



# 2025

ANNUAL REPORT

EMPIRE BANCSHARES, INC.

**THE HICKSVILLE BANK**

## NOTICE TO SHAREHOLDERS

---

---

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Empire Bancshares, Inc. will be held at The Hicksville Bank, 144 E. High Street Hicksville, Ohio 43526, on Thursday, July 9, 2026, at 9:00 a.m.

---

---

# EMPIRE

## *Bancshares, Inc.*

Dear Shareholders:

Greetings. As I write this letter, it is early spring and we've seen temperatures vacillate with lows below freezing and highs in the 70's. No wonder we've seen a rash of sickness in and around our bank and our community. Nonetheless, I hope this letter finds you well.

I am pleased to report that your bank bounced back from an anticipated lackluster year in 2024 to achieve excellent financial and operational performance in 2025 including attaining record net income. Our *budgeted* income was \$1,063,754 but our *actual* net income was \$1,454,615 aided, in large part, by a recovery of our only non-accrual loan. Moreover, we are targeting an aspirational 2026 net income goal of \$1.5 Million, and, through March, we are ahead of budget. Therefore, we feel cautiously optimistic about the year. I thank our staff for the fine work they are doing. I also thank our customers and community for the continued opportunity to serve their financial needs. Finally, I thank each shareholder for your continued support of this fine institution.

Now, to brag on one of our own. Carley Harvey, AVP Director of Human Resources & Corporate Secretary, was selected by the nationwide Independent Community Bankers Association as a recipient of their prestigious "40 Under 40" award. Additionally, ICBA featured Carley in a recent nationwide issue of their trade magazine highlighting her work on the THB employee newsletter she created appropriately known as "Bank Buzz." We know and appreciate Carley's fantastic work and are proud that her work has been validated by her peers. Way to go, Carley!

Again, thank you for your continued support. As always, please let us know if you have any questions, suggestions, or concerns about how we may serve you better.

Best Regards,



Greg Smitley  
Chief Executive Officer

Comparison of Ohio-domiciled banks with assets between \$200 and \$400 Million (38 banks in total) as of 12/31/25:

Metric	The Hicksville Bank	Peer Banks
Return on Assets	0.68%	0.77%
Return on Equity	8.25%	7.33%
Net Loan Losses As % of Average Earning Assets	0.00%	0.17%
Nonaccrual Loans as % of Total Loans	0.00%	0.48%
Average Loan-to-Deposit Ratio*	70.51%	81.85%

\*This is a particular area of focus for us as we seek to increase our ratio to the 75% to 80% range.

# Empire Bancshares, Inc. Directors



## **GREG SMITLEY**

President/Chief Executive Officer

Board of Directors, Empire Bancshares, Inc. and The Hicksville Bank

Greg joined The Hicksville Bank and Empire Board of Directors on March 4, 2019. He has over 40 years of experience in the banking industry. He worked with Grabill Bank for 20 years and was the Executive Vice President at the time of the merger with Markle Bank in Markle, Indiana. He then served as President/CEO of Markle Bank from 2006 to 2012 until IAB Financial Bank was formed to combine both Grabill Bank and Markle Bank into one company. He served as Chief Operating Officer of IAB for one year after the merger. Greg then spent a few years outside of banking serving as VP of Finance/COO at Huntington University and President/CEO at the Better Business Bureau of Northern Indiana. He also served on the Board of Directors of the First Bank of Berne prior to joining The Hicksville Bank.

Greg graduated with honors from Huntington University and the Graduate School of Banking at the University of Wisconsin-Madison. He served 2 terms on the GSB Bankers Advisory Board with one term as Chairman. Greg also received his MBA from Indiana Wesleyan University.

Greg and his wife, Patricia, are the proud parents of three children; Lara, Alex, and Lisa, and proud grandparents of five grandchildren, Amelia, Ava, Andrew, Henry, and Wyatt. Greg is Vice President of the Hicksville Economic Development Corporation. He and Patricia are long-time members of Grabill Missionary Church.



## **DENNY VETTER**

Chairman Board of Directors, Empire Bancshares, Inc. and The Hicksville Bank

Denny joined the board in June of 2018 and is Chairman of Audit Committee and a member of the Loan Committee. Denny is President of Arc Solutions, in Hicksville, and a graduate of Spartan School of Aeronautics. Denny and wife Sheryl reside in Hicksville and have two children, Alyssa Harbaugh and Eric Vetter. Denny is a past Hicksville School Board member and Four County School Board and Weld Advisory Committee. Denny currently serves on the Defiance County 4-H Endowment Committee, Hicksville Community Fund, and is a member of St. Michael Catholic Church.



## **MITCHELL D. SLATTERY**

Vice-Chairman Board of Directors, Empire Bancshares, Inc. and The Hicksville Bank

Mitch joined the Board of Directors in January 2014. He is a member of the Bank's Audit and Loan Committees. Mitch is a retired CEO of the family business, Slattery Oil Co., Inc., which he had been a part of since January 1, 1979. Mitch and his wife, Cindy, reside in Edon, Ohio. They have five children, Billie, Berry, Michela, Andrea, and Toni; and they have twelve grandchildren.

# Empire Bancshares, Inc. Directors



## **MICHAEL BAGENSTOSE**

Board of Directors, Empire Bancshares, Inc.

Michael is the son of Dr. Abner (Bud) and Debbie Bagenstose, and is a great-great grandson of I.M. Boone, one of the three founders of The Hicksville Bank. Mike was born and raised in Dublin, Ohio, and both he and his wife, Rachel, also from Dublin, graduated from Purdue University in 2000. Mike and Rachel relocated to Hilton Head Island, SC in 2007, where they raised their children, Brady and Abigail, in the beauty of the coastal Lowcountry. After many years at Wells Fargo Bank and Wells Fargo Mortgage in Hilton Head, Mike is currently a performing musician. Rachel is the Chief Financial Officer at Hilton Head Christian Academy.



## **RAY MENDENHALL**

Board of Directors, Empire Bancshares, Inc. and The Hicksville Bank

Ray joined the board in June of 2020. He is a member of the Bank's Audit and Loan Committees. Ray graduated from Indiana University in 1991, with a Bachelor's Degree in Economics. He became the President/CEO of Mendenhall Roy Chevrolet in 1993, which he owned for 20 years. Ray took over management and operations of the family farm in 1998 and continues with his sons today. He and his wife, Kristen, have three sons Jake, Luke, and Mitch, and one daughter Kate.



## **JOE NESTER**

Board of Directors, Empire Bancshares, Inc. and The Hicksville Bank

Joe joined the Board of Directors in January 2005. He is a member of the Bank's Audit and Loan Committees. Joe is a partner in Nester Ag, LLC, an independent agricultural consulting firm that provides agronomy services to farmers throughout the tri-state area. Nester Ag LLC is also a distributor of precision agriculture equipment for Ag Leader. He has been a licensed real estate salesman in Ohio for 45 years and is an associate Realtor with Sam Switzer Realty. Joe is past Board Chairman of Brookside Laboratories, and past Board Chairman of the Ohio Certified Crop Advisors. Joe resides in Defiance County with his wife Beckie. They have 3 sons, Kyle, Brad, and Brett.

# Empire Bancshares, Inc. Directors



## **JIM SCHMIDT**

Board of Directors, Empire Bancshares, Inc. and The Hicksville Bank

Jim joined the Board of Directors in October 1995. Jim serves as an alternate on the Bank's Loan Committee. Jim is the owner of Jim Schmidt Family of Dealerships in Hicksville & Delphos. He and his wife, Karen, have three daughters Kendra, Kelsey and Karley; and they have ten grandchildren. The Schmidt's are members of St. John Lutheran Church in Hicksville.



## **GINA WOLFRUM**

Board of Directors, Empire Bancshares, Inc. and The Hicksville Bank

Gina joined the Board of Directors in September of 2020. Gina serves on the Bank's Loan and Audit Committees. Gina graduated from Defiance College with a Bachelor of Science Degree in Business Management and completed her post-graduate program from the University of Colorado's Graduate School of Banking. During Gina's 15-year banking career, her primary focus was mortgage lending in a senior management capacity. She transitioned into entrepreneurship in 1998 and began Elegant Finishes studio and is now focused on creating fine art for galleries and art exhibits around the country. Gina and her husband both grew up on farms locally and continue the tradition with their own farming operation and seed dealership, Cardinal Creek Farm & Seed. Gina resides in rural Hicksville with her husband Rolland.



## **STANLEY J. YODER**

Board of Directors, Empire Bancshares, Inc. and The Hicksville Bank

Stan joined the Board of Directors in December of 2005. Stan currently serves on the Bank's Audit Committee and is an alternate on the Bank's Loan Committee. He retired from the law firm of Weaner, Yoder, Hill and Weber Ltd. after 39 years of practice. Stan is an Archbold native, a 1977 graduate of Eastern Mennonite University (B.S.), and received his law degree in 1980 from the University Of Toledo College Of Law. Stan served as Hicksville Village Solicitor from 1981-2004. He has previously served on the Board of Directors of Defiance Hospital, Defiance Rotary Club, Defiance Area Chamber of Commerce, the Board of Directors of Defiance Area YMCA, Defiance County Board of Elections, and the Defiance City Schools Foundation. Stan and his wife, Jayne, have two children, Megan and Molly. He and his wife are members of St. Paul's United Methodist Church, Defiance, Ohio.

