# TC Financial Holdings, Inc. and Subsidiary

Consolidated Financial Statements

Years Ended December 31, 2025 and 2024

WIPFLI

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# Independent Auditor's Report

Board of Directors
TC Financial Holdings, Inc. and Subsidiary
New Lenox, Illinois

### *Opinion*

We have audited the accompanying consolidated financial statements (the "financial statements") of TC Financial Holdings, Inc. and Subsidiary (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TC Financial Holdings, Inc. and Subsidiary 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 ("GAAP").

### *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 TC Financial Holdings, Inc. and Subsidiary 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 TC Financial Holdings, Inc. and Subsidiary's ability to continue as a going concern for one year after the date the financial statements are 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment 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 TC Financial Holdings, Inc. and Subsidiary'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TC Financial Holdings, Inc. and Subsidiary'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.

*Wipfli LLP*

Wipfli LLP

Aurora, Illinois
February 24, 2026

# TC Financial Holdings, Inc. and Subsidiary

## Consolidated Balance Sheets

(Dollars in Thousands)

| *As of December 31,* | 2025 | 2024 |
|---|---|---|
| **Assets:** | | |
| Cash on hand | $ 1,595 | $ 1,312 |
| Interest-bearing deposits with banks | 22,260 | 17,099 |
| Federal funds sold | 4,921 | 4,721 |
| Total cash and cash equivalents | 28,776 | 23,132 |
| Securities available for sale (amortized cost of $16,689 and $22,315 at December 31, 2025 and 2024, respectively) | 16,062 | 21,291 |
| Loans, net of allowance for credit losses $1,445 in 2025 and $1,432 in 2024 | 130,732 | 116,628 |
| Federal Home Loan Bank stock | 1,020 | 900 |
| Premises and equipment, net | 183 | 221 |
| Deferred income taxes | 1,198 | 1,781 |
| Accrued interest receivable and other assets | 1,378 | 1,320 |
| Total assets | $ 179,349 | $ 165,273 |
| **Liabilities:** | | |
| Non-interest-bearing demand | $ 32,737 | $ 30,161 |
| Interest bearing | 101,404 | 94,715 |
| Total deposits | 134,141 | 124,876 |
| Note payable | - | 30 |
| Federal Home Loan Bank advances | 23,000 | 20,000 |
| Accrued interest payable and other liabilities | 1,768 | 1,761 |
| Total liabilities | 158,909 | 146,667 |
| **Stockholders' Equity:** | | |
| Common stock $0.01 par value at 2025 and 2024; 10,000,000 shares authorized; 2,333,660 shares issued and outstanding at December 31, 2025 and 2024 | 23 | 23 |
| Additional paid-in capital | 23,095 | 23,095 |
| Accumulated deficit | (2,230) | (3,780) |
| Accumulated other comprehensive loss | (448) | (732) |
| Total stockholders' equity | 20,440 | 18,606 |
| Total liabilities and shareholders' equity | $ 179,349 | $ 165,273 |

See accompanying notes to consolidated financial statements

# TC Financial Holdings, Inc. and Subsidiary

## Consolidated Statements of Income

(Dollars in Thousands)

| *Years Ended December 31,* | | 2025 | | 2024 |
|---|---|---|---|---|
| Interest Income | | | | |
| Loans, including fees | $ | 8,573 | $ | 7,901 |
| Securities | | 752 | | 515 |
| Federal funds sold, interest bearing and other | | 1,075 | | 1,293 |
| Total interest income | | 10,400 | | 9,709 |
| Interest Expense | | | | |
| Deposits | | 2,640 | | 2,294 |
| Federal Home Loan Bank and Federal Reserve | | 840 | | 771 |
| Total interest expense | | 3,480 | | 3,065 |
| Net Interest Income | | 6,920 | | 6,644 |
| Provision for credit losses | | 70 | | 79 |
| Net interest income after provision for credit losses | | 6,850 | | 6,565 |
| Noninterest Income: | | | | |
| Service charges on deposits | | 83 | | 80 |
| Mortgage banking income | | 27 | | 21 |
| Other income | | 24 | | 121 |
| Total noninterest income | | 134 | | 222 |
| Noninterest Expense | | | | |
| Salaries and employee benefits | | 2,913 | | 2,821 |
| Occupancy and equipment | | 381 | | 382 |
| Data processing | | 406 | | 384 |
| Professional fees | | 341 | | 306 |
| FDIC deposit insurance | | 78 | | 72 |
| Advertising and marketing | | 114 | | 75 |
| Other | | 532 | | 608 |
| Total noninterest expense | | 4,765 | | 4,648 |
| Income before income taxes | | 2,219 | | 2,139 |
| Income tax expense | | 669 | | 645 |
| Net income | $ | 1,550 | $ | 1,494 |
| Basic and Diluted Net Income Per Share | $ | 0.66 | $ | 0.64 |
| Basic and Diluted Weighted Average Common Shares Outstanding | | 2,333,660 | | 2,333,660 |

See accompanying notes to consolidated financial statements

# TC Financial Holdings, Inc. and Subsidiary
## Consolidated Statements of Comprehensive Income
(Dollars in Thousands)

| *Years Ended December 31,* | 2025 | 2024 |
|---|---|---|
| Net income | $ 1,550 | $ 1,494 |
| Other comprehensive income: | | |
| Unrealized gain on securities | 397 | 137 |
| Tax effect | (113) | 48 |
| Other comprehensive income | 284 | 185 |
| Total Comprehensive Income | $ 1,834 | $ 1,679 |

See accompanying notes to consolidated financial statements

# TC Financial Holdings, Inc. and Subsidiary

## Consolidated Statements of Changes in Stockholders' Equity

(Dollars in Thousands)

| | Common Stock | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|---|---|---|---|---|---|
| Balances at January 1, 2024 | $ 23 | $ 23,095 | $ (5,274) | $ (917) | $ 16,927 |
| Net Income | - | - | 1,494 | - | 1,494 |
| Other comprehensive income | - | - | - | 185 | 185 |
| Balances at December 31, 2024 | 23 | 23,095 | (3,780) | (732) | 18,606 |
| Net income | - | - | 1,550 | - | 1,550 |
| Other comprehensive income | - | - | - | 284 | 284 |
| Balances at December 31, 2025 | $ 23 | $ 23,095 | $ (2,230) | $ (448) | $ 20,440 |

