

JFI

---

2025

# ANNUAL REPORT

JSB FINANCIAL INC.





---

## JSB FINANCIAL INC.

---

JSB Financial Inc. (JFI) was incorporated in West Virginia on March 2, 2023, and is the bank holding company for its wholly owned subsidiary, Jefferson Security Bank. Jefferson Security Bank was reorganized into a holding company structure pursuant to the Agreement and Plan of Share Exchange and Reorganization, dated March 15, 2023, approved by the shareholders on April 26, 2023 and effective July 31, 2023. JFI through Jefferson Security Bank offers a full range of banking products and services, including loans and deposits to individuals, agricultural businesses, small and medium-sized businesses, local government entities and nonprofit organizations through its main office and four full-service retail banking offices and one drive-thru banking office throughout its principal market in the eastern panhandle region of West Virginia in Jefferson and Berkeley Counties and Washington County, Maryland.

### **MISSION:**

---

We are a community bank that partners with our customers to enhance their lives and enrich our communities through local decision-making.

### **VISION:**

---

Be the bank of choice in the communities we serve.

**AS WE CLOSE ANOTHER YEAR OF STEADY GROWTH** and mark a decade of strategic transformation, I want to thank our shareholders and customers for their loyal support and our employees for their unwavering commitment to providing exceptional service to our communities. Together, we have advanced a 156-year legacy while remaining grounded in the values that have defined us for generations.



When I accepted the role as President and CEO ten years ago, I knew Jefferson Security Bank had incredible potential, and I am proud to say that we have made significant progress since 2016. Looking back on this journey, the path has not been without challenges. Although we have experienced a global pandemic, shifting economic conditions, difficult interest rate cycles and evolving regulatory expectations, our disciplined approach allowed us to meet or exceed many performance targets that we set for ourselves.

Throughout this past decade, one of the most notable accomplishments was the formation of the holding company, JSB Financial Inc. in 2023. The holding company serves as a source of strength for the Bank, allows for opportunities to support various business activities, provides additional sources of capital, and positions us to be competitive with other financial institutions with similar structures. This was only possible with your support.

During that same time, we maintained a solid balance sheet, delivered strong growth and improved profitability. Total assets reached \$562 million as of year-end 2025, representing an increase of 96% from \$288 million as of year-end 2015. This was achieved with consistent growth in both the lending and deposit portfolios as we renewed our focus on relationship banking strategies, which strengthened customer loyalty and retention.

Our earnings performance has also improved significantly. Over the last 10 years, we have achieved record earnings at the close of seven of those years. Net income increased to \$4.2 million, or 276%, from \$1.1 million in 2015. Earnings per share grew 318% to \$16.17 at year-end 2025 from \$3.87 at year-end 2015. These results reflect consistent year-over-year improvement supported by steady revenue growth, strong credit performance and operational discipline.

Our capital management strategies in combination with improved profitability and a balanced approach to capital deployment led to a 77% increase in capital to \$37 million as of year-end 2025 from \$21 million as of year-end 2015. Book value per share grew 95% to \$142.76 per share as of year-end 2025 from \$73.07 per share as of year-end 2015. Our decade-long performance and expanded capital levels reflect our commitment to building sustainable value, which in turn will drive future dividend growth, share performance and long-term shareholder value. This was most recently reflected in stock trades at \$130 per share, a level not seen for nearly two decades.

Operational efficiency also improved from 85% in 2015 to 67% in 2025. This was driven by stable cost control, strong revenue growth and productivity initiatives. We recognize that the pace of change is accelerating and our customer needs will be ever evolving. As such, efficiency initiatives will remain a priority as we look for ways to increase revenue by anticipating and meeting customer needs at scale, while maintaining cost discipline through thoughtful and responsible automation.

While our financial performance is important, I am equally proud of the culture we have fostered. We have intentionally strengthened and shaped an environment focused on deepening our commitment to our customers and communities. This was accomplished through a renewed focus on employee engagement, leadership development and team collaboration.

In the years ahead, we will continue emphasizing our long-standing commitment to supporting an environment that incorporates accountability, collaboration, and respect through consistent actions and shared values.

While the last decade demonstrates the strength of our strategy, our results in 2025 show that momentum continues. I am pleased to report another year of steady growth, strong financial performance, and continued commitment to serving our customers and communities. Despite a complex and evolving economic environment, we delivered high-quality earnings, strengthened our balance sheet, maintained strong asset quality and advanced longterm strategic priorities.

Our financial results for 2025 include another year of record earnings with an increase in net income and earnings per share of 1.5% and 1.4%, respectively, year-over-year. This is more impressive when considering that 2024 included a significant one-time interest recovery totaling \$1.3 million. For 2025, return on average assets remained steady at 0.76%, while return on average equity was 12.72%, reflecting disciplined capital management and consistent profitability.

Loan and deposit growth remained strong while showing improved asset yields and lower funding costs, as we grew core deposits and optimized our funding base. These actions led to an expansion of our net interest margin to 3.01%, up 15 basis points from 2024, primarily reflecting higher net interest income. Importantly, when excluding the impact of the significant interest recovery in 2024, net interest income increased 18% year-over-year. This growth reinforces our ability to generate steady earnings and support long-term growth in capital.

Total assets increased 5% in 2025, supported by organic loan growth of \$24 million, or 6%, primarily in the residential real estate portfolio. Total deposits increased \$24 million, or 5%, year-over-year, reflecting a consistent trend of growing core consumer and business deposits.

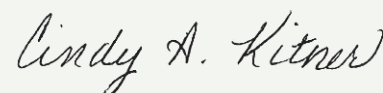
Credit quality remains a key strength of our organization. As our lending portfolio expanded, nonperforming assets remained exceptionally low at 0.07% of total loans, while net charge-offs were just 0.02% of total loans at year-end 2025.

Our capital position also strengthened during 2025, with regulatory capital ratios well-above regulatory minimums. The Tier 1 leverage ratio increased to 8.12% at December 31, 2025, from 7.62% at December 31, 2024. Book value per common share was \$142.76, an increase of 22% from \$116.68 at December 31, 2024. Management maintains regular monitoring of capital management and planning strategies to support and maintain adequate capital levels.

Our team has focused intently on supporting our customers and communities, which is evident in the continued growth in our loan and deposit portfolios. This reflects the hard work and dedication of our talented team, who continue to provide secure and personalized banking services to individuals, families and small businesses throughout our communities. Their commitment to service strengthens our customer and community partnerships, creates loyalty and supports the long-term growth of our organization.

As we look ahead, we remain confident in our momentum because we now have a stronger foundation. With a stable balance sheet, talented team, deep community relationships, and a shared vision for the future, we are well-positioned to continue delivering long-term value for our shareholders, customers, employees and communities.

Thank you for the continued trust you place in our organization.



Cindy A. Kitner, CPA  
President and CEO

## BOARD OF DIRECTORS

---



**Back Row:** Kelvin L. Upson; Archibald R. (Rob) Hoxton, IV, CFP; Dennis L. Barron; Brant M. Lowe; Christian E. Asam; Andrew McMillan, Jr, PhD.; Karl J. (Jeff) Keller  
**Front Row:** Frederick K. Parsons, Chair; Cindy A. Kitner, CPA, President and CEO; Monica W. Lingenfelter, Corporate Secretary; Eric J. Lewis, CPA, Vice Chair

## EXECUTIVE OFFICERS

---



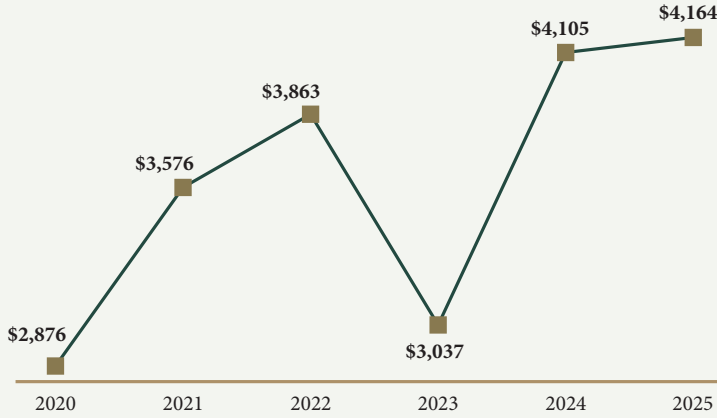
**Dustin T. Branner**  
*Executive Vice President,  
Chief Lending Officer*

**Cindy A. Kitner, CPA**  
*President and  
Chief Executive Officer*

**Jenna L. Kesecker, CPA**  
*Executive Vice President,  
Chief Financial Officer*

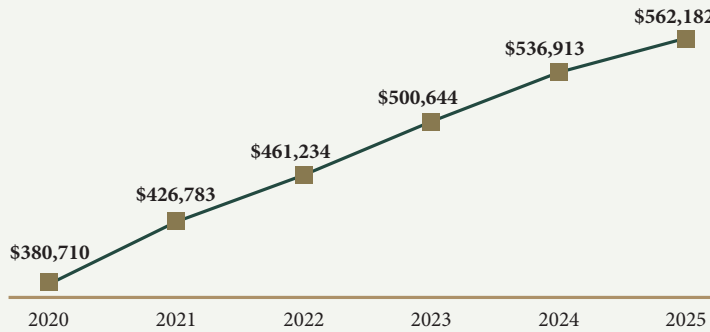
## NET INCOME

(in thousands)



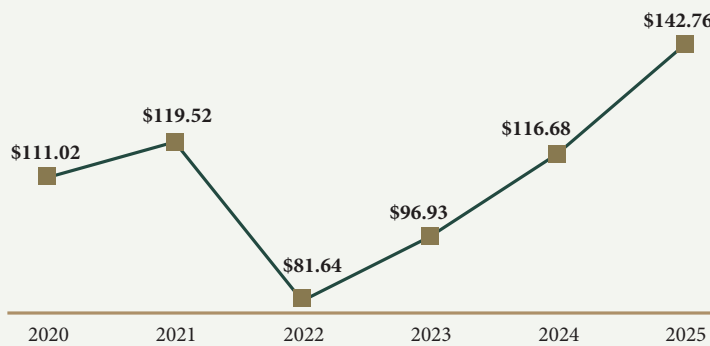
## TOTAL ASSETS

(in thousands)



## BOOK VALUE

(per share)



## GROWTH RATIOS

(compared to 2024)

**6.24%**

Loans (net)

**4.71%**

Assets

**4.90%**

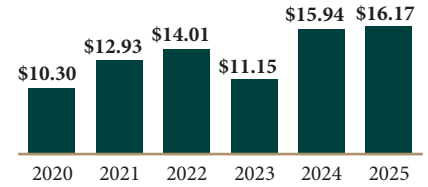
Deposits

## FINANCIAL HIGHLIGHTS

### EARNINGS PER SHARE

(2020-2025)

**\$16.17**

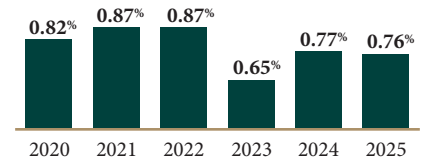


Earnings Per Share

### SELECT RATIOS

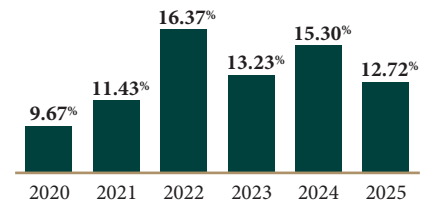
(2020-2025)

**0.76%**



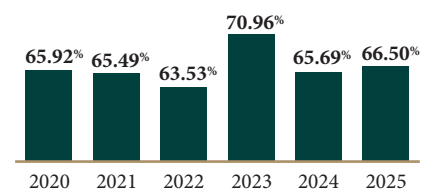
Return on Average Assets

**12.72%**



Return on Average Equity

**66.50%**



Efficiency Ratio

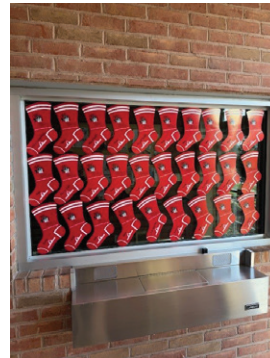
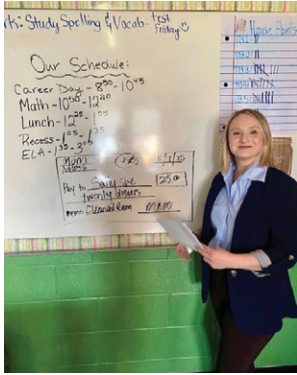
# Stronger Communities Start Here

At **JEFFERSON SECURITY BANK**, we believe that stronger communities start here - built on trust, service and decades of doing what is right for our communities.

Beyond our banking services, our employees regularly engage within our communities by volunteering their time with nonprofits and participating in civic and charitable causes. In 2025, our employees actively volunteered over **1,530** hours that supported initiatives focused on financial literacy, education, economic development and community well-being. Our employees also serve on nonprofit, civic, and economic development boards locally, offering their time, expertise, and leadership to help our communities thrive.

Alongside the time and leadership our employees provide through volunteerism and board service, we strengthened our community impact with financial contributions that exceeded **\$175,000** in 2025. These funds supported many organizations such as United Way, CASA of the Eastern Panhandle, and Community Combined Ministries—each playing a vital role in improving lives across our communities.





**STRONGER COMMUNITIES START HERE**—with a steadfast commitment to financial literacy that empowers people of all ages to build brighter financial futures. Our commitment to financial literacy extends especially to our youth, helping equip the next generation with practical skills that support lifelong financial well-being.

In 2025, we continued our partnership in education program with 7 local schools and introduced our **Bank@School** program. Through this program, we bring financial education directly into classrooms, giving students hands-on experience with saving and smart money decisions. This compliments our ongoing partnerships with Banzai, which offers financial literacy curriculum and resources to 6 local schools and Zogo, a gamified app designed to teach teens and young adults about personal finance through interactive modules. Together, these initiatives support our long-term commitment to improving financial knowledge, promoting economic empowerment, and strengthening local financial resilience across the communities we serve.



**As a trusted community partner, we strive to ensure stronger communities start here.**



## **Independent Auditor's Report**

To the Board of Directors and Shareholders  
JSB Financial Inc.

