July 21, 2022

GBank Financial Holdings Inc. Announces Quarterly Operating Earnings

LAS VEGAS, July 21, 2022 /PRNewswire/ -- GBank Financial Holdings Inc. ("GBank" or the "Company") (OTCQX: GBFH), the parent company for Bank of George (the "Bank"), today reported year-to-date earnings of $5.0 million, or $0.39 per diluted share, and quarterly earnings of $1.7 million, or $0.13 per diluted share. Year-to-date earnings represent a 13% increase, compared to $4.4 million, or $0.34 per diluted share, for the year-to-date period ending June 30, 2021. Year-to-date gain on sales income increased to $8.6 million from $7.2 million for the same period in 2021, representing a 19% year-over-year increase. Net interest margin for the Bank continues to increase with second quarter 2022 at 3.62%, compared to 3.21% for the same period in 2021.

Second Quarter Financial Highlights (for the year-over-year and linked quarterly periods ending June 30, 2022)

Year-over-year comparisons:

- Year-to-date net income increased 13% to $5.0 million, compared to $4.4 million for the same period in 2021.
- Year-to-date earnings per diluted share were $0.39, compared to $0.34 for the same period in 2021.
- Return on average assets was 1.60%, compared to 1.71% for the same period in 2021.
- Return on average equity was 12.68%, compared to 13.25% for the same period in 2021.
- Allowance for loan losses was $6.8 million, compared to $5.9 million at June 30, 2021.
- Net interest margin (bank-level) was 3.36%, compared to 3.31% for the same period in 2021.
- Year-to-date net revenues (net interest income plus noninterest income) increased 18% to $19.6 million, compared to $16.6 million for 2021.
- Noninterest income increased 20% to $10.0 million, compared to $8.4 million for 2021.
- Total assets increased 17% to $635.1 million, compared to $545.0 million as of June 30, 2021.
- Total deposits increased 13% to $519.9 million, compared to $461.9 million as of June 30, 2021.
- Book value was $6.40 per share, compared to $5.66 per share as of June 30, 2021.

Linked quarter comparisons:

- Net income decreased 47.2% to $1.7 million, compared to $3.2 million for Q1 2022.
- Earnings per diluted share were $0.13, compared to $0.25 for Q1 2022.
- Return on average assets was 1.09%, compared to 2.11% for Q1 2022.
- Return on average equity was 8.59%, compared to 16.93% for Q1 2022.

- Allowance for loan losses was $6.8 million, compared to $6.1 million at March 31, 2022.
- Net interest margin (bank-level) was 3.62%, compared to 3.12% for Q1 2022.
- Total net revenues (net interest income plus noninterest income) decreased 9% to $9.3 million, compared to $10.3 million for Q1 2022.
- Noninterest income decreased 30% to $4.1 million, compared to $5.9 million for Q1 2022.
- Total assets increased 1.4% to $635.1 million, compared to $626.4 million at March 31, 2022.
- Total deposits increased 2.4% to $519.9 million, compared to $507.6 million at March 31, 2022.
- Book value was $6.40 per share, compared to $6.45 per share at March 31, 2021.

Edward M. Nigro, GBank Executive Chairman, stated "Our earnings growth over 2021 looks even brighter when we consider the combined impact of our year-to-date charges of $550,000 for our core processor conversion and the $767,000 in loan provision as a result of substantive increases in commercial loans during the quarter. When we see NIM growing, SBA production remaining strong, and Gaming Fintech clients utilizing our PPA product increasing, we feel very confident about our strategic business plan."

SBA

"The Company continues to see a strong pipeline of SBA loans. This activity is related to the investments we have made in our SBA Division, which will allow us to not only continue to build on what we have created, but also expand into additional markets to further diversify our loan portfolio and balance sheet." stated T. Ryan Sullivan, President/CEO.

Year-to-date SBA Division loan originations were at approximately $124 million through June 30, 2022, a 35% increase compared to approximately $92 million in originations for the same period in 2021. This level of performance is establishing the Bank as a long-term leader in the government guaranteed lending market, and will continue to be a significant contributor to the Company's bottom line.

