UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______to ______

Commission file number 001-33003

CITIZENS COMMUNITY BANCORP, INC.
(Exact name of registrant as specified in its charter)

Maryland	**20-5120010**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification Number)**

2174 EastRidge Center
Eau Claire, WI 54701
(Address and Zip Code of principal executive offices)

715-836-9994
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $.01 par value per share	CZWI	NASDAQ Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.   Yes ☒   No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

At November 4, 2025 there were 9,659,745 shares of the registrant's common stock, par value $0.01 per share, outstanding.

CITIZENS COMMUNITY BANCORP, INC.

FORM 10-Q

September 30, 2025

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PART 1 – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CITIZENS COMMUNITY BANCORP, INC.
Consolidated Balance Sheets
September 30, 2025 (unaudited) and December 31, 2024
(derived from audited financial statements)
(in thousands, except share data)

	September 30, 2025	December 31, 2024
Assets		
Cash and cash equivalents	$ 82,431	$ 50,172
Available for sale ("AFS") securities, at fair value (amortized cost of $156,199, net of allowance for credit losses of $0 at September 30, 2025 and amortized cost of $165,604, net of allowance for credit losses of $0 at December 31, 2024)	137,639	142,851
Held to maturity ("HTM") securities, at amortized cost (fair value of $64,879, net of allowance for credit losses of $0 at September 30, 2025 and fair value of $65,622, net of allowance for credit losses of $0 at December 31, 2024)	81,526	85,504
Equity investments	5,675	4,702
Other investments	12,370	12,500
Loans receivable	1,323,010	1,368,981
Allowance for credit losses	(22,182)	(20,549)
Loans receivable, net	1,300,828	1,348,432
Loans held for sale	5,346	1,329
Mortgage servicing rights, net	3,532	3,663
Office properties and equipment, net	16,244	17,075
Accrued interest receivable	6,159	5,653
Intangible assets	508	979
Goodwill	31,498	31,498
Foreclosed and repossessed assets, net	911	915
Bank owned life insurance ("BOLI")	26,700	26,102
Other assets	15,620	17,144
TOTAL ASSETS	$ 1,726,987	$ 1,748,519
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits	$ 1,480,554	$ 1,488,148
Federal Home Loan Bank ("FHLB") advances	—	5,000
Other borrowings	46,762	61,606
Other liabilities	12,856	14,681
Total liabilities	1,540,172	1,569,435
Stockholders' Equity:		
Common stock—$0.01 par value, authorized 30,000,000; 9,856,745 and 9,981,996 shares issued and outstanding, respectively	99	100
Additional paid-in capital	113,030	114,564
Retained earnings	86,913	80,840
Accumulated other comprehensive loss	(13,227)	(16,420)
Total stockholders' equity	186,815	179,084
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,726,987	$ 1,748,519

See accompanying condensed notes to unaudited consolidated financial statements.

CITIZENS COMMUNITY BANCORP, INC.
Consolidated Statements of Operations (unaudited)
Three and Nine Months Ended September 30, 2025 and 2024
(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Interest and dividend income:				
Interest and fees on loans	$ 19,759	$ 20,115	$ 58,466	$ 60,204
Interest on investments	2,495	2,397	7,393	7,450
Total interest and dividend income	22,254	22,512	65,859	67,654
Interest expense:				
Interest on deposits	8,220	10,165	25,104	28,712
Interest on FHLB and FRB borrowed funds	1	128	13	1,216
Interest on other borrowed funds	819	934	2,623	2,960
Total interest expense	9,040	11,227	27,740	32,888
Net interest income before provision for credit losses	13,214	11,285	38,119	34,766
Provision for credit losses	650	(400)	1,750	(2,725)
Net interest income after provision for credit losses	12,564	11,685	36,369	37,491
Non-interest income:				
Service charges on deposit accounts	449	513	1,304	1,474
Interchange income	565	577	1,647	1,697
Loan servicing income	649	643	1,773	1,751
Gain on sale of loans	992	752	2,411	1,998
Loan fees and service charges	173	165	530	704
Net gains (losses) on equity securities	(66)	(78)	43	(569)
Bank Owned Life Insurance (BOLI) death benefit	—	—	—	184
Other	260	349	743	859
Total non-interest income	3,022	2,921	8,451	8,098
Non-interest expense:				
Compensation and related benefits	6,341	5,743	17,946	16,901
Occupancy	1,266	1,242	3,749	3,942
Data processing	1,811	1,665	5,283	4,787
Amortization of intangible assets	113	178	471	536
Mortgage servicing rights expense, net	161	163	449	427
Advertising, marketing and public relations	201	225	562	575
FDIC premium assessment	195	201	584	606
Professional services	359	336	1,299	1,249
Losses (gains) on repossessed assets, net	(4)	65	—	47
Other	608	603	1,921	2,427
Total non-interest expense	11,051	10,421	32,264	31,497
Income before provision for income taxes	4,535	4,185	12,556	14,092
Provision for income taxes	853	899	2,407	3,043
Net income attributable to common stockholders	$ 3,682	$ 3,286	$ 10,149	$ 11,049
Per share information:				
Basic earnings	$ 0.37	$ 0.32	$ 1.02	$ 1.07
Diluted earnings	$ 0.37	$ 0.32	$ 1.02	$ 1.07
Cash dividends paid	$ —	$ —	$ 0.36	$ 0.32

See accompanying condensed notes to unaudited consolidated financial statements.

CITIZENS COMMUNITY BANCORP, INC.
Consolidated Statements of Comprehensive Income (unaudited)
Three and Nine months ended September 30, 2025 and 2024
(in thousands)

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Net income attributable to common stockholders	$ 3,682	$ 3,286	$ 10,149	$ 11,049
Other comprehensive income, net of tax:				
Securities available-for-sale				
Net unrealized gains arising during period, net of tax	1,657	3,552	3,193	3,353
Reclassification for net loss on exchanged security, included in net income, net of tax	—	—	—	130
Other comprehensive income, net of tax	1,657	3,552	3,193	3,483
Comprehensive income	$ 5,339	$ 6,838	$ 13,342	$ 14,532

See accompanying condensed notes to unaudited consolidated financial statements.

CITIZENS COMMUNITY BANCORP, INC.
Consolidated Statement of Changes in Stockholders' Equity (unaudited)
Nine Months Ended September 30, 2025
(in thousands, except shares and per share data)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2024	9,981,996	$ 100	$ 114,564	$ 80,840	$ (16,420)	$ 179,084
Net income	—	—	—	3,197	—	3,197
Other comprehensive income, net of tax	—	—	—	—	1,455	1,455
Surrender of restricted shares of common stock to satisfy the withholding taxes due upon vesting	(11,481)	—	(183)	—	—	(183)
Restricted common stock issued upon achievement of the 2022 performance criteria	16,021	—	—	—	—	—
Common stock options exercised	3,000	—	28	—	—	28
Stock based compensation expense	—	—	68	—	—	68
Cash dividends ($0.36 per share)	—	—	—	(3,598)	—	(3,598)
Balance at March 31, 2025	9,989,536	100	114,477	80,439	(14,965)	180,051
Net income	—	—	—	3,270	—	3,270
Other comprehensive income, net of tax	—	—	—	—	81	81
Surrender of restricted shares of common stock to satisfy the withholding taxes due upon vesting	(539)	—	(7)	—	—	(7)
Common stock options exercised	3,000	—	33	—	—	33
Stock based compensation expense	—	—	34	—	—	34
Balance at June 30, 2025	9,991,997	100	114,537	83,709	(14,884)	183,462
Net income	—	—	—	3,682	—	3,682
Other comprehensive income, net of tax	—	—	—	—	1,657	1,657
Common stock repurchased	(135,252)	(1)	(1,540)	(478)	—	(2,019)
Stock based compensation expense	—	—	33	—	—	33
Balance, September 30, 2025	9,856,745	$ 99	$ 113,030	$ 86,913	$ (13,227)	$ 186,815

See accompanying condensed notes to unaudited consolidated financial statements.

CITIZENS COMMUNITY BANCORP, INC.
Consolidated Statement of Changes in Stockholders' Equity (unaudited)
Twelve Months Ended December 31, 2024
(in thousands, except shares and per share data)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2023	10,440,591	$ 104	$ 119,441	$ 71,117	$ (17,328)	$ 173,334
Net income	—	—	—	4,088	—	4,088
Other comprehensive loss, net of tax	—	—	—	—	(702)	(702)
Surrender of restricted shares of common stock to satisfy the withholding taxes due upon vesting	(9,471)	—	(113)	—	—	(113)
Restricted common stock awarded under the equity incentive plan	16,955	—	—	—	—	—
Restricted stock issued upon achievement of the 2021 performance criteria	8,805	—	—	—	—	—
Common stock repurchased	(50,000)	—	(570)	(28)	—	(598)
Stock based compensation expense	—	—	158	—	—	158
Cash dividends ($0.32 per share)	—	—	—	(3,346)	—	(3,346)
Balance at March 31, 2024	10,406,880	104	118,916	71,831	(18,030)	172,821
Net income	—	—	—	3,675	—	3,675
Other comprehensive income, net of tax	—	—	—	—	633	633
Surrender of restricted shares of common stock to satisfy the withholding taxes due upon vesting	(539)	—	(6)	—	—	(6)
Common stock repurchased	(109,000)	(1)	(1,230)	(5)	—	(1,236)
Stock based compensation expense	—	—	158	—	—	158
Balance at June 30, 2024	10,297,341	103	117,838	75,501	(17,397)	176,045
Net income	—	—	—	3,286	—	3,286
Other comprehensive income, net of tax	—	—	—	—	3,552	3,552
Common stock repurchased	(223,205)	(2)	(2,542)	(349)	—	(2,893)
Stock based compensation expense	—	—	159	—	—	159
Balance, September 30, 2024	10,074,136	101	115,455	78,438	(13,845)	180,149
Net income	—	—	—	2,702	—	2,702
Other comprehensive loss, net of tax	—	—	—	—	(2,575)	(2,575)
Forfeiture of unvested shares	(246)	—	—	—	—	—
Common stock options exercised	2,000	—	22	—	—	22
Common stock repurchased	(93,894)	(1)	(1,069)	(300)	—	(1,370)
Stock based compensation expense	—	—	156	—	—	156
Balance, December 31, 2024	9,981,996	$ 100	$ 114,564	$ 80,840	$ (16,420)	$ 179,084

See accompanying condensed notes to unaudited consolidated financial statements.

CITIZENS COMMUNITY BANCORP, INC.
Consolidated Statements of Cash Flows (unaudited)
Nine Months Ended September 30, 2025 and 2024
(in thousands)

	Nine Months Ended	
	September 30, 2025	**September 30, 2024**
Cash flows from operating activities:		
Net income attributable to common stockholders	$ 10,149	$ 11,049
Adjustments to reconcile net income to net cash provided by operating activities:		
Net accretion on debt securities	(38)	(64)
Depreciation expense	1,549	1,644
Provision for credit losses	1,750	(2,725)
Net (gains) losses on equity securities	(43)	569
Increase in mortgage servicing rights resulting from transfers of financial assets	(318)	(258)
Mortgage servicing rights amortization	449	427
Amortization of intangible assets	471	536
Stock based compensation expense	135	475
(Increase) decrease in deferred income taxes	(533)	284
Increase in cash surrender value of life insurance	(598)	(753)
Net gains from disposals of foreclosed and repossessed assets	(15)	(23)
Provision for valuation allowance on foreclosed properties	15	70
Gain on sale of loans held for sale, net	(2,411)	(1,998)
Proceeds from sale of loans held for sale	67,837	48,833
Originations of loans held for sale	(69,443)	(41,759)
Proceeds from insurance claim on foreclosed and repossessed assets	—	27
Amortization of debt issuance costs	156	166
Net change in:		
Accrued interest receivable and other assets	551	(2,528)
Other liabilities	(1,825)	3,803
Total adjustments	(2,311)	6,726
Net cash from operating activities	7,838	17,775
Cash flows from investing activities:		
Proceeds from Bank Owned Life Insurance ("BOLI") death benefit	—	499
Purchase of available for sale securities	(6,949)	—
Proceeds from principal payments and maturities of available for sale securities	11,451	11,544
Proceeds from calls of available for sale securities	4,950	—
Proceeds from principal payments and maturities of held to maturity securities	3,969	4,184
Equity investment capital distribution	—	170
Purchase of equity investments	(930)	(300)
Net sales of other investments	130	558
Proceeds from sales of foreclosed and repossessed assets	49	232
Net decrease in loans	45,809	36,702
Net capital expenditures	(718)	(649)
Proceeds from disposal of office properties and equipment	—	13
Net cash from investing activities	57,761	52,953
Cash flows from financing activities:		
Change in short term Federal Home Loan Bank advances, net	—	(33,000)
Federal Home Loan Bank advance call payments	—	(10,000)
Federal Home Loan Bank advance long-term maturities	(5,000)	(15,530)
Other borrowings principal reductions	(15,000)	(6,083)
Net (decrease) increase in deposits	(7,594)	1,571
Repurchase shares of common stock	(2,019)	(4,727)
Surrender of restricted shares of common stock	(190)	(119)
Common stock options exercised	61	—
Cash dividends paid	(3,598)	(3,346)
Net cash used in financing activities	(33,340)	(71,234)
Net increase (decrease) in cash and cash equivalents	32,259	(506)
Cash and cash equivalents at beginning of period	50,172	37,138
Cash and cash equivalents at end of period	$ 82,431	$ 36,632

Supplemental cash flow information:				
Cash paid during the period for:				
Interest on deposits	$	27,218	$	24,340
Interest on borrowings	$	2,532	$	3,924
Income taxes	$	1,973	$	2,064
Supplemental noncash disclosure:				
Transfers from loans receivable to other real estate owned ("OREO")	$	—	$	73

See accompanying condensed notes to unaudited consolidated financial statements.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except share and per share data)

(UNAUDITED)

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Citizens Community Federal N.A. (the "Bank") included herein have been included by its parent company, Citizens Community Bancorp, Inc. (the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements. As used in this quarterly report, the terms "we", "us", "our", and "Citizens Community Bancorp, Inc." mean the Company and its wholly owned subsidiary, the Bank, unless the context indicates other meaning.

The Bank is a national banking association (a "National Bank") and operates under the title of Citizens Community Federal National Association ("Citizens Community Federal N.A." or "Bank"). The Company is a bank holding company, supervised by the Federal Reserve Bank of Minneapolis (the "FRB"), and operates under the title of Citizens Community Bancorp, Inc. The Office of the Comptroller of the Currency (the "OCC") is the primary federal regulator for the Bank.

The consolidated income of the Company is principally derived from the income of the Bank, the Company's wholly owned subsidiary, serving customers primarily in Wisconsin and Minnesota through 21 branch locations. Its primary markets include the Chippewa Valley Region in Wisconsin, the Mankato and Twin Cities markets in Minnesota, and various rural communities around these areas. The Bank offers traditional community banking services to businesses, agricultural operators and consumers, including one-to-four family residential mortgages.

The Bank is subject to competition from other financial institutions and non-financial institutions providing financial products. Additionally, the Bank is subject to the regulations of certain regulatory agencies and undergoes periodic examination by those regulatory agencies.

In preparing these consolidated financial statements, we evaluated the events and transactions that occurred subsequent to the balance sheet date of September 30, 2025, through the date on which the consolidated financial statements were available to be issued on November 4, 2025, for items that should potentially be recognized or disclosed in these consolidated financial statements.

The accompanying consolidated interim financial statements are unaudited. However, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Unless otherwise stated herein, and except for shares and per share amounts, all amounts are in thousands.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of the Company and the Bank. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates –Preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates are used in accounting for, among other items, fair value of financial instruments, the allowance for credit losses, mortgage servicing rights, foreclosed and repossessed assets, valuation of intangible assets arising from acquisitions, useful lives for depreciation and amortization, valuation of goodwill and long-lived assets, stock based compensation, deferred tax assets, uncertain income tax positions and contingencies. Management does not anticipate any material changes to estimates made herein in the near term. Factors that may cause sensitivity to the aforementioned estimates include but are not limited to: those items described under the caption "Risk Factors" in Item 1A of the annual report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 13, 2025; the matters described in Forward-Looking Statements in Part 1, Item 2 of the quarterly report on Form 10-Q for the quarter ended March 31, 2025, filed with the SEC on May 8, 2025; the matters described in Forward-Looking Statements in Part 1, Item 2 of the quarterly report on Form 10-Q for the quarter ended June 30, 2025, filed with the SEC on August 7, 2025; the matters described in Forward-Looking Statements in Part 1, Item 2 of this Form 10-Q; and external market factors such as market interest rates and unemployment rates; changes to operating policies and procedures, and changes in applicable banking regulations. Actual results may ultimately differ from estimates, although management does not generally believe such differences would materially affect the consolidated financial statements in any individual reporting period.

Cash and Cash Equivalents—For purposes of reporting cash flows in the consolidated financial statements, cash and cash equivalents include cash, due from banks, and interest bearing deposits with original maturities of three months or less.

Investment Securities; Available for Sale and Held to Maturity – Management determines the appropriate classification of investment securities at the time of purchase and reevaluates such designation as of the date of each balance sheet. Securities are classified as held to maturity when the Company has the positive intent and ability to hold the securities to maturity. Held to maturity securities are stated at amortized cost. Investment securities not classified as held to maturity are classified as available for sale. Available for sale securities are stated at fair value, with unrealized holding gains and losses being reported in other comprehensive income (loss), net of tax. Realized gains or losses on sales of available for sale securities are calculated with the specific identification method and are included in the consolidated statements of operations under net gains on investment securities. Interest income includes amortization of purchase premium or accretion of purchase discount. Amortization of premiums and accretion of discounts are recognized in interest income using the interest method over the estimated lives of the securities.

Allowance for Credit Losses – Available for Sale Securities - The Company measures the allowance for credit losses on available for sale debt securities by evaluating securities in an unrealized loss position using a two-step process. First, the Company assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost. If it is determined that the Company intends or will be required to sell the security, it is written down to its fair value as net gains or losses on investment securities in our consolidated statement of operations. For agency mortgage-backed and asset-backed securities that do not meet the criteria in step one, there are no expected credit losses as they are guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. For other debt securities that do not meet the criteria in step one, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and the allowance for credit losses on available for sale investments is recorded for the credit loss, limited by the amount that the fair value is less that the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

Allowance for Credit Losses – Held to Maturity Securities -The Company measures expected credit losses on held to maturity debt securities on a collective basis by major security type. For agency mortgage-backed securities there are no expected credit losses as they are guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. For other securities, the estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts.

The Company has elected to not measure an ACL on accrued interest on available for sale and held to maturity securities, as it would write off accrued interest in a timely manner if the related security was determined to have a credit loss. Accrued interest receivable on available-for-sale and held-to-maturity securities was $904 and $920 at September 30, 2025 and December 31, 2024, respectively. The Company has no available for sale securities or held to maturity securities which it deems to have a credit loss at September 30, 2025.

Equity investments - The Company is required to maintain an investment in Federal Agricultural Mortgage Corporation (“Farmer Mac”) equity securities. Farmer Mac equity securities are carried at their fair market value, which is readily determinable. Changes in fair value are recognized as net gains or losses on investment securities in our consolidated statement of operations.

Included in equity investments are preferred shares of a community development financial institution, which are carried at their fair market value. As no ready market exists for this investment, the Company utilizes significant unobservable inputs (Level 3 inputs) to determine fair value.We record the unrealized gains and losses resulting from changes in the fair value of this investment as net gains or losses on investment securities in our consolidated statements of operations.

Also included in equity investments are the Company’s investments in a Volker Rule-compliant Small Business Investment Company ("SBIC") and an investment fund. The SBIC and investment fund meet the definition of investment companies, as defined in ASC 946, Financial Services - Investment Companies. These investments seek returns by investing in various small businesses and do not have redemption rights. Distributions from the investments will be received as the underlying investments, which generally have a life of 10 years, are liquidated or earlier distributions are made. We elected the practical expedient available in Topic 820, Fair Value Measurements, which permits the use of net asset value ("NAV") per share or equivalent to value investments in entities that are or are similar to investment companies. SBICs and investment funds report their investments at estimated fair value. We record the unrealized gains and losses resulting from changes in the fair value of these investments as net gains or losses on equity securities in our consolidated statements of operations. The carrying value of these investments is equal to the capital account balance as provided by the investee and adjusted as necessary.

Other Investments - As a member of the Federal Reserve Bank ("FRB") System and the Federal Home Loan Bank ("FHLB") System, the Bank is required to maintain an investment in the capital stock of these entities. These securities are "restricted" in that they can only be sold back to the respective institutions or another member institution at par. Therefore, they are less liquid than other exchange traded equity securities. As no ready market exists for these stocks, and they have no quoted market value, these investments are carried at cost and periodically evaluated for impairment based on the ultimate recovery of par value. Cash dividends are reported as interest on investments in the consolidated statements of operations.

Also included in other investments is stock of our correspondent bank, Bankers' Bank, without readily determinable fair value. This stock is carried at cost plus or minus changes resulting from observable price changes in orderly transactions for this stock, less impairment charges, if any.

