



CITIZENS
WEALTH MANAGEMENT

**STRATEGIC WEALTH PARTNERS
CLIENT-CENTRIC ADVISORS
DISCIPLINED STEWARDSHIP TEAM**



CITIZENS

FINANCIAL CORP.

ANNUAL REPORT 2025



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WEALTH MANAGEMENT
TEAM



COMPREHENSIVE SERVICES FOR WHAT MATTERS MOST.

Our experienced team is ready to provide the support and guidance you and your family need to achieve your wealth management and legacy planning goals.

Investments are not insured by the FDIC, not a deposit, and may lose value.




CITIZENS

FINANCIAL CORP.

2025 ANNUAL REPORT

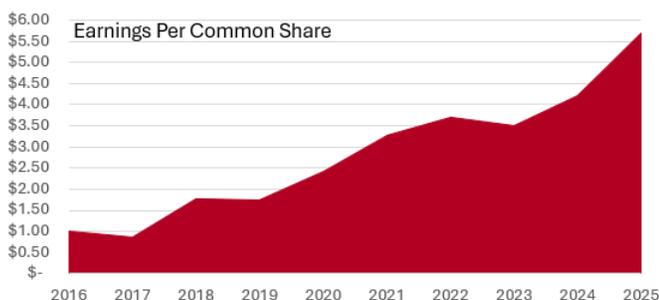
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FELLOW SHAREHOLDERS:

We are excited to share our 2025 Annual Report, marking our 101st year of service as a community bank. It was a year defined by exceptional performance, including record earnings, record dividends and continued growth. Our philosophy remains clear and consistent: delivering outstanding service to our clients, staying at the forefront of evolving technology, investing in our communities, and remaining focused on being the premier community bank in our markets. Our unwavering commitment to these core principles has driven strong performance and created meaningful value for our shareholders, reflected in record dividends and earnings per share.

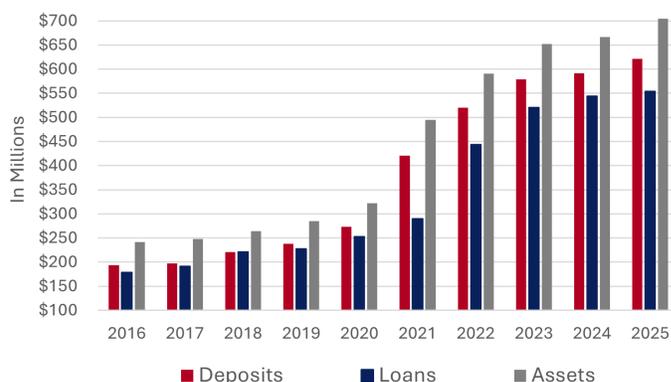
Citizens' continued success is made possible by our ability to attract and retain highly motivated professionals who excel in our industry and advance our mission. Our talented team of bankers is deeply committed to client service and enthusiastic about embracing new technologies that enhance the customer experience. Their willingness to adopt innovative products and services allows us to differentiate ourselves from competitors and strengthens our long-term growth strategy. On behalf of our Board of Directors and management team, we are pleased to share our 2025 results and remain optimistic about the opportunities ahead for our bank and shareholders.

2025 FINANCIAL PERFORMANCE. We achieved the strongest performance in our bank's history with record net income of \$10.2 million, which was \$2.6 million or 35% higher than 2024. Our return on average equity was 17.96% and return on average assets was 1.49%. Earnings per common share increased to a record \$5.68, compared to \$4.22 in the previous year.

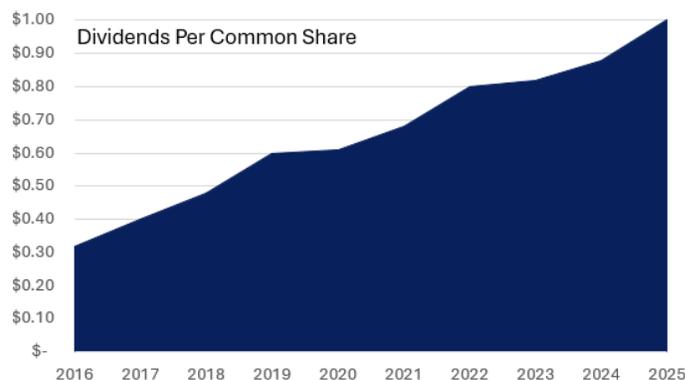


During a year of continued growth for the bank, we concentrated on expanding commercial lending, intentionally keeping consumer lending near existing levels. Overall, loans increased by \$10.3 million to \$552.5 million. Deposit growth was driven by strong local deposit acquisition and a strategic reduction in reliance on brokered funding, with brokered deposits declining by \$14.2 million, while increasing core deposits by \$43.5 million. On a net basis, total deposits increased by \$29.3 million to \$620.7 million. This strategy of measured loan growth combined with deposit acquisition and

disciplined pricing allowed our net interest margin to increase 75 basis points in 2025 to 4.13% on a fully-tax equivalent basis.



Citizens has delivered annual dividend increases for their shareholders for nearly ten consecutive years, declaring a record \$1.02 per common share in 2025, when considering the fourth quarter dividend declared in January 2026. Citizens continues to balance dividend growth with prudent capital management to support our growth strategy.



Our consistent shareholder returns and disciplined execution of our growth strategy have created meaningful long-term value for our shareholders. In line with other trends in our financial performance, our stock price has appreciated significantly over the past decade. At year-end, our stock was trading at \$32.75 per share, and as of the date of this report, it reached a high of \$38.00 per share in the first quarter of 2026.



TRUST & WEALTH MANAGEMENT EXPANSION. In November 2025, Citizens announced the acquisition of the trust and estate administration assets of another financial institution in Elkins, further strengthening our position as the leading provider of wealth management services in our region. As a result of this expansion, Citizens now manages more than \$200 million in client assets, supported by a team of five dedicated professionals. We are proud to be the only community bank in our markets offering a comprehensive suite of Trust, Estate Settlement, and Investment Advisory Services. This strategic acquisition strengthens our profitability and creates meaningful opportunities for continued growth within this important business segment.

Our Wealth Management Division offers a full range of services, including trust and estate administration, investment management, 401(k) and retirement plan services, and investment advisory solutions. Our business and corporate clients also benefit from customized employer-sponsored retirement plans and tailored investment strategies designed to maximize returns on excess cash while supporting long-term financial objectives.

PLANNED ACQUISITION. In the first quarter of 2026, Citizens will proudly welcome the clients and communities served by Miners & Merchants Bank. We entered a definitive agreement to acquire Miners & Merchants on August 18, 2025 in an all-cash transaction. We have since received all necessary regulatory approvals, with legal closing and system integration scheduled for March 2026.



This acquisition will complement our existing geographical footprint and expand our services into Garrett County, Maryland. We look forward to providing Miners' customers with an enhanced selection of products and services, including wealth management and advanced banking technology. We are excited about the opportunities this acquisition brings and remain committed to delivering exceptional service to these new clients and communities.

COMMUNITY INVOLVEMENT. Citizens remains deeply committed to strengthening the communities we service by investing our time, talent, and resources. In 2025, our team contributed countless volunteer hours and provided meaningful financial support to nonprofits, schools, colleges, hospital foundations, and numerous community events, including fairs and festivals.

We are also proud to continue offering the Citizens Scholar Awards to high school seniors across our service areas. In this year, we marked our fifth year

partnering with Davis & Elkins College to provide the Citizens Bank of West Virginia Emerging Leaders Scholarships, which awards one deserving student a full four-year scholarship covering tuition, room, and board. Supporting education in our region is a source of great pride and reflects our ongoing commitment to investing in the future while strengthening our community presence.



2025 Emerging Leaders Scholarship Winner

2025 HONORS AND AWARDS. Citizens and team members continue to receive recognition from respected industry publications and organizations, reflecting our unwavering commitment to excellence. These honors are a testament to the dedication of our employees and reinforce our mission to deliver exceptional service and performance.

For the fourth consecutive year, Citizens was named to American Banker magazine's Best Banks to Work For, ranking 22nd nationwide. This recognition is especially meaningful, as it reflects our strong culture and commitment to creating an environment where employees feel valued, supported, and empowered to grow. Our team remains our greatest asset, and this honor underscores our continued focus on their success and well-being.

Citizens also remains a Top 10 performing bank in West Virginia as named by Bank Performance Report and continues to earn a 5-star rating (indicating we among the nation's most esteemed banks) from Bauer Financial, one of the nation's most respected independent bank rating firms. Additional honors and awards in 2025 are detailed on page 48 of this report. We are grateful for these recognitions and accolades, and remain proud of our team's continued accomplishments.

RETIREMENT CONGRATULATIONS. In May, we celebrated the retirement of Kathy Leombruno, our Senior Vice President & Marketing Officer after nearly 28 years of service to Citizens. As a fierce advocate for the Citizens brand and a member of senior management, Kathy has made an indelible mark on Citizens' culture. Over her many years of service, Kathy has focused on creating a culture of exceptional customer service, shaping our strategic direction, raising our brand recognition and awareness, as well as helping to position Citizens as a market leader.

In addition, we honored Cindy DeMotto in December as she retired as our Assistant Vice President & Elkins Financial Center Manager. Cindy joined Citizens as a part-time teller and held several different roles in the bank until her most recent role as Financial Center Manager. She developed hundreds of customer relationships over her 27 years of service, assisted in many of our technological advances, and led the retail team in Elkins for more than a decade.

We are grateful to both Kathy and Cindy for their years of service and wish them the very best in retirement.

IN MEMORIAM. We would be remiss if we didn't mention the retirement of Debbie Ritter, Vice President & Parsons Financial Center Manager in June after 41 years of service. She had a storied banking career serving as everything from teller to proof operator to lender. Debbie's service to her clients and the bank was exceptional, as she was one of the most positive and uplifting employees in our institution. Following her retirement and a long battle with cancer, Debbie passed away in January 2026. We honor her dedicated service to Citizens, and we will miss her positive impact on our institution and the community.

FORGING FORWARD. As Citizens continues to grow in both earnings and size, we look ahead with great optimism and enthusiasm. We look forward to proudly welcoming the clients and employees of Miners & Merchants Bank into the Citizens family, expanding our presence into Maryland, delivering exceptional service to our clients, and maintaining our focus on strong financial performance for our shareholders.

Your investment in Citizens - as an independent, locally owned, high-performing community bank - remains secure and well positioned for continued growth. We are deeply grateful for your trust, your confidence, and your ongoing support. Our commitment remains clear: to grow our franchise, strengthen the Citizens brand, and deliver sustainable, long-term value for our shareholders. With a strong foundation, a clear strategy, and an exceptional team, we are confident that the best chapters in Citizens' history are still ahead.



Cyrus K. Kump
Chairman of the Board



Nathaniel S. Bonnell
President & CEO

SELECTED FINANCIAL DATA FIVE YEAR SUMMARY

(in thousands of dollars, except per share data)

	2025	2024	2023	2022	2021
BALANCE SHEET DATA:					
Total assets	\$ 704,628	\$ 666,706	\$ 651,855	\$ 591,030	\$ 494,588
Securities	75,559	72,868	89,078	91,581	83,868
Loans, net	553,532	544,347	520,836	443,276	289,791
Deposits	620,661	591,322	578,642	520,045	420,356
Total shareholders' equity	61,815	51,356	43,155	36,273	36,407
SUMMARY OF OPERATIONS:					
Interest income	\$ 39,752	\$ 37,251	\$ 28,324	\$ 19,112	\$ 15,088
Interest expense	13,323	15,616	10,415	2,688	1,218
Net interest income	26,429	21,635	17,909	16,424	13,870
Provision for credit losses	2,020	2,212	1,198	550	500
Net interest income after provision for credit losses	24,409	19,423	16,711	15,874	13,370
Noninterest income	4,503	4,343	3,999	3,599	3,636
Noninterest expense	15,909	14,242	12,911	11,241	9,711
Income before income taxes	13,003	9,524	7,799	8,232	7,295
Income tax expense	2,824	1,981	1,558	1,694	1,502
Net income	\$ 10,179	\$ 7,543	\$ 6,241	\$ 6,538	\$ 5,793
PER COMMON SHARE DATA:					
Net income, basic and fully diluted	\$ 5.68	\$ 4.22	\$ 3.51	\$ 3.69	\$ 3.26
Cash dividends declared	\$ 1.00	\$ 0.88	\$ 0.82	\$ 0.80	\$ 0.68
PER CLASS A COMMON SHARE DATA:					
Net income, basic and fully diluted	\$ 5.96	\$ 4.40	\$ 3.68	\$ 3.87	\$ 3.43
Cash dividends declared	\$ 1.05	\$ 0.92	\$ 0.86	\$ 0.84	\$ 0.71

CONSOLIDATED BALANCE SHEETS

ASSETS	December 31,	
	2025	2024
Cash and due from banks	\$ 9,589,531	\$ 11,271,160
Interest bearing deposits with other banks	35,408,558	7,089,701
Securities available for sale, at fair value, net of allowance for credit losses of \$0 and \$0, respectively	70,543,056	68,026,602
Restricted investments, at cost	5,016,100	4,841,400
Loans, less allowance for credit losses of \$5,740,549 and \$5,195,862, respectively	553,531,643	544,347,266
Bank premises and equipment, net	8,075,970	8,123,150
Accrued interest receivable	2,687,825	2,348,582
Bank owned life insurance	12,216,009	11,971,340
Other real estate owned, net of valuation allowance of \$360,705 and \$0, respectively	430,356	988,201
Goodwill and other intangible assets, net	4,026,548	4,281,248
Other assets	3,102,703	3,417,150
Total assets	\$ 704,628,299	\$ 666,705,800
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Noninterest bearing	\$ 119,573,879	\$ 110,292,751
Interest bearing	501,086,626	481,028,887
Total deposits	620,660,505	591,321,638
Short-term borrowings	846,553	494,601
Long-term borrowings	16,914,909	19,508,845
Other liabilities	4,391,831	4,024,866
Total liabilities	642,813,798	615,349,950
Commitments and contingencies		
Shareholders' equity		
Common stock, \$2.00 par value, 4,500,000 shares authorized, 2,250,000 issued	4,500,000	4,500,000
Class A Common stock, \$2.00 par value, 4,500,000 shares authorized, 92,550 and 90,329 issued, respectively	185,100	180,658
Class B Common stock, \$2.00 par value, 4,500,000 shares authorized, none issued	-	-
Retained earnings	63,530,731	55,146,056
Accumulated other comprehensive loss	(2,084,186)	(4,082,102)
Common treasury stock at cost, 554,012 and 556,742 shares, respectively	(4,317,144)	(4,388,762)
Total shareholders' equity	61,814,501	51,355,850
Total liabilities and shareholders' equity	\$ 704,628,299	\$ 666,705,800