See accompanying notes to consolidated financial statements

# TC Financial Holdings, Inc. and Subsidiary
## Consolidated Statements of Cash Flows
(Dollars in Thousands)

| *Years Ended December 31,* | 2025 | 2024 |
|---|---|---|
| Increase (decrease) in cash and cash equivalents: | | |
| Cash flows from operating activities: | | |
| Net income | $ 1,550 | $ 1,494 |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Net securities amortization | 31 | 6 |
| Provision for credit losses | 70 | 79 |
| Provision for depreciation and amortization | 59 | 62 |
| Provision for deferred income tax | 470 | 456 |
| Changes in operating assets and liabilities: | | |
| Accrued interest receivable and other assets | (58) | (735) |
| Accrued interest payable and other liabilities | 7 | 839 |
| Net cash from operating activities | 2,129 | 2,201 |
| Cash flows from investing activities: | | |
| Purchases of securities available for sale | (8,248) | (17,698) |
| Proceeds from calls and maturities of securities available for sale | 13,842 | 10,018 |
| Purchases of FHLB stock | (120) | — |
| Net increase in loans | (14,174) | (9,066) |
| Capital expenditures | (20) | (88) |
| Net cash from investing activities | (8,720) | (16,834) |
| Cash flows from financing activities: | | |
| Net change in deposits | 9,265 | 15,173 |
| Proceeds from issuance of FHLB advances | 3,000 | 15,000 |
| Principal payments on FHLB advances | | (15,000) |
| Principal payment on note payable | (30) | — |
| Net cash from financing activities | 12,235 | 15,173 |
| Net change in cash and cash equivalents | 5,644 | 540 |
| Cash and cash equivalents at beginning of year | 23,132 | 22,592 |
| Cash and cash equivalents at end of year | $ 28,776 | $ 23,132 |
| **Supplemental cash flow information:** | | |
| Cash paid during the year for: | | |
| Interest | $ 3,415 | $ 2,858 |
| Income taxes: | | |
| Federal | – | – |
| State: | | |
| Illinois | 180 | 300 |

See accompanying notes to consolidated financial statements

# TC Financial Holdings, Inc. and Subsidiary
## Notes to Consolidated Financial Statements
## (Dollars in Thousands)

## Note 1: Summary of Significant Accounting Policies

### Organization and Principles of Consolidation

TC Financial Holdings, Inc. and Subsidiary (the "Company") is a bank holding company and through its banking subsidiary, Town Center Bank (the "Bank"), provides financial services through its offices in Frankfort and New Lenox, Illinois. The Bank's primary deposit products are checking, savings and term certificate accounts, and its primary lending products are residential mortgage, commercial, commercial real estate, construction, land development and consumer loans. Substantially, all loans are secured by specific items of collateral including business assets, consumer assets, and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from operations of businesses. The customers' ability to repay their loans is dependent on the real estate and general economic conditions in the area.

The financial statements include the accounts of Company and its subsidiary, Town Center Bank. All significant intercompany balances and transactions have been eliminated.

### Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses and the valuation of securities available for sale. Management does not anticipate any material changes to these estimates in the near term.

### Cash and Cash Equivalents

For purposes of reporting cash flows in the financial statements, cash and cash equivalents include cash on hand, interest-bearing and non-interest-bearing accounts in other financial institutions, and federal funds sold, all of which have original maturities of three months or less and are utilized in the daily operations of the Company.

### Interest-Bearing Deposits

Interest-bearing time deposits in other banks are carried at cost.

## Note 1: Summary of Significant Accounting Policies (Continued)

### Debt Securities

Debt securities are classified as available for sale and are carried at fair value, with unrealized gains and losses reported in other comprehensive income or loss. Amortization of premiums and accretion of discounts are recognized in interest income using the interest method. Premiums that exceed the amount repayable by the issuer at the next call date are amortized to the next call date. Other premiums and discounts are amortized (accreted) over the estimated lives of the securities. Gains and losses on the sale of securities are recorded on the trade date and determined using the specific-identification method.

The Company evaluates individual securities available for sale in an unrealized loss position by first determining whether the decline in fair value below the amortized cost basis of the security has resulted from a credit loss or other factors. A credit loss exists when the present value of cash flows expected to be collected from the security is less than the amortized cost basis of the security. In determining whether a credit loss exists, the Company considers the extent to which the fair value is less than the amortized cost basis, adverse conditions related to the security, the industry, or geographic areas, the payment structure of the debt security, failure of the issuer to make scheduled payments, and any changes to the rating of the security. Impairment related to credit losses is recognized through an allowance for credit losses up to the amount that fair value is less than the amortized cost basis. Changes to the allowance are recognized through earnings as a provision for (or recovery of) credit losses. Impairment related to other factors is recognized in other comprehensive income.

If the Company intends to sell, or it is more likely than not the Company will be required to sell, the security before recovery of its amortized cost basis, any allowance for credit losses is written off and the amortized cost basis is written down to the security's fair value at the reporting date with any incremental impairment recognized in earnings.

The accrual of interest on a security available for sale is discontinued when the security becomes 90 days delinquent or whenever management believes the issuer will be unable to make payments as they become due. When securities are placed on nonaccrual status, all unpaid accrued interest is reversed against interest income. No accrued interest was written off during 2025 and 2024.

The Company excludes accrued interest receivable from the amortized cost basis of securities available for sale when estimating credit losses and when presenting required disclosures in the financial statements. Accrued interest on securities available for sale totaling $107 and $38 at December 31, 2025 and 2024, respectively, was excluded from the amortized cost basis of securities available for sale and is included in accrued interest receivable and other assets consolidated balance sheets.

Management believes the Company will collect all amounts owed on securities available for sale issued by the U.S. government or a U.S. government-sponsored agency since these securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. Management evaluates all other securities available for sale using a probability of default method. The probability of default method estimates the probability a security with a certain credit rating will default during its remaining contractual term (probability of default) and how much loss is expected to be incurred if a security defaults (loss given default rate). The Company obtains information from [FHN] to estimate the probability of default for each credit rating based on the remaining term of the security and the loss given default rate.

### Note 1: Summary of Significant Accounting Policies (Continued)

#### Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff generally are reported at their outstanding unpaid principal balances, net of purchase premiums and discounts, deferred fees and costs, and an allowance for credit losses. Interest income is accrued on unpaid principal balance. Loan-origination fees, net of certain direct origination costs, are deferred and amortized over the life of the loan. For loans with terms of less than one year are recognized as income or expense when received or incurred since capitalization of these fees and costs would not have a significant impact on the financial statements.

For all loan types, interest income on loans is discontinued at the time the loan is 90 days delinquent unless the loan is well secured and in process of collection. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not received for loans placed on nonaccrual are reversed against interest income. Interest received on such 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 and future payments are reasonably assured.

Accounting for loans is performed consistently across all portfolio segments and classes. A portfolio segment is defined as the level at which an entity develops and documents a systemic methodology to determine its allowance for credit losses. A portfolio class is defined as a group of loans having similar initial measurement attributes, risk characteristics and methods for monitoring and assessing risk. The Company's allowance for credit losses methodology is determined by groups of loans having similar risk characteristics and methods for monitoring risk. As a result, the portfolio segments and classes are the same.

## Note 1: Summary of Significant Accounting Policies (Continued)

### Allowance for Credit Losses on Loans and Unfunded Loan Commitments

The allowance for credit losses on loans is a valuation allowance that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the Company's loan portfolio. The allowance for credit losses on loans is established through provisions for credit losses charged against earnings. When available information confirms that specific loans, or portions thereof, are uncollectible, these amounts are charged against the allowance for credit losses on loans, and subsequent recoveries, if any, are credited to the allowance for credit losses on loans.

Management considers the following when assessing risk in the Company's loan portfolio segments:

Commercial and Industrial

Loans in this segment are primarily for working capital, physical asset expansion, asset acquisition loans, and other. These loans are made based primarily on historical and projected cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not behave as forecasted, and collateral-securing loans may fluctuate in value as a result of economic or individual performance factors. Financial information is obtained from the borrowers to evaluate cash flow sufficiency to service debt and is periodically updated during the life of the loan.