### **Opinion**

We have audited the consolidated financial statements of JSB Financial Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Other Information Included in the Annual Report**

Management is responsible for the other information included in the annual report. The other information comprises the president's letter and financial highlights but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Grant, Hyde & Barbour, P.C.*

Winchester, Virginia  
March 18, 2026

JSB FINANCIAL INC.  
CONSOLIDATED BALANCE SHEETS  
December 31, 2025 and 2024

<b>ASSETS</b>	<b>2025</b>	<b>2024</b>
Cash and due from financial institutions	\$ 3,493,640	\$ 2,607,444
Interest bearing deposits with depository institutions	27,416,036	24,332,568
Cash and cash equivalents	30,909,676	26,940,012
Securities available for sale, at fair value	54,999,201	58,183,571
Securities held to maturity, at amortized cost, net of allowance for credit losses of \$0 at December 31, 2025 and 2024 (fair value of \$46,744,767 - 2025; \$44,209,560 - 2024)	49,252,857	48,780,366
Restricted securities, at cost	447,600	669,200
Loans, net of allowance for credit losses of \$4,402,602 - 2025; \$4,107,312 - 2024	401,786,025	378,175,696
Accrued interest receivable	1,557,470	1,512,695
Premises and equipment, net	4,566,800	4,764,740
Bank owned life insurance	8,253,216	7,859,224
Other assets	10,409,313	10,027,530
Total assets	\$ 562,182,158	\$ 536,913,034

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Liabilities**

Deposits:		
Noninterest bearing	\$ 130,776,241	\$ 118,167,478
Interest bearing	388,131,309	376,501,227
Total deposits	518,907,550	494,668,705
Federal Home Loan Bank advances	2,083,400	7,935,900
Accrued interest payable	575,062	681,832
Other accrued expenses and other liabilities	3,858,946	3,583,680
Total liabilities	525,424,958	506,870,117

**Shareholders' Equity**

Common stock, \$10 par value; 300,000 shares authorized; issued and outstanding, 257,483 shares at December 31, 2025 and 2024		
	2,574,830	2,574,830
Additional paid-in capital	2,574,830	2,574,830
Retained earnings	40,904,398	37,409,354
Accumulated other comprehensive (loss), net	(9,296,858)	(12,516,097)
Total shareholders' equity	36,757,200	30,042,917
Total liabilities and shareholders' equity	\$ 562,182,158	\$ 536,913,034

See accompanying notes to consolidated financial statements

JSB FINANCIAL INC.  
CONSOLIDATED STATEMENTS OF INCOME  
For the Years Ended December 31, 2025 and 2024

	2025	2024
<b>Interest and dividend income</b>		
Loans, including fees	\$ 22,401,401	\$ 21,539,012
Securities:		
Taxable	1,472,334	1,707,272
Nontaxable	1,089,306	1,102,303
Dividends and other interest	1,102,237	1,105,917
Total interest and dividend income	26,065,278	25,454,504
<b>Interest expense</b>		
Deposits	10,115,682	9,379,201
Borrowings		
Federal Home Loan Bank	293,746	521,820
Federal Reserve Bank	--	1,074,580
Other borrowings	6	276
Total interest expense	10,409,434	10,975,877
<b>Net interest income</b>	15,655,844	14,478,627
Provision for credit losses	435,000	(11,000)
<b>Net interest income after provision for credit losses</b>	15,220,844	14,489,627
<b>Noninterest income</b>		
Service charges on deposit accounts	538,131	465,875
ATM and debit card fees and other service charges	1,562,206	1,546,716
Realized gain (loss) on securities, net	3,078	(214,257)
Realized gain (loss) on fixed assets, net	500	(9,710)
Income from bank owned life insurance	208,993	198,608
Other	125,162	124,743
Total noninterest income	2,438,070	2,111,975
<b>Noninterest expense</b>		
Salaries and employee benefits	6,583,262	5,938,637
Occupancy	1,224,185	1,266,109
Advertising and marketing	324,915	319,279
ATM and debit card expense	680,157	601,310
Data processing	1,541,162	1,317,885
Postage and stationery supplies	243,322	225,828
Professional services	540,998	538,806
FDIC and state assessments	394,507	425,511
Director fees	168,700	161,100
Other	762,589	689,958
Total noninterest expense	12,463,797	11,484,423
<b>Income before income tax expense</b>	5,195,117	5,117,179
Income tax expense	1,030,618	1,012,444
<b>Net income</b>	\$ 4,164,499	\$ 4,104,735
<b>Basic and diluted earnings per common share</b>	\$ 16.17	\$ 15.94

See accompanying notes to consolidated financial statements

JSB FINANCIAL INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the Years Ended December 31, 2025 and 2024

	2025	2024
Net income	\$ 4,164,499	\$ 4,104,735
Other comprehensive income, net of tax:		
Unrealized holding gains on available for sale securities arising during period	2,217,122	108,776
Reclassification adjustment for securities (gains) losses included in net income	(2,308)	160,693
Amortization of unrealized holding losses on available for sale securities transferred to held to maturity	498,092	486,188
Change in pension benefits	525,327	856,343
Reclassification adjustment for change in pension benefits included in net income	- -	8,700
Change in supplemental executive retirement benefits	(46,099)	(40,590)
Reclassification adjustment for change in supplemental executive retirement benefits included in net income	27,105	17,719
Total other comprehensive income	3,219,239	1,597,829
Comprehensive income	\$ 7,383,738	\$ 5,702,564

See accompanying notes to consolidated financial statements

JSB FINANCIAL INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
For the Years Ended December 31, 2025 and 2024

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Total Shareholders' Equity
<b>Balance at December 31, 2023</b>	\$ 2,574,830	\$ 2,574,830	\$ 33,922,578	\$ (14,113,926)	\$ 24,958,312
Net income	--	--	4,104,735	--	4,104,735
Other comprehensive income	--	--	--	1,597,829	1,597,829
Cash dividends on common stock - \$2.40 per share	--	--	(617,959)	--	(617,959)
<b>Balance at December 31, 2024</b>	\$ 2,574,830	\$ 2,574,830	\$ 37,409,354	\$ (12,516,097)	\$ 30,042,917
Net income	--	--	4,164,499	--	4,164,499
Other comprehensive income	--	--	--	3,219,239	3,219,239
Cash dividends on common stock - \$2.60 per share	--	--	(669,455)	--	(669,455)
<b>Balance at December 31, 2025</b>	\$ 2,574,830	\$ 2,574,830	\$ 40,904,398	\$ (9,296,858)	\$ 36,757,200

See accompanying notes to consolidated financial statements

JSB FINANCIAL INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2025 and 2024

	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 4,164,499	\$ 4,104,735
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	394,318	435,983
Provision for credit losses on loans	383,000	70,000
Provision for (recovery of) credit losses on unfunded commitments	52,000	(81,000)
Deferred income tax (benefit) expense	(95,054)	269,726
Net amortization of securities	305,015	373,632
Net (gain) loss on securities available for sale	(3,078)	214,257
Net (gain) loss on fixed assets	(500)	9,710
Income from bank owned life insurance	(208,993)	(198,608)
Net change in:		
Accrued interest receivable	(44,775)	(123,021)
Accrued interest payable	(106,770)	257,022
Other assets	(659,372)	(207,939)
Other accrued expenses and other liabilities	197,939	550,084
Net cash provided by operating activities	4,378,229	5,674,581
<b>Cash flows from investing activities</b>		
Net increase in loans	(23,993,329)	(30,334,375)
Purchase of securities available for sale	(5,983,133)	(5,520,120)
Proceeds from the sale of securities available for sale	3,983,802	8,764,725
Proceeds from calls, maturities and principal paydowns of securities available for sale	8,005,154	8,903,254
Proceeds from calls, maturities and principal paydowns of securities held to maturity	21,328	30,679
Net redemption of restricted securities	221,600	629,000
Purchase of bank owned life insurance	(184,999)	-
Property and equipment expenditures, net	(195,878)	(271,438)
Net cash used in investing activities	(18,125,455)	(17,798,275)
<b>Cash flows from financing activities</b>		
Net increase in interest bearing deposits	11,630,082	63,096,437
Net increase in noninterest bearing deposits	12,608,763	5,515,434
Net decrease in Federal Reserve Bank borrowings	-	(28,000,000)
Net decrease in Federal Home Loan Bank advances	(5,852,500)	(10,183,700)
Dividends paid	(669,455)	(617,959)
Net cash provided by financing activities	17,716,890	29,810,212
Net change in cash and cash equivalents	3,969,664	17,686,518
Cash and cash equivalents at beginning of year	26,940,012	9,253,494
<b>Cash and cash equivalents at end of year</b>	<b>\$ 30,909,676</b>	<b>\$ 26,940,012</b>

See accompanying notes to consolidated financial statements

JSB FINANCIAL INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2025 and 2024  
(Continued)

	<b>2025</b>	<b>2024</b>
Supplemental disclosures:		
Interest paid	\$ 10,516,204	\$ 10,718,855
Income taxes paid	1,057,490	614,850
Supplementary disclosures noncash activities:		
Change in unrealized holding losses on available for sale securities	2,953,085	359,293
Amortization of unrealized holding losses on securities transferred from available for sale to held to maturity	664,124	648,250
Change in pension benefits	700,437	1,153,388
Change in supplemental executive retirement benefits	(25,326)	(30,493)

See accompanying notes to consolidated financial statements

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: JSB Financial Inc. (JFI, the Company) was incorporated in West Virginia on March 2, 2023 and is the bank holding company for its wholly owned subsidiary, Jefferson Security Bank (the Bank). Jefferson Security Bank was reorganized into a holding company structure pursuant to the Agreement and Plan of Share Exchange and Reorganization, dated March 15, 2023, approved by the shareholders on April 26, 2023 and effective July 31, 2023. Upon consummation of the transaction on July 31, 2023, each outstanding share of Jefferson Security Bank's common stock was automatically exchanged for one (1) share of JSB Financial Inc.'s common stock.

The Company through its wholly owned subsidiary, Jefferson Security Bank, offers a full range of retail and commercial banking services and products to its principal market in the eastern panhandle region of West Virginia in Jefferson and Berkeley Counties, the adjacent Washington County, Maryland and the areas immediately surrounding these communities. The company also owns JSB Financial Services, LLC, an inactive subsidiary previously used for offering financial services.

Jefferson Security Bank is a West Virginia state-chartered bank that was formed and opened for business on May 19, 1869 under the name Jefferson Savings Bank. On March 13, 1909, the Bank changed its name to Jefferson Security Bank. The main office is located in Shepherdstown, West Virginia. The Bank provides a full range of banking services and products, including loans and deposits to individuals, agricultural businesses, small and medium-sized businesses, local government entities and non-profit organizations through its main office and four full-service retail banking offices and one drive-thru banking office located throughout its market area.

The Bank maintains a diversified loan portfolio, including loans to individuals for home mortgages, automobiles and personal expenditures, and loans to small businesses for current operations and expansion and offers a variety of deposit products and services, including checking accounts, savings accounts, money market accounts, individual retirement accounts, certificates of deposit and cash management solutions. The Bank offers other services including internet banking, mobile banking and remote deposit capture.

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America and to accepted practices within the banking industry. The following describes the significant accounting and reporting policies which are employed in the preparation of the consolidated financial statements.

Basis of Presentation: The consolidated financial statements of JSB Financial Inc. and its wholly owned subsidiary, Jefferson Security Bank, include the accounts of both companies. All material intercompany balances and transactions have been eliminated in consolidation. JSB Financial Services, LLC is an inactive subsidiary previously used for offering financial services; therefore, no elimination entries were needed for consolidation.

Use of Estimates: To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that require the most subjective or complex judgement are related to the allowance for credit losses and postretirement benefit obligations.

Cash and Cash Equivalents: For purposes of the consolidated balance sheets and the consolidated statements of cash flows, cash and cash equivalents include cash on hand, cash items, amounts due from financial institutions, interest bearing deposits with depository institutions and federal funds sold. Amounts due from financial institutions may, at times, exceed federally insured limits and are carried at cost.

Debt Securities: Investments in debt securities may be classified as either held to maturity, available for sale or trading. Currently, the Company has classified its debt securities within the held to maturity and available for sale classifications. Debt securities purchased with the positive intent and ability to hold to maturity are classified as held to maturity and are recorded at amortized cost, net of any allowance for credit losses. Debt securities not classified as held to maturity are classified as available for sale and are carried at estimated fair value with the corresponding unrealized gains and losses recognized in other comprehensive income.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Purchase premiums are recognized in interest income using the effective interest rate method over the period from purchase to maturity, or for callable securities, the earliest call date. Purchase discounts are recognized in the same manner from purchase to maturity. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Transfers of debt securities into the held to maturity classification from the available for sale classification are made at fair value on the date of transfer. The unrealized holding gain or loss on the date of transfer is reported in accumulated other comprehensive loss, net and in the carrying value of the held to maturity securities. Such amounts are amortized over the remaining contractual lives of the securities and have no impact on net income.

Allowance for Credit Losses – Available for Sale Debt Securities: For available for sale debt securities, management evaluates all securities in an unrealized loss position on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. The Company assesses whether it intends to sell, or it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either criteria is met, the security's amortized cost basis is written down to fair value through income. For available for sale securities where neither of the above criteria is met, the Company evaluates whether the decline in fair value is the result of credit losses or other factors. In making this assessment, management may consider the extent to which fair value is less than amortized cost, performance of any underlying collateral, any changes to the credit rating of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited to the amount that the fair value is less than the amortized cost basis. Any remaining discount that has not been recorded through an allowance for credit loss is recognized in other comprehensive income (loss).

Adjustments to the allowance for credit losses are recorded as provision for or recovery of credit losses. Losses are charged against the allowance when management believes the collectability of an available for sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met. As of December 31, 2025 and 2024, management determined that the unrealized loss positions in available for sale debt securities portfolio were not the result of credit losses, and therefore, an allowance for credit losses was not recorded. The Company has the intent and the ability to hold these securities until such a time that the value recovers or the securities mature.

Management has elected to exclude accrued interest receivable on available for sale securities from the estimate of credit losses. At December 31, 2025 and 2024, accrued interest receivable related to available for sale debt securities totaled \$207,464 and \$236,725 and was reported in "Accrued interest receivable" on the consolidated balance sheets.

Allowance for Credit Losses – Held to Maturity Debt Securities: For debt securities classified as held to maturity, the Company is required to utilize the current expected credit losses (CECL) methodology to estimate expected credit losses. The allowance for credit losses on held to maturity debt securities is a valuation allowance, calculated in accordance with ASC 326, that is deducted from the amortized cost basis of debt securities held to maturity to present management's best estimate of the net amount expected to be collected. Debt securities held to maturity are charged-off against the allowance for credit losses when deemed uncollectible.

The Company measures expected credit losses on debt securities held to maturity on a collective basis by major security type with each type sharing similar risk characteristics. The estimate of expected credit losses is primarily based on ratings assigned to the securities by debt rating agencies and the average of the annual historical loss rates associated with those ratings. The Company applies the historical credit loss rates adjusted for current conditions and reasonable and supportable forecasts as considered necessary to arrive at the lifetime expected loss amount. Management elected to exclude accrued interest receivable on held to maturity debt securities from the estimate of credit losses. At December 31, 2025 and 2024, accrued interest receivable related to held to maturity debt securities totaled \$289,014 and \$289,052 and was reported in "Accrued interest receivable" on the consolidated balance sheets.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of December 31, 2025 and 2024, the Company had no recorded allowance for credit losses on held to maturity securities. The majority of all held to maturity securities are comprised of state and municipal obligations that are deemed to be investment grade and agency mortgage-backed securities that are guaranteed by government sponsored agencies that have a long history of no credit losses. As a result, management has determined these securities to have an immaterial loss expectation, and therefore, the Company did not record a provision for credit losses on any held to maturity securities during the year ended December 31, 2025 and 2024.

Restricted Securities: The Bank, as a member of the Federal Home Loan Bank (FHLB) of Pittsburgh, is required to maintain an investment in capital stock of the FHLB. Based on redemption provisions of the FHLB, the stock has no readily determinable fair value or quoted market value and is carried at cost minus impairment, if any. The redemption of FHLB stock is subject to certain limitations and conditions. At its discretion, the FHLB may declare dividends on the stock. The Bank also holds an equity investment in Community Bankers Bank. The stock is generally viewed as a long-term investment and as restricted securities carried at cost because there is a minimal market for the stock. Management reviews restricted securities for impairment based on the ultimate recoverability of the par value rather than by recognizing temporary declines in value.

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until payoff or maturity are reported at their recorded investment, which is the principal balance outstanding, net of unearned income. Accrued interest receivable related to loans totaled \$1,060,992 and \$986,919 at December 31, 2025 and 2024, respectively, and was reported in “Accrued interest receivable” on the consolidated balance sheets. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and amortized as an adjustment of the related loan yield using either the interest method or straight-line method.

Interest income is reported using the interest method and includes amortization of net deferred loan fees and costs over the estimated loan term. Interest income is not recorded when full loan repayment is in doubt, typically when the loan becomes 90 days past due based upon the loan’s contractual terms and the loan is not well collateralized and in the process of collection, or when management believes, after considering economic and business conditions and collection efforts, that the principal or interest will not be collectible in the normal course of business. When management doubts the collection in full of the principal and interest, the loan is placed on nonaccrual status. If a loan is fully secured and in the process of collection and resolution of collection is expected in the near term, then the loan will not be placed on nonaccrual status.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, there is a sustained period of repayment performance and future payments are reasonably assured to meet the contractual provisions of the note.