A key provision of the CARES Act was the SBA Debt Relief Program, whereby the SBA made six months of principal and interest payments on qualifying existing and new SBA loans. This has been an incredibly powerful resource for SBA borrowers and, with all of the Bank's SBA 7(a) loans in regular payment status at the onset of the program, most of the Bank's SBA borrowers were able to benefit from this program. As of June 30, 2022, the Bank no longer had any loan relationships receiving support under this program. Additionally, under the Economic Aid Act, continuing SBA payment support of up to $9,000 per month provided for a significant portion of the Bank's SBA 7(a) loan portfolio. As of June 30, 2022, the Bank currently has no loan relationships receiving support under this program.

Gaming FinTech

As a result of the merger of SBTech and DraftKings, the Bank's related Oregon State Lottery Program ("OSL") sports wagering accounts began winding down during Q1 2022. Due to this winddown, year-to-date OSL load volume decreased 88% to approximately $4.7 million, compared to $38.3 million during the same period in 2021. Even with this decrease, the Bank's Play+ Program with its strategic partners, BankCard Services, LLC and Sightline Payments, experienced an increase in load volumes of 23% year-to-date through June 30, 2022 to $381.6 million, compared to $310.0 million for the same period in 2021, resulting in

an overall Gaming FinTech Division load volume increase of 11% year-to-date through June 30, 2022 to approximately $386.3 million, compared to $348.3 million for the same period in 2021.

As an offset to the OSL winddown, the Bank anticipates it will receive a total of $225 thousand for the OSL Program termination.

Paycheck Protection Program

As a U.S. Small Business Administration ("SBA") PLP lender, the Bank has also been able to play a critical role in offering loans through the SBA Paycheck Protection Program ("PPP"). During the life of the program, the Bank funded approximately $85 million in PPP loans. These vital funds supported keeping nearly 7,000 employees on the payroll. PPP loans at June 30, 2022 were approximately $4.5 million.

Covid-19 Response

The Company continues to administer pandemic programs to assist its clients with their financial needs, and remains committed to helping its clients who have been affected by the declining economic activity or other challenges related to the pandemic.

Subordinated Notes Offering

On December 14, 2021, the Company completed its private placement of $20 million of 3.875% fixed-to-floating rate subordinated notes due 2031 (the "Notes") to certain qualified institutional buyers and accredited investors. The Notes have been structured to qualify as Tier 2 capital for regulatory capital purposes. The Company intends to use the net proceeds of the offering for general corporate operating purposes, to support organic growth, and to fund potential acquisitions.

Balance Sheet Review

GBank's consolidated liquidity and capital positions continue to perform well compared to its relative peers. Year-over-year, deposits grew by approximately $58 million. Year-over-year, gross loan balances (excluding PPP) increased by approximately $101 million due to SBA and commercial loan growth. The Bank continues to take advantage of favorable market conditions related to SBA loan sales.

Total assets increased 17% to approximately $635 million, compared to approximately $545 million at June 30, 2021. Total deposits were also up 13% to approximately $520 million, compared to approximately $462 million at June 30, 2021. Shareholders' equity increased 17% to approximately $81 million, compared to approximately $69 million at June 30, 2021.

The company adopted ASC 842 – Lease Accounting in Q3 2021, resulting in a right-of-use asset and corresponding operating lease liability of approximately $1.6 million. Certain adjustments have been made to the financial presentation for the 2021 year-to-date period and are related to this adoption for comparative purposes. We have leased branches and office space and have entered into various other agreements in conducting our business. Operating lease right-of-use assets are included within All Other Assets and the Bank's operating lease liability is included within Accrued Interest Payable and Other. Operating lease expense is recognized on a straight-line basis over the expected lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs such as property taxes are expensed as incurred. Lease and non-lease components are accounted

for separately as the amounts are readily determinable under our lease contracts. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

Operating Results

The Bank's second quarter net interest margin was 3.62%, compared to 3.21% for Q2 2021. Second quarter net revenues (net interest income plus noninterest income) decreased 9% to $9.3 million, compared to $10.3 million for Q2 2021. Second quarter noninterest income decreased 31% to $4.1 million, compared to $6.0 million for Q2 2021. These decreases are primarily related to the decrease in the sales price on SBA loans, which was partially offset by an increase in overall production. Total second quarter noninterest expense increased 17% to $6.3 million, compared to $5.4 million for Q2 2021, and increased 5% compared to $6.0 million for Q1 2022. These increases are primarily related to the Bank's continued investments in personnel and technology.