CONSOLIDATED STATEMENTS OF INCOME

	<u>Years Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Interest and dividend income		
Interest and fees on loans	\$ 36,554,150	\$ 34,847,434
Interest and dividends on securities:		
Taxable	2,050,848	1,616,149
Tax-exempt	86,660	79,259
Interest on interest bearing deposits with other banks	<u>1,060,883</u>	<u>707,668</u>
Total interest and dividend income	<u>39,752,541</u>	<u>37,250,510</u>
Interest expense		
Interest on deposits	12,169,232	13,376,870
Interest on short-term borrowings	1,434	926,886
Interest on long-term borrowings	<u>1,152,598</u>	<u>1,312,466</u>
Total interest expense	<u>13,323,264</u>	<u>15,616,222</u>
Net interest income	26,429,277	21,634,288
Provision for credit losses	<u>2,020,000</u>	<u>2,212,000</u>
Net interest income after provision for credit losses	<u>24,409,277</u>	<u>19,422,288</u>
Noninterest income		
Trust income	538,050	504,236
Service fees	2,427,562	2,155,207
Insurance commissions	120,327	111,592
Brokerage fees	130,171	151,366
Gain on sale of loans held for sale	177,718	161,040
Secondary market loan fees	361,901	411,413
Income from bank owned life insurance	468,291	415,394
OREO gain, net	41,046	92,513
Other income	<u>237,677</u>	<u>340,072</u>
Total noninterest income	<u>4,502,743</u>	<u>4,342,833</u>
Noninterest expense		
Salaries and employee benefits	8,304,401	7,670,941
Net occupancy expense	959,407	679,802
Equipment expense	460,576	454,304
Amortization expense, intangible assets	254,700	254,700
Data processing	1,230,217	1,205,881
Director fees	311,732	316,632
Postage expense	170,182	213,507
Professional service fees	625,059	414,395
Stationery	165,730	177,187
Software expense	427,993	393,206
FDIC insurance assessment	330,401	475,431
Net cost of operation of other real estate owned and valuation adjustments	538,279	125,940
Other expense	<u>2,130,433</u>	<u>1,859,947</u>
Total noninterest expense	<u>15,909,110</u>	<u>14,241,873</u>
Income before income taxes	13,002,910	9,523,248
Income tax expense	<u>2,824,404</u>	<u>1,980,525</u>
Net income	<u>\$ 10,178,506</u>	<u>\$ 7,542,723</u>
Basic and fully diluted earnings per common share	<u>\$ 5.68</u>	<u>\$ 4.22</u>
Basic and fully diluted average common shares outstanding	<u>1,698,481</u>	<u>1,707,816</u>
Basic and fully diluted earnings per Class A Common share	<u>\$ 5.96</u>	<u>\$ 4.40</u>
Basic and fully diluted average Class A Common shares outstanding	<u>90,190</u>	<u>74,750</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31,	
	2025	2024
Net income	<u>\$ 10,178,506</u>	<u>\$ 7,542,723</u>
Other comprehensive income:		
Gross unrealized gains arising during the period	2,422,614	2,045,006
Adjustment for income tax effect	<u>(607,200)</u>	<u>(515,138)</u>
	<u>1,815,414</u>	<u>1,529,868</u>
Net pension and other post-retirement gain arising during the period	44,067	553,716
Adjustment for income tax effect	<u>(10,054)</u>	<u>(139,478)</u>
	<u>34,013</u>	<u>414,238</u>
Amortization of net actuarial loss included in the net periodic benefit cost	192,381	218,692
Adjustment for income tax effect	<u>(43,892)</u>	<u>(55,089)</u>
	<u>148,489</u>	<u>163,603</u>
Other comprehensive income, net of tax	<u>1,997,916</u>	<u>2,107,709</u>
Comprehensive income	<u>\$ 12,176,422</u>	<u>\$ 9,650,432</u>

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years Ended December 31, 2025 and 2024

	Common Stock	Class A Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Common Treasury Stock	Class A Treasury Stock	Total Shareholders' Equity
Balance, December 31, 2023	\$ 4,500,000	\$ 164,196	\$ 49,175,449	\$ (6,189,811)	\$ (4,287,873)	\$ (207,413)	\$ 43,154,548
Net income	-	-	7,542,723	-	-	-	7,542,723
Reclassification of common shares – 8,231 shares	-	16,462	-	-	(16,462)	-	-
Exchange of common shares- 16,769 shares	-	-	-	-	(210,309)	210,309	-
Restricted awards vested – 7,400 shares	-	-	-	-	125,882	-	125,882
Other comprehensive income, net of tax	-	-	-	2,107,709	-	-	2,107,709
Purchase of 150 Class A treasury shares	-	-	-	-	-	(2,896)	(2,896)
Cash dividends declared (\$0.88 per Common share, \$0.92 per Class A share)	-	-	(1,572,116)	-	-	-	(1,572,116)
Balance, December 31, 2024	\$ 4,500,000	\$ 180,658	\$ 55,146,056	\$ (4,082,102)	\$ (4,388,762)	\$ -	\$ 51,355,850
Net income	-	-	10,178,506	-	-	-	10,178,506
Reclassification of common shares- 2,221 shares	-	4,442	-	-	(4,442)	-	-
Exchange of common shares- 2,449 shares	-	-	-	-	(75,682)	75,682	-
Restricted awards vested – 7,400 shares	-	-	-	-	151,742	-	151,742
Other comprehensive income, net of tax	-	-	-	1,997,916	-	-	1,997,916
Purchase of 2,449 Class A treasury shares	-	-	-	-	-	(75,682)	(75,682)
Cash dividends declared (\$1.00 per Common share, \$1.05 per Class A share)	-	-	(1,793,831)	-	-	-	(1,793,831)
Balance, December 31, 2025	\$ 4,500,000	\$ 185,100	\$ 63,530,731	\$ (2,084,186)	\$ (4,317,144)	\$ -	\$ 61,814,501

	<u>Years Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 10,178,506	\$ 7,542,723
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	736,213	716,055
Provision for credit losses	2,020,000	2,212,000
Stock-based compensation	151,742	125,882
Deferred income tax benefit	(307,260)	(377,421)
Amortization of security premiums/discounts, net	74,995	185,869
Gain on sale of other real estate, net	(41,046)	(92,513)
Other real estate valuation reserve	360,705	-
Loss on disposition of equipment and other assets	1,326	3,569
Increase in cash surrender value of life insurance	(428,756)	(415,394)
Gain on redemption of life insurance	(39,535)	-
Gain on sale of loans held for sale	(177,718)	(161,040)
Originations of loans held for sale	(17,869,087)	(18,440,081)
Proceeds from loans held for sale	18,046,805	18,601,121
Increase in accrued interest receivable	(339,243)	(34,005)
Increase in other assets	(39,439)	(169,540)
Increase in other liabilities	603,413	730,664
Net cash provided by operating activities	<u>12,931,621</u>	<u>10,427,889</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities and calls of securities available for sale	22,000,000	24,500,000
Principal payments received on securities available for sale	2,953,607	964,779
Purchases of securities available for sale	(25,122,442)	(8,171,069)
Proceeds from sales of restricted investments	373,300	1,760,600
Purchases of restricted investments	(548,000)	(985,600)
Loans made to customers, net	(11,284,027)	(26,208,282)
Purchases of bank premises and equipment	(435,659)	(1,157,126)
Premiums paid on life insurance	(15,340)	(15,314)
Proceeds from redemption of life insurance	238,962	-
Proceeds from sale of other real estate	317,836	913,020
Net cash used in investing activities	<u>(11,521,763)</u>	<u>(8,398,992)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(1,793,831)	(1,572,116)
Acquisition of Class A treasury stock	(75,682)	(2,896)
Net increase (decrease) in demand and savings deposits	18,542,886	(23,251,456)
Net increase in time deposits	10,795,981	35,931,033
Net increase (decrease) in short-term borrowings	351,952	(3,436,361)
Repayments of long-term borrowings	(2,593,936)	(2,552,318)
Net cash provided by financing activities	<u>25,227,370</u>	<u>5,115,886</u>
Increase in cash and cash equivalents	26,637,228	7,144,783
Cash and cash equivalents:		
Beginning	<u>18,360,861</u>	<u>11,216,078</u>
Ending	<u>\$ 44,998,089</u>	<u>\$ 18,360,861</u>

Note 1. Significant Accounting Policies

Nature of Business: Citizens Financial Corp. (“Citizens” or “the company” or “we”) was incorporated as a bank holding company in 1987. Our wholly-owned bank subsidiary, Citizens Bank of West Virginia, Inc. (“the bank”), founded in 1924, provides retail, secondary market, and commercial loan services, as well as, deposit, trust and brokerage services to customers in Randolph, Tucker, Upshur, Pocahontas and Wetzel Counties of West Virginia and nearby areas. In addition, Citizens operates CompliaFI, LLC, formed in 2020, that provides regulatory compliance and marketing related services to other financial institutions within and around West Virginia.

Classes of common stock: The company has three classes of common stock: Common stock, Class A Common stock, and Class B Common stock. The rights and privileges are outlined in the following paragraphs.

<u>Characteristic</u>	<u>Common</u>	<u>Class A Common</u>	<u>Class B Common</u>
Voting rights	Full voting rights	As required by law and for a merger/share exchange	As required by law and for a merger/share exchange
Dividends	As declared	5% premium over Common stock dividends with payment before all other shares	10% premium over Common stock dividends with payment before Common stock but after Class A Common
Liquidation Preference	Last preference	Priority over all others. Distribution is same as Common stock or book value of Common stock, whichever is greater.	After Class A Common stock but before Common stock
Conversion to Common stock	N/A	Conversion to Common stock at change in control	Conversion to Common stock at change in control
Transfer Restrictions	No	Yes—company has right of first refusal	Yes—company has right of first refusal

Basis of Financial Statement Presentation: Our accounting and reporting policies conform to U.S. generally accepted accounting principles and to general practices within the banking industry.

Use of Estimates: In preparing consolidated financial statements in conformity with U.S. generally accepted accounting principles, we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the Consolidated Balance Sheets and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses, determination of benefit obligations, and the valuation of other real estate owned.

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of Citizens Financial Corp. and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Presentation of Cash Flows: For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, balances due from banks (including cash items in process of clearing) and federal funds sold with maturities of 3 months or less. Cash flows from demand deposits, NOW accounts and savings accounts are reported net since their original maturities are less than three months. Cash flows from loans and certificates of deposit and other time deposits are also reported net.

Securities: All of our debt securities are classified as available-for-sale and carried at fair value, with unrealized gains and losses, net of tax, reported as a separate component of comprehensive income (loss) until realized. Gains and losses on the sale of available-for-sale securities are determined using the specific identification method. Premiums are amortized through the first call date.

The bank measures expected credit losses on available-for-sale debt securities when the bank does not intend to sell, or when it is not more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security’s amortized cost basis is written down to fair value through income. For available-for-sale debt securities that do not meet the aforementioned criteria, the bank evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the bank considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this evaluation indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are 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, equal to the amount that the fair value is less than the amortized cost basis. Economic forecast data is utilized to calculate the present value of expected cash flows. Management evaluates the various scenarios to determine a reasonable and supportable scenario and utilizes a single scenario in the model. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

The allowance for credit losses on available-for-sale debt securities is included within securities available-for-sale on the Consolidated Balance Sheets. Changes in the allowance for credit losses are recorded within provision for credit losses on the Consolidated Statements of Income. Losses are charged against the allowance when the bank believes the collectability of an available-for-sale security is in jeopardy or when either of the criteria regarding intent or requirement to sell is met. The bank did not recognize any allowance for credit losses as of December 31, 2025 and 2024.

Accrued interest receivable on available-for-sale debt securities totaled \$387,432 and \$256,388 at December 31, 2025 and 2024, respectively, and is included within accrued interest receivable on the Consolidated Balance Sheets. This amount is excluded from the estimate of expected credit losses. Available-for-sale debt securities are typically classified as nonaccrual when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about the further collectability of principal or interest. When available-for-sale debt securities are placed on nonaccrual status, unpaid interest credited to income is reversed.

Loans and Allowance for Credit Losses: The bank grants commercial, commercial real estate, residential real estate, consumer, and tax-exempt state and political subdivision loans to customers. Loans which management has the intent and ability to hold for the foreseeable future or until maturity or payoff are generally reported at their outstanding principal balance reduced by unearned income and the allowance for credit losses. Interest income is accrued daily on the outstanding principal balance. Loan origination fees and certain direct loan origination costs are deferred and amortized as adjustments to the related loan's yield over its contractual life.

The accrual of interest on all classes of loans is discontinued when the loan becomes 90 days delinquent unless the loan is well secured and in the process of collection. A loan is considered well secured if it is collateralized by a perfected security interest in real or personal property sufficient to recover the recorded investment in the loan. A loan is in the process of collection when either a collection effort or legal action is proceeding and is reasonably expected to result in recovery of the loan balance or its restoration to a current status, generally within the next 90 days. In addition, loans may also be placed on nonaccrual, or charged-off, at an earlier date if the collection of principal and interest is in doubt. When loans are placed on nonaccrual, all interest which has accrued but has not been collected is reversed against interest income, unless the income was recognized in prior years, in which case it is charged to the allowance for credit losses. Interest income during the period when a loan is on nonaccrual is recorded on a cash basis after recovery of principal is reasonably assured. If recovery of principal is not reasonably assured, payments received on nonaccrual loans are applied against the outstanding principal balance to the extent necessary to eliminate doubt related to the recovery of principal. Loans are generally restored to an accrual status when the obligation is brought current, has performed in accordance with the terms of the note for a reasonable period of time (usually six months), and collection of interest is no longer in doubt.

All classes of loans are considered past due or delinquent when a contractual payment has not been satisfied. Our policy requires that loans only be re-aged, extended or otherwise brought to a current status when the borrower has exhibited a renewed commitment to repay the loan by making a minimum of three consecutive monthly payments or equivalent lump sum payment and has not been granted any previous extension in the last twelve months. In addition, there can be no more than two extensions on any one loan in any five-year period.

The bank began calculating an allowance for credit losses (ACL) with the adoption of ASU 2016-13 *Financial Instruments - Credit Losses (Topic 326)*: Measurement of Credit Losses on Financial Instruments on January 1, 2023. The ACL is a valuation reserve established and maintained by charges against income and is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans, or portions thereof, are charged off against the ACL when they are deemed uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

The ACL is an estimate of expected credit losses, measured over the contractual life of a loan, that considers our historical loss experience, current conditions and forecasts of future economic conditions. Determination of an appropriate ACL is inherently subjective and may have significant changes from period to period.

The methodology for determining the ACL has two main components: evaluation of expected credit losses for certain groups of homogeneous loans that share similar risk characteristics and evaluation of loans that do not share risk characteristics with other loans.

The ACL is measured on a collective (pool) basis when similar risk characteristics exist. The bank has identified the portfolio segments as commercial non-real estate, commercial real estate, residential real estate, consumer and tax-exempt customers. The ACL is measure for each segment using a weighted average maturity method and historical losses. These segments are detailed below:

Commercial loans not secured by real estate carry risks associated with the successful operation of a business, and the repayments of these loans depend on the profitability and cash flows of the business. Additional risk relates to the value of collateral where depreciation occurs and the valuation is less precise.

Loans secured by commercial real estate also carry risks associated with the success of the business and the ability to generate a positive cash flow sufficient to service debts. Real estate security diminishes risks only to the extent that a market exists for the subject collateral.

Residential real estate loans carry risks associated with the continued creditworthiness of the borrower and changes in the value of the collateral. In instances where construction is in process, these loans 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. Additional risks may occur 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.

Consumer loans carry risks associated with the continued creditworthiness of the borrower and the value of the collateral, such as automobiles which may depreciate more rapidly than other assets. In addition, these loans may be unsecured. Consumer loans are more likely than real estate loans to be immediately affected in an adverse manner by job loss, divorce, illness, or personal bankruptcy. Consumer loans are further segmented into automobile and recreational vehicle loans and other consumer loans.

Loans to tax-exempt state and political subdivisions carry risks associated with changes in budget constraints or revenue bases of the particular municipality or entity. These loans are dependent on the cash flow from the tax-exempt entity and often times have collateral where depreciation occurs and valuation is less than precise.

Historical credit loss experience is the basis for the estimation of expected credit losses. We apply historical loss rates to pools of loans with similar risk characteristics. After consideration of the historic loss calculation, management applies qualitative adjustments to reflect the current conditions and reasonable and supportable forecasts not already reflected in the historical loss information at the balance sheet date. Our reasonable and supportable forecast adjustment is based on a broad range of data that includes current economic indicators and management's judgment. For periods beyond our reasonable and supportable forecast, we revert to historical loss rates utilizing a straight-line method over a one-year reversion period. The qualitative adjustments for current conditions are based upon changes in lending policies and practices, experience and ability of lending staff, quality of the bank's loan review system, value of underlying collateral, the existence of and changes in concentrations and other external factors. These modified historical loss rates are multiplied by the outstanding principal balance of each loan to calculate a required reserve.

The bank has elected to exclude accrued interest receivable from the measurement of its ACL. When a loan is placed on non-accrual status, any outstanding accrued interest is reversed against interest income. Accrued interest receivable on loans totaled \$2,207,881 and \$2,002,194 at December 31, 2025 and 2024, respectively, and is included within accrued interest receivable on the Consolidated Balance Sheets.