# ELECTED OFFICERS

## The Hicksville Bank



Mindy N. Bobay  
President &  
Chief Financial Officer



Tina Fogle  
Senior Vice President  
Chief Information Officer  
& Director of Accounting



Amanda McAlexander  
Senior Vice President  
Director of Loan Ops. &  
Commercial Loan Officer



Larry Kummer  
Senior Vice President  
Loan Officer



Eric Aschleman  
Vice President  
Director of Agribusiness



Charity Metcalf  
Vice President  
Director of  
Residential Mortgages



Kevin Roth  
Vice President  
Loan Officer



Shannon Villena  
Assistant Vice President  
Director of Marketing  
& Public Relations



Carley Harvey  
Assistant Vice President  
Director of Human Resources  
& Corporate Secretary



# DIXON, DAVIS, BAGENT & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

1205 WEAVER DRIVE • GRANVILLE, OHIO 43023 • 740-321-1000 • FAX 740-321-1100

## **EMPIRE BANCSHARES, INC.**

**Hicksville, Ohio**

**AUDIT AS OF THE CLOSE OF BUSINESS**

**DECEMBER 31, 2025**



# DIXON, DAVIS, BAGENT & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

1205 WEAVER DRIVE • GRANVILLE, OHIO 43023 • 740-321-1000 • FAX 740-321-1100

## INDEPENDENT AUDITOR'S REPORT

Shareholders and Board of Directors  
Empire Bancshares, Inc.  
Hicksville, Ohio

### Opinion

We have audited the accompanying consolidated financial statements of Empire Bancshares, Inc., which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and 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 financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Empire Bancshares, Inc. 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. 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 Empire Bancshares, Inc. 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 Empire Bancshares, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 Empire Bancshares, Inc.'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 Empire Bancshares, Inc.'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.

*Dixon, Davis, Bagent & Co.*

Dixon, Davis, Bagent & Company

Granville, Ohio  
February 28, 2026

EMPIRE BANCSHARES, INC.  
CONSOLIDATED BALANCE SHEETS  
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 17,831,684	\$ 14,858,503
Time deposits	252,852	1,506,265
Securities available for sale, at fair value	51,175,530	49,256,761
Securities held to maturity	1,000,000	1,000,000
Federal Home Loan Bank (FHLB) stock, at cost	991,300	968,600
Restricted stock, at cost	15,480	15,480
Loans held for sale	361,673	282,964
Loans, net of deferred loan fees and costs	137,024,297	134,431,188
Allowance for credit losses	<u>(1,269,282)</u>	<u>(1,138,234)</u>
Loans, net	135,755,015	133,292,954
Premises and equipment, net	2,627,380	2,846,760
Accrued interest receivable	1,441,587	1,206,306
Bank owned life insurance (BOLI)	4,350,696	4,247,025
Other assets	<u>1,320,501</u>	<u>1,715,617</u>
Total assets	<u>\$ 217,123,698</u>	<u>\$ 211,197,235</u>
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Liabilities		
Deposits		
Noninterest bearing demand deposits	\$ 32,028,650	\$ 35,009,444
NOW and interest bearing checking	31,596,010	28,479,891
Savings	60,186,434	51,436,637
Time	<u>70,545,158</u>	<u>76,398,394</u>
Total deposits	194,356,252	191,324,366
Borrowed funds	2,000,000	2,000,000
Accrued interest payable	328,972	414,638
Other liabilities	<u>2,336,600</u>	<u>1,993,797</u>
Total liabilities	199,021,824	195,732,801
Shareholders' equity		
Common stock: \$5 par value;		
1,500,000 shares authorized in 2025 and 2024;		
672,420 and 671,976 shares issued in 2025 and 2024 and		
661,288 and 660,814 shares outstanding in 2025 and 2024		
	3,363,104	3,359,960
Additional paid-in capital	1,156,895	1,151,183
Retained earnings	16,491,498	15,346,374
Accumulated other comprehensive income, net		
of tax of \$(722,078) in 2025 and \$(1,116,416) in 2024	(2,716,391)	(4,199,851)
Treasury stock, at cost: 11,132 and 11,132 shares in 2025 and 2024	<u>(193,232)</u>	<u>(193,232)</u>
Total shareholders' equity	18,101,874	15,464,434
Total liabilities and shareholders' equity	<u>\$ 217,123,698</u>	<u>\$ 211,197,235</u>

See accompanying notes to consolidated financial statements.

EMPIRE BANCSHARES, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Interest and dividend income		
Loans, including fees	\$ 8,588,613	\$ 7,444,016
Securities:		
Taxable	833,470	870,493
Tax exempt	592,899	580,641
Deposits with banks	596,032	321,191
Federal funds sold	99,139	90,933
	10,710,153	9,307,274
Interest expense		
Deposits	3,801,999	3,709,724
Short term borrowings	2	2,202
FHLB advances	92,087	92,002
	3,894,088	3,803,928
<b>Net interest income</b>	6,816,065	5,503,346
Provision for credit losses	(181,523)	29,225
<b>Net interest income after provision for credit losses</b>	6,997,588	5,474,121
Noninterest income		
Service charges on deposit accounts	133,025	136,955
Net securities gains (losses)	3,391	-
Net gains on sales of loans	53,592	52,678
Servicing fees, net	44,494	44,919
Earnings on BOLI	103,671	99,941
Other income	150,573	129,613
	488,746	464,106
Noninterest expense		
Salaries and employee benefits	3,090,619	2,916,249
Occupancy expense	385,561	363,900
Furniture and equipment expense	537,370	507,490
Data processing expense	579,554	353,775
Advertising and marketing	86,528	79,122
FDIC insurance assessment	100,064	89,051
Other expense	996,503	836,517
	5,776,199	5,146,104
<b>Income before income taxes</b>	1,710,135	792,123
Income tax expense	264,171	68,356
<b>Net income</b>	\$ 1,445,964	\$ 723,767
Basic earnings per share	\$ 2.19	\$ 1.10
Diluted earnings per share	\$ 2.19	\$ 1.10

See accompanying notes to consolidated financial statements.

EMPIRE BANCSHARES, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
Years ended December 31, 2025 and 2024

---

	<u>2025</u>	<u>2024</u>
Net income	\$ 1,445,964	\$ 723,767
Other comprehensive income (loss), net of tax:		
Unrealized net holding gain (loss) on securities available-for-sale, net of income taxes 721,366 and \$(72,853) for the years ended December 31, 2025 and 2024, respectively	1,480,069	(274,064)
Reclassification adjustment for gains realized, net of income taxes of \$712 and \$(0) for the years ended December 31, 2025 and 2024, respectively	<u>3,391</u>	<u>-</u>
Other comprehensive income (loss)	<u>1,483,460</u>	<u>(274,064)</u>
Comprehensive income (loss)	<u>\$ 2,929,424</u>	<u>\$ 449,703</u>

---

See accompanying notes to consolidated financial statements.

EMPIRE BANCSHARES, INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
Years ended December 31, 2025 and 2024

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Tax	Treasury Stock at Cost	Total Shareholders' Equity
BALANCES DECEMBER 31, 2023	\$ 3,358,316	\$ 1,146,740	\$ 14,919,970	\$ (3,925,787)	\$ (193,232)	\$ 15,306,007
Comprehensive income (loss):						
Net income	-	-	723,767	-	-	723,767
Other comprehensive income:						
Net change in net unrealized appreciation (depreciation) on securities available for sale, net of reclassification adjustments and tax effects				(274,064)		<u>(274,064)</u>
Total other comprehensive income						<u>(274,064)</u>
Total comprehensive income (loss)						<u>449,703</u>
Issuance of 329 shares of common stock through Employee Stock Purchase Plan	1,644	4,443	-	-	-	6,087
Cash dividends of \$0.45 share	<u>-</u>	<u>-</u>	<u>(297,363)</u>	<u>-</u>	<u>-</u>	<u>(297,363)</u>
BALANCES DECEMBER 31, 2024	3,359,960	1,151,183	15,346,374	(4,199,851)	(193,232)	15,464,434
Comprehensive income (loss):						
Net income	-	-	1,445,964	-	-	1,445,964
Other comprehensive income:						
Net change in net unrealized appreciation (depreciation) on securities available for sale, net of reclassification adjustments and tax effects				1,483,460		<u>1,483,460</u>
Total other comprehensive income						<u>1,483,460</u>
Total comprehensive income (loss)						<u>2,929,424</u>
Issuance of 474 shares of common stock through Employee Stock Purchase Plan	3,144	5,712	-	-	-	8,856
Cash dividends of \$0.455 share	<u>-</u>	<u>-</u>	<u>(300,840)</u>	<u>-</u>	<u>-</u>	<u>(300,840)</u>
BALANCES DECEMBER 31, 2025	<u>\$ 3,363,104</u>	<u>\$ 1,156,895</u>	<u>\$ 16,491,498</u>	<u>\$ (2,716,391)</u>	<u>\$ (193,232)</u>	<u>\$ 18,101,874</u>

See accompanying notes to consolidated financial statements.

EMPIRE BANCSHARES, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>		
Interest received	\$ 10,474,872	\$ 9,156,518
Fees and commissions received	338,173	334,493
Interest paid	(3,979,754)	(3,636,171)
Cash paid to suppliers and employees	(5,391,776)	(4,541,328)
Mortgage loans originated for sale	(2,973,300)	(1,191,500)
Proceeds from sales of mortgage loans held for sale	2,945,183	959,658
Income taxes refunded (paid)	17,692	(32,276)
Net cash from operating activities	1,431,090	1,049,394
<b>Cash flows from investing activities</b>		
Proceeds from:		
Sales of securities available for sale	2,397,478	-
Calls, maturities and principal repayments of securities available for sale	3,692,898	8,239,163
Purchase of:		
Securities available for sale	(6,127,958)	(4,463,626)
Securities held to maturity	-	-
FHLB stock	(22,700)	(9,900)
Net change in time deposits	1,253,413	978,353
Net change in loans	(2,613,832)	(18,797,207)
Recoveries of loans charged-off	315,984	49,599
Premises and equipment expenditures	(93,087)	(645,044)
Trade of fixed assets	-	-
Net cash from investing activities	(1,197,804)	(14,648,662)
<b>Cash flows from financing activities</b>		
Net change in deposits	3,031,884	26,441,242
Net change in short term borrowings	-	(2,201,000)
Dividends paid	(300,845)	(297,363)
Proceeds from issuance of common stock	8,856	6,087
Net cash from financing activities	2,739,895	23,948,966
Net change in cash and cash equivalents	2,973,181	10,349,698
Cash and cash equivalents at beginning of year	14,858,503	4,508,805
<b>Cash and cash equivalents at end of year</b>	\$ 17,831,684	\$ 14,858,503

(Continued)

See accompanying notes to consolidated financial statements.