Commercial Real Estate

Loans in this segment are primarily income-producing properties throughout the Chicago area. The underlying cash flows generated by the properties are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which in turn, will have an effect on the credit quality in this segment. Management obtains rent rolls annually and continually monitors the cash flows of these loans. Credit risk is affected by cost overruns, time to sell at an adequate price, and market conditions.

Residential Real Estate

Loans in this segment primarily include owner occupied 1-4 family residences secured by 1st liens. The Company generally has 2nd liens on property securing home equity loans. The Company generally does not originate loans with a loan-to-value ratio greater than 85% and does not generally grant loans that would be classified as subprime upon origination. All loans in this segment are collateralized by residential real estate and repayment is dependent on the credit quality of the individual borrower or borrowers. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment.

Consumer

Loans in this segment are to individuals and are supported by non-real estate collateral, primarily automobiles. The repayment is dependent on the credit quality of the individual borrower. Overdraft balances are also included in this segment as other.

## Note 1: Summary of Significant Accounting Policies (Continued)

**Allowance for Credit Losses on Loans and Unfunded Loan Commitments** (Continued)

The Company uses a current expected credit loss ("CECL") model to estimate the allowance for credit losses on loans. The CECL model considers historical loss rates and other qualitative adjustments, as well as a forward looking component that considers reasonable and supportable forecasts over the expected life of each loan. To develop the allowance for credit losses on loans estimate under the CECL model, the Company segments the loan portfolio into loan pools based on loan type and similar credit risk elements; performs an individual evaluation of certain collateral dependent and other credit deteriorated loans; calculates the historical loss rates for the segmented loan pools; applies the loss rates over the calculated life of the collectively evaluated loan pools; adjusts for forecasted macro level economic conditions and other anticipated changes in credit quality; and determines qualitative adjustments based on factors and conditions unique to the Company's loan portfolio.

Under the CECL model, loans that do not share similar risk characteristics with loans in their respective pools are individually evaluated for expected credit losses and are excluded from the collectively evaluated loan credit loss estimates. A loan is considered individually evaluated when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining potential credit loss include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as individually evaluated. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

The following describes the types of collateral that secure collateral dependent loans:

- Commercial and industrial loans considered collateral dependent are primarily secure by accounts receivable, inventory and equipment.
- Commercial real estate loans are primarily secured by office and industrial buildings, warehouses, retail shopping facilities, multifamily, mixed use, and various special purpose properties, including hotels and restaurants.
- Residential real estate loans are primarily secured by first liens or second liens on residential real estate.
- Consumer and other loans considered collateral dependent are primarily secured by personal property.

Management evaluates all collectively evaluated loan pools using the SCALE CECL Allowance Loss Estimator method ("SCALE method") which uses external information (aggregated call report data of other institutions) in lieu of internal data given a lack of recent loss history experienced by the Company. The SCALE method is a simple spreadsheet based model developed by the Federal Reserve to assist smaller banks in calculating their allowance for credit losses.

### Note 1: Summary of Significant Accounting Policies (Continued)

**Allowance for Credit Losses on Loans and Unfunded Loan Commitments** (Continued)

The SCALE method uses publicly available data as an initial proxy, expected lifetime loss rate for calculating lifetime expected losses, which is then adjusted, both quantitatively and qualitatively, to reflect the Company's specific facts and circumstances to arrive at a final estimate.

The quantitative analysis described above is supplemented with other qualitative factors based on the risks present for each collectively evaluated loan pool. These qualitative factors include: levels of and trends in delinquencies and nonaccrual loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations.

The Company excludes accrued interest receivable from the amortized cost basis of loans when estimating credit losses and when presenting required disclosures in the financial statements. Accrued interest on loans totaling $473,046 and $409,460 at December 31, 2025 and 2024, respectively, was excluded from the amortized cost basis of loans.

Unfunded loan commitments are segmented into the same pools used for estimating the allowance for credit losses on loans. Estimated credit losses on unfunded loan commitments are based on the same methodology, inputs, and assumptions used to estimate credit losses on collectively evaluated loans, adjusted for estimated funding probabilities. The estimated funding probabilities represent management's estimate of the amount of the current unfunded loan commitment that will be funded over the remaining contractual life of the commitment and is based on historical data.

The Company may modify loans to borrowers experiencing financial difficulty and grant certain concessions that include principal forgiveness, a term extension, an other-than-insignificant payment delay, an interest rate reduction, or a combination of these concessions. An assessment of whether the borrower is experiencing financial difficulty is made at the time of the loan modification.

Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

Management believes that the allowance for credit losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for credit losses. Such agencies may require the Company to recognize additions to the allowance based on judgments different than those of management.

## Note 1: Summary of Significant Accounting Policies (Continued)

### 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 the assets have been isolated from the Company, 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 the Company 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.

### Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure is held for sale and is initially recorded at fair value, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management, and the other real estate is 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 net expenses from other real estate. There were no residential real estate loans in process of foreclosure as of December 31, 2025 and 2024.

### Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets.

### Federal Home Loan Bank (FHLB) Stock

The Company is a member of the FHLB system. The Company has elected to account for equity securities without readily determinable fair values using the alternative measurement method. Under this method, these securities are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

### Advertising

Advertising costs are expensed as incurred.

### Off-Balance-Sheet Instruments

In the ordinary course of business, the Company has entered into off-balance-sheet financial instruments, including unfunded commitments under lines of credit, and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable.

## Note 1: Summary of Significant Accounting Policies (Continued)

### New Accounting Pronouncements

The Company recently adopted the following Accounting Standards Updates (ASU) issued by the Financial Accounting Standards Board (FASB).

ASU No. 2023-09, Improvements to Income Tax Disclosures – This standard requires public business entities to disclose, on an annual basis, specific categories in the income tax rate reconciliation and additional information for reconciling items that meet a quantitative threshold. The standard also requires that all entities disclose disaggregated information about income taxes paid along with certain other disclosures. The Company adopted this new accounting standard for the year ended December 31, 2025 on a retrospective basis. As a result, income tax related disclosures in Note 7 for all years presented have been updated to reflect the new requirements.

### Income Taxes

Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company does not expect a material change in its tax position within the next twelve months. With few exceptions, the Company is no longer subject to federal or state examination by tax authorities for years ending before 2022.

The Company recognizes interest and penalties related to income tax matters in income tax expense. There was not a material amount of interest and penalties recorded in income tax expense for the years ended December 31, 2025 and 2024.

### Earnings per Common Share

Basic earnings per common share is net income divided by the weighted average number of common shares outstanding during the period. Diluted earnings per common share include the dilutive effect of additional potential common shares issuable under stock options. Options will have a dilutive effect only when the average market price over the reporting period for the stock exceeds the exercise price. Dilutive earnings per share does not assume the exercise of instruments that would have an antidilutive effect on earnings per share.

### Note 1: Summary of Significant Accounting Policies (Continued)

#### Other Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available for sale, net of income taxes, which are also recognized as separate components of equity.

#### Legal Contingencies

Various legal claims arise from time to time in the normal course of business. In the opinion of management, any liability resulting from such proceedings would not have a material impact on the financial statements of the Company.

#### Reclassifications

Certain reclassifications have been made to the 2024 financial statements to conform to the 2025 classifications.

#### Subsequent Events

Subsequent events have been evaluated through February 24, 2026, which is the date the financial statements were available to be issued.