The ACL for individual loans begins with the use of normal credit review procedures to identify whether a loan no longer shares similar risk characteristics with other pooled loans and therefore, should be individually assessed. We evaluate all commercial loans that meet the following criteria: 1) loan balance more than \$100,000, 2) substandard, doubtful and nonperforming loans, 3) when it is determined by management that a loan does not share similar risk characteristics with other loans. Specific reserves are established based on the following three acceptable methods for measuring the ACL: 1) the present value of expected future cash flows discounted at the loan's original effective interest rate; 2) the loan's observable market price; or 3) the fair value of the collateral when the loan is collateral dependent. Our individual loan evaluations consist primarily of the fair value of collateral method because most of our loans are collateral dependent. Collateral values are discounted to consider disposition costs when appropriate. A specific reserve is established or a charge-off is taken if the fair value of the loan is less than the loan balance.

Loans Held for Sale: Loans held for sale consist of fixed-rate one-to-four family conforming residential real estate loans originated for sale in the secondary market and carried at aggregate cost. The loans are originated and sold within a relatively short time period and differences in the aggregate cost and fair value do not produce results which are materially different. Our practice is to generally sell all fixed-rate, one-to-four family conforming residential real estate loans while holding adjustable-rate loans. Gains and losses on sales of loans are recognized at settlement dates and are determined by the difference between the sales proceeds and the carrying value of the loans. The company had no loans held for sale at December 31, 2025 or 2024.

Loan Modifications: In situations where, for economic or legal reasons related to a borrower’s financial condition, management may grant a concession to the borrower that it would not otherwise consider. Management strives to identify borrowers in financial difficulty early and work with them to modify their loan to more affordable terms before their loan reaches nonaccrual status. These modified terms may include rate reductions, principal forgiveness, payment forbearance and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. In cases where borrowers are granted new terms that provide for a reduction of either interest or principal, management measures any impairment on the restructuring as noted above for impaired loans.

Mortgage Partnership Finance Program: The bank participates in the Mortgage Partnership Finance (MPF) Program of the Federal Home Loan Bank of Pittsburgh (FHLB). The program is intended to provide member institutions with an alternative to holding fixed-rate mortgages in their loan portfolios or selling them in the secondary market. The bank participates in the MPF Program by selling, as a principal, closed loans owned by the bank to the FHLB pursuant to one of the FHLB’s closed-loan programs. Under the MPF Program(s), credit risk is shared by the bank and the FHLB by structuring the loss exposure in several layers, with the bank being liable for losses after application of an initial layer of losses (after any private mortgage insurance) is absorbed by the FHLB, subject to an amount equivalent to a “BBB” credit risk rating by a rating agency. The bank may also be liable for certain first layer losses after a specified period of time. The bank receives credit enhancement fees from the FHLB for providing this credit enhancement and continuing to manage the credit risk of the MPF Program loans.

Allowance for Indemnifications: The allowance for indemnifications is established through charges to earnings in the form of a provision for indemnifications, which is included in other noninterest expenses. A loss is charged against the allowance for indemnifications under certain conditions when a purchaser of a loan (investor) sold by the bank incurs a loss due to borrower misrepresentation, fraud, early default, or underwriting error. The allowance represents an amount that, in management’s judgment, will be adequate to absorb any losses arising from indemnification requests. Management’s judgment in determining the level of the allowance is based on the volume of loans sold, historical experience, current economic conditions and information provided by investors. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance for indemnifications at December 31, 2025 and 2024, were \$328,147 and \$328,147, respectively.

Bank Premises and Equipment: Land is carried at cost. Bank premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily by the straight-line method over the estimated useful lives of the assets. Premises and equipment typically have useful lives ranging from 5 to 39 years. Repairs and maintenance expenditures are charged to noninterest expense as incurred. Major improvements and additions to premises and equipment are capitalized.

Other Real Estate: Other real estate consists of real estate held for resale which is acquired through foreclosure on loans secured by such real estate. At the time of acquisition, these properties are recorded at the fair value less cost to sell with any write-down charged to the allowance for credit losses. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less cost to sell. Expenses incurred in connection with operating these properties are charged to noninterest expenses as incurred; depreciation is not recorded on property held for sale. Gains and losses on the sales of these properties are credited or charged to noninterest income in the year of the transaction. As of December 31, 2025, the company had two residential real estate foreclosures included in the carrying value. As of December 31, 2024, the company had two residential real estate foreclosures included in the carrying value.

Other Real Estate Owned: The following is a summary of activity in Other Real Estate Owned for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Beginning Balance	\$ 988,201	\$ 1,323,981
Loans transferred to real estate owned	79,650	484,727
Sales of real estate owned	(317,836)	(913,020)
Gains	41,046	92,513
Valuation reserve	(360,705)	-
Ending Balance	<u>\$ 430,356</u>	<u>\$ 988,201</u>

Acquisitions: Business combinations are accounted for under ASC 805, *Business Combinations*, using the acquisition method of accounting. The acquisition method of accounting requires an acquirer to recognize the assets acquired and the liabilities assumed at the acquisition date measured at their fair values as of that date. To determine the fair values, the company relies on third party valuations based on discounted cash flow analyses or other valuation techniques. Merger expenses are costs the company incurs to effect a business combination. Those costs include advisory, legal, accounting, valuation, and other professional or consulting fees. The company accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received.

Goodwill and Intangible Assets: Goodwill is the excess of the cost of an acquisition over the fair value of tangible and intangible assets acquired. Goodwill is not amortized. The company performs an annual review for impairment in the recorded value of goodwill. There was no impairment of goodwill during the years ended December 31, 2025 and 2024. Intangible assets represent purchased assets that also lack physical substance, but can be separately distinguished from goodwill because of contractual or other legal rights or because the asset is capable of being sold or exchanged either on its own or in combination with a related contract, asset or liability. Intangible assets with determinable useful lives, such as non-core deposit intangibles, are amortized over their estimated useful lives.

Securities Sold Under Agreements to Repurchase: We generally account for securities sold under agreements to repurchase as collateralized financing transactions. Securities pledged as collateral under these financing arrangements cannot be sold or re-pledged by the secured party.

Pension and Other Postretirement Benefits: The bank has a noncontributory, defined benefit pension plan. At December 31, 2014, the bank curtailed this plan by freezing the benefits of current employees and eliminated this benefit for future employees. In 2015, the bank retroactively modified the definition of compensation to reflect gross employee compensation consistent with past employee benefit calculations and the intent of the plan. The plan will continue to provide benefits based on each employee's accumulated benefit as of December 31, 2014. The plan provides benefits that are based on employees' last five-year average compensation and years of service through 2014. Our funding policy is to make annual contributions as permitted or required by regulation. Pension costs are actuarially determined and charged to expense. In 2024 the plan incurred a settlement expense of \$109,984 based on payments to participants, that is included in salaries and employee benefits on the Consolidated Statements of Income. The bank also provides certain health care and life insurance benefits for retired employees that meet certain eligibility requirements. The bank's share of the estimated costs that will be paid after retirement is generally being accrued by charges to expense over the employees' active service periods to the dates they are fully eligible for benefits.

Stock-Based Compensation: Compensation cost is recognized for restricted stock awards issued to employees and directors based on the fair value of these awards at the date of grant. The market price of the company's common stock at the date of the grant is used for restricted stock awards. Compensation cost is recognized over the required service period, generally defined as the vesting period. Compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. The company's accounting policy is to recognize forfeitures as they occur.

Income Taxes: Deferred tax assets and liabilities are determined based on differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Valuation allowances are established when deemed necessary to reduce deferred tax assets to the amount expected to be realized.

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 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 would be reflected as a liability for uncertain tax positions in the accompanying Consolidated Balance Sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with uncertain tax positions are classified as additional income taxes in the Consolidated Statements of Income. No uncertain tax positions were recorded in 2025 or 2024.

Basic and Fully Diluted Earnings per Common Share: Basic and fully diluted earnings per Common share is presented on the Consolidated Statements of Income for each class of common stock outstanding, and is computed using the two-class method based upon the weighted average shares outstanding. Non-vested shares are not considered participating securities for this calculation. We did not have any potentially dilutive securities during 2025 or 2024.

Trust Department: Assets held in an agency or fiduciary capacity by the bank's trust department are not assets of the bank and are not included in the accompanying Consolidated Balance Sheets.

Off-Balance-Sheet Credit Related Financial Instruments: In the ordinary course of business, we may enter into commitments to extend credit, including commercial letters of credit, and standby letters of credit. These financial instruments are recorded when they are funded.

Advertising: Advertising costs are expensed as they are incurred. Advertising expenses were \$95,413 and \$54,307 for the years 2025 and 2024, respectively.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income/(loss). Other comprehensive income/(loss) includes unrealized gains on securities available for sale, unrealized losses related to factors other than credit on debt securities, and changes in the funded status of pension and other postretirement benefit plans which are also recognized as a separate component of equity.

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.

Revenue Recognition: Most revenue associated with the company's financial instruments, including interest income, gains/losses on investment securities, and gains on sales of loans are outside the scope of ASC Topic 606, "Revenue from Contracts with Customers." The company's services that fall within the scope of ASC 606 are presented within noninterest income and are recognized as revenue as the company satisfies its obligation to the customer. A description of the company's primary revenue streams accounted for under ASC 606 are as follows:

- **Trust Income.** The company earns trust fees from contracts with trust clients to administer or manage assets for investment. Trust fees are earned over time (generally monthly) as the company provides the contracted services and are assessed based on the value of assets under management at each month-end.
- **Service Fees.** The company earns fees from its deposit customers for overdraft and account maintenance services. Overdraft fees are recognized when the overdraft occurs. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the company satisfies the performance obligation. The company also earns fees from its customers for transaction-based services. Such services include safe deposit box rentals, ATM, stop payment and wire transfer fees. In each case, these service charges and fees are recognized in income at the time or within the same period that the company's performance obligation is satisfied. The company earns interchange fees from debit and affinity credit cardholder transactions conducted through various payment networks. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services.
- **Insurance Commissions and Brokerage Fees.** The company earns services income by providing investment brokerage services and insurance products to its customers through third-party service providers. Fees that are transaction-based (e.g., execution of trades) are recognized on a monthly basis. Other fees, or commissions, are earned over time as the contracted monthly or quarterly services are provided and are generally assessed based on either account activity or the market value of assets under management at month or quarter end.
- **Gains/Losses on Sales of OREO.** The company records a gain/loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the company finances the sale of OREO to the buyer, the company assesses whether the buyer is committed to perform the obligations under the contract and whether collectability of the transaction price is probable. In determining the gain/loss on the sale, the company adjusts the transaction price and the related gain/loss on sale if a significant financing component is present.

Segment Reporting: While the chief decision-makers monitor the revenue streams of the various products and services, operations are managed and financial performance is evaluated on a company-wide basis. The company has identified the bank as the only reporting segment, as more fully disclosed in Note 19 Segment Reporting.

Reclassifications: Certain accounts in the consolidated financial statements for 2024, as previously presented, have been reclassified to conform to current year classifications. None of these reclassifications were of a material nature.

Recent Accounting Pronouncements: In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures. This ASU requires disclosure in the notes to financial statements of specified information about certain costs and expenses. Specific disclosures are required for (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas producing activities. The amendments in this Update do not change or remove current expense disclosure requirements. However, the amendments affect where this information appears in the notes to financial statements because entities are required to include certain current disclosures in the same tabular format disclosure as the other disaggregation requirements in the amendments. The amendments in ASU 2024-03 apply only to public business entities and are effective for fiscal years beginning after December 15,

2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. This Update is not expected to have a significant impact on the company's financial statements.

In December 2024, the FASB issued ASU 2024-04, *Debt – Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*. This new guidance clarifies the assessment of whether a transaction should be accounted for as an induced conversion or extinguishment of convertible debt when changes are made to conversion features as part of an offer to settle the instrument. The ASU requires entities to apply a preexisting contract approach. To qualify for induced conversion accounting under this approach, the inducement offer is required to preserve the form of consideration and result in an amount of consideration that is no less than that issuable pursuant to the preexisting conversion privileges. The guidance is effective for fiscal years beginning after December 15, 2025, with early adoption permitted, and it can be adopted either on a prospective or retrospective basis. This Update is not expected to have a significant impact on the company's financial statements.

In January 2025, the FASB issued ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*, which revises the effective date of ASU 2024-03 (on disclosures about disaggregation of income statement expenses) “to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027.” Entities within the ASU's scope are permitted to early adopt the ASU. This Update is not expected to have a significant impact on the company's financial statements.

In May 2025, the FASB issued ASU 2025-03, *Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*, which revises the guidance in ASC 805 on identifying the accounting acquirer in a business combination in which the legal acquiree is a variable interest entity (VIE). The reporting entity can determine that a transaction in which the legal acquiree is a VIE represents a reverse acquisition in which the legal acquirer is identified as the acquiree for accounting purposes. ASU 2025-03 is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. The amendments in ASU 2025-03 must be applied prospectively to any business combination that occurs after the initial adoption date. This Update is not expected to have a significant impact on the company's financial statements.

In May 2025, the FASB issued ASU 2025-04, *Compensation – Stock Compensation (Topic 718) and Revenue from Contracts With Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer*, which clarifies the accounting for share-based consideration payable to a customer under ASC 718 and ASC 606. The amendments refine key aspects of the guidance, including the definition of “performance condition” as well as the measurement requirements and the treatment of forfeitures. The amendments will be effective for annual reporting periods beginning after December 15, 2026, including interim periods within those annual periods. Early adoption is permitted for financial statements that have not yet been issued. This Update is not expected to have a significant impact on the company's financial statements.

In July 2025, the FASB issued ASU 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides the following relief when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606, including those acquired in a business combination under Topic 805, Business Combinations: (1) Practical expedient (available to all entities): Allows an entity to assume that current conditions as of the balance sheet date remain unchanged over the remaining life of an asset in developing reasonable and supportable forecasts as part of estimating expected credit losses. This removes the requirement to incorporate macroeconomic forecasts for assets within the scope of the ASU; (2) Accounting policy election (available to entities other than public business entities): Provided that the practical expedient is elected, this policy election permits eligible entities to consider post-balance-sheet collection activity when estimating expected credit losses. The new guidance will be effective for interim and annual periods beginning after December 15, 2025, and is to be adopted on a prospective basis. This Update is not expected to have a significant impact on the company's financial statements.

In September 2025, the FASB issued ASU 2025-07, *Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*, which (1) refines the scope of the guidance on derivatives in ASC 815 (Issue 1) and (2) clarifies the guidance on share-based payments from a customer in ASC 606 (Issue 2). The ASU is intended to address concerns about the application of derivative accounting to contracts that have features based on the operations or activities of one of the parties to the contract and to reduce diversity in the accounting for share-based payments in revenue contracts. The ASU adds a new scope exception for certain contracts that are not traded on an exchange and have an underlying that is based on operations or activities specific to one of the parties to the contract. This ASU clarifies that when an entity has a right to receive a share-based payment from its customer in exchange for the transfer of goods or services, the share-based payment should be accounted for as noncash consideration within the scope of ASC 606. ASU 2025-07 is effective for annual reporting periods beginning after December 15, 2026, including interim reporting periods within those annual reporting periods. Early adoption is permitted. This Update is not expected to have a significant impact on the company's financial statements.

In November 2025, the FASB issued ASU 2025-08, *Financial Instruments – Credit Losses (Topic 326)*, which amends the guidance in Topic 326 to expand the population of acquired financial assets subject to the gross-up approach to include loans (excluding credit cards) that are acquired without credit deterioration and deemed “seasoned.” All non-purchased credit deteriorated loans (excluding credit cards) that are acquired in a business combination are deemed seasoned. Other non-purchased credit deteriorated loans (excluding credit cards) are considered to be seasoned if they were purchased at least 90 days after origination and the acquirer was not involved in the origination of the loans. ASU 2025-08 should be applied prospectively and is effective for annual reporting periods beginning after December 15, 2026, including interim reporting periods within those annual reporting periods. Early adoption is permitted. This Update is not expected to have a significant impact on the company’s financial statements.