EMPIRE BANCSHARES, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Reconciliation of net loss to net cash from operating activities</b>		
Net income (loss)	\$ 1,445,964	\$ 723,767
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation	312,468	300,348
Provision for credit losses	(181,523)	29,225
Net securities (gains) losses	(3,391)	-
Mortgage loans originated for sale	(2,973,300)	(1,191,500)
Proceeds from sales of mortgage loans held for sale	2,948,183	959,658
Net gains on sales of loans	(53,592)	(52,678)
Purchase of life insurance	-	-
Earnings, net of fees, on life insurance	(103,671)	(99,941)
(Gain) on sale of fixed assets		
Net change in assets and liabilities:		
Income taxes payable	(17,692)	34,561
Net deferred loan fees or costs	17,310	32,807
Accrued interest receivable	(235,284)	(150,756)
Accrued interest payable	(85,667)	167,757
Other assets	776	303,966
Other liabilities	360,509	(7,820)
Total adjustments	(14,874)	325,627
Net cash from operating activities	\$ 1,431,090	\$ 1,049,394
Supplemental disclosures of non cash transactions:		
Transfer from loans to other real estate owned	\$ -	\$ -
Transfer from loans held for sale to loans	-	-

See accompanying notes to consolidated financial statements.

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Consideration: The accompanying consolidated financial statements include the accounts of Empire Bancshares, Inc. and its wholly owned subsidiary, The Hicksville Bank, Hicksville, Ohio (“the Bank”, together referred to as “the Company”). All significant intercompany balances and transactions have been eliminated in consolidation.

Nature of Operations: The Company’s revenues, operating income, and assets are primarily from the commercial banking industry. The Bank’s principal services include accepting deposits and making loans. Loan and deposit customers are mainly located in northwestern Ohio and northeastern Indiana, and include a wide range of individuals, businesses, and other organizations. A major portion of loans are secured by various forms of collateral including real estate, business assets, consumer property, and other items, although borrower cash flow is generally the primary source of repayment. Other financial instruments which potentially represent concentrations of credit risk include deposit accounts with other financial institutions.

Subsequent Events: The Company has evaluated subsequent events for recognition and disclosure through February 28, 2026 which is the date the financial statements were available to be issued.

Use of Estimates: To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and future results could differ. The allowance for loan losses and fair values of securities and other financial instruments are particularly subject to change.

Securities: Debt securities classified as held-to-maturity (HTM) are those debt securities the Bank has both the intent and ability to hold to maturity regardless of changes in market conditions, liquidity needs, or changes in general economic conditions. These securities are carried at cost, adjusted for amortization of premium and accretion of discount, computed using the interest method, over their contractual lives. With the adoption of ASU 2016-13, expected credit losses on HTM securities are measured on a collective basis by major security type, when similar risk characteristics exist. Risk characteristics for segmenting HTM debt securities include issuer, maturity, coupon rate, yield, payment frequency, source of repayment, bond payment structure, and embedded options. Upon assignment of the risk characteristics to the major security types, management may further evaluate the qualitative factors associated with these securities to determine the expectation of credit losses, if any. Impairments below cost in the estimated fair value of individual HTM debt securities that are attributable to credit losses are recorded through an allowance for HTM credit losses. Such losses are limited to the amount that amortized cost exceeds fair value, even if the amount of the credit loss is greater. Impairment below cost attributable to other factors are realized in noninterest income in the statements of income.

Debt securities classified as available-for-sale (AFS) are those debt securities that the Bank intends to hold for an indefinite period of time but not necessarily to maturity. Any decision to sell a security classified as AFS would be based on various factors, including significant movement in interest rates, changes in the maturity mix of the Bank’s assets and liabilities, liquidity needs, regulatory capital considerations, and other similar factors. These securities are carried at estimated fair value based on information provided by a third party pricing service with any unrealized gains or losses excluded from net income and reported in accumulated other comprehensive income (loss), which is reported as a separate component of shareholders’

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

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

equity, net of the related deferred tax effect. Management assesses the financial condition and near-term prospects of the issuer, industry and/or geographic conditions, credit ratings as well as other indicators at the individual security level. Impairments below cost in the estimated fair value of individual AFS debt securities when there is an intent to sell or for which it more likely than not the Bank will be required to sell before the impairment is recovered, are realized in noninterest income in the statements of income. When there is not an intent to sell or it is more likely than not the Bank will not be required to sell the security before the impairment is recovered, management assesses whether the decline in fair value has resulted from credit losses or other factors. If the present value of discounted cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for AFS credit losses is recorded. Such losses are limited to the amount that amortized cost exceeds fair value, even if the amount of the credit loss is greater. Any future changes in the allowance for credit losses is recorded as provision for (reversal of) credit losses. Losses attributable to other factors are charged to accumulated other comprehensive income.

Gains and losses realized on sales of investment debt securities, determined using the adjusted cost basis of the specific securities sold, are included in noninterest income in the statements of income.

Dividend and interest income, including amortization of premium and accretion of discount arising at acquisition, from all categories of investment securities are included in interest income in the statement of income.

Equity Securities: Equity securities are carried at fair value, with changes in fair value reported in net income. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment.

Federal Home Loan Bank (FHLB) Stock: The Bank is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Loans Held for Sale: The Bank originates mortgage loans for sale into the secondary market. At the time of a transfer from loans to loans held for sale, the loan is transferred at the lower of cost or fair value and any adjustment is recorded as a write-down with a corresponding reduction in the allowance for loan losses. Mortgage and problem loans held for sale are carried at the lower of cost or fair value, with adjustments for unrealized losses, if any, recorded in a valuation account by a charge against current earnings. At December 31, 2025, loans held for sale included \$361,673 of mortgage loans held for sale and \$0 problem loans held for sale. At December 31, 2024, loans held for sale included \$282,964 of mortgage loans held for sale and \$0 problem loans held for sale. There was no valuation allowance at December 31, 2025 or 2024.

Mortgage loans held for sale are generally sold with servicing rights retained. The carrying value of mortgage loans sold is reduced by the amount allocated to the servicing right. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

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

Loans and Allowance for Credit Losses: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are carried at amortized cost, which consists of the amount of unpaid principal, adjusted for deferred loan fees and origination costs. Interest on loans is accrued based on the principal amounts outstanding. Nonrefundable loan fees and related direct costs are deferred and the net amount is amortized to income as a yield adjustment over the life of the loan using the interest method. When principal or interest is delinquent for ninety days or more, the Bank evaluates the loan for nonaccrual status.

After a loan is placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Subsequent collections of interest payments on nonaccrual loans are recognized as interest income unless ultimate collectability of the loan is in doubt. Cash collections on loans where ultimate collectability remains in doubt are applied as reductions of the loan principal balance and no interest income is recognized until the principal balance has been collected.

With the adoption of ASU 2016-13 on January 1, 2023 an allowance for credit losses is established upon origination for all loans through a provision for credit losses charged to earnings. ASU 2016-13 replaced the previous probably incurred loss model, which incorporated only known information as of the balance sheet date. The expected credit loss model is based on management's best estimate of lifetime expected credit losses inherent in the Bank's relevant financial assets. There are two components of the allowance for credit losses: reserves on pooled loans sharing risk characteristics (portfolio segments) and individually evaluated loans that do not fit within a portfolio segment. For loans, expected credit losses are typically estimated using quantitative methods that consider a variety of factors such as historical loss experience, the current credit quality of the portfolio as well as supportable forecasts of the economic outlook over the life of the loan. When management determines that foreclosure is probable, expected credit losses are accrued based on the differences between the loan balance and 1) the value of collateral, if such loans are considered to be collateral dependent and in the process of collection, 2) the present value of future cash flows, or 3) the loan's value as observable in the secondary market. Adjustments are made for selling costs, as appropriate. When management believes the loan is not collectible, the loan is charged off against the allowance. Subsequent recoveries, if any, are credited to the allowance.

Allowance factors and overall size of the allowance may change from period to period based on management's assessment and the relative weights given to each factor. In addition, various regulatory agencies periodically review the allowance for credit losses. These agencies may require the Association to make additions to the allowance for credit losses based on their judgments of collectability supported by information available to them at the time of their examination.

Loan Charge-Offs: The Bank's charge-off policy states after all collection efforts have been exhausted and the loan is deemed to be a loss, it will be charged to the Bank's established allowance for credit losses. Consumer loans subject to the Uniform Retail Credit Classification are charged-off as follows: (a) closed end loans are charged-off no later than 120 days after become delinquent, (b) consumer loans to borrowers who subsequently declare bankruptcy, where the Bank is an unsecured creditor, are charged-off within 60 days of receipt of the notification from the bankruptcy court (c) fraudulent loans are charged-off within 90 days of discovery and (d) death of a borrower will cause a charge-off to be incurred at such time an actual loss is

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

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

determined. All other types of loans are generally evaluated for loss potential at the 90 days past due threshold, and any loss is recognized no later than the 120<sup>th</sup> day past due threshold; each loss is evaluated on its specific facts regarding the appropriate timing to recognize the loss.