When a loan is not fully collateralized and is in the process of collection, the Company may charge off the account balance or some portion thereof as a loss. Generally, a delinquency over 120 days past due will be charged off unless the loan is well secured and an acceptable collection plan is in place with the exception of personal residential property which may be charged off at 150 days. All charge offs are approved by the Loan Committee and reported to the Board of Directors.

The Company refers to loan modifications where the borrower is experiencing financial difficulty and the modification is in the form of principal forgiveness, interest rate reductions, term extensions, other-than-insignificant payment delays, or a combination of the above modifications, as modified loans. The Company accounts for modified loans consistently with its accounting policy for accounting for loan modifications.

The Company evaluates all loan modifications according to the accounting guidance for loan refinancing and restructuring to determine whether the modification should be accounted for as a new loan or a continuation of the existing loan. If the modification meets the criteria to be accounted for as a new loan, any deferred fees and costs remaining prior

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to the modification are recognized in income and any new deferred fees and costs are recorded on the loan as part of the modification. If the modification does not meet the criteria to be accounted for as a new loan, any new deferred fees and costs resulting from the modification are added to the existing amortized cost basis of the loan.

The allowance for credit losses incorporates an estimate of lifetime expected credit losses and is recorded on each asset upon asset origination or acquisition. The starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification. As part of the Company's loan modification program to borrower's experiencing financial difficulty, the Company may provide concessions to minimize economic loss and improve long-term loan performance and collectability. Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the allowance for credit losses because of the measurement methodologies used to estimate the allowance, a change to the allowance for credit losses is generally not recorded upon modification.

Risk characteristics associated with specific loan portfolio segments are detailed below:

Commercial loans, not secured by real estate, carry risks associated with the successful operation of the business, and the repayments of these loans substantially depend on the profitability and cash flows of business operations. Commercial loans contain a higher level of risk than other loan types although care is taken to minimize this risk. The Bank obtains appropriate collateral, such as equipment, and personal guarantees from the principal owners of the business and monitors the overall financial condition of the borrower. Risk factors impacting the portfolio include industry specific risks such as economic conditions, technology, increasing material and production costs, labor rates and cyclicalities. Customer risk factors include cash flow, financial structure, operating controls and asset quality. Additionally, interest rate increases could have an adverse impact on the profitability of the business.

Commercial real estate loans are generally secured by nonresidential, non-owner occupied one-to-four family rental and multi-family residential properties. Commercial real estate loans carry risks associated with the profitability of the business and the ability to generate positive cash flows sufficient to service debts. Commercial non-owner occupied loans differ in that cash flow to service debt is normally dependent on external income from third parties for use of the real estate such as rents and leases. Real estate security diminishes risks only to the extent that a market exists for the collateral.

Construction loans are impacted mainly by demand for new residential housing or for retail, industrial, office and other types of commercial construction within a given area. Real estate secured construction loans also carry risks that a project will not be completed as scheduled and budgeted and that the value of the collateral may, at any point, be less than the principal amount of the loan. Collateral risk arises due to loan funds being provided to the borrower based upon the estimated value of the collateral after completion. Additional risks may arise if the general contractor, who may not be a loan customer, is unable to finish the project as planned due to financial pressures unrelated to the project.

Residential real estate loans carry risks associated with the continued credit worthiness of the borrower and changes in the value of collateral. Residential real estate loans are traditional one-to-four family residential mortgages and are comprised of fixed rate and adjustable rate mortgages. The repayment risk of these loans is subject to employment conditions in the local economy, with adverse conditions leading to an increase in default rates. In the event of incremental rate increases for adjustable rate mortgages, the borrowers' ability to maintain payments may be impacted.

Consumer loans carry risks associated with the continued creditworthiness of the borrower and the value of the underlying collateral. In addition, these loans may be unsecured or secured by automobiles, recreational vehicles and other personal property. Consumer loans are further segmented into credit cards and all other consumer loans. The consumer loan portfolio is more likely to be immediately affected by adverse economic conditions. The risks associated with these loans are monitored and mitigated through lending policies and underwriting standards.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses - Loans: The allowance for credit losses is a valuation allowance account that is deducted from the amortized cost basis of the Company's loans to present the net amount expected to be collected. Loans are charged off when the Company determines that such financial assets are deemed uncollectible or based on regulatory requirements, whichever is earlier. Charge-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously charged off, not to exceed the aggregate of amounts previously charged off, are included in determining the necessary reserve at the balance sheet date. Accrued interest receivable is excluded from the estimate of credit losses.

The allowance for credit losses on loans is an estimate of the expected credit losses on financial assets measured at amortized cost to present the net amount expected to be collected as of the balance sheet date. The allowance for credit losses represents management's estimate of credit losses expected to arise over the life of the loans based on the contractual terms. The allowance for credit losses is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

Management's evaluation of the adequacy of the allowance for credit losses and the appropriate provision for credit losses is based upon a quarterly evaluation of the loan portfolio. This evaluation is inherently subjective and requires significant estimates, including estimates related to the amounts and timing of future cash flows, value of collateral, losses on pools of homogeneous loans based on historical loss experience, and consideration of qualitative factors such as current economic trends, all of which are susceptible to constant and significant change.

The Company measures expected credit losses for loans on a collective basis for portfolios of loans with similar risk characteristics. For loans that do not share similar risk characteristics, management evaluates the allowance for credit losses on an individual basis based on the present value of expected future cash flows using the loan's effective interest rate, or as a practical expedient, the fair value of the collateral if the loan is collateral dependent. For loans not specifically reviewed on an individual basis, management calculates the allowance for credit losses based on portfolio segments using the weighted average remaining maturity (WARM) methodology. Loans are segmented into pools based upon similar characteristics and risk profiles. Common characteristics and risk profiles include the type or purpose of the loan and underlying collateral. In developing these loan pools for the purposes of modeling expected credit losses, management also considers the degree of correlation in how loans within each portfolio respond to various economic conditions and scenarios as well as other portfolio stress factors.

The Company uses an average annual loss rate which is based on the Company's historical information to estimate credit losses for the identified pools. The loss rate is applied to the estimated future outstanding balance of each pool based on contractual maturities and estimated prepayments. Loss rates are adjusted for qualitative factors that are not otherwise considered. The qualitative factors considered by management include reasonable and supportable forecasts of economic conditions; trends in credit quality; underlying collateral evaluations; lending policy, procedures and underwriting; volume, nature and terms of loans; concentrations of credit; effects from competition, legal and regulation; and management.

Allowance for Credit Losses – Unfunded Commitments: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit issued to meet customer financing needs. The Company's exposure to credit loss in the event of nonperformance for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded.

The Company maintains a separate reserve for credit losses on off-balance sheet credit exposures, including unfunded loan commitments, which is included in other liabilities on the Company's consolidated balance sheets. The Company records an allowance for credit losses on off-balance sheet credit exposures, unless the commitment to extend credit are unconditionally cancelable, through a charge to provision for credit losses in the Company's consolidated income statements. The allowance for credit losses on off-balance sheet credit exposures is estimated by loan segment at each balance sheet date utilizing the same current expected credit loss model and methodologies for the Company's other loan portfolio segments, as these unfunded commitments share similar risk characteristics as other loan portfolio segments. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life as well as any third-party guarantees.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Interest Receivable: The Company has elected to exclude the accrued interest from the amortized cost basis in its determination of the allowance for credit losses for both loans and held to maturity securities, as well as elected the policy to write-off accrued interest receivable directly through the reversal of interest income. Accrued interest receivable is included in “Accrued Interest Receivable” on the Company’s consolidated balance sheets.

Premises and Equipment: Premises and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Useful lives range primarily from five to forty years for buildings and improvements and three to fifteen years for furniture, fixtures and equipment. Maintenance, repairs and minor alterations are charged to current operations as expenditures are incurred. Major improvements are capitalized. Land is carried at cost.

Other Real Estate Owned: Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value, less estimated selling costs, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in noninterest expense.

Concentrations of Credit Risk: Most of the Bank’s activities are with customers located within Berkeley and Jefferson counties of West Virginia and in areas of Washington County, Maryland. Note 4, Loans and Allowance for Credit Losses, details the types of lending in which the Bank engages. The Bank does not have any significant concentrations in any one industry or customer.

Employee Benefits: As of December 31, 2013, the Company froze the defined benefit pension plan. No additional participant may enter the plan, and there will be no further increase in benefits due to increases in salaries and years of service. A 401(k) retirement savings plan is available to all employees meeting the age and eligibility requirements. The plan allows employee contributions, with matching contributions, to be allocated based on a percentage of the employee salary deferral. The Company contributed a percentage of each eligible employees’ salary to their 401(k) plan account during 2025 and 2024 and intends to continue this practice. The Company provides a supplemental executive retirement plan to members of senior management.

Income Taxes: When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits, if any, are classified as additional income taxes in the consolidated statements of income. As of December 31, 2025 and 2024, there was no liability recorded for unrecognized tax benefits.

Deferred income tax assets and liabilities are determined using the liability or balance sheet method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax basis of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized holding gains and losses on securities available for sale, unrealized holding losses on securities transferred from available for sale to held to maturity and changes in pension and postretirement benefit obligations.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values of Financial Instruments: Fair values of certain financial instruments are estimated using an exit price, which represents the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Valuation techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Fair value estimates involve uncertainties and matters of significant judgment, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Bank Owned Life Insurance: The Company owns life insurance policies on the lives of certain key employees. Bank owned life insurance is recorded as an asset on the consolidated balance sheets at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value. Any increase in cash surrender value is recorded as noninterest income in the consolidated statements of income. In the event of death of an insured individual under these policies, the Company would receive a death benefit, with the excess of the proceeds over the recorded cash surrender value recorded as other noninterest income.

Stock Repurchase Plan: At this time, the Company does not have a stock repurchase program available for the repurchase of shares.

Dividend Restriction: The Company is a legal entity, separate and distinct from its subsidiary. A significant portion of the revenues of the Company result from dividends paid to it by the Bank. There are various legal limitations applicable to the payment of dividends by the Bank to the Company and to the payment of dividends by the Company to its shareholders. The Bank is subject to various statutory restrictions on its ability to pay dividends to the Company. Under the current supervisory practices of the Bank's regulatory agencies, prior approval from those agencies is required if cash dividends declared in any given year exceed net income for that year, plus retained net profits of the two preceding years. The payment of dividends by the Bank or the Company may be limited by other factors, such as requirements to maintain capital above regulatory guidelines. Bank regulatory agencies have the authority to prohibit the Bank or the Company from engaging in unsafe or unsound practices in conducting their business. The payment of dividends, depending on the financial condition of the Bank, or the Company, could be deemed to constitute an unsafe or unsound practice. In addition, under the current supervisory practices of the Federal Reserve, the Company should inform and consult with its regulators reasonably in advance of declaring or paying a dividend that exceeds earnings for the period for which the dividend is being paid or that could result in a material adverse change to the Company's capital structure.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current year presentation. Such reclassifications had no effect on prior year net income or shareholders' equity.

Financial Instruments with Off-Balance Sheet Risk: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and standby letters of credit issued to meet customer needs. The face amount for these items represents the exposure to loss before considering customer collateral or repayment ability. Such financial instruments are recorded when they are funded.

Advertising Costs: The Company follows the policy of charging the costs of advertising to expense as incurred. Total advertising expenses incurred for 2025 and 2024 were \$28,114 and \$34,808 respectively.

Transfers of Financial Assets: Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank – put presumptively beyond reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *Recent Accounting Pronouncements*

#### Accounting Standards Pending Adoption

In November 2025, the Financial Accounting Standards Board (FASB) issued ASU 2025-08, “Financial Instruments—Credit Losses (Topic 326): Purchased Loans.” The amendments in this ASU expand the population of acquired financial assets accounted for using the gross-up approach. Acquired loans (excluding credit cards) are deemed purchased seasoned loans and accounted for using the gross-up approach upon acquisition if criteria established by the new guidance are met. This change aims to enhance comparability, consistency, and better reflect the economics of acquiring financial assets. This ASU is effective for annual reporting periods beginning after December 15, 2026, and for interim reporting periods within those annual reporting periods. Early adoption is permitted in an interim or annual reporting period in which financial statements have not yet been issued or made available for issuance. If an entity adopts this ASU in an interim reporting period, it should apply it as of the beginning of that interim reporting period or the beginning of the annual reporting period that includes that interim reporting period. The Company does not expect the adoption of ASU 2025-08 to have a material impact on its consolidated financial statements.

In November 2024, the Financial Accounting Standards Board (FASB) issued ASU 2024-03, “Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.” ASU 2024-03 requires public companies to disclose, in the notes to the financial statements, specified information about certain costs and expenses at each interim and annual reporting period. This includes disclosing amounts related to employee compensation, depreciation, and intangible asset amortization. In addition, public companies will need to provide qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. The FASB subsequently issued ASU 2025-01, “Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date”, which amends the effective date of ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in ASU 2024-03 in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU 2024-03 is permitted. The Company does not expect the adoption of ASU 2024-03 to have a material impact on its consolidated financial statements.

#### Recently Adopted Accounting Standards

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” The amendments in this ASU require an entity to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold, which is greater than five percent of the amount computed by multiplying pretax income by the entity’s applicable statutory rate, on an annual basis. Additionally, the amendments in this ASU require an entity to disclose the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes and the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions that are equal to or greater than five percent of total income taxes paid (net of refunds received). Lastly, the amendments in this ASU require an entity to disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and income tax expense (or benefit) from continuing operations disaggregated by federal, state, and foreign. ASU 2023-09 was effective for the Company for the annual period beginning January 1, 2025. The Company adopted ASU 2023-09 retrospectively, and the adoption did not have a material impact on its consolidated financial statements.

## NOTE 2 – EARNINGS PER SHARE

Basic and diluted earnings per common share are calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share include the dilutive effects of additional potential common shares, if present. There were no potentially dilutive securities outstanding as of December 31, 2025 and 2024. Therefore, diluted earnings per share equals basic earnings per share for both years. Basic and diluted earnings per share were calculated based on weighted average common shares outstanding of 257,483 for 2025 and 2024. Basic and diluted earnings per common share were \$16.17 and \$15.94 for the years ended December 31, 2025 and 2024, respectively.

### NOTE 3 – SECURITIES

The primary purposes of the securities portfolio are to generate income, supply collateral for public funds on deposit and meet liquidity needs of the Company through readily saleable financial instruments. The portfolio is made up of fixed rate bonds, whose prices move inversely with interest rates, as well as variable rate bonds, whose prices correspond directly with interest rates. At the end of any accounting period, the securities portfolio may have both unrealized gains and losses. The Bank monitors the portfolio which is subject to liquidity needs, market rate changes and credit risk changes to determine if adjustments are needed.

The amortized cost and fair value of securities available for sale along with unrealized gains and losses are summarized as follows:

	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
<b>Available for Sale</b>				
<b>December 31, 2025</b>				
U.S. agency and mortgage-backed securities	\$ 48,045,490	\$ 30,666	\$ (4,571,470)	\$ 43,504,686
State and municipal obligations	11,322,312	34,169	(597,424)	10,759,057
Corporate securities	743,336	--	(7,878)	735,458
	<u>\$ 60,111,138</u>	<u>\$ 64,835</u>	<u>\$ (5,176,772)</u>	<u>\$ 54,999,201</u>
<b>December 31, 2024</b>				
U.S. agency and mortgage-backed securities	\$ 53,940,998	\$ 508	\$ (6,978,335)	\$ 46,963,171
State and municipal obligations	11,100,316	87	(1,045,786)	10,054,617
Corporate securities	1,207,279	--	(41,496)	1,165,783
	<u>\$ 66,248,593</u>	<u>\$ 595</u>	<u>\$ (8,065,617)</u>	<u>\$ 58,183,571</u>

As of December 31, 2025 and 2024, all available for sale securities were current with no securities past due or on nonaccrual, and there was no allowance for credit losses for available for sale securities.