In November 2025, the FASB issued ASU 2025-09, *Derivatives and Hedging (Topic 815)*, which amends certain aspects of the hedge accounting guidance in ASC 815 to more closely align hedge accounting with the economics of an entity’s risk management activities. The amendments, among other things, provide more flexibility for cash flow hedges and hedging of raw materials and other nonfinancial assets, as well as simplify hedge accounting for flexible debt and foreign currency debt. ASU 2025-09 should be applied prospectively for public business entities for annual reporting periods beginning after December 15, 2026, including interim reporting periods within those annual reporting periods. For all other entities, the ASU is to be applied prospectively and is effective for fiscal years beginning after December 15, 2027, including interim reporting periods within those annual reporting periods. Early adoption is permitted. This Update is not expected to have a significant impact on the company’s financial statements.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, to clarify interim disclosure requirements, the form and content of interim financial statements, and when ASC Topic 270 applies. The amendments in the ASU provide a list of specific interim disclosures that are required by generally accepted accounting principles (GAAP), which, together with the disclosure principle, represent the complete population of required disclosures in interim reporting periods. The intent of the disclosure principle is to help entities determine whether any disclosures not specified in Topic 270 should be provided in interim reporting periods. ASU 2025-11 may be applied either prospectively or retrospectively to any or all prior periods presented in the financial statements for public business entities for interim periods in fiscal years beginning after December 15, 2027 and all other entities in interim periods in fiscal years beginning after December 15, 2028. This Update is not expected to have a significant impact on the company’s financial statements.

In December 2025, the FASB issued ASU 2025-12, *Codification Improvements*, addresses thirty-three issues which amend the Codification to (1) clarify, (2) correct errors, or (3) make minor improvements that affect a wide variety of Topics in the Codification and apply to all reporting entities within the scope of the affected accounting guidance. The amendments make the Codification easier to understand and apply. The amendments in this Update are effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. This Update is not expected to have a significant impact on the company’s financial statements.

Recently Adopted Accounting Pronouncements: On January 1, 2025, the company adopted ASU 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848, which extends the sunset (or expiration) date of ASC Topic 848 to December 31, 2024. This gives reporting entities two additional years to apply the accounting relief provided under ASC Topic 848 for matters related to reference rate reform. ASU 2022-06 is effective for all reporting entities immediately upon issuance and must be applied on a prospective basis. This ASU did not have a significant impact on the company’s financial statements.

On January 1, 2025, the company adopted ASU 2023-05, *Business Combinations – Joint Venture Formations (Subtopic 805-60)*, which requires a joint venture to initially measure all contributions received upon its formation at fair value. This new guidance is intended to reduce diversity in practice and should be applied prospectively. It is effective for all newly formed joint venture entities with a formation date on or after January 1, 2025, with early adoption permitted. Joint ventures formed prior to the adoption date may elect to apply the new guidance retrospectively back to their original formation date. This ASU did not have a significant impact on the company’s financial statements.

On January 1, 2025, the company adopted ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which provides for improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This guidance is effective for public business entities for annual periods beginning after December 15, 2024. This ASU did not have a significant impact on the company’s financial statements.

Note 2. Supplemental Disclosures of Cash Flow Information

	<u>Years Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Cash payments for:		
Interest on deposits and on other borrowings	\$ 13,618,150	\$ 15,043,756
Income taxes	\$ 2,656,382	\$ 2,366,338
Supplemental schedule of noncash investing and financing activities		
Other real estate and other assets acquired in settlement of loans	\$ 79,650	\$ 484,727
Unrealized gain on securities available for sale	\$ 2,422,614	\$ 2,045,006
Minimum pension and other post-retirement liability adjustment	\$ 236,448	\$ 772,408

Note 3. Goodwill and Other Intangible Assets

On December 26, 2014, the company acquired the assets of Reliance Mortgage Company. Reliance was a local mortgage brokerage company based in Elkins, West Virginia that originated fixed rate mortgages throughout the state. Mortgages originated by Reliance were sold to other financial institutions following origination. Operations began in January 2015. Goodwill of \$549,200 is included in the Consolidated Balance Sheets for 2025 and 2024. Goodwill is being deducted for federal income tax purposes.

On December 10, 2021, the company acquired certain assets and liabilities of two branches of Community Bank in Buckhannon and New Martinsville, West Virginia. That acquisition transaction resulted in recording goodwill of \$2,203,848. Total goodwill included in the Consolidated Balance Sheets is \$2,753,048 at December 31, 2025 and 2024. Goodwill is being deducted for federal income tax purposes.

The following table provides an assessment of the consideration transferred, assets acquired, and liabilities assumed as of the date of the acquisition:

Acquired Intangible Assets: Acquired intangible assets were as follows at year-end:

	<u>2025</u>		<u>2024</u>	
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
Core Deposit Intangible	\$ 2,292,281	\$ (1,018,781)	\$ 2,292,281	\$ (764,081)

Aggregate amortization expenses were \$254,700 for 2025 and 2024. The core deposit intangible will be amortized over its estimated life of nine years.

Note 4. Securities

The amortized cost, unrealized gains, unrealized losses, allowance for credit losses, and estimated fair values of securities at December 31, 2025 and 2024, are summarized below. All such securities are classified as available for sale.

	<u>2025</u>				
	<u>Amortized Cost</u>	<u>Unrealized</u>		<u>Allowance for Credit Losses</u>	<u>Fair Value</u>
		<u>Gains</u>	<u>Losses</u>		
U.S. Government agencies and corp.	\$ 38,113,041	\$ 60,150	\$ 838,121	\$ -	\$ 37,335,070
U.S. Treasury obligations	10,068,056	-	213,957	-	9,854,099
Mortgage backed securities - U.S. Gov't agencies and corporations	18,035,681	257,949	89,428	-	18,204,202
Tax exempt state and political subdivision	3,319,625	3,538	127,043	-	3,196,120
Taxable state and political subdivisions	1,992,621	3,725	42,781	-	1,953,565
Total securities available for sale	<u>\$ 71,529,024</u>	<u>\$ 325,362</u>	<u>\$ 1,311,330</u>	<u>\$ -</u>	<u>\$ 70,543,056</u>

2024

	<u>Amortized Cost</u>	<u>Unrealized</u>		<u>Allowance for Credit Losses</u>	<u>Fair Value</u>
		<u>Gains</u>	<u>Losses</u>		
U.S. Government agencies and corp.	\$ 34,278,554	\$ -	\$ 2,102,447	\$ -	\$ 32,176,107
U.S. Treasury obligations	25,199,584	-	764,434	-	24,435,150
Mortgage backed securities - U.S. Gov't agencies and corporations	7,141,972	149	224,122	-	6,917,999
Tax exempt state and political subdivision	3,320,159	-	227,453	-	3,092,706
Taxable state and political subdivisions	1,494,915	-	90,275	-	1,404,640
Total securities available for sale	<u>\$ 71,435,184</u>	<u>\$ 149</u>	<u>\$ 3,408,731</u>	<u>\$ -</u>	<u>\$ 68,026,602</u>

The tables which follow provide summaries of securities which were in an unrealized loss position for which an allowance for credit losses has not been recorded at December 31, 2025 and 2024, all of which are available for sale. As of December 31, 2025, twenty-two securities had a total fair value of \$44,780,261 and carried unrealized losses of \$1,311,330 or 2.85%. There were twenty-one securities in a continuous loss position for twelve months or more. As of December 31, 2024, thirty-three securities had a total fair value of \$68,007,830 and carried unrealized losses of \$3,408,731 or 4.77%. There were twenty-six securities in a continuous loss position for twelve months or more.

2025

	<u>Less Than 12 Months</u>		<u>12 Months or More</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
U.S. Government agencies and corp.	\$ -	\$ -	\$ 27,269,218	\$ 838,121	\$ 27,269,218	\$ 838,121
U.S. Treasury obligations	-	-	9,854,099	213,957	9,854,099	213,957
Mortgage backed securities - U.S. Gov't agencies and corporations	1,930,593	12,903	1,439,934	76,525	3,370,527	89,428
Tax exempt state and political subdivision	-	-	2,832,957	127,043	2,832,957	127,043
Taxable state and political subdivisions	-	-	1,453,460	42,781	1,453,460	42,781
Total	<u>\$ 1,930,593</u>	<u>\$ 12,903</u>	<u>\$ 42,849,668</u>	<u>\$ 1,298,427</u>	<u>\$ 44,780,261</u>	<u>\$ 1,311,330</u>

2024

	<u>Less Than 12 Months</u>		<u>12 Months or More</u>		<u>Total</u>	
	<u>Value</u>	<u>Losses</u>	<u>Value</u>	<u>Losses</u>	<u>Value</u>	<u>Losses</u>
U.S. Government agencies and corp.	\$ 1,967,900	\$ 40,326	\$ 30,208,207	\$ 2,062,121	\$ 32,176,107	\$ 2,102,447
U.S. Treasury obligations	-	-	24,435,150	764,434	24,435,150	764,434
Mortgage backed securities - U.S. Gov't agencies and corporations	5,349,528	61,594	1,549,699	162,528	6,899,227	224,122
Tax exempt state and political subdivision	357,615	2,544	2,735,091	224,909	3,092,706	227,453
Taxable state and political subdivisions	-	-	1,404,640	90,275	1,404,640	90,275
Total	<u>\$ 7,675,043</u>	<u>\$ 104,464</u>	<u>\$ 60,332,787</u>	<u>\$ 3,304,267</u>	<u>\$ 68,007,830</u>	<u>\$ 3,408,731</u>

The maturities of securities at December 31, 2025 are summarized as follows:

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due within one year	\$ 21,068,057	\$ 20,696,165
Due after one through five years	21,058,887	20,251,636
Due after five through ten years	10,625,394	10,643,597
Due after ten years	741,005	747,456
	<u>\$ 53,493,343</u>	<u>\$ 52,338,854</u>
Mortgage backed securities	18,035,681	18,204,202
Total	<u>\$ 71,529,024</u>	<u>\$ 70,543,056</u>

Mortgage backed securities have remaining contractual maturities ranging from 2.25 to 28.24 years and anticipated average life to maturity from 0.92 to 5.24 years. Accordingly, discounts are accreted and premiums are amortized over the anticipated life to maturity of the specific obligation.

The proceeds from sales, calls and maturities of securities, principal payments received on mortgage backed securities, and the related gross gains and losses realized are as follows:

Years Ended December 31,	Proceeds From			Gross Realized	
	Sales	Calls and Maturities	Principal Payments	Gains	Losses
2025	\$ -	\$ 22,000,000	\$ 2,953,607	\$ -	\$ -
2024	\$ -	\$ 24,500,000	\$ 964,779	\$ -	\$ -

At December 31, 2025 and 2024, securities with amortized costs of \$60,457,381 and \$61,264,671, respectively, and estimated fair values of \$59,436,961 and \$58,020,813, respectively, were pledged to secure public deposits, securities sold under agreements to repurchase, and for other purposes required or permitted by law. At December 31, 2025 and 2024, the company's securities portfolio had no concentrations within any specific industry or issuer.

The company's restricted investments totaled \$5,016,100 and \$4,841,400 at December 31, 2025 and 2024, respectively. These securities represent the company's equity investment in the Federal Home Loan Bank of Pittsburgh (FHLB). FHLB stock is generally viewed as a long-term investment and as a restricted investment security which is carried at cost, because there is no market for the stock other than the FHLB or member institutions. Therefore, when evaluating FHLB stock for impairment, its value is based on ultimate recoverability of the par value rather than by recognizing temporary declines in value.

Note 5. Loans

The major classes of loans are summarized as follows:

	December 31,	
	2025	2024
Commercial non real estate		
Commercial and industrial	\$ 45,782,045	\$ 29,308,493
Commercial real estate		
Construction	1,892,487	1,090,531
Other	96,721,423	89,860,210
Residential real estate		
Construction	1,059,760	2,175,071
Mortgage	75,302,668	78,269,021
Equity line	13,471,244	11,005,236
Consumer		
Autos and recreational vehicles (RVs)	283,011,978	296,466,308
Other	3,970,955	4,030,179
Tax-exempt		
State and political subdivisions	31,292,155	30,025,119
Total loans	552,504,715	542,230,168
Allowance for credit losses	(5,740,549)	(5,195,862)
Net deferred loan origination fees and costs	6,767,477	7,312,960
Loans, net	\$ 553,531,643	\$ 544,347,266

Included in the previous balance of net loans are nonaccrual loans of \$1,983,186 and \$1,902,349 at December 31, 2025 and 2024, respectively. Additional information on nonaccrual loans may be found in Note 6. Deposit accounts in an overdraft status totaling \$184,991 and \$267,053 at December 31, 2025 and 2024, respectively, were reclassified as loans and included in the previous table.

Note 6. Allowance for Credit Losses

The increase in the credit loss provision for 2025 and 2024 is for combination of increase in gross loan balances and the charge-offs incurred. The following tables summarizes the activity in the allowance for credit losses, by portfolio loan classification, for the year ended December 31, 2025 and 2024. The allocation of a portion of the allowance in one portfolio segment does not preclude its availability to absorb losses in other portfolio segments.

For the Year Ended December 31, 2025						
	Commercial Non Real Estate	Commercial Real Estate	Residential Real Estate	Consumer	Tax-Exempt	Total
Beginning Balance	\$ 338,655	\$ 942,329	\$ 376,595	\$ 3,511,260	\$ 27,023	\$ 5,195,862
Charge-offs	(111,248)	(19,659)	(569)	(2,031,240)	-	(2,162,716)
Recoveries	-	19,659	1,175	666,569	-	687,403
Provision/(recovery)	772,191	121,156	89,568	1,035,816	1,269	2,020,000
Ending Balance	<u>\$ 999,598</u>	<u>\$ 1,063,485</u>	<u>\$ 466,769</u>	<u>\$ 3,182,405</u>	<u>\$ 28,292</u>	<u>\$ 5,740,549</u>
Ending Balance:						
individually evaluated						
for credit losses	<u>\$ 345,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 345,327</u>
Ending Balance:						
collectively evaluated						
for credit losses	<u>\$ 654,271</u>	<u>\$ 1,063,485</u>	<u>\$ 466,769</u>	<u>\$ 3,182,405</u>	<u>\$ 28,292</u>	<u>\$ 5,395,222</u>
Loans:						
Ending Balance:						
individually evaluated						
for credit losses	<u>\$ 1,234,429</u>	<u>\$ 2,145,845</u>	<u>\$ 191,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,571,546</u>
Ending Balance:						
collectively evaluated						
for credit losses	<u>\$ 44,547,616</u>	<u>\$ 96,468,065</u>	<u>\$ 89,642,400</u>	<u>\$ 286,982,933</u>	<u>\$ 31,292,155</u>	<u>\$ 548,933,169</u>
For the Year Ended December 31, 2024						
	Commercial Non Real Estate	Commercial Real Estate	Residential Real Estate	Consumer	Tax-Exempt	Total
Beginning Balance	\$ 294,782	\$ 957,351	\$ 463,620	\$ 2,823,006	\$ 60,667	\$ 4,599,426
Charge-offs	(67,347)	-	(115,786)	(1,725,744)	-	(1,908,877)
Recoveries	-	-	1,025	292,288	-	293,313
Provision/(recovery)	111,220	(15,022)	27,736	2,121,710	(33,644)	2,212,000
Ending Balance	<u>\$ 338,655</u>	<u>\$ 942,329</u>	<u>\$ 376,595</u>	<u>\$ 3,511,260</u>	<u>\$ 27,023</u>	<u>\$ 5,195,862</u>
Ending Balance:						
individually evaluated						
for impairment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Balance:						
collectively evaluated						
for impairment	<u>\$ 338,655</u>	<u>\$ 942,329</u>	<u>\$ 376,595</u>	<u>\$ 3,511,260</u>	<u>\$ 27,023</u>	<u>\$ 5,195,862</u>
Loans:						
Ending Balance:						
individually evaluated						
for impairment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Balance:						
collectively evaluated						
for impairment	<u>\$ 29,308,493</u>	<u>\$ 90,950,741</u>	<u>\$ 91,449,328</u>	<u>\$ 300,496,487</u>	<u>\$ 30,025,119</u>	<u>\$ 542,230,168</u>

Management monitors the loan portfolio and appropriateness of the allowance on a quarterly basis to provide for expected credit losses inherent in the portfolio. Management utilizes various economic factors and specific loan category historical data, including peer data, to assess the risk of each loan category.

