October 20, 2022

GBank Financial Holdings Inc. Announces Third Quarter 2022 Financial Results

LAS VEGAS, Oct. 20, 2022 /PRNewswire/ -- GBank Financial Holdings Inc. ("GBank" or the "Company") (OTCQX: GBFH), the parent company for Bank of George (the "Bank") today reported net income of $2.6 million or $0.20 per diluted share for the quarter ended September 30, 2022, compared to $2.6 million or $0.21 per diluted share during the same period in 2021.

Net income for the nine months ended September 30, 2022 was $7.6 million, or $0.59 per diluted share compared to $7.0 million, or $0.54 per diluted share, for the nine-month period ending September 30, 2021.

For the U.S. Small Business Administration ("SBA") fiscal year ending September 30, 2022, the Bank secured $242.6 million in SBA 7(a) loan approvals, ranking the Bank 14th in total dollar volume of SBA 7(a) loan approvals in the United States during the twelve months ended September 30, 2022, compared to the Bank's ranking of 19th for the same period in 2021.

Gaming Fintech deposits surpassed $50 million during the 3rd quarter of 2022. Our strategic partner, BankCard Services, LLC ("BCS"), signed 3 new gaming companies - including sports wagering and skills gaming entities – to utilize Pooled Player Accounts at Bank of George **(*PPA powered by PIMS*™)**, bringing the total new PPA clients to 5 for the nine-month period ending September 30, 2022. Additionally, Sightline Payments announced Project 250 to upgrade 250,000 slot machines with cashless gaming technology at the G2E Conference held last week in Las Vegas, Nevada. Sightline's Play+ digital payments solution (Bank of George prepaid card) will be integral to this cashless system – see Project 250 Press Release.

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

Year-over-year comparisons:

- Year-to-date net income increased 8% to $7.6 million, compared to $7.0 million for the same period in 2021.
- Year-to-date earnings per diluted share were $0.59, compared to $0.54 for the same period in 2021.
- Return on average assets was 1.60%, compared to 1.78% for the same period in 2021.
- Return on average equity was 12.69%, compared to 13.81% for the same period in 2021.
- Allowance for loan losses was $6.8 million, compared to $5.9 million at September 30, 2021.

- Net interest margin (bank-level) was 3.81%, compared to 3.39% for the same period in 2021.
- Year-to-date net revenues (net interest income plus noninterest income) increased 19% to $30.4 million, compared to $25.5 million for the same period in 2021.
- Noninterest income increased 7% to $13.8 million, compared to $12.8 million for 2021.
- Total assets increased 21% to $667.3 million, compared to $552.3 million as of September 30, 2021.
- Total deposits increased 17% to $547.2 million, compared to $467.3 million as of September 30, 2021.
- Book value was $6.59 per share, compared to $5.88 per share as of September 30, 2021.

Linked quarter comparisons:

- Net income increased 54% to $2.6 million, compared to $1.7 million for Q2 2022.
- Earnings per diluted share were $0.20, compared to $0.13 for Q2 2022.
- Return on average assets was 1.61%, compared to 1.09% for Q2 2022.
- Return on average equity was 12.73%, compared to 8.59% for Q2 2022.
- Allowance for loan losses was $6.8 million at both September 30 and June 30, 2022.
- Net interest margin (bank-level) was 4.70%, compared to 3.62% for Q2 2022.
- Total net revenues (net interest income plus noninterest income) increased 15% to $10.7 million, compared to $9.3 million for Q2 2022.
- Noninterest income decreased 9% to $3.8 million, compared to $4.1 million for Q2 2022.
- Total assets increased 5% to $667.3 million, compared to $635.2 million at June 30, 2022.
- Total deposits increased 5% to $547.2 million, compared to $519.9 million at June 30, 2022.
- Book value was $6.59 per share, compared to $6.40 per share at June 30, 2022.

Edward M. Nigro, Executive Chairman, stated "We see NIM growing, SBA production remaining strong, and Gaming Fintech clients and deposits increasing. Our strategic initiatives are creating positive results today and place the Company in a unique position to drive significant and profitable growth over the years ahead."

SBA

"The Company remains committed to our current and future success in government guaranteed lending. The growth investments made this year within our SBA Lending Division are providing tangible and positive results, are supporting our strong overall financial performance, and continue to differentiate the Bank as a premier national SBA lender," stated T. Ryan Sullivan, President and CEO.

As stated previously, the Bank secured $242.6 million in SBA 7(a) loan approvals, ranking the Bank 14th in total dollar volume of SBA 7(a) loan approvals in the United States during the twelve months ended September 30, 2022, compared to the Bank's ranking of 19th for the same period in 2021. "The Bank's growth in loan production is the direct result of a focused effort to grow this line of business, and will assist the Bank in continuing to produce above average earnings well into the future," stated Jeffery E. Whicker, EVP/Chief Financial Officer.