The amortized cost and fair value of securities held to maturity along with unrealized gains and losses are summarized as follows:

	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
<b>Held to Maturity</b>				
<b>December 31, 2025</b>				
U.S. agency and mortgage-backed securities	\$ 26,486	\$ --	\$ (492)	\$ 25,994
State and municipal obligations	49,226,371	3,400	(2,510,998)	46,718,773
	<u>\$ 49,252,857</u>	<u>\$ 3,400</u>	<u>\$ (2,511,490)</u>	<u>\$ 46,744,767</u>
<b>December 31, 2024</b>				
U.S. agency and mortgage-backed securities	\$ 47,654	\$ --	\$ (1,188)	\$ 46,466
State and municipal obligations	48,732,712	--	(4,569,618)	44,163,094
	<u>\$ 48,780,366</u>	<u>\$ --</u>	<u>\$ (4,570,806)</u>	<u>\$ 44,209,560</u>

At December 31, 2025 and 2024, all held to maturity securities were current with no securities past due or on nonaccrual, and there was no allowance for credit losses for held to maturity securities.

The following table shows the gross unrealized losses and estimated fair value of the available for sale securities for which an allowance for credit losses has not been recorded aggregated by category and length of time that securities have been in a continuous unrealized loss position at December 31, 2025 and 2024.

**NOTE 3 – SECURITIES (Continued)**

	December 31, 2025					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>Securities available for sale:</b>						
U.S. agency and mortgage-backed securities	\$ 1,892,753	\$ (3,927)	\$ 39,120,005	\$ (4,567,543)	\$ 41,012,758	\$ (4,571,470)
State and municipal obligations	1,001,520	(1,670)	7,175,222	(595,754)	8,176,742	(597,424)
Corporate securities	248,023	(613)	487,435	(7,265)	735,458	(7,878)
	<u>\$ 3,142,296</u>	<u>\$ (6,210)</u>	<u>\$ 46,782,662</u>	<u>\$ (5,170,562)</u>	<u>\$ 49,924,958</u>	<u>\$ (5,176,772)</u>

	December 31, 2024					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>Securities available for sale:</b>						
U.S. agency and mortgage-backed securities	\$ 2,887,384	\$ (25,275)	\$ 43,996,877	\$ (6,953,060)	\$ 46,884,261	\$ (6,978,335)
State and municipal obligations	3,397,093	(73,839)	6,543,016	(971,947)	9,940,109	(1,045,786)
Corporate securities	--	--	1,165,783	(41,496)	1,165,783	(41,496)
	<u>\$ 6,284,477</u>	<u>\$ (99,114)</u>	<u>\$ 51,705,676</u>	<u>\$ (7,966,503)</u>	<u>\$ 57,990,153</u>	<u>\$ (8,065,617)</u>

The Company reviews available for sale debt securities on a quarterly basis for impairment based on the severity of the loss in conjunction with management’s positive intent and ability to hold these securities until recovery of their cost basis or maturity. The Company also evaluates the unrealized losses on available for sale securities to determine if the security’s decline in fair value below its amortized cost basis is due to credit factors including changes to credit ratings, overall credit quality of the issuer based on economic and financial conditions and the present value of cash flows expected to be collected on the securities.

At December 31, 2025 and 2024, gross unrealized losses on available for sale securities were \$5,176,772 on 97 securities and \$8,065,617 on 110 securities, respectively. The Company evaluated the available for sale securities in a loss position for a credit-related impairment at December 31, 2025 and 2024, and concluded that no impairment exists based on factors, which included: the securities are of high credit quality, unrealized losses are primarily the result of market volatility and increases in market interest rates and issuers continue to make timely principal and interest payments. Management concluded that it was more-likely-than-not that it would be able to realize the cost basis and appropriate interest payments on such securities. The Company considers the unrealized losses on the available for sale securities to be related to fluctuations in market conditions, primarily interest rates, and not reflective of deterioration in credit. There was no allowance for credit losses recorded on available for sale securities on December 31, 2025 and 2024.

At December 31, 2025 and 2024, there was no allowance for credit losses on held to maturity debt securities. Substantially all of the Company’s held to maturity securities are issued by states and municipalities. The Company monitors the credit quality of held to maturity securities through the use of credit ratings and through management’s internal review of underlying issuer financial information and other applicable information to ascertain the issuer’s risk of default; the characteristics of the issuer’s demographics and economic conditions; and the issuer’s budgetary position and stability of tax or other revenue sources.

### NOTE 3 – SECURITIES (Continued)

The Company monitors the credit ratings from Moody's and Standard & Poor's on a quarterly basis. The following table summarizes the amortized cost of debt securities held to maturity at December 31, 2025 and 2024, aggregated by credit quality indicator.

	<u>U.S. Agency and Mortgage-Backed Securities</u>	<u>State and Municipal Obligations</u>
<b>December 31, 2025</b>		
Aaa/AAA	\$ --	\$ 9,414,514
Aa1/Aa2/Aa3/AA	--	25,590,287
A1/A2/A3/A	--	13,825,872
Not rated	26,486	395,698
Total	<u>\$ 26,486</u>	<u>\$ 49,226,371</u>
<b>December 31, 2024</b>		
Aaa/AAA	\$ --	\$ 9,319,501
Aa1/Aa2/Aa3/AA	--	25,807,000
A1/A2/A3/A	--	13,210,814
Not rated	47,654	395,397
Total	<u>\$ 47,654</u>	<u>\$ 48,732,712</u>

The not rated securities consist of one agency mortgage-backed security and one state and municipal obligation at December 31, 2025 and 2024.

The amortized cost and fair value of debt securities by contractual maturity at December 31, 2025 follows:

	<u>Available for Sale</u>		<u>Held to Maturity</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Due in less than one year	\$ --	\$ --	\$ --	\$ --
Due from one to five years	1,896,819	1,800,275	1,055,000	1,055,000
Due from five to ten years	15,850,567	14,862,447	21,464,672	20,568,469
Due after ten years	42,363,752	38,336,479	26,733,185	25,121,298
	<u>\$ 60,111,138</u>	<u>\$ 54,999,201</u>	<u>\$ 49,252,857</u>	<u>\$ 46,744,767</u>

At December 31, 2025 and 2024, securities with a fair value of \$89,845,066 and \$84,080,531, respectively, and an amortized cost of \$97,232,162 and \$94,963,873, respectively, were pledged to secure public deposits and for other purposes required or permitted by law. At December 31, 2025 and 2024, the Bank had no securities sold under an agreement to repurchase with no collateral requirements for pledged securities.

During 2025, proceeds from maturities, calls and sales of available for sale securities were \$115,000, \$500,000 and \$3,983,802, respectively. The Company realized gains on the call of securities totaling \$5,267 with a tax expense applicable to the realized gains of \$1,317. The Company realized net losses on the sale of securities totaling \$2,189 with a tax benefit applicable to the realized losses of \$547. There were no realized gains or losses on the maturity of securities.

During 2024, proceeds from maturities, calls and sales of available for sale securities were \$300,000, \$220,000 and \$8,764,725, respectively. Gross realized losses from the sale of securities totaled \$214,257. The tax benefit applicable to these realized losses amounted to \$53,564. There were no realized gains or losses on the maturity and call of securities.

For the years ended December 31, 2025 and 2024, there were no proceeds from the maturity, sale or call of securities held to maturity. The Company did not realize any gross gains or gross losses on held to maturity securities during 2025 and 2024.

### NOTE 3 – SECURITIES (Continued)

Federal Home Loan Bank and Community Bankers' Bank stock are generally viewed as long-term investments and as restricted securities, which are carried at cost, because there is a minimal market for the stock. Therefore, when evaluating restricted securities for impairment, their value is based on the ultimate recoverability of the par value rather than by recognizing temporary declines in value. The Company does not consider these investments to be impaired at December 31, 2025 and 2024, and no impairment has been recognized.

The composition of restricted securities at December 31, 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Federal Home Loan Bank stock	\$ 367,100	\$ 588,700
Community Bankers' Bank stock	<u>80,500</u>	<u>80,500</u>
	<u>\$ 447,600</u>	<u>\$ 669,200</u>

### NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES

Loans are shown on the consolidated balance sheets net of the allowance for credit losses on loans and deferred loan fees and costs.

The following table presents a summary of loan balances by segment on December 31, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Loans secured by real estate:		
Commercial real estate:		
Construction	\$ 8,999,788	\$ 8,270,132
Owner occupied	23,349,485	20,733,940
Non-owner occupied	56,506,055	56,620,168
Residential real estate:		
Construction	18,962,564	14,154,704
Home equity	21,595,672	18,846,845
Other	<u>263,329,827</u>	<u>250,882,218</u>
Total loans secured by real estate	392,743,391	369,508,007
Commercial	8,963,738	7,742,650
Consumer:		
Credit cards	478,287	433,557
Revolving credit plans	98,032	171,682
Other	<u>4,782,206</u>	<u>5,183,884</u>
	407,065,654	383,039,780
Net deferred loan fees and costs	(877,027)	(756,772)
Allowance for credit losses	<u>(4,402,602)</u>	<u>(4,107,312)</u>
Loans, net	<u>\$ 401,786,025</u>	<u>\$ 378,175,696</u>

Overdrafts on demand deposits totaling \$55,014 and \$45,022 on December 31, 2025 and 2024, respectively, were reclassified from deposits to other consumer loans.

**NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)**

The following tables present an aging of past due loans as of December 31, 2025 and 2024 by loan segment:

<b><u>December 31, 2025</u></b>	<b><u>30-59 Days Past Due</u></b>	<b><u>60-89 Days Past Due</u></b>	<b><u>90 Days or More Past Due</u></b>	<b><u>Nonaccrual Loans</u></b>	<b><u>Current</u></b>	<b><u>Total Loans</u></b>
Commercial real estate:						
Construction	\$ --	\$ --	\$ --	\$ --	\$ 8,999,788	\$ 8,999,788
Owner occupied	--	--	--	--	23,349,485	23,349,485
Non-owner occupied	--	--	--	--	56,506,055	56,506,055
Residential real estate:						
Construction	--	--	--	--	18,962,564	18,962,564
Home equity	--	26,447	--	--	21,569,225	21,595,672
Other	108,661	568	--	278,813	262,941,785	263,329,827
Commercial	--	--	--	--	8,963,738	8,963,738
Consumer:						
Credit cards	544	--	--	--	477,743	478,287
Revolving credit plans	--	--	--	--	98,032	98,032
Other	--	--	--	8,631	4,770,818	4,779,449
<b>Total</b>	<b><u>\$ 109,205</u></b>	<b><u>\$ 27,015</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 287,444</u></b>	<b><u>\$ 406,639,233</u></b>	<b><u>\$ 407,062,897</u></b>

<b><u>December 31, 2024</u></b>	<b><u>30-59 Days Past Due</u></b>	<b><u>60-89 Days Past Due</u></b>	<b><u>90 Days or More Past Due</u></b>	<b><u>Nonaccrual Loans</u></b>	<b><u>Current</u></b>	<b><u>Total Loans</u></b>
Commercial real estate:						
Construction	\$ --	\$ --	\$ --	\$ --	\$ 8,270,132	\$ 8,270,132
Owner occupied	--	--	--	--	20,733,940	20,733,940
Non-owner occupied	--	--	--	--	56,620,168	56,620,168
Residential real estate:						
Construction	--	--	--	--	14,154,704	14,154,704
Home equity	--	--	--	--	18,846,845	18,846,845
Other	57,076	--	--	46,835	250,778,307	250,882,218
Commercial	--	--	--	--	7,742,650	7,742,650
Consumer:						
Credit cards	2,584	--	--	--	430,973	433,557
Revolving credit plans	46,153	--	--	--	125,529	171,682
Other	28,119	--	--	--	5,155,765	5,183,884
<b>Total</b>	<b><u>\$ 133,932</u></b>	<b><u>\$ --</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 46,835</u></b>	<b><u>\$ 382,859,013</u></b>	<b><u>\$ 383,039,780</u></b>

**NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)**

The following tables summarize the types of loans that comprised nonaccruals at December 31, 2025 and 2024:

<b>December 31, 2025</b>			
	<b>Nonaccrual Loans with No Allowance</b>	<b>Nonaccrual Loans with an Allowance</b>	<b>Total Nonaccrual Loans</b>
Commercial real estate:			
Construction	\$ --	\$ --	\$ --
Owner occupied	--	--	--
Non-owner occupied	--	--	--
Residential real estate:			
Construction	--	--	--
Home equity	--	--	--
Other	278,813	--	278,813
Commercial	--	--	--
Consumer:			
Credit cards	--	--	--
Revolving credit plans	--	--	--
Other	8,631	--	8,631
<b>Total</b>	<b>\$ 287,444</b>	<b>\$ --</b>	<b>\$ 287,444</b>

<b>December 31, 2024</b>			
	<b>Nonaccrual Loans with No Allowance</b>	<b>Nonaccrual Loans with an Allowance</b>	<b>Total Nonaccrual Loans</b>
Commercial real estate:			
Construction	\$ --	\$ --	\$ --
Owner occupied	--	--	--
Non-owner occupied	--	--	--
Residential real estate:			
Construction	--	--	--
Home equity	--	--	--
Other	46,835	--	46,835
Commercial	--	--	--
Consumer:			
Credit cards	--	--	--
Revolving credit plans	--	--	--
Other	--	--	--
<b>Total</b>	<b>\$ 46,835</b>	<b>\$ --</b>	<b>\$ 46,835</b>

The Company did not recognize interest income on nonaccrual loans during the years ended December 31, 2025 and 2024.

For the year ended December 31, 2025 and 2024, the Company did not provide loan restructurings involving borrowers that were experiencing financial difficulty. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification, if applicable. The allowance for credit losses (ACL) incorporates an estimate of lifetime expected credit losses and is recorded on each asset upon origination. Because the effect of most modifications made to borrowers experiencing financial difficulty would already be included in the ACL as a result of the measurement methodologies used to estimate the allowance, a change in the ACL is generally not recorded upon modification.

## NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

### *Credit Quality Indicators*

The Bank monitors credit quality indicators including risk grades on loans to determine trends in credit quality of the loan portfolio. Every loan is assessed and assigned a risk grade at inception of the credit transaction, as well as, through the life of each loan. The loan review policy dictates which portion of the loan portfolio will be periodically reassessed, which includes a review of the accuracy of the assigned risk grades. The Company uses an internal loan rating system to assign risk grades from pass to doubtful utilizing the definitions as follows:

Pass: Loans graded as Pass are loans to borrowers of acceptable credit quality and risk. The Bank will likely not incur a loss on loans graded as pass. Any inadequacies evident in financial performance and/or management sufficiency are offset by other features such as adequate collateral, good guarantors with liquid assets and/or cash flow capacity to repay the debt. Generally, loans classified as pass meet the terms of repayment but may be susceptible to deterioration if adverse factors are encountered.

Special Mention: Loans graded as Special Mention are potentially weak due to various factors, including loans where the borrower's character, capital, capacity, conditions, or collateral is questionable. These weaknesses may, if not checked or corrected, weaken the asset or inadequately protect the Bank's credit position at some future date. Circumstances warrant more than normal monitoring, as these borrowers reflect the risks described in the following categories. These credits are considered bankable assets with no apparent loss of principal or interest envisioned but may require a higher level of management attention. Assets are currently protected but potentially weak. Potential weaknesses include declining trends in operating earnings and cash flows and/or reliance on the secondary or tertiary sources of repayment. Credits subject to economic, industry, or management factors having an adverse impact upon the prospects for timely payment may also be classified as special mention.