The performance and credit quality of the loan portfolio is also monitored by analyzing the age of the loans receivable as determined by the length of time a recorded payment is past due. The following table presents the classes of the loan portfolio summarized by the past due status as of December 31, 2025 and 2024:

As of December 31, 2025							
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans	90 Days Past Due and Still Accruing
Commercial non real estate							
Commercial & industrial	\$ 289,100	\$ 203,644	\$ 20,825	\$ 513,569	\$ 45,268,476	\$ 45,782,045	\$ -
Commercial real estate							
Construction	-	-	-	-	1,892,487	1,892,487	-
Other	894,346	297,880	686,525	1,878,751	94,842,672	96,721,423	340,664
Residential real estate							
Construction	-	-	-	-	1,059,760	1,059,760	-
Mortgage	629,228	138,281	294,992	1,062,501	74,240,167	75,302,668	-
Equity line	-	-	4,326	4,326	13,466,918	13,471,244	-
Consumer							
Autos and RVs	3,007,768	1,171,624	843,425	5,022,817	277,989,161	283,011,978	-
Other	11,510	-	-	11,510	3,949,445	3,970,955	-
Tax-exempt							
State and political sub.	-	-	-	-	31,292,155	31,292,155	-
Total	<u>\$ 4,831,952</u>	<u>\$ 1,811,429</u>	<u>\$ 1,850,093</u>	<u>\$ 8,493,474</u>	<u>\$ 544,011,241</u>	<u>\$ 552,504,715</u>	<u>\$ 340,664</u>

As of December 31, 2024							
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans	90 Days Past Due and Still Accruing
Commercial non real estate							
Commercial & industrial	\$ 238,998	\$ 204,012	\$ -	\$ 443,010	\$ 28,865,483	\$ 29,308,493	\$ -
Commercial real estate							
Construction	-	-	-	-	1,090,531	1,090,531	-
Other	1,201,957	17,543	-	1,219,500	88,640,710	89,860,210	-
Residential real estate							
Construction	-	-	-	-	2,175,071	2,175,071	-
Mortgage	916,656	468,496	109,959	1,495,111	76,773,910	78,269,021	-
Equity line	70,580	25,197	-	95,777	10,909,459	11,005,236	-
Consumer							
Autos and RVs	3,670,984	802,235	1,245,178	5,718,397	290,747,911	296,466,308	-
Other	33,773	-	5,646	39,419	3,990,760	4,030,179	-
Tax-exempt							
State and political sub.	-	-	-	-	30,025,119	30,025,119	-
Total	<u>\$ 6,132,948</u>	<u>\$ 1,517,483</u>	<u>\$ 1,360,783</u>	<u>\$ 9,011,214</u>	<u>\$ 533,218,954</u>	<u>\$ 542,230,168</u>	<u>\$ -</u>

The following table summarizes loans on nonaccrual and the loans past due over 90 days still accruing interest as of December 31, 2025 and 2024:

As of December 31, 2025					
	Nonaccrual with no Allowance for Credit Loss	Nonaccrual with an Allowance for Credit Loss	Total Nonaccrual	Loans Past Due 90 Days Still Accruing	Total Non- performing
Commercial non real estate					
Commercial & Industrial	\$ -	\$ 20,825	\$ 20,825	\$ -	\$ 20,825
Commercial Real Estate					
Construction					
Other	248,719	97,142	345,861	340,664	686,525
Residential Real Estate					
Construction	-	-	-	-	-
Mortgage	-	496,691	496,691	-	496,691
Equity line	-	4,326	4,326	-	4,326
Consumer					
Autos and RVs	-	1,111,276	1,111,276	-	1,111,276
Other	-	4,207	4,207	-	4,207
Tax-exempt					
Taxable state and political subdivisions	-	-	-	-	-
Total	\$ 248,719	\$ 1,734,467	\$ 1,983,186	\$ 340,664	\$ 2,323,850

As of December 31, 2024					
	Nonaccrual with no Allowance for Credit Loss	Nonaccrual with an Allowance for Credit Loss	Total Nonaccrual	Loans Past Due 90 Days Still Accruing	Total Non- performing
Commercial non real estate					
Commercial & Industrial	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial Real Estate					
Construction	-	-	-	-	-
Other	-	95,012	95,012	-	95,012
Residential Real Estate					
Construction	-	-	-	-	-
Mortgage	-	183,634	183,634	-	183,634
Equity line	-	-	-	-	-
Consumer					
Autos and RVs	-	1,618,057	1,618,057	-	1,618,057
Other	-	5,646	5,646	-	5,646
Tax-exempt					
Taxable state and political subdivisions	-	-	-	-	-
Total	\$ -	\$ 1,902,349	\$ 1,902,349	\$ -	\$ 1,902,349

Credit Quality Indicators: Our policy requires that credit quality is monitored on an on-going basis. For commercial, commercial real estate, and tax-exempt loans, management assigns internal grades to each credit. These grades are updated quarterly in conjunction with our analysis of the reserve for loan losses. A description of certain loan grades and how they relate to the likelihood of loss is presented below:

- **Pass:** These include satisfactory loans which may have elements of risk that the bank has chosen to monitor formally. The objective of monitoring is to ensure that no weaknesses develop in these loans.
- **Special Mention:** These loans have a potential weakness that requires management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the bank's credit position at some future date. These credits do not expose the bank to sufficient risk to warrant further adverse classification. No loss is anticipated on these loans.
- **Substandard:** A substandard asset is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified as such must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the bank will sustain some loss if the deficiencies are not corrected.

- **Doubtful:** Loans classified doubtful have all the weaknesses inherent in a substandard asset with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable, and improbable.
- **Loss:** Loans classified loss are considered uncollectible and of such little value that their continuance as a bankable asset is not warranted.

Based on the most recent analysis performed, the risk category of loans at December 31, 2025 and 2024 is as follows.

	Term Loans						Revolving Loan	Total
	Amortized Cost Basis by Origination Year and Risk Level							
	2025	2024	2023	2022	2021	Prior		
Commercial & Industrial								
Pass	\$ 18,944,963	\$ 3,925,476	\$ 1,129,092	\$ 1,477,009	\$ 2,511,532	\$ 4,684,376	\$ 11,495,892	\$ 44,168,340
Special Mention	-	358,451	-	-	-	-	-	358,451
Substandard	588,834	-	-	20,825	511,591	-	134,004	1,255,254
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 19,533,797</u>	<u>\$ 4,283,927</u>	<u>\$ 1,129,092</u>	<u>\$ 1,497,834</u>	<u>\$ 3,023,123</u>	<u>\$ 4,684,376</u>	<u>\$ 11,629,896</u>	<u>\$ 45,782,045</u>
Current Period								
Charge-offs	\$ -	\$ -	\$ -	\$ 111,248	\$ -	\$ -	\$ -	\$ 111,248
Commercial Real Estate								
Pass	\$ 17,364,098	\$ 11,543,207	\$ 12,798,990	\$ 17,688,290	\$ 9,093,426	\$ 20,452,237	\$ 3,265,618	\$ 92,205,866
Special Mention	82,236	1,933,730	943,990	439,244	-	765,857	-	4,165,057
Substandard	297,880	296,480	825,599	-	-	780,751	42,277	2,242,987
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 17,744,214</u>	<u>\$ 13,773,417</u>	<u>\$ 14,568,579</u>	<u>\$ 18,127,534</u>	<u>\$ 9,093,426</u>	<u>\$ 21,998,845</u>	<u>\$ 3,307,895</u>	<u>\$ 98,613,910</u>
Current Period								
Charge-offs	\$ -	\$ -	\$ 19,659	\$ -	\$ -	\$ -	\$ -	\$ 19,659
Tax-Exempt								
Pass	\$ 973,425	\$ -	\$ 852,481	\$ 9,955,162	\$ 6,824,973	\$ 8,867,059	\$ 3,819,055	\$ 31,292,155
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 973,425</u>	<u>\$ -</u>	<u>\$ 852,481</u>	<u>\$ 9,955,162</u>	<u>\$ 6,824,973</u>	<u>\$ 8,867,059</u>	<u>\$ 3,819,055</u>	<u>\$ 31,292,155</u>
Current Period								
Charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total								
Pass	\$ 37,282,486	\$ 15,468,683	\$ 14,780,563	\$ 29,120,461	\$ 18,429,931	\$ 34,003,672	\$ 18,580,565	\$ 167,666,361
Special Mention	82,236	2,292,181	943,990	439,244	-	765,857	-	4,523,508
Substandard	886,714	296,480	825,599	20,825	511,591	780,751	176,281	3,498,241
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 38,251,436</u>	<u>\$ 18,057,344</u>	<u>\$ 16,550,152</u>	<u>\$ 29,580,530</u>	<u>\$ 18,941,522</u>	<u>\$ 35,550,280</u>	<u>\$ 18,756,846</u>	<u>\$ 175,688,110</u>
Current Period								
Charge-offs	\$ -	\$ -	\$ 19,659	\$ 111,248	\$ -	\$ -	\$ -	\$ 130,907

Term Loans

	<u>Amortized Cost Basis by Origination Year and Risk Level</u>						<u>Revolving Loan</u>	<u>Total</u>
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Prior</u>		
<u>Commercial & Industrial</u>								
Pass	\$ 5,262,681	\$ 1,906,120	\$ 2,680,530	\$ 3,567,001	\$ 3,893,608	\$ 1,921,628	\$ 10,076,925	\$ 29,308,493
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 5,262,681</u>	<u>\$ 1,906,120</u>	<u>\$ 2,680,530</u>	<u>\$ 3,567,001</u>	<u>\$ 3,893,608</u>	<u>\$ 1,921,628</u>	<u>\$ 10,076,925</u>	<u>\$ 29,308,493</u>
<u>Current Period</u>								
Charge-offs	\$ -	\$ 17,672	\$ -	\$ -	\$ -	\$ -	\$ 49,675	\$ 67,347
<u>Commercial Real Estate</u>								
Pass	\$ 15,630,896	\$ 16,662,564	\$ 19,067,802	\$ 11,840,437	\$ 9,030,336	\$ 14,988,799	\$ 2,779,853	\$ 90,000,687
Special Mention	-	-	-	-	352,459	362,532	140,051	855,042
Substandard	-	-	-	-	-	95,012	-	95,012
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 15,630,896</u>	<u>\$ 16,662,564</u>	<u>\$ 19,067,802</u>	<u>\$ 11,840,437</u>	<u>\$ 9,382,795</u>	<u>\$ 15,446,343</u>	<u>\$ 2,919,904</u>	<u>\$ 90,950,741</u>
<u>Current Period</u>								
Charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Tax-Exempt</u>								
Pass	\$ 168,000	\$ 962,475	\$ 9,537,311	\$ 7,266,845	\$ 69,733	\$ 9,305,538	\$ 2,715,217	\$ 30,025,119
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 168,000</u>	<u>\$ 962,475</u>	<u>\$ 9,537,311</u>	<u>\$ 7,266,845</u>	<u>\$ 69,733</u>	<u>\$ 9,305,538</u>	<u>\$ 2,715,217</u>	<u>\$ 30,025,119</u>
<u>Current Period</u>								
Charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Total</u>								
Pass	\$ 21,061,577	\$ 19,531,159	\$ 31,285,643	\$ 22,674,283	\$ 12,993,677	\$ 26,215,965	\$ 15,571,995	\$ 149,334,299
Special Mention	-	-	-	-	352,459	362,532	140,051	855,042
Substandard	-	-	-	-	-	95,012	-	95,012
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 21,061,577</u>	<u>\$ 19,531,159</u>	<u>\$ 31,285,643</u>	<u>\$ 22,674,283</u>	<u>\$ 13,346,136</u>	<u>\$ 26,673,509</u>	<u>\$ 15,712,046</u>	<u>\$ 150,284,353</u>
<u>Current Period</u>								
Charge-offs	\$ -	\$ 17,672	\$ -	\$ -	\$ -	\$ -	\$ 49,675	\$ 67,347

Residential real estate and consumer loans are monitored based on payment performance on an ongoing basis. Loans are considered nonperforming if they are 90 days or more past due and/or if they are on a nonaccrual status. The following tables provide details about credit quality indicators for residential and consumer loans as of December 31, 2025 and 2024:

Term Loans								
	Amortized Cost Basis by Origination Year and Risk Level						Revolving Loan	Total
	2025	2024	2023	2022	2021	Prior		
Residential Real Estate Construction								
Performing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,059,760	\$ 1,059,760
Nonperforming	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,059,760	\$ 1,059,760
Current Period								
Charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential Real Estate Mortgage								
Performing	\$ 6,642,663	\$ 3,876,342	\$ 5,738,412	\$ 10,264,790	\$ 8,069,937	\$ 40,034,239	\$ 179,594	\$ 74,805,977
Nonperforming	-	-	80,483	52,030	-	364,178	-	496,691
Total	\$ 6,642,663	\$ 3,876,342	\$ 5,818,895	\$ 10,316,820	\$ 8,069,937	\$ 40,398,417	\$ 179,594	\$ 75,302,668
Current Period								
Charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 569	\$ -	\$ 569
Residential Real Estate Home Equity Line								
Performing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 878,313	\$ 12,588,605	\$ 13,466,918
Nonperforming	-	-	-	-	-	4,326	-	4,326
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 882,639	\$ 12,588,605	\$ 13,471,244
Current Period								
Charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consumer Installment Autos and RV								
Performing	\$ 88,875,261	\$ 72,066,038	\$ 62,165,936	\$ 45,360,696	\$ 7,300,638	\$ 6,132,133	\$ -	\$ 281,900,702
Nonperforming	108,263	390,432	306,296	198,637	53,563	54,085	-	1,111,276
Total	\$ 88,983,524	\$ 72,456,470	\$ 62,472,232	\$ 45,559,333	\$ 7,354,201	\$ 6,186,218	\$ -	\$ 283,011,978
Current Period								
Charge-offs	\$ 69,453	\$ 664,055	\$ 550,548	\$ 561,484	\$ 59,765	\$ 87,544	\$ -	\$ 1,992,849
Consumer Installment Other								
Performing	\$ 1,790,951	\$ 803,604	\$ 219,199	\$ 506,645	\$ 149,139	\$ 416,555	\$ 80,655	\$ 3,966,748
Nonperforming	-	3,232	-	975	-	-	-	4,207
Total	\$ 1,790,951	\$ 806,836	\$ 219,199	\$ 507,620	\$ 149,139	\$ 416,555	\$ 80,655	\$ 3,970,955
Current Period								
Charge-offs	\$ 7,841	\$ 22,786	\$ 2,549	\$ 4,359	\$ -	\$ 856	\$ -	\$ 38,391
Total								
Performing	\$ 97,308,875	\$ 76,745,984	\$ 68,123,547	\$ 56,132,131	\$ 15,519,714	\$ 47,461,240	\$ 13,908,614	\$ 375,200,105
Nonperforming	108,263	393,664	386,779	251,642	53,563	422,589	-	1,616,500
Total	\$ 97,417,138	\$ 77,139,648	\$ 68,510,326	\$ 56,383,773	\$ 15,573,277	\$ 47,883,829	\$ 13,908,614	\$ 376,816,605
Current Period								
Charge-offs	\$ 77,294	\$ 686,841	\$ 553,097	\$ 565,843	\$ 59,765	\$ 88,969	\$ -	\$ 2,031,809