# TC Financial Holdings, Inc. and Subsidiary
## Notes to Consolidated Financial Statements
## (Dollars in Thousands)

### Note 2: Securities

The amortized cost and estimated fair value of securities with gross unrealized gains and losses at December 31, 2025 and 2024 follows:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
|---|---|---|---|---|
| **2025** | | | | |
| Securities available for sale: | | | | |
| Residential mortgage-backed securities | $ 3,601 | $ 63 | $ (1) | $ 3,663 |
| State and municipal securities | 701 | - | (89) | 612 |
| U.S. Treasury securities | 5,085 | 19 | - | 5,104 |
| Collateralized debt obligation | 7,302 | 5 | (624) | 6,683 |
| Total securities available for sale | $ 16,689 | $ 87 | $ (714) | $ 16,062 |
| **2024** | | | | |
| Securities available for sale: | | | | |
| Residential mortgage-backed securities | $ 4,187 | $ - | $ (55) | $ 4,132 |
| State and municipal securities | 703 | - | (129) | 574 |
| U.S. Treasury securities | 8,830 | 6 | (1) | 8,835 |
| Collateralized debt obligation | 8,595 | 6 | (851) | 7,750 |
| Total securities available for sale | $ 22,315 | $ 12 | $ (1,036) | $ 21,291 |

Fair values of debt securities are generally estimated based on financial models or prices paid for similar securities. It is possible interest rates or other key inputs to the valuation estimate could change considerably resulting in a material change in the estimated fair value of debt securities.

## (Dollars in Thousands)

### Note 2: Securities (Continued)

The following table shows the fair value and gross unrealized losses of securities available for sale with unrealized losses at December 31, 2025 and 2024, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

| | Less Than 12 Months | | 12 Months or More | | Total | |
|---|---|---|---|---|---|---|
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| **2025** | | | | | | |
| Residential mortgage-backed securities | $ - | $ - | $ 143 | $ (1) | $ 143 | $ (1) |
| State and municipal securities | - | - | 612 | (89) | 612 | (89) |
| Collateralized debt obligation | - | - | 6,125 | (624) | 6,125 | (624) |
| Total | $ - | $ - | $ 6,880 | $ (714) | $ 6,880 | $ (714) |
| **2024** | | | | | | |
| Residential mortgage-backed securities | $ 3,908 | $ (50) | $ 224 | $ (5) | $ 4,132 | $ (55) |
| State and municipal securities | - | - | 574 | (129) | 574 | (129) |
| U.S. Treasury securities | 5,902 | (1) | - | - | 5,902 | (1) |
| Collateralized debt obligation | 1,900 | (9) | 5,291 | (842) | 7,191 | (851) |
| Total | $ 11,710 | $ (60) | $ 6,089 | $ (976) | $ 17,799 | $ (1,036) |

# TC Financial Holdings, Inc. and Subsidiary
## Notes to Consolidated Financial Statements
## (Dollars in Thousands)

### Note 2: Securities (Continued)

The following table presents the number and aggregate depreciation from the Company's amortized cost basis of debt securities available for sale in a continuous unrealized loss position by security type at December 31, 2025:

| | Number of Securities | Aggregate Depreciation |
|---|---|---|
| Residential mortgage-backed securities | 3 | 0.89 % |
| State and municipal securities | 2 | 12.66% |
| Collateralized debt obligation | 27 | 9.25% |
| Total | 32 | 9.41 % |

These unrealized losses relate principally to the changes in interest rates and are not due to changes in the financial condition of the issuer, the quality of any underlying assets, or applicable credit enhancements. In reaching the conclusion that an allowance for credit losses is unnecessary, management observed that the securities were issued by a government body or agency, the securities continue to be highly rated (AA or better) where applicable, the issuer continues to make contractual payments, and the quality of any underlying assets or credit enhancements has not changed. Since management has the ability to hold debt securities for the foreseeable future, the Company expects to recover the amortized cost basis of these securities before they are sold or mature.

The following is a summary of amortized cost and estimated fair value of debt securities by contractual maturity as of December 31, 2025. Contractual maturities will differ from expected maturities for mortgage-related securities because borrowers may have the right to call or prepay obligations without penalties.

| | Available for Sale | |
|---|---|---|
| | Amortized Cost | Estimated Fair Value |
| Due in one year or less | $ - | $ - |
| Due after one year through five years | 5,085 | 5,104 |
| Due after five years through ten years | 701 | 612 |
| Due after ten years | - | - |
| Subtotal | 5,786 | 5,716 |
| Mortgage-related securities | 10,903 | 10,346 |
| Total | $ 16,689 | $ 16,062 |

There were no sales of debt securities in 2025 and 2024.

## (Dollars in Thousands)

### Note 2: Securities (Continued)

At December 31, 2025 and 2024, the estimated fair value of debt securities pledged to secure public deposits and for other purposes required or permitted by law was $10,095 and $10,086, respectively.

### Note 3: Loans

The following table presents total loans at December 31, 2025 and 2024 by portfolio segment and class of loan:

| | 2025 | 2024 |
|---|---|---|
| Commercial real estate: | | |
| Commercial, owner occupied | $ 25,273 | $ 20,953 |
| Commercial, non-owner occupied | 55,418 | 44,157 |
| Farmland | 255 | 288 |
| Other construction loan | 4,982 | 4,429 |
| Residential Real Estate: | | |
| 1-4 family residential construction loans | 960 | 4,134 |
| Revolving, open-end loans 1-4 family | 9,610 | 6,861 |
| Closed-end 1-4 family first liens | 7,402 | 4,549 |
| Commercial and industrial | 25,071 | 30,059 |
| Consumer | 3,212 | 2,543 |
| Subtotal | 132,183 | 117,973 |
| Allowance for credit losses | (1,445) | (1,432) |
| Deferred loan origination fees and costs, net | (6) | 87 |
| Loans, net | $ 130,732 | $ 116,628 |

(Dollars in Thousands)

## Note 3: Loans (Continued)

Activity in the allowance for credit losses on loans by portfolio segment follows:

| | Commercial Real Estate | Residential Real Estate | Commercial and Industrial | Consumer | Unallocated | Total |
|---|---|---|---|---|---|---|
| Balance at January 1, 2024 | $ 816 | $ 99 | $ 247 | $ 17 | $ 124 | $ 1,303 |
| Provision for credit losses on loans | (72) | 10 | 55 | (3) | 89 | 79 |
| Loans charged off | - | - | - | (31) | - | (31) |
| Recoveries of loans previously charged off | - | 48 | - | 33 | - | 81 |
| Balance at December 31, 2024 | 744 | 157 | 302 | 16 | 213 | 1,432 |
| Provision for credit losses on loans | 179 | (31) | (49) | 72 | (101) | 70 |
| Loans charged off | - | - | - | (86) | - | (86) |
| Recoveries of loans previously charged off | - | - | - | 29 | - | 29 |
| Balance at December 31, 2025 | $ 923 | $ 126 | $ 253 | $ 31 | $ 112 | $ 1,445 |

At December 31, 2025 and 2024, the Company deemed a reserve for unfunded loan commitments were immaterial to the financial statements.

The Company did not write off any accrued interest by reversing interest income in 2025 or 2024.