Loan Modifications: In situations where, for economic or legal reasons related to a borrower’s financial difficulties, the Bank grants a concession for other than an insignificant period of time to the member that the Bank would not otherwise consider, the related loan is classified as a loan modification. The Bank strives to identify borrowers in financial difficulty early and work with them to modify 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.

Premises and Equipment. Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Depreciation expense is calculated on the straight-line method over asset useful lives. Maintenance and repairs are charged to expense and improvements are capitalized.

Long-Term Assets: These assets are reviewed for impairment when events indicate the carrying amount may not be recoverable from future undiscounted cash flows. If impaired, the assets are recorded at fair value.

Other Real Estate Owned: Real estate properties acquired through, or in lieu of, loan foreclosure are initially recorded at fair value, less costs to sell, at the date of acquisition, establishing a new cost basis. Any reduction to fair value, less costs to sell, from the carrying value of the related loan at the time of acquisition is accounted for as a loan loss. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed.

Benefit Plans: The Company maintains a profit sharing and 401(k) plan covering substantially all employees. Contributions to this plan are made annually at the discretion of the Board of Directors. There was \$61,000 and \$58,000 contributed in 2025 and 2024, respectively. The Company also maintains deferred compensation and supplemental retirement plans for certain officers and directors.

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

A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

The Company recognizes interest and/or penalties related to income tax matters in income tax expense. The Company did not have any amounts accrued for interest and penalties at December 31, 2025 or 2024.

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

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

The Company remains subject to examination for income tax returns for the years ending after December 31, 2021.

Earnings and Dividends Per Share: Basic earnings per share is based on net income divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share shows the dilutive effect of any additional potential common shares.

Dividend Restriction: Certain restrictions exist regarding the ability of the Bank to transfer funds to Empire Bancshares, Inc. in the form of cash dividends, loans or advances. As of December 31, 2025 and 2024, \$2,355,000 and \$1,360,000 of undistributed earnings of the Bank were available for distribution to Empire Bancshares, Inc. as dividends.

Stock Based Compensation: Compensation cost is recognized for stock options issued to employees, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options. Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes the net change in net unrealized appreciation (depreciation) on securities available for sale, net of tax, which is also recognized as a separate component of shareholders' equity.

Concentrations of Credit Risk: The Company grants real estate, commercial and installment loans to customers primarily in Defiance county and the neighboring regions. Substantially all loans are secured by specific items of collateral including business assets, consumer assets and real estate. Commercial and agricultural loans make up approximately 80% of the loan portfolio and include loans secured by commercial real estate, business assets, and agricultural loans secured by farmland, crops and farm equipment. Real estate loans make up approximately 18% of the loan portfolio and are primarily secured by residential real estate. Installment loans make up approximately 2% of the loan portfolio and are primarily secured by consumer assets. Management is of the opinion that the Company is not vulnerable to concentrations which have a potentially significant short-term impact.

Transfers of Financial Assets: Transfers of financial assets are accounted for as sales, when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

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

Loan Commitments and Financial Instruments: Financial instruments include off-balance-sheet credit instruments, such as commitments to make loans, unused open end revolving lines of credit and standby letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Cash Flow Reporting: Cash and cash equivalents are defined to include the Company's cash and demand deposits with other financial institutions and federal funds sold, as well as investments with original maturities under 90 days. Net cash flows are reported for customer loan and deposit transactions, short term borrowings with maturities of 90 days or less, and interest bearing deposits in other financial institutions.

Cash Reserve Requirements: At December 31, 2025 and 2024, the Company was required to have approximately \$-0- and \$-0-, respectively, of cash on hand or on deposit with the Federal Reserve Bank to meet regulatory reserve and clearing requirements. These balances do not earn interest.

Bank Owned Life Insurance: The Bank has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are matters that will have a material effect on the consolidated financial statements.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation.

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 2 – SECURITIES**

The fair value, amortized cost, gross unrealized gains and gross unrealized losses of securities available for sale at December 31, 2025 and 2024 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>2025</u>				
Obligations of states and political subdivisions	\$30,155,702	\$ 36,607	\$(2,127,755)	\$28,064,554
Mortgage-backed securities – residential	19,122,508	53,666	(1,266,990)	17,909,184
U.S. government sponsored entities	3,641,444	774	(80,069)	3,562,149
U.S. treasuries	-	-	-	-
Certificate of Deposit	249,000	3,852	-	252,852
Corporate bonds	<u>1,698,197</u>	<u>859</u>	<u>(59,413)</u>	<u>1,639,643</u>
Total AFS securities	<u>\$54,866,851</u>	<u>\$ 95,758</u>	<u>\$(3,534,227)</u>	<u>\$51,428,382</u>

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>2025</u>				
Corporate bonds	<u>\$1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,000,000</u>
Total HTM securities	<u>\$1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,000,000</u>

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>2024</u>				
Obligations of states and political subdivisions	\$30,188,223	\$ 10,800	\$(2,864,200)	\$27,334,823
Mortgage-backed securities – residential	18,126,960	4,134	(2,161,179)	15,969,915
U.S. government sponsored entities	3,398,457	-	(197,325)	3,201,132
U.S. treasuries	1,244,065	-	(24,885)	1,219,180
Certificate of Deposit	1,484,000	22,265	-	1,506,265
Corporate bonds	<u>1,635,574</u>	<u>744</u>	<u>(104,607)</u>	<u>1,531,711</u>
Total AFS securities	<u>\$56,077,279</u>	<u>\$ 37,943</u>	<u>\$(5,352,196)</u>	<u>\$50,763,026</u>

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>2024</u>				
Corporate bonds	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>
Total HTM securities	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>

All of the Company's mortgage-backed securities were issued by various U.S. Government sponsored entities.

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 2 – SECURITIES (Continued)**

The fair value and amortized cost of debt securities available for sale at December 31, 2025, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity are shown separately.

	Held-to-Maturity		Available-for-Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$ -	\$ -	\$ 499,980	\$ 496,235
Due after one year through five years	-	-	6,576,039	6,408,217
Due after five years through ten years	1,000,000	1,000,000	13,911,571	13,115,906
Due after ten years	-	-	14,756,752	13,498,840
Mortgage-backed securities	-	-	<u>19,122,509</u>	<u>17,909,184</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$54,866,851</u>	<u>\$51,428,382</u>

The proceeds from sales and calls of securities and the associated gains are listed below:

	<u>2025</u>	<u>2024</u>
Proceeds	\$ 2,400,869	\$ -
Gross gains	10,965	-
Gross losses	(7,574)	-

At December 31, 2025 and 2024, securities with an approximate carrying value of \$27,502,000 and \$26,965,000, respectively, were pledged to secure public funds, short term borrowings and for other purposes as required by law or agreement.

At year-end 2025 and 2024, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of shareholders' equity.

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 2 – SECURITIES (Continued)**

Securities with unrealized losses at year end 2025 not recognized in income are as follows:

<u>Description of Securities</u>	Continued Unrealized Loss For <u>Less Than 12 Months</u>		Continued Unrealized Loss For <u>12 Months or More</u>		<u>Fair Value</u>	<u>Total Unrealized Loss</u>
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>		
Obligations of states and political subdivisions	\$ 1,541,293	\$ (4,722)	\$22,412,653	\$ (2,123,033)	\$23,953,945	\$ (2,127,755)
Mortgage-backed securities – residential	958,040	(7,808)	12,381,195	(1,259,182)	13,339,235	(1,266,990)
U.S. treasuries	-	-	-	-	-	-
U.S. government sponsored entities	992,754	(1,284)	2,357,932	(78,785)	3,350,686	(80,069)
Corporate bonds	-	-	1,408,620	(59,413)	1,408,620	(59,413)
<b>Total temporarily impaired</b>	<b><u>\$ 3,492,087</u></b>	<b><u>\$ (13,814)</u></b>	<b><u>\$38,560,400</u></b>	<b><u>\$ (3,520,413)</u></b>	<b><u>\$42,052,486</u></b>	<b><u>\$ (3,534,227)</u></b>

Securities with unrealized losses at year end 2024 not recognized in income are as follows:

<u>Description of Securities</u>	Continued Unrealized Loss For <u>Less Than 12 Months</u>		Continued Unrealized Loss For <u>12 Months or More</u>		<u>Fair Value</u>	<u>Total Unrealized Loss</u>
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>		
Obligations of states and political subdivisions	\$ 1,950,904	\$ (50,438)	\$23,217,673	\$ (2,813,763)	\$25,168,577	\$ (2,864,201)
Mortgage-backed securities – residential	2,400,986	(127,031)	13,683,373	(2,034,148)	16,084,359	(2,161,179)
U.S. treasuries	-	-	1,219,180	(24,885)	1,219,180	(24,885)
U.S. government sponsored entities	829,511	(61,164)	2,113,354	(138,177)	2,942,865	(199,341)
Corporate bonds	-	-	1,370,612	(104,607)	1,370,612	(104,607)
<b>Total temporarily impaired</b>	<b><u>\$ 5,181,401</u></b>	<b><u>\$ (238,633)</u></b>	<b><u>\$41,604,192</u></b>	<b><u>\$ (5,115,580)</u></b>	<b><u>\$46,785,593</u></b>	<b><u>\$ (5,354,213)</u></b>

The unrealized losses on debt securities have not been recognized into income because the issuers' bonds are of high credit quality, management does not intend to sell and it is likely that management will not be required to sell the securities before their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions rather than credit risk. The fair value is expected to recover as the bonds approach their maturity date.