Management's evaluation for impairment of these other investments, includes consideration of the financial condition and other available relevant information of the issuer. Based on management's quarterly evaluation, no impairment has been recorded on these securities. Other investments totaling $12,370 at September 30, 2025, consisted of $3,727 of FHLB stock, $5,725 of Federal Reserve Bank stock and $2,918 of Bankers' Bank stock. Other investments totaling $12,500 at December 31, 2024, consisted of $3,865 of FHLB stock and $5,717 of Federal Reserve Bank stock and $2,918 of Bankers' Bank stock.

Loans Receivable – Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of deferred loan fees and costs. Interest income is accrued on the unpaid principal balance of these loans and is presented as a separate line item on the consolidated balance sheets. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the interest method over the contractual life of the loan with no prepayments assumed. If the loan is prepaid, any unamortized net fee is recognized at this time. Late charge fees are recognized into income when collected.

Interest income on commercial, mortgage and consumer loans is discontinued according to the following schedules:

- Commercial/agricultural real estate loans past due 90 days or more;
- Commercial and industrial/agricultural operating loans past due 90 days or more;
- Closed end consumer installment loans past due 120 days or more; and
- Residential mortgage loans and open ended consumer installment loans past due 180 days or more.

Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual status or charged off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not received for a loan placed on nonaccrual status is reversed against interest income. Interest received on such loans is accounted for on the cash basis or cost recovery method until qualifying for return to accrual status. Loans are returned to accrual status when the collectability of principal and interest is probable including when payments are made that bring the loan account current with the contractual term of the loan and a six month payment history has been established.

Residential mortgage loans and open ended consumer installment loans are either charged off or a specific reserve is established to estimated net realizable value less estimated selling costs at the earlier of when (a) the loan is deemed by management to be uncollectible, or (b) the loan becomes past due 180 days or more. Closed ended consumer installment loans are charged off to net realizable value at the earlier of when (a) the loan is deemed by management to be uncollectible, or (b) the loan becomes past due 120 days or more. Commercial/agricultural real estate, commercial and industrial and agricultural operating loans are charged off to net realizable value at the earlier of when (a) the loan is deemed by management to be uncollectible, or (b) the loan becomes past due 90 days or more.

Allowance for Credit Losses – Loans The allowance for credit losses ("ACL") on loans is a valuation allowance for current expected credit losses in the Company's loan portfolio. Loan losses are charged against the ACL when management believes that the collectability of a loan balance is unlikely. Subsequent recoveries, if any, are credited to the ACL. In determining the allowance, the company estimates credit losses over the loan's entire contractual term, adjusted for expected prepayments when appropriate. The allowance estimate considers relevant available information from internal and external sources relating to historical loss experience; known and inherent risks in our portfolio; information about specific borrowers' ability to repay; estimated collateral values; current economic conditions; reasonable and supportable forecasts for future conditions; and other relevant factors determined by management. To ensure that the ACL is maintained at an adequate level, a detailed analysis is performed on a quarterly basis and an appropriate provision is made to adjust the allowance. The entire ACL balance is available for any loan that, in management's judgment, should be charged off.

The determination of the ACL requires significant judgement to estimate credit losses. The ACL on loans is measured collectively on a pooled basis when similar risk characteristics exist, and on an individual basis when management determines that the loan does not share similar risk characteristics with other loans. The ACL on loans collectively evaluated is measured using the loss rate model. The Company categorizes its loan portfolio into four segments based on similar risk characteristics. Loans within each segment are pooled based on individual loan characteristics. Aggregated risk drivers are then calculated at a pool level. Risk drivers are identified attributes that have proven to be predictive of loan loss rates and vary based on loan segment and type. A loss rate is calculated and applied to the pool utilizing a model that combines the pool's risk drivers, historical loss experience, and reasonable and supportable future economic forecasts to project lifetime losses. For commercial/agricultural real estate loans, the loss rate is then combined with the loans balance and contractual maturity, adjusted for expected prepayments, to determine expected future losses. Future and supportable economic forecasts are based on national economic conditions and their reversion to the mean is implicit in the model and generally occurs over a period of two years. For commercial and industrial/agricultural operating, residential, and consumer loans, the loss rate is then combined with the loans balance and contractual maturity, to determine expected future losses.

Qualitative adjustments are made to the allowance calculated on collectively evaluated loans to incorporate factors not included in the model. Qualitative factors include but are not limited to, lending policies and procedures, the experience and ability of lending and other staff, the volume and severity of problem credits, quality of the loan review system, and other external factors.

Loans that exhibit different risk characteristics from the pool are individually evaluated and not included in the collective evaluation. Loans can be identified for individual evaluation for a variety of reasons including delinquency, nonaccrual status, risk rating and loan modification. Accruing loans that exhibit different risk characteristics from their pool may also be within scope. On these loans, an allowance may be established so that the loan is reported, net, at the lower of (a) its amortized cost; (b) the present value of the loan's estimated future cash flows using the loan's existing rate; or (c) at the fair value of any loan collateral, less estimated disposal costs, if the loan is collateral dependent. Collateral dependency is determined using the practical expedient when: 1) the borrower is experiencing financial difficulty; and 2) repayment is expected to be provided substantially through the sale or operation of the collateral. However, if it is probable that the Company will foreclose on the collateral, the use of the fair value of the collateral to calculate the allowance for credit loss is required.

The Company has elected to not measure an ACL on accrued interest as it writes off accrued interest in a timely manner. Accrued interest receivable on loans was $4,775 and $4,467 at September 30, 2025 and December 31, 2024, respectively.

Allowance for Credit Losses - Unfunded Commitments - The ACL on unfunded commitments is a liability for credit losses on commitments to originate or fund loans, and standby letters of credit. It is included in "Other liabilities" on the consolidated balance sheets. Expected credit losses are estimated over the contractual period in which the Company is exposed to credit risk via a commitment that cannot be unconditionally canceled, adjusted for projected prepayments when appropriate. In addition, the estimate of the liability considers the likelihood that funding will occur. The ACL on unfunded commitments is adjusted through provision for credit losses on the consolidated statements of operations. Because the business processes and risks associated with unfunded commitments are essentially the same as loans, the Company uses the same process to estimate the liability.

Loans Held for Sale — Loans held for sale are those loans the Company has the intent to sell in the foreseeable future. They are carried at the lower of aggregate cost or fair value. Gains and losses on sales of loans are recognized at settlement dates, and are determined by the difference between the sales proceeds and the carrying value of the loans after allocating costs to servicing rights retained. Such gains and losses are included as non-interest income in the consolidated statements of operations. All sales are made without recourse. Interest rate lock commitments on mortgage loans to be funded and sold are valued at fair value, and are included in other assets or liabilities, if material.

Transfers of financial assets—Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the entity, (2) the transferee obtains the right, free of conditions that constrain it from taking advantage of that right, to pledge or exchange the transferred assets, and (3) the entity does not maintain effective control over the transferred assets through an agreement to repurchase them before maturity.

Mortgage Servicing Rights— Mortgage servicing rights ("MSR") assets result as the Company sells loans to investors in the secondary market and retains the rights to service mortgage loans sold to others. MSR assets are initially measured at fair value; assessed for impairment at least annually; and carried at the lower of the initial capitalized amount, net of accumulated amortization, or estimated fair value. MSR assets are amortized in proportion to and over the period of estimated net servicing income, with the amortization recorded as "Mortgage servicing rights expense, net" in non-interest expense in the consolidated statements of operations.

The valuation of MSRs and related amortization, included in mortgage servicing rights expense in the consolidated statements of operations, thereon are based on numerous factors, assumptions and judgments, such as those for: changes in the mix of loans, interest rates, prepayment speeds, and default rates. Changes in these factors, assumptions and judgments may have a material effect on the valuation and amortization of MSRs. Although management believes that the assumptions used to evaluate the MSRs for impairment are reasonable, future adjustment may be necessary if future economic conditions differ substantially from the economic assumptions used to determine the value of MSRs.

Servicing fee income, which is reported on the consolidated statements of operations in non-interest income as loan servicing income, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of outstanding principal; or a fixed amount per loan and are recorded as income when earned.

Office Properties and Equipment—Premises and equipment are stated at cost less accumulated depreciation. Land is carried at cost. Maintenance and repair costs are charged to expense as incurred. Gains or losses on disposition of office properties and equipment are reflected in income. Buildings and related components are depreciated using the straight-line method with useful lives ranging from 10 to 40 years. Furniture, fixtures and equipment are depreciated using the straight-line (or accelerated) method with useful lives ranging from 3 to 10 years. Leasehold improvements are depreciated using the straight-line (or accelerated) method with useful lives based on the lesser of (a) the estimated life of the lease, or (b) the estimated useful life of the leasehold improvement. Depreciation expense is included in non-interest expense on the consolidated statements of operations.

Goodwill and other intangible assets—The Company accounts for goodwill and other intangible assets in accordance with ASC Topic 350, "Intangibles - Goodwill and Other." The Company records the excess of the cost of acquired entities over the fair value of identifiable tangible and intangible assets acquired, less liabilities assumed, as goodwill. The Company amortizes acquired intangible assets, primarily Core Deposit Intangibles (CDI) with definite useful economic lives over their useful economic lives originally ranging from 72 to 111 months utilizing the straight-line method. On a periodic basis, management assesses whether events or changes in circumstances indicate that the carrying amounts of the intangible assets may be impaired. Goodwill is not amortized but, instead, is subject to impairment tests on at least an annual basis, and more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. A reporting unit is defined as any distinct, separately identifiable component of the Company's one operating segment for which complete, discrete financial information is available and reviewed regularly by the segment's management. The Company has one reporting unit as of September 30, 2025, which is related to its banking activities. The impairment testing process is conducted by assigning net assets and goodwill to the Company's reporting unit. An initial qualitative evaluation is made to assess the likelihood of impairment and determine whether further quantitative testing to calculate the fair value is necessary. When the qualitative evaluation indicates that impairment is more likely than not, quantitative testing is required whereby the fair value of the Company's reporting unit is calculated and compared to the recorded book value, "step one." If the calculated fair value of the Company's reporting unit exceeds its carrying value, goodwill is not considered impaired and "step two" is not considered necessary. If the carrying value of the Company's reporting unit exceeds its calculated fair value, the impairment test continues ("step two") by comparing the carrying value of the Company's reporting unit's goodwill to the implied fair value of goodwill. An impairment charge is recognized if the carrying value of goodwill exceeds the implied fair value of goodwill. The Company has performed the required goodwill impairment test and has determined that goodwill was not impaired as of October 31, 2024, and no circumstances arose after October 31, 2024, that indicated impairment existed at December 31, 2024, per the quarterly analysis. The Company has monitored events and conditions since December 31, 2024, and has determined that no triggering event has occurred that would require goodwill to be tested for impairment.

Foreclosed and Repossessed Assets, net – Assets acquired through foreclosure or repossession are initially recorded at fair value, less estimated costs to sell, which establishes a new cost basis. If the fair value declines subsequent to foreclosure or repossession, a write-down is recorded through expense. Costs incurred after acquisition are expensed and are included in non-interest expense, other in the consolidated statements of operations.

Bank Owned Life Insurance (BOLI)—The Bank invests in bank-owned life insurance (BOLI) as a source of funding for employee benefit expenses. BOLI involves the purchasing of life insurance by the Bank on a select group of employees. The Bank is the owner and beneficiary of the policies. Income from the increase in cash surrender value of the policies as well as the receipt of death benefits is included in non-interest income on the consolidated statements of operations.

New Markets Tax Credits - As a part of its commitment to the communities it serves, in the first quarter of 2022 and the third quarter of 2024, the Company made investments in LLC's that are sponsoring community development projects that have been awarded New Markets Tax Credits ("NMTC") through the U.S. Department of the Treasury's Community Development Financial Institutions Fund. These investments are Community Reinvestment Act eligible and are designed to generate a return primarily through the realization of the tax credit. These LLC's are considered a Variable Interest Entity (VIE) as the Company represents the holder of the equity investment at risk. However, the Company does not have the ability to direct the activities that most significantly affect the performance of the LLC. As such, the Company is not the primary beneficiary of the VIE and the LLCs have not been consolidated. With the adoption of ASU 2023-02 on January 1, 2023, the investments are accounted for using the proportional amortization method, which requires amortizing the investment in the period of and in proportion to the recognition of the related tax credit. Amortization of the investment is included in provision for income taxes and the utilization of the tax credit is recorded as a reduction in provision for income taxes. Prior to the adoption of ASU 2023-02 the investment was accounted for using the equity method of accounting and was amortized through non-interest expense.

As of September 30, 2025, the carrying amount of this investment, which is included in other assets in the consolidated balance sheets, was $3,700. The risk of loss with this investment is limited to its carrying value and is tied to its ability to operate in compliance with the rules and regulations necessary for the qualification of the tax credit generated by the investment. As of September 30, 2025, there were no known instances of noncompliance associated with either investment.

Leases - We determine if an arrangement is a lease at inception. All of our existing leases have been determined to be operating leases under ASC 842. Right-of-use ("ROU") assets are included in other assets in our consolidated balance sheets. Operating lease liabilities are included in other liabilities in our consolidated balance sheets. Lease expense is included in non-interest expense, "Occupancy" in the consolidated statements of operations.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date, based on the present value of lease payments over the lease term. As none of our existing leases provide an implicit rate, we use our incremental borrowing rate, based on information available at commencement date, in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease, when it is reasonably certain that we will exercise that option. Lease expense is recognized based on the total contractually required lease payments, over the term of the lease, on a straight-line basis. Some of the Bank's leases require it to make variable payments for the Bank's share of property taxes, insurance, common area maintenance and other costs. These variable costs are recognized when incurred and are also included in lease expense.

Federal Home Loan Bank ("FHLB") advances - The Bank held no short-term or long-term FHLB advances as of September 30, 2025. The Bank held no short-term FHLB advances and $5,000 long-term FHLB advances as of December 31, 2024. For cash flow purposes the short-term FHLB advances, if any, are disclosed net with original maturities of three months or less.

Debt and equity issuance costs—Debt issuance costs, which consist primarily of fees paid to note lenders, are deferred and included in other borrowings in the consolidated balance sheets. Debt issuance costs that originated in 2020 and thereafter, are amortized through the first Company call option date of the corresponding debt, as a component of interest expense on other borrowed funds in the consolidated statements of operations. Senior note debt issuance costs, are amortized over the contractual term of the corresponding debt, as a component of interest expense on other borrowed funds in the consolidated statements of operations. Specific costs associated with the issuance of shares of the Company's common or preferred stock are netted against proceeds and recorded in stockholders' equity, as additional paid in capital, on the consolidated balance sheets, in the period of the share issuance.

Share-Based Compensation—The Company may grant restricted stock awards and other stock-based awards to plan participants, subject to forfeiture upon the occurrence of certain events until the dates specified in the participant's award agreement. The Company accounts for forfeitures as they occur. Forfeited restricted shares are canceled and returned to authorized and unissued shares. While time based restricted shares are subject to forfeiture, time based restricted stock award participants may exercise full voting rights and will receive all dividends and other distributions paid with respect to the restricted shares. The time based restricted shares granted under the 2018 Equity Incentive Plan (the "Plan") are subject to a three-year vesting period. Compensation expense for time based restricted stock is recognized over the requisite service period of three years for the entire award on a straight-line basis. Performance based restricted shares are earned over a three-year period based on Board approved performance metrics and expense is recorded based on expected shares vesting. The performance based restricted stock award participants do not have voting rights and do not receive dividends or other distributions paid with respect to the performance based restricted shares. Upon vesting of restricted stock, the benefit of tax deductions in excess of recognized compensation expense is reflected as an income tax benefit in the Consolidated Statements of Operations.

Advertising, Marketing and Public Relations Expense—The Company expenses all advertising, marketing and public relations costs as they are incurred.

Income Taxes – The Company accounts for income taxes in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification ("ASC") Topic 740, "Income Taxes." Under this guidance, deferred taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates that will apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income or expense in the period that includes the enactment date.

The Company regularly reviews the carrying amount of its net deferred tax assets to determine if the establishment of a valuation allowance is necessary. If based on the available evidence, it is more likely than not that all or a portion of the Company's net deferred tax assets will not be realized in future periods, a deferred tax valuation allowance would be established. Consideration is given to various positive and negative factors that could affect the realization of the deferred tax assets. In evaluating this available evidence, management considers, among other things, historical performance, expectations of future earnings, the ability to carry back losses to recoup taxes previously paid, the length of statutory carry forward periods, any experience with utilization of operating loss and tax credit carry forwards not expiring, tax planning strategies and timing of reversals of temporary differences. Significant judgment is required in assessing future earnings trends and the timing of reversals of temporary differences. Accordingly, the Company's evaluation is based on current tax laws as well as management's expectations of future performance.

The Company's effective tax rates were 18.8% and 21.5% for the three months ended September 30, 2025 and September 30, 2024, respectively, and 19.2% and 21.6% for the nine months ended September 30, 2025 and September 30, 2024, respectively.

Revenue Recognition - The Company's primary source of revenue is interest income from interest earning assets, which is recognized on the accrual basis of accounting using the effective interest method. The recognition of revenues from interest earning assets is based upon formulas from underlying loan agreements, securities contracts or other similar contracts.

The Company accounts for revenue from contracts with customers in accordance with ASC Topic 606, "Revenue from Contracts with Customers." Topic 606 provides that revenue from contracts with customers be recognized when performance obligations under the terms of a contract are satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing service. The Company does not have any materially significant payment terms as payment is received shortly after the satisfaction of the performance obligation. The statement of operations line items recognized under the scope of Topic 606 are as follows:

Service charges on deposit accounts - Service charges on accounts consist of monthly service fees, transaction-based fees, overdraft fees and other deposit account related fees. The Company's performance obligation for monthly services fees is generally satisfied over the period in which the service is provided. Revenue for these monthly fees is recognized during the service period. Other deposit account related fees are largely transactional based, and therefore, the Company's performance obligation is satisfied at the time the service is provided. Payment for service charges on deposit accounts are primarily received immediately or in the following month through a direct charge to a customer's account.

Interchange income - The Company earns interchange fees when cardholder debit card transactions are processed through card association networks. The interchange rates are generally set by the card association based upon purchase volumes and other factors. Interchange fees represent a percentage of the underlying transaction value. The Company has a continuous contract, based on customary business practices, with the card association networks to make funds available for settlement of card transactions. The Company's performance obligation is satisfied over time as it makes funds available, and the related income is recognized when received.

Gain (loss) on repossessed assets - The Company records a gain or loss from the sale of repossessed assets, when control of the property or asset transfers to the buyer, which generally occurs at the time of an executed deed or sales agreement. When the Company finances the sale of repossessed assets to a buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the repossessed asset is derecognized and the gain or loss on sale is recorded upon transfer of control of the property to the buyer. In determining the gain on sale or loss on the sale, the Company adjusts the transaction price and related gain or loss on sale if a significant financing component is present.

Non-interest income outside of the scope of Revenue from Contracts with Customers, Topic 606 is recognized on the accrual basis of accounting as services are provided or as transactions occur. Non-interest income outside of the scope of Topic 606 includes mortgage banking activities, loan fees and service charges, net gains (losses) on investment securities, and other, which is primarily made up of BOLI related income.

Earnings Per Share – Basic earnings per common share is net income or loss divided by the weighted average number of common shares outstanding during the period. Diluted earnings per common share includes the dilutive effect of additional potential common shares issuable during the period, consisting of stock options outstanding under the Company's stock incentive plans that have an exercise price that is less than the Company's stock price on the reporting date.

Loss Contingencies**—**Loss contingencies, including claims and legal actions arising in the normal course of business, are recorded as liabilities when the likelihood of loss is probable and an amount of loss can be reasonably estimated.

Off-Balance-Sheet Financial Instruments**—**In the ordinary course of business, the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit and commitments under lines of credit arrangements, issued to meet customer financial needs. Such financial instruments are recorded in the financial statements when they become payable.

Derivatives--Rate-lock Commitments and Forward Sale Agreements **—**The Company enters into commitments to originate loans, whereby the interest rate on the loan is determined prior to funding (rate-lock commitment). Rate-lock commitments on mortgage loans held for sale are derivative instruments. If material, derivative instruments are carried on the consolidated balance sheets at fair value, and changes in the fair value thereof are recognized in the consolidated statements of operations. The Company originates single-family residential loans for sale, pursuant to programs primarily with the Federal Home Loan Mortgage Corporation ("FHLMC") and other similar third parties. In connection with these programs, at the time the Company initially issues a loan commitment, it does not lock in a specific interest rate. At the time the interest rate is locked in by the borrower, the Company concurrently enters into a forward loan sale agreement with the prospective loan purchaser, at a specific price, in order to manage the interest rate risk inherent to the rate-lock commitment. The forward sale agreement also meets the definition of a derivative instrument. Any change in the fair value of the loan commitment after the borrower locks in the interest rate is substantially offset by the corresponding change in the fair value of the forward loan sale agreement related to such loan. The period from the time the borrower locks in the interest rate, to the time the Company funds the loan and sells the loan to a third party varies, and could be up to 90 days. The fair value of each instrument will rise and fall in response to changes in market interest rates, subsequent to the dates the interest rate locks and forward sale agreements are entered into. In the event that interest rates rise after the Company enters into an interest rate lock, the fair value of the loan commitment will decline. However, the fair value of the forward loan sale agreement related to such loan commitment should increase by substantially the same amount, effectively eliminating the Company's interest rate and price risks.