Information regarding collateral dependent loans as of December 31, 2025 and 2024 follows:

| | Recorded Investment | Related Allowance |
|---|---|---|
| **2025** | | |
| Farmland | $ 255 | $ - |
| Other construction loan | 3,000 | - |
| Commercial and industrial | 517 | - |
| Consumer | 301 | - |
| Total | $ 4,073 | $ - |
| **2024** | | |
| Farmland | $ 288 | $ - |
| Commercial and industrial | 967 | - |
| Consumer | 412 | - |
| Total | $ 1,667 | $ - |

**Note 3: Loans** (Continued)

The Company regularly evaluates various attributes of loans to determine the appropriateness of the allowance for credit losses on loans. The credit quality indicators monitored differ depending on the class of loan.

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis includes non-homogeneous loans, such as commercial and commercial real estate loans. This analysis is performed generally on a monthly basis but no less than quarterly.

- "Pass" ratings are assigned to loans with adequate collateral and debt service ability such that collectibility of the contractual loan payments is highly probable.

- "Watch/special mention" ratings are assigned to loans where management has some concern that the collateral or debt service ability may not be adequate, though the collectibility of the contractual loan payments is still probable.

- "Substandard" ratings are assigned to loans that do not have adequate collateral and/or debt service ability such that collectibility of the contractual loan payments is no longer probable.

- "Doubtful" ratings are assigned to loans that do not have adequate collateral and/or debt service ability, and collectibility of the contractual loan payments is unlikely.

Internally prepared ratings for loans are updated at least annually.

Residential real estate and consumer loans are generally evaluated based on whether or not the loan is performing according to the contractual terms of the loan as of the consolidated balance sheets date.

## (Dollars in Thousands)

**Note 3: Loans** (Continued)

Information regarding the loan portfolio by risk classification and origination year for the year ended December 31, 2025, follows:

| | 2025 | 2024 | 2023 | 2022 | 2021 | Prior | Revolving | Total |
|---|---|---|---|---|---|---|---|---|
| **Commercial, owner occupied:** | | | | | | | | |
| Pass | $ 6,835 | $ 5,193 | $ 7,464 | $ 793 | $ 926 | $ 4,062 | $ - | $ 25,273 |
| Special Mention/Watch | - | - | - | - | - | - | - | |
| Substandard | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - |
| Totals | $ 6,835 | $ 5,193 | $ 7,464 | $ 793 | $ 926 | $ 4,062 | $ - | $ 25,273 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ |
| **Commercial, non-owner occupied:** | | | | | | | | |
| Pass | $ 15,166 | $ 6,404 | $ 5,745 | $ 10,060 | $ 6,142 | $ 11,901 | $ - | $ 55,418 |
| Special Mention/Watch | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - |
| Totals | $ 15,166 | $ 6,404 | $ 5,745 | $ 10,060 | $ 6,142 | $ 11,901 | $ - | $ 55,418 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Farmland:** | 0 | | | | | | | |
| Pass | $ - | $ - | $ - | $ - | $ - | $ 255 | $ - | $ 255 |
| Special Mention/Watch | - | - | - | | | - | - | - |
| Substandard | - | - | - | | | - | - | - |
| Doubtful | - | - | - | | | - | - | - |
| Totals | $ - | $ - | $ - | $ - | $ - | $ 255 | $ - | $ 255 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Other construction loan:** | | | | | | | | |
| Pass | $ 1,042 | $ - | $ - | $ - | $ - | $ 940 | $ - | $ 1,982 |
| Special Mention/Watch | - | - | | | | - | - | - |
| Substandard | - | - | 3,000 | | | - | - | 3,000 |
| Doubtful | - | - | - | | | - | - | - |
| Totals | $ 1,042 | $ - | $ 3,000 | $ - | $ - | $ 940 | $ - | $ 4,982 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

## (Dollars in Thousands)

## Note 3: Loans (Continued)

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Commercial and industrial:** | | | | | | | | |
| Pass | $ 3,072 | $ 3,972 | $ 5,216 | $ 3,014 | $ 5,036 | $ 3,773 | $ - | $ 24,083 |
| Special Mention/Watch | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | 988 | - | 988 |
| Doubtful | - | - | - | - | - | - | - | - |
| Totals | $ 3,072 | $ 3,972 | $ 5,216 | $ 3,014 | $ 5,036 | $ 4,761 | $ - | $ 25,071 |
| Current period gross charge offs | $ - | $ - | $ - | $ | $ | $ - | $ - | $ - |
| **1-4 family residential construction loans:** | | | | | | | | |
| Pass | $ 353 | $ 607 | $ - | $ - | $ - | $ - | $ - | $ 960 |
| Nonperforming | - | - | - | | | - | - | - |
| Totals | $ 353 | $ 607 | $ - | $ - | $ - | $ - | $ - | $ 960 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Revolving, open-end loans 1-4 family:** | | | | | | | | |
| Pass | $ 3,438 | $ 2,538 | $ 836 | $ 1,221 | $ 636 | $ 941 | $ - | $ 9,610 |
| Nonperforming | - | - | - | | | - | - | - |
| Totals | $ 3,438 | $ 2,538 | $ 836 | $ 1,221 | $ 636 | $ 941 | $ - | $ 9,610 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Closed-end 1-4 family first liens:** | | | | | | | | |
| Pass | $ 3,132 | $ 1,257 | $ 1,335 | $ 1,226 | $ - | $ 452 | $ - | $ 7,402 |
| Nonperforming | - | - | - | | | - | - | - |
| Totals | $ 3,132 | $ 1,257 | $ 1,335 | $ 1,226 | $ - | $ 452 | $ - | $ 7,402 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Consumer:** | | | | | | | | |
| Pass | $ 1,298 | $ 126 | $ - | $ - | $ 904 | $ 882 | $ 2 | $ 3,212 |
| Nonperforming | - | - | - | | | - | - | - |
| Totals | $ 1,298 | $ 126 | $ - | $ - | $ 904 | $ 882 | $ 2 | $ 3,212 |
| Current period gross charge offs | $ 86 | $ - | $ - | $ - | $ - | $ - | $ - | $ 86 |

(Dollars in Thousands)

## Note 3: Loans (Continued)

Information regarding the loan portfolio by risk classification and origination year for the year ended December 31, 2024, follows:

| | 2024 | 2023 | 2022 | 2021 | Prior | Revolving | Total |
|---|---|---|---|---|---|---|---|
| **Commercial, owner occupied:** | | | | | | | |
| Pass | $ 6,291 | $ 5,414 | $ 3,449 | $ 969 | $ 4,783 | $ - | $ 20,906 |
| Special Mention/Watch | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | 47 | - | 47 |
| Doubtful | - | - | - | - | - | - | - |
| Totals | $ 6,291 | $ 5,414 | $ 3,449 | $ 969 | $ 4,830 | $ - | $ 20,953 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Commercial, non-owner occupied:** | | | | | | | |
| Pass | $ 6,632 | $ 7,074 | $ 10,174 | $ 4,725 | $ 15,552 | $ - | $ 44,157 |
| Special Mention/Watch | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - |
| Totals | $ 6,632 | $ 7,074 | $ 10,174 | $ 4,725 | $ 15,552 | $ - | $ 44,157 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Farmland:** | 0 | | | | | | |
| Pass | $ - | $ - | $ - | $ - | $ 288 | $ - | $ 288 |
| Special Mention/Watch | - | - | - | | - | - | - |
| Substandard | - | - | - | | - | - | - |
| Doubtful | - | - | - | | - | - | - |
| Totals | $ - | $ - | $ - | $ - | $ 288 | $ - | $ 288 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Other construction loan:** | | | | | | | |
| Pass | $ - | $ 3,395 | $ - | $ 49 | $ 985 | $ - | $ 4,429 |
| Special Mention/Watch | - | - | - | | - | - | - |
| Substandard | - | - | - | | - | - | - |
| Doubtful | - | - | - | | - | - | - |
| Totals | $ - | $ 3,395 | $ - | $ 49 | $ 985 | $ - | $ 4,429 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