Substandard: Loans graded as Substandard are inadequately protected by the net worth and/or cash flow capacity of the borrower or of the collateral pledged. These loans are generally represented by a borrower whose character has become suspect. The source of repayment is considered conditional, problematic or marginal. Substandard loans would include unsecured or partially secured loans to financially weak borrowers with a strong guarantor or endorser who did not benefit from the loan and without a curtailment in over one year and workout loans with potential loss consideration. The credit risk in this situation relates to the possibility of some loss of principal and/or interest if the deficiencies are not corrected. These loans are considered adversely classified.

Doubtful: Loans graded as Doubtful are inadequately protected by the net worth of the borrower or by the collateral pledged and repayment in full is improbable on the basis of facts, values and conditions. These loans may include those over three months past due that are not adequately secured or are in the process of collection. The probability of some loss is high, but because of certain important and reasonably specific pending factors, that may work to the advantage and strengthening of the facility, its classification as an estimated loss is deferred until a more exact status may be determined.

Loss: Loans graded as loss are considered uncollectible and continuance as an acceptable asset is not warranted. A loan classified as a loss is generally charged off.

## NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

As of and for the year ended December 31, 2025, the credit quality indicators of loans and gross write-offs, respectively, by year of origination are as follows (in thousands):

	December 31, 2025								
	2025	2024	2023	2022	2021	Prior to 2021	Revolving	Revolving - Termed Out	Total
<b>Commercial real estate: construction</b>									
Pass	\$ 2,530	\$ 742	\$ 1,967	\$ 988	\$ 587	\$ 1,236	\$ 786	\$ --	\$ 8,836
Substandard	--	--	--	--	--	--	--	164	164
<b>Total commercial real estate: construction</b>	<u>\$ 2,530</u>	<u>\$ 742</u>	<u>\$ 1,967</u>	<u>\$ 988</u>	<u>\$ 587</u>	<u>\$ 1,236</u>	<u>\$ 786</u>	<u>\$ 164</u>	<u>\$ 9,000</u>
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Commercial real estate: owner occupied</b>									
Pass	\$ 2,037	\$ 4,711	\$ 3,350	\$ 2,644	\$ 2,503	\$ 5,377	\$ 2,097	\$ --	\$ 22,719
Special Mention	--	--	--	--	--	630	--	--	630
<b>Total commercial real estate: owner occupied</b>	<u>\$ 2,037</u>	<u>\$ 4,711</u>	<u>\$ 3,350</u>	<u>\$ 2,644</u>	<u>\$ 2,503</u>	<u>\$ 6,007</u>	<u>\$ 2,097</u>	<u>\$ --</u>	<u>\$ 23,349</u>
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Commercial real estate: non-owner occupied</b>									
Pass	\$ 3,049	\$ 8,320	\$ 7,425	\$ 14,661	\$ 3,059	\$ 13,926	\$ 3,703	\$ --	\$ 54,143
Special Mention	--	856	--	--	--	--	--	--	856
Substandard	--	--	--	--	--	1,507	--	--	1,507
<b>Total commercial real estate: non-owner occupied</b>	<u>\$ 3,049</u>	<u>\$ 9,176</u>	<u>\$ 7,425</u>	<u>\$ 14,661</u>	<u>\$ 3,059</u>	<u>\$ 15,433</u>	<u>\$ 3,703</u>	<u>\$ --</u>	<u>\$ 56,506</u>
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Residential real estate: construction</b>									
Pass	\$ 1,884	\$ 1,064	\$ 565	\$ --	\$ --	\$ --	\$ 15,450	\$ --	\$ 18,963
<b>Total residential real estate: construction</b>	<u>\$ 1,884</u>	<u>\$ 1,064</u>	<u>\$ 565</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 15,450</u>	<u>\$ --</u>	<u>\$ 18,963</u>
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Residential real estate: home equity</b>									
Pass	\$ 859	\$ 569	\$ --	\$ 215	\$ 104	\$ 418	\$ 17,689	\$ 1,398	\$ 21,252
Special Mention	--	--	--	67	--	--	237	40	344
<b>Total residential real estate: home equity</b>	<u>\$ 859</u>	<u>\$ 569</u>	<u>\$ --</u>	<u>\$ 282</u>	<u>\$ 104</u>	<u>\$ 418</u>	<u>\$ 17,926</u>	<u>\$ 1,438</u>	<u>\$ 21,596</u>
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Residential real estate: other</b>									
Pass	\$ 27,392	\$ 31,303	\$ 31,983	\$ 63,328	\$ 44,590	\$ 57,738	\$ 5,760	\$ --	\$ 262,094
Special Mention	--	--	--	26	184	315	--	--	525
Substandard	--	--	239	--	432	40	--	--	711
<b>Total residential real estate: other</b>	<u>\$ 27,392</u>	<u>\$ 31,303</u>	<u>\$ 32,222</u>	<u>\$ 63,354</u>	<u>\$ 45,206</u>	<u>\$ 58,093</u>	<u>\$ 5,760</u>	<u>\$ --</u>	<u>\$ 263,330</u>
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Commercial</b>									
Pass	\$ 1,869	\$ 1,269	\$ 18	\$ 365	\$ 1,853	\$ 621	\$ 958	\$ 85	\$ 7,038
Special Mention	--	--	--	--	--	1,926	--	--	1,926
<b>Total commercial</b>	<u>\$ 1,869</u>	<u>\$ 1,269</u>	<u>\$ 18</u>	<u>\$ 365</u>	<u>\$ 1,853</u>	<u>\$ 2,547</u>	<u>\$ 958</u>	<u>\$ 85</u>	<u>\$ 8,964</u>
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)**

December 31, 2025

	2025	2024	2023	2022	2021	Prior to 2021	Revolving	Revolving - Termed - Out	Total
<b>Consumer: credit cards</b>									
Pass	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 478	\$ --	\$ 478
<b>Total consumer: credit cards</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 478</u>	<u>\$ --</u>	<u>\$ 478</u>
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 14	\$ --	\$ 14
<b>Consumer: revolving credit plans</b>									
Pass	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 98	\$ --	\$ 98
<b>Total consumer: revolving credit plans</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 98</u>	<u>\$ --</u>	<u>\$ 98</u>
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 47	\$ --	\$ 47
<b>Consumer: other</b>									
Pass	\$ 1,902	\$ 1,080	\$ 1,203	\$ 449	\$ 48	\$ 71	\$ 16	\$ --	\$ 4,769
Classified	4	--	9	--	--	--	--	--	13
<b>Total consumer: other</b>	<u>\$ 1,906</u>	<u>\$ 1,080</u>	<u>\$ 1,212</u>	<u>\$ 449</u>	<u>\$ 48</u>	<u>\$ 71</u>	<u>\$ 16</u>	<u>\$ --</u>	<u>\$ 4,782</u>
Current period gross write-offs	\$ 2	\$ 14	\$ 24	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 40
<b>Total loans</b>	<u>\$ 41,527</u>	<u>\$ 49,914</u>	<u>\$ 46,758</u>	<u>\$ 82,743</u>	<u>\$ 53,360</u>	<u>\$ 83,805</u>	<u>\$ 47,272</u>	<u>\$ 1,687</u>	<u>\$ 407,066</u>
Total current period gross write-offs	<u>\$ 2</u>	<u>\$ 14</u>	<u>\$ 24</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 61</u>	<u>\$ --</u>	<u>\$ 101</u>

As of and for the year ended December 31, 2024, the credit quality indicators of loans and gross write-offs, respectively, by year of origination are as follows (in thousands):

December 31, 2024

	2024	2023	2022	2021	2020	Prior to 2020	Revolving	Revolving - Termed - Out	Total
<b>Commercial real estate: construction</b>									
Pass	\$ 1,166	\$ 2,246	\$ 1,151	\$ 746	\$ 264	\$ 1,319	\$ 781	\$ --	\$ 7,673
Special Mention	--	--	--	--	--	437	--	--	437
Substandard	--	--	--	--	--	--	--	160	160
<b>Total commercial real estate: construction</b>	<u>\$ 1,166</u>	<u>\$ 2,246</u>	<u>\$ 1,151</u>	<u>\$ 746</u>	<u>\$ 264</u>	<u>\$ 1,756</u>	<u>\$ 781</u>	<u>\$ 160</u>	<u>\$ 8,270</u>
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Commercial real estate: owner occupied</b>									
Pass	\$ 3,431	\$ 3,422	\$ 2,748	\$ 3,154	\$ 2,175	\$ 3,660	\$ 1,406	\$ --	\$ 19,996
Special Mention	--	--	--	--	--	187	--	--	187
Substandard	--	--	--	--	--	551	--	--	551
<b>Total commercial real estate: owner occupied</b>	<u>\$ 3,431</u>	<u>\$ 3,422</u>	<u>\$ 2,748</u>	<u>\$ 3,154</u>	<u>\$ 2,175</u>	<u>\$ 4,398</u>	<u>\$ 1,406</u>	<u>\$ --</u>	<u>\$ 20,734</u>
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Commercial real estate: non-owner occupied</b>									
Pass	\$ 8,450	\$ 7,977	\$ 15,478	\$ 4,370	\$ 3,065	\$ 11,979	\$ 2,898	\$ --	\$ 54,217
Special Mention	874	--	--	--	--	--	--	--	874
Substandard	--	--	--	--	--	1,529	--	--	1,529
<b>Total commercial real estate: non-owner occupied</b>	<u>\$ 9,324</u>	<u>\$ 7,977</u>	<u>\$ 15,478</u>	<u>\$ 4,370</u>	<u>\$ 3,065</u>	<u>\$ 13,508</u>	<u>\$ 2,898</u>	<u>\$ --</u>	<u>\$ 56,620</u>
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)**

December 31, 2024

	2024	2023	2022	2021	2020	Prior to 2020	Revolving	Revolving - Termed Out	Total
<b>Residential real estate: construction</b>									
Pass	\$ 1,033	\$ 1,295	\$ --	\$ --	\$ --	\$ --	\$ 11,827	\$ --	\$ 14,155
<b>Total residential real estate: construction</b>	\$ 1,033	\$ 1,295	\$ --	\$ --	\$ --	\$ --	\$ 11,827	\$ --	\$ 14,155
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Residential real estate: home equity</b>									
Pass	\$ 1,309	\$ 95	\$ 397	\$ 304	\$ 299	\$ 110	\$ 15,244	\$ 785	\$ 18,543
Special Mention	--	--	67	--	--	--	222	15	304
<b>Total residential real estate: home equity</b>	\$ 1,309	\$ 95	\$ 464	\$ 304	\$ 299	\$ 110	\$ 15,466	\$ 800	\$ 18,847
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Residential real estate: other</b>									
Pass	\$ 28,284	\$ 32,742	\$ 67,642	\$ 50,685	\$ 18,794	\$ 46,674	\$ 5,922	\$ --	\$ 250,743
Special Mention	--	--	28	--	--	64	--	--	92
Substandard	--	--	--	--	--	47	--	--	47
<b>Total residential real estate: other</b>	\$ 28,284	\$ 32,742	\$ 67,670	\$ 50,685	\$ 18,794	\$ 46,785	\$ 5,922	\$ --	\$ 250,882
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Commercial</b>									
Pass	\$ 1,371	\$ 72	\$ 664	\$ 2,040	\$ --	\$ 768	\$ 663	\$ 99	\$ 5,677
Special Mention	--	--	--	--	--	2,066	--	--	2,066
<b>Total commercial</b>	\$ 1,371	\$ 72	\$ 664	\$ 2,040	\$ --	\$ 2,834	\$ 663	\$ 99	\$ 7,743
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Consumer: credit cards</b>									
Pass	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 433	\$ --	\$ 433
<b>Total consumer: credit cards</b>	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 433	\$ --	\$ 433
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2	\$ --	\$ 2
<b>Consumer: revolving credit plans</b>									
Pass	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 126	\$ --	\$ 126
Special Mention	--	--	--	--	--	--	46	--	46
<b>Total consumer: revolving credit plans</b>	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 172	\$ --	\$ 172
Current period gross write-offs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Consumer: other</b>									
Pass	\$ 2,187	\$ 1,945	\$ 807	\$ 123	\$ 49	\$ 73	\$ --	\$ --	\$ 5,184
<b>Total consumer: other</b>	\$ 2,187	\$ 1,945	\$ 807	\$ 123	\$ 49	\$ 73	\$ --	\$ --	\$ 5,184
Current period gross write-offs	\$ 4	\$ 10	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 14
<b>Total loans</b>	\$ 48,105	\$ 49,794	\$ 88,982	\$ 61,422	\$ 24,646	\$ 69,464	\$ 39,568	\$ 1,059	\$ 383,040
Total current period gross write-offs	\$ 4	\$ 10	\$ --	\$ --	\$ --	\$ --	\$ 2	\$ --	\$ 16

## NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The following tables set forth the progression of the allowance for credit losses and the ending distribution of the allowance and loans, by portfolio segment, for the year ended December 31, 2025 and 2024.

<b>December 31, 2025</b>	<b>Commercial Real Estate</b>	<b>Residential Real Estate</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
<b>Allowance for credit losses:</b>					
Beginning balance	\$ 1,139,298	\$ 2,780,503	\$ 118,857	\$ 68,654	\$ 4,107,312
Charge-offs	--	--	--	(101,159)	(101,159)
Recoveries	518	--	--	12,931	13,449
Provision for credit losses	10,212	266,396	13,106	93,286	383,000
Ending balance	<u>\$ 1,150,028</u>	<u>\$ 3,046,899</u>	<u>\$ 131,963</u>	<u>\$ 73,712</u>	<u>\$ 4,402,602</u>
Ending balance: individually evaluated for impairment	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Ending balance: collectively evaluated for impairment	<u>\$ 1,150,028</u>	<u>\$ 3,046,899</u>	<u>\$ 131,963</u>	<u>\$ 73,712</u>	<u>\$ 4,402,602</u>
<b>Loans:</b>					
Ending balance	<u>\$ 88,855,328</u>	<u>\$ 303,888,063</u>	<u>\$ 8,963,738</u>	<u>\$ 5,358,525</u>	<u>\$ 407,065,654</u>
Ending balance: individually evaluated for impairment	<u>\$ 1,670,979</u>	<u>\$ 278,813</u>	<u>\$ --</u>	<u>\$ 12,829</u>	<u>\$ 1,962,621</u>
Ending balance: collectively evaluated for impairment	<u>\$ 87,184,349</u>	<u>\$ 303,609,250</u>	<u>\$ 8,963,738</u>	<u>\$ 5,345,696</u>	<u>\$ 405,103,033</u>
<b>December 31, 2024</b>	<b>Commercial Real Estate</b>	<b>Residential Real Estate</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
<b>Allowance for credit losses:</b>					
Beginning balance	\$ 1,032,386	\$ 2,580,216	\$ 137,070	\$ 50,768	\$ 3,800,440
Charge-offs	--	--	--	(16,129)	(16,129)
Recoveries	251,788	29	--	1,184	253,001
Provision for (recovery of) credit losses	(144,876)	200,258	(18,213)	32,831	70,000
Ending balance	<u>\$ 1,139,298</u>	<u>\$ 2,780,503</u>	<u>\$ 118,857</u>	<u>\$ 68,654</u>	<u>\$ 4,107,312</u>
Ending balance: individually evaluated for impairment	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Ending balance: collectively evaluated for impairment	<u>\$ 1,139,298</u>	<u>\$ 2,780,503</u>	<u>\$ 118,857</u>	<u>\$ 68,654</u>	<u>\$ 4,107,312</u>
<b>Loans:</b>					
Ending balance	<u>\$ 85,624,240</u>	<u>\$ 283,883,767</u>	<u>\$ 7,742,650</u>	<u>\$ 5,789,123</u>	<u>\$ 383,039,780</u>
Ending balance: individually evaluated for impairment	<u>\$ 2,676,427</u>	<u>\$ 46,835</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,723,262</u>
Ending balance: collectively evaluated for impairment	<u>\$ 82,947,813</u>	<u>\$ 283,836,932</u>	<u>\$ 7,742,650</u>	<u>\$ 5,789,123</u>	<u>\$ 380,316,518</u>

**NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)**

The Company designates individually evaluated loans on nonaccrual status as collateral-dependent loans, as well as other loans that management of the Company designates as having higher risk. Collateral-dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. These loans do not share common risk characteristics and are not included within the collectively evaluated loans for determining the allowance for credit losses. Under ASC 326, for collateral-dependent loans, the Company has adopted the practical expedient to measure the allowance for credit losses based on the fair value of collateral. The allowance for credit losses is calculated on an individual loan basis based on the shortfall between the fair value of the loan's collateral, which is adjusted for liquidation costs/discounts, and amortized cost. If the fair value of the collateral exceeds the amortized cost, no allowance is required. As December 31, 2025 and 2024, there were no credit losses on collateral-dependent loans.