At September 30, 2025, the Company had $4,570 of loan commitments outstanding related to loans being originated for sale, all of which were subject to interest rate lock commitments and corresponding forward loan sale agreements, as described above. The net fair values of outstanding interest rate-lock commitments and forward sale agreements were considered immaterial to the Company's consolidated financial statements as of September 30, 2025.

Common Stock Repurchased-The Company is incorporated in Maryland. Under Maryland Law, shares repurchased are canceled and returned to authorized and unissued shares and recorded as a reduction of each of the applicable captions within stockholders' equity on the consolidated balance sheets and consolidated statement of changes in stockholders' equity.

Other Comprehensive Income **—**Accumulated and other comprehensive income or loss is comprised of the unrealized and realized gains and losses on securities available for sale, net of tax, and is shown on the accompanying consolidated statements of comprehensive income.

Operating Segments**—**The Chief Operating Decision Maker (as defined in Note 13) regularly reviews consolidated financial statements, as well as detailed revenue and net interest income and expense results in order to assess the Company's performance and allocate resources. While the Chief Operating Decision Maker monitors the revenue streams of the various banking products and services, financial performance is evaluated and resource allocation decisions are made on a Company-wide basis. Accordingly, all of the Company's banking operations are considered by the Chief Operating Decision Maker to be the Company's sole reportable operating segment.

Reclassifications – Certain items previously reported were reclassified for consistency with the current presentation.

Recent Accounting Pronouncements**—**The Financial Accounting Standards Board (FASB) issues Accounting Standards Updates (ASUs) to the FASB Accounting Standards Codification (ASC). This section provides a summary description of recent ASUs that have potentially significant implications (elected or required) within the consolidated financial statements, or that management expects may have a significant impact on financial statements issued in the near future.

Recent Accounting Pronouncements—Adopted

ASU 2023-07, Segment Reporting (Topic 820): Improvements to Reportable Segment Disclosures—This ASU, issued in November 2023, requires all public entities to provide enhanced disclosures about significant segment expenses. This update has been applied retrospectively, and is effective for fiscal years beginning after December 15, 2023, and interim periods with fiscal years beginning after December 15, 2024. Adoptions of ASU 2023-07 had no material effect on the Company's consolidated balance sheet, operations or cash flows.

Recently Issued, But Not Yet Effective Accounting Pronouncements

ASU 2023-09, Income Taxes – Improvements to Income Tax Disclosures – This ASU, issued in December 2023, is effective for fiscal years beginning after December 15, 2024, and interim periods therein, with early adoption permitted. This ASU requires expanded income tax-related note disclosures. The Company is currently evaluating the impact of these new disclosure requirements.

ASU 2024-03, Income Statement, Reporting of Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses—This ASU, issued in November 2024, is effective for fiscal years beginning after December 15, 2027, and interim periods therein, with early adoption permitted. This ASU requires more detailed note disclosure about the types of expenses in commonly presented expense captions. The Company is currently evaluating the impact of these new disclosure requirements.

NOTE 2 – INVESTMENT SECURITIES

The amortized cost and fair value of securities available for sale and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income as of September 30, 2025 and December 31, 2024, respectively, were as follows:

Available-for-sale securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
September 30, 2025				
U.S. government agency obligations	$ 11,502	$ 10	$ 80	$ 11,432
Mortgage-backed securities	83,679	—	16,079	67,600
Corporate debt securities	44,452	140	2,308	42,284
Asset-backed securities	16,566	16	259	16,323
Total available-for-sale securities	$ 156,199	$ 166	$ 18,726	$ 137,639
December 31, 2024				
U.S. government agency obligations	$ 13,853	$ 28	$ 128	$ 13,753
Mortgage-backed securities	87,762	—	19,376	68,386
Corporate debt securities	44,931	111	3,326	41,716
Asset-backed securities	19,058	43	105	18,996
Total available-for-sale securities	$ 165,604	$ 182	$ 22,935	$ 142,851

The amortized cost and fair value of securities held to maturity and the corresponding amounts of gross unrecognized gains and losses as of September 30, 2025 and December 31, 2024, respectively, were as follows:

Held-to-maturity securities	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value
September 30, 2025				
Obligations of states and political subdivisions	$ 400	$ —	$ 15	$ 385
Mortgage-backed securities	81,126	6	16,638	64,494
Total held-to-maturity securities	$ 81,526	$ 6	$ 16,653	$ 64,879
December 31, 2024				
Obligations of states and political subdivisions	$ 500	$ —	$ 22	$ 478
Mortgage-backed securities	85,004	4	19,864	65,144
Total held-to-maturity securities	$ 85,504	$ 4	$ 19,886	$ 65,622

At September 30, 2025, the Bank has pledged certain of its mortgage-backed securities with a carrying value of $32,596 as collateral to secure a line of credit with the Federal Reserve Bank. As of September 30, 2025, there were no borrowings outstanding on this Federal Reserve Bank line of credit. As of September 30, 2025, the Bank has pledged certain of its U.S. Government Agency securities with a carrying value of $220 and mortgage-backed securities with a carrying value of $1,850 as collateral against specific municipal deposits. As of September 30, 2025, the Bank also has mortgage-backed securities with a carrying value of $419 pledged as collateral to the Federal Home Loan Bank of Des Moines.

At December 31, 2024 the Bank had pledged certain of its mortgage-backed securities with a carrying value of $33,994 as collateral to secure a line of credit with the Federal Reserve Bank. As of December 31, 2024, there were no borrowings outstanding on this Federal Reserve Bank line of credit. As of December 31, 2024, the Bank had pledged certain of its U.S. Government Agency securities with a carrying value of $339 and mortgage-backed securities with a carrying value of $1,766 as collateral against specific municipal deposits. As of December 31, 2024, the Bank also had mortgage-backed securities with a carrying value of $506, pledged as collateral to the Federal Home Loan Bank of Des Moines.

For the nine month periods ended September 30, 2025, and September 30, 2024, there were no sales of available for sale securities.

The estimated fair value of securities at September 30, 2025 and December 31, 2024, by contractual maturity, is shown below.

	September 30, 2025		December 31, 2024	
Available-for-sale securities	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 4,012	$ 3,994	$ 4,526	$ 4,487
Due after one year through five years	6,818	6,881	8,652	8,715
Due after five years through ten years	40,196	37,924	41,380	38,033
Due after ten years	21,494	21,240	23,284	23,230
Total securities with contractual maturities	72,520	70,039	77,842	74,465
Mortgage-backed securities	83,679	67,600	87,762	68,386
Total available for sale securities	$ 156,199	$ 137,639	$ 165,604	$ 142,851

	September 30, 2025		December 31, 2024	
Held-to-maturity securities	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 100	$ 99	$ 100	$ 100
Due after one year through five years	300	286	400	378
Total securities with contractual maturities	400	385	500	478
Mortgage-backed securities	81,126	64,494	85,004	65,144
Total held to maturity securities	$ 81,526	$ 64,879	$ 85,504	$ 65,622

Securities with unrealized losses at September 30, 2025 and December 31, 2024, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

Available-for-sale securities	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
September 30, 2025						
U.S. government agency obligations	$ 2,262	$ 9	$ 6,208	$ 71	$ 8,470	$ 80
Mortgage-backed securities	—	—	67,600	16,079	67,600	16,079
Corporate debt securities	927	24	29,866	2,284	30,793	2,308
Asset-backed securities	5,277	42	10,143	217	15,420	259
Total	$ 8,466	$ 75	$ 113,817	$ 18,651	$ 122,283	$ 18,726
December 31, 2024						
U.S. government agency obligations	$ 5,472	$ 25	$ 3,334	$ 103	$ 8,806	$ 128
Mortgage-backed securities	2,732	112	65,654	19,264	68,386	19,376
Corporate debt securities	—	—	36,806	3,326	36,806	3,326
Asset-backed securities	939	1	12,210	104	13,149	105
Total	$ 9,143	$ 138	$ 118,004	$ 22,797	$ 127,147	$ 22,935

At September 30, 2025 no ACL was established for available for sale or held to maturity securities. Substantially all the held to maturity portfolio is made up of agency backed mortgage securities. These securities are guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. At September 30, 2025, there were no past due held to maturity securities. Accordingly, the Company does not expect to incur credit losses on these securities. Unrealized losses on available-for-sale investment securities have not been recognized into income because the issuers' bonds are agency backed securities or other securities that all principal and interest is expected to be received on a timely basis. Furthermore, the Company does not intend to sell, and it is more likely than not that management will not be required to sell, the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates. The issuers continue to make timely principal and interest payments on their bonds.

All of our available for sale and held to maturity investment securities are investment grade securities.

NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES

Portfolio Segments:

Commercial and agricultural real estate loans are underwritten after evaluating and understanding the borrower's ability to operate profitably and prudently expand its business. Management examines current and projected cash flows to determine the ability of the borrower to repay its obligations as agreed. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally largely dependent on the successful operation of the property or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. The level of owner-occupied property versus non-owner-occupied property are tracked and monitored on a regular basis. Agricultural real estate loans are primarily comprised of loans for the purchase of farmland. Loan-to-value ratios on loans secured by farmland generally do not exceed 75%.

Commercial and industrial (“C&I”) loans are primarily underwritten based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. These cash flows, however, may not be as expected and the value of collateral securing the loans may fluctuate. Most commercial loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee. Agricultural operating loans are generally comprised of term loans to fund the purchase of equipment, livestock and seasonal operating lines. Operating lines are typically written for one year and secured by the crop and other farm assets or other business assets, as considered necessary. Agricultural loans carry significant credit risks as they may involve larger balances concentrated with single borrowers or groups of related borrowers. In addition, repayment of such loans depends on the successful operation or management of the farm property securing the loan or for which an operating loan is utilized. Farming operations may be affected by adverse weather conditions such as drought, hail or floods that can severely limit crop yields.

Residential mortgage loans are collateralized by primary and secondary positions on real estate and are underwritten primarily based on borrower’s documented income, credit scores, and collateral values. Under consumer home equity loan guidelines, the borrower will be approved for a loan based on a percentage of their home’s appraised value less the balance owed on the existing first mortgage. Credit risk is minimized within the residential mortgage portfolio due to relatively small loan account balances spread across many individual borrowers. Management evaluates trends in past due loans and current economic factors such as the housing price index on a regular basis.

Consumer installment loans are comprised of other consumer loans secured primarily by automobiles and other personal assets and originated indirect paper loans secured primarily by boats and recreational vehicles. Consumer loan underwriting terms often depend on the collateral type, debt to income ratio and the borrower’s creditworthiness as evidenced by their credit score. In the event of a consumer installment loan default, collateral value alone may not provide an adequate source of repayment of the outstanding loan balance. This shortage is a result of the greater likelihood of damage, loss and depreciation for consumer based collateral.

Loans are stated at the principal amount outstanding net of unearned net deferred fees and costs and loans in process, unearned discounts on acquired loans, and allowance for credit losses ("ACL"). Unearned net deferred fees and costs includes deferred loan origination fees reduced by loan origination costs and is amortized to interest income over the life of the related loan using methods that approximated the effective interest rate method. Interest on substantially all loans is credited to income based on the principal amount outstanding. A summary of loans at September 30, 2025, and December 31, 2024, follows:

	September 30, 2025		December 31, 2024	
	Amortized Cost	% of Total	Amortized Cost	% of Total
Commercial/Agricultural real estate:				
Commercial real estate	$ 682,440	51.6 %	$ 707,009	51.7 %
Agricultural real estate	64,001	4.8 %	72,738	5.3 %
Multi-family real estate	237,068	17.9 %	220,706	16.1 %
Construction and land development	74,354	5.6 %	78,146	5.7 %
C&I/Agricultural operating:				
Commercial and industrial	101,535	7.7 %	115,535	8.4 %
Agricultural operating	30,078	2.3 %	31,017	2.3 %
Residential mortgage:				
Residential mortgage	124,834	9.4 %	131,892	9.6 %
Purchased HELOC loans	1,979	0.2 %	2,956	0.2 %
Consumer installment:				
Originated indirect paper	2,566	0.2 %	3,970	0.3 %
Other consumer	4,155	0.3 %	5,012	0.4 %
Total loans receivable	$ 1,323,010	100 %	$ 1,368,981	100 %
Less: Allowance for credit losses	(22,182)		(20,549)	
Net loans receivable	$ 1,300,828		$ 1,348,432	

Credit Quality/Risk Ratings:

Management utilizes a numeric risk rating system to identify and quantify the Bank's risk of loss within its commercial/agricultural real estate and commercial and industrial/agricultural operating loan portfolios. Ratings are initially assigned prior to funding the loan, and may be changed at any time as circumstances warrant.

Ratings range from the highest to lowest quality based on factors that include measurements of ability to pay, collateral type and value, borrower stability and management experience. The Bank's loan portfolio ratings are presented below in accordance with the risk rating framework that has been commonly adopted by the federal banking agencies. The definitions of the various risk rating categories are as follows:

1 through 4 - Pass. A "Pass" loan means that the condition of the borrower and the performance of the loan is satisfactory or better.

5 - Watch. A "Watch" loan has clearly identifiable developing weaknesses that deserve additional attention from management. Weaknesses that are not corrected or mitigated, may jeopardize the ability of the borrower to repay the loan in the future.

6 - Special Mention. A "Special Mention" loan has one or more potential weakness that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or in the institution's credit position in the future.

7 - Substandard. A "Substandard" loan is inadequately protected by the current net worth and paying capacity of the obligor or the collateral pledged, if any. Assets classified as substandard must have a well-defined weakness, or weaknesses, that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

8 - Doubtful. A "Doubtful" loan has all the weaknesses inherent in a Substandard loan 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.

9 - Loss. Loans classified as "Loss" are considered uncollectible, and their continuance as bankable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value, and a partial recovery may occur in the future.

As of September 30, 2025, and December 31, 2024, there were no loans classified as doubtful with a risk rating of 8 and no loans classified as loss with a risk rating of 9.

Residential and consumer loans are typically not rated until they are past due 90 days at month-end which is why they are classified as pass graded 1-5 and once 90 days past due at month-end or nonaccrual, get assigned a grade 7.

Below is a summary of the amortized cost of loans summarized by class, credit quality risk rating and year of origination as of September 30, 2025, and gross charge-offs for the nine months ended September 30, 2025:

	Amortized Cost Basis by Origination Year								
	2025	2024	2023	2022	2021	Prior	Revolving	Revolving to Term	Total
Commercial/Agricultural real estate:									
Commercial real estate									
Risk rating 1 to 5	$ 49,611	$ 48,332	$ 73,187	$ 99,390	$ 195,318	$ 189,575	$ 8,917	$ —	$ 664,330
Risk rating 6	—	776	119	2,207	2,794	3,481	24	—	9,401
Risk rating 7	—	170	1,318	1,091	1,969	4,161	—	—	8,709
Total	$ 49,611	$ 49,278	$ 74,624	$ 102,688	$ 200,081	$ 197,217	$ 8,941	$ —	$ 682,440
Current period gross charge-offs	$ —	$ —	$ —	$ 51	$ —	$ —	$ —	$ —	$ 51
Agricultural real estate									
Risk rating 1 to 5	$ 13,527	$ 2,551	$ 6,197	$ 16,190	$ 9,466	$ 15,055	$ 656	$ —	$ 63,642
Risk rating 6	—	—	—	—	—	139	—	—	139
Risk rating 7	—	—	197	—	—	23	—	—	220
Total	$ 13,527	$ 2,551	$ 6,394	$ 16,190	$ 9,466	$ 15,217	$ 656	$ —	$ 64,001
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multi-family real estate									
Risk rating 1 to 5	$ 20,683	$ 8,633	$ 7,671	$ 56,177	$ 88,708	$ 45,846	$ 380	$ —	$ 228,098
Risk rating 6	—	—	—	—	—	—	—	—	—
Risk rating 7	—	—	—	—	8,970	—	—	—	8,970
Total	$ 20,683	$ 8,633	$ 7,671	$ 56,177	$ 97,678	$ 45,846	$ 380	$ —	$ 237,068
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction and land development									
Risk rating 1 to 5	$ 22,682	$ 13,350	$ 26,836	$ 9,012	$ 259	$ 1,981	$ 234	$ —	$ 74,354
Risk rating 6	—	—	—	—	—	—	—	—	—
Risk rating 7	—	—	—	—	—	—	—	—	—
Total	$ 22,682	$ 13,350	$ 26,836	$ 9,012	$ 259	$ 1,981	$ 234	$ —	$ 74,354
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial/Agricultural operating:									
Commercial and industrial									
Risk rating 1 to 5	$ 12,127	$ 16,854	$ 8,390	$ 20,059	$ 8,871	$ 9,419	$ 18,446	$ —	$ 94,166
Risk rating 6	230	794	1,435	2,221	61	138	556	—	5,435
Risk rating 7	—	—	280	741	381	—	532	—	1,934
Total	$ 12,357	$ 17,648	$ 10,105	$ 23,021	$ 9,313	$ 9,557	$ 19,534	$ —	$ 101,535
Current period gross charge-offs	$ —	$ —	$ 36	$ 23	$ —	$ —	$ 35	$ —	$ 94
Agricultural operating									
Risk rating 1 to 5	$ 3,944	$ 1,181	$ 2,501	$ 2,212	$ 375	$ 948	$ 18,438	$ —	$ 29,599
Risk rating 6	—	—	46	—	30	203	200	—	479
Risk rating 7	—	—	—	—	—	—	—	—	—
Total	$ 3,944	$ 1,181	$ 2,547	$ 2,212	$ 405	$ 1,151	$ 18,638	$ —	$ 30,078
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Continued	Amortized Cost Basis by Origination Year								
	2025	2024	2023	2022	2021	Prior	Revolving	Revolving to Term	Total
Residential mortgage:									
Residential mortgage									
Risk rating 1 to 5	$ 8,649	$ 9,883	$ 24,140	$ 29,056	$ 6,753	$ 27,094	$ 16,916	$ —	$ 122,491
Risk rating 7	—	—	—	—	134	2,109	100	—	2,343
Total	$ 8,649	$ 9,883	$ 24,140	$ 29,056	$ 6,887	$ 29,203	$ 17,016	$ —	$ 124,834
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Purchased HELOC loans									
Risk rating 1 to 5	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,862	$ —	$ 1,862
Risk rating 7	—	—	—	—	—	—	117	—	117
Total	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,979	$ —	$ 1,979
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer installment:									
Originated indirect paper									
Risk rating 1 to 5	$ —	$ —	$ —	$ —	$ —	$ 2,536	$ —	$ —	$ 2,536
Risk rating 7	—	—	—	—	—	30	—	—	30
Total	$ —	$ —	$ —	$ —	$ —	$ 2,566	$ —	$ —	$ 2,566
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 1	$ —	$ —	$ 1
Other consumer									
Risk rating 1 to 5	$ 1,142	$ 942	$ 782	$ 462	$ 208	$ 168	$ 448	$ —	$ 4,152
Risk rating 7	—	1	—	—	—	—	2	—	3
Total	$ 1,142	$ 943	$ 782	$ 462	$ 208	$ 168	$ 450	$ —	$ 4,155
Current period gross charge-offs	$ —	$ 3	$ 10	$ —	$ —	$ —	$ 4	$ —	$ 17
Total loans receivable	$ 132,595	$ 103,467	$ 153,099	$ 238,818	$ 324,297	$ 302,906	$ 67,828	$ —	$ 1,323,010
Total current period gross charge-offs	$ —	$ 3	$ 46	$ 74	$ —	$ 1	$ 39	$ —	$ 163

Below is a summary of the amortized cost of loans summarized by class, credit quality risk rating and year of origination as of December 31, 2024, and gross charge-offs for the twelve months ended December 31, 2024:

	Amortized Cost Basis by Origination Year								
	2024	2023	2022	2021	2020	Prior	Revolving	Revolving to Term	Total
Commercial/Agricultural real estate:									
Commercial real estate									
Risk rating 1 to 5	$ 49,580	$ 76,381	$ 123,806	$ 207,155	$ 89,539	$ 141,264	$ 7,669	$ —	$ 695,394
Risk rating 6	173	1,406	2,238	138	—	—	—	—	3,955
Risk rating 7	—	—	553	2,445	214	4,448	—	—	7,660
Total	$ 49,753	$ 77,787	$ 126,597	$ 209,738	$ 89,753	$ 145,712	$ 7,669	$ —	$ 707,009
Current period gross charge-offs	$ —	$ —	$ —	$ 39	$ —	$ —	$ —	$ —	$ 39
Agricultural real estate									
Risk rating 1 to 5	$ 3,556	$ 10,870	$ 17,160	$ 10,098	$ 7,335	$ 16,642	$ 715	$ —	$ 66,376
Risk rating 6	—	—	—	—	—	140	—	—	140
Risk rating 7	—	202	477	5,102	—	441	—	—	6,222
Total	$ 3,556	$ 11,072	$ 17,637	$ 15,200	$ 7,335	$ 17,223	$ 715	$ —	$ 72,738
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multi-family real estate									
Risk rating 1 to 5	$ 8,777	$ 7,790	$ 40,426	$ 101,213	$ 43,115	$ 19,005	$ 380	$ —	$ 220,706
Risk rating 6	—	—	—	—	—	—	—	—	—
Risk rating 7	—	—	—	—	—	—	—	—	—
Total	$ 8,777	$ 7,790	$ 40,426	$ 101,213	$ 43,115	$ 19,005	$ 380	$ —	$ 220,706
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction and land development									
Risk rating 1 to 5	$ 23,832	$ 25,102	$ 10,186	$ 346	$ 1,297	$ 868	$ 16,412	$ —	$ 78,043
Risk rating 6	—	—	—	—	—	103	—	—	103
Risk rating 7	—	—	—	—	—	—	—	—	—
Total	$ 23,832	$ 25,102	$ 10,186	$ 346	$ 1,297	$ 971	$ 16,412	$ —	$ 78,146
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial/Agricultural operating:									
Commercial and industrial									
Risk rating 1 to 5	$ 17,599	$ 13,049	$ 28,343	$ 13,629	$ 8,787	$ 4,197	$ 24,809	$ —	$ 110,413
Risk rating 6	—	—	3,062	13	—	—	292	626	3,993
Risk rating 7	—	500	74	401	—	—	154	—	1,129
Total	$ 17,599	$ 13,549	$ 31,479	$ 14,043	$ 8,787	$ 4,197	$ 25,255	$ 626	$ 115,535
Current period gross charge-offs	$ —	$ 131	$ 7	$ —	$ 5	$ —	$ —	$ —	$ 143
Agricultural operating									
Risk rating 1 to 5	$ 3,373	$ 3,062	$ 3,144	$ 563	$ 198	$ 1,884	$ 17,609	$ —	$ 29,833
Risk rating 6	—	49	—	37	240	—	65	—	391
Risk rating 7	—	—	473	320	—	—	—	—	793
Total	$ 3,373	$ 3,111	$ 3,617	$ 920	$ 438	$ 1,884	$ 17,674	$ —	$ 31,017
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Continued	Amortized Cost Basis by Origination Year								
	2024	2023	2022	2021	2020	Prior	Revolving	Revolving to Term	Total
Residential mortgage:									
Residential mortgage									
Risk rating 1 to 5	$ 13,400	$ 28,598	$ 30,386	$ 7,369	$ 2,141	$ 30,004	$ 17,349	$ —	129,247
Risk rating 7	—	—	130	—	—	2,507	8	—	2,645
Total	$ 13,400	$ 28,598	$ 30,516	$ 7,369	$ 2,141	$ 32,511	$ 17,357	$ —	$ 131,892
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 4	$ —	$ —	$ 4
Purchased HELOC loans									
Risk rating 1 to 5	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,839	$ —	$ 2,839
Risk rating 7	—	—	—	—	—	—	117	—	117
Total	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,956	$ —	$ 2,956
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer installment:									
Originated indirect paper									
Risk rating 1 to 5	$ —	$ —	$ —	$ —	$ —	$ 3,944	$ —	$ —	$ 3,944
Risk rating 7	—	—	—	—	—	26	—	—	26
Total	$ —	$ —	$ —	$ —	$ —	$ 3,970	$ —	$ —	$ 3,970
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 17	$ —	$ —	$ 17
Other consumer									
Risk rating 1 to 5	$ 1,519	$ 1,229	$ 811	$ 385	$ 341	$ 214	$ 511	$ —	$ 5,010
Risk rating 7	2	—	—	—	—	—	—	—	2
Total	$ 1,521	$ 1,229	$ 811	$ 385	$ 341	$ 214	$ 511	$ —	$ 5,012
Current period gross charge-offs	$ —	$ 4	$ 3	$ 1	$ —	$ —	$ 10	$ —	$ 18
Total loans receivable	$ 121,811	$ 168,238	$ 261,269	$ 349,214	$ 153,207	$ 225,687	$ 88,929	$ 626	$ 1,368,981
Total current period gross charge-offs	$ —	$ 135	$ 10	$ 40	$ 5	$ 21	$ 10	$ —	$ 221

Allowance for Credit Losses - Loans- The ACL is comprised of collectively evaluated and individually evaluated components. The allowance for credit losses (“ACL”) represents the Company’s best estimate of the reserve necessary to adequately account for probable losses expected over the remaining life of the assets. The provision for credit losses is the charge against current earnings that is determined by the Company as the amount needed to maintain an adequate allowance for credit losses. In determining the adequacy of the allowance for credit losses, and therefore the provision to be charged to current earnings, the Company relies predominantly on a disciplined credit review and approval process that extends to the full range of the Company’s credit exposure. The review process is directed by the overall lending policy and is intended to identify, at the earliest possible stage, the borrowers who might be facing financial difficulty. Factors considered by the Company in evaluating the overall adequacy of the allowance include historical net loan losses, the level and composition of nonaccrual, past due and modifications, trends in volumes and terms of loans, effects of changes in risk selection and underwriting standards or lending practices, lending staff changes, concentrations of credit, industry conditions and the current economic conditions in the region where the Company operates. The Company estimates the appropriate level of allowance for credit losses by evaluating loans collectively on a pooled basis when similar risk characteristics exist, and on an individual basis when management determines that a loan does not share similar risk characteristics with other loans.

The following tables present the balance and activity in the allowance for credit losses (“ACL”) - loans by portfolio segment for the three and nine months ended September 30, 2025:

	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Total
Three months ended September 30, 2025					
Allowance for Credit Losses - Loans:					
ACL - Loans, at beginning of period	$ 17,164	$ 1,658	$ 2,347	$ 178	$ 21,347
Charge-offs	—	(7)	—	—	(7)
Recoveries	—	3	52	3	58
Additions/reversals to ACL - Loans via provision for credit losses charged to operations	388	490	(76)	(18)	784
ACL - Loans, at end of period	$ 17,552	$ 2,144	$ 2,323	$ 163	$ 22,182

	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Total
Nine months ended September 30, 2025					
Allowance for Credit Losses - Loans:					
ACL - Loans, at beginning of period	$ 16,516	$ 1,330	$ 2,489	$ 214	$ 20,549
Charge-offs	(51)	(94)	—	(18)	(163)
Recoveries	92	49	53	11	205
Additions/(reversals) to ACL - Loans via provision for credit losses charged to operations	995	859	(219)	(44)	1,591
ACL - Loans, at end of period	$ 17,552	$ 2,144	$ 2,323	$ 163	$ 22,182

The following table presents the balance and activity in the allowance for credit losses ("ACL") - loans by portfolio segment for the three and nine months ended September 30, 2024:

	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Total
Three months ended September 30, 2024					
Allowance for Credit Losses - Loans:					
ACL - Loans, at beginning of period	$ 17,033	$ 1,117	$ 2,784	$ 244	$ 21,178
Charge-offs	(39)	—	(4)	(11)	(54)
Recoveries	5	10	4	5	24
(Reversals)/additions to ACL - Loans via provision for credit losses charged to operations	(76)	224	(290)	(6)	(148)
ACL - Loans, at end of period	$ 16,923	$ 1,351	$ 2,494	$ 232	$ 21,000

	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Total
Nine months ended September 30, 2024					
Allowance for Credit Losses - Loans:					
ACL - Loans, at beginning of period	$ 18,784	$ 1,105	$ 2,744	$ 275	$ 22,908
Charge-offs	(39)	—	(4)	(28)	(71)
Recoveries	46	35	7	10	98
Additions/(reversals) to ACL - Loans via provision for credit losses charged to operations	(1,868)	211	(253)	(25)	(1,935)
ACL - Loans, at end of period	$ 16,923	$ 1,351	$ 2,494	$ 232	$ 21,000

Allowance for Credit Losses - Unfunded Commitments - In addition to the ACL - Loans, the Company has established an ACL - Unfunded Commitments of $493 at September 30, 2025, and $334 at December 31, 2024, classified in other liabilities on the consolidated balance sheets. The following table presents the balance and activity in the ACL - Unfunded Commitments for the three and nine months ended September 30, 2025.

	September 30, 2025 and Three Months Ended	September 30, 2025 and Nine Months Ended
ACL - Unfunded Commitments - beginning of period	$ 627	$ 334
Additions (reversals) to ACL - Unfunded Commitments via provision for credit losses charged to operations	(134)	159
ACL - Unfunded Commitments - End of period	$ 493	$ 493

Provision for credit losses - The provision for credit losses is determined by the Company as the amount to be added (reversed) to the ACL loss accounts for various types of financial instruments (including loans and off-balance sheet credit exposures) after net charge-offs have been deducted to bring the ACL to a level that, in managements judgement, is necessary to absorb expected credit losses over the lives of the respective financial instruments. The following table presents the components of the provision for credit losses.

	September 30, 2025 and Three Months Ended	September 30, 2024 and Three Months Ended	September 30, 2025 and Nine Months Ended	September 30, 2024 and Nine Months Ended
Provision for credit losses on:				
Loans	$ 784	$ (148)	$ 1,591	$ (1,935)
Unfunded Commitments	(134)	(252)	159	(790)
Total provision for credit losses	$ 650	$ (400)	$ 1,750	$ (2,725)

An aging analysis of the Company's commercial/agricultural real estate, C&I, agricultural operating, residential mortgage, consumer installment and purchased third party loans as of September 30, 2025, and December 31, 2024, respectively, was as follows:

(Loan balances at amortized cost)	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Current	Total Loans
September 30, 2025						
Commercial/Agricultural real estate:						
Commercial real estate	$ 3,401	$ 1,063	$ 216	$ 4,680	$ 677,760	$ 682,440
Agricultural real estate	197	—	—	197	63,804	64,001
Multi-family real estate	—	8,970	—	8,970	228,098	237,068
Construction and land development	—	—	—	—	74,354	74,354
C&I/Agricultural operating:						
Commercial and industrial	277	—	436	713	100,822	101,535
Agricultural operating	—	—	—	—	30,078	30,078
Residential mortgage:						
Residential mortgage	1,114	208	181	1,503	123,331	124,834
Purchased HELOC loans	—	—	—	—	1,979	1,979
Consumer installment:						
Originated indirect paper	18	—	—	18	2,548	2,566
Other consumer	6	9	2	17	4,138	4,155
Total	$ 5,013	$ 10,250	$ 835	$ 16,098	$ 1,306,912	$ 1,323,010

(Loan balances at amortized cost)	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Current	Total Loans
December 31, 2024						
Commercial/Agricultural real estate:						
Commercial real estate	$ 857	$ 322	$ 367	$ 1,546	$ 705,463	$ 707,009
Agricultural real estate	26	—	556	582	72,156	72,738
Multi-family real estate	—	—	—	—	220,706	220,706
Construction and land development	—	—	—	—	78,146	78,146
C&I/Agricultural operating:						
Commercial and industrial	566	50	564	1,180	114,355	115,535
Agricultural operating	—	—	793	793	30,224	31,017
Residential mortgage:						
Residential mortgage	1,873	796	500	3,169	128,723	131,892
Purchased HELOC loans	—	—	117	117	2,839	2,956
Consumer installment:						
Originated indirect paper	25	—	—	25	3,945	3,970
Other consumer	27	—	—	27	4,985	5,012
Total	$ 3,374	$ 1,168	$ 2,897	$ 7,439	$ 1,361,542	$ 1,368,981

Nonaccrual Loans - The following tables present the amortized cost basis of loans on nonaccrual status, of nonaccrual loans individually evaluated and of loans past due over 89 days and still accruing at September 30, 2025 and December 31, 2024, with no allowance for credit losses:

September 30, 2025	Total Nonaccrual Loans	Nonaccrual with no Allowance for Credit Losses	Loans Past Due over 89 Days Still Accruing
Commercial/Agricultural real estate:			
Commercial real estate	$ 4,592	$ 4,390	$ —
Agricultural real estate	220	22	—
Multi-family real estate	8,970	—	—
C&I/Agricultural operating:			
Commercial and industrial	1,312	331	—
Residential mortgage:			
Residential mortgage	403	403	134
Purchased HELOC loans	117	117	—
Consumer installment:			
Other consumer	—	—	2
Total	$ 15,614	$ 5,263	$ 136

December 31, 2024	Total Nonaccrual Loans	Nonaccrual with no Allowance for Credit Losses	Loans Past Due over 89 Days Still Accruing
Commercial/Agricultural real estate:			
Commercial real estate	$ 4,594	$ 4,374	$ —
Agricultural real estate	6,222	6,020	—
Construction and land development	103	103	—
C&I/Agricultural operating:			
Commercial and industrial	597	564	—
Agricultural operating	793	793	—
Residential mortgage:			
Residential mortgage	741	548	186
Purchased HELOC loans	117	117	—
Consumer installment:			
Originated indirect paper	1	1	—
Total	$ 13,168	$ 12,520	$ 186

The Company's policy is to discontinue the accrual of interest income on all loans for which principal or interest is past due according to the following schedules:

- Commercial/agricultural real estate loans, past due 90 days or more;
- Commercial and industrial/agricultural operating loans past due 90 days or more;
- Closed ended consumer installment loans past due 120 days or more; and
- Residential mortgage and open ended consumer installment loans past due 180 days or more.

The accrual of interest is discontinued earlier when, in the opinion of management, there is reasonable doubt as to the timely collection of interest or principal. Once interest accruals are discontinued, accrued but uncollected interest is charged against current year income. Subsequent receipts on non-accrual loans are recorded as a reduction of principal, and interest income is recorded only after principal recovery is reasonably assured. Interest on loans determined to be modified is recognized on an accrual basis in accordance with the restructured terms if the loan is in compliance with the modified terms. Nonaccrual loans are returned to accrual status when, in the opinion of management, the financial position of the borrower indicates there is no longer any reasonable doubt as to the timely collection of interest or principal. The Company requires a period of satisfactory performance of not less than six months before returning a nonaccrual loan to accrual status.

Collateral Dependent Loans - A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. For collateral dependent loans, expected credit losses are based on the fair value of the collateral at the balance sheet date, with consideration for estimated selling costs if satisfaction of the loan depends on the sale of the collateral. The following tables present the amortized cost basis of collateral dependent loans by portfolio segment and collateral type that were individually evaluated to determine expected credit losses and the related allowance for credit losses as of September 30, 2025, and December 31, 2024.

	Collateral Type					
September 30, 2025	Real Estate	Other Assets	Total	Without an Allowance	With an Allowance	Allowance Allocation
Commercial/Agricultural real estate:						
Commercial real estate	$ 9,038	$ —	$ 9,038	$ 6,799	$ 2,239	$ 363
Agricultural real estate	220	—	220	23	197	99
Multi-family real estate	8,970	—	8,970	—	8,970	934
C&I/Agricultural operating:						
Commercial and industrial	—	2,752	2,752	1,082	1,670	458
Agricultural operating	—	—	—	—	—	—
Residential mortgage:						
Residential mortgage	2,346	—	2,346	2,346	—	—
Consumer installment:						
Originated indirect paper	—	29	29	29	—	—
Other consumer	—	3	3	3	—	—
Total	$ 20,574	$ 2,784	$ 23,358	$ 10,282	$ 13,076	$ 1,854

	Collateral Type					
December 31, 2024	Real Estate	Other Assets	Total	Without an Allowance	With an Allowance	Allowance Allocation
Commercial/Agricultural real estate:						
Commercial real estate	$ 9,004	$ —	$ 9,004	$ 6,597	$ 2,407	$ 258
Agricultural real estate	6,222	—	6,222	6,020	202	99
Construction and land development	103	—	103	103	—	—
C&I/Agricultural operating:						
Commercial and industrial	—	1,806	1,806	1,146	660	49
Agricultural operating	—	793	793	793	—	—
Residential mortgage:						
Residential mortgage	3,066	—	3,066	2,773	293	49
Consumer installment:						
Originated indirect paper	—	25	25	25	—	—
Other consumer	—	2	2	2	—	—
Total	$ 18,395	$ 2,626	$ 21,021	$ 17,459	$ 3,562	$ 455

There were no outstanding commitments to borrowers experiencing financial difficulty as of September 30, 2025. There were no unused lines of credit on loans with borrowers experiencing financial difficulties as of September 30, 2025.

There were no Loan Modifications Made to Borrowers Experiencing Financial Difficulty during the three months ended September 30, 2025.

The tables below detail Loan Modifications made to Borrowers Experiencing Financial Difficulty during the twelve months ended September 30, 2025:

Term Extension		
Loan Class	Amortized Cost Basis at September 30, 2025	% of Total Class of Financing Receivables
Commercial and industrial	$ 646	0.64 %
Agricultural operating	$ 200	0.66 %
Residential mortgage	$ 13	0.01 %

Other-Than-Insignificant Payment Delay		
Loan Class	Amortized Cost Basis at September 30, 2025	% of Total Class of Financing Receivables
Commercial real estate	$ 4,263	0.62 %
Agricultural real estate	$ 197	0.31 %
Residential mortgage	$ 120	0.10 %

Term Extension and Principal Forgiveness		
Loan Class	Amortized Cost Basis at September 30, 2025	% of Total Class of Financing Receivables
Other consumer	$ 1	0.02 %

The following tables describe the financial effect of the loan modifications made to borrowers experiencing financial difficulty during the twelve months ended September 30, 2025:

Term Extension

Loan Class	Financial Effect
Commercial and industrial	A weighted average of 13 months was added to the term of the loans
Agricultural operating	A weighted average of 8 months was added to the term of the loans
Residential mortgage	A weighted average of 61 months was added to the term of the loans

Other-Than-Insignificant Payment Delay

Loan Class	Financial Effect
Commercial real estate	Payments were deferred a weighted average of 3 months
Agricultural real estate	Payments were deferred a weighted average of 9 months
Residential mortgage	Payments were deferred a weighted average of 3 months

Term Extension and Principal Forgiveness

Loan Class	Financial Effect
Other consumer	A weighted average of 3 months was added to the term of the loan and a principal balance of $2 was forgiven

The tables below detail Loan Modifications Made to Borrowers Experiencing Financial Difficulty during the three months ended September 30, 2024:

	Term Extension		
Loan Class	Amortized Cost Basis at September 30, 2024		% of Total Class of Financing Receivables
Residential mortgage	$	5	— %
Other consumer	$	1	0.02 %

	Other-Than-Insignificant Payment Delay		
Loan Class	Amortized Cost Basis at September 30, 2024		% of Total Class of Financing Receivables
Commercial real estate	$	1,182	0.16 %

The following tables describe the financial effect of the loan modifications made to borrowers experiencing financial difficulty during the three months ended September 30, 2024:

Term Extension	
Loan Class	Financial Effect
Residential mortgage	A weighted average of 36 months was added to the term of the loans
Other consumer	A weighted average of 12 months was added to the term of the loans

Other-Than-Insignificant Payment Delay	
Loan Class	Financial Effect
Commercial real estate	Payments were deferred a weighted average of 3 months

The tables below detail Loan Modifications Made to Borrowers Experiencing Financial Difficulty during the twelve months ended September 30, 2024:

	Term Extension		
Loan Class	Amortized Cost Basis at September 30, 2024		% of Total Class of Financing Receivables
Commercial and industrial	$	1,500	1.26 %
Residential mortgage	$	5	— %
Other consumer	$	1	0.02 %

	Other-Than-Insignificant Payment Delay		
Loan Class	Amortized Cost Basis at September 30, 2024		% of Total Class of Financing Receivables
Commercial real estate	$	1,182	0.16 %
Commercial and industrial	$	836	0.70 %
Residential mortgage	$	240	0.18 %

The following tables describe the financial effect of the loan modifications made to borrowers experiencing financial difficulty during the twelve months ended September 30, 2024:

Term Extension

Loan Class	Financial Effect
Commercial and industrial	A weighted average of 11 months was added to the term of the loans
Residential mortgage	A weighted average of 36 months was added to the term of the loans
Other consumer	A weighted average of 12 months was added to the term of the loans

Other-Than-Insignificant Payment Delay

Loan Class	Financial Effect
Commercial real estate	Payments were deferred a weighted average of 3 months
Commercial and industrial	Payments were deferred a weighted average of 3 months
Residential mortgage	Payments were deferred a weighted average of 3 months

The Company closely monitors the performance of loans that have been modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts.

The following table shows the performance of such loans that have been modified during the twelve months ended September 30, 2025.

	Current	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due
Commercial real estate	$ 4,263	$ —	$ —	$ —
Agricultural real estate	—	197	—	—
Commercial and industrial	598	—	—	48
Agricultural operating	200	—	—	—
Residential mortgage	13	120	—	—
Other consumer	1	—	—	—
Total	$ 5,075	$ 317	$ —	$ 48

The following table shows the performance of such loans that have been modified during the twelve months ended September 30, 2024.

	Current	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due
Commercial real estate	$ 1,182	$ —	$ —	$ —
Commercial and industrial	2,336	—	—	—
Residential mortgage	163	—	82	—
Other consumer	1	—	—	—
Total	$ 3,682	$ —	$ 82	$ —

NOTE 4 – MORTGAGE SERVICING RIGHTS

Mortgage servicing rights--Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid balances of these loans as of September 30, 2025 and December 31, 2024 were $475,854 and $479,578, respectively, and consisted of one to four family residential real estate loans. These loans are serviced primarily for the Federal Home Loan Mortgage Corporation, Federal Home Loan Bank and the Federal National Mortgage Association. Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in deposits were $6,537 and $2,430 at September 30, 2025 and December 31, 2024, respectively.