## (Dollars in Thousands)

## Note 3: Loans (Continued)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Commercial and industrial:** | | | | | | | |
| Pass | $ 3,991 | $ 7,322 | $ 6,896 | $ 5,731 | $ 4,869 | $ - | $ 28,809 |
| Special Mention/Watch | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | 1,250 | - | 1,250 |
| Doubtful | - | - | - | - | - | - | - |
| Totals | $ 3,991 | $ 7,322 | $ 6,896 | $ 5,731 | $ 6,119 | $ - | $ 30,059 |
| Current period gross charge offs | $ - | $ - | $ - | $ | $ - | $ - | $ - |
| **1-4 family residential construction loans:** | | | | | | | |
| Pass | $ 1,196 | $ 2,938 | $ - | $ - | $ - | $ - | $ 4,134 |
| Nonperforming | - | - | - | - | - | - | - |
| Totals | $ 1,196 | $ 2,938 | $ - | $ - | $ - | $ - | $ 4,134 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Revolving, open-end loans 1-4 family:** | | | | | | | |
| Pass | $ 3,025 | $ 1,730 | $ 762 | $ 481 | $ 863 | $ - | $ 6,861 |
| Nonperforming | - | - | - | - | - | - | - |
| Totals | $ 3,025 | $ 1,730 | $ 762 | $ 481 | $ 863 | $ - | $ 6,861 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Closed-end 1-4 family first liens:** | | | | | | | |
| Pass | $ 2,189 | $ 877 | $ 1,247 | $ - | $ 236 | $ - | $ 4,549 |
| Nonperforming | - | - | - | - | - | - | - |
| Totals | $ 2,189 | $ 877 | $ 1,247 | $ - | $ 236 | $ - | $ 4,549 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Consumer:** | | | | | | | |
| Pass | $ 872 | $ 63 | $ 42 | $ 1,081 | $ 484 | $ 1 | $ 2,543 |
| Nonperforming | - | - | - | - | - | - | - |
| Totals | $ 872 | $ 63 | $ 42 | $ 1,081 | $ 484 | $ 1 | $ 2,543 |
| Current period gross charge offs | $ - | $ - | $ - | $ 31 | $ - | $ - | $ 31 |

## (Dollars in Thousands)

### Note 3: Loans (Continued)

Loan aging information as of December 31, 2025 and 2024 follows:

| | Current Loans | Loans Past Due 30-89 Days | Loans Past Due 90+ Days | Total Loans |
|---|---|---|---|---|
| **2025** | | | | |
| Commercial, owner occupied | $ 25,273 | $ - | $ - | $ 25,273 |
| Commercial, non-owner occupied | 55,418 | - | - | 55,418 |
| Farmland | 255 | - | - | 255 |
| Other construction loan | 4,982 | - | - | 4,982 |
| 1-4 family residential construction loans | 960 | - | - | 960 |
| Revolving, open-end loans 1-4 family | 9,610 | - | - | 9,610 |
| Closed-end 1-4 family first liens | 7,402 | - | - | 7,402 |
| Commercial and industrial | 22,071 | - | 3,000 | 25,071 |
| Consumer | 3,194 | 18 | - | 3,212 |
| Total | $ 129,165 | $ 18 | $ 3,000 | $ 132,183 |
| **2024** | | | | |
| Commercial, owner occupied | $ 20,953 | $ - | $ - | $ 20,953 |
| Commercial, non-owner occupied | 44,157 | - | - | 44,157 |
| Farmland | 288 | - | - | 288 |
| Other construction loan | 4,429 | - | - | 4,429 |
| 1-4 family residential construction loans | 4,134 | - | - | 4,134 |
| Revolving, open-end loans 1-4 family | 6,861 | - | - | 6,861 |
| Closed-end 1-4 family first liens | 4,549 | - | - | 4,549 |
| Commercial and industrial | 30,059 | - | - | 30,059 |
| Consumer | 2,463 | 80 | - | 2,543 |
| Total | $ 117,893 | $ 80 | $ - | $ 117,973 |

No loans were 90+ days past due and accruing interest at December 31, 2025 and 2024.

## (Dollars in Thousands)

### Note 3: Loans (Continued)

Information regarding nonaccrual loans during the years ended December 31, 2025 follows:

| | Nonaccrual Loans With No Allowance for Credit Losses | Nonaccrual Loans With an Allowance for Credit Losses | Total Nonaccrual Loans | Total Nonaccrual Loans at Beginning of Year |
|---|---|---|---|---|
| **2025** | | | | |
| Other construction loan | $ 3,000 | $ - | $ 3,000 | $ - |
| Total | $ 3,000 | $ - | $ 3,000 | $ - |

There were no loans on nonaccrual as of December 31, 2024.

Interest income recognized on nonaccrual loans was insignificant to the financial statements during 2025 and 2024.

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The Bank did not have any loan modifications to borrowers experiencing financial difficulty during the year ended December 31, 2025 and 2024.

Directors and executive officers of the Company, including their families and firms in which they are principal owners, are considered related parties. Substantially all loans to these related parties were made on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others and did not involve more than the normal risk of collectibility or present other unfavorable features.

As of December 31, 2025 and 2024, loans aggregating $954 and $838, respectively, were outstanding to directors, executive officers, and certain associates.

### Note 4: Premises and Equipment

An analysis of premises and equipment at December 31, 2025 and 2024 is as follows:

| | 2025 | 2024 |
|---|---|---|
| Furniture, fixtures and equipment | $ 696 | $ 678 |
| Leasehold improvements | 605 | 605 |
| Subtotal | 1,301 | 1,283 |
| Accumulated depreciation | (1,118) | (1,062) |
| Total | $ 183 | $ 221 |

## (Dollars in Thousands)

### Note 4: Premises and Equipment (Continued)

Depreciation and amortization of premises and equipment charged to noninterest expense totaled $59 during 2025 and $62 during 2024.

### Note 5: Deposits

Deposits consist of the following at December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Non-interest-bearing deposits | $ 32,737 | $ 30,161 |
| Interest-bearing deposits | | |
| Interest-bearing demand (NOW) | 19,986 | 19,100 |
| Money market accounts | 21,259 | 23,228 |
| Savings accounts | 4,030 | 4,400 |
| Certificates of deposit, less than $100 | 11,116 | 9,623 |
| Certificates of deposit, $100 through $250 | 23,224 | 20,959 |
| Certificates of deposit, greater than $250 | 21,789 | 17,405 |
| Total | $ 134,141 | $ 124,876 |

Time deposits that meet or exceed the FDIC insurance limit of $250 totaled $23,039 at December 31, 2025 and $19,155 at December 31, 2024.