Term Loans

	Amortized Cost Basis by Origination Year and Risk Level						Revolving Loan	Total
	2024	2023	2022	2021	2020	Prior		
Residential Real Estate Construction								
Performing	\$ 656,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,518,271	\$ 2,175,071
Nonperforming	-	-	-	-	-	-	-	-
Total	\$ 656,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,518,271	\$ 2,175,071
Current Period Charge-offs								
Charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential Real Estate Mortgage								
Performing	\$ 4,670,776	\$ 6,475,304	\$11,587,605	\$ 8,961,000	\$ 6,647,751	\$39,543,173	\$ 199,778	\$ 78,085,387
Nonperforming	-	-	-	-	-	183,634	-	183,634
Total	\$ 4,670,776	\$ 6,475,304	\$11,587,605	\$ 8,961,000	\$ 6,647,751	\$39,726,807	\$ 199,778	\$ 78,269,021
Current Period Charge-offs								
Charge-offs	\$ -	\$ -	\$ -	\$ -	\$ 42,155	\$ 73,631	\$ -	\$ 115,786
Residential Real Estate Home Equity Line								
Performing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 647,059	\$ 10,358,177	\$ 11,005,236
Nonperforming	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 647,059	\$ 10,358,177	\$ 11,005,236
Current Period Charge-offs								
Charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consumer Installment Autos and RV								
Performing	\$100,736,062	\$ 97,393,005	\$74,179,817	\$ 12,272,241	\$ 5,780,463	\$ 4,486,663	\$ -	\$ 294,848,251
Nonperforming	170,550	759,053	453,933	166,721	6,619	61,181	-	1,618,057
Total	\$ 100,906,612	\$ 98,152,058	\$74,633,750	\$12,438,962	\$ 5,787,082	\$ 4,547,844	\$ -	\$ 296,466,308
Current Period Charge-offs								
Charge-offs	\$ 97,129	\$ 639,586	\$ 735,292	\$ 180,555	\$ 14,639	\$ 36,225	\$ -	\$ 1,703,426
Consumer Installment Other								
Performing	\$ 1,740,473	\$ 470,533	\$ 705,589	\$ 340,824	\$ 230,546	\$ 364,044	\$ 172,524	\$ 4,024,533
Nonperforming	5,646	-	-	-	-	-	-	5,646
Total	\$ 1,746,119	\$ 470,533	\$ 705,589	\$ 340,824	\$ 230,546	\$ 364,044	\$ 172,524	\$ 4,030,179
Current Period Charge-offs								
Charge-offs	\$ -	\$ 19,318	\$ 918	\$ 2,082	\$ -	\$ -	\$ -	\$ 22,318
Total								
Performing	\$ 107,804,111	\$ 104,338,842	\$86,473,011	\$21,574,065	\$12,658,760	\$45,040,939	\$ 12,248,740	\$ 390,138,478
Nonperforming	176,196	759,053	453,933	166,721	6,619	244,815	-	1,807,337
Total	\$ 107,980,307	\$ 105,097,895	\$86,926,944	\$21,740,786	\$12,665,379	\$45,285,754	\$ 12,248,750	\$ 391,945,815
Current Period Charge-offs								
Charge-offs	\$ 97,129	\$ 658,904	\$ 736,210	\$ 182,637	\$ 56,794	\$109,856	\$ -	\$ 1,841,530

Occasionally, the bank modifies loans to borrowers in financial distress by providing modifications to loan agreements that would include principal forgiveness, term extension, an other-than-insignificant payment delay or interest rate reduction. When principal forgiveness is provided, the amount of the forgiveness is charged off against the allowance for credit losses. The bank had no loans with modifications as of December 31, 2025 and 2024. There were no loan modifications completed for the year ending December 31, 2025 and 2024. As of December 31, 2025, the bank has initiated formal foreclosure proceedings on two consumer residential mortgage loans with an outstanding balance of \$185,581.

Note 7. Bank Premises and Equipment

The major categories of bank premises and equipment and accumulated depreciation at December 31, 2025 and 2024 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 1,915,131	\$ 1,915,131
Buildings and improvements	8,770,699	8,720,266
Furniture and equipment	<u>3,576,017</u>	<u>3,424,188</u>
Total bank premises and equipment	14,261,847	14,059,585
Less accumulated depreciation	<u>6,185,877</u>	<u>5,936,435</u>
Bank premises and equipment, net	<u>\$ 8,075,970</u>	<u>\$ 8,123,150</u>

Depreciation expense for the years ended December 31, 2025 and 2024 totaled \$481,513 and \$461,355, respectively.

Note 8. Deposits

The following is a summary of interest-bearing deposits by type as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Interest bearing checking accounts	\$ 200,997,108	\$ 200,092,813
Money market accounts	26,190,479	21,980,469
Savings accounts	87,262,886	83,115,433
Certificates of deposit under \$250,000	141,732,269	137,755,160
Certificates of deposit of \$250,000 or more	<u>44,903,884</u>	<u>38,085,012</u>
Total	<u>\$ 501,086,626</u>	<u>\$ 481,028,887</u>

Included in interest bearing checking and time deposits are deposits acquired through a third party (“brokered deposits”) totaling \$25.6 million and \$39.8 million at December 31, 2025 and 2024, respectively.

Interest expense on deposits is summarized below:

	<u>2025</u>	<u>2024</u>
Interest bearing checking accounts	\$ 4,381,572	\$ 5,633,446
Money market accounts	287,209	210,766
Savings accounts	768,906	681,229
Certificates of deposit	<u>6,731,545</u>	<u>6,851,429</u>
Total	<u>\$ 12,169,232</u>	<u>\$ 13,376,870</u>

As of December 31, 2025 and 2024, the bank had no depositors which had deposits in excess of 5% of total deposits.

A summary of the maturities for all time deposits as of December 31, 2025, follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 177,651,600
2027	5,756,211
2028	1,616,252
2029	1,073,390
2030	538,700
2031 and thereafter	-
Total	<u>\$ 186,636,153</u>

Note 9. Income Taxes

The company files income tax returns in the U.S. federal jurisdiction and the state of West Virginia. 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. The components of applicable income tax expense for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Current:		
Federal	\$ 2,517,431	\$ 1,902,238
State	<u>614,233</u>	<u>455,708</u>
	<u>3,131,664</u>	<u>2,357,946</u>
Deferred:		
Federal	(253,040)	(314,636)
State	<u>(54,220)</u>	<u>(62,785)</u>
	<u>(307,260)</u>	<u>(377,421)</u>
Total	<u>\$ 2,824,404</u>	<u>\$ 1,980,525</u>

The company's tax payments are summarized as follows:

	<u>2025</u>	<u>2024</u>
Federal	\$ 2,406,382	\$ 1,918,802
State and Local:		
West Virginia	<u>250,000</u>	<u>447,536</u>
Total taxes paid	<u>\$ 2,656,382</u>	<u>\$ 2,366,338</u>

Deferred income taxes reflect the impact of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured for tax purposes. Deferred tax assets and liabilities represent the future tax return consequences of temporary differences, which will either be taxable or deductible when the related assets and liabilities are recovered or settled. The tax effects of temporary differences which give rise to the company's deferred tax assets and liabilities as of December 31, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Deferred tax assets:		
Allowance for credit losses	\$ 1,463,366	\$ 1,264,598
Employee benefit plans	427,532	435,273
Interest on nonaccrual loans	15,395	14,011
Net loan origination fees and costs	402,885	415,166
Other real estate valuation	91,108	-
Net unrealized loss on securities	<u>251,422</u>	<u>858,621</u>
	<u>2,651,708</u>	<u>2,987,669</u>
Deferred tax liabilities:		
Accretion on securities	(13,978)	(8,698)
Depreciation	(427,225)	(444,678)
Intangibles and goodwill	<u>(110,282)</u>	<u>(80,184)</u>
	<u>(551,485)</u>	<u>(533,560)</u>
Net deferred tax asset	<u>\$ 2,100,223</u>	<u>\$ 2,454,109</u>

A reconciliation between the amount of reported income tax expense and the amount computed by multiplying the statutory federal income tax rate by book pretax income for the years ended December 31, 2025 and 2024, is as follows:

	2025		2024	
	Amount	Percent	Amount	Percent
Computed tax at applicable statutory rate	\$ 2,730,611	21.0%	\$ 1,999,882	21.0%
Decrease in taxes resulting from:				
Tax-exempt interest	(270,344)	(2.1)	(254,467)	(2.7)
State income taxes, net of federal tax benefit ¹	431,024	3.3	300,947	3.2
Tax exempt income on life insurance contracts	(98,341)	(0.8)	(87,233)	(0.9)
Other	31,454	0.3	21,396	0.2
Applicable income taxes	\$ 2,824,404	21.7%	\$ 1,980,525	20.8%

¹ The State of West Virginia made up majority (greater than 95%) of the tax effect in this category.

Note 10. Employee Benefit Plans

The bank offers a number of benefit plans to its employees and directors. Among them are pension and other postretirement benefit plans which are described below.

401(k) Plan: A 401(k) profit sharing plan is provided for the benefit of all employees who have attained the age of 21. The plan allows participating employees to contribute amounts up to the limits set by the Internal Revenue Service. The bank provides an employee safe harbor match in which the bank matches employee contributions at a rate of 100% of the first 3% of compensation and 50% of the next 2% of compensation. In addition, the plan permits the bank to make discretionary matching contributions to the plan in such amount as the Board may determine to be appropriate. Contributions of \$202,955 and \$179,685 were made to the plan by the bank for the years ended December 31, 2025 and 2024, respectively.

Executive Supplemental Income Plan: The bank entered into a nonqualified executive supplemental income plan with certain officers. The plan provides predetermined fixed monthly income for a period of 180 months to the participants upon retirement. It is funded by life insurance contracts which the bank purchased. The bank has been named the beneficiary of those contracts. The liability accrued under this plan at December 31, 2025 and 2024 was \$4,610 and \$12,109, respectively. The cash surrender values of the underlying insurance contracts at those same dates were \$675,741 and \$649,320 and are reflected in the Consolidated Balance Sheets as bank owned life insurance. Expenses/(benefits) of the plan, net of income for the increase in the cash surrender value and life insurance proceeds received in excess of cash surrender value, were \$(10,558) in 2025 and \$2,023 in 2024.

Executive and Director Supplemental Retirement Plan: The bank entered into a non-qualified supplemental executive and director retirement plan with various officers and directors of the bank which provides them with income benefits payable at retirement age or death. In connection with this plan, the bank purchased life insurance contracts to fund the retirement and death benefits. There were no additional life insurance contracts purchased in 2025 or 2024. These contracts are not assets of the plan but are instead owned by the company and had cash surrender values of \$11,540,268 and \$11,322,020 at December 31, 2025 and 2024, respectively and are reflected in the Consolidated Balance Sheets as bank owned life insurance. Liabilities under the plan were \$1,578,017 and \$1,440,367 at December 31, 2025 and 2024, respectively and are reflected in other liabilities in the Consolidated Balance Sheets. Expenses/(benefits) of the plan, net of income for the increase in the cash surrender value and the life insurance proceeds received in excess of cash surrender value, were \$(159,119) in 2025 and \$(123,400) in 2024.

Stock-Based Compensation: The company provides stock-based compensation to certain key executives and directors as described below. The Stock Award Incentive Plan (Plan) provides for the issuance of shares to directors and certain key officers to assist the company in recruiting and retaining individuals. Compensation expense is recognized over the vesting period of the awards based on the fair value of the stock at issue date. The fair value of the stock was determined using closing market price of the company's common stock on the grant date. Plan shares vest on each anniversary of the grant date. Total shares issuable under this plan are 85,000 with 53,400 shares remaining available for grant at December 31, 2025. The company granted restricted shares of 3,000 and 4,600, respectively, in 2025 and 2024.

A summary of changes in the company's nonvested shares for the years 2025 and 2024 follows:

	<u>Shares</u>	<u>Weighted Average Grant-Date Fair Value</u>
Nonvested Shares at January 1, 2024	7,200	\$ 15.23
Granted	4,600	18.74
Vested	<u>(7,400)</u>	<u>17.01</u>
Nonvested Shares at December 31, 2024	<u>4,400</u>	<u>\$ 15.89</u>
Nonvested Shares at January 1, 2025	4,400	\$ 15.89
Granted	3,000	27.27
Vested	<u>(7,400)</u>	<u>20.51</u>
Nonvested Shares at December 31, 2025	<u>-</u>	<u>\$ -</u>

As of December 31, 2025 and 2024, respectively, there was \$0 and \$69,932 of total unrecognized compensation cost related to nonvested shares granted under the Plan. The cost is expected to be recognized over a weighted-average period of three years. The total fair value of shares vested during the year ended December 31, 2025 and 2024, respectively, was \$196,210 and \$139,110.

Postretirement Healthcare and Life Insurance Plan: The bank sponsors a postretirement healthcare plan and a postretirement life insurance plan for retired employees that meet certain eligibility requirements. Both plans are contributory with retiree contributions that are adjustable based on various factors, some of which are discretionary. These factors are intended to hold constant the maximum monthly benefit of \$100 payable per eligible retiree for postretirement health care. Both the healthcare plan and life insurance plan are unfunded. The company curtailed its postretirement healthcare and life insurance plan during 2009. This curtailment eliminated this benefit for most of the company's employees. Liabilities under the plan were \$143,869 and \$164,115 at December 31, 2025 and 2024, respectively, and are reflected in other liabilities in the Consolidated Balance Sheets. The expense recognized for the plan was \$6,913 and \$8,043 in 2025 and 2024, respectively, and are reflected in salaries and employee benefits in the Consolidated Statements of Income. The plan amounts recognized in other comprehensive income were \$10,304 and \$11,184 for 2025 and 2024, respectively, that are included in the Consolidated Statements of Comprehensive Income.

Pension Plan: The bank implemented a plan freeze, effective December 31, 2014, in which no future benefit accruals will occur. Current participants in the plan will maintain their current benefit accrual based on years of service and compensation levels through 2014. No additional service credit or compensation increases will be credited to plan's benefits. The plan will provide benefits based on the participant's years of service and last five-year average compensation through 2014. In 2015, the bank retroactively modified the definition of compensation to reflect gross employee compensation consistent with past employee benefit calculations and the intent of the plan. Our funding policy is to make annual contributions as permitted or required by applicable regulations.

The following presentation discloses pension and other postretirement benefits for December 31, 2025 and 2024.

Obligations and Funded Status

	Pension Benefits	
	2025	2024
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 5,773,803	\$ 6,608,788
Interest cost	307,497	314,414
Actuarial (gain) loss	144,722	(17,000)
Benefits paid	(513,021)	(493,327)
Change in assumptions	79,497	(310,576)
Settlement loss	-	(328,496)
Benefit obligation at end of year	<u>\$ 5,792,498</u>	<u>\$ 5,773,803</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 5,672,746	\$ 5,880,599
Actual return on plan assets	590,296	460,970
Employer contribution	93,670	153,000
Benefits paid	(513,021)	(493,327)
Settlement loss	-	(328,496)
Fair value of plan assets at end of year	<u>\$ 5,843,691</u>	<u>\$ 5,672,746</u>
Funded status	<u>\$ 51,193</u>	<u>\$ (101,057)</u>

	Pension Benefits	
	2025	2024
Amounts recognized on consolidated balance sheets as:		
Prepaid (accrued) benefit costs	<u>\$ 1,862,790</u>	<u>\$ 1,936,684</u>
Amounts recognized in accumulated other comprehensive loss consist of:		
Net actuarial (loss)	<u>\$ (1,811,597)</u>	<u>\$ (2,037,741)</u>

The accumulated benefit obligation of our pension plan was \$5,792,498 and \$5,773,803 at December 31, 2025 and 2024, respectively.

Components of Net Periodic Benefit Cost and Other Amounts Recognized in Other Comprehensive Loss

	Pension Benefits	
	2025	2024
Net periodic benefit cost:		
Interest cost	\$ 307,497	\$ 314,414
Expected return on plan assets	(332,314)	(356,010)
Amortization of prior service cost	90,595	90,595
Amortization of net loss (gain)	101,786	128,109
Settlement loss	-	109,984
Net periodic benefit cost	<u>\$ 167,564</u>	<u>\$ 287,092</u>
Other changes in plan assets and benefit obligations recognized in other comprehensive (income) loss:		
Net (gain) loss for period	\$ (33,763)	\$ (432,536)
Amortization of prior service cost	(90,595)	(90,595)
Amortization of net (loss) gain	(101,786)	(128,109)
Settlement loss	-	(109,984)
Total recognized in other comprehensive (income) loss	<u>(226,144)</u>	<u>(761,224)</u>
Total recognized in net periodic benefit cost and total comprehensive (income) loss	<u>\$ (58,580)</u>	<u>\$ (474,132)</u>

The estimated net loss for the defined benefit pension plan that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year is \$213,016.