Credit Quality

The provision for loan losses during Q2 2022 reflects our current assessment of risks associated with our credit portfolios, the COVID-19 pandemic, and general economic conditions. The Company recorded a $767 thousand provision for loan losses during the second quarter of 2022, compared to a $56 thousand provision during the preceding linked quarter. This increase in provision is related to the higher level of growth in loan balances during Q2 2022. The Company held approximately $6.8 million in allowance for loan losses at June 30, 2022, compared to approximately $6.1 million at March 31, 2022. The Bank holds no balances of other real estate owned and reports loans in non-accrual status of approximately $4.7 million at June 30, 2022, up from $298 thousand in the prior quarter. Non-accrual loans were centered in one credit relationship, and include government guaranteed balances of approximately $3.5 million. The allowance for loan losses to total net loans, excluding PPP and guaranteed balances, was 2.09% at June 30, 2022. During the quarter, the Bank experienced net charge-offs of approximately $82 thousand, compared to approximately $105 thousand for the prior quarter.

Earnings Call

The Company will host its Q2 2022 quarterly earnings call on Tuesday, August 2, 2022 at 2:00 p.m. (PST). Shareholders will be able to listen from their home or from any remote location that has Internet connectivity. There will be no physical location for shareholders to attend.

Shareholders may participate online, via the ZOOM app on their smartphones, or by joining by telephone:

The ZOOM video conference ID is 881 5248 7104

The ZOOM meeting passcode will be available to shareholders by sending an email request to sferguson@bankofgeorge.com or by calling Shauna Ferguson at 702-851-4208.

Joining by ZOOM Video Conference
Log in on your computer at https://zoom.us/j/88152487104 or by using the Zoom app on your smartphone.

Joining by Telephone
Dial (408) 638-0968. The conference ID is 881 5248 7104.

The Company

GBank Financial Holdings Inc. ("GBank" or the "Company") (GBFH), a bank holding company with approximately $635 million in assets at June 30, 2022, conducts business through its wholly owned subsidiary, Bank of George (named in honor of George Washington). Founded in 2007, the Bank operates two full-service commercial branches in Las Vegas, Nevada, with primary lending activities focused on engaging clients in Nevada, California, Utah, and Arizona. Bank of George has key businesses in three prominent divisions: SBA Lending, Gaming FinTech, and Commercial Lending. The Bank conducts business nationally through its SBA lending activities (ranked 19th in the nation by the U.S. Small Business Administration for SBA 7(a) dollar loan volume through September 30, 2021) and its BankCard Services, LLC ("BCS") partnership. Launched in 2016, the Bank's Gaming FinTech Division, through its contract with BankCard Services, LLC ("BCS") is empowering Sightline Payments Play+ Solution (Sightline Payments) for seamless and secure pay-and-play that is enabling cashless, mobile commerce solutions for gaming, lottery, and sports betting ecosystems – positioning GBank as a financial leader in this new payments world. The Bank also provides general commercial banking services with an emphasis on serving the needs of small- and medium-sized businesses, high net worth individuals, professionals, and investors. The Bank offers a full complement of consumer deposit products and is focused on delivering a premium level of service. Bank of George has been recognized every year for each of the past five years by S&P Global Market Intelligence as a top 100 U.S. community bank under $3 billion in assets. For more information about Bank of George, please visit its website at https://www.bankofgeorge.com GBank's Common Stock is quoted on the US OTCQX Market under the symbol GBFH.

Forward-looking Statements

GBank has made forward-looking statements in this Press Release. These forward-looking statements are subject to risks and uncertainties. Forward-looking statements include information concerning possible or assumed future results of operations of the Company and its subsidiaries. When words such as "believes," "expects," "anticipates," or similar expressions occur in this Press Release, the Company is making forward-looking statements. Note that many factors could affect the future financial results of the Company and its subsidiaries, both individually and collectively, and could cause those results to differ materially from those expressed in the forward-looking statements contained in this Press Release. Those factors include, but are not limited to: the recent and continuing coronavirus (COVID-19) pandemic which poses risks and may harm the Company's business and results of operations in future quarters, credit risk, changes in market interest rates, inability to achieve merger-related synergies, competition, economic downturn or recession, and government regulation and supervision. The Company undertakes no obligation to update or revise any forward-looking statements.

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