The scheduled maturities of time deposits at December 31, 2025, are summarized as follows:

| | |
|---|---|
| 2026 | $ 52,621 |
| 2027 | 2,361 |
| 2028 | 494 |
| 2029 | 128 |
| 2030 | 525 |
| Total | $ 56,129 |

Deposits from directors, executive officers, principal stockholders, and their affiliates totaled $1,103 at December 31, 2025 and $2,370 at December 31, 2024.

## (Dollars in Thousands)

### Note 6: FHLB Advances

FHLB advances consist of the following at December 31, 2025:

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Rates | | Amount | Rates | | Amount |
| Federal Home Loan Bank (FHLB): | | | | | | |
| Fixed rate, fixed term advances | 3.52-4.12% | $ | 23,000 | 3.74-4.12% | $ | 20,000 |
| Total | | $ | 23,000 | | $ | 20,000 |

The following is a summary of scheduled maturities of fixed term FHLB advances as of December 31, 2025:

| | Fixed Rate Advances | | |
|---|---|---|---|
| | Weighted Average Rate | | Amount |
| 2026 | 4.00% | $ | 3,000 |
| 2031 | 4.12% | | 5,000 |
| 2032 | 3.52% | | 5,000 |
| 2034 | 3.92% | | 10,000 |
| Total | | $ | 23,000 |

Actual maturities may differ from the scheduled principal maturities due to call options on the various advances.

The Company has a master contract agreement with the FHLB that provides for borrowing based on pledged collateral. The FHLB provides both fixed and floating rate advances. Floating rates are based on, but not directly tied to, short-term market rates of interest, such as Secured Overnight Financing Rate (SOFR), federal funds, or treasury bill rates. Advances with call provisions permit the FHLB to request payment beginning on the call date and quarterly thereafter. FHLB advances are subject to a prepayment penalty if they are repaid prior to maturity. At December 31, 2025 and 2024, FHLB advances are secured by approximately $103,852 and $85,219 of eligible loans and $1,020 and $900 of FHLB stock, respectively. At December 31, 2025, the Company had $32,106 of available and unused portions of this borrowings agreement.

## (Dollars in Thousands)

### Note 7: Income Taxes

The components of the provision for income taxes are as follows:

| | 2025 | 2024 |
|---|---|---|
| Current tax expense (benefit): | | |
| Federal | $ - | $ - |
| State | 199 | 189 |
| Total current | 199 | 189 |
| Deferred tax expense (benefit): | | |
| Federal | 430 | 416 |
| State | 40 | 40 |
| Total deferred | 470 | 456 |
| Income tax expense | $ 669 | $ 645 |

A summary of the sources of differences between income taxes at the federal statutory rate and the provision for income taxes for the years ended December 31, 2025 and 2024, is as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Amount | % of Pretax Income | Amount | % of Pretax Income |
| Federal statutory rate | $ 466 | 21.0 % | $ 449 | 21.0 % |
| Differences: | | | | |
| Illinois provision (credit), net of federal benefit | 189 | 8.5 | 181 | 8.5 |
| Lobby and M&E | 9 | 0.4 | 9 | 0.4 |
| Other | 5 | 0.2 | 6 | 0.3 |
| Total | $ 669 | 30.1 % | $ 645 | 30.2 % |

## (Dollars in Thousands)

### Note 7: Income Taxes (Continued)

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The major components of the net deferred tax asset as of December 31, 2025 and 2024 are presented below:

| | 2025 | 2024 |
|---|---|---|
| Deferred tax assets: | | |
| Allowance for credit losses | $ 46 | $ 26 |
| Net operating loss carryforwards | 930 | 1,425 |
| Unrealized loss on available-for-sale securities | 179 | 292 |
| Other | 82 | 74 |
| Total deferred tax assets | 1,237 | 1,817 |
| Deferred tax liabilities: | | |
| Depreciation | - | (4) |
| Other | (39) | (32) |
| Total deferred tax liabilities | (39) | (36) |
| Valuation allowance | - | - |
| Net deferred tax asset | $ 1,198 | $ 1,781 |

Federal net operating losses of approximately $1,900 and state loss carryforward of approximately $8,400 are being carried forward and will be available to reduce future taxable income. The federal net operating loss may be used indefinitely to reduce future federal income taxes and state net operating loss begin to expire after 20230 and are subject to Illinois statutory caps and expiration, which are evaluated annually.

The effective tax rate differs from the federal statutory rate due to the establishment of the valuation allowance discussed above, which offsets the current year income tax benefit. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve months.

The Company is subject to U.S. federal income tax as well as income tax of the State of Illinois.

## Note 8: Commitments, Contingencies, and Credit Risk

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual, or notional, amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments. Since some of the commitments are expected to expire without being drawn upon and some of the commitments may not be drawn upon to the total extent of the commitment, the notional amount of these commitments does not necessarily represent future cash requirements.

The following commitments were outstanding at December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Unfunded commitments under lines of credit | $ 32,088 | $ 25,914 |
| Standby letters of credit | 158 | 336 |

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 and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

Performance standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are used primarily to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved is extending loan facilities to customers. The Company generally holds collateral supporting those commitments if deemed necessary.

To reduce credit risk related to the use of credit-related financial instruments, the Company might deem it necessary to obtain collateral. The amount and nature of the collateral obtained are based on the Bank's credit evaluation of the customer. Collateral held varies but may include cash, securities, accounts receivable, inventory, property, plant, equipment, and real estate.

If the counterparty does not have the right and ability to redeem the collateral or the Bank is permitted to sell or repledge the collateral on short notice, the Company records the collateral in its consolidated balance sheet at fair value, with a corresponding obligation to return it.

## Note 8: Commitments, Contingencies, and Credit Risk (Continued)

**Concentration of Credit Risk**

The majority of the Company's loans, commitments, and standby letters of credit have been granted to customers in the Company's market area. The concentrations of credit by type are set forth in Note 3. The Company's policies for requiring collateral are consistent with prudent lending practices and anticipate the potential for economic fluctuations. Collateral varies, but may include residential real estate properties and income-producing commercial properties. It is the Company's policy to file financing statements and mortgages covering collateral pledged.

## Note 9: Equity and Regulatory Matters

The payment of dividends by the Company would be restricted if the Company does not meet the minimum Capital Conservation Buffer as defined by Basel III regulatory capital guidelines and/or if, after payment of the dividend, the Company would be unable to maintain satisfactory regulatory capital ratios.

The Bank is subject to various regulatory capital requirements administered by 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 Company's consolidated financial statements. Under 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.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Common Equity Tier 1, Tier 1, and total capital to risk-weighted assets and of Tier 1 capital to average assets. It was management's opinion, as of December 31, 2025, that the Bank met all applicable capital adequacy requirements.

As of December 31, 2025, the most recent notification from the Bank's primary regulator 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 regulatory capital ratios as set forth in the table. There have not been conditions or events since that notification that management believes have changed the Bank's category.