Mortgage servicing rights activity for the three and nine month periods ended September 30, 2025 and September 30, 2024, were as follows:

	As of and for the Three Months Ended September 30, 2025	As of and for the Three Months Ended September 30, 2024	As of and for the Nine Months Ended September 30, 2025	As of and for the Nine Months Ended September 30, 2024
Mortgage servicing rights:				
Mortgage servicing rights, beginning of period	$ 3,548	$ 3,731	$ 3,663	$ 3,865
Increase in mortgage servicing rights resulting from transfers of financial assets	145	128	318	258
Amortization during the period	(161)	(127)	(449)	(391)
Mortgage servicing rights, end of period	3,532	3,732	3,532	3,732
Valuation allowance:				
Valuation allowance, beginning of period	—	—	—	—
Additions	—	(36)	—	(41)
Recoveries	—	—	—	5
Valuation allowance, end of period	—	(36)	—	(36)
Mortgage servicing rights, net	$ 3,532	$ 3,696	$ 3,532	$ 3,696
Fair value of mortgage servicing rights; end of period	$ 4,789	$ 5,025	$ 4,789	$ 5,025

The current period change in valuation allowance, if applicable, is included in non-interest expense as mortgage servicing rights expense, net on the consolidated statement of operations. Servicing fees totaled $300 and $308 for the three months ended September 30, 2025 and September 30, 2024, respectively. Servicing fees totaled $902 and $929 for the nine months ended September 30, 2025 and September 30, 2024, respectively. Servicing fees are included in loan servicing income on the consolidated statement of operations. Late fees and ancillary fees related to loan servicing are not material.

To estimate the fair value of the MSR asset, a valuation model is applied at the loan level to calculate the present value of the expected future cash flows. The valuation model incorporates various assumptions that would impact market participants' estimations of future servicing income. Central to the valuation model is the discount rate. Fair value at September 30, 2025, was determined using discount rates ranging from 9.500% to 12.500%. Fair value at September 30, 2024, was determined using discount rates ranging from 9.125% to 12.125%. Other assumptions utilized in the valuation model include, but are not limited to, prepayment speed, servicing costs, delinquencies, costs of advances, foreclosure costs, ancillary income, and income earned on float and escrow.

NOTE 5 – LEASES

We have operating leases for 1 corporate office, 2 bank branch offices, 2 former bank branch offices, and 1 ATM location. Our leases have remaining lease terms ranging from approximately 1.08 to 2.75 years. Some of the leases include an option to extend, the longest of which is for two 5 year terms. As of September 30, 2025, we have no lease commitments that have not yet commenced and one lease commitment extension beginning on October 1, 2025. The Company also leases a portion of some of its facilities and receives rental income from such lease agreements, all of which are considered operating leases.

	Three Months Ended	
	September 30, 2025	September 30, 2024
The components of total lease cost were as follows:		
Operating lease cost	$ 306	$ 349
Variable lease cost	64	82
Total lease cost	$ 370	$ 431
The components of total lease income were as follows:		
Operating lease income	$ 64	$ 38
Supplemental cash flow information related to leases was as follows:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 380	$ 412
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ —	$ 2

	September 30, 2025	December 31, 2024
Supplemental balance sheet information related to leases was as follows:		
Operating lease right-of-use assets (1)	$ 547	$ 815
Operating lease liabilities (2)	$ 758	$ 1,076
Weighted average remaining lease term in years; operating leases	2.45	3.08
Weighted average discount rate; operating leases	3.28 %	3.15 %

(1) Operating lease right-of-use assets are recorded as other assets in the consolidated balance sheets.

(2) Operating lease liabilities are recorded as other liabilities in the consolidated balance sheets.

Cash obligations and receipts under lease contracts are as follows:

Fiscal years ending December 31,	Payments	Receipts
2025	133	11
2026	523	37
2027	458	17
2028	209	16
2029	—	11
Thereafter	—	—
Total	1,323	$ 92
Less: effects of discounting	(565)	
Lease liability recognized	$ 758	

NOTE 6 – DEPOSITS

The following is a summary of deposits by type at September 30, 2025 and December 31, 2024, respectively:

	September 30, 2025	December 31, 2024
Non-interest bearing demand deposits	$ 262,535	$ 252,656
Interest bearing demand deposits	360,475	355,750
Savings accounts	157,317	159,821
Money market accounts	354,290	369,534
Certificate accounts	345,937	350,387
Total deposits	$ 1,480,554	$ 1,488,148

At September 30, 2025, the scheduled maturities of certificate accounts were as follows for the year ended, except December 31, 2025, which is the three months ended:

December 31, 2025	$ 95,047
December 31, 2026	247,434
December 31, 2027	1,409
December 31, 2028	1,140
December 31, 2029	646
After December 31, 2029	261
Total	$ 345,937

Certificate accounts of $250 or more were $56,107 and $68,977 at September 30, 2025 and December 31, 2024, respectively.

Brokered deposits were $5,131 at September 30, 2025 and consisted of no brokered certificate accounts and $5,131 of brokered money market accounts. Brokered Deposits were $19,125 at December 31, 2024 and consisted of $14,123 of brokered certificate accounts and $5,002 of brokered money market accounts.

During the nine months ended September 30, 2025, there was one brokered certificate account, totaling $5,489, maturing in the year ended, December 31, 2028, that was called by the Company, and there was one brokered certificate totaling $3,450, maturing in the year ended, December 31, 2025, that was called by the Company.

NOTE 7 – FEDERAL HOME LOAN BANK ADVANCES AND OTHER BORROWINGS

A summary of Federal Home Loan Bank advances and other borrowings at September 30, 2025 and December 31, 2024, is as follows:

	September 30, 2025				December 31, 2024			
	Stated Maturity	Amount	Range of Stated Rates		Stated Maturity	Amount	Range of Stated Rates	
Federal Home Loan Bank advances (1), (2), (3)	2025	$ 0	— %	— %	2025	$ 5,000	1.45 %	1.45 %
Federal Home Loan Bank advances		$ 0				$ 5,000		
Senior Notes (4)	2039	$ 12,000	6.50 %	6.50 %	2039	$ 12,000	6.75 %	7.75 %
Subordinated Notes (5)	2030	$ —	— %	— %	2030	$ 15,000	6.00 %	6.00 %
	2032	35,000	4.75 %	4.75 %	2032	35,000	4.75 %	4.75 %
		$ 35,000				$ 50,000		
Unamortized debt issuance costs		(238)				(394)		
Total other borrowings		$ 46,762				$ 61,606		
Totals		$ 46,762				$ 66,606		

(1) FHLB advances require interest-only monthly payments and are collateralized by a blanket lien on pre-qualifying first mortgages, home equity lines, multi-family loans and certain other loans which had a pledged balance of $1,028,745 and $1,075,001 at September 30, 2025 and December 31, 2024, respectively. At September 30, 2025, the Bank's available and unused portion under the FHLB borrowing arrangement was approximately $414,386 compared to $424,658 as of December 31, 2024.

(2) Maximum month-end borrowed amounts outstanding under this borrowing agreement were $5,000 and $81,000, during the nine months ended September 30, 2025 and the twelve months ended December 31, 2024, respectively.

(3) There were no FHLB borrowings outstanding as of September 30, 2025. The weighted-average interest rate on FHLB borrowings, with maturities less than twelve months, outstanding as of December 31, 2024 was 1.45%.

(4) Senior notes, entered into by the Company in June 2019 consist of the following:

(a) A term note, which was subsequently refinanced in March 2022, modified in February of 2023, requiring quarterly interest-only payments through January 2029, and quarterly principal and interest payments thereafter. Interest is variable, based on US Prime rate minus 75 basis points with a floor rate of 3.00%.

(b) A $5,000 line of credit, maturing August 1, 2026, that remains undrawn upon, and was renewed for a term of one year on August 1, 2025..

(5) Subordinated notes resulted from the following:

(a) The Company's Subordinated Note Purchase Agreement entered into with certain purchasers in August 2020, which bore a fixed interest rate of 6.00% for five years. On July 7, 2025, the Board of Directors approved the redemption of the entire $15,000 balance of the 6% subordinated debentures due September 1, 2030, which were scheduled to reprice on September 1, 2025, to SOFR plus 591 basis points. The redemption occurred on September 1, 2025.

(b) The Company's Subordinated Note Purchase Agreement entered into with certain purchasers in March 2022, which bears a fixed interest rate of 4.75% for five years. In April 2027, the fixed interest rate will be reset quarterly to equal the three-month term SOFR plus 329 basis points. The note is callable by the Bank when, and anytime after, the floating rate is initially set. Interest-only payments are due semi-annually each year during the fixed interest period and quarterly during the floating interest period.

Federal Home Loan Bank Letters of Credit

The Bank has an irrevocable Standby Letter of Credit Master Reimbursement Agreement with the Federal Home Loan Bank. This irrevocable standby letter of credit ("LOC") is supported by loan collateral as an alternative to directly pledging investment securities on behalf of a municipal customer as collateral for their interest bearing deposit balances. The letters of credit balances were $198,700 and $209,750 at September 30, 2025 and December 31, 2024, respectively.

Federal Reserve Borrowings

At September 30, 2025 and December 31, 2024, the Bank had the ability to borrow $24,784 and $24,942 from the Federal Reserve Bank of Minneapolis. The ability to borrow is based on mortgage-backed securities pledged with a carrying value of $32,596 and $33,994 as of September 30, 2025, and December 31, 2024, respectively. There were no Federal Reserve borrowings outstanding as of September 30, 2025, and December 31, 2024.

Federal Funds Purchased Lines of Credit

As of September 30, 2025, the Bank maintains two unsecured federal funds purchased lines of credit with its banking partners which total $70,000. As of December 31, 2024, the Bank maintained three unsecured federal funds purchased lines of credit with its banking partners which totaled $70,000. These lines bear interest at the lender bank's announced daily federal funds rate, mature daily and are revocable at the discretion of the lending institution. There were no borrowings outstanding on these lines of credit as of September 30, 2025 or December 31, 2024.

NOTE 8 - CAPITAL MATTERS

Banks and bank holding companies 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 judgments by regulators. Failure to meet capital requirements can initiate regulatory action.

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 September 30, 2025, the Bank was categorized as "Well Capitalized", under Prompt Corrective Action Provisions.

The Bank's Tier 1 (leverage) and risk-based capital ratios at September 30, 2025, and December 31, 2024, respectively, are presented below:

	Actual		For Capital Adequacy Purposes			To Be Well Capitalized Under Prompt Corrective Action Provisions		
	Amount	Ratio	Amount		Ratio	Amount		Ratio
As of September 30, 2025								
Total capital (to risk weighted assets)	$ 227,075	15.9 %	$ 114,476	> =	8.0 %	$ 143,095	> =	10.0 %
Tier 1 capital (to risk weighted assets)	209,130	14.6 %	85,857	> =	6.0 %	114,476	> =	8.0 %
Common equity tier 1 capital (to risk weighted assets)	209,130	14.6 %	64,393	> =	4.5 %	93,012	> =	6.5 %
Tier 1 leverage ratio (to adjusted total assets)	209,130	12.2 %	68,356	> =	4.0 %	85,444	> =	5.0 %
As of December 31, 2024								
Total capital (to risk weighted assets)	$ 225,432	15.6 %	$ 115,755	> =	8.0 %	$ 144,693	> =	10.0 %
Tier 1 capital (to risk weighted assets)	207,749	14.4 %	86,816	> =	6.0 %	115,755	> =	8.0 %
Common equity tier 1 capital (to risk weighted assets)	207,749	14.4 %	65,112	> =	4.5 %	94,051	> =	6.5 %
Tier 1 leverage ratio (to adjusted total assets)	207,749	11.9 %	69,787	> =	4.0 %	87,234	> =	5.0 %

The Company’s Tier 1 (leverage) and risk-based capital ratios at September 30, 2025, and December 31, 2024, respectively, are presented below:

	Actual		For Capital Adequacy Purposes		
	Amount	Ratio	Amount		Ratio
As of September 30, 2025					
Total capital (to risk weighted assets)	$ 222,117	15.5 %	$ 114,654	> =	8.0 %
Tier 1 capital (to risk weighted assets)	169,144	11.8 %	85,990	> =	6.0 %
Common equity tier 1 capital (to risk weighted assets)	169,144	11.8 %	64,493	> =	4.5 %
Tier 1 leverage ratio (to adjusted total assets)	169,144	9.9 %	68,443	> =	4.0 %
As of December 31, 2024					
Total capital (to risk weighted assets)	$ 232,926	16.1 %	$ 115,914	> =	8.0 %
Tier 1 capital (to risk weighted assets)	165,243	11.4 %	86,936	> =	6.0 %
Common equity tier 1 capital (to risk weighted assets)	165,243	11.4 %	65,202	> =	4.5 %
Tier 1 leverage ratio (to adjusted total assets)	165,243	9.5 %	69,867	> =	4.0 %

NOTE 9 – STOCK-BASED AND OTHER COMPENSATION

On March 27, 2018, the stockholders of Citizens Community Bancorp, Inc. approved the 2018 Equity Incentive Plan. The aggregate number of shares of common stock initially reserved and available for issuance under the 2018 Equity Incentive Plan was 350,000 shares. As of September 30, 2025, 331,968 restricted shares had been granted under this plan. This amount includes 16,021 shares of performance based restricted stock granted in 2022 and issued in January 2025 upon achievement of the performance criteria and completion of the three-year performance period beginning in January 2022 and ending December 31, 2024. The amount also includes 8,805 shares of performance based restricted stock granted in 2021 and issued in January 2024 upon achievement of the performance criteria and completion of the three year performance period beginning in January 2021 and ending December 31, 2023. As of September 30, 2025, no stock options had been granted under this plan.

In February 2008, the Company's stockholders approved the Company's 2008 Equity Incentive Plan for a term of 10 years. Due to the plan's expiration, no new awards can be granted under this plan. As of September 30, 2025, there are no awarded unvested restricted shares, and 49,000 awarded unexercised vested options remaining from the plan. Options granted under this plan vested pro rata over a five-year period from the grant date and were fully vested as of October 2022. Unexercised incentive stock options expire within 10 years of the grant date.

Stock based compensation expense related to restricted stock awards from these plans was $33 and $135 for the three and nine months ended September 30, 2025, compared to $159 and $475 for the three and nine months ended September 30, 2024.

Restricted Common Stock Award

	September 30, 2025		December 31, 2024	
	Number of Shares	Weighted Average Grant Price	Number of Shares	Weighted Average Grant Price
Restricted Shares				
Unvested and outstanding at beginning of year	39,171	$ 12.48	75,601	$ 12.41
Granted	—	—	16,955	11.88
Vested	(33,062)	12.50	(53,139)	12.19
Forfeited	—	—	(246)	11.88
Unvested and outstanding at end of period	6,109	$ 12.36	39,171	$ 12.48

	September 30, 2025	
	Number of Shares	Weighted Average Grant Price
Performance Based Restricted Shares		
Unvested at beginning of year	33,188	$ 13.09
2022 performance shares awarded above target	1,154	14.00
Vested and issued 2022 performance shares	(16,021)	14.00
Unvested at end of period	18,321	$ 12.36

	December 31, 2024	
	Number of Shares	Weighted Average Grant Price
Performance Based Restricted Shares		
Unvested at beginning of year	41,993	$ 12.61
Granted	—	—
Vested and issued	(8,805)	10.78
Forfeited	—	—
Unvested at end of period	33,188	$ 13.09

Common Stock Option Awards

	Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
September 30, 2025				
Outstanding at beginning of year	52,000	$ 11.62		
Exercised	(6,000)	10.10		
Outstanding at end of period	46,000	$ 11.82	1.24	$ 196
Exercisable at end of period	46,000	$ 11.82	1.24	$ 196
December 31, 2024				
Outstanding at beginning of year	54,000	$ 11.59		
Exercised	(2,000)	11.00		
Outstanding at end of year	52,000	$ 11.62	1.85	$ 243
Exercisable at end of year	52,000	$ 11.62	1.85	$ 243

Information related to the 2008 Equity Incentive Plan for the respective periods follows:

	Nine months ended September 30, 2025	Twelve months ended December 31, 2024
Intrinsic value of options exercised	$ 26	$ 12
Cash received from options exercised	$ 61	$ 22
Tax benefit realized from options exercised	$ —	$ —

Other Compensation

On January 23, 2025, the Company's board of directors approved a phantom stock plan as part of the Company's long-term incentive plan. The Plan allows certain employees to earn future cash awards linked to the company's future common share price for time and performance based cash awards. The performance based cash awards vest based on a combination of a three-year time period from January 23, 2025 through December 31, 2027, and performance targets based on the Company's return on equity. For performance based awards, the ultimate cash payout of these awards will be paid within 60 days of December 31, 2027, based on the closing share price of the Company's common stock as of the performance achievement approval date from the Compensation Committee. The time based cash awards vest ratably over a three-year time period. For time based awards, the ultimate cash payout of these awards will be based on the closing share price of the Company's common stock on the anniversary of the award date each year. On January 23, 2025, time based awards were based on 15,044 shares and performance based awards were based on 15,049 shares.

On January 25, 2024, the Company's board of directors approved a phantom stock plan as part of the Company's long-term incentive plan. The Plan allows certain employees to earn future cash awards linked to the company's future common share price for time and performance based cash awards. The performance based cash awards vest based on a combination of a three-year time period from January 25, 2024 through December 31, 2026, and performance targets based on the Company's return on equity. For performance based awards, the ultimate cash payout of these awards will be paid within 60 days of December 31, 2026, based on the closing share price of the Company's common stock as of the performance achievement approval date from the Compensation Committee. The time based cash awards vest ratably over a three-year time period. For time based awards, the ultimate cash payout of these awards will be based on the closing share price of the Company's common stock on the anniversary of the award date each year. On January 25, 2024, time based awards were based on 18,509 shares and performance based awards were based on 18,505 shares.

At the end of each reporting period, the Company estimates its potential liability related to the Plan and records any change to this liability as compensation expense in the consolidated statement of operations. At September 30, 2025 and December 31, 2024, the related liability was $350 and $190, respectively, which is included in other liabilities on the consolidated balance sheet. For the three months ended September 30, 2025 and September 30, 2024, the Company recorded related expense of $128 and $58, respectively, which is included in compensation and related benefits/non-interest expense on the Company's consolidated statement of operations. For the nine months ended September 30, 2025 and September 30, 2024, the Company recorded related expense of $259 and $121, respectively, which is included in compensation and related benefits/non-interest expense on the Company's consolidated statement of operations.

NOTE 10 – FAIR VALUE ACCOUNTING

ASC Topic 820-10, "*Fair Value Measurements and Disclosures*" establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The topic describes three levels of inputs that may be used to measure fair value:

Level 1- Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company 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 the Company's assumptions about the factors that market participants would use in pricing an asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input within the valuation hierarchy that is significant to the fair value measurement.

The fair value of securities available-for-sale is determined by obtaining market price quotes from independent third parties wherever such quotes are available (Level 1 inputs); or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). Where such quotes are not available, we utilize independent third party valuation analysis to support our own estimates and judgments in determining fair value (Level 3 inputs).

Assets Measured on a Recurring Basis

The following tables present the financial instruments measured at fair value on a recurring basis as of September 30, 2025 and December 31, 2024:

	Fair Value	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2025				
Investment securities:				
U.S. government agency obligations	$ 11,432	$ —	$ 11,432	$ —
Mortgage-backed securities	67,600	—	67,600	—
Corporate debt securities	42,284	—	42,284	—
Asset-backed securities	16,323	—	16,323	—
Total investment securities	137,639	—	137,639	—
Equity Investments:				
Farmer Mac equity securities	481	481	—	—
Preferred equity	1,362	—	—	1,362
Equity investments measured at NAV(1)	3,832	—	—	—
Total equity investments	5,675	481	—	1,362
Total	$ 143,314	$ 481	$ 137,639	$ 1,362
December 31, 2024				
Investment securities:				
U.S. government agency obligations	$ 13,753	$ —	$ 13,753	$ —
Mortgage-backed securities	68,386	—	68,386	—
Corporate debt securities	41,716	—	41,716	—
Corporate asset backed securities	18,996	—	18,996	—
Total investment securities	142,851	—	142,851	—
Equity Investments:				
Farmer Mac equity securities	569	569	—	—
Preferred equity	1,362	—	—	1,362
Equity investments measured at NAV(1)	2,771	—	—	—
Total equity investments	4,702	569	—	1,362
Total	$ 147,553	$ 569	$ 142,851	$ 1,362

(1) Investments valued at NAV are excluded from being reported under the fair value hierarchy but are presented to permit reconciliation with the balance sheet in accordance with ASC 820-10-35-54B.

During the nine months ended September 30, 2024, senior debt of a community development financial institution, classified as available-for-sale securities was exchanged for preferred equity of the financial institution's operating subsidiary. At September 30, 2025, the Company owned $1,362 preferred equity investments for which the Company utilized significant unobservable inputs (Level 3 inputs) to determine fair value. At December 31, 2024, the Company owned $1,362 preferred equity investments for which the Company utilized significant unobservable inputs (Level 3 inputs) to determine fair value.

There were no transfers in or out of Level 1, Level 2 or Level 3 fair value measurements relating to the available-for-sale securities above during the three and nine months ended September 30, 2025. There were no losses included in earnings attributable to the change in unrealized gains or losses relating to the available-for-sale securities above with fair value measurements utilizing significant unobservable inputs for the three and nine months ended September 30, 2025.

