

December 31, 2025



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Independent Auditor's Report

Board of Directors and Shareholders
Bank of Utica
Utica, New York

Opinion

We have audited the consolidated financial statements of Bank of Utica and subsidiary (the Company) which comprise the consolidated statements of financial condition for the years ended December 31, 2025 and 2024, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated 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 their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in the *Internal Control – Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on COSO.

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 Consolidated 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 Consolidated Financial Statements and Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management also is responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management Report.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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. our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of consolidated financial statements or an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material misstatement or a material weakness 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 to be 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances.
- 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 consolidated 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 financial statement audit.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the *Federal Deposit Insurance Corporation Improvement Act* (FDICIA), our audit of Bank of Utica's internal control over financial reporting included controls over the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and with the Federal Financial Institutions Examination Council Instructions for Consolidated Reports of Condition and Income (Call Report Instructions). An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Forvis Mazars, LLP

**New York, New York
February 2, 2026**

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITIONDECEMBER 31,ASSETS

	<u>2025</u>	<u>2024</u>
Assets:		
Cash and Cash Equivalents	\$ 46,882,613	\$ 54,013,505
Investment Securities - Held-To-Maturity - Net	999,248,730	1,014,672,230
Investment Securities - Equity Securities	190,174,821	164,667,020
Loans Receivable - Net	141,177,635	127,682,566
Property and Equipment - Net	14,581,682	15,036,392
Accrued Interest Receivable	12,156,018	11,778,480
Other Assets	1,151,952	1,118,024
	<u>1,405,373,451</u>	<u>1,388,968,217</u>
TOTAL ASSETS	<u>\$ 1,405,373,451</u>	<u>\$ 1,388,968,217</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Deposits	\$ 1,010,249,628	\$ 1,027,138,769
Deferred Tax Liability - Net	30,151,937	24,712,974
Accrued Interest Payable	2,065,793	2,332,418
Other Liabilities	3,773,809	3,391,940
Total Liabilities	<u>1,046,241,167</u>	<u>1,057,576,101</u>
Shareholders' Equity:		
Voting Common Stock - \$20 Par Value, Authorized 50,000 Shares Issued and Outstanding	1,000,000	1,000,000
Nonvoting Common Stock - \$20 Par Value, Authorized 200,000 Shares Issued and Outstanding	4,000,000	4,000,000
Capital Surplus	301,560,000	287,508,000
Retained Earnings	52,572,284	38,884,116
Total Shareholders' Equity	<u>359,132,284</u>	<u>331,392,116</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 1,405,373,451</u>	<u>\$ 1,388,968,217</u>

CONSOLIDATED STATEMENTS OF INCOMEFOR THE YEAR ENDED DECEMBER 31,

	<u>2025</u>	<u>2024</u>
Interest and Dividend Income:		
Investment Securities:		
Taxable	\$ 36,201,491	\$ 30,444,484
Exempt from Federal Income Tax	2,462,597	1,859,140
Dividend Income	3,973,346	3,832,768
Loans	7,637,154	6,590,570
Federal Funds Sold	2,018,941	2,236,892
Total Interest and Dividend Income	<u>52,293,529</u>	<u>44,963,854</u>
Interest Expense:		
Interest on Deposits & Borrowed Funds	<u>27,141,945</u>	<u>23,771,297</u>
Net Interest Income	<u>25,151,584</u>	<u>21,192,557</u>
Non-Interest Income:		
Net Gain on Unrealized Gain/Loss of Investment Securities	25,836,369	12,266,728
Net Gain (Loss) on Disposal of Investment Securities	(1,292,248)	345,578
Service Charges on Deposit Accounts	296,939	237,870
Other	44,484	37,818
Total Non-interest Income	<u>24,885,544</u>	<u>12,887,994</u>
Non-Interest Expense		
Salaries, Employee Benefits and Training	5,096,568	5,064,490
Occupancy and Information Technology	2,670,805	2,602,374
Regulatory - FDIC and NYS Banking Department	662,931	609,627
Provision for Credit Losses	197,654	143,270
Other	933,746	924,216
Total Non-Interest Expense	<u>9,561,704</u>	<u>9,343,977</u>
Income Before Income Taxes	40,475,424	24,736,574
Income Tax Expense	<u>7,922,756</u>	<u>4,716,893</u>
NET INCOME	<u>\$ 32,552,668</u>	<u>\$ 20,019,681</u>
NET INCOME PER SHARE OF COMMON STOCK	<u>\$ 130</u>	<u>\$ 80</u>
SHARES OUTSTANDING	<u>250,000</u>	<u>250,000</u>

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITYFOR THE YEAR ENDED DECEMBER 31,

	Voting Common Stock	Non-Voting Common Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at December 31, 2023	\$ 1,000,000	\$ 4,000,000	\$ 280,573,000	\$ 30,486,935	\$ 316,059,935
Net Income	-	-	-	20,019,681	20,019,681
Dividends Declared	-	-	-	(4,687,500)	(4,687,500)
Transfer	-	-	6,935,000	(6,935,000)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at December 31, 2024	1,000,000	4,000,000	287,508,000	38,884,116	331,392,116
Net Income	-	-	-	32,552,668	32,552,668
Dividends Declared	-	-	-	(4,812,500)	(4,812,500)
Transfer	-	-	14,052,000	(14,052,000)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at December 31, 2025	<u>\$ 1,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 301,560,000</u>	<u>\$ 52,572,284</u>	<u>\$ 359,132,284</u>

See Accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWSFOR THE YEAR ENDED DECEMBER 31,

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Net Income	\$ 32,552,668	\$ 20,019,681
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	700,678	824,169
Deferred Income Tax	5,438,963	2,666,132
Investment Securities Amortization	4,619,775	7,970,428
Realized Loss (Gain) on Investment Securities	1,292,248	(345,578)
Unrealized Gain on Investment Securities	(25,836,369)	(12,266,728)
(Income) Loss from Limited Partnerships	(23,143)	11,772
Provision for Credit Losses	197,654	143,270
(Increase) Decrease in Assets:		
Accrued Interest Receivable and Other Assets	(411,466)	(880,730)
Increase (Decrease) in Liabilities:		
Accrued Interest Payable and Other Liabilities	115,244	854,927
NET CASH FROM OPERATING ACTIVITIES	<u>18,646,252</u>	<u>18,997,343</u>
Cash Flows from Investing Activities:		
Proceeds from Redemptions, Principal Payments, Maturities of Securities Held-To-Maturity	246,983,684	228,741,017
Purchase of Securities Held-To-Maturity	(236,825,372)	(298,204,787)
Purchase of Securities Equity Securities	(806,406)	(812,102)
Proceeds from Sales of Equity Securities	271,126	4,466,364
Distributions from Limited Partnerships	130,550	143,965
Increase in Loans - Net	(13,609,318)	(17,241,021)
Purchases of Property and Equipment	(219,767)	(102,099)
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,075,503)</u>	<u>(83,008,663)</u>
Cash Flows from Financing Activities:		
Increase (Decrease) in Deposits - Net	(16,889,141)	75,131,382
Dividends Paid	(4,812,500)	(4,687,500)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(21,701,641)</u>	<u>70,443,882</u>
INCREASE (DECREASE) IN CASH	(7,130,892)	6,432,562
Cash Balance - January 1	54,013,505	47,580,943
Cash Balance - December 31	<u>\$ 46,882,613</u>	<u>\$ 54,013,505</u>
Supplemental Disclosures:		
Cash Paid for Interest	<u>\$ 27,408,570</u>	<u>\$ 22,877,715</u>
Cash Paid for Taxes	<u>\$ 2,454,000</u>	<u>\$ 1,776,000</u>
Non-Cash Financing Activities		
Dividends Declared and Payable	<u>\$ 2,437,500</u>	<u>\$ 2,375,000</u>

