

Bobby Brown, SVP / Relationship Manager

Connie French, SVP / Relationship Manager

Debbie Watson, SVP / Relationship Manager

Michael Saporito, FVP / Relationship Manager

Phillip Wampler, FVP / Senior Compliance Officer

Terry Weltman, FVP / Controller

Stephanie Barnes, VP / Relationship Manager

Brice Chapman, VP / Relationship Manager

Rick Corvin, VP / Relationship Manager

Nellie Dunn, VP / Senior Treasury Management Specialist

Regenia Ellis, VP / Corporate Secretary / Executive Assistant

Janet Green, VP / Branch Manager - Unicoi

Kelli Harris, VP / BSA / AML Officer

Kathy Hensley, VP / Branch Manager - Erwin North Main

Kara Honeycutt, VP / Senior Credit Analyst

Tony Johnson, VP / Portfolio Specialist

Gloria Miller, VP / Branch Manager – Bearden Financial Center

Tiffany Smith, VP / Portfolio Manager

Erik B. Wilson, VP / Relationship Manager

Stacy Connatser, AVP / Client Services Coordinator

Melissa Haines, AVP / Security Officer / Senior Branch
Operations Specialist

Brad Pollock, AVP / Special Assets Manager

Nancy Price, AVP / Senior Operations Specialist

Cindy Widener, AVP / Registered Investment Assistant

Kristie Gross, AVP / Senior Loan Coordinator

Sean Short, Electronic Banking Services Officer