During the three and nine months ended September 30, 2024, $0 and $2,082 of senior debt, previously measured as a Level 1 instrument, was exchanged for preferred equity, now measured as a Level 3 instrument, resulting in a transfer out of Level 1 fair value measurement to Level 3 fair value measurement. The exchange resulted in $0 and $168 of unrealized losses on available-for-sale securities, previously included in other comprehensive income, being recognized on the three and nine months ended September 30, 2024, consolidated statement of operations as loss on equity securities.

Assets Measured on Nonrecurring Basis

The following tables present the financial instruments measured at fair value on a nonrecurring basis as of September 30, 2025 and December 31, 2024:

	Carrying Value	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2025				
Foreclosed and repossessed assets, net	$ 911	$ —	$ —	$ 911
Collateral dependent loans	11,222	—	—	11,222
Total	$ 12,133	$ —	$ —	$ 12,133
December 31, 2024				
Foreclosed and repossessed assets, net	$ 915	$ —	$ —	$ 915
Collateral dependent loans	3,107	—	—	3,107
Total	$ 4,022	$ —	$ —	$ 4,022

The fair value of foreclosed and repossessed assets was determined by obtaining market price valuations from independent third parties wherever such quotes were available for other collateral owned. The Company utilized independent third party appraisals to support the Company’s estimates and judgments in determining fair value for other real estate owned.

The fair value of collateral dependent loans with allowances was determined by obtaining independent third party appraisals and/or internally developed collateral valuations to support the Company’s estimates and judgments in determining the fair value of the underlying collateral supporting impaired loans.

The following table represents additional quantitative information about assets measured at fair value on a recurring and nonrecurring basis and for which we have utilized Level 3 inputs to determine their fair value at September 30, 2025 and December 31, 2024.

	Fair Value	Valuation Techniques (1)	Significant Unobservable Inputs (2)	Range
September 30, 2025				
Foreclosed and repossessed assets, net	$ 911	Appraisal value	Estimated costs to sell	10% - 15%
Collateral dependent loans	$ 11,222	Appraisal value / Internal Collateral valuations	Estimated costs to sell	10% - 15%
December 31, 2024				
Foreclosed and repossessed assets, net	$ 915	Appraisal value	Estimated costs to sell	10% - 15%
Collateral dependent loans	$ 3,107	Appraisal value / Internal Collateral valuations	Estimated costs to sell	10% - 15%

(1) Fair value is generally determined through independent third-party appraisals of the underlying collateral, which generally includes various level 3 inputs which are not observable.

(2) The fair value basis of collateral depended loans, and real estate owned may be adjusted to reflect management estimates of disposal costs including, but not limited to, real estate brokerage commissions, legal fees, and delinquent property taxes.

The table below represents what we would receive to sell an asset or what we would have to pay to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying value of restricted FRB and FHLB stock approximates fair value based on the redemption provisions of each entity and is therefore excluded from the table below.

The carrying amount and estimated fair value of the Company's financial instruments as of the dates indicated below were as follows:

		September 30, 2025		December 31, 2024	
	Valuation Method Used	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:					
Cash and cash equivalents	(Level I)	$ 82,431	$ 82,431	$ 50,172	$ 50,172
Securities available for sale "AFS"	(Level II)	137,639	137,639	142,851	142,851
Securities held to maturity "HTM"	(Level II)	81,526	64,879	85,504	65,622
Farmer Mac equity securities	(Level I)	481	481	569	569
Preferred equity	(Level III)	1,362	1,362	1,362	1,362
Equity investments valued at NAV(1)	N/A	3,832	N/A	2,771	N/A
Loans receivable, net	(Level III)	1,300,828	1,269,558	1,348,432	1,315,657
Loans held for sale - Residential mortgage	(Level I)	1,418	1,418	441	441
Loans held for sale - SBA /FSA	(Level II)	3,928	3,928	888	888
Mortgage servicing rights	(Level III)	3,532	4,789	3,663	5,227
Accrued interest receivable	(Level I)	6,159	6,159	5,653	5,653
Financial liabilities:					
Deposits	(Level III)	$ 1,480,554	$ 1,480,268	$ 1,488,148	$ 1,487,492
FHLB advances	(Level II)	—	—	5,000	4,979
Other borrowings	(Level II)	46,762	44,662	61,606	58,625
Accrued interest payable	(Level I)	3,832	3,832	5,842	5,842

(1) Investments valued at NAV are excluded from being reported under the fair value hierarchy but are presented to permit reconciliation with the balance sheet in accordance with ASC 820-10-35-54B.

NOTE 11—EARNINGS PER SHARE

Earnings per share is based on the weighted average number of shares outstanding for the period. A reconciliation of the basic and diluted earnings per share is as follows:

	Three Months Ended		Nine Months Ended	
(Share count in thousands)	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Basic				
Net income attributable to common stockholders	$ 3,682	$ 3,286	$ 10,149	$ 11,049
Weighted average common shares outstanding	9,911	10,198	9,963	10,335
Basic earnings per share	$ 0.37	$ 0.32	$ 1.02	$ 1.07
Diluted				
Net income attributable to common stockholders	$ 3,682	$ 3,286	$ 10,149	$ 11,049
Weighted average common shares outstanding	9,911	10,198	9,963	10,335
Add: Dilutive stock options outstanding	10	6	10	5
Average shares and dilutive potential common shares	9,921	10,204	9,973	10,340
Diluted earnings per share	$ 0.37	$ 0.32	$ 1.02	$ 1.07
Additional common stock option shares that have not been included due to their antidilutive effect	—	20	—	20

Dilutive shares outstanding consist of exercisable stock options whose strike prices were less than the quarterly average closing price of the Company's common stock. At September 30, 2025 and September 30, 2024, there were 0 and 20 exercisable stock options, respectively, with a potentially dilutive effect. However their strike prices were higher than the quarterly average closing prices of the Company's common stock and thus, excluded from diluted shares outstanding.

NOTE 12 – OTHER COMPREHENSIVE INCOME

The following tables show the tax effects allocated to each component of other comprehensive income for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended					
	September 30, 2025			September 30, 2024		
	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount
Unrealized gains on securities:						
Net unrealized gains arising during the period	$ 2,170	$ (513)	$ 1,657	$ 4,605	$ (1,053)	$ 3,552
Other comprehensive income	$ 2,170	$ (513)	$ 1,657	$ 4,605	$ (1,053)	$ 3,552

	Nine Months Ended					
	September 30, 2025			September 30, 2024		
	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount
Unrealized gains on securities:						
Net unrealized gains arising during the period	$ 4,193	$ (1,000)	$ 3,193	$ 4,383	$ (1,030)	$ 3,353
Reclassification for net loss on exchanged security, included in net income, net of tax	—	—	—	168	(38)	130
Other comprehensive income	$ 4,193	$ (1,000)	$ 3,193	$ 4,551	$ (1,068)	$ 3,483

The changes in the accumulated balances for each component of other comprehensive income, net of tax for the twelve months ended December 31, 2024 and the nine months ended September 30, 2025 were as follows:

	Unrealized Gains (Losses) on AFS Securities	Other Accumulated Comprehensive Income (Loss), net of tax
Ending Balance, December 31, 2023	$ (24,001)	$ (17,328)
Current year-to-date other comprehensive income	1,248	908
Ending balance, December 31, 2024	$ (22,753)	$ (16,420)
Current year-to-date other comprehensive income	4,193	3,193
Ending balance, September 30, 2025	$ (18,560)	$ (13,227)

There were no reclassifications out of accumulated other comprehensive income for the three and nine month periods ended September 30, 2025. Reclassifications out of accumulated other comprehensive income for the three and nine month periods ended September 30, 2024 were as follows:

	Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)		
Details about Accumulated Other Comprehensive Income (Loss) Components	**Three months ended September 30, 2024**	**Nine months ended September 30, 2024**	**Affected Line Item on the Statement of Operations**
Unrealized gains and losses			
Debt security exchanged for equity security	$ —	$ (168)	Net (losses) gains on investment securities
Tax effect	—	38	Provision for income taxes
Total reclassifications for the period	$ —	$ (130)	Net loss attributable to common stockholders

NOTE 13 – SEGMENT INFORMATION

The Company's reportable segment is determined by the Chief Financial Officer, who is the designated chief operating decision maker (the "Chief Operating Decision Maker"), based upon information provided about the performance of products and services offered in its banking operations. Banking operations consist primarily of lending, deposit and investment activities. The segment is also distinguished by the level of information provided to the chief operating decision maker, who uses such information to review the performance of various components of the business. Components of the Company's business include various lending and deposit product offerings, the Company's investment portfolio, banking branches and market geographies. The Chief Operating Decision Maker will evaluate the financial performance of the Company's business components, such as by evaluating revenue, interest margins, significant expenses, and budget to actual operating results in assessing the Company's segment and in determining the allocation of resources. The Chief Operating Decision Maker uses consolidated net income to benchmark the Company against competitors. Loans, investments, and deposits provide the revenue streams of the banking operation. Interest expense, provisions for credit losses, and compensation costs provide the significant expenses of the operation. All operations are domestic.

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Interest and dividend income	$ 22,254	$ 22,512	$ 65,859	$ 67,654
Reconciliation of revenue				
Other Revenue	3,022	2,921	8,451	8,098
Total consolidated revenues	25,276	25,433	74,310	75,752
Less:				
Interest expense	9,040	11,227	27,740	32,888
Segment net interest income and non-interest income	16,236	14,206	46,570	42,864
Less:				
Provision for credit losses	650	(400)	1,750	(2,725)
Compensation and related benefits (expense)	6,341	5,743	17,946	16,901
Other expenses	4,710	4,678	14,318	14,596
Provision for income taxes (expense)	853	899	2,407	3,043
Segment net income/consolidated net income	$ 3,682	$ 3,286	$ 10,149	$ 11,049
Other segment disclosures:				
Interest income	$ 22,254	$ 22,512	$ 65,859	$ 67,654
Interest expense	$ 9,040	$ 11,227	$ 27,740	$ 32,888
Depreciation	$ 505	$ 531	$ 1,549	$ 1,644
Amortization	$ 113	$ 178	$ 471	$ 536
Other significant noncash items:				
Provision for credit losses	$ 650	$ (400)	$ 1,750	$ (2,725)

Reconciliation of assets:	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Total assets for reportable segments	$ 1,726,987	$ 1,799,137	$ 1,726,987	$ 1,799,137
Other assets	—	—	—	—
Total consolidated assets	$ 1,726,987	$ 1,799,137	$ 1,726,987	$ 1,799,137

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

Certain matters discussed in this report contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the Company intends that these forward-looking statements be covered by the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words or phrases such as "anticipate," "believe," "could," "expect," "estimates," "intend," "may," "preliminary," "planned," "potential," "should," "will," "would," or the negative of those terms or other words of similar meaning. Similarly, statements that describe the Company's future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are inherently subject to many uncertainties in the Company's operations and business environment.

Factors that could affect actual results or outcomes include the matters described under the caption "Risk Factors" in Item 1A of our annual report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 13, 2025, ("2024 10-K"), and the following:

- conditions in the financial markets and economic conditions generally;
- the impact of inflation on our business and our customers;
- geopolitical tensions, including current or anticipated impact of military conflicts;
- the impact of a prolonged U.S. government shutdown on our business and our customers;
- higher lending risks associated with our commercial and agricultural banking activities;
- future pandemics (including new variants of COVID-19);
- cybersecurity risks;
- adverse impacts on the regional banking industry and the business environment in which we operate;
- interest rate risk;
- lending risk;
- changes in the fair value or ratings downgrades of our securities;
- the sufficiency of allowance for credit losses;
- competitive pressures among depository and other financial institutions;
- disintermediation risk;
- our ability to maintain our reputation;
- our ability to maintain or increase our market share;
- our ability to realize the benefits of net deferred tax assets;
- our ability to obtain needed liquidity;
- our ability to raise capital needed to fund growth or meet regulatory requirements;
- our ability to attract and retain key personnel;
- our ability to keep pace with technological change;
- prevalence of fraud and other financial crimes;
- the possibility that our internal controls and procedures could fail or be circumvented;
- our ability to successfully execute our acquisition growth strategy;
- risks posed by acquisitions and other expansion opportunities, including difficulties and delays in integrating the acquired business operations or fully realizing the cost savings and other benefits;
- restrictions on our ability to pay dividends;
- the potential volatility of our stock price;
- accounting standards for credit losses;

- legislative or regulatory changes or actions, or significant litigation, adversely affecting the Company or Bank;
- public company reporting obligations;
- changes in federal or state tax laws; and
- changes in accounting principles, policies or guidelines and their impact on financial performance.

Stockholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are only made as of the date of this filing and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances occurring after the date of this report.

GENERAL

The following discussion sets forth management's discussion and analysis of our consolidated financial condition as of September 30, 2025, and our consolidated results of operations for the nine months ended September 30, 2025, compared to the same period in the prior fiscal year ended September 30, 2024. This discussion should be read in conjunction with the interim consolidated financial statements and the condensed notes thereto included with this report and with Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes related thereto included in our 2024 10-K. Unless otherwise stated, all monetary amounts in this Management's Discussion and Analysis of Financial Condition and Results of Operations, other than share, per share and capital ratio amounts, are stated in thousands.

PERFORMANCE SUMMARY

The following is a summary of some of the significant factors that affected our operating results for the three and nine months ended September 30, 2025, and September 30, 2024.

Compared to the third quarter of 2024, the third quarter of 2025 net interest income increased $1.9 million. The third quarter 2025 increase from the same period in 2024 was largely due to: (1) $1.3 million in lower liability expense due to 50 basis point lower cost of funds; (2) $0.4 million of interest income recognized on the payoff of nonaccrual loans and loans with purchase credit discounts; (3) $0.4 million of accretion on the aforementioned payoffs; and (4) with higher asset yields offsetting a 4% decrease in interest-earning assets.

The total provision for credit losses for the third quarter ended September 30, 2025, was $0.650 million compared to a negative provision for credit losses of $0.400 million for the quarter ended September 30, 2024. The third quarter of 2025 provision was largely due to: (1) the impact of changes in credit quality, i.e. changes in reserve on impaired loans, and the impact of delinquent loans at June 30, 2025, becoming current at September 30, 2025; (2) net shrinkage of the loan portfolio of $0.1 million; (3) $51 thousand of net recoveries; (4) a decrease in off-balance sheet commitments for new construction loan originations of $0.1 million. The total benefit, i.e., negative provision, for credit losses for the third quarter ended September 30, 2024, of $0.400 million, was due to decreases in the ACL related to on-balance sheet ACL of $0.1 million; and reductions in off-balance sheet reserves to fund commitments of $0.3 million.

Non-interest income increased $0.1 million in the third quarter of 2025, compared to the third quarter of 2024, primarily due to higher gains on sale of loans.

Non-interest expense increased $0.7 million in the third quarter of 2025 from $10.4 million in the third quarter of 2024. The increase was primarily due to an increase in compensation expense due to annual employee pay raises, higher incentive accruals, and higher medical costs.

Provision for income taxes decreased to $0.85 million in the third quarter of 2025, from $0.9 million in the third quarter of 2024, primarily due to a lower effective tax rate. The decrease in the effective tax rate was primarily due to the positive impact of higher permanent tax deductions in 2025.

For the nine months ended September 30, 2025, net interest income increased $3.4 million from the same period in 2024. The increase in net interest income was largely due to: (1) lower liability interest costs of 33 basis points; (2) income from the payoff of nonaccrual loans and loans with purchase credit discounts, which increased $0.8 million; partially offset by the impact of a 4% decrease in interest-earnings assets.

The total provision for credit losses for the nine months ended September 30, 2025, was $1.750 million compared to a negative provision for credit losses of $2.725 million for the nine months ended September 30, 2024. The 2025 provision for ACL was primarily due to the impact of higher reserves on impaired loans and the impact of higher delinquencies. For the nine months ended 2024, the total provision for ACL was a negative provision of $2.725 million. The decrease was primarily due to:

(1) the $0.9 million impact of loan portfolio decreases and credit quality improvements; (2) $0.6 million due to improvements in the Moody's economic scenario assumptions utilized by our third party provider; (3) reduction in off-balance sheet ACL to fund loan commitments of $0.9 million; (4) a decrease in the allowance for credit losses of $0.5 million, largely in the first quarter; and (5) net recoveries.

Non-interest income increased $0.4 million for the nine-month period ended September 30, 2025, compared to the same period in 2024, primarily due to: (1) $0.6 million higher gain on equity securities, and (2) higher gain on sale of loans of $0.4 million, partially offset by the (3) Bank Owned Life Insurance death benefit of $0.2 million recognized in the second quarter of 2024, and (4) lower service charges on deposit accounts, loan fees and service charges due to lower customer activity.

Non-interest expense increased $0.8 million in the nine-month period ended September 30, 2025, compared to the same period in 2024, primarily due to higher compensation expense for the reason discussed above, partially offset by the establishment in the first quarter 2024 of the SBA recourse reserve of $0.4 million.

Provision for income taxes decreased to $2.4 million in the nine months ended September 30, 2025, compared to the same period in 2024, due to a decrease in pre-tax income and a lower effective tax rate. The decrease in the effective tax rate was primarily due to the positive impact of higher permanent tax deductions in 2025.

When comparing year-over-year results, changes in net interest income, provision for credit losses, non-interest income, non-interest expense, and provision for income taxes are primarily due to the items discussed above. See the remainder of this section for a more thorough discussion.

We reported net income of $3.7 million and $10.1 million, or $0.37 and $1.02 per diluted share for the three and nine months ended September 30, 2025, compared to net income of $3.3 million and $11.0 million, or $0.32 and $1.07 per diluted share for the three and nine months ended September 30, 2024, respectively.

CRITICAL ACCOUNTING ESTIMATES

Our consolidated financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("GAAP"). In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events and apply judgments that affect the reported amount of assets, liabilities, revenue, expenses, and their related disclosures. We base our assumptions, estimates, and judgments on historical experience, current trends, and other factors that our management believes to be relevant at the time our consolidated financial statements are prepared. Some of these estimates are more critical than others. In addition to the policies included in Note 1, "Nature of Business and Summary of Significant Accounting Policies," to the Consolidated Financial Statements included as an exhibit in our annual report on our 2024 10-K, our critical accounting estimates are as follows:

Allowance for Credit Losses

We adopted ASU 2016-13, Financial Instruments-Credit Losses (Topic 326), "Measurement of Credit Losses on Financial Instruments" through a cumulative-effect adjustment on January 1, 2023. We have selected a loss estimation methodology, utilizing a third-party model. See also Notes 1 and 3 to the unaudited consolidated financial statements for further discussion of our adoption of ASU 2016-13.

Allowance for Credit Losses - Loans. We maintain an allowance for credit losses to absorb probable and inherent losses in our loan portfolio. The allowance is based on ongoing quarterly assessments of the estimated lifetime losses in our loan portfolio. In evaluating the level of the allowance for credit losses, we consider the types of loans and the amount of loans in our loan portfolio, historical loss experience, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, prevailing economic conditions, and other relevant factors determined by management. We follow all applicable regulatory guidance, including the "Interagency Policy Statement on Allowances for Credit losses," issued by the Office of the Comptroller of the Currency, Department of the Treasury, Federal Deposit Insurance Corporation, and National Credit Union Administration. We believe that the Bank's Allowance for Credit Losses Policy conforms to all applicable regulatory requirements. However, based on periodic examinations by regulators, the amount of the allowance for credit losses recorded during a particular period may be adjusted.

Our determination of the allowance for credit losses - loans is based on: (1) an individual allowance for specifically identified and evaluated loans that management has determined have unique risk characteristics. For these loans, the estimated loss is based on likelihood of default, payment history, and net realizable value of underlying collateral. Allowance for credit losses for collateral dependent loans are based on the fair value of the underlying collateral relative to the amortized cost of the loans. For loans that are not collateral dependent, the allowance for credit losses is based on the present value of expected future cash flows discounted at the loan's original effective interest rate through the repayment period; and (2) a collective allowance for loans not specifically identified in (1) above. The allowance for these loans is estimated by pooling loans with a similar risk profile and calculating a collective loss rate using the pool's risk drivers, historical loss experience, and reasonable and supportable future economic forecasts to project lifetime losses. This collectively estimated loss is adjusted for qualitative factors.

Assessing the allowance for credit losses - loans is inherently subjective as it requires making material estimates, including the amount, and timing of future cash flows expected to be received on collateral dependent loans, any of which estimates may be susceptible to significant change. In our opinion, the allowance, when taken as a whole, reflects estimated probable loan losses in our loan portfolio.

STATEMENT OF OPERATIONS ANALYSIS

Net Interest Income. Net interest income represents the difference between the dollar amount of interest earned on interest-bearing assets and the dollar amount of interest paid on interest-bearing liabilities. The interest income and expense of financial institutions (including those of the Bank) are significantly affected by general economic conditions, competition, policies of regulatory authorities and other factors.

Interest rate spread and net interest margin are used to measure and explain changes in net interest income. Interest rate spread is the difference between the yield on interest earning assets and the rate paid for interest-bearing liabilities that fund those assets. Net interest margin is expressed as the percentage of net interest income to average interest earning assets. Net interest margin currently exceeds interest rate spread because non-interest-bearing sources of funds ("net free funds"), principally demand deposits and stockholders' equity, also support interest earning assets. The narrative below discusses net interest income, and net interest margin for the three-month and nine-month periods ended September 30, 2025, and September 30, 2024, respectively.