Year-to-date loan originations by the Bank's SBA Lending Division, excluding Paycheck Protection Program ("PPP") loans, were at $224.7 million through September 30, 2022, a 46% increase compared to $153.6 million in originations for the same period in 2021. Year-to-date gains on sale of loans were $11.8 million through September 30, 2022 and, although up by 5% compared to same period in 2021, have been impacted by the interest rate increases from the Federal Reserve Bank and changing market conditions.

Gaming FinTech

Overall, the Bank's Gaming FinTech Division experienced total load volume of $509.3 million for the nine months ended September 30, 2022, compared to $532.0 million for the same period in 2021. This decline was primarily the result of the winddown of the OSL sports wagering accounts and reduced levels of growth in Sightline Play+ loads. The Bank's Play+ Program experienced an increase in load volumes of 6% year-to-date through September 30, 2022, to $504.6 million, compared to $478.9 million for the same period in 2021. Among other Gaming FinTech initiatives, the Bank also recently announced its launch of the GBank Credit Card, which will be readily available to the more than 700,000 consumer accounts held by the Bank – see Credit Card Press Release.

Paycheck Protection Program

As an 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 September 30, 2022 were $727 thousand.

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

The Company's consolidated liquidity and capital positions continue to perform well compared to its relative peers. Year-over-year, total deposits grew by $79.9 million. Year-over-year, total gross loans increased by $79.3 million with record loan production in both government guaranteed and conventional loan products.

Total assets increased 21% to $667.3 million, compared to $552.3 million at September 30, 2021. Total deposits were also up 17% to $547.2 million, compared to $467.3 million at September 30, 2021. Shareholders' equity increased 16% to $83.5 million, compared to $71.8 million at September 30, 2021.

Operating Results

The Bank's third quarter net interest margin was 4.70%, compared to 3.41% for Q3 2021. Third quarter net revenues (net interest income plus noninterest income) increased 20% to $10.7 million, compared to $9.0 million for Q3 2021. Third quarter noninterest income

decreased 17% to $3.8 million, compared to $4.5 million for Q3 2021. This decrease is mainly related to a reduction in the sale price of SBA loans that has resulted from the interest rate increases from the Federal Reserve Bank and from changing market conditions. Total third quarter noninterest expense increased 27% to $6.9 million, compared to $5.5 million for Q3 2021, and increased 10% compared to $6.3 million for Q2 2022. These increases are primarily related to the Bank's continued investments in personnel and technology including one-time expenses related to the rebranding of Bank of George to GBank.

Credit Quality

The provision for loan losses during Q3 2022 reflects our current assessment of risks associated with our credit portfolios, the COVID-19 pandemic, and general economic conditions. The Company recorded a $464 thousand provision for loan losses during the third quarter of 2022, compared to a $767 thousand provision during the preceding linked quarter. The Company held $6.8 million in allowance for loan losses at both September 30, 2022 and June 30, 2022. The allowance for loan losses to total gross loans was 1.68% at September 30, 2022. The allowance for loan losses to total net loans, excluding PPP and guaranteed balances, was 1.91% at September 30, 2022.

The Bank holds no balances of other real estate owned, and reports loans in nonaccrual status of $4.5 million at September 30, 2022, compared to $4.7 million in the proceeding linked quarter. Nonaccrual loans were centered in one credit relationship, and include government guaranteed balances of $3.7 million. During the quarter, the Bank experienced net charge-offs of $446 thousand, related entirely to the referenced nonaccrual credit relationship, and compared to $82 thousand for the prior quarter.

Quarterly Earnings Report – Q3 2022

A copy of the Quarterly Earnings Report published with OTC Markets can be found in the link below:

GBank Financial Holdings Inc. – Quarterly Earnings Report – Q3 2022

Earnings Call

The Company will host its Q3 2022 quarterly earnings call on Thursday, October 27, 2022, at 12:00 p.m. (noon) PST. Interested parties will be able to listen from any remote location that has Internet connectivity. There will be no physical location for interested parties to attend.

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

The ZOOM video conference ID is 881 5248 7104

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. (the "Company") (GBFH), a bank holding company with approximately $667 million in assets at September 30, 2022, conducts business through its wholly owned subsidiary, Bank of George (named in honor of George Washington) (the "Bank"). 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 14th in the nation by the U.S. Small Business Administration for SBA 7(a) dollar loan volume through September 30, 2022) and its BankCard Services, LLC ("BCS") partnership. Launched in 2016, the Bank's Gaming FinTech Division, through its contract with BCS, is empowering the 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 the Company 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. The Bank has been recognized every year for each of the past five years by S&P Capital IQ as a top 100 U.S. community bank under $3 billion in assets. For more information about the Bank, please visit its website at https://www.bankofgeorge.com. The Company's Common Stock is quoted on the US OTCQX Market under the symbol GBFH.

Forward-looking Statements

The Company 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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