The following table presents an analysis of the collateral dependent loans by loan pool, which are individually evaluated to determine expected credit losses, as of December 31, 2025 and 2024.

<u>December 31, 2025</u>	<u>Residential Property</u>	<u>Land</u>	<u>Commerical Property</u>	<u>Consumer Property</u>	<u>Total Loans</u>
Commercial real estate:					
Construction	\$ --	\$ 164,378	\$ --	\$ --	\$ 164,378
Owner occupied	--	--	--	--	--
Non-owner occupied	--	--	1,506,601	--	1,506,601
Residential real estate:					
Construction	--	--	--	--	--
Home equity	--	--	--	--	--
Other	278,813	--	--	--	278,813
Commercial	--	--	--	--	--
Consumer:					
Credit cards	--	--	--	--	--
Revolving credit plans	--	--	--	--	--
Other	--	--	--	8,631	8,631
Total Loans	<u>\$ 278,813</u>	<u>\$ 164,378</u>	<u>\$ 1,506,601</u>	<u>\$ 8,631</u>	<u>\$ 1,958,423</u>

<u>December 31, 2024</u>	<u>Residential Property</u>	<u>Land</u>	<u>Commerical Property</u>	<u>Consumer Property</u>	<u>Total Loans</u>
Commercial real estate:					
Construction	\$ --	\$ 596,451	\$ --	\$ --	\$ 596,451
Owner occupied	--	--	550,557	--	550,557
Non-owner occupied	--	--	1,529,419	--	1,529,419
Residential real estate:					
Construction	--	--	--	--	--
Home equity	--	--	--	--	--
Other	46,835	--	--	--	46,835
Commercial	--	--	--	--	--
Consumer:					
Credit cards	--	--	--	--	--
Revolving credit plans	--	--	--	--	--
Other	--	--	--	--	--
Total Loans	<u>\$ 46,835</u>	<u>\$ 596,451</u>	<u>\$ 2,079,976</u>	<u>\$ --</u>	<u>\$ 2,723,262</u>

## NOTE 4 – LOANS AND ALLOWANCE FOR CREDIT LOSSES (Continued)

### *Unfunded Commitments*

For the year ended December 31, 2025, the Company recorded a provision for credit losses for unfunded commitments of \$52,000 and the liability for credit losses on off-balance sheet credit exposures included in other accrued expenses and other liabilities was \$205,778 at December 31, 2025. For the year ended December 31, 2024, the Company recorded a recovery of credit losses for unfunded commitments of \$81,000 and the liability for credit losses on off-balance sheet credit exposures included in other accrued expenses and other liabilities was \$153,778 at December 31, 2024.

## NOTE 5 – OTHER REAL ESTATE OWNED

There was no other real estate owned as of December 31, 2025 and 2024. There was one consumer mortgage loan secured by a residential real estate property totaling \$39,798 for which formal foreclosure proceedings were in process as of December 31, 2025. There were no consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process as of December 31, 2024.

## NOTE 6 – PREMISES AND EQUIPMENT

A summary of the cost and accumulated depreciation of premises and equipment as of December 31, 2025 and 2024 follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 1,580,761	\$ 1,580,761
Buildings and improvements	8,489,293	8,487,268
Furniture, fixtures and equipment	<u>3,976,465</u>	<u>4,143,626</u>
Total cost	14,046,519	14,211,655
Less accumulated depreciation	<u>(9,479,719)</u>	<u>(9,446,915)</u>
Premises and equipment, net	<u>\$ 4,566,800</u>	<u>\$ 4,764,740</u>

Depreciation expense for the years ended December 31, 2025 and 2024 totaled \$394,318 and \$435,983, respectively.

## NOTE 7 – DEPOSITS

The aggregate amount of time deposits in denominations of \$250,000 or more at December 31, 2025 and 2024 were \$28,299,717 and \$21,828,507, respectively.

At December 31, 2025, the scheduled maturities of time deposits were as follows:

2026	\$ 113,284,080
2027	9,383,629
2028	988,760
2029	619,930
2030	<u>458,110</u>
	<u>\$ 124,734,509</u>

The Bank obtains certain deposits through the efforts of third-party brokers. Brokered deposits, included in interest bearing deposits in the Company's consolidated balance sheet, totaled \$25,064,119 and \$25,069,069 as of December 31, 2025 and 2024, respectively.

## **NOTE 8 – BORROWINGS**

### ***Federal Home Loan Bank Advances***

The Bank is a member of the Federal Home Loan Bank (FHLB) of Pittsburgh. Membership in the FHLB allows for participation in short-term and long-term borrowing programs. On December 31, 2025, the Bank had an unused borrowing capacity with the FHLB of \$209,557,840. Under the terms of the blanket lien agreement, advances from the FHLB are collateralized by residential and commercial real estate loans, which totaled approximately \$300,185,000 and \$285,244,000 on December 31, 2025 and 2024, respectively, and FHLB stock with a book value of \$367,100 and \$588,700 on December 31, 2025 and 2024, respectively. The FHLB borrowing capacity is unrestricted with no scheduled maturity date. The Bank is required to make weekly payments for accrued interest. As of December 31, 2025, the outstanding advances with FHLB were overnight borrowings totaling \$2,083,400 at an interest rate of 3.93%. As of December 31, 2024, the outstanding advances with FHLB were overnight borrowings totaling \$7,935,900 at an interest rate of 4.71%.

### ***Available Lines of Credit***

At December 31, 2025, the Bank had lines of credit available from correspondent financial institutions in the aggregate amount of \$12,000,000 for the purchase of federal funds. These lines of credit permit the Bank to borrow funds in the overnight market and bear interest at the prevailing market rate and are renewable annually. The Bank did not have any borrowings under these lines of credit on December 31, 2025 and 2024.

### ***Other Borrowings***

The Bank has an agreement with the Federal Reserve Bank to borrow from the discount window, which is classified as a short term borrowing. In order to borrow funds under this agreement, the Bank must pledge securities to the Federal Reserve Bank. As of December 31, 2025 and 2024, securities with an amortized cost totaling \$43,583,901 and \$46,706,717, respectively, were pledged to the discount window. There were no outstanding borrowings from the discount window as of December 31, 2025 and 2024.

Since November 26, 2025, the Company has maintained a secured line of credit agreement with a correspondent financial institution to provide an additional source of short-term liquidity. The maximum borrowing capacity under the agreement is \$3,000,000, subject to the terms and conditions of the credit agreement and periodic renewal. Borrowings under the line are secured by shares of the Bank's common stock owned by the holding company, pursuant to a stock pledge agreement. At December 31, 2025, there were no outstanding borrowings under this line of credit.

## NOTE 9 – EMPLOYEE BENEFIT PLANS

### *Pension Plan*

As of December 31, 2013, the defined benefit pension plan was frozen. The pension plan's funded status as of December 31, 2025 and 2024 follows. The amounts shown below were recognized in the Company's consolidated balance sheets as of December 31, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Change in benefit obligation:		
Beginning benefit obligation	\$ 7,261,668	\$ 7,802,341
Interest cost	395,000	377,260
Actuarial loss (gain)	217,939	(395,442)
Benefits paid	<u>(541,379)</u>	<u>(522,491)</u>
Ending benefit obligation	<u>\$ 7,333,228</u>	<u>\$ 7,261,668</u>
Change in plan assets, at fair value:		
Beginning plan assets	\$ 12,351,308	\$ 11,419,016
Actual return on plan assets	1,700,988	1,454,783
Employer contribution	--	--
Benefits paid	<u>(541,379)</u>	<u>(522,491)</u>
Ending plan assets	<u>\$ 13,510,917</u>	<u>\$ 12,351,308</u>
Funded status	<u>\$ 6,177,689</u>	<u>\$ 5,089,640</u>
Accrued benefit asset recognized on the consolidated balance sheets at December 31	<u>\$ 6,177,689</u>	<u>\$ 5,089,640</u>
Amounts recognized in accumulated other comprehensive loss:		
Net actuarial (gain) loss	\$ (242,487)	\$ 457,950
Deferred tax liability (asset)	<u>60,622</u>	<u>(114,488)</u>
Net amount recognized	<u>\$ (181,865)</u>	<u>\$ 343,462</u>

The accumulated benefit obligation for the defined benefit plan was \$7,333,228 and \$7,261,668 on December 31, 2025 and 2024, respectively.

At December 31, 2025 and 2024, the assumptions used to determine the benefit obligation are as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	5.44%	5.66%
Expected rate of return on plan assets	6.31%	6.71%

**NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)**

The components of net periodic benefit income, other amounts recognized in other comprehensive income and the assumptions used to determine net periodic pension benefit income are as follows:

	<u>2025</u>	<u>2024</u>
<b>Components of net periodic benefit income:</b>		
Interest cost	\$ 395,000	\$ 377,260
Expected return on plan assets	(782,612)	(708,436)
Amortization of net loss	<u>- -</u>	<u>11,599</u>
Net periodic benefit income	<u>(387,612)</u>	<u>(319,577)</u>
<b>Other changes in plan assets and benefit obligations recognized in other comprehensive income:</b>		
Net actuarial gain	(700,437)	(1,141,789)
Amortization of actuarial loss	<u>- -</u>	<u>(11,599)</u>
Total recognized in other comprehensive income	<u>(700,437)</u>	<u>(1,153,388)</u>
Total recognized in net periodic benefit income and other comprehensive income	<u>\$ (1,088,049)</u>	<u>\$ (1,472,965)</u>

The total net gain for 2025 was due to a gain on plan assets which was partially offset by a loss on benefit obligations. The gain on assets was due to favorable investment experience. The loss on benefit obligations was due to the decrease in discount rate and demographic experience.

The assumptions used to determine the benefit income at the beginning of the year are as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	5.66%	5.01%
Expected rate of return on plan assets	6.71%	6.24%

*Determination of Expected Long-term Rate of Return*

The expected long-term rate of return for the plan's total assets is based on the expected return of each of the below categories, weighted based on the median of the target allocation for each class.

The pension plan's weighted average asset allocation at December 31, 2025 and 2024 are as follows:

<u>Asset Category</u>	<b>Percentage of Plan Assets at December 31,</b>	
	<u>2025</u>	<u>2024</u>
Equity Securities	65%	63%
Debt Securities	33%	35%
Cash	<u>2%</u>	<u>2%</u>
Total	<u>100%</u>	<u>100%</u>

**NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)**

The following tables present the balance of plan assets measured at fair value on a recurring basis as of December 31, 2025 and 2024:

Description	Balance as of December 31, 2025	Fair Value Measurements at December 31, 2025 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Cash</b>	\$ 273,271	\$ 273,271	\$ --	\$ --
<b>Equity Securities</b>				
U.S. Large cap	4,379,358	4,379,358	--	--
U.S. Mid cap	1,701,883	1,701,883	--	--
U.S. Small cap	1,139,767	1,139,767	--	--
International	1,579,684	1,579,684	--	--
<b>Debt Securities</b>				
Core fixed income	4,248,825	--	4,248,825	--
International	188,129	--	188,129	--
Total	<u>\$ 13,510,917</u>	<u>\$ 9,073,963</u>	<u>\$ 4,436,954</u>	<u>\$ --</u>

Description	Balance as of December 31, 2024	Fair Value Measurements at December 31, 2024 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Cash</b>	\$ 298,247	\$ 298,247	\$ --	\$ --
<b>Equity Securities</b>				
U.S. Large cap	3,558,310	3,558,310	--	--
U.S. Mid cap	1,860,232	1,860,232	--	--
U.S. Small cap	1,100,228	1,100,228	--	--
International	1,269,352	1,269,352	--	--
<b>Debt Securities</b>				
Core fixed income	4,065,709	--	4,065,709	--
International	199,230	--	199,230	--
Total	<u>\$ 12,351,308</u>	<u>\$ 8,086,369</u>	<u>\$ 4,264,939</u>	<u>\$ --</u>

## NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

### *Investment Policy and Strategy*

The policy, as established by the Pension Committee, is to invest assets in a diversified portfolio per target allocations. The assets will be reallocated periodically to meet the target allocations of 60% equity securities and 40% debt securities. The investment policy will be reviewed periodically, under the advisement of a registered investment advisor.

The overall investment objective is to provide for long-term growth of capital through participation in the equity markets with a moderate level of income. The investment time horizon is estimated at five to ten years. The investment return objective is to achieve a return greater than a blended mix of stated indices tailored to the same asset mix of the plan assets by 0.5% after fees over a rolling five-year moving average basis.

Allowable assets include cash equivalents, taxable bonds, U.S. equity securities, international equity securities, institutional mutual funds and guaranteed investment contracts (GICs).

In order to achieve a prudent level of portfolio diversification, the securities of any one company should not exceed more than 10% of the total plan assets, and no more than 25% of total plan assets should be invested in any one industry (other than securities of the U.S. Government or Agencies). Additionally, no more than 20% of the plan assets shall be invested in foreign securities (both equity and fixed).

The Bank does not expect to make any contributions to the plan in 2026, as no contributions are required by funding regulations or law.

At December 31, 2025, the estimated benefits expected to be paid in each of the next five years and in the aggregate for the five years thereafter are as follows:

<u>Year(s)</u>	<u>Benefit Payments</u>
2026	\$ 575,000
2027	581,000
2028	577,000
2029	578,000
2030	572,000
2031 to 2035	2,720,000

**NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)*****Supplemental Executive Retirement Plan***

In 2014, the Bank provided a supplemental executive retirement plan for senior management. The plan was expanded in 2018 and 2025. The plan's funded status as of December 31, 2025 and 2024 follows. The amounts shown below were recognized in the Company's consolidated balance sheets as of December 31, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Change in benefit obligation:		
Beginning benefit obligation	\$ 2,084,877	\$ 1,835,428
Service cost	107,759	110,300
Interest cost	123,468	97,785
Plan amendments	--	261,785
Actuarial loss (gain)	61,465	(207,665)
Benefits paid	<u>(12,756)</u>	<u>(12,756)</u>
Ending benefit obligation	<u>\$ 2,364,813</u>	<u>\$ 2,084,877</u>
Change in plan assets, at fair value:		
Beginning plan assets	\$ --	\$ --
Employer contributions	12,756	12,756
Benefits paid	<u>(12,756)</u>	<u>(12,756)</u>
Ending plan assets	<u>\$ --</u>	<u>\$ --</u>
Funded status	<u>\$ (2,364,813)</u>	<u>\$ (2,084,877)</u>
Accrued benefit liability recognized on the consolidated balance sheets at December 31	<u>\$ (2,364,813)</u>	<u>\$ (2,084,877)</u>
Amounts recognized in accumulated other comprehensive loss:		
Net actuarial gain	\$ (103,410)	\$ (164,875)
Prior service cost	324,370	360,509
Deferred tax asset	<u>(55,240)</u>	<u>(48,908)</u>
Net amount recognized	<u>\$ 165,720</u>	<u>\$ 146,726</u>

The accumulated benefit obligation for the supplemental executive retirement plan was \$1,378,287 and \$1,188,953 at December 31, 2025 and 2024, respectively.