Assumptions

	Pension Benefits	
	2025	2024
Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	5.59%	5.01%
Expected long-term return on plan assets	5.75%	5.75%
Rate of compensation increase	N/A	N/A
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	5.43%	5.59%
Rate of compensation increase	N/A	N/A

The expected long-term rate of return for the pension plan is based on the expected return of each of the plan's asset categories (detailed in the following table), weighted based on the median of the target allocation of each category.

Plan Assets

Asset category:	Pension Benefits		
	Target Allocation	Percentage of Plan Assets at December 31,	
	2025	2025	2024
Cash	5%	5%	5%
Domestic Equities	30%	32%	31%
Foreign Equities	20%	18%	21%
Fixed Income	30%	32%	30%
Real Estate Investment Trusts	0%	0%	1%
Alternative Investments	15%	13%	12%
Total		<u>100%</u>	<u>100%</u>

Investment Policy and Strategy

The policy, as established by the Pension Committee, is to invest assets per the target allocations stated above. The assets will be reallocated periodically to meet the above target allocations. The investment policy will be reviewed periodically, under the advisement of a certified investment advisor, to determine if the policy should be changed.

The overall investment return goal 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, fixed income securities, equity securities, mutual funds, hedge funds, exchange traded index funds, and GICs. Prohibited investments include, but are not limited to, private placements, limited partnerships, venture capital investments, direct investment in private real estate properties, and residual remics. Unless a specific derivative security is allowed per the plan document, permission must be sought from the Pension Committee to include such investments. Prohibited transactions include, but are not limited to, short selling and margin transactions.

In order to achieve a prudent level of portfolio diversification, the securities of any one company should not exceed more than 15% of the total plan assets, and no more than 25% of the total plan assets should be invested in any one industry (other than securities of the U.S. Government or Agencies). Additionally, no more than 30% of the plan assets shall be invested in foreign securities (both equity & fixed).

Fair Value

The fair value of the company's pension plan assets at December 31, 2025 and 2024, by asset category are as follows:

Asset Category	Balance as of December 31, 2025	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 263,475	\$ 263,475	\$ -	\$ -
Equity securities				
U.S. companies	1,899,333	1,899,333	-	-
International companies	1,069,356	1,069,356	-	-
Fixed income securities				
U.S. Government and government sponsored entities	410,232	-	410,232	-
Mutual funds	233,530	-	233,530	-
U.S. corporate bonds	1,211,295	-	1,211,295	-
Real Estate Investment Trusts	15,057	-	15,057	-
Hedge Funds	741,413	-	-	741,413
Total	<u>\$ 5,843,691</u>	<u>\$ 3,232,164</u>	<u>\$ 1,870,114</u>	<u>\$ 741,413</u>

Asset Category	Balance as of December 31, 2024	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 255,273	\$ 255,273	\$ -	\$ -
Equity securities				
U.S. companies	1,786,915	1,786,915	-	-
International companies	1,191,277	1,191,277	-	-
Fixed income securities				
U.S. Government and government sponsored entities	180,975	-	180,975	-
Mutual funds	205,884	-	205,884	-
Mortgage-backed securities	112,600	-	112,600	-
U.S. corporate bonds	1,202,365	-	1,202,365	-
Real Estate Investment Trusts	56,727	-	56,727	-
Hedge Funds	680,730	-	-	680,730
Total	<u>\$ 5,672,746</u>	<u>\$ 3,233,465</u>	<u>\$ 1,758,551</u>	<u>\$ 680,730</u>

The following table summarizes the activity for plan assets measured at fair value using level 3 inputs as of December 31, 2025 and 2024.

	Hedge Funds
Balance at December 31, 2023	\$ 705,671
Purchases, sales and settlements, net	(45,696)
Unrealized gains/(losses)	20,755
Balance at December 31, 2024	\$ 680,730
Purchases, sales and settlements, net	(27,025)
Unrealized gains/(losses)	87,708
Balance at December 31, 2025	<u>\$ 741,413</u>

Cash Flows

Contributions: Our 2026 expected pension plan contribution is \$0.

Estimated Future Benefit Payments: The following benefit payments, which reflect future service, are expected to be paid:

	<u>Pension Benefits</u>
2026	\$ 529,218
2027	514,189
2028	499,482
2029	494,751
2030	485,209
2031 – 2035	2,181,113

Note 11. Borrowings

Short-Term Borrowings: During 2025 and 2024, our short-term borrowings consisted of securities sold under agreements to repurchase (repurchase agreements). Interest is paid on the repurchase agreements based on either fixed or variable rates as determined upon origination. At December 31, 2025 and 2024, securities with an amortized cost of \$1,500,000 and \$1,506,207, respectively, and estimated fair values of \$1,516,515 and \$1,488,045, respectively, were pledged to secure the repurchase agreements. As a member of the FHLB, the bank has access to various lines of credit under programs administered by the FHLB. Borrowings under these arrangements bear interest at the interest rate posted by the FHLB on the day of the borrowing and are subject to change daily. The lines of credit are secured by a blanket lien on all unpledged and unencumbered assets. The bank's borrowings under the Federal Reserve Bank Term Funding program are for terms not to exceed one year that are secured by eligible assets.

The following information is provided relative to our short-term borrowing obligations:

	<u>Repurchase Agreements</u>	<u>Overnight Borrowings</u>	<u>Federal Funds</u>	<u>Federal Reserve Bank Term Funding Program</u>
2025				
Amount outstanding at December 31	\$ 540,553	\$ -	\$ 306,000	\$ -
Weighted average interest rate at December 31	0.21%	-	4.25%	-
Maximum month-end amount outstanding	\$ 1,400,016	\$ -	\$ 306,000	\$ -
Average daily amount outstanding	\$ 498,474	\$ 27	\$ 7,901	\$ -
Weighted average interest rate for the year	0.22%	5.77%	4.53%	-%
2024				
Amount outstanding at December 31	\$ 494,601	-	-	-
Weighted average interest rate at December 31	0.22%	-	-	-
Maximum month-end amount outstanding	\$ 4,165,722	\$ -	380,000	25,000,000
Average daily amount outstanding	\$ 1,097,325	\$ 54,399	\$ 4,492	\$ 19,125,683
Weighted average interest rate for the year	0.15%	5.77%	7.78%	4.82%

Long-Term Borrowings: Long-term borrowings totaled \$16,914,909 and \$19,508,845 at December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the outstanding balance consisted of a correspondent bank loan (described below) for \$11,200,000 and \$12,800,000, respectively, and FHLB advances that were used to finance specific lending or investing activities. As of December 31, 2025 and 2024, the FHLB advances totaled \$5,714,909 and \$6,708,845, respectively. As of December 31, 2025 the FHLB advances carried interest rates ranging from 3.79% to 4.29% while the weighted average interest rate was 3.90%. As of December 31, 2024, the FHLB advances and carried interest rates ranging from 3.79% to 4.29% while the weighted average interest rate was 3.95%.

On December 10, 2021, the company obtained a \$10,000,000 loan from Independent Correspondent Bankers' Bank, Inc. (ICBB) to provide capital support for the acquisition of two branches. The loan had a maturity date of December 31, 2026 and a floating rate of interest equal to the Prime Rate (3.25% as of December 31, 2021). In February 2022, management made a \$4 million dollar principal payment to reduce the principal balance to \$6 million. On December 30, 2022, management signed a modification and extension agreement with ICBB to borrow an additional \$10 million in order to provide capital support, bringing the total long-term borrowings with ICBB to \$16 million. Beginning March 31, 2023, the loan required quarterly interest payments of all accrued and unpaid interest on March 31, June 30, September 30 and December 31. Beginning on December 31, 2023 and continuing on the 31st day of each December

thereafter, annual principal payments of \$1,600,000 are required. The loan has a maturity date of December 31, 2032 and a floating rate of interest equal to the Prime Rate (6.75% as of December 31, 2025). The loan has a floor rate of 4.00% and a ceiling rate of 7.00%.

A summary of the maturities of the long-term borrowings for the next five years is as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 2,725,840
2027	6,189,069
2028	1,600,000
2029	1,600,000
2030	1,600,000
Thereafter	<u>3,200,000</u>
Total	<u>\$ 16,914,909</u>

Note 12. Commitments and Contingencies

Litigation: We are involved in various legal actions arising in the ordinary course of business. In the opinion of counsel, the outcome of these matters will not have a significant adverse effect on our financial condition or results of operations.

Financial Instruments With Off-Balance-Sheet Risk: The bank 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 financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Consolidated Balance Sheets. The contract amounts of these instruments reflect the extent of involvement the bank has in particular classes of financial instruments.

<u>Financial instruments whose contract amounts represent credit risk</u>	<u>Contract Amount</u>	
	<u>2025</u>	<u>2024</u>
Commitments to extend credit	\$ 58,788,312	\$ 30,665,780
Standby letters of credit	8,735,362	8,679,402
Commitments to originate secondary market loans	-	-
Total	<u>\$ 67,523,674</u>	<u>\$ 39,345,182</u>

The bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of these instruments. The bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

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. The bank evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the bank upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, equipment or real estate.

Standby letters of credit are conditional commitments issued by the bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans. These letters of credit are generally uncollateralized.

Commitments to originate secondary market loans are agreements with an unrelated third-party in which the bank commits to originate and sell a specific amount of one-to-four family residential real estate loans to the third party within a specified time period.

As of December 31, 2025 and 2024, the bank had an allowance for credit losses on off-balance sheet commitments of \$53,034, reflected in other liabilities in the Consolidated Balance Sheets.

Note 13. Shareholders' Equity and Restrictions on Dividends

The primary source of funds for the dividends paid by Citizens Financial Corp. is dividends received from Citizens Bank of West Virginia, Inc. Dividends paid by the bank are subject to restrictions by banking regulations. The most restrictive provision requires approval by the regulatory agencies if dividends declared in any year exceed the year's net income, as defined, plus the retained net profits of the two preceding years. At December 31, 2025, the net retained profits available for distribution to Citizens Financial Corp. as dividends without regulatory approval approximate \$14,592,980 or 23.6% of consolidated net assets.

Total dividends declared during 2025 were \$1.00 per common share and \$1.05 per Class A Common share. Total dividends declared during 2024 were \$0.88 per common share and \$0.92 per Class A Common share.

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 bank's 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 the bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The bank's 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 company and bank to maintain minimum amounts and ratios of total and Tier I capital to risk-weighted assets, and of Tier I capital to average assets. We believe, as of December 31, 2025 and 2024, that the bank meets all capital adequacy requirements to which they are subject.

The most recent notification from the Federal Deposit Insurance Corporation 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 table below. There are no conditions or events since that notification that we believe have changed the bank's category.

The bank's actual capital amounts and ratios are presented in the following table (in thousands). The capital conservation buffer is included in the required capital adequacy amounts and ratios. The capital position of the bank does not differ significantly from the company's capital position.

	<u>Actual</u>		<u>For Capital Adequacy Purposes</u>		<u>To Be Well Capitalized Under Prompt Corrective Action Provisions</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
As of December 31, 2025:						
Total Capital:Risk Weighted Assets	\$ 77,057	12.60%	\$ 48,925	8.00%	\$ 61,156	10.00%
Tier I Capital:Risk Weighted Assets	71,263	11.65%	36,702	6.00%	48,936	8.00%
Common Equity Tier 1: Risk Weighted Assets	71,263	11.65%	27,526	4.50%	39,760	6.50%
Tier I Capital:Average Assets	71,263	10.33%	27,595	4.00%	34,493	5.00%
As of December 31, 2024:						
Total Capital:Risk Weighted Assets	\$ 69,343	11.72%	\$ 47,340	8.00%	\$ 59,175	10.00%
Tier I Capital:Risk Weighted Assets	64,094	10.83%	35,509	6.00%	47,346	8.00%
Common Equity Tier 1: Risk Weighted Assets	64,094	10.83%	26,632	4.50%	38,468	6.50%
Tier I Capital:Average Assets	64,094	9.35%	27,420	4.00%	34,275	5.00%

Note 14. Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market in an orderly transaction between market participants on the measurement date.

Accounting standards specify 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 company's market assumptions. The three levels of the fair value hierarchy 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 model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

The following describes the valuation techniques used by the company to measure certain financial assets and liabilities recorded at fair value on a recurring basis in the 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. 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 balances of financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2025 and 2024, respectively:

	Balance as of December 31, 2025	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Securities available for sale:				
U.S. Government agencies and corporations	\$ 37,335,070	\$ -	\$ 37,335,070	\$ -
U.S. Treasury obligations	9,854,099	-	9,854,099	-
Mortgage backed securities – U.S. Government agencies and corporations	18,204,202	-	18,204,202	-
Tax exempt state and political subdivisions	3,196,120	-	3,196,120	-
Taxable state and political subdivisions	1,953,565	-	1,953,565	-

	Balance as of December 31, 2024	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Securities available for sale:				
U.S. Government agencies and corporations	\$ 32,176,107	\$ -	\$ 32,176,107	\$ -
U.S. Treasury obligations	24,435,150	-	24,435,150	-
Mortgage backed securities – U.S. Government agencies and corporations	6,917,999	-	6,917,999	-
Tax exempt state and political subdivisions	3,092,706	-	3,092,706	-
Taxable state and political subdivisions	1,404,640	-	1,404,640	-

Certain assets are measured at fair value on a nonrecurring basis in accordance with accounting standards. 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.

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

Collateral Dependent Loans: Collateral dependent loans are carried at the amortized cost basis less specific allowance calculated under the current expected credit losses accounting standard. Collateral dependent loans are calculated using a cost basis or collateral value approach.

Other real estate owned (OREO): Property acquired in satisfaction of loans is carried at fair value less cost to sell. The value of real estate is determined utilizing an income or market valuation approach based on an appraisal conducted by an independent, licensed appraiser outside of the company using observable market data (Level 2). However, if the real estate is a house or building in the process of construction or if an appraisal of the real estate property is over two years old, then the fair value is considered Level 3. OREO is measured at fair value on a nonrecurring basis. Any initial fair value adjustment is charged against the allowance for loan loss. Subsequent fair value adjustments are recorded in the period incurred and included in other noninterest expense on the Consolidated Statements of Income.

The following table summarizes the company's assets that were measured at fair value on a nonrecurring basis during the period.

Carrying Value at December 31, 2025				
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Individually evaluated loans				
Collateral dependent	\$ 3,226,219	\$ -	\$ 546,598	\$ 2,679,621
Other real estate owned	\$ 430,356	\$ -	\$ 200,000	\$ 230,356

Carrying Value at December 31, 2024				
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Individually evaluated loans				
Collateral dependent	\$ -	\$ -	\$ -	\$ -
Other real estate owned	\$ 988,201	\$ -	\$ 278,588	\$ 709,613

The following table presents quantitative information about unobservable inputs used in nonrecurring Level 3 fair value measurements at December 31, 2025 and 2024.

December 31, 2025				
Assets:	<u>Fair Value</u>	<u>Valuation Techniques</u>	<u>Unobservable Input</u>	<u>Range(Weighted Average)</u>
Collateral dependent loans	\$ 2,679,621	Appraisal of or comparable collateral	Marketability discount	0-13% (9%)
Other real estate owned	\$ 230,356	Appraisal of collateral	Marketability discount	0-25% (1%)

December 31, 2024				
Assets:	<u>Fair Value</u>	<u>Valuation Techniques</u>	<u>Unobservable Input</u>	<u>Range(Weighted Average)</u>
Collateral dependent loans	\$ -	-	-	-
Other real estate owned	\$ 709,613	Appraisal of collateral	Marketability discount	23-24% (23%)

The carrying values and estimated fair values of the company's financial instruments are summarized below:

Fair Value Measurements at December 31, 2025					
	<u>Carrying Value December 31, 2025</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>	<u>Total</u>
Financial assets:					
Loans, net	\$ 553,531,643	\$ -	\$ -	\$ 565,648,826	\$ 565,648,826
Financial Liabilities:					
Deposits	\$ 620,660,505	\$ -	\$ 620,295,056	\$ -	\$ 620,295,056
Long-term borrowings	16,914,909	-	15,417,068	-	15,417,068

Fair Value Measurements at December 31, 2024					
	<u>Carrying Value December 31, 2024</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>	<u>Total</u>
Financial assets:					
Loans, net	\$ 544,347,266	\$ -	\$ -	\$ 540,472,423	\$ 540,472,423
Financial Liabilities:					
Deposits	\$ 591,321,638	\$ -	\$ 590,554,707	\$ -	\$ 590,554,707
Long-term borrowings	19,508,845	-	17,231,455	-	17,231,455

In addition to the financial instruments included in the above tables, cash and cash equivalents, bank-owned life insurance, Federal Home Loan Bank ("the FHLB") stock, other investments, accrued interest receivable, FHLB advances, finance lease liabilities, and accrued interest payable, are carried at cost, with approximates the fair value of the instruments.