Net interest income was $13.2 million for the three months ended September 30, 2025, compared to $11.3 million for the three months ended September 30, 2024. Compared to the third quarter of 2024, the third quarter of 2025 net interest income increased $1.9 million. The third quarter 2025 increase from the same period in 2024, was largely due to: (1) $1.3 million in lower liability interest expense due to 50 basis point lower cost of funds; (2) $0.4 million of interest income recognized on the payoff of nonaccrual loans and loans with purchase credit discounts; (3) $0.4 million of accretion on the aforementioned payoffs; and (4) with higher asset yields offsetting a 4% decrease in interest-earning assets.

The net interest margin for the three-month period ended September 30, 2025, increased to 3.20%, compared to 2.63%, for the three-month period ended September 30, 2024. The higher net interest margin was due to: (1) a decrease in liability costs of 48 basis points; (2) the net favorable impacts of the $0.4 million of payoffs of nonaccrual loans and loans with purchase credit discounts or 10 basis points; and (3) a net increase of 4 basis points in asset yields in addition to those discussed above.

Net interest income was $38.1 million for the nine-month period ended September 30, 2025, compared to $34.8 million for the nine months ended September 30, 2024. For the nine months ended September 30, 2025, net interest income increased $3.3 million from the same period in 2024. The increase in net interest income was largely due to: (1) lower liability costs of 33 basis points; (2) income from the payoff of nonaccrual loans and loans with purchase credit discounts, increased $0.8 million; partially offset by the impact of a 4% decrease in interest-earnings assets.

The net interest margin for the nine-month period ended September 30, 2025, increased to 3.11%, compared to 2.71%, for the nine-month period ended September 30, 2024. The higher net interest margin was primarily due to: (1) a decrease in liability costs of 33 basis points; and (2) the net favorable impact of the $0.74 million payoffs of nonaccrual loans and loans with purchase credit discounts, net of income recognized on loans modified.

Average Balances, Net Interest Income, Yields Earned and Rates Paid. The following net interest income analysis table presents interest income from average interest earning assets, expressed in dollars and yields, and interest expense on average interest-bearing liabilities, expressed in dollars and rates on a tax equivalent basis. Shown below is the weighted average tax equivalent yield on interest earning assets, rates paid on interest-bearing liabilities and the resultant spread at or during the three and nine-month periods ended September 30, 2025, and September 30, 2024. Non-accruing loans have been included in the table as loans carrying a zero yield.

NET INTEREST INCOME ANALYSIS ON A TAX EQUIVALENT BASIS

(Dollar amounts in thousands)

Three months ended September 30, 2025, compared to the three months ended September 30, 2024:

	Three months ended September 30, 2025			Three months ended September 30, 2024		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Average interest earning assets:						
Cash and cash equivalents	$ 62,395	$ 693	4.41 %	$ 25,187	$ 360	5.69 %
Loans	1,342,635	19,759	5.84 %	1,429,928	20,115	5.60 %
Investment securities	220,213	1,738	3.13 %	236,960	1,966	3.30 %
Other investments	12,373	64	2.05 %	12,553	71	2.25 %
Total interest earning assets	$ 1,637,616	$ 22,254	5.39 %	$ 1,704,628	$ 22,512	5.25 %
Average interest-bearing liabilities:						
Savings accounts	$ 158,905	$ 306	0.76 %	$ 170,777	$ 450	1.05 %
Demand deposits	376,145	2,061	2.17 %	357,201	2,152	2.40 %
Money market	358,956	2,512	2.78 %	381,369	3,126	3.26 %
CD’s	339,566	3,341	3.90 %	379,722	4,437	4.65 %
Total deposits	$ 1,233,572	$ 8,220	2.64 %	$ 1,289,069	$ 10,165	3.14 %
FHLB Advances and other borrowings	54,389	820	5.98 %	80,338	1,062	5.26 %
Total interest-bearing liabilities	$ 1,287,961	$ 9,040	2.78 %	$ 1,369,407	$ 11,227	3.26 %
Net interest income		$ 13,214			$ 11,285	
Interest rate spread			2.61 %			1.99 %
Net interest margin			3.20 %			2.63 %
Average interest earning assets to average interest-bearing liabilities			1.27			1.24

NET INTEREST INCOME ANALYSIS ON A TAX EQUIVALENT BASIS

(Dollar amounts in thousands)

Nine months ended September 30, 2025, compared to the nine months ended September 30, 2024:

	Nine months ended September 30, 2025			Nine months ended September 30, 2024		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Average interest earning assets:						
Cash and cash equivalents	$ 51,589	$ 1,710	4.43 %	$ 19,073	$ 823	5.76 %
Loans receivable	1,353,030	58,466	5.78 %	1,441,972	60,204	5.58 %
Investment securities	223,985	5,282	3.15 %	240,054	6,038	3.36 %
Other investments	12,423	401	4.32 %	12,983	589	6.06 %
Total interest earning assets	$ 1,641,027	$ 65,859	5.37 %	$ 1,714,082	$ 67,654	5.27 %
Average interest bearing liabilities:						
Savings accounts	$ 162,222	$ 1,048	0.86 %	$ 173,946	$ 1300	1.00 %
Demand deposits	377,051	6,079	2.16 %	355,356	6,192	2.33 %
Money market accounts	361,944	7,557	2.79 %	378,740	9,005	3.18 %
CD's	342,077	10,420	4.07 %	364,131	12,215	4.48 %
Total deposits	$ 1,243,294	$ 25,104	2.70 %	$ 1,272,173	$ 28,712	3.01 %
FHLB advances and other borrowings	60,231	2,636	5.85 %	108,897	4,176	5.12 %
Total interest bearing liabilities	$ 1,303,525	$ 27,740	2.85 %	$ 1,381,070	$ 32,888	3.18 %
Net interest income		$ 38,119			$ 34,766	
Interest rate spread			2.52 %			2.09 %
Net interest margin			3.11 %			2.71 %
Average interest earning assets to average interest bearing liabilities			1.26			1.24

Rate/Volume Analysis. The following tables present the dollar amount of changes in interest income and interest expense for the components of interest earning assets and interest-bearing liabilities that are presented in the preceding table. For each category of interest earning assets and interest-bearing liabilities, information is provided on changes attributable to: (1) changes in volume, which are changes in the average outstanding balances multiplied by the prior period rate (i.e., holding the initial rate constant); and (2) changes in rate, which are changes in average interest rates multiplied by the prior period volume (i.e., holding the initial balance constant). Rate and volume changes have been discussed previously in the net interest income section above.

RATE / VOLUME ANALYSIS

(Dollar amounts in thousands)

Three months ended September 30, 2025, compared to the three months ended September 30, 2024.

	Increase (decrease) due to		
	Volume	Rate	Net
Interest income:			
Cash and cash equivalents	$ 446	$ (113)	$ 333
Loans	(1,263)	907	(356)
Investment securities	(135)	(93)	(228)
Other investments	(1)	(6)	(7)
Total interest earning assets	(953)	695	(258)
Interest expense:			
Savings accounts	(30)	(114)	(144)
Demand deposits	111	(202)	(91)
Money market accounts	(176)	(438)	(614)
CD's	(438)	(658)	(1,096)
Total deposits	(533)	(1,412)	(1,945)
FHLB Advances and other borrowings	(401)	159	(242)
Total interest bearing liabilities	(934)	(1,253)	(2,187)
Net interest income	$ (19)	$ 1,948	$ 1,929

RATE / VOLUME ANALYSIS

(Dollar amounts in thousands)

Nine months ended September 30, 2025, compared to the nine months ended September 30, 2024.

	Increase (decrease) due to		
	Volume	Rate	Net
Interest income:			
Cash and cash equivalents	$ 1,165	$ (278)	$ 887
Loans receivable	(3,796)	2,058	(1,738)
Investment securities	(390)	(366)	(756)
Other investments	(24)	(164)	(188)
Total interest earning assets	(3,045)	1,250	(1,795)
Interest expense:			
Savings accounts	(83)	(169)	(252)
Demand deposits	365	(478)	(113)
Money market accounts	(386)	(1,062)	(1,448)
CD's	(711)	(1,084)	(1,795)
Total deposits	(815)	(2,793)	(3,608)
FHLB advances and other borrowings	(787)	(753)	(1,540)
Total interest bearing liabilities	(1,602)	(3,546)	(5,148)
Net interest income	$ (1,443)	$ 4,796	$ 3,353

The table below shows the principal balance and current contractual rate of fixed rate certificates of deposit as of September 30, 2025. The table also shows the principal balance and current contractual rate of fixed rate loans and securities as of September 30, 2025, that mature or reprice.

Portfolio Contractual Repricing:
(in millions, except yields)

	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026	FY 2027
Maturing Certificate Accounts:						
Contractual Balance	$ 95	$ 138	$ 63	$ 36	$ 10	$ 3
Contractual Interest Rate	3.90 %	3.98 %	3.97 %	3.93 %	3.85 %	0.84 %
Maturing or Repricing Loans:						
Contractual Balance	$ 42	$ 40	$ 55	$ 117	$ 98	$ 233
Contractual Interest Rate	4.95 %	4.59 %	4.71 %	3.70 %	3.84 %	4.64 %
Maturing or Repricing Securities:						
Contractual Balance	$ 7	$ 2	$ 7	$ 7	$ 3	$ 7
Contractual Interest Rate	4.45 %	3.72 %	3.57 %	3.44 %	3.27 %	4.76 %

Provision for Credit Losses. We determine our provision for credit losses ("provision") based on our desire to provide an adequate Allowance for Credit Losses ("ACL") - Loans to reflect estimated lifetime losses in our loan portfolio and ACL - Unfunded Commitments to reflect estimated losses on our unfunded commitments to lend. We use a third-party model to collectively evaluate and estimate the ACL on loans and unfunded commitments on a pooled basis. The model pools loans and commitments with similar characteristics and calculates an estimated loss rate for the pool based on identified risk drivers. These risk drivers vary with loan type. Projections about future economic conditions and the effect they could have on future losses are inherent in the model. Loans with uniquely identified circumstances and risks are individually evaluated. Lifetime losses on these loans are estimated based on the loans' individual characteristics.

The total provision for credit losses for the third quarter ended September 30, 2025, was $0.650 million compared to a negative provision for credit losses of $0.400 million for the quarter ended September 30, 2024. The third quarter of 2025 provision was largely due to: (1) the impact of changes in credit quality, i.e. changes in reserve on impaired loans, and the impact of delinquent loans at June 30, 2025, becoming delinquent at September 30, 2025; (2) net shrinkage of the loan portfolio of $0.1 million; (3) $51 thousand of net recoveries; (4) a decrease in off-balance sheet commitments for new construction loan originations of $0.1 million. The total benefit, i.e., negative provision, for credit losses for the third quarter ended September 30, 2024, of $0.400 million was due to decreases in ACL related to on-balance sheet ACL of $0.1 million; and reductions in off-balance sheet reserves to fund commitments of $0.3 million.

The total provision for credit losses for the nine months ended September 30, 2025, was $1.750 million compared to a negative provision for credit losses of $2.725 million for the nine months ended September 30, 2024. The 2025 provision for ACL was primarily due to the impact of higher reserves on impaired loans and the impact of higher delinquencies. For the nine months ended 2024, the total provision for ACL was a negative provision of $2.725 million. The decrease was primarily due to: (1) the $0.9 million impact of loan portfolio decreases and credit quality improvements; (2) $0.6 million due to improvements in the Moody's economic scenario assumptions utilized by our third party provider; (3) reduction in off-balance sheet ACL to fund loan commitments of $0.9 million; (4) a decrease in the allowance for credit losses of $0.5 million, largely in the first quarter; and (5) net recoveries.

Continued stable economic conditions in our markets, as evidenced by unemployment rates below the national average in our two largest population centers, have resulted in positive overall economic trends for businesses. The impact of higher interest rates and the impact of an inverted yield forecast are factors that the third-party model used for economic conditions in computing the ACL level.

Note that in discussing ACL allocations, the entire ACL balance is available for any loan that, in management's judgment, should be charged off.

Management believes that the provision recorded for the current year's three- and nine-month periods is adequate in view of the present condition of our loan portfolio and the sufficiency of collateral supporting our non-performing loans. We continually monitor non-performing loan relationships and will adjust our provision, as necessary, if changing facts and circumstances require a change in the ACL. In addition, a decline in the quality of our loan portfolio as a result of general economic conditions, factors affecting particular borrowers, or our market areas, or otherwise, could all affect the adequacy of our ACL. If there are significant charge-offs against the ACL, or we otherwise determine that the ACL is inadequate, we will need to record an additional provision in the future.

Non-interest Income. The following table reflects the various components of non-interest income for the three and nine-month periods ended September 30, 2025 and 2024, respectively.

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Non-interest Income:						
Service charges on deposit accounts	$ 449	$ 513	(12.48)%	$ 1,304	$ 1,474	(11.53)%
Interchange income	565	577	(2.08)%	1,647	1,697	(2.95)%
Loan servicing income	649	643	0.93 %	1,773	1,751	1.26 %
Gain on sale of loans	992	752	31.91 %	2,411	1,998	20.67 %
Loan fees and service charges	173	165	4.85 %	530	704	(24.72)%
Net gains (losses) on equity securities	(66)	(78)	N/M	43	(569)	N/M
Bank Owned Life Insurance (BOLI) death benefit	—	—	N/M	—	184	N/M
Other	260	349	(25.50)%	743	859	(13.50)%
Total non-interest income	$ 3,022	$ 2,921	3.46 %	$ 8,451	$ 8,098	4.36 %

N/M means not meaningful

Service charges on deposit accounts decreased $64 thousand from the third quarter of 2024, compared to the third quarter of 2025, and decreased $170 thousand for the nine months ended September 30, 2025, compared to the same period in 2024, primarily due to lower customer activity.

Gain on sale of loans increased in the three-month period ended September 30, 2025, compared to the three-month period ended September 30, 2024. Higher gains on SBA loan sales account for approximately 2/3 of the increase, with the remainder of the increase also impacted by higher gains on sale of residential loans. For the nine-month periods ending September 30, 2025, and 2024, loan sale gains increased approximately 60% due to higher SBA loan sales and 40% higher residential gains on sale

Loan fees and services charges were lower in the nine-month period ended September 30, 2025, compared to the same periods in 2024, due to lower customer activity.

Net gains (losses) on equity securities increased for the nine-month period ended September 30, 2025, compared to the same period in 2024. The change was due to second quarter 2024 losses, partially offset by gains recognized in the first quarter of 2024, due to increased valuations of equity securities.

The decrease in other income for the three- and nine-month periods ending September 30, 2025, compared to the same periods in 2024, is due to changes in annual debit card incentives in 2025, due to lower customer spending.

Non-interest Expense. The following table reflects the various components of non-interest expense for the three and nine-month periods ended September 30, 2025 and 2024, respectively.

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Non-interest Expense:						
Compensation and related benefits	$ 6,341	$ 5,743	10.41 %	$ 17,946	$ 16,901	6.18 %
Occupancy	1,266	1,242	1.93 %	3,749	3,942	(4.90)%
Data processing	1,811	1,665	8.77 %	5,283	4,787	10.36 %
Amortization of intangible assets	113	178	(36.52)%	471	536	(12.13)%
Mortgage servicing rights expense, net	161	163	(1.23)%	449	427	5.15 %
Advertising, marketing and public relations	201	225	(10.67)%	562	575	(2.26)%
FDIC premium assessment	195	201	(2.99)%	584	606	(3.63)%
Professional services	359	336	6.85 %	1,299	1,249	4.00 %
Gains on repossessed assets, net	(4)	65	N/M	—	47	N/M
Other	608	603	0.83 %	1,921	2,427	(20.85)%
Total non-interest expense	$ 11,051	$ 10,421	6.05 %	$ 32,264	$ 31,497	2.44 %
Non-interest expense (annualized) / Average assets	2.53 %	2.29 %	10.48 %	2.47 %	2.31 %	6.93 %

N/M means not meaningful

Compensation expense for the three-month period ended September 30, 2025, increased from the same period in 2024, due to annual employee pay raises, effective late first quarter of 2025, higher incentive accruals, and higher medical costs. The increase for the nine-month period ending September 30, 2025, was largely due to the same reason as in the third quarter period.

Data processing expense for the three and nine-months ended September 30, 2025, increased from the same 2024 periods, largely due to inflationary pressures and the impact of new software implementation costs to aid in future efficiency efforts.

Amortization of intangibles decreased for both the three and nine-month periods ending September 30, 2025, from the same 2024 periods, as an intangible was fully amortized in the third quarter of 2025.

The decrease in other non-interest expense for the nine-months ended September 30, 2025, compared to the same period in 2024, is largely due to $0.2 million in branch closure costs in the second quarter of 2024 and the establishment of an SBA valuation reserve of $0.4 million in the first quarter of 2024, partially offset by additional SBA costs in 2025 of $0.1 million.

Income Taxes. Provision for income taxes decreased to $0.85 million in the third quarter of 2025, from $0.9 million in the third quarter of 2024. For the nine months ended September 30, 2025, income tax expense decreased $0.6 million to $2.4 million, compared to the same period in 2024. The decrease in both periods is primarily due to lower pre-tax income and to a lesser extent, a lower effective tax rate, due to the positive impact of higher permanent tax deductions in 2025.

BALANCE SHEET ANALYSIS

Cash and Cash Equivalents. Cash and cash equivalents increased $32.2 million to $82.4 million at September 30, 2025, compared to $50.2 million at December 31, 2024. This increase was primarily due to the net proceeds from loan shrinkage increasing on-balance sheet liquidity and growing interest-bearing cash.

Investment Securities. We manage our securities portfolio to provide liquidity, manage interest rate risk and enhance income. Our investment portfolio is comprised of securities available-for-sale and securities held-to-maturity. Securities available-for-sale decreased $5.3 million during the nine months ended September 30, 2025, to $137.6 million from $142.9 million at December 31, 2024. There were principal repayments of $8.9 million, and a net decrease in the corporate debt portfolio due to calls of $5.0 million and maturities of $2.5 million. These reductions were partially offset by purchases of $7.0 million of corporate debt and a decrease in the unrealized loss of $4.2 million.

Securities held-to-maturity decreased $4.0 million to $81.5 million during the nine-month period ended September 30, 2025, from $85.5 million at December 31, 2024, due to principal repayments.

The amortized cost and market values of our available-for-sale securities by asset categories as of the dates indicated below were as follows:

Available-for-sale securities		Amortized Cost		Fair Value
September 30, 2025				
U.S. government agency obligations	$	11,502	$	11,432
Mortgage-backed securities		83,679		67,600
Corporate debt securities		44,452		42,284
Asset-backed securities		16,566		16,323
Totals	$	156,199	$	137,639
December 31, 2024				
U.S. government agency obligations	$	13,853	$	13,753
Mortgage-backed securities		87,762		68,386
Corporate debt securities		44,931		41,716
Asset-backed securities		19,058		18,996
Totals	$	165,604	$	142,851

The amortized cost and fair value of our held-to-maturity securities by asset categories as of the dates noted below were as follows:

Held-to-maturity securities		Amortized Cost		Fair Value
September 30, 2025				
Obligations of states and political subdivisions	$	400	$	385
Mortgage-backed securities		81,126		64,494
Totals	$	81,526	$	64,879
December 31, 2024				
Obligations of states and political subdivisions	$	500	$	478
Mortgage-backed securities		85,004		65,144
Totals	$	85,504	$	65,622

The composition of our available-for-sale portfolios by credit rating as of the dates indicated below was as follows:

Available-for-sale securities	September 30, 2025 Amortized Cost	September 30, 2025 Fair Value	December 31, 2024 Amortized Cost	December 31, 2024 Fair Value
U.S. government agency	$ 88,487	$ 72,371	$ 94,327	$ 74,910
AAA	5,018	4,996	7,210	7,148
AA	18,242	17,988	19,136	19,077
A	3,450	3,246	5,950	5,620
BBB	41,002	39,038	38,981	36,096
Total available for sale securities	$ 156,199	$ 137,639	$ 165,604	$ 142,851

The composition of our held-to-maturity portfolio by credit rating as of the dates indicated was as follows:

Held-to-maturity securities	September 30, 2025 Amortized Cost	September 30, 2025 Fair Value	December 31, 2024 Amortized Cost	December 31, 2024 Fair Value
U.S. government agency	$ 81,126	$ 64,494	$ 85,004	$ 65,144
A	400	385	500	478
Total	$ 81,526	$ 64,879	$ 85,504	$ 65,622

At September 30, 2025, the Bank has pledged certain of its mortgage-backed securities with a carrying value of $32.6 million as collateral to secure a line of credit with the Federal Reserve Bank. As of September 30, 2025, there were no borrowings outstanding on this Federal Reserve Bank line of credit. As of September 30, 2025, the Bank has pledged certain of its U.S. Government Agency securities with a carrying value of $0.2 million and mortgage-backed securities with a carrying value of $1.9 million as collateral against specific municipal deposits. As of September 30, 2025, the Bank also has mortgage-backed securities with a carrying value of $0.4 million pledged as collateral to the Federal Home Loan Bank of Des Moines.