At December 31, 2025 and 2024, the assumptions used to determine the benefit obligation are as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	6.06%	5.94%
Rate of compensation increase	3.50%	3.00%

**NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)**

The components of net periodic benefit cost, other amounts recognized in other comprehensive income and the assumptions used to determine net periodic benefit cost are as follows:

	<u>2025</u>	<u>2024</u>
<b>Components of net periodic benefit cost:</b>		
Service cost	\$ 107,759	\$ 110,300
Interest cost	123,468	97,785
Amortization of prior service cost	<u>36,139</u>	<u>23,627</u>
Net periodic benefit cost	<u>267,366</u>	<u>231,712</u>
<b>Other changes in plan assets and benefit obligations recognized in other comprehensive income:</b>		
Net actuarial loss (gain) at December 31	61,465	(207,665)
Prior service cost	--	261,785
Amortization of prior service cost	<u>(36,139)</u>	<u>(23,627)</u>
Total recognized in other comprehensive income	<u>25,326</u>	<u>30,493</u>
Total recognized in net periodic benefit cost and other comprehensive income	<u>\$ 292,692</u>	<u>\$ 262,205</u>

The net actuarial loss in 2025 was in part due to the increase in the salary scale assumption from 3.00% to 3.50% and was partially offset by a gain due to the decrease in discount rate.

The assumptions used to determine the benefit cost at the beginning of the year are as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	5.94%	5.19%
Rate of compensation increase	3.00%	3.00%

The Bank will make contributions to the plan of \$49,083 in 2026.

At December 31, 2025, the estimated benefits expected to be paid in each of the next five years and in the aggregate for the five years thereafter are as follows:

<u>Year(s)</u>	<u>Benefit Payments</u>
2026	\$ 49,083
2027	54,993
2028	55,441
2029	55,950
2030	56,499
2031 to 2035	291,089

## NOTE 9 – EMPLOYEE BENEFIT PLANS (Continued)

### 401(k) Plan

The Company maintains a 401(k) Plan whereby participating employees may elect to contribute up to the maximum allowed by the Internal Revenue Service, as defined by the Plan. All employees older than 18 are eligible to participate in the Plan. The Company makes matching contributions equal to 25 percent of the first five percent of an employee's eligible compensation contributed to the Plan. Matching contributions vest to the employee over a five-year period based on a tiered schedule. Employee contributions vest immediately. The Company has the discretion to make a profit-sharing contribution to the Plan each year based on performance, profitability and other factors. In 2025 and 2024, the Bank contributed a percentage of each eligible employees' salary to their 401(k) Plan account in addition to matching contributions. For the years ended December 31, 2025 and 2024, the expense attributable to the Plan amounted to \$195,170 and \$178,498, respectively.

## NOTE 10 – INCOME TAXES

In its most recently filed tax year, the Company filed income tax returns in the U.S. federal jurisdiction and the states of West Virginia and Maryland. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years prior to 2022.

All of the Company's pre-tax earnings were earned domestically. The following table provides a reconciliation of tax expense computed at the statutory federal tax rate and the recorded tax expense (in dollars and percentages) for the years ended December 31, 2025 and 2024.

	2025		2024	
	Amount	Percent	Amount	Percent
Tax at federal statutory rate	\$ 1,090,975	21.0%	\$ 1,074,608	21.0%
State income taxes, net of federal tax benefits (1)	92,229	1.8%	96,432	1.9%
Nontaxable and nondeductible items				
Nontaxable interest	(236,140)	(4.5%)	(240,574)	(4.7%)
Appreciation in cash surrender value of life insurance	(43,889)	(0.8%)	(41,708)	(0.8%)
Disallowed interest expense	101,532	2.0%	101,843	2.0%
Other nondeductible expenses	25,911	0.3%	21,843	0.4%
Total income tax expense	<u>\$ 1,030,618</u>	<u>19.8%</u>	<u>\$ 1,012,444</u>	<u>19.8%</u>

(1) State taxes in West Virginia makes up the majority (greater than 50%) of the tax effect in this category.

During the years ended December 31, 2025 and 2024, the Company made payments to tax authorities for income taxes as set forth in the table below.

	2025	2024
Federal	\$ 990,000	\$ 548,850
State:		
West Virginia	67,000	66,000
Maryland	490	--
Total income taxes paid, net of refunds	<u>\$ 1,057,490</u>	<u>\$ 614,850</u>

## NOTE 10 – INCOME TAXES (Continued)

The following table provides information on the components of income tax expense for the years ended December 31, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Current tax expense:		
Federal	\$ 1,004,374	\$ 675,280
State	<u>121,298</u>	<u>67,438</u>
Total current income tax expense	<u>1,125,672</u>	<u>742,718</u>
Deferred income tax (benefit) expense:		
Federal	(90,501)	215,098
State	<u>(4,553)</u>	<u>54,628</u>
Total deferred income tax (benefit) expense	<u>(95,054)</u>	<u>269,726</u>
Income tax expense	<u>\$ 1,030,618</u>	<u>\$ 1,012,444</u>

The following table provides information on the significant components of the Company's deferred tax assets and liabilities as of December 31, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Deferred tax assets:		
Allowance for credit losses	\$ 932,824	\$ 891,769
Deferred loan fees	201,278	189,193
Nonaccrual loan income	12,129	9,108
Supplemental executive retirement benefits, net	603,955	590,147
Net unrealized losses on available for sale securities	1,277,985	2,016,256
Net unrealized losses on available for sale securities transferred to held to maturity	<u>1,826,351</u>	<u>1,992,382</u>
Total deferred tax assets	<u>4,854,522</u>	<u>5,688,855</u>
Deferred tax liabilities:		
Premises and equipment, net	(78,988)	(89,564)
Pension benefits, net	(1,422,750)	(1,272,410)
Accretion on investment securities	<u>(41,260)</u>	<u>(37,331)</u>
Total deferred tax liabilities	<u>(1,542,998)</u>	<u>(1,399,305)</u>
Net deferred tax asset	<u>\$ 3,311,524</u>	<u>\$ 4,289,550</u>

The net deferred tax asset is included in "Other assets" in the consolidated balance sheets at December 31, 2025 and 2024.

## NOTE 11 – RELATED PARTY TRANSACTIONS

The Bank had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, executive officers, their immediate families and affiliated companies in which they are principal shareholders (commonly referred to as related parties). Such related party transactions were accepted on substantially the same terms, including interest rates and maturities, as those prevailing at the time for comparable transactions with unrelated persons. At December 31, 2025 and 2024, loans to these parties totaled \$10,148,561 and \$10,153,857, respectively. During 2025, total principal additions were \$759,000 and total principal payments were \$764,296. The aggregate dollar amount of deposits from related parties was \$3,598,840 and \$4,507,337 at December 31, 2025 and 2024, respectively.

## NOTE 12 – COMMITMENTS, OFF-BALANCE SHEET RISK AND CONTINGENCIES

The Company, through its banking subsidiary, is a party to credit related financial instruments with risk not reflected in the consolidated financial statements, including claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material effect on the financial condition or results of operations of the Company.

Some financial instruments are used in the normal course of business to meet the financing needs of customers and to reduce exposure to interest rate changes. These financial instruments include commitments to extend credit, standby letters of credit and commercial letters of credit, which involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated financial statements.

Exposure to credit loss, if the other party does not perform, is represented by the contractual amount of these commitments. The same credit policies are used for commitments and conditional obligations as are used for on balance sheet instruments.

A summary of the contractual amounts of financial instruments with off-balance sheet credit risk, rounded to the nearest thousand, at December 31, 2025 and 2024 follows:

	<u>2025</u>	<u>2024</u>
Commitments to extend credit	\$ 3,015,000	\$ 2,869,000
Unfunded commitments	52,408,000	50,786,000
Standby letters of credit	4,968,000	5,153,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being used, the total commitments do not necessarily represent future cash requirements.

Unfunded commitments under commercial lines-of-credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are collateralized as deemed necessary and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Bank is committed.

Commercial and standby letters of credit are conditional lending commitments issued by the Bank to guarantee the performance of a customer to a third party. Letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank generally holds collateral supporting these commitments. The amount of collateral obtained, if deemed necessary, is based upon management's credit evaluation of the customer.

## NOTE 13 – FAIR VALUE MEASUREMENTS

The Company follows Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. ASC 820 clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market and in an orderly transaction between market participants on the measurement date.

## NOTE 13 – FAIR VALUE MEASUREMENTS (Continued)

ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Bank’s market assumptions. The three levels of the fair value hierarchy under ASC 820 based on these two types of inputs are as follows:

Level 1 – Valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 – Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 – Valuation is based on prices, inputs and model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

In accordance with ASC 820, the following describes the valuation techniques used by the Company to measure certain assets recorded at fair value on a recurring basis in the consolidated financial statements.

Securities Available for Sale: Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data. Using a market approach valuation methodology, third party vendors compile prices from various sources and may determine the fair value of identical or similar securities by using pricing models that consider observable market data (Level 2).

The following tables present the balance of assets measured at fair value on a recurring basis as of December 31, 2025 and 2024, segregated by the level of valuation inputs within the fair value hierarchy:

Description	Balance as of December 31, 2025	Fair Value Measurements at December 31, 2025 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities Available for Sale				
U.S. agency and mortgaged-backed securities	\$ 43,504,686	\$ --	\$ 43,504,686	\$ --
State and municipal obligations	10,759,057	--	10,759,057	--
Corporate securities	735,458	--	735,458	--
	<u>\$ 54,999,201</u>	<u>\$ --</u>	<u>\$ 54,999,201</u>	<u>\$ --</u>
Description	Balance as of December 31, 2024	Fair Value Measurements at December 31, 2024 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities Available for Sale				
U.S. agency and mortgaged-backed securities	\$ 46,963,171	\$ --	\$ 46,963,171	\$ --
State and municipal obligations	10,054,617	--	10,054,617	--
Corporate securities	1,165,783	--	1,165,783	--
	<u>\$ 58,183,571</u>	<u>\$ --</u>	<u>\$ 58,183,571</u>	<u>\$ --</u>

Certain assets are measured at fair value on a nonrecurring basis in accordance with GAAP. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets.

## NOTE 13 – FAIR VALUE MEASUREMENTS (Continued)

The following describes the valuation techniques used by the Company to measure certain assets recorded at fair value on a nonrecurring basis in the consolidated financial statements.

Individually assessed collateral-dependent loans: In determination of the allowance for credit losses, loans that do not share similar risk characteristics are excluded from the collective evaluation. In such cases, loans are evaluated individually. When management determines that foreclosure is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. Fair value is measured using a market approach based on the value of the collateral securing the loans. Collateral may be in the form of real estate or business assets including equipment, inventory and account receivable. The vast majority is real estate. The value of real estate collateral is determined utilizing a market valuation approach based on an appraisal, of one year or less, conducted by an independent, licensed appraiser using observable market data such as comparable property sales (Level 2). However, if collateral is a house or building in the process of construction or if an appraisal of real estate property is over one year old and not solely based on observable market comparables then the fair value is considered Level 3. The value of business equipment is based upon an outside appraisal, of one year or less, if deemed significant, or the net book value on the applicable business's financial statements if not considered significant using observable market data. Likewise, values for inventory and accounts receivable collateral are based on financial statement balances or aging reports (Level 3). For individually assessed loans, a specific reserve is established through the allowance for credit losses, if necessary, by estimating the fair value of the underlying collateral on a nonrecurring basis. Any fair value adjustments are recorded in the period incurred as provision for credit losses expense on the consolidated statements of income. There were no collateral dependent loans with a recorded allowance for credit losses at December 31, 2025 and 2024.

Other Real Estate Owned: Loans are transferred to other real estate owned when the collateral securing them is acquired in foreclosure. The measurement of loss associated with other real estate owned is based on the fair value of the collateral compared to the unpaid loan balance and estimated selling costs. Initial losses are charged against the allowance for credit losses at the time of the transfer. To determine fair value at the time of transfer, an authorized, independent appraisal is obtained using a market approach. Appraisals for property other than ongoing construction are based on consideration of comparable property sales (Level 2). In contrast, an appraisal for ongoing construction property requires some degree of professional judgement. In conducting the appraisal, the appraiser develops two appraised amounts: an "as is" appraised value and a "completed" value. Based on professional judgement and their knowledge of the particular property, management determines the appropriate fair value to be utilized for such property (Level 3). Subsequent to transfer, valuations are reviewed at least annually, and appraisals are generally updated on a bi-annual basis. Any additional fair value adjustments to other real estate owned are recorded in the period incurred and expensed against current earnings through a valuation allowance for other real estate owned. The Bank held no other real estate owned at December 31, 2025 and 2024.

## NOTE 13 – FAIR VALUE MEASUREMENTS (Continued)

Accounting guidance requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis.

The carrying value and estimated fair value of the Company’s financial instruments at December 31, 2025 were as follows:

	<u>December 31, 2025</u>		<u>Fair Value Measurements at December 31, 2025 Using</u>		
	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<i>(in thousands)</i>					
<b>Financial assets:</b>					
Cash and due from financial institutions	\$ 3,494	\$ 3,494	\$ 3,494	\$ --	\$ --
Interest bearing deposits with depository institutions	27,416	27,416	27,416	--	--
Securities available for sale	54,999	54,999	--	54,999	--
Securities held to maturity	49,253	46,745	--	46,745	--
Restricted securities	448	448	--	448	--
Loans, net	401,786	394,772	--	--	394,772
Accrued interest receivable	1,557	1,557	--	1,557	--
Bank owned life insurance	8,253	8,253	--	8,253	--
<b>Financial liabilities:</b>					
Deposits	\$ 518,908	\$ 518,700	\$ --	\$ 394,173	\$ 124,527
Accrued interest payable	575	575	--	575	--
Federal Home Loan Bank advances	2,083	2,083	2,083	--	--

## NOTE 13 – FAIR VALUE MEASUREMENTS (Continued)

The carrying value and estimated fair value of the Company’s financial instruments at December 31, 2024 were as follows:

	December 31, 2024		Fair Value Measurements at December 31, 2024 Using		
	Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(in thousands)</i>					
<b>Financial assets:</b>					
Cash and due from financial institutions	\$ 2,607	\$ 2,607	\$ 2,607	\$ --	\$ --
Interest bearing deposits with depository institutions	24,333	24,333	24,333	--	--
Securities available for sale	58,184	58,184	--	58,184	--
Securities held to maturity	48,780	44,210	--	44,210	--
Restricted securities	669	669	--	669	--
Loans, net	378,176	362,984	--	--	362,984
Accrued interest receivable	1,513	1,513	--	1,513	--
Bank owned life insurance	7,859	7,859	--	7,859	--
<b>Financial liabilities:</b>					
Deposits	\$ 494,669	\$ 494,823	\$ --	\$ 383,363	\$ 111,460
Accrued interest payable	682	682	--	682	--
Federal Home Loan Bank advances	7,936	7,936	7,936	--	--

### ***Interest Rate Risk***

The Company assumes interest rate risk, the risk that general interest rate levels will change, as a result of its normal operations. As a result, the fair values of the Company’s financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Company. Management attempts to match maturities of assets and liabilities to the extent believed necessary to minimize interest rate risk. However, borrowers with fixed rate obligations are less likely to prepay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Company’s overall interest rate risk.