See Accompanying Notes to Consolidated Financial Statements

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 1 – Summary of Significant Accounting Policies:

- A. Principals of Consolidation and Nature of Operations – The accompanying consolidated financial statements include the accounts of the Bank of Utica and Bank of Utica Investment Subsidiary, Ltd., its wholly-owned subsidiary. Intercompany transactions and balances have been eliminated in consolidation.

The Bank of Utica (the “Bank”) is a privately held full service commercial Bank and accepts deposits, and generates loans primarily in the Utica, New York region, and invests in securities.

- B. Basis of Accounting – The accompanying consolidated financial statements have been prepared in all material respects in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and practices within the Banking industry.
- C. Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense 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, the valuation of deferred tax assets, and the fair value of financial instruments.
- D. Cash and Cash Equivalents – For the purposes of presentation in the Consolidated Statements of Cash Flows, cash and cash equivalents include cash and due from banks. Cash and cash equivalents have original maturities of three months or less, and accordingly, the carrying amount of these instruments is deemed to be a reasonable estimate of fair value.
- E. Investment Securities – The Bank holds both debt investment and equity securities. Equity securities are securities with a readily determinable fair value. Changes in fair value are recognized in net income. All the Bank’s equities are formally designated as NYS Investment Capital. Debt securities held are designated as held-to-maturity. Debt securities that management has both the intent and ability to hold to maturity are carried at amortized cost.

Premiums (discounts) on debt securities are amortized (accrued) to income using the level yield method to the contractual maturity date or call date as applicable.

Realized gains and losses are determined using the specific identification method and are reported in noninterest income.

- F. Loans Receivable – The Bank’s loan balance is comprised of loans held in the portfolio, including commercial loans, consumer loans, and residential mortgage loans. Loans are reported at their outstanding principal balances adjusted for the allowance for credit losses. Interest income on all types of loans, except those classified as nonaccrual, is accrued based upon the outstanding principal amounts.

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 1 – Summary of Significant Accounting Policies (continued):

The accrual of interest on loans is discontinued after 90 days delinquent unless such loans are well secured and are in process of collection. Loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Personal loans are transferred to non-accrual status when 90 days past due. Upon discontinuance of accrual of interest, all unpaid accrued interest is reversed. Subsequent receipts of interest are recorded as interest income on a cash basis unless collectability is in doubt, in which case cash payments are applied to principal. Loans may be returned to accrual status, if and when borrowers demonstrate the ability to repay a loan in accordance with the contractual terms.

G. Allowance for Credit Losses (ACL) - Loans – The allowance for credit losses on loans is established as losses are expected to occur through a provision for credit losses charged to income. Credit losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for credit losses is evaluated on a regular basis by management. Groups of loans with similar risk characteristics are collectively evaluated. Loans that do not share risk characteristics are evaluated on an individual basis. Loans with similar risk characteristics are grouped into homogenous segments, or pools, for analysis. The Bank uses historical delinquency and actual loss rates modified by quantitative adjustments based on macroeconomic factors over a twelve-month reasonable and supportable forecast period, plus qualitative factors based on management judgment, in the allowance determination. This evaluation is inherently subjective, as it requires estimates, including those based on changes in economic conditions and forecasted economic conditions, that are susceptible to significant revision as more information becomes available. Credit losses are deducted from the allowance and subsequent recoveries are added back to the allowance.

H. Allowance for Credit Losses – Held-To-Maturity Securities – The Bank measures expected credit losses on held-to-maturity debt securities on a collective basis by major security types that share similar risk characteristics, which may include, but is not limited to, credit ratings, financial asset type, collateral type, size, effective interest rate, term, geographical location, industry, and vintage.

The estimate of expected credit losses considers historical credit loss information that is adjusted for factors such as current conditions and reasonable and supportable forecasts. The Bank has evaluated and determined zero risk of nonpayment on all securities guaranteed by U.S government and U.S. government-sponsored enterprises and agencies. Given the rarity of municipal and corporate bond defaults and losses, the Bank utilizes external third-party loss forecast models (credit ratings) as the primary source of municipal and corporate bond default and loss rates. Management may exercise discretion to make adjustments based on various qualitative factors.

Changes in the ACL are recorded as provision (benefit) for credit losses. A held-to-maturity debt security is written off in the period in which a determination is made that it is probable that all or a portion of the financial asset is uncollectible. The previously recorded allowance, if any, is reversed and then the amortized cost basis is written down to the amount deemed to be collectible, if any.

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 1 – Summary of Significant Accounting Policies (continued):

- I. Property and Equipment – Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation is computed by the straight-line and accelerated methods.

Depreciation is charged to operations over the estimated useful lives of the assets. The estimated useful lives and methods of depreciation for the principal items are as follows:

Buildings and Improvements	10-40	Straight-Line
Furniture and Equipment	3-10	Straight-Line

Maintenance and repairs of premises and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale, or other disposition of premises and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain, or loss is included in operations.

- J. Equity - The Bank records an annual transfer of retained earnings to capital surplus to maintain a retained earnings balance equal to two years of net income.
- K. Profit Sharing Plan – Profit sharing costs are charged to employee benefits expense as accrued.
- L. Postretirement Benefits – Postretirement health insurance benefits are charged to employee benefits expense when paid. Although not under contractual obligation, the Bank currently provides certain health care benefits to retired employees. At the option of the Bank, retirees may continue to receive certain health insurance benefits if they met age and service requirements while working for the Bank. The health care plans can be contributory with participant contributions adjusted annually. The Bank reserves the right to amend or terminate any of the benefits at any time. The amounts paid for such benefits in 2025 and 2024 were \$49,438 and \$44,109, respectively.
- M. Income Taxes – There are two components of income tax expense: current and deferred. Current income tax expense (benefit) approximates cash to be paid (refunded) for income taxes for the applicable period. Deferred income tax expense (benefit) is determined by recognizing deferred tax assets and liabilities for the future tax consequences attributable to differences in the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

The principal timing differences are the provision for credit losses, depreciation and amortization, and unrealized gain (loss) on equity securities.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The realization of deferred tax assets is assessed, and a valuation allowance is recognized for that portion of the asset, if any, for which it is more likely than not that the tax benefits will be realized. Management generally considers the character and timing of taxable temporary differences, tax planning strategies and the expectation of future taxable income of the appropriate character when evaluating the need for a valuation allowance.

