News Release
For Release Immediately
Contact: Dan Regan
President
(815) 806-7015

TC FINANCIAL HOLDINGS, INC. REPORTS JUNE 30, 2023 RESULTS

New Lenox, IL, August 10, 2023, TC Financial Holdings, Inc. (the "Holding Company") (TCNB) is the parent company of Town Center Bank (the "Bank"). In 2021, the Bank received shareholder approval to establish a holding company. After applying for and receiving regulatory approval from the Federal Reserve Bank of Chicago, the Federal Deposit Insurance Corporation, and the Illinois Department of Financial and Professional Regulation the Holding Company was officially established on April 1, 2022. The ticker symbol, TCNB, remains the same. The Bank is owned entirely by the Holding Company. All shareholders in the Bank became shareholders in the Holding Company with the exact same ownership percentage.

The Balance Sheet compares the consolidated financials of the Holding Company for June 30, 2023, and December 31, 2022. The Income Statement compares the consolidated financials from the Holding Company for year-to-date June 30, 2023, to the combined Income Statement for year-to-date June 30, 2022. The combined statement of operations is comprised of the Bank's three months earnings ended March 31, 2022, which were transferred to the Holding Company's Shareholder Equity and the Holding Company's three months earnings ended June 30 2022, as it was formed on April 1, 2022. Currently, the only subsidiary of the Holding Company is the Bank.

The Holding Company reported a consolidated net profit of $503,000 for the six-months ended June 30, 2023, compared to reporting a combined net loss of $745,000 for the six-months ended June 30, 2022.

Other significant items to note include:

Net interest income was $2,752,000 and $2,477,000 for the six-month period ended June 30, 2023, and combined six-month period ended June 30, 2022, respectively. An increase in loans along with rising interest rates have enhanced interest income. Competition has driven deposit rates higher which forced us to look at alternatives for deposits. FHLB borrowings were a cheaper alternative to deposits. The borrowings were for longer maturities compared to the maturity terms depositors were looking.

Non-interest income was $110,000 and $121,000 for the six-month period ended June 30, 2023 and combined 2022, respectively. The mortgage banking department has been staffed. With interest rates higher than a year ago and additional interest rate increases expected, the mortgage banking department is set to take advantage when future mortgage rates decrease.

Non-interest expense was $2,030,000 and $3,269,000 for the six-month period ended June 30, 2023 and combined 2022, respectively. Salaries have increased with the addition of local lenders who have brought new clients. Data processing expenses have decreased significantly due to the deconversion fees incurred in 2022 and the decrease in monthly data processing expense.

A provision for loan losses of $155,000 and $25,000 was made for the six-month period ended June 30, 2023 and combined 2022, respectively. The increase in the provision is due to the increase in loans along with the required adoption of accounting standards for Current Expected Credit Losses (CEC).

The Holding Company's total shareholders' equity on June 30, 2023 was $16.2 million and at December 31, 2022, was $15.6 million. The change was the result of the year-to-date earnings along with the improvement of other comprehensive income which is related to the market value versus book value of the available-for-sale securities portfolio. As reported in the June 30, 2023, Call Report, the Bank's Tier 1 Leverage ratio was 12.1% and its total capital ratio was 13.8%. The Holding Company's capital ratios for June 30, 2023, are 12.1% for the Tier 1 Leverage ratio and 13.8% for the total capital ratio.

The Holding Company's consolidated total assets as of June 30, 2023, was $129.9 million. This is a decrease of $4.3 million from the totals assets as of December 31, 2022. From December 31, 2022, cash and cash equivalents decreased by $11.0 million to $6.6 million, net loan balances increased by $17.0 million to $102.0 million, investments decreased by $10.5 million to $17.2 million, and all other assets increased by $0.2 million to $4.1 million.

From December 31, 2022, deposit balances decreased by $22.3 million to $95.3 million. FHLB Borrowings increased from $0 and ended June 30, 2023, at $17.5 million. The borrowings were a less expensive alternative to the cost of retail or wholesale deposits. Finally, accumulated other comprehensive income (the unrealized loss on our investment portfolio) remained negative but improved slightly. With the slight improvement in holding gains, shareholder's equity improved by $53,000.