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 3 – LOANS, NET**

Loans, net as presented in the consolidated balance sheets, is comprised of the following classifications:

	<u>2025</u>	<u>2024</u>
Commercial	\$ 8,859,407	\$ 8,947,396
Commercial real estate	50,838,475	51,274,189
Agricultural	8,122,267	7,169,585
Agricultural real estate	44,088,284	44,028,119
Real estate mortgage	24,061,807	21,446,326
Installment	<u>927,938</u>	<u>1,422,144</u>
	136,898,178	134,287,759
Net deferred loan costs	126,119	143,429
Allowance for credit losses	<u>(1,269,282)</u>	<u>(1,138,234)</u>
	<u>\$ 135,755,015</u>	<u>\$ 133,292,954</u>

The following table presents the activity in the allowance for credit losses by portfolio segment for the years ending December 31, 2025 and 2024:

	<u>Commercial</u>	<u>Agricultural</u>	<u>Real Estate Mortgage</u>	<u>Installment</u>	<u>Total</u>
<u>December 31, 2025</u>					
Allowance for credit losses:					
Beginning balance	\$ 409,986	\$ 426,851	\$ 198,340	\$ 103,057	\$ 1,138,234
Provision for loan losses	(289,115)	68,331	29,506	9,755	(181,523)
Loans charged-off	(939)	-	-	(2,474)	(3,413)
Recoveries	<u>315,523</u>	<u>-</u>	<u>-</u>	<u>461</u>	<u>315,984</u>
Total ending allowance balance	<u>\$ 435,455</u>	<u>\$ 495,182</u>	<u>\$ 277,846</u>	<u>\$ 110,799</u>	<u>\$ 1,269,282</u>
<u>December 31, 2024</u>	<u>Commercial</u>	<u>Agricultural</u>	<u>Real Estate Mortgage</u>	<u>Installment</u>	<u>Total</u>
Allowance for credit losses:					
Beginning balance	\$ 393,661	\$ 383,549	\$ 266,428	\$ 16,945	\$ 1,060,583
Provision for loan losses	(30,016)	43,302	(68,088)	84,027	29,225
Loans charged-off	-	-	-	(1,173)	(1,173)
Recoveries	<u>46,341</u>	<u>-</u>	<u>-</u>	<u>3,258</u>	<u>49,599</u>
Total ending allowance balance	<u>\$ 409,986</u>	<u>\$ 426,851</u>	<u>\$ 198,340</u>	<u>\$ 103,057</u>	<u>\$ 1,138,234</u>

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 3 – LOANS, NET (Continued)**

The following tables present the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of December 31, 2025 and 2024:

<u>December 31, 2025</u>	<u>Commercial</u>	<u>Agriculture</u>	<u>Real Estate Mortgage</u>	<u>Installment</u>	<u>Unallocated</u>	<u>Total</u>
Allowance for loan losses:						
Ending allowance balance attributable to loans:						
Individually evaluated for Impairment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collectively evaluated for Impairment	<u>435,455</u>	<u>495,182</u>	<u>227,846</u>	<u>110,799</u>	<u>-</u>	<u>1,269,282</u>
Total ending allowance balance	<u>\$ 433,455</u>	<u>\$ 495,182</u>	<u>\$ 227,846</u>	<u>\$ 110,799</u>	<u>\$ -</u>	<u>\$ 1,269,282</u>
Loans:						
Loans individually evaluated for impairment	\$ 111,468	\$ 193,912	\$ -	\$ -	\$ -	\$ 305,380
Loans collectively evaluated for impairment	<u>59,586,414</u>	<u>52,016,639</u>	<u>24,061,807</u>	<u>927,938</u>	<u>-</u>	<u>136,592,798</u>
Total ending loans balance	<u>\$ 59,697,882</u>	<u>\$ 52,210,551</u>	<u>\$ 24,061,807</u>	<u>\$ 927,938</u>	<u>\$ -</u>	<u>\$ 136,898,178</u>
<u>December 31, 2024</u>	<u>Commercial</u>	<u>Agriculture</u>	<u>Real Estate Mortgage</u>	<u>Installment</u>	<u>Unallocated</u>	<u>Total</u>
Allowance for loan losses:						
Ending allowance balance attributable to loans:						
Individually evaluated for Impairment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collectively evaluated for Impairment	<u>409,986</u>	<u>426,851</u>	<u>198,340</u>	<u>103,057</u>	<u>-</u>	<u>1,138,234</u>
Total ending allowance balance	<u>\$ 409,986</u>	<u>\$ 426,851</u>	<u>\$ 198,340</u>	<u>\$ 103,057</u>	<u>\$ -</u>	<u>\$ 1,138,234</u>
Loans:						
Loans individually evaluated for impairment	\$ 289,597	\$ -	\$ -	\$ -	\$ -	\$ 289,597
Loans collectively evaluated for impairment	<u>59,422,900</u>	<u>51,677,704</u>	<u>21,449,232</u>	<u>1,419,420</u>	<u>-</u>	<u>133,969,256</u>
Total ending loans balance	<u>\$ 59,712,497</u>	<u>\$ 51,677,704</u>	<u>\$ 21,449,232</u>	<u>\$ 1,419,420</u>	<u>\$ -</u>	<u>\$ 134,258,853</u>

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 3 – LOANS, NET (Continued)**

The following tables present information related to loans individually evaluated for impairment by class of loans as of and for the years ended December 31, 2025 and 2024:

<u>December 31, 2025</u>	<u>Unpaid Principal Balance</u>	<u>Recorded Investment</u>	<u>Allowance for Loan Losses Allocated</u>	<u>Average Recorded Investment</u>	<u>Interest Income Recognized</u>	<u>Cash Basis Interest Recognized</u>
With no related allowance recorded:						
Commercial:						
Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial residential	-	-	-	-	-	-
Non-farm non-residential	111,874	111,468	-	177,935	14,207	14,507
Other						
Agriculture:						
Agriculture 1-4 family	63,390	61,184	-	61,868	2,666	3,414
Other Agriculture real estate	137,575	132,728	-	133,743	5,763	5,969
Other Agriculture	-	-	-	-	-	-
Real Estate Mortgage:						
Construction	-	-	-	-	-	-
1-4 owner occupied	-	-	-	-	-	-
Installment:						
Auto	-	-	-	-	-	-
Other	-	-	-	-	-	-
With an allowance recorded:						
Commercial:						
Construction	-	-	-	-	-	-
Commercial residential	-	-	-	-	-	-
Non-farm non-residential	-	-	-	-	-	-
Other	-	-	-	-	-	-
Agriculture:						
Agriculture 1-4 family	-	-	-	-	-	-
Other Agriculture real estate	-	-	-	-	-	-
Other Agriculture	-	-	-	-	-	-
Real Estate Mortgage:						
Construction	-	-	-	-	-	-
1-4 owner occupied	-	-	-	-	-	-
Installment:						
Auto	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	<u>\$ 312,839</u>	<u>\$ 305,380</u>	<u>\$ -</u>	<u>\$ 373,546</u>	<u>\$ 22,636</u>	<u>\$ 23,890</u>

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 3 – LOANS, NET (Continued)**

<u>December 31, 2024</u>	<u>Unpaid Principal Balance</u>	<u>Recorded Investment</u>	<u>Allowance for Loan Losses Allocated</u>	<u>Average Recorded Investment</u>	<u>Interest Income Recognized</u>	<u>Cash Basis Interest Recognized</u>
With no related allowance recorded:						
Commercial:						
Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial residential	64,666	64,193	-	66,468	7,999	8,403
Non-farm non-residential	226,155	225,405	-	233,676	16,700	16,590
Other	-	-	-	-	-	-
Agriculture:						
Agriculture 1-4 family	-	-	-	-	-	-
Other Agriculture real estate	-	-	-	-	-	-
Other Agriculture	-	-	-	-	-	-
Real Estate Mortgage:						
Construction	-	-	-	-	-	-
1-4 owner occupied	-	-	-	-	-	-
Installment:						
Auto	-	-	-	-	-	-
Other	-	-	-	-	-	-
With an allowance recorded:						
Commercial:						
Construction	-	-	-	-	-	-
Commercial residential	-	-	-	-	-	-
Non-farm non-residential	-	-	-	-	-	-
Other	-	-	-	-	-	-
Agriculture:						
Agriculture 1-4 family	-	-	-	-	-	-
Other Agriculture real estate	-	-	-	-	-	-
Other Agriculture	-	-	-	-	-	-
Real Estate Mortgage:						
Construction	-	-	-	-	-	-
1-4 owner occupied	-	-	-	-	-	-
Installment:						
Auto	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	<u>\$ 290,821</u>	<u>\$ 289,598</u>	<u>\$ -</u>	<u>\$ 300,144</u>	<u>\$ 24,699</u>	<u>\$ 24,993</u>

The recorded investment in loans includes accrued interest receivable and loan origination fees, net. For purposes of this disclosure, the unpaid principal balance is not reduced for net charge-offs.