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 1 – Summary of Significant Accounting Policies (continued):

When measuring the amount of current taxes to be paid (or refunded) management considers the merit of various tax treatments in the context of statutory, judicial, and regulatory guidance. The Bank also considers the results of recent tax audits and historical experience. While management considers the amount of income taxes payable (or receivable) to be appropriate based on information currently available, future additions and reductions to such amounts may be necessary due to unanticipated events or changes in circumstances. Management has not taken, and does not expect to take, any position in a tax return which position it deems to be uncertain. The bank is no longer subject to U.S. Federal and State tax examinations by tax authorities for years prior to 2022.

Interest and penalties, if any, related to the underpayment of income taxes are recorded as a component of non-interest expense in the consolidated statements of income.

- N. Net Income per Share of Common Stock – Net income per share of common stock is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. The weighted average number of common shares, including voting and non-voting, was 250,000 as of December 31, 2025 and 2024.
- O. Off-Balance-Sheet Financial Instruments – In the ordinary course of business, the Bank has entered into off-balance-sheet financial commitments to extend credit, such as lines and letters of credit. Such financial commitments are recorded in the consolidated financial statements when these commitments are funded.
- P. Advertising Costs – Advertising costs are charged to non-interest expense in the statements of income when incurred. Advertising costs for 2025 and 2024 were \$306,748 and \$317,311, respectively.
- Q. Reclassification – Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2 – Restriction on Cash and Cash Equivalents

The Bank is required at times to maintain reserve funds in cash or on deposit with the Federal Reserve Bank. As of December 31, 2025 and 2024, the Bank was not required to maintain a reserve balance.

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 3 – Investment Securities:

The amortized cost and estimated fair values of securities held-to-maturity and equity securities are as follows:

<u>Securities Being Held-To-Maturity</u>	December 31, 2025					Fair Value
	<u>Amortized Cost</u>	<u>Allowance for Credit Losses</u>	<u>Net Carrying Amount</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	
State & Municipal Debt Securities	\$ 100,007,077	\$ -	\$ 100,007,077	\$ 1,792,882	\$ 3,644,834	\$ 98,155,125
Mortgage Backed Securities	5,038,463	-	5,038,463	2,030	1	5,040,492
Other Domestic & Foreign Debt Securities	895,982,102	1,778,912	894,203,190	13,059,085	8,946,591	898,315,684
Total Held to Maturity	<u>\$ 1,001,027,642</u>	<u>\$ 1,778,912</u>	<u>\$ 999,248,730</u>	<u>\$ 14,853,997</u>	<u>\$ 12,591,426</u>	<u>\$ 1,001,511,301</u>
<u>Equity Securities</u>	<u>\$ 50,906,420</u>	<u>\$ -</u>	<u>\$ 50,906,420</u>	<u>\$ 139,898,340</u>	<u>\$ 629,939</u>	<u>\$ 190,174,821</u>
<u>Securities Being Held-To-Maturity</u>	December 31, 2024					Fair Value
	<u>Amortized Cost</u>	<u>Allowance for Credit Losses</u>	<u>Net Carrying Amount</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	
State & Municipal Debt Securities	\$ 81,195,484	\$ -	\$ 81,195,484	\$ 287,839	\$ 5,710,127	\$ 75,773,196
Mortgage Backed Securities	56,388	-	56,388	1,038	-	57,426
Other Domestic & Foreign Debt Securities	935,085,174	1,664,816	933,420,358	4,511,555	28,402,589	909,529,324
Total Held to Maturity	<u>\$ 1,016,337,046</u>	<u>\$ 1,664,816</u>	<u>\$ 1,014,672,230</u>	<u>\$ 4,800,432</u>	<u>\$ 34,112,716</u>	<u>\$ 985,359,946</u>
<u>Equity Securities</u>	<u>\$ 51,234,988</u>	<u>\$ -</u>	<u>\$ 51,234,988</u>	<u>\$ 114,975,835</u>	<u>\$ 1,543,803</u>	<u>\$ 164,667,020</u>

Securities carried at approximately \$368,887,983 on December 31, 2025 and \$390,486,392 at December 31, 2024, were pledged to secure public deposits and for other purposes required or permitted by law.

The following summarizes the amortized cost and fair value of securities held-to-maturity by contractual maturity at December 31, 2025. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 3 – Investment Securities (continued):

Due:	<u>Amortized Cost</u>	<u>Fair Value</u>
Within One Year	\$ 166,276,954	\$ 164,790,460
From One to Five Years	700,255,567	702,498,003
From Five to Ten Years	117,629,222	117,179,887
After Ten Years	<u>16,865,899</u>	<u>17,042,951</u>
	<u>\$ 1,001,027,642</u>	<u>\$ 1,001,511,301</u>

As held-to-maturity securities, the difference between amortized cost and fair value is not expected to be realized because of the Bank's ability and intent to hold these securities until due.

During 2025 and 2024, the Bank did not sell any held-to-maturity securities due to instances involving deterioration in the issuer's creditworthiness.

Gross realized gains and losses on sales of equity securities and optional calls of held-to-maturity securities are summarized as follows:

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Realized Gains	\$ 284,637	\$ 1,429,512
Realized Losses	<u>(1,576,885)</u>	<u>(1,083,934)</u>
	<u>\$ (1,292,248)</u>	<u>\$ 345,578</u>

The portion of unrealized gains and losses for the period related to equity securities still held at the reporting date is calculated as follows:

	<u>2025</u>	<u>2024</u>
Net gains and (losses) recognized during the period on equity securities	\$ 26,592,810	\$ 13,408,145
Less net gains and (losses) recognized during the period on equity securities sold during the period	<u>756,441</u>	<u>1,141,417</u>
Unrealized gains and losses recognized during the period on equity securities still held at the reporting date	<u>\$ 25,836,369</u>	<u>\$ 12,266,728</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 3 – Investment Securities (continued):