### Note 9: Equity and Regulatory Matters (Continued)

The Bank's actual capital amounts and ratios as of December 31, 2025 and 2024, are presented in the following table:

| | Actual | | For Capital Adequacy Purposes | | To Be Well Capitalized Under Prompt Corrective Action Provisions | |
|---|---|---|---|---|---|---|
| *(Dollars in Thousands)* | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| **2025** | | | | | | |
| Common Equity Tier 1 capital (to risk-weighted assets) | $ 19,759 | 13.30 % | ≥ $ 6,688 | ≥ 4.50 % | 9,660 | 6.50 |
| Tier 1 capital (to risk-weighted assets) | 19,759 | 13.30 | ≥ 8,917 | ≥ 6.00 | 11,889 | 8.00 |
| Total capital (to risk-weighted assets) | 21,204 | 14.27 | ≥ 11,889 | ≥ 8.00 | 14,861 | 10.00 |
| Tier 1 capital (to average assets) | 19,759 | 11.54 | ≥ 6,849 | ≥ 4.00 | 8,562 | 5.00 |
| **2024** | | | | | | |
| Common Equity Tier 1 capital (to risk-weighted assets) | $ 17,949 | 13.46 % | ≥ $ 5,999 | ≥ 4.50 % | 8,666 | 6.50 |
| Tier 1 capital (to risk-weighted assets) | 17,949 | 13.46 | ≥ 7,999 | ≥ 6.00 | 10,666 | 8.00 |
| Total capital (to risk-weighted assets) | 19,381 | 14.54 | ≥ 10,666 | ≥ 8.00 | 13,332 | 10.00 |
| Tier 1 capital (to average assets) | 17,949 | 11.03 | ≥ 6,511 | ≥ 4.00 | 8,139 | 5.00 |

### Note 10: Fair Value Measurements

Some assets and liabilities, such as securities available for sale, are measured at fair value on a recurring basis under GAAP. Other assets and liabilities, such as collateral dependent loans, may be measured at fair value on a nonrecurring basis.

Following is a description of the valuation methodology and significant inputs used for each asset and liability measured at fair value on a recurring or nonrecurring basis, as well as the classification of the asset or liability within the fair value hierarchy.

### Note 10: Fair Value Measurements (Continued)

*Securities available for sale* - Securities available for sale may be classified as Level 1, Level 2, or Level 3 measurements within the fair value hierarchy. Level 1 securities include debt securities traded on a national exchange. The fair value measurement of a Level 1 security is based on the quoted price of the security. Level 2 securities include U.S. government and agency securities, obligations of states and political subdivisions, corporate debt securities, and mortgage related securities. The fair value measurement of a Level 2 security is obtained from an independent pricing service and is based on recent sales of similar securities and other observable market data. Level 3 securities include trust preferred securities that are not traded in a market. The fair value measurements of Level 3 securities are determined by the Company's Chief Financial Officer (CFO) and reviewed by the Chief Executive Officer (CEO), and then reported to the Company's Investment Committee. Fair values are calculated using discounted cash flow models that incorporate various assumptions, including expected cash flows and market credit spreads. When comparable sales are available, these are used to validate the models used. Other available industry data, such as information regarding defaults and deferrals, are incorporated into the expected cash flows.

*Loans* - Loans are not measured at fair value on a recurring basis. However, individually evaluated loans (see Note 1) may be measured at fair value on a nonrecurring basis. The fair value measurement of a loan that is collateral dependent is based on the fair value of the underlying collateral. Independent appraisals are obtained that utilize one or more valuation methodologies - typically they will incorporate a comparable sales approach and an income approach. Management routinely evaluates the fair value measurements of independent appraisers and adjusts those valuations based on differences noted between actual selling prices of collateral and the most recent appraised value. Such adjustments are usually significant, which results in a Level 3 classification. All other individually evaluated loan measurements are based on other loss estimation methodologies and, thus, are not fair value measurements.

(Dollars in Thousands)

## Note 10: Fair Value Measurements (Continued)

Information regarding the fair value of assets and liabilities measured at fair value on a recurring basis as of December 31, 2025 and 2024 follows:

| | Recurring Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Instruments (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| **2025** | | | | |
| Assets: | | | | |
| Securities available for sale: | | | | |
| Residential mortgage-backed securities | $ - | $ 3,663 | $ - | $ 3,663 |
| State and municipal securities | - | 612 | - | 612 |
| U.S. Treasury securities | - | 5,104 | - | 5,104 |
| Collateralized debt obligations | - | 6,683 | - | 6,683 |
| Total | $ - | $ 16,062 | $ - | $ 16,062 |
| **2024** | | | | |
| Assets: | | | | |
| Securities available for sale: | | | | |
| Residential mortgage-backed securities | $ - | $ 4,132 | $ - | $ 4,132 |
| State and municipal securities | - | 574 | - | 574 |
| U.S. Treasury securities | - | 8,835 | - | 8,835 |
| Collateralized debt obligations | - | 7,750 | - | 7,750 |
| Total | $ - | $ 21,291 | $ - | $ 21,291 |

There were no collateral dependent loans with a valuation allowance as of December 31, 2025 and 2024.

## (Dollars in Thousands)

### Note 10: Fair Value Measurements (Continued)

The carrying value and estimated fair value of financial instruments at December 31, 2025 and 2024 follows:

| | Carrying Value | Estimated Fair Value |
|---|---|---|
| **2025** | | |
| Financial assets: | | |
| Cash and cash equivalents | $ 28,776 | $ 28,776 |
| Securities available for sale | 16,062 | 16,062 |
| Loans, net | 130,732 | 129,468 |
| Federal Home Loan Bank stock | 1,020 | 1,020 |
| Accrued interest receivable | 473 | 473 |
| Financial liabilities: | | |
| Deposits | $ 134,141 | $ 134,567 |
| Borrowed funds | 23,000 | 23,041 |
| Accrued interest payable | 544 | 544 |
| **2024** | | |
| Financial assets: | | |
| Cash and cash equivalents | $ 23,132 | $ 23,132 |
| Securities available for sale | 21,291 | 21,291 |
| Loans, net | 116,628 | 114,086 |
| Federal Home Loan Bank stock | 900 | 900 |
| Accrued interest receivable | 409 | 409 |
| Financial liabilities: | | |
| Deposits | $ 124,876 | $ 124,807 |
| Borrowed funds | 20,030 | 19,894 |
| Accrued interest payable | 479 | 479 |

The following methods and assumptions, not previously presented, used to estimate fair values and are described as follows:

*Cash and Cash Equivalents* - The carrying amounts of cash and short-term instruments approximate fair values and are classified as Level 1.

*FHLB Stock* - It is not practical to determine the fair value of FHLB stock due to restrictions placed on its transferability resulting in a Level 3 classification.

*Loans* - The fair value of loans is calculated based on exit price using various components using yield, credit and liquidity marks. A third-party calculates the exit price using a ZM Desk asset/liability model based off information from the Company's loan information resulting in a Level 2 classification.

### Note 10: Fair Value Measurements (Continued)

*Deposits* - The fair values disclosed for demand deposits are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). The carrying amounts of interest-bearing deposits without maturity dates and variable-rate certificates of deposit approximate their fair values at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on like-term certificates of deposit resulting in a Level 3 classification.

*FHLB Advances* - The fair values of the Company's FHLB advances are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 3 classification.

*Accrued Interest Receivable/Payable* - The carrying amounts of accrued interest approximate fair value resulting in a Level 1 classification.

*Off-Balance-Sheet Instruments* - Fair values for off-balance sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. The fair value of commitments is not material.