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 3 – LOANS, NET (Continued)**

The following tables present the recorded investment in nonaccrual and loans past due over 90 days still on accrual by class of loans as of December 31, 2025 and 2024:

	Nonaccrual <u>2025</u>	Loans Past Due Over 90 Days Still Accruing <u>2025</u>
Commercial:		
Construction	\$ -	\$ -
Commercial residential	-	-
Non-farm non-residential	-	-
Other	-	-
Agriculture:		
Agriculture 1-4 family	-	-
Other Agriculture real estate	-	-
Other Agriculture	-	-
Real Estate Mortgage:		
Construction	-	-
1-4 owner occupied	-	-
Installment:		
Auto	-	-
Other	-	-
	-	-
Total	\$ -	\$ -
	Nonaccrual <u>2024</u>	Loans Past Due Over 90 Days Still Accruing <u>2024</u>
Commercial:		
Construction	\$ -	\$ -
Commercial residential	-	-
Non-farm non-residential	794,620	-
Other	-	-
Agriculture:		
Agriculture 1-4 family	-	-
Other Agriculture real estate	-	-
Other Agriculture	-	-
Real Estate Mortgage:		
Construction	-	-
1-4 owner occupied	-	-
Installment:		
Auto	-	-
Other	-	-
	-	-
Total	\$ 794,620	\$ -

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 3 – LOANS, NET (Continued)**

The following tables present the aging of the recorded investment in past due loans by class of loans as of December 31, 2025 and 2024:

	30-89 Days <u>Past Due</u>	Greater than <u>90 Days</u>	Total <u>Past Due</u>	Loans Not <u>Past Due</u>	<u>Total</u>
<u>December 31, 2025</u>					
Commercial:					
Construction	\$ -	\$ -	\$ -	\$ 7,926,126	\$ 7,926,126
Commercial residential	89,763	-	89,763	10,253,558	10,343,321
Non-farm non-residential	-	-	-	32,569,029	32,569,029
Other	50,000	-	50,000	8,809,407	8,859,407
Agriculture:					
Agriculture 1-4 family	-	-	-	4,527,193	4,527,193
Other Agriculture real estate	-	-	-	39,561,091	39,561,091
Other Agriculture	-	-	-	8,122,267	8,122,267
Residential:					
Construction	-	-	-	1,254,573	1,254,573
Bare ground	-	-	-	266,646	266,646
1-4 owner occupied	135,668	-	135,668	22,404,919	22,540,587
Installment:					
Auto	-	-	-	744,864	744,864
Other	-	-	-	183,074	183,074
Total	<u>\$ 275,431</u>	<u>\$ -</u>	<u>\$ 275,431</u>	<u>\$136,622,747</u>	<u>\$136,898,178</u>

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 3 – LOANS, NET (Continued)**

	<u>30-89 Days Past Due</u>	<u>Greater than 90 Days</u>	<u>Total Past Due</u>	<u>Loans Not Past Due</u>	<u>Total</u>
<u>December 31, 2024</u>					
Commercial:					
Construction	\$ -	\$ -	\$ -	\$ 8,480,121	\$ 8,480,121
Commercial residential	64,193	-	64,193	11,722,116	11,786,309
Non-farm non-residential	-	-	-	30,498,670	30,498,670
Other	24,498	-	24,498	8,992,898	8,947,396
Agriculture:					
Agriculture 1-4 family	-	-	-	3,645,864	3,645,864
Other Agriculture real estate	-	-	-	40,862,255	40,862,255
Other Agriculture	-	-	-	7,169,585	7,169,585
Residential:					
Construction	-	-	-	-	1,338,587
1-4 owner occupied	445,864	-	445,864	19,664,782	20,110,646
Installment:					
Auto	-	-	-	1,179,915	1,179,915
Other	-	-	-	239,505	239,505
	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>239,505</u>	<u>239,505</u>
Total	<u>\$ 534,555</u>	<u>\$ -</u>	<u>\$ 534,555</u>	<u>\$133,724,298</u>	<u>\$134,258,853</u>

Included in impaired loans for 2025 and 2024 are \$0 and \$0 of loans classified as loan modifications to borrowers experiencing financial difficulty. The Company has allocated \$0 and \$0 of specific loss allowances on these loans as of December 31, 2025 and 2024. The Company has no outstanding commitments to lend additional amounts to customers with outstanding loans that are classified as loan modifications to borrowers experiencing financial difficulty.

During the year ending December 31, 2025, the Company had no loans that were both experiencing financial difficulty and modified.

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 3 – LOANS, NET (Continued)**

The following tables present loans by class modified as loan modifications that occurred during the year ending December 31, 2025 and 2024:

	<u>Number of Loans</u>	<u>Pre-Modification Outstanding Recorded Investment</u>	<u>Post-Modification Balance at December 31, 2025</u>
Loan Modifications:			
Commercial:			
Construction	-	\$ -	\$ -
Commercial residential	-	-	-
Non-farm non-residential	-	-	-
Other	-	-	-
Agriculture:			
Agriculture 1-4 family	-	-	-
Other Agriculture real estate	-	-	-
Other Agriculture	-	-	-
Real estate mortgage:			
Construction	-	-	-
1-4 owner occupied	-	-	-
4 Installment:			
Auto	-	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total	-	\$ -	\$ -

	<u>Number of Loans</u>	<u>Pre-Modification Outstanding Recorded Investment</u>	<u>Post-Modification Balance at December 31, 2024</u>
Loan Modifications:			
Commercial:			
Construction	-	\$ -	\$ -
Commercial residential	-	-	-
Non-farm non-residential	2	1,823,000	1,082,392
Other	-	-	-
Agriculture:			
Agriculture 1-4 family	-	-	-
Other Agriculture real estate	-	-	-
Other Agriculture	-	-	-
Real estate mortgage:			
Construction	-	-	-
1-4 owner occupied	1	66,000	48,029
Installment:			
Auto	-	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total	3	\$ 1,889,000	\$ 1,130,421

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

**NOTE 3 – LOANS, NET (Continued)**

The loan modifications described above had specific reserves of \$0 at December 31, 2025 and resulted in no charge offs during the year ending December 31, 2025.

The loan modifications described above had specific reserves of \$0 at December 31, 2024 and resulted in no charge offs during the year ending December 31, 2024.

A loan is considered to be in payment default once it is 30 days contractually past due under the modified terms.

In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of its debt in the foreseeable future without the modification. This evaluation is performed under the company's internal underwriting policy.

**Credit Quality Indicators:**

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes all commercial and agriculture loans individually at origination by classifying the loans as to credit risk. On a go-forward basis all commercial and agriculture relationships greater than \$100,000 are subject to an annual review process or such loans may be reviewed more frequently if they become greater than 30 days delinquent. The Company uses the following definitions for risk ratings.

**Special Mention.** Loans 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 institution's credit position at some future date.

**Substandard.** Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified 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.** Loans classified as doubtful have all the weaknesses inherent in those classified as 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.

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 3 – LOANS, NET (Continued)**

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans. Loans listed as not rated are included in groups of homogeneous loans.

Based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Not Rated</u>
December 31, 2025					
Commercial:					
Construction	\$ 7,926,126	\$ -	\$ -	\$ -	\$ -
Commercial residential	10,210,140	21,713	111,468	-	-
Non-farm non residential	32,297,173	271,856	-	-	-
Other	8,809,407	50,000	-	-	-
Agriculture:					
Agriculture 1-4 family	4,466,009	-	61,184	-	-
Other Agriculture real estate	39,248,363	-	132,728	-	-
Other Agriculture	8,122,267	-	-	-	-
Real estate mortgage:					
Construction	-	-	-	-	1,254,573
Bare ground	-	-	-	-	266,646
1-4 owner occupied	22,448,112	92,475	-	-	-
Installment:					
Auto	-	-	-	-	744,864
Other	-	-	-	-	183,074
<b>Total</b>	<u>\$133,707,597</u>	<u>\$ 436,044</u>	<u>\$ 305,380</u>	<u>\$ -</u>	<u>\$ 2,449,157</u>

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 3 – LOANS, NET (Continued)**

	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Not Rated</u>
December 31, 2024					
Commercial:					
Construction	\$ 8,480,121	\$ -	\$ -	\$ -	\$ -
Commercial residential	11,722,116	-	64,193	-	-
Non-farm non residential	29,190,873	287,772	1,020,025	-	-
Other	8,947,396	-	-	-	-
Agriculture:					
Agriculture 1-4 family	3,580,835	65,029	-	-	-
Other Agriculture real estate	40,723,830	138,425	-	-	-
Other Agriculture	7,169,585	-	-	-	-
Real estate mortgage:					
Construction	-	-	-	-	1,388,587
1-4 owner occupied	-	-	-	-	20,110,646
Installment:					
Auto	-	-	-	-	1,179,915
Other	-	-	-	-	239,505
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$109,814,756</u>	<u>\$ 491,226</u>	<u>\$ 1,084,218</u>	<u>\$ -</u>	<u>\$22,868,653</u>

The Company considers the performance of the loan portfolio and its impact on the allowance for loan losses. For real estate mortgage and installment loan segments, the Company also evaluates credit quality based on the aging status of the loan, which was previously presented, and by payment activity.

**NOTE 4 – PREMISES, EQUIPMENT AND LEASES**

The following is a summary of premises and equipment, net by major category as of December 31:

	<u>2025</u>	<u>2024</u>
Land	\$ 615,691	\$ 615,691
Building and improvements	3,891,508	3,900,392
Leasehold improvements	9,637	9,637
Furniture and equipment	<u>2,041,084</u>	<u>2,221,054</u>
Total cost	6,557,920	6,736,774
Accumulated depreciation	<u>(3,930,540)</u>	<u>(3,890,014)</u>
Total	<u>\$ 2,627,380</u>	<u>\$ 2,846,760</u>

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

**NOTE 5 – DEPOSITS**

Time deposits include certificates of deposit and individual retirement accounts in denominations of \$250,000 or more aggregating approximately \$23,236,000 and \$24,957,000 at December 31, 2025 and 2024, respectively. Interest expense relating to such time deposits was approximately \$906,000 and \$704,000 for 2025 and 2024 respectively. Demand deposits and savings deposits include deposits in denominations of \$250,000 or more aggregating approximately \$40,794,000 and \$35,499,000 as of December 31, 2025 and 2024, respectively.

At December 31, 2023, the scheduled maturities of time deposits were as follows:

2026	\$ 64,043,516
2027	4,770,304
2028	1,637,435
2029	-
2030	<u>93,903</u>
	<u>\$ 70,545,158</u>

**NOTE 6 – BORROWED FUNDS**

At December 31, 2025 and 2024, the Bank had advances from FHLB of Cincinnati in the amount of \$2,000,000 and \$2,000,000, respectively.

In addition to the above advances, the Company also has a \$5,750,000 and \$5,750,000 line of credit available from the FHLB at December 31, 2025 and 2024, respectively. There were no advances outstanding on the line of credit at December 31, 2025 and 2024.