## NOTE 14 – REVENUE RECOGNITION

Revenues associated with financial instruments, net interest income, gains and losses from securities and income from bank owned life insurance (BOLI) are outside the scope of ASC Topic 606. The guidance is applicable to noninterest revenue streams such as service charges on deposit accounts, ATM and check card fees and fees for other customer services. With the exception of gains or losses on sales of foreclosed properties, all of the revenue from contracts with customers in the scope of ASC Topic 606 is recognized within noninterest income in the Consolidated Statements of Income. Gains or losses on sales of foreclosed properties are recognized within noninterest expense in the Consolidated Statements of Income.

## NOTE 14 – REVENUE RECOGNITION (Continued)

A description of the significant noninterest sources of revenue accounted for under ASC Topic 606 follows:

### *Service charges on deposit accounts*

Revenue from service charges on deposit accounts is comprised of transactional based fees, account maintenance and processing fees, overdraft and nonsufficient funds fees and other deposit account related fees. Transactional based fees, overdraft and nonsufficient funds fees and other deposit account related fees are earned based on specific transactions or activity within a customer's deposit account. These fees are recognized at the time the related transaction or activity occurs, and the Company's performance obligation is complete. Revenue for account maintenance and processing fees is recognized monthly upon completion of the Company's performance obligation. Service charges on deposit accounts are paid through a direct charge to the customer's account.

### *ATM and debit card fees and other service charges*

Revenue from ATM and debit card fees and other service charges is primarily comprised of interchange revenue and ATM fees, safe deposit box rental fees and collection and research fees. Interchange fees are earned when the Company's debit cards are used by a cardholder to conduct transactions and subsequently processed through the card payment networks. Interchange fees are recognized daily, concurrent with the transaction processing services provided to the cardholder. ATM fees are earned when a non-Company cardholder uses the Company's ATM or when a customer uses a non-Company ATM. These fees are transactional with revenue recognized daily as the ATM transactions are settled. Safe deposit box rental fees are charged to the customer on an annual basis and recognized on a monthly basis through the contract period of twelve months. The revenue is recognized on a basis consistent with the duration of the performance obligation and the assessment that the Company acts as a principal for the services provided. Collection and research fees are transactional, and therefore, the Company's performance obligation is satisfied and the related revenue recognized upon completion of the transaction.

### *Other noninterest income*

Other noninterest income consists primarily of check ordering charges and merchant services income. Check ordering charges are transactional, and therefore, the Company's performance obligation is satisfied and the related revenue recognized upon completion of the transaction. Merchant services income represents fees charged to merchants to process debit and credit card transactions. The Company's performance obligation for merchant services is largely satisfied and the related revenue recognized when the services are rendered. Payment is typically received immediately or in the following month.

The following table presents noninterest income, segregated by revenue streams within the scope of ASC Topic 606 and those which are within the scope of other ASC Topics for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
<b>Noninterest Income</b>		
Service charges on deposit accounts	\$ 538,131	\$ 465,875
ATM and debit card fees and other service charges	1,562,206	1,546,716
Other	<u>75,181</u>	<u>71,132</u>
Net revenue from contracts with customers	2,175,518	2,083,723
Noninterest income within the scope of other ASC topics	<u>262,552</u>	<u>28,252</u>
Total noninterest income	<u>\$ 2,438,070</u>	<u>\$ 2,111,975</u>

## NOTE 15 – REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the financial statements. Pursuant to capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

The capital level requirements under the Basel III final rules require the Bank to maintain minimum capital amounts and ratios as presented in the table below to include total capital, Tier 1 capital and common equity Tier 1 capital as defined in the regulations, to risk weighted assets, as defined, and Tier 1 capital, as defined, to average assets, as defined. As of December 31, 2025 and 2024, the Bank exceeded all capital adequacy requirements to which it was subject.

Under the Basel III rules, the “capital conservation buffer” was also established to absorb losses during periods of economic stress and requires increased capital levels for the purpose of capital distributions and other payments. The capital conservation buffer requires a buffer of 2.5% above the regulatory minimum capital requirements for Tier 1 capital, common equity Tier 1 and total capital ratios. Failure to maintain the buffer will result in restrictions on capital distributions and payment of discretionary bonuses. The Bank’s capital conservation buffer was 5.91% as of December 31, 2025 and 2024.

As of December 31, 2025, the most recent notification from the Federal Deposit Insurance Corporation (FDIC) categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based, common equity Tier I risk-based, and Tier I leverage ratios as set forth in the following table. There are no conditions or events since the notification that management believes would impact the Bank’s well-capitalized status.

The Bank’s capital amounts (dollars in thousands) and ratios as of December 31, 2025 and 2024 are presented in the following table:

	Actual		Minimum For Capital Adequacy Purposes		Minimum For Capital Adequacy with Capital Conservation Buffer		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>2025</b>								
Total capital (to risk weighted assets)	\$ 50,368	13.91%	\$ 28,964	8.00%	\$ 38,015	10.50%	\$ 36,205	10.00%
Tier 1 capital (to risk weighted assets)	\$ 45,842	12.66%	\$ 21,723	6.00%	\$ 30,774	8.50%	\$ 28,964	8.00%
Common equity Tier 1 (to risk weighted assets)	\$ 45,842	12.66%	\$ 16,292	4.50%	\$ 25,343	7.00%	\$ 23,533	6.50%
Tier 1 capital (to average assets)	\$ 45,842	8.12%	\$ 22,575	4.00%	N/A	N/A	\$ 28,219	5.00%
<b>2024</b>								
Total capital (to risk weighted assets)	\$ 46,389	13.91%	\$ 26,686	8.00%	\$ 35,026	10.50%	\$ 33,358	10.00%
Tier 1 capital (to risk weighted assets)	\$ 42,219	12.66%	\$ 20,015	6.00%	\$ 28,354	8.50%	\$ 26,686	8.00%
Common equity Tier 1 (to risk weighted assets)	\$ 42,219	12.66%	\$ 15,011	4.50%	\$ 23,350	7.00%	\$ 21,683	6.50%
Tier 1 capital (to average assets)	\$ 42,219	7.62%	\$ 22,174	4.00%	N/A	N/A	\$ 27,718	5.00%

## NOTE 16 – ACCUMULATED OTHER COMPREHENSIVE LOSS

Changes in each component of accumulated other comprehensive loss were as follows:

	Net Unrealized Gains (Losses) on Securities	Unrealized Losses on Securities Transferred to Held to Maturity	Adjustments Related to Pension Benefits	Adjustments Related to Supplemental Executive Retirement Benefits	Accumulated Other Comprehensive Loss
<b>Balance at December 31, 2023</b>	\$ (6,318,235)	(6,463,331)	\$ (1,208,505)	\$ (123,855)	\$ (14,113,926)
Unrealized holding gains on available for sale securities, net of tax \$36,260	108,776	--	--	--	108,776
Reclassification adjustment, net of tax \$53,564	160,693	--	--	--	160,693
Amortization of unrealized holding losses on securities transferred to held to maturity, net of tax \$162,062	--	486,188	--	--	486,188
Change in pension benefits, net of tax \$285,446	--	--	856,343	--	856,343
Reclassification adjustment, net of tax \$2,899	--	--	8,700	--	8,700
Change in supplemental executive retirement benefits, net of tax (\$13,530)	--	--	--	(40,590)	(40,590)
Reclassification adjustment, net of tax \$5,908	--	--	--	17,719	17,719
<b>Balance at December 31, 2024</b>	\$ (6,048,766)	\$ (5,977,143)	\$ (343,462)	\$ (146,726)	\$ (12,516,097)
Unrealized holding gains on available for sale securities, net of tax \$739,041	2,217,122	--	--	--	2,217,122
Reclassification adjustment, net of tax (\$770)	(2,308)	--	--	--	(2,308)
Amortization of unrealized holding losses on securities transferred to held to maturity, net of tax \$166,032	--	498,092	--	--	498,092
Change in pension benefits, net of tax \$175,110	--	--	525,327	--	525,327
Change in supplemental executive retirement benefits, net of tax (\$15,366)	--	--	--	(46,099)	(46,099)
Reclassification adjustment, net of tax \$9,034	--	--	--	27,105	27,105
<b>Balance at December 31, 2025</b>	\$ (3,833,952)	\$ (5,479,051)	\$ 181,865	\$ (165,720)	\$ (9,296,858)

Reclassifications out of accumulated other comprehensive loss for the year ended December 31, 2025 were as follows:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss	Affected Line Item in the Consolidated Statements of Income
<b>December 31, 2025</b>		
Amortization of supplemental executive retirement benefit items:		
Prior service cost	\$ (36,139)	Salaries and employee benefits
Reclassification adjustment for net gains on available for sale securities	3,078	Realized gain (loss) on securities, net
	(33,061)	Income before income tax expense
Related income tax effect	8,265	Income tax expense
	\$ (24,796)	Net of tax

## NOTE 16 – ACCUMULATED OTHER COMPREHENSIVE LOSS (Continued)

Reclassifications out of accumulated other comprehensive loss for the year ended December 31, 2024 were as follows:

<u>Details about Accumulated Other Comprehensive Loss Components</u>	<u>Amount Reclassified from Accumulated Other Comprehensive Loss</u>	<u>Affected Line Item in the Consolidated Statements of Income</u>
<b>December 31, 2024</b>		
Amortization of defined benefit pension items:		
Net actuarial loss	\$ (11,599)	Other expense
Amortization of supplemental executive retirement benefit items:		
Prior service cost	(23,627)	Salaries and employee benefits
Reclassification adjustment for net losses on available for sale securities		
	<u>(214,257)</u>	Realized gain (loss) on securities, net
	(249,483)	Income before income tax expense
Related income tax effect	<u>62,371</u>	Income tax expense
	<u>\$ (187,112)</u>	Net of tax

## NOTE 17 – CONCENTRATION RISK

The Bank maintains its cash accounts in several correspondent banks. As of December 31, 2025, cash balances in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) were \$25,684.

Most of the Bank's activities are with customers located within its local market areas. The Bank makes every effort to obtain deposits to fund loan growth or the growth of the securities portfolio. The Bank had two deposit relationships that, collectively, represented 18.60% and 19.59% of total deposits at December 31, 2025 and 2024, respectively. As of December 31, 2025, the two deposit relationships totaled \$96,537,078 with each relationship holding more than 5% of total deposits. Significant changes in these accounts are monitored on an ongoing basis.

As of December 31, 2025, real estate loans represented 97.75% of total loans, net of the allowance for credit losses on loans and deferred loan fees and costs. A detailed schedule is provided in Note 4, Loans and Allowance for Credit Losses. The Bank does not have any significant concentrations to any one customer or industry.

## NOTE 18 – SEGMENT INFORMATION

The Company's financial results are considered to be aggregated into one reportable operating segment with revenue derived from the business of community banking. Through its community banking segment, the Company offers a full range of products and services through various delivery channels. The banking products and services include the acceptance of deposits in checking, savings, time and money market accounts; the origination and servicing of personal, credit card, commercial, construction and real estate loans; and other services including safe deposit boxes and wire transfers. The community banking segment derives revenues mainly from interest income on loans to customers, investment securities held and fees and income related to the services listed above.

The accounting policies of the community banking segment are the same as those described in the summary of significant accounting policies. The Company's President and Chief Executive Officer and Chief Financial Officer are the Chief Operating Decision Makers (CODMs). The CODMs are responsible for the day-to-day management of the company, including regularly reviewing the operating and financial performance of the Company on a consolidated basis.

#### **NOTE 18 – SEGMENT INFORMATION (Continued)**

The primary measure of financial performance is consolidated net income which is used to assess performance and make decisions about resource allocation. Net income is used to monitor budget versus actual results as well as comparing prior year's results. The comparative analysis along with the monitoring of budget versus actual results are used in assessing the performance of the segment. The presentation of financial performance to the CODMs is consistent with amounts and financial statement lines shown in the Company's consolidated balance sheets and consolidated statements of income. The Company's significant expenses are segmented by category and amount in the consolidated statements of income to include all significant items including salaries and employee benefits, occupancy expense, ATM and debit card expense, data processing, professional service fees and other general operating expenses.

#### **NOTE 19 – SUBSEQUENT EVENTS**

The Company evaluated subsequent events that have occurred after the balance sheet date, but before the consolidated financial statements are issued. There are two types of subsequent events (1) recognized, or those that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements, and (2) nonrecognized, or those that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date.

Subsequent events have been considered through March 18, 2026, the date the financial statements were available to be issued. Based on the evaluation, the Bank did not identify any recognized or nonrecognized subsequent events that would have required adjustment to or disclosure in the consolidated financial statements.

**NOTE 20 – PARENT COMPANY ONLY FINANCIAL STATEMENTS**

JSB FINANCIAL INC.  
(Parent Company Only)  
BALANCE SHEETS  
December 31, 2025 and 2024

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash and due from banks	\$ 215,663	\$ 266,990
Investment in bank subsidiary	36,545,318	29,702,671
Other assets	51,600	73,256
Total assets	\$ 36,812,581	\$ 30,042,917
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Other liabilities	\$ 55,381	\$ --
Total liabilities	55,381	--
<b>Shareholders' Equity</b>		
Common stock, \$10 par value; 300,000 shares authorized; issued and outstanding, 257,483 shares at December 31, 2025 and 2024	2,574,830	2,574,830
Additional paid-in capital	2,574,830	2,574,830
Retained earnings	40,904,398	37,409,354
Accumulated other comprehensive (loss), net	(9,296,858)	(12,516,097)
Total shareholders' equity	36,757,200	30,042,917
Total liabilities and shareholders' equity	\$ 36,812,581	\$ 30,042,917

**NOTE 20 – PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)**

JSB FINANCIAL INC.  
(Parent Company Only)  
STATEMENTS OF INCOME  
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Income		
Dividends from bank subsidiary	\$ 700,000	\$ 1,100,000
Total income	<u>700,000</u>	<u>1,100,000</u>
Operating expenses		
Salaries	63,500	50,000
Postage and stationary supplies	12,435	10,747
Professional services	87,580	66,868
Director fees	12,000	12,400
Other	<u>39,571</u>	<u>87,004</u>
Total operating expense	<u>215,086</u>	<u>227,019</u>
Income before income tax benefit and equity in undistributed net income of subsidiary	484,914	872,981
Income tax benefit	<u>(56,178)</u>	<u>(54,731)</u>
Income before equity in undistributed net income of subsidiary	541,092	927,712
Equity in undistributed net income of subsidiary	<u>3,623,407</u>	<u>3,177,023</u>
Net Income	<u>\$ 4,164,499</u>	<u>\$ 4,104,735</u>

**NOTE 20 – PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)**

JSB FINANCIAL INC.  
(Parent Company Only)  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2025 and 2024

	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 4,164,499	\$ 4,104,735
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed net income of bank subsidiary	(3,623,407)	(3,177,023)
Net change in:		
Other liabilities	55,381	- -
Other assets	21,655	(54,731)
Net cash provided by operating activities	618,128	872,981
<b>Cash flows from financing activities</b>		
Dividends paid	(669,455)	(617,959)
Net cash used in financing activities	(669,455)	(617,959)
Net change in cash and cash equivalents	(51,327)	255,022
Cash and cash equivalents at beginning of year	266,990	11,968
<b>Cash and cash equivalents at end of year</b>	<b>\$ 215,663</b>	<b>\$ 266,990</b>

(This page intentionally left blank)

## Notes

(This page intentionally left blank)





---

JSB FINANCIAL INC.

---

[www.jsb.bank](http://www.jsb.bank) | 304.876.9000 | Facebook @JSBBank



Member  
**FDIC**