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 15. Accumulated Other Comprehensive Loss

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

	Net Unrealized Gains/(Losses) On Securities	Adjustments Related to Pension and Other Post Retirement Benefits	Accumulated Other Comprehensive Loss
Balance at December 31, 2023	\$ (4,079,828)	\$ (2,109,983)	\$ (6,189,811)
Net unrealized gains arising during the period, net of tax of \$515,138	1,529,868	-	1,529,868
Net pension and other post-retirement loss arising during the period, net of tax of \$139,478	-	414,238	414,238
Amortization of net actuarial loss included in net periodic benefit cost, net of tax of \$55,089	-	163,603	163,603
Balance at December 31, 2024	<u>\$ (2,549,960)</u>	<u>\$ (1,532,142)</u>	<u>\$ (4,082,102)</u>
Net unrealized gains arising during the period, net of tax of \$607,200	1,815,414	-	1,815,414
Net pension and other post-retirement gain arising during the period, net of tax of \$10,054	-	34,013	34,013
Amortization of net actuarial loss included in net periodic benefit cost, net of tax of \$43,892	-	148,489	148,489
Balance at December 31, 2025	<u>\$ (734,546)</u>	<u>\$ (1,349,640)</u>	<u>\$ (2,084,186)</u>

The previous table includes amounts reclassified out of accumulated comprehensive loss for realized (losses) on sales of securities and amortization of net actuarial loss. These amounts affect the line items "Security (losses), net" and "Salaries and employee benefits" in the Consolidated Statements of Income. The tax effect of these reclassifications is reflected in the "Income tax expense" line item in the Consolidated Statements of Income.

Note 16. Related Party Transactions

The bank makes loans to its directors, executive officers and their related interests in the normal course of business. The activity with respect to these loans for the years ended December 31, 2025 and 2024 follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning	\$ 8,611,197	\$ 10,751,826
Additions	5,636,545	2,010,000
Amounts collected	<u>(1,766,188)</u>	<u>(4,150,629)</u>
Balance, ending	<u>\$ 12,481,554</u>	<u>\$ 8,611,197</u>

At December 31, 2025 and 2024, deposits of related parties including directors, executive officers, and their related interests of Citizens Financial Corp. and subsidiaries approximated \$10,223,754 and \$10,171,687 respectively.

Note 17. Subsequent Events

In preparing these financial statements, the company has evaluated events and transactions for potential recognition or disclosure through February 25, 2026, the date the financial statements were issued. On January 7, 2026, the company declared a quarterly dividend of \$0.27 per common share and \$0.284 per Class A Common share. In the opinion of management, all subsequent events requiring recognition or disclosure have been included in the financial statements.

On August 18, 2025, the bank and Miners and Merchants Bank (“Miners”), entered into a definitive agreement pursuant to which Miners will merge with and into the bank, with the bank as the continuing corporation as a wholly owned subsidiary of the company following the merger. The company and Miners have received all required regulatory and shareholder approvals. The completion of the merger remains subject to the fulfillment of other customary closing conditions. The merger is a cash only transaction anticipated to close during the first quarter of 2026.

Note 18. Restrictions on Cash and Amounts Due from Banks

The bank may be required to maintain average balances on hand or with the Federal Reserve Bank. At December 31, 2025 and 2024 we had no required reserve.

Note 19. Segment Reporting

ASC Topic 280 – Segment Reporting identifies operating segments as components of an enterprise which are evaluated regularly by the Corporation’s Chief Operating Decision Maker, our Chief Executive Officer, in deciding how to develop strategy, allocate resources and assess performance.

While the company monitors the revenue streams of the various products and services, operations are managed, and financial performance is evaluated on an entity-wide basis. The Corporation provides a variety of financial services to individuals and small businesses in Randolph, Tucker, Upshur, Pocahontas and Wetzel Counties of West Virginia and the surrounding communities through its branch network. Its primary deposit products are checking, savings and term certificate accounts, and its primary lending products are commercial, residential and construction mortgages, small business and consumer loans.

Management has determined that the company has one reportable segment consisting of Community Banking. Operating segments are aggregated into one segment, as operating results for all segments are similar. Accordingly, all the financial service operations are considered by management to be aggregated in one reportable operating segment.

The accounting policies for the Community Banking segment are the same as those of our consolidated entity.

The Chief Operating Decision Maker assesses performance and decides how to allocate resources based on net income that also is reported on the income statement as consolidated net income. The measure of segment assets is reported on the balance sheet as total consolidated assets.

Net income is used to monitor budget versus actual results. The Chief Operating Decision Maker uses two primary performance measures to gauge performance: return on average assets (ROA) and return on average equity (ROE). ROA measures how efficiently a bank generates income based on the amount of assets or size of a company. ROE measures the efficiency of a company in generating income based on the amount of equity or capital utilized. The Chief Operating Decision Maker also uses net income in competitive analysis by benchmarking to the company’s competitors.



INDEPENDENT AUDITOR’S REPORT

Board of Directors
Citizens Financial Corp.
Elkins, West Virginia

Opinion

We have audited the accompanying consolidated financial statements of Citizens Financial Corp. and 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.

PITTSBURGH, PA

2009 Mackenzie Way • Suite 340
Cranberry Township, PA 16066
(724) 934-0344

PHILADELPHIA, PA

161 Washington Street • Suite 200
Conshohocken, PA 19428
(610) 278-9800

WHEELING, WV

980 National Road
Wheeling, WV 26003
(304) 233-5030

STEUBENVILLE, OH

511 N. Fourth Street
Steubenville, OH 43952
(304) 233-5030

S.R. Snodgrass, P.C. d/b/a S.R. Snodgrass, A.C. in West Virginia



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 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 judgment, 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 Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the Shareholder Letter and selected financial data 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 whether 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.

A.R. Anodgross, P.C. d/b/a A.R. Anodgross, A.C.

Cranberry Township, Pennsylvania
February 25, 2026

RETIREMENTS



Kathy K. Leombruno
*Senior Vice President
& Marketing Officer*

1997 - 2025

Citizens Bank of West Virginia announces the retirement of Kathy Leombruno, Senior Vice President & Marketing Officer after nearly 28-years of service to the bank.

Leombruno began her career at Citizens in 1997 as Marketing Officer. She was named Assistant Vice President & Marketing Officer in 2000, and in 2003 was promoted to Vice President. In 2007 she was elevated to Senior Vice President.

She and her husband, Jim Leombruno, reside in Elkins and have two daughters, Nicole Bennetta and Cortney Sisler, and five grandchildren.

We thank Kathy for her dedication to our organization and congratulate her on a standout career.



Cindy K. DeMotto
*Assistant Vice President
& Branch Manager*

1998 - 2025

Citizens Bank of West Virginia announces the retirement of Cindy DeMotto, Assistant Vice President & Financial Center Manager after 27 years of dedicated service.

DeMotto began her career at Citizens in 1998 as a Part-Time Teller before taking a role in Financial Sales and Services as an Account Executive. Over the years, she progressed through numerous roles including Customer Service Representative and Personal Banker, earning Officer status in 2008. In 2014, she advanced to Branch Manager of the Elkins office, and in 2022 was promoted to Assistant Vice President & Branch Manager, which transitioned earlier this year to Assistant Vice President & Financial Center Manager.

DeMotto resides in Elkins and has one daughter, Emily. She is an active member of Coffman Community Center.

We celebrate her well-earned retirement and wish her every happiness in the chapter ahead.

IN MEMORIAM



Deborah T. Ritter
*Vice President
& Branch Manager*

1984 - 2025

Citizens Bank of West Virginia announces the retirement of Debbie Ritter, Vice President & Financial Center Manager, after 41 years of dedicated service to the people of Tucker County.

Debbie had a storied career in banking, working in nearly every area of the bank including branch manager, assistant branch manager, loan officer, loan specialist, loan clerk, proof operator, and teller. She was promoted to Vice President in 2018.

With deep sadness, we also share that Debbie passed away on January 6, 2026. Her dedication and the many lives she touched with her incredible kindness and positivity will forever be cherished.

Debbie is survived by her husband, Mike Ritter; her daughter and son-in-law, Kristin and Evin Thomas; and her two beloved grandchildren, Nolan and Eden.

BOARD OF DIRECTORS



Nathaniel S. Bonnell, CPA
President & CEO
Citizens Bank of West Virginia, Inc.
Citizens Financial & Citizens Bank



John W. Carte II, CPA
President & CEO
Carte Hall & Associates, A.C.
Citizens Financial & Citizens Bank



Beverly H. Johnson
Retired
Real Estate Broker & Appraiser
Citizens Financial & Citizens Bank



Jeffrey C. Kiess
Commercial Real Estate Developer
Cattleman
Citizens Financial & Citizens Bank



Cyrus K. Kump
President, Kump Enterprises
Citizens Financial & Citizens Bank



Robert L. Morris, Jr.
Executive Director, Randolph
County Development Authority
Citizens Financial & Citizens Bank



Franklin M. Santmyer, Jr.
President, FMS Enterprise, Inc.,
Gino's Pizza of Elkins
Citizens Financial & Citizens Bank



C. Curtis Woodford
Chairman of the Board
Woodford Oil Company
Citizens Financial



Todd C. Woodford
President & CEO
Woodford Oil Company
Citizens Bank



John A. Yeager, CPA
Retired
Citizens Financial & Citizens Bank

CITIZENS FINANCIAL CORP. OFFICERS

- | | |
|-----------------------------------|---------------------------------------|
| Cyrus K. Kump | <i>Chairman of the Board</i> |
| John A. Yeager, CPA | <i>Vice Chairman</i> |
| Nathaniel S. Bonnell, CPA | <i>President & CEO</i> |
| Anthony N. Ricottilli, CPA | <i>Vice President & Treasurer</i> |
| Leesa M. Harris, CTFA | <i>Vice President & Secretary</i> |
| Chasity L. Pennington | <i>Assistant Treasurer</i> |

Max L. Armentrout, Director Emeritus
President, Laurel Lands Corp.

William T. Johnson, Jr., Director Emeritus
Retired, Citizens Bank of West Virginia, Inc.



Nathaniel S. Bonnell, CPA
President & CEO



Belinda J. Clevenger, CPA
Senior Vice President &
Chief Compliance Officer



Leesa M. Harris, CTFA
Senior Vice President &
Trust Officer



Franklin W. Hinzman
Senior Vice President &
Chief Lending Officer



Matthew E. Osborne
Senior Vice President &
Chief Credit Officer



Anthony N. Ricottilli, CPA
Senior Vice President &
Chief Financial Officer



Deborah L. Swiger
Senior Vice President &
Chief Operations Officer



Janice Bonner, CTFA
Vice President &
Trust Officer



Dustin J. Casto
Vice President &
Chief Information Officer



Kelly L. Godwin
Vice President &
IT Manager



Greg A. Harper
Vice President of Dealer
Financial Services



Trevor J. Kiess, Esq.
Vice President, Trust Officer
& General Counsel



Chasity L. Pennington
Vice President &
Controller



Rebecca F. Schoonover
Vice President &
Financial Advisor



Laura K. Simons
Vice President of Deposit
Operations & Facilities



Melissa D. Stalnaker
Vice President &
Human Resources Officer



Daniel L. Ware
Vice President &
Chief Technology Officer



Michelle D. Channels
Assistant Vice President &
Mortgage Specialist

Sarah C. Carr Assistant Financial Center Manager - Elkins | Beverly
Nathan A. Channell Credit Risk Officer
Jacqueline A. Cutlip Customer Service Center Manager
Brandi R. Ferguson Loan Quality Control Manager
Shkeyna S. Harris Loan Operations Manager
Traci L. Hopkins Fixed Rate Mortgage Manager
William E. Jordan Financial Center Manager - Snowshoe
Crystal D. Kimbleton Assistant Trust Officer
Dianna L. Koski Financial Center Manager - New Martinsville
Richard L. Kump Business Banker
Jenese E. Lansbery Financial Center Manager - Parsons

Amanda R. Maynard Debt Management Officer
Amanda J. Mick Digital Banking Officer
Brian M. Neal Mortgage Loan Underwriter
William D. Phillips Financial Center Manager - Elkins | Beverly
Vickie D. Poling Personal Banker
Kaylea S. Rider Mortgage Specialist
Tara B. Saenz Financial Center Manager - Buckhannon
Destiny D. See Executive Assistant
Jessica A. Shaffer Marketing Officer
Seth A. Weaver Commercial Loan Officer
Pamela D. Yeager Personal Banker

2025 INDUSTRY AWARDS & RECOGNITIONS

AMERICAN BANKER

2025 Best Banks to Work For

BEST BANK TO WORK FOR IN THE NATION

Citizens was recognized for the fourth consecutive year by American Banker as one of the Best Banks to Work For in the nation. Citizens earned the 22nd spot nationally and was the highest ranked bank from West Virginia in the year's ranking.



BAUER FIVE-STAR RATED

Citizens has earned 5 stars for 26 consecutive quarters after reviews of financial data compiled from call reports as reported to federal regulators and uses a rigid barometer of multiple criteria to assess each financial institution, including capital ratios, profitability/loss trends, community reinvestment ratings, historical data, and liquidity. BauerFinancial, Inc. is the nation's premier Bank rating firm, and reminds customers to look to the stars to make sure your deposits are in strong banks.



TOP 10 PERFORMING BANK

We are proud to be recognized as one of the Top 10 Performing Banks headquartered in West Virginia for all four quarters in 2025 by the prestigious Bank Performance Report, a reflection of the bank's strong operational strength. This is an honor we collaboratively share with much gratitude to our employees, customers, and communities!



BEST BANK | EMPLOYER | MORTGAGE LENDER | CUSTOMER SERVICE

Citizens received The Inter-Mountain's 2025 People's Choice Top Vote in several standout categories including: Best Bank, Best Mortgage Lender, Best Customer Service and Best Employer. The annual contest recognizes the best of the best in the region that serves Randolph and seven surrounding counties.



BEST PLACE TO WORK | MORTGAGE LENDER

Citizens was voted the Best Place to Work and Best Mortgage Lender in the Record Delta's 2025 Best of Upshur County awards. The annual contest highlights the leading organizations and service providers serving the Upshur County community.



BEST CORPORATE CITIZEN IN WV

Citizens was named the 2025 Best Corporate Citizen in West Virginia by WV Living. This honor reflects our ongoing dedication to making a positive impact in the communities we serve.



PILLARS OF THE COMMUNITY AWARD



Citizens was recognized with the distinguished 2025 FHLBank Pittsburgh Pillars of the Community Award. This award is a testament to the community involvement, pride and vital role our Citizens dedicated team plays within the communities we serve. It's a reflection of the positive impact our work has had on individuals, businesses, and communities.



LEADERSHIP WEST VIRGINIA

Senior Vice President & Chief Operations Officer Debbi Swiger graduated from the Leadership West Virginia Class of 2025 – a nine-month leadership development program focusing on key issues and industry challenges in areas such as healthcare, education, energy, government, and tourism.



LEADERSHIP UPSHUR

Commercial Loan Officer Seth Weaver graduated from the Leadership Upshur Class of 2025 – a nine-month program, sponsored by the Buckhannon-Upshur Chamber of Commerce, focused on developing leadership skills and advancing Upshur County through various topics and activities.



LEADERSHIP RANDOLPH

Vice President & Controller Chasity Pennington graduated from the Leadership Randolph Class of 2025 - a nine-month program designed to develop and prepare leaders to move Randolph County forward, managed by Randolph County Alumni of Leadership West Virginia and the Elkins-Randolph County Chamber.

Member
FDIC
EQUAL HOUSING
LENDER
NMLS ID#509420



Investor Relations Information
citizenswv.com