At December 31, 2024, the Bank has pledged certain of its mortgage-backed securities with a carrying value of $34.0 million as collateral to secure a line of credit with the Federal Reserve Bank. As of December 31, 2024, there were no borrowings outstanding on this Federal Reserve Bank line of credit. As of December 31, 2024, the Bank has pledged certain of its U.S. Government Agency securities with a carrying value of $0.3 million and mortgage-backed securities with a carrying value of $1.8 million as collateral against specific municipal deposits. As of December 31, 2024, the Bank also has mortgage-backed securities with a carrying value of $0.5 million pledged as collateral to the Federal Home Loan Bank of Des Moines.

Loans. Total loans outstanding, net of deferred loan fees and costs and unamortized discount on acquired loans, decreased by $0.05 billion, to $1.32 billion as of September 30, 2025, from $1.37 billion at December 31, 2024. The following table reflects the composition, of our loan portfolio at September 30, 2025, and December 31, 2024:

	September 30, 2025		December 31, 2024	
	Amount	Percent	Amount	Percent
Real estate loans:				
Commercial/Agricultural real estate				
Commercial real estate	$ 683,931	51.7 %	$ 709,018	51.8 %
Agricultural real estate	64,096	4.8 %	73,130	5.3 %
Multi-family real estate	237,191	17.9 %	220,805	16.1 %
Construction and land development	74,789	5.7 %	78,489	5.7 %
Residential mortgage				
Residential mortgage	125,198	9.5 %	132,341	9.7 %
Purchased HELOC loans	1,979	0.1 %	2,956	0.2 %
Total real estate loans	1,187,184	89.7 %	1,216,739	88.8 %
C&I/Agricultural operating and Consumer Installment Loans:				
C&I/Agricultural operating				
Commercial and industrial (“C&I”)	101,700	7.7 %	115,657	8.4 %
Agricultural operating	30,085	2.3 %	31,000	2.3 %
Consumer installment				
Originated indirect paper	2,567	0.2 %	3,970	0.4 %
Other consumer	4,155	0.3 %	5,012	0.4 %
Total C&I/Agricultural operating and Consumer installment Loans	138,507	10.5 %	155,639	11.5 %
Gross loans	$ 1,325,691	100.2 %	$ 1,372,378	100.3 %
Unearned net deferred fees and costs and loans in process	(2,563)	(0.2)%	(2,547)	(0.2)%
Unamortized discount on acquired loans	(118)	— %	(850)	(0.1)%
Total loans (net of unearned income and deferred expense)	1,323,010	100.0 %	1,368,981	100.0 %
Allowance for credit losses	(22,182)		(20,549)	
Total loans receivable, net	$ 1,300,828		$ 1,348,432	

Commercial real estate (”CRE”) lending typically involves higher loan principal amounts and the repayment of these loans is generally largely dependent on the successful operation of the property or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. The level of owner-occupied property versus non-owner-occupied property are tracked and monitored on a regular basis.

The following table lists the portfolio characteristics of our major commercial real estate loan portfolio at September 30, 2025:

	Non-Owner Occupied CRE	Owner- Occupied CRE	Multi-family CRE	Construction and Development CRE
Loan Balance Outstanding in Millions	$ 447	$ 237	$ 237	$ 75
Number of Loans	723	375	129	87
Average Loan Size in Millions	$ 0.6	$ 0.6	$ 1.8	$ 0.9
Approximate Weighted Average LTV	52 %	50 %	61 %	73 %
Weighted Average Seasoning in Months	48	47	45	N/A
Trailing 12 Month Net Charge-Offs	0.00 %	0.02 %	0.00 %	0.00 %
Criticized Loans in Millions	$ 5.8	$ 8.7	$ 9.0	$ 0.0
Criticized Loans as a Percent of Total	1.3 %	3.7 %	3.8 %	0.0 %

The table below lists the above CRE portfolio by geographical location:

	Non-Owner Occupied CRE	Owner- Occupied CRE	Multi-family CRE	Construction and Development CRE
Wisconsin	49 %	79 %	62 %	59 %
Minnesota	22 %	15 %	27 %	8 %
Other	29 %	6 %	11 %	33 %

The following table further disaggregates the composition of our commercial real estate loan portfolio by selected industry components at September 30, 2025:

	Campground	Hotel	Restaurant	Office
Loan Balance Outstanding in Millions	$ 151	$ 98	$ 59	$ 26
Number of Loans	74	21	82	71
Average Loan Size in Millions	$ 2.0	$ 4.7	$ 0.7	$ 0.4
Approximate Weighted Average LTV	48 %	54 %	49 %	63 %
Weighted Average Seasoning in Months	41	N/A	N/A	51
Trailing 12 Month Net Charge-Offs	0.00 %	0.00 %	0.00 %	0.00 %
Criticized Loans in Millions	$ 0.0	$ 3.5	$ 3.3	$ 0.2
Criticized Loans as a Percent of Total	0.0 %	3.5 %	5.5 %	0.7 %

The table below lists our CRE portfolio selected industry components by geographical location:

	Campground	Hotel	Restaurant	Office
Wisconsin	19 %	35 %	58 %	79 %
Minnesota	0 %	43 %	26 %	12 %
Other	81 %	22 %	16 %	9 %

The following table lists the portfolio characteristics of our major commercial real estate loan portfolio at December 31, 2024:

	Non-Owner Occupied CRE	Owner- Occupied CRE	Multi-family CRE	Construction and Development CRE
Loan Balance Outstanding in Millions	$ 471	$ 238	$ 221	$ 78
Number of Loans	746	385	129	91
Average Loan Size in Millions	$ 0.6	$ 0.6	$ 1.7	$ 0.9
Approximate Weighted Average LTV	52 %	51 %	62 %	74 %
Weighted Average Seasoning in Months	44	41	41	N/A
Trailing 12 Month Net Charge-Offs	0.00 %	0.00 %	0.00 %	0.00 %
Criticized Loans in Millions	$ 7.6	$ 4.2	$ 0.0	$ 0.1
Criticized Loans as a Percent of Total	1.6 %	1.7 %	0.0 %	0.1 %

The table below lists the above CRE portfolio by geographical location:

	Non-Owner Occupied CRE	Owner- Occupied CRE	Multi-family CRE	Construction and Development CRE
Wisconsin	52 %	79 %	63 %	55 %
Minnesota	20 %	17 %	33 %	7 %
Other	28 %	4 %	4 %	38 %

The following table further disaggregates the composition of our commercial real estate loan portfolio by selected industry components at December 31, 2024:

	Campground	Hotel	Restaurant	Office
Loan Balance Outstanding in Millions	$ 139	$ 88	$ 59	$ 28
Number of Loans	68	20	78	71
Average Loan Size in Millions	$ 2.0	$ 4.4	$ 0.8	$ 0.4
Approximate Weighted Average LTV	49 %	51 %	48 %	58 %
Weighted Average Seasoning in Months	38	48	38	44
Trailing 12 Month Net Charge-Offs	0.00 %	(0.04)%	0.00 %	0.00 %
Criticized Loans in Millions	$ 0.0	$ 4.0	$ 0.0	$ 0.5
Criticized Loans as a Percent of Total	0.0 %	4.6 %	0.1 %	1.8 %

The table below lists our CRE portfolio selected industry components by geographical location:

	Campground	Hotel	Restaurant	Office
Wisconsin	21 %	38 %	57 %	83 %
Minnesota	0 %	41 %	27 %	8 %
Other	79 %	21 %	16 %	9 %

Allowance for Credit Losses - Loans. The Allowance for Credit Losses - Loans ("ACL") is a valuation allowance for expected future credit losses in the Company's loan portfolio as of the balance sheet date. In determining the allowance, the Company estimates credit losses over the loan's entire contractual term, adjusted for expected prepayments when appropriate. The allowance estimate considers qualitative and quantitative relevant information from internal and external sources relating to historical loss experience; known and inherent risks in our portfolio; information about specific borrowers' ability to repay; estimated collateral values; current economic conditions; reasonable and supportable forecasts for future conditions; and other relevant factors determined by management. To ensure that the ACL is maintained at an adequate level, a detailed analysis is performed on a quarterly basis, and an appropriate provision is made to adjust the allowance. The entire ACL balance is available for any loan that, in management's judgment, should be charged off.

The determination of the ACL requires significant judgment to estimate credit losses. The ACL is measured collectively on a pooled basis when similar risk characteristics exist, and on an individual basis when management determines that the loan does not share similar risk characteristics with other loans. The ACL on loans collectively evaluated is measured using the loss rate model. The Company categorizes its loan portfolio into four segments based on similar risk characteristics. Loans within each segment are pooled based on individual loan characteristics. Aggregated risk drivers are then calculated at a pool level. Risk drivers are identified attributes that have proven to be predictive of loan loss rates and vary based on loan segment and type. A loss rate is calculated and applied to the pool utilizing a model that combines the pool's risk drivers, historical loss experience, and reasonable and supportable future economic forecasts to project lifetime losses. The loss rate is then combined with the loan's balance and contractual maturity, adjusted for expected prepayments, to determine expected future losses. Future and supportable economic forecasts are based on national economic conditions and their reversion to the mean is implicit in the model and generally occurs over a period of two years.

Qualitative adjustments are made to the allowance calculated on collectively evaluated loans to incorporate factors not included in the model. Qualitative factors include but are not limited to: lending policies and procedures, the experience and ability of lending and other staff, the volume and severity of problem credits, quality of the loan review system, and other external factors.

Loans that exhibit different risk characteristics from the pool are individually evaluated for credit losses. Loans can be identified for individual evaluation for a variety of reasons including delinquency, nonaccrual status, risk rating, and loan modification. Accruing loans that exhibit different risk characteristics from their pool may also be within scope. On these loans, an allowance may be established so that the loan is reported, net, at the lower of: (a) its amortized cost; (b) the present value of the loan's estimated future cash flows using the loan's existing rate; or (c) at the fair value of any loan collateral, less estimated disposal costs, if the loan is collateral dependent. Collateral dependency is determined using the practical expedient when: (1) the borrower is experiencing financial difficulty; and (2) repayment is expected to be provided substantially through the sale or operation of the collateral.

In addition, various regulatory agencies periodically review the ACL. These agencies may require the Company to make additions to the ACL or may require that certain loan balances be charged off or downgraded into classified loan categories when the agencies' evaluation differs from management's evaluation based on their judgments of collectability from the information available to them at the time of examination.

The Allowance for Credit Losses - Unfunded Commitments is a liability for expected future credit losses on the Company's commitments to lend. The Company estimates expected credit losses over the contractual period for which the Company is exposed to credit risk, via a contractual obligation to extend credit, unless the obligation is unconditionally cancellable by the Company. The Allowance for Credit Losses - Unfunded Commitments on off-balance sheet exposures is included in other liabilities on the consolidated balance sheet.

Allowance for Credit Losses - Loans Roll Forward
(in thousands, except ratios)

	September 30, 2025 and Three Months Ended	June 30, 2025 and Three Months Ended	December 31, 2024 and Three Months Ended
Allowance for Credit Losses ("ACL")			
ACL - Loans, at beginning of period	$ 21,347	$ 20,205	$ 21,000
Loans charged off:			
Commercial/Agricultural real estate	—	—	—
C&I/Agricultural operating	(7)	(67)	(143)
Residential mortgage	—	—	—
Consumer installment	—	(7)	(7)
Total loans charged off	(7)	(74)	(150)
Recoveries of loans previously charged off:			
Commercial/Agricultural real estate	—	52	10
C&I/Agricultural operating	3	1	1
Residential mortgage	52	—	—
Consumer installment	3	5	12
Total recoveries of loans previously charged off:	58	58	23
Net loan recoveries/(charge-offs) ("NCOs")	51	(16)	(127)
Additions/(reversals) to ACL - Loans via provision for credit losses charged to operations	784	1,158	(324)
ACL - Loans, at end of period	$ 22,182	$ 21,347	$ 20,549
Average outstanding loan balance	$ 1,342,635	$ 1,353,332	$ 1,396,854
Ratios:			
NCOs (annualized) to average loans	(0.02)%	0.00 %	0.04 %

Allowance for Credit Losses - Loans Activity by Segment
(in thousands, except ratios)

	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Total
Three months ended September 30, 2025					
Allowance for Credit Losses - Loans:					
ACL - Loans, at beginning of period	$ 17,164	$ 1,658	$ 2,347	$ 178	$ 21,347
Charge-offs	—	(7)	—	—	(7)
Recoveries	—	3	52	3	58
Additions/(reversals) to ACL - Loans via provision for credit losses charged to operations	388	490	(76)	(18)	784
ACL - Loans, at end of period	$ 17,552	$ 2,144	$ 2,323	$ 163	$ 22,182

	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Total
Nine months ended September 30, 2025					
Allowance for Credit Losses - Loans:					
ACL - Loans, at beginning of period	$ 16,516	$ 1,330	$ 2,489	$ 214	$ 20,549
Charge-offs	(51)	(94)	—	(18)	(163)
Recoveries	92	49	53	11	205
Additions/(reversals) to ACL - Loans via provision for credit losses charged to operations	995	859	(219)	(44)	1,591
ACL - Loans, at end of period	$ 17,552	$ 2,144	$ 2,323	$ 163	$ 22,182

The following table presents the balance and activity in the allowance for credit losses ("ACL") - loans by portfolio segment for the twelve months ended December 31, 2024:

	Commercial/Agricultural Real Estate	C&I/Agricultural operating	Residential Mortgage	Consumer Installment	Total
Twelve months ended December 31, 2024					
Allowance for Credit Losses - Loans:					
ACL - Loans, at beginning of period	$ 18,784	$ 1,105	$ 2,744	$ 275	$ 22,908
Charge-offs	(39)	(143)	(4)	(35)	(221)
Recoveries	56	36	7	22	121
(Reversals)/additions to ACL - Loans via provision for credit losses charged to operations	(2,285)	332	(258)	(48)	(2,259)
ACL - Loans, at end of period	$ 16,516	$ 1,330	$ 2,489	$ 214	$ 20,549

Allowance for Credit Losses - Loans to Percentage
(in thousands, except ratios)

	September 30, 2025	December 31, 2024
Loans, end of period	$ 1,323,010	$ 1,368,981
ACL - Loans	$ 22,182	$ 20,549
ACL - Loans to loans, end of period	1.68 %	1.50 %

In addition to the ACL - Loans, the Company has established an ACL - Unfunded Commitments of $0.49 million at September 30, 2025, and $0.33 million at December 31, 2024, classified in other liabilities on the consolidated balance sheets.

Allowance for Credit Losses - Unfunded Commitments:
(in thousands)

	September 30, 2025 and Three Months Ended	September 30, 2024 and Three Months Ended	September 30, 2025 and Nine Months Ended	September 30, 2024 and Nine Months Ended
ACL - Unfunded commitments - beginning of period	$ 627	$ 712	$ 334	$ 1,250
Additions (reductions) to ACL - Unfunded commitments via provision for credit losses charged to operations	(134)	(252)	159	(790)
ACL - Unfunded commitments - end of period	$ 493	$ 460	$ 493	$ 460

Nonperforming Loans, Potential Problem Loans and Foreclosed Properties. We practice early identification of nonaccrual and problem loans in order to minimize the Bank's risk of loss. Nonperforming loans are defined as nonaccrual loans and restructured loans that were 90 days or more past due at the time of their restructure, or when management determines that such classification is warranted. The accrual of interest income is discontinued on our loans according to the following schedule:

- Commercial/agricultural real estate loans, past due 90 days or more;
- C&I/Agricultural operating loans, past due 90 days or more;
- Closed ended consumer installment loans, past due 120 days or more; and
- Residential mortgage loans and open-ended consumer installment loans, past due 180 days or more.

When interest accruals are discontinued, interest credited to income is reversed. If collection is in doubt, cash receipts on non-accrual loans are used to reduce principal rather than being recorded as interest income.

The following table identifies the various components of nonperforming assets and other balance sheet information as of the dates indicated below and changes in the ACL for the periods then ended:

	September 30, 2025 and Nine Months Then Ended (1)	December 31, 2024 and Twelve Months Then Ended (1)
Nonperforming assets:		
Nonaccrual loans		
Commercial real estate	$ 4,592	$ 4,594
Agricultural real estate	220	6,222
Multi-family real estate	8,970	—
Construction and land development	—	103
Commercial and industrial	1,312	597
Agricultural operating	—	793
Residential mortgage	520	858
Consumer installment	—	1
Total nonaccrual loans	$ 15,614	$ 13,168
Accruing loans past due 90 days or more	136	186
Total nonperforming loans (“NPLs”)	15,750	13,354
Other real estate owned	876	891
Other collateral owned	35	24
Total nonperforming assets (“NPAs”)	$ 16,661	$ 14,269
Average outstanding loan balance	$ 1,353,030	$ 1,430,631
Loans, end of period	$ 1,323,010	$ 1,368,981
Total assets, end of period	$ 1,726,987	$ 1,748,519
ACL - Loans, at beginning of period	$ 20,549	$ 22,908
Loans charged off:		
Commercial/Agricultural real estate	$ (51)	$ (39)
C&I/Agricultural operating	(94)	(143)
Residential mortgage	—	(4)
Consumer installment	(18)	(35)
Total loans charged off	(163)	(221)
Recoveries of loans previously charged off:		
Commercial/Agricultural real estate	92	56
C&I/Agricultural operating	49	36
Residential mortgage	53	7
Consumer installment	11	22
Total recoveries of loans previously charged off:	205	121
Net loan recoveries/(charge-offs) (“NCOs”)	42	(100)
Additions (reductions) to ACL - loans via provision for credit losses charged to operations	1,591	(2,259)
ACL - Loans, at end of period	$ 22,182	$ 20,549
Ratios:		
ACL-Loans to NCOs (annualized)	N/M	N/M
NCOs (annualized) to average loans	0.00 %	(0.01)%
ACL-Loans to total loans	1.68 %	1.50 %
ACL-Loans to nonaccrual loans	142.06 %	156.05 %
Nonaccrual loans to total loans	1.18 %	0.96 %
NPLs to total loans	1.19 %	0.98 %
NPAs to total assets	0.96 %	0.82 %

(1) Loan balances are stated at amortized cost.

N/M means not meaningful

Nonaccrual Loans Roll Forward:

	Quarter Ended				
	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Balance, beginning of period	$ 11,609	$ 13,091	$ 13,168	$ 15,042	$ 8,352
Additions	9,958	600	694	1,054	7,486
Charge offs	(7)	(72)	(21)	(138)	—
Transfers to OREO	—	—	—	(201)	(124)
Payments received	(5,934)	(1,992)	(752)	(2,515)	(641)
Other, net	(12)	(18)	2	(74)	(31)
Balance, end of period	$ 15,614	$ 11,609	$ 13,091	$ 13,168	$ 15,042

Nonperforming assets were $16.7 million at September 30, 2025, compared to $14.3 million at December 31, 2024. This net increase was largely due to a $9 million multi-family loan moved to nonaccrual in the third quarter due to slower than expected leasing activity, partially offset by decreases largely due to: (1) a payoff of an agricultural relationship in the second quarter of 2025 and (2) a payoff of a $5.2 million forestry services agricultural loans in the third quarter of 2025.

Refer to the “Allowance for Credit Losses - Loans” and “Nonperforming Loans, Potential Problem Loans and Foreclosed Properties” sections above for more information related to nonperforming loans.

There were no Loan Modifications made to Borrowers Experiencing Financial Difficulty during the three months ended September 30, 2025.

The table below shows a summary of criticized loans, split by special mention and substandard loans for the past five quarters. The increase in special mention loans in 2025 was primarily due to an increase in special mention commercial loans in the first quarter of 2025 largely due to a C&I relationship in the first quarter of 2025 that showed weaker cash flow than expected, and in the second quarter of 2025, one new $9 million multi-family loan that is experiencing slower leasing activity than expected. In the third quarter, the $9 million special mention loan moved to substandard and nonaccrual, which was partially offset by the payoff of a $5.2 million substandard loan that was on nonaccrual.

	(in thousands)				
(Loan balance at unpaid principal balance)	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Special mention loan balances	$ 12,920	$ 23,201	$ 14,990	$ 8,480	$ 11,047
Substandard loan balances	21,310	17,922	19,591	18,891	21,202
Criticized loans, end of period	$ 34,230	$ 41,123	$ 34,581	$ 27,371	$ 32,249

Mortgage Servicing Rights. Mortgage servicing rights ("MSR") assets are initially measured at fair value; assessed at least quarterly for impairment; carried at the lower of the initial capitalized amount, net of accumulated amortization, or estimated fair value. MSR assets are amortized in proportion to and over the period of estimated net servicing income, with the amortization recorded in non-interest expense in the consolidated statement of operations. The valuation of MSRs and related amortization thereon are based on numerous factors, assumptions, and judgments, such as those for: changes in the mix of loans, interest rates, prepayment speeds, and default rates. Changes in these factors, assumptions and judgments may have a material effect on the valuation and amortization of MSRs. Although management believes that the assumptions used to evaluate the MSRs for impairment are reasonable, future adjustment may be necessary if future economic conditions differ substantially from the economic assumptions used to determine the value of MSRs.

The fair market value of the Company's MSR asset was $4.8 million at September 30, 2025, compared to $5.0 million at September 30, 2024.

The unpaid balances of one-to-four family residential real estate loans serviced for others as of September 30, 2025, and December 31, 2024, were $475.9 million and $479.6 million, respectively. The fair market value of the Company's MSR asset as a percentage of its servicing portfolio at September 30, 2025, and December 31, 2024, was 1.01% and 1.09%, respectively.

Deposits. Total deposits