At December 31, 2025 and 2024, in addition to FHLB stock, the Company pledged to the FHLB securities with a carrying value of \$6,840,937 and \$7,555,177.

The Company has available \$21.0 million and \$21.0 million of lines of credit that may be used for short-term borrowings at December 31, 2025 and 2024, respectively. The total amount drawn on these lines totaled \$0 at December 31, 2025. The total amount drawn on these lines totaled \$0 at December 31, 2024.

**NOTE 7 – SUPPLEMENTAL RETIREMENT PLANS**

The Company offers a salary continuation plan for selected officers and a deferred directors fees plan for certain directors. The Company is recording an expense equal to the projected present value for the salary continuation payments due at retirement over the projected remaining years of service using the interest method. The Company is recording an expense for the deferred directors' fees based on the amount of the deferred fees plus interest on the unpaid balance at a market rate of interest. The total accrued liability under the plans was approximately \$1,264,000 and \$1,193,000 at December 31, 2025 and 2024, respectively, and

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

**NOTE 7 – SUPPLEMENTAL RETIREMENT PLANS (Continued)**

is included in other liabilities in the consolidated balance sheets. The Company also has a deferred compensation liability which is being paid out to the participant's through the year 2025. The accrued liability for this benefit in payout was \$185,000 in 2025 and \$226,000 in 2024. The expense attributable to the plans, included in salaries, employee benefits and director fees, was approximately \$110,000 and \$90,000 in 2025 and 2024, respectively. The Bank has purchased insurance contracts on the lives of certain participants in the plans and has named the Bank as beneficiary. Participants covered by the bank owned life insurance signed split dollar endorsements during the year ending December 31, 2018. While no direct contract exists between the plans and the life insurance companies, it is management's current intent that the proceeds from the insurance contracts will be used to help offset payments made under the plans. The cash surrender value of such insurance at December 31, 2025 and 2024 was approximately \$4,351,000 and \$4,247,000, respectively.

**NOTE 8 – INCOME TAXES**

Income tax expense (benefits) for 2025 and 2024 is summarized as follows:

	<u>2025</u>	<u>2024</u>
Current payable (refundable)	\$ 256,455	\$ 64,459
Deferred payable (refundable)	<u>7,716</u>	<u>3,897</u>
 Total income tax expense (benefit)	 <u>\$ 264,171</u>	 <u>\$ 68,356</u>

The difference between the financial statement tax provision and amounts computed by applying the statutory federal income tax rate of 21% to income before income taxes are as follows:

	<u>2025</u>	<u>2024</u>
Income taxes computed on pretax income (loss) using the statutory tax rate	\$ 359,128	\$ 186,569
Add (subtract) tax effect of:		
Tax exempt income	(158,246)	(152,974)
Non-deductible expenses, net	20,000	9,190
Other, net	<u>43,199</u>	<u>25,571</u>
 Total income tax expense (benefit)	 <u>\$ 264,171</u>	 <u>\$ 68,356</u>

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

**NOTE 8 – INCOME TAXES** (Continued)

The components of the net deferred tax asset/(liability) recorded in the consolidated balance sheets as of December 31, are as follows:

	<u>2025</u>	<u>2024</u>
Total deferred tax assets	\$ 1,189,848	\$ 1,575,136
Total deferred tax liabilities	<u>(285,298)</u>	<u>(276,365)</u>
Net deferred tax asset (liability)	<u>\$ 904,550</u>	<u>\$ 1,298,771</u>

The deferred tax assets and liabilities are valued at the 21% federal income tax rate at December 31, 2025 and December 31, 2024.

At year end 2025, the Company has no federal net operating loss carryforwards, no state net operating loss carryforwards, no federal charitable contribution carryforwards, and no remaining AMT credit carryforwards. Temporary differences between financial statements and tax returns are primarily due to FHLB stock dividends, bad debt deductions, mortgage servicing rights, prepaid expenses, other real estate write-downs, net unrealized appreciation on securities available for sale for financial statement purposes, deferred compensation and deferred loan fees.

Realization of deferred tax assets is dependent on generating sufficient taxable income prior to their expiration. If sufficient taxable income cannot be generated as planned, the Company has tax planning strategies, such as selling appreciated investment securities, which could be implemented to generate taxable income. In evaluating the deferred tax asset, the Company has determined that realization of the asset is more likely than not, therefore no valuation allowance was provided on deferred tax assets at December 31, 2025 and 2024. The Company has generated pretax income of \$1,710,000 in 2025 and \$792,000 in 2024.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of the state of Indiana. The Company is no longer subject to examination by taxing authorities for years before 2022. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

**NOTE 9 – EMPLOYEE STOCK PURCHASE PLAN**

On March 16, 1999, the Company approved an Employee Stock Purchase Plan to provide employees with a convenient means for regular purchases of the Company's common stock. This plan is not intended to be a qualified plan and all employees of the Company are eligible to participate. Each employee has the right to purchase any number of whole shares of common stock at fair market value (determined at the beginning of the purchase period) subject to the limitation that no more than \$5,000 in fair market value of the common stock may be purchased by any one employee in any one calendar year. The common stock to be issued and sold under the Plan may be treasury stock or authorized but unissued common stock with the aggregate

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

**NOTE 9 – EMPLOYEE STOCK PURCHASE PLAN (Continued)**

number of shares of common stock sold under the plan not to exceed 10,000 common shares. As of December 31, 2025, a total of 9,422 common shares have been issued and 578 additional common shares remain available to be purchased under the plan.

**NOTE 10 – RELATED PARTY TRANSACTIONS**

Loans to certain officers, directors and companies with which they are affiliated totaled approximately \$3,619,000 and \$3,554,000 at December 31, 2025 and 2024, respectively. New loans totaled \$269,000 and payments amounted to \$204,000 for the year ending December 31, 2025.

Deposit accounts of certain officers, directors and companies with which they are affiliated totaled approximately \$4,170,000 and \$6,361,000 at December 31, 2025 and 2024, respectively.

**NOTE 11 – FAIR VALUES OF FINANCIAL INSTRUMENTS**

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 for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

Investment Securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2).

Impaired Loans: The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. 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 appraisers to adjust for differences between the comparable

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

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.

**NOTE 11 – FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**

Other Real Estate Owned: Nonrecurring adjustments to certain commercial and residential real estate properties classified as other real estate owned (OREO) are measured at the lower of carrying amount or fair value, less costs to sell. Fair values are generally based on third party appraisals of the property which included adjustments for differences between the comparable sales and income data available, resulting in a Level 3 classification. In cases where the carrying amount exceeds the fair value, less costs to sell, an impairment loss is recognized.

Loans Held For Sale: Loans held for sale are carried at the lower of cost or fair value, as determined by outstanding commitments from third party investors or based on comparable sales of loans with similar characteristics resulting in Level 2 classification.

Assets and Liabilities Measured on a Recurring Basis:

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at December 31, 2025 Using			
	Carrying Value	Quoted Prices In		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Obligations of states and political subdivisions	\$ 28,064,554	\$ -	\$ 28,064,554	\$ -
Mortgage-backed securities – residential	17,909,184	-	17,909,184	-
U.S. government sponsored entities	3,562,149	-	3,562,149	-
Certificates of Deposit	252,852	-	252,852	-
Corporate bonds	1,639,644	-	1,639,644	-

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 11 – FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**

	Fair Value Measurements at December 31, 2024 Using			
	Carrying Value	Quoted Prices In		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Obligations of states and political subdivisions	\$27,334,823	\$ -	\$27,334,823	\$ -
Mortgage-backed securities – residential	15,969,915	-	15,969,915	-
U.S. government sponsored entities	3,199,117	-	3,199,117	-
U.S. treasuries	1,219,180	-	1,219,180	-
Corporate bonds	1,533,726	-	1,533,726	-

Assets and Liabilities Measured on a Non-Recurring Basis:

Assets and liabilities measured at fair value on a non-recurring basis are summarized below:

	Fair Value Measurements at December 31, 2025 Using			
	Carrying Value	Quoted Prices In		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Impaired loans				
Commercial	\$ 313,000	\$ -	\$ -	\$ 313,000
Real estate mortgage	-	-	-	-
Installment	-	-	-	-
Total impaired loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reposessed assets				
Real estate	\$ -	\$ -	\$ -	\$ -
Reposessions	-	-	-	-
Total reposessed assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 11 – FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**

	Fair Value Measurements at December 31, 2024 Using			
	Carrying Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
Impaired loans				
Commercial	\$ 290,000	\$ -	\$ -	\$ 290,000
Real estate mortgage	-	-	-	-
Installment	-	-	-	-
Total impaired loans	<u>\$ 290,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,000</u>
Reposessed assets				
Real estate	\$ -	\$ -	\$ -	\$ -
Reposessions	-	-	-	-
Total reposessed assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Impaired loans, which are measured for impairment using the fair value of the collateral for collateral dependent loans, had a principal balance of \$313,000 with a valuation allowance of \$0 at December 31, 2025, resulting in no additional provision for loan losses for the year ended December 31, 2025.

Impaired loans, which are measured for impairment using the fair value of the collateral for collateral dependent loans, had a principal balance of \$290,000 with a valuation allowance of \$0 December 31, 2024, resulting in no additional provision for loan losses for the year ended December 31, 2024.

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 11 – FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**

**Fair value of Financial Instruments:**

Carrying amount and estimated fair values of financial instruments were as follows at year-end.