	December 31, 2025								
	Less Than Twelve Months			Twelve Months or Longer			Total		
	Amortized Cost	Fair Value	Unrealized Losses	Amortized Cost	Fair Value	Unrealized Losses	Amortized Cost	Fair Value	Unrealized Losses
State & Municipal									
Debt Securities	\$ 4,991,016	\$ 4,991,015	\$ (1)	\$ -	\$ -	\$ -	\$ 4,991,016	\$ 4,991,015	\$ (1)
Mortgage Backed									
Securities	4,973,481	4,915,396	(58,085)	45,121,573	41,534,824	(3,586,749)	50,095,054	46,450,220	(3,644,834)
Other Domestic &									
Foreign Debt Securities	<u>49,294,213</u>	<u>49,067,062</u>	<u>(227,151)</u>	<u>398,031,968</u>	<u>389,312,528</u>	<u>(8,719,440)</u>	<u>447,326,181</u>	<u>438,379,590</u>	<u>(8,946,591)</u>
	<u>\$ 59,258,710</u>	<u>\$ 58,973,473</u>	<u>\$ (285,237)</u>	<u>\$ 443,153,541</u>	<u>\$ 430,847,352</u>	<u>\$ (12,306,189)</u>	<u>\$ 502,412,251</u>	<u>\$ 489,820,825</u>	<u>\$ (12,591,426)</u>
	December 31, 2024								
	Less Than Twelve Months			Twelve Months or Longer			Total		
	Amortized Cost	Fair Value	Unrealized Losses	Amortized Cost	Fair Value	Unrealized Losses	Amortized Cost	Fair Value	Unrealized Losses
State & Municipal									
Debt Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mortgage Backed									
Securities	11,390,183	11,246,695	(143,488)	52,345,249	46,778,610	(5,566,639)	63,735,432	58,025,305	(5,710,127)
Other Domestic &									
Foreign Debt Securities	<u>168,618,202</u>	<u>166,413,326</u>	<u>(2,204,876)</u>	<u>561,176,041</u>	<u>534,978,328</u>	<u>(26,197,713)</u>	<u>729,794,243</u>	<u>701,391,654</u>	<u>(28,402,589)</u>
	<u>\$ 180,008,385</u>	<u>\$ 177,660,021</u>	<u>\$ (2,348,364)</u>	<u>\$ 613,521,290</u>	<u>\$ 581,756,938</u>	<u>\$ (31,764,352)</u>	<u>\$ 793,529,675</u>	<u>\$ 759,416,959</u>	<u>\$ (34,112,716)</u>

The temporary impairment of securities held-to-maturity is primarily attributable to changes in overall market interest rates and/or changes in credit spreads since the investments were acquired. In general, as market interest rates rise and/or credit spreads widen, the fair value of fixed rate securities will decrease, and as market interest rates fall and/or credit spreads tighten, the fair value of fixed rate securities will increase. As of December 31, 2025, the Bank has the ability and intent to hold these securities to maturity or until such time as they are called or prepaid. As of December 31, 2025, management expects to collect all amounts due according to the contractual terms of these securities and does not believe that there are any cases of individual securities with credit losses as of December 31, 2025.

The Bank monitors the credit quality of held-to-maturity securities primarily through the use of credit ratings. The credit ratings are monitored on a monthly basis or more frequently if required. The Bank obtains ratings from Moody's, S&P Global and Fitch Ratings. Investment grade is defined as BBB- or higher by Fitch Ratings or S&P Global, or Baa3 or higher by Moody's. The following table summarizes the amortized cost of held-to-maturity securities at December 31, 2025 and 2024, aggregated by credit quality indicator:

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 3 – Investment Securities (continued):

	Investment Grade	Split Grade ⁽¹⁾	Below Investment Grade	Not Rated	Total
December 31, 2025					
State & Municipal Debt Securities	\$ 95,049,553	\$ -	\$ -	\$ 4,957,524	\$ 100,007,077
Mortgage Backed Securities	-	-	-	5,038,463	5,038,463
Other Domestic & Foreign Debt Securities	865,578,796	9,898,756	5,421,160	15,083,390	895,982,102
	<u>\$ 960,628,349</u>	<u>\$ 9,898,756</u>	<u>\$ 5,421,160</u>	<u>\$ 25,079,377</u>	<u>\$ 1,001,027,642</u>
December 31, 2024					
State & Municipal Debt Securities	\$ 76,688,973	\$ -	\$ 124,464	\$ 4,382,047	\$ 81,195,484
Mortgage Backed Securities	-	-	-	56,388	56,388
Other Domestic & Foreign Debt Securities	901,998,318	11,055,762	4,402,435	17,628,659	935,085,174
	<u>\$ 978,687,291</u>	<u>\$ 11,055,762</u>	<u>\$ 4,526,899</u>	<u>\$ 22,067,094</u>	<u>\$ 1,016,337,046</u>

(1) The split grade category indicates bonds rated investment grade and below investment grade by different ratings agencies.

None of the Bank's bonds were past due 30 days or more or on nonaccrual at December 31, 2025 or 2024.

NOTE 4 – Loans Receivable and Allowance for Credit Losses:

The components of loans in the consolidated statements of financial condition were as follows:

	2025	2024
Commercial Loans	\$ 36,481,840	\$ 33,433,822
Commercial Real Estate Loans	36,593,388	31,757,114
Residential Real Estate Loans	1,822,922	1,484,207
Consumer Loans	7,133,615	6,929,885
Government Guaranteed Loans	55,437,736	49,833,862
Overdrafts	154,387	1,048,982
Gross Loans	137,623,888	124,487,872
Add (Less):		
Purchase Premiums on Government Guaranteed Loans	4,694,932	4,334,794
Allowance for Credit Losses	(1,141,185)	(1,140,100)
Net Loans	<u>\$ 141,177,635</u>	<u>\$ 127,682,566</u>

NOTE 4 – Loans Receivable and Allowance for Credit Losses (continued):

The Bank evaluates the credit quality of its loan portfolio based on internal credit risk ratings using numerous factors, including collateral, collection experience, and other internal metrics. Ratings are updated at least annually or more frequently if there is a material change in creditworthiness.

The rating classifications in use by the Bank are as follows:

Pass – Primary source of loan repayment is satisfactory or better, with secondary sources very likely to be realized if necessary, loan within normal credit standards.

Special Mention – An asset classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Bank's credit position at some future date.

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. Assets so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful – An asset classified doubtful has all the weaknesses inherent in one classified Substandard 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 – An asset classified loss is considered uncollectable and of such little value that continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing-off this basically worthless asset even though partial recovery may be affected in the future.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 4 – Loans Receivable and Allowance for Credit Losses (continued):

The following tables sets forth the loans by credit quality indicator:

	Term Loans By Year Of Origination						Revolving Loans	Total
	2025	2024	2023	2022	2021	Prior		
<u>Commercial</u>								
Pass	\$ 13,072,328	\$ 6,213,243	\$ 4,507,523	\$ 1,986,792	\$ 417,626	\$ 5,182,529	\$ 4,924,635	\$ 36,304,676
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	60,000	-	117,164	-	177,164
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 13,072,328</u>	<u>\$ 6,213,243</u>	<u>\$ 4,507,523</u>	<u>\$ 2,046,792</u>	<u>\$ 417,626</u>	<u>\$ 5,299,693</u>	<u>\$ 4,924,635</u>	<u>\$ 36,481,840</u>
<u>Commercial Real Estate</u>								
Pass	\$ 8,903,268	\$ 5,043,475	\$ 2,494,589	\$ 5,060,754	\$ 1,827,822	\$ 12,314,887	\$ -	\$ 35,644,795
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	948,593	-	948,593
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 8,903,268</u>	<u>\$ 5,043,475</u>	<u>\$ 2,494,589</u>	<u>\$ 5,060,754</u>	<u>\$ 1,827,822</u>	<u>\$ 13,263,480</u>	<u>\$ -</u>	<u>\$ 36,593,388</u>
<u>Residential Real Estate</u>								
Pass	\$ 495,157	\$ 374,050	\$ -	\$ 250,539	\$ 346,402	\$ 356,774	\$ -	\$ 1,822,922
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 495,157</u>	<u>\$ 374,050</u>	<u>\$ -</u>	<u>\$ 250,539</u>	<u>\$ 346,402</u>	<u>\$ 356,774</u>	<u>\$ -</u>	<u>\$ 1,822,922</u>
<u>Consumer</u>								
Pass	\$ 3,873,562	\$ 1,165,741	\$ 1,010,063	\$ 122,920	\$ 193,727	\$ 579,813	\$ 187,789	\$ 7,133,615
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 3,873,562</u>	<u>\$ 1,165,741</u>	<u>\$ 1,010,063</u>	<u>\$ 122,920</u>	<u>\$ 193,727</u>	<u>\$ 579,813</u>	<u>\$ 187,789</u>	<u>\$ 7,133,615</u>
<u>Government Guaranteed</u>								
Pass	\$ 14,816,784	\$ 13,425,506	\$ 5,070,673	\$ 4,821,492	\$ 10,582,328	\$ 6,720,953	\$ -	\$ 55,437,736
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 14,816,784</u>	<u>\$ 13,425,506</u>	<u>\$ 5,070,673</u>	<u>\$ 4,821,492</u>	<u>\$ 10,582,328</u>	<u>\$ 6,720,953</u>	<u>\$ -</u>	<u>\$ 55,437,736</u>
<u>Total Loans</u>								
Pass	\$ 41,161,099	\$ 26,222,015	\$ 13,082,848	\$ 12,242,497	\$ 13,367,905	\$ 25,154,956	\$ 5,112,424	\$ 136,343,744
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	60,000	-	1,065,757	-	1,125,757
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Overdrafts	147	24,318	1,621	19	393	127,889	-	154,387
Total Loans	<u>\$ 41,161,246</u>	<u>\$ 26,246,333</u>	<u>\$ 13,084,469</u>	<u>\$ 12,302,516</u>	<u>\$ 13,368,298</u>	<u>\$ 26,348,602</u>	<u>\$ 5,112,424</u>	<u>\$ 137,623,888</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 4 – Loans Receivable and Allowance for Credit Losses (continued):

	Term Loans By Year Of Origination						Revolving Loans	Total
	2024	2023	2022	2021	2020	Prior		
<u>Commercial</u>								
Pass	\$ 10,529,448	\$ 4,787,417	\$ 2,232,711	\$ 812,386	\$ 1,268,995	\$ 5,141,945	\$ 8,455,715	\$ 33,228,617
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	60,000	-	-	145,205	-	205,205
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 10,529,448</u>	<u>\$ 4,787,417</u>	<u>\$ 2,292,711</u>	<u>\$ 812,386</u>	<u>\$ 1,268,995</u>	<u>\$ 5,287,150</u>	<u>\$ 8,455,715</u>	<u>\$ 33,433,822</u>
<u>Commercial Real Estate</u>								
Pass	\$ 5,280,051	\$ 2,838,912	\$ 5,321,053	\$ 2,393,360	\$ 3,957,492	\$ 10,972,802	\$ -	\$ 30,763,670
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	993,444	-	993,444
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 5,280,051</u>	<u>\$ 2,838,912</u>	<u>\$ 5,321,053</u>	<u>\$ 2,393,360</u>	<u>\$ 3,957,492</u>	<u>\$ 11,966,246</u>	<u>\$ -</u>	<u>\$ 31,757,114</u>
<u>Residential Real Estate</u>								
Pass	\$ 390,601	\$ -	\$ 275,564	\$ 376,573	\$ 116,375	\$ 325,094	\$ -	\$ 1,484,207
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 390,601</u>	<u>\$ -</u>	<u>\$ 275,564</u>	<u>\$ 376,573</u>	<u>\$ 116,375</u>	<u>\$ 325,094</u>	<u>\$ -</u>	<u>\$ 1,484,207</u>
<u>Consumer</u>								
Pass	\$ 3,597,956	\$ 2,089,368	\$ 223,716	\$ 209,778	\$ 11,653	\$ 615,999	\$ 181,415	\$ 6,929,885
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 3,597,956</u>	<u>\$ 2,089,368</u>	<u>\$ 223,716</u>	<u>\$ 209,778</u>	<u>\$ 11,653</u>	<u>\$ 615,999</u>	<u>\$ 181,415</u>	<u>\$ 6,929,885</u>
<u>Government Guaranteed</u>								
Pass	\$ 14,300,378	\$ 6,897,866	\$ 5,596,546	\$ 14,020,121	\$ 6,659,673	\$ 2,359,278	\$ -	\$ 49,833,862
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	<u>\$ 14,300,378</u>	<u>\$ 6,897,866</u>	<u>\$ 5,596,546</u>	<u>\$ 14,020,121</u>	<u>\$ 6,659,673</u>	<u>\$ 2,359,278</u>	<u>\$ -</u>	<u>\$ 49,833,862</u>
<u>Total Loans</u>								
Pass	\$ 34,098,434	\$ 16,613,563	\$ 13,649,590	\$ 17,812,218	\$ 12,014,188	\$ 19,415,118	\$ 8,637,130	\$ 122,240,241
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	60,000	-	-	1,138,649	-	1,198,649
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Overdrafts	965,672	83,310	-	-	-	-	-	1,048,982
Total Loans	<u>\$ 35,064,106</u>	<u>\$ 16,696,873</u>	<u>\$ 13,709,590</u>	<u>\$ 17,812,218</u>	<u>\$ 12,014,188</u>	<u>\$ 20,553,767</u>	<u>\$ 8,637,130</u>	<u>\$ 124,487,872</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 4 – Loans Receivable and Allowance for Credit Losses (continued):

The following table presents gross chargeoffs at December 31, 2025 and 2024 by loan category and origination year.

	Term Loans By Year Of Origination					Prior	Revolving Loans	Total
	2025	2024	2023	2022	2021			
Commercial	\$ -	\$ 26,053	\$ 24,652	\$ -	\$ -	\$ -	\$ -	\$ 50,705
Consumer	26,049	15,125	5,703	-	-	1,787	-	48,664
Totals	<u>\$ 26,049</u>	<u>\$ 41,178</u>	<u>\$ 30,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,787</u>	<u>\$ -</u>	<u>\$ 99,369</u>

	Term Loans By Year Of Origination					Prior	Revolving Loans	Total
	2024	2023	2022	2021	2020			
Commercial	\$ 19,797	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,797
Commercial Real Estate	-	-	6,943	-	-	-	-	6,943
Consumer	5,120	23,441	1,237	-	-	-	-	29,798
Totals	<u>\$ 24,917</u>	<u>\$ 23,441</u>	<u>\$ 8,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,538</u>

The Bank tracks loan payment activity for the loan portfolio. The payment status for the loan portfolio at December 31, 2025 and 2024 is shown in the table below:

	December 31, 2025				
	30-89 Days	90+ Days	Total	Current	Total Loans
	Past Due	Past Due	Past Due		
Commercial Loans	\$ 95,425	\$ 320,927	\$ 416,352	\$ 36,065,488	\$ 36,481,840
Commercial Real Estate Loans	288,836	607,854	896,690	35,696,698	36,593,388
Residential Real Estate Loans	-	467	467	1,822,455	1,822,922
Consumer Loans	10,534	-	10,534	7,123,081	7,133,615
Government Guaranteed Loans	-	-	-	55,437,736	55,437,736
Overdrafts	86,150	5,193	91,343	63,044	154,387
	<u>\$ 480,945</u>	<u>\$ 934,441</u>	<u>\$ 1,415,386</u>	<u>\$ 136,208,502</u>	<u>\$ 137,623,888</u>

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 4 – Loans Receivable and Allowance for Credit Losses (continued):

	December 31, 2024				
	30-89 Days	90+ Days	Total	Current	Total
	Past Due	Past Due	Past Due		Loans
Commercial Loans	\$ 846,640	\$ 310,000	\$ 1,156,640	\$ 32,277,182	\$ 33,433,822
Commercial Real					
Estate Loans	830,450	-	830,450	30,926,664	31,757,114
Residential Real					
Estate Loans	14,729	-	14,729	1,469,478	1,484,207
Consumer Loans	-	-	-	6,929,885	6,929,885
Government					
Guaranteed Loans	-	-	-	49,833,862	49,833,862
Overdrafts	12,088	944,242	956,330	92,652	1,048,982
	<u>\$ 1,703,907</u>	<u>\$ 1,254,242</u>	<u>\$ 2,958,149</u>	<u>\$ 121,529,723</u>	<u>\$ 124,487,872</u>

Accrual and non-accrual assets are shown in the following table:

	December 31, 2025		December 31, 2024	
	Accrual	Non-Accrual	Accrual	Non-Accrual
Commercial Loans	\$ 36,145,033	\$ 336,807	\$ 33,040,941	\$ 392,881
Commercial Real Estate Loans	35,983,529	609,859	31,681,078	76,036
Residential Real Estate Loans	1,822,455	467	1,474,267	9,940
Consumer Loans	7,133,615	-	6,929,885	-
Government Guaranteed Loans	55,437,736	-	49,833,862	-
Overdrafts	154,387	-	1,048,982	-
	<u>\$ 136,676,755</u>	<u>\$ 947,133</u>	<u>\$ 124,009,015</u>	<u>\$ 478,857</u>

Collateral-dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. The Company reviews individually evaluated loans for designation as collateral-dependent loans, as well as other loans that management of the Company designates as having higher risk. These loans do not share common risk characteristics and are not included within the collectively evaluated loans for determining the ACL.

The following table presents an analysis of collateral-dependent loans of the Bank as of:

	December 31, 2025			
	Real Estate	Collateral Type Other	Total	Allocated Allowance
Allowance for Credit Losses:				
Commercial	\$ -	\$ 177,164	\$ 177,164	\$ 74,028
Commercial Real Estate	948,593	-	948,593	-
Totals	<u>\$ 948,593</u>	<u>\$ 177,164</u>	<u>\$ 1,125,757</u>	<u>\$ 74,028</u>

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 4 – Loans Receivable and Allowance for Credit Losses (continued):

	December 31, 2024			<u>Allocated Allowance</u>
	<u>Real Estate</u>	<u>Collateral Type Other</u>	<u>Total</u>	
Allowance for Credit Losses:				
Commercial	\$ -	\$ 205,205	\$ 205,205	\$ 80,720
Commercial Real Estate	993,444	-	993,444	-
Totals	<u>\$ 993,444</u>	<u>\$ 205,205</u>	<u>\$ 1,198,649</u>	<u>\$ 80,720</u>

The Bank does not have a significant concentration of risk to any individual client. However, a geographic concentration arises because the Bank operates primarily in the Central New York region. The Bank does not engage in any international lending activities.

In its normal course of business, the Bank does not offer interest only loans, other than demand notes typically secured by quick collateral, or loans with other features that may increase the Bank's exposure to credit risk and result in a concentration of credit risk.

The allowance for credit losses is composed of specific allowances for certain loans and general allowances grouped into loan pools based on similar characteristics. The allowance for credit losses is allocated semi-annually based on the CECL Allowance for Credit Losses Report of required reserves. Additionally, the Bank does not record an allowance for loans that are guaranteed by government agencies, as there is nominal risk of principal loss.

An analysis of the change in the allowance for credit losses follows:

	December 31, 2025			
	<u>Commercial & Commercial Real Estate</u>	<u>Residential</u>	<u>Consumer</u>	<u>Total</u>
Beginning Balance	\$ 1,064,674	\$ 41,438	\$ 33,988	\$ 1,140,100
Provision (Benefit) for				
Credit Losses	61,971	(32,074)	54,592	84,489
Charge-Offs	(50,705)	-	(48,664)	(99,369)
Recoveries	11,228	-	4,737	15,965
Ending Balance	<u>\$ 1,087,168</u>	<u>\$ 9,364</u>	<u>\$ 44,653</u>	<u>\$ 1,141,185</u>

	December 31, 2024			
	<u>Commercial & Commercial Real Estate</u>	<u>Residential</u>	<u>Consumer</u>	<u>Total</u>
Beginning Balance	\$ 963,551	\$ 24,258	\$ 32,679	\$ 1,020,488
Provision (Benefit) for				
Credit Losses	108,282	24,123	(7,077)	125,328
Charge-Offs	(19,797)	(6,943)	(29,798)	(56,538)
Recoveries	12,638	-	38,184	50,822
Ending Balance	<u>\$ 1,064,674</u>	<u>\$ 41,438</u>	<u>\$ 33,988</u>	<u>\$ 1,140,100</u>

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 4 – Loans Receivable and Allowance for Credit Losses (continued):

In the normal course of business, the Bank may execute loan modifications with borrowers. These modifications are analyzed to determine whether the modification is made to a borrower experiencing financial difficulty. The Bank's modifications generally include interest rate adjustments and amortization and maturity date extensions. These modifications provide the borrowers with short-term cash relief to allow them to improve their financial condition. If a loan modification is determined to be made to a borrower experiencing financial difficulty, the loan is considered collateral dependent and evaluated as part of the ACL. For the years ended December 31, 2025 and 2024, modifications made to borrowers experiencing financial difficulty were not material. The Bank had no commitments to lend to borrowers experiencing financial difficulty for which the Bank had modified an existing loan as of December 31, 2025 and 2024.

NOTE 5 – Property and Equipment:

Components of premises and equipment included in the consolidated statements of financial condition at December 31, 2025 and 2024 were as follows:

	December 31,	
	2025	2024
Cost:		
Land	\$ 79,541	\$ 79,541
Bank Building & Improvements	25,074,744	25,074,744
Furniture & Equipment	5,093,689	4,847,722
Total Cost	30,247,974	30,002,007
Less Accumulated Depreciation	15,666,292	14,965,615
Net Book Value	<u>\$ 14,581,682</u>	<u>\$ 15,036,392</u>

Depreciation and amortization charged to equipment and occupancy expense amounted to \$700,678 in 2025 and \$824,169 in 2024.