	Carrying Amount	Fair Value	Fair Value Measurements		
			Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2025					
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	\$ 17,831,684	\$ 17,831,684	\$17,831,684	\$ -	\$ -
Time deposits	252,852	252,852	-	252,852	-
Investment securities available-for-sale	51,175,530	51,175,530	-	51,175,530	-
Investment securities held-to-maturity	1,000,000	1,000,000	-	-	1,000,000
Loans held for sale	361,673	361,673	-	-	361,673
Net loans	135,755,015	131,809,000	-	-	131,809,000
<b>FINANCIAL LIABILITIES</b>					
Deposits	\$(194,356,252)	\$(171,310,000)	\$ -	\$ -	\$(171,310,000)
Borrowings	(2,000,000)	(2,008,000)	-	-	(2,008,000)
December 31, 2024					
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	\$ 14,858,503	\$ 14,858,503	\$14,858,503	\$ -	\$ -
Time deposits	1,506,265	1,506,265	1,506,265	-	-
Investment securities available-for-sale	49,256,761	49,256,761	-	49,256,761	-
Investment securities held-to-maturity	1,000,000	1,000,000	-	-	1,000,000
Loans held for sale	282,964	282,964	-	-	282,964
Net loans	133,292,954	125,798,000	-	-	125,798,000
<b>FINANCIAL LIABILITIES</b>					
Deposits	\$(191,324,366)	\$(166,816,000)	\$ -	\$ -	\$(166,816,000)
Borrowings	(2,000,000)	(2,000,000)	-	-	(2,000,000)

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

**NOTE 11 – FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**

The methods and assumptions used to estimate fair value not previously described are described as follows:

Carrying amount is the estimated fair value for cash and cash equivalents, accrued interest receivable and payable, demand deposits, short term borrowings, and variable rate loans or deposits that reprice frequently and fully. It was not practicable to determine the fair value of FHLB stock due to restrictions on transferability.

For fixed rate loans or deposits and for variable rate loans or deposits with infrequent repricing or repricing limits, fair value is based on discounted cash flows using current market rates applied to the estimated life and credit risk. In determining the fair value of loans, the allowance for loan losses is a reasonable estimate of discount for credit risk. Fair value of loans held for sale is based on market quotes. Fair value of long-term debt is based on current rates for similar financing. The fair value of off-balance sheet items is not considered material.

**NOTE 12 – PARENT COMPANY FINANCIAL STATEMENTS**

Presented below are condensed financial statements for the parent company, Empire Bancshares, Inc.

CONDENSED BALANCE SHEETS  
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash balances with The Hicksville Bank	\$ 205,097	\$ 193,984
Investment in The Hicksville Bank	18,087,388	14,665,425
Commercial – real estate loans	<u>-</u>	<u>794,620</u>
Total assets	<u>\$ 18,292,485</u>	<u>\$ 15,654,029</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Other liabilities	\$ 190,611	\$ 189,595
Total shareholders' equity	<u>18,101,874</u>	<u>15,464,434</u>
Total liabilities and shareholders' equity	<u>\$ 18,292,485</u>	<u>\$ 15,654,029</u>

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

**NOTE 12 – PARENT COMPANY FINANCIAL STATEMENTS (Continued)**

CONDENSED STATEMENTS OF INCOME  
Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating expense		
Dividends from The Hicksville Bank	\$ 340,000	\$ 320,000
Total operating income	<u>340,000</u>	<u>320,000</u>
Operating expenses	<u>64,961</u>	<u>37,770</u>
<b>Income (loss) before income tax benefit and equity in undistributed net income of The Hicksville Bank</b>	275,039	282,230
Income tax benefit	<u>17,725</u>	<u>15,347</u>
<b>Income (loss) before equity in undistributed net income of The Hicksville Bank</b>	292,764	297,577
Equity in undistributed net income of The Hicksville Bank	<u>1,153,200</u>	<u>426,190</u>
<b>Net income</b>	<u><u>\$ 1,445,964</u></u>	<u><u>\$ 723,767</u></u>

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**NOTE 12 – PARENT COMPANY FINANCIAL STATEMENTS (Continued)**

**CONDENSED STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>		
Cash paid to suppliers and employees	\$ 303,097	\$ 334,687
Net cash from operating activities	303,097	334,687
<b>Cash flows from financing activities</b>		
Proceeds from issuance of common stock	8,856	6,087
Dividends paid	(300,840)	(297,363)
Net cash from financing activities	(291,984)	(291,276)
Net change in cash and cash equivalents	11,113	43,411
Cash and cash equivalents at beginning of year	193,984	150,573
<b>Cash and cash equivalents at end of year</b>	\$ 205,097	\$ 193,984
<b>Reconciliation of net income to net cash from operating activities</b>		
Net income	\$ 1,445,964	\$ 723,767
Adjustments to reconcile net income to net cash from operating activities		
Equity in undistributed net income of The Hicksville Bank	(1,153,200)	(426,190)
Net change in assets and liabilities		
Other assets and liabilities	10,333	37,110
Total adjustments	(1,142,867)	(389,080)
Net cash from operating activities	\$ 303,097	\$ 334,687

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

**NOTE 13 – COMMITMENTS AND CONTINGENCIES AND FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK**

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet financing needs of its customers. These financial instruments include commitments to make loans, unused open end revolving lines of credit and standby letters of credit. The Company's exposure to credit loss in the event of nonperformance by the other party to financial instruments for commitments to make loans is represented by the contractual amount of those instruments. The Company follows the same policy to make such commitments as it uses for on-balance-sheet items.

The Company has the following commitments outstanding as of December 31:

	<u>2025</u>	<u>2024</u>
Home equity lines	\$ 8,832,000	\$ 5,696,000
Commitments to fund loans	7,227,000	6,359,000
Other unused commitments	29,248,000	25,241,000
Standby letters of credit	<u>50,000</u>	<u>450,000</u>
	<u>\$ 45,357,000</u>	<u>\$ 37,746,000</u>

Commitments to make loans expire within 90 days of the commitment date. All unused open-end revolving lines of credit are variable rates which are tied to prime and are for terms that range from 180 days to 20 years. Standby letters of credit will be granted at the current variable interest rate when exercised and expire within one year.

Since many commitments to make loans expire without being used, the amount does not necessarily represent future cash commitments. In addition, commitments to extend credit are agreements to lend to customers as long as there is no violation of any condition established in the contract. No losses are anticipated as a result of these transactions. Collateral obtained upon exercise of the commitment is determined using management's credit evaluation of the borrower and may include real estate, consumer assets, business assets, deposits and other items.

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

---

**NOTE 14 – REGULATORY MATTERS**

Banks are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgements by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of December 31, 2025 the bank meets all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2025 and 2024, the most recent regulatory notifications categorized the bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

In 2019, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the community bank leverage ratio framework (CBLR framework), for qualifying community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The final rule became effective on January 1, 2020 and was elected by the bank as of March 31, 2020.

In April 2020, the federal banking agencies issued an interim final rule that makes temporary changes to the CBLR framework, pursuant to sections 4012 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and a second interim final rule that provides a graduated increase in the community bank leverage ratio requirement after the expiration of the temporary changes implemented pursuant to sections 4012 of the CARES Act.

The community bank leverage ratio removes the requirement for qualifying banking organizations to calculate and report risk-based capital but rather only requires a Tier 1 to average assets (leverage) ratio. Qualifying banking organizations that elect to use the community bank leverage ratio framework and that maintain a leverage ratio greater than required minimums will be considered to have satisfied the generally applicable risk based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and, if applicable, will be considered to have met the capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act. Under the interim final rules the community bank leverage ratio minimum requirement is 8% as of December 31, 2020, 8.5% for calendar year 2021, and 9% for calendar year 2022 and beyond. The interim rule allows for a two-quarter grace period to correct a ratio that falls below the required amount, provided that the bank maintains a leverage ratio of 7% as of December 31, 2020, 7.5 % for calendar year 2022 and beyond.

Under the final rule, an eligible banking organization can opt out of the CBLR framework and revert back to the risk-weighting framework without restriction. As of December 31, 2025, the bank was a qualifying community banking organization as defined by the federal banking agencies and elected to measure capital adequacy under the CBLR framework.

---

(Continued)

EMPIRE BANCSHARES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

Actual and required capital amounts (in millions) and ratios are presented below at year-end.

	<u>Amount</u>	<u>To be Well Capitalized Under Prompt Corrective Action Regulations (CBLR Framework)</u>		
		<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
As of December 31, 2025				
Tier 1 (CORE) capital to average Total assets	\$20.8	9.5%	\$19.7	9.0%
As of December 31, 2024				
Tier 1 (CORE) capital to average Total assets	\$18.8	8.8%	\$19.2	9.0%

**NOTE 15 – EARNINGS (LOSS) PER SHARE**

The factors used in the earnings (loss) per share computation follows:

	<u>2025</u>	<u>2024</u>
Basic		
Net income (loss)	\$ 1,445,964	\$ 723,767
Weighted average common shares outstanding	<u>661,042</u>	<u>660,627</u>
Basic earnings (loss) per share	<u>\$ 2.19</u>	<u>\$ 1.10</u>
Diluted		
Net income (loss)	\$ 1,445,964	\$ 723,767
Weighted average common shares outstanding for basic earnings (loss) per share	661,042	660,627
Add: Dilutive effects of assumed exercises of stock options	<u>-</u>	<u>-</u>
Average shares and dilutive potential common shares	<u>661,042</u>	<u>660,627</u>
Diluted earnings (loss) per share	<u>\$ 2.19</u>	<u>\$ 1.10</u>

Stock options for -0- and -0- shares of common stock were not considered in computing diluted earnings (loss) per share for 2025 and 2024 because they were antidilutive.

(Continued)



### **HICKSVILLE**

144 East High Street, Hicksville, OH 43526  
(419) 542-7726

### **EDGERTON**

304 North Michigan Avenue, Edgerton, OH 43517  
(419) 298-2353

### **AUBURN**

1130 West 15th Street, Auburn, IN 46706  
(260) 927-1700

### **GRABILL**

13613 Fairview Drive, Grabill, IN 46741  
(260) 240-4771