NOTE 6 – Deposits:

Components of deposits included in the consolidated statements of financial condition at December 31, 2025 and 2024 were as follows:

	December 31,	
	2025	2024
Demand Deposit Accounts	\$ 190,011,643	\$ 193,861,221
Savings & Other Time	122,371,337	124,713,980
Money Market	166,803,080	172,825,146
Certificates of Deposit of Under \$250,000	400,120,622	377,477,143
Certificates of Deposit of \$250,000 and Over	130,942,946	158,261,279
Total Deposits	<u>\$ 1,010,249,628</u>	<u>\$ 1,027,138,769</u>

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 6 – Deposits (continued):

Certificates of deposit maturing in years ending December 31:

2026	\$ 238,756,930
2027	74,356,704
2028	118,827,592
2029	75,510,503
2030	23,611,839
	<u>\$ 531,063,568</u>

Interest expense by deposit type is as follows:

	December 31,	
	2025	2024
Demand Deposit Accounts	\$ 116,899	\$ 119,249
Savings & Other Time	2,059,653	1,991,536
Money Market	2,571,931	2,783,672
Certificates of Deposit of Under \$250,000	17,412,231	14,290,756
Certificates of Deposit of \$250,000 and Over	4,981,231	4,586,084
Total Expense	<u>\$ 27,141,945</u>	<u>\$ 23,771,297</u>

NOTE 7 – Income Taxes:

The provision for income taxes consisted of the following:

	December 31,	
	2025	2024
Current		
Federal	\$ 2,297,657	\$ 1,893,750
State	186,136	157,011
	<u>2,483,793</u>	<u>2,050,761</u>
Deferred		
Federal	5,179,864	2,430,514
State	259,099	235,618
	<u>5,438,963</u>	<u>2,666,132</u>
	<u>\$ 7,922,756</u>	<u>\$ 4,716,893</u>

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 7 – Income Taxes (continued):

The provision for income taxes is less than that computed by applying the federal statutory rate of 21%, as indicated in the following analysis:

	December 31,	
	2025	2024
Taxes Based on Statutory Rate	\$ 8,499,839	\$ 5,194,681
State Income Tax, Net of Tax Benefit	459,880	277,119
Effect of Tax-Exempt Income	(517,145)	(390,419)
Dividends Received Deduction	(417,201)	(402,441)
Effective Tax Rate Change on Deferred Items	(53,622)	82,229
Other	(48,995)	(44,276)
	<u>\$ 7,922,756</u>	<u>\$ 4,716,893</u>

The net cumulative effects of the temporary differences are as follows:

	December 31,	
	2025	2024
Deferred Tax Assets		
Allowance for Credit Losses - Loans	\$ 232,738	\$ 251,511
Allowance for Credit Losses - HTM Securities	409,652	366,807
Capital Loss Carryforward	165,709	-
Interest on Nonaccrual Loans	17,864	10,823
	<u>825,963</u>	<u>629,141</u>
Deferred Tax Liabilities		
Net Unrealized Gain on Equity		
Securities	30,630,107	24,990,462
Depreciation and Amortization	347,793	351,653
	<u>30,977,900</u>	<u>25,342,115</u>
Net Deferred Tax (Liabilities)	<u>\$ (30,151,937)</u>	<u>\$ (24,712,974)</u>

The Bank has performed an evaluation of its tax positions and has concluded that as of December 31, 2025, there were no significant uncertain tax positions requiring additional recognition in its consolidated financial statements.

The Bank is subject to regular examination by Federal and State taxing authorities. As of December 31, 2025, the tax years ended December 31, 2022, 2023, 2024, and 2025 remain subject to examination by all of the Bank's relevant tax jurisdictions.

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 8 – Employee Benefits:

The Bank has both a cash profit sharing and deferred profit sharing in effect for employees. The cash profit sharing uses a contribution rate and applies it to the Bank's operating profits. It then allocates this amount to all employees based on their compensation. For 2025 and 2024, the contribution rate used was 2%. The deferred profit-sharing plan is employer funded. For 2025 and 2024, the contribution rate was 15% of salaries and is allocated to fulltime employees based on their compensation. The amount of the contributions each year are at the discretion of the Board of Directors. These expenses totaled \$805,305 in 2025 and \$751,701 in 2024, and are included within salaries and employee benefits.

NOTE 9 – Related Parties:

The Bank has entered into transactions and commitments to extend credit with its directors, officers, and their affiliations, including companies under their control. Such transactions were made in the ordinary course of business, and did not, in the opinion of management, involve more than normal credit risk or present other unfavorable features. The aggregate amount of loans and commitments to such related parties at December 31, 2025 and 2024 were \$371,040 and \$537,878, and related party deposits amounted to \$10,986,287 and \$13,620,463 respectively.

NOTE 10 – Contingent Liabilities and Commitments:

The Bank's consolidated financial statements do not reflect various commitments and contingent liabilities which arise in the normal course of business, and which involve elements of credit risk, interest rate risk and liquidity risk. A summary of the Bank's commitments and contingent liabilities at December 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Commitments to Extend Credit (Commercial)	\$ 30,648,119	\$ 27,738,239
Open Letters of Credit	\$ 695,000	\$ 945,000
Unused Check Credit Lines	\$ 1,882,950	\$ 1,932,075

The Bank's credit policies and procedures for credit commitments and financial guarantees are the same as those for extension of credit that are recorded on the statement of condition. The commitments to extend credit are non-contractual in nature. Because letters of credit have fixed maturity dates, and they almost always expire without being drawn upon, they do not generally present any significant liquidity risk to the Bank.

As of December 31, 2025 and 2024, the Bank had no reserves related to credit risk inherent in off balance sheet credit commitments and financial guarantees.

The Bank can often be party to litigation and claims arising in the normal course of business. Management, after consultation with legal counsel, believes at December 31, 2025 and 2024 that the liabilities, if any, arising from such litigation and claims will not be material to its financial position.

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 11 – Concentrations of Credit Risk:

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Bank's total credit exposure. Although the Bank's portfolio of financial instruments is broadly diversified along industry, product, and geographic lines, material transactions are completed with other financial institutions, particularly in the securities business.

In connection with the Bank's efforts to maintain a diversified portfolio, the Bank limits its exposure to any one geographic region, country (excluding U.S.A) or individual creditor and monitors this exposure on a continuous basis. The consolidated Bank's investment policy includes segment limits that prescribe the maximum investment in each market segment based on a percentage of Bank assets or capital. The Bank's exposure, which primarily results from debt securities issued by United States and foreign corporations, amounted to approximately \$895,982,000 and \$935,085,000 at December 31, 2025 and 2024, respectively. All such debt securities are rated investment grade at the time of acquisition and the Bank was well below the maximum percentage allowed by bank policy for investments in United States and foreign corporate debt as of December 31, 2025 and 2024.

NOTE 12 – Fair Value of Financial Instruments:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy established under ASC 820-10 is summarized as follows:

- Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the reporting entity has the ability to access at the measurement date.
- Level 2 - Significant other observable inputs such as any of the following: (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in markets that are not active, (3) inputs other than quoted prices that are observable for the asset or liability (*e.g.*, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates), or (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).
- Level 3 - Significant unobservable inputs for the asset or liability. Significant unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Significant unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 12 – Fair Value of Financial Instruments (continued):

The following tables present the assets that are reported on the consolidated statements of financial condition at fair value as of the date indicated by level within the fair value hierarchy. Financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Assets Measured at Fair Value on a Recurring Basis at December 31, 2025				
	Fair Value	Level 1	Level 2	Level 3
Equity Securities	\$ 190,174,821	\$ 190,174,821	\$ -	\$ -

Assets Measured at Fair Value on a Recurring Basis at December 31, 2024				
	Fair Value	Level 1	Level 2	Level 3
Equity Securities	\$ 164,667,020	\$ 164,659,653	\$ 7,367	\$ -

During the years ended December 31, 2025 and 2024, there were no transfers of financial instruments between Level 1 and Level 2. The Bank had no Level 3 securities measured on a recurring basis as of December 31, 2025 and 2024.

Assets Measured at Fair Value on a Non-Recurring Basis at December 31, 2025				
	Fair Value	Level 1	Level 2	Level 3
Collateral-Dependent Loans				
Commercial & Commercial Real Estate	\$ 1,051,729	\$ -	\$ -	\$ 1,051,729

Assets Measured at Fair Value on a Non- Recurring Basis at December 31, 2024				
	Fair Value	Level 1	Level 2	Level 3
Collateral-Dependent Loans				
Commercial & Commercial Real Estate	\$ 1,117,929	\$ -	\$ -	\$ 1,117,929

Collateral-Dependent Loans - Loans with certain characteristics are evaluated individually for impairment. The Bank's collateral-dependent loans at December 31, 2025 and 2024 were collateralized by real estate and were thus carried at the lower of the outstanding principal balance or the estimated fair value of the collateral. Fair value is estimated through either a negotiated note sale value (Level 2 input), or, more commonly, a recent real estate appraisal (Level 3 input). These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value.

An appraisal is generally ordered when a collateral-dependent commercial real estate or residential real estate loan is determined to be collateral-dependent. Adjustments for potential disposal costs are also considered when determining the final appraised value.

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 12 – Fair Value of Financial Instruments (continued):

The following table presents quantitative information about significant unobservable inputs used in the fair value measurements for Level 3 assets and liabilities at December 31, 2025:

	Fair Value at December 31, 2025	Valuation Technique	Unobservable Input/ Assumption
Non-Recurring Fair Value Measurements			
Collateral-Dependent Loans	\$ 1,051,729	Underlying Collateral	Appraisal

The carrying amounts and estimated at fair values of financial instruments at December 31, 2025 and 2024 are as follows:

	December 31,			
	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and Equivalents	\$ 46,882,613	\$ 46,882,613	\$ 54,013,505	\$ 54,013,505
Securities Held to Maturity	\$ 999,248,730	\$ 1,001,511,301	1,014,672,230	\$ 985,359,946
Equity Securities	\$ 190,174,821	\$ 190,174,821	\$ 164,667,020	\$ 164,667,020
Loans Receivable	\$ 142,318,820	\$ 125,293,556	\$ 128,822,666	\$ 97,566,261
Accrued Interest Receivable	\$ 12,156,018	\$ 12,156,018	\$ 11,778,480	\$ 11,778,480
Financial Liabilities:				
Deposits	\$ 1,010,249,628	\$ 941,004,783	\$ 1,027,138,769	\$ 938,280,830
Accrued Interest Payable	\$ 2,065,793	\$ 2,065,793	\$ 2,332,418	\$ 2,332,418

The methods and assumptions used to estimate fair values for financial assets and liabilities other than those previously discussed were determined as follows:

Cash and equivalents, accrued interest receivable and accrued interest payable – due to the short-term nature of these assets and liabilities the Bank estimated that carrying value approximates fair value.

Securities held-to-maturity and equity securities – investment securities fair values were based on quoted market prices and significant other observable inputs, such as interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates.

Loans receivable – the estimated fair value for fixed rate loans is determined by discounting the estimated cash flows using the current rate at which similar loans would be made to borrowers with similar credit ratings and maturities. The estimated fair value of variable rate loans approximate carrying value as the portfolio reprices frequently.

Deposits – the estimated fair value of demand deposit, savings and money market accounts is, by definition, equal to the amount payable on demand at the reporting date (*i.e.*, their carrying amount). The fair value of certificates of deposits is estimated using a discounted cash flow calculation that applies current interest rates to aggregated expected maturities.

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2025 AND 2024NOTE 12 – Fair Value of Financial Instruments (continued):

Borrowed funds – estimated fair value is based on carrying value because of the short-term nature of the borrowing.

Commitments to extend credit – The fair value of commitments to extend credit is estimated as the fully refundable fees charged as of the valuation date to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current interest rates and the committed rates.

NOTE 13 – Minimum Regulatory Capital Requirements:

On September 17, 2019, the federal banking agencies issued a final rule providing simplified capital requirements for certain community banking organizations (banks and holding companies) with less than \$10 billion in total consolidated assets, implementing provisions of The Economic Growth, Regulatory Relief, and Consumer Protection Act (“EGRRCPA”). Under the proposal, a qualifying community banking organization would be eligible to elect the community bank leverage ratio framework or continue to measure capital under the existing Basel III requirements. The new rule was effective beginning January 1, 2020, and qualifying community banking organizations may elect to opt into the new community bank leverage ratio (“CBLR”) in their call report beginning in the first quarter of 2020.

A qualifying community banking organization (“QCBO”) is defined as a bank, a savings association, a bank holding company or a savings and loan holding company with:

- A leverage capital ratio of greater than 9.0%;
- Total consolidated assets of less than \$10.0 billion;
- Total off-balance sheet exposures (excluding derivatives other than credit derivatives and unconditionally cancelable commitments) of 25% or less of total consolidated assets; and
- Total trading assets and trading liabilities of 5% or less of total consolidated assets.

The Bank has opted into the CBLR and will therefore not be required to comply with the Basel III capital requirements. As of December 31, 2025 and 2024, the Bank’s CBLR was 25.5% and 24.1%, respectively.

The following table shows the CBLR ratio for the Bank for the periods ended December 31, 2025 and 2024:

	<u>Actual</u>	<u>Required for Capital Adequacy Purposes</u>	<u>To Be Well- Capitalized Under Prompt Corrective Action Regulations</u>
At December 31, 2025:			
CBLR	25.5%	9.0%	9.0%
At December 31, 2024:			
CBLR	24.1%	9.0%	9.0%

NOTE 14 – Subsequent Events:

The Bank has evaluated its December 31, 2025 consolidated financial statements for subsequent events through February 2, 2026 the date the consolidated financial statements were available to be issued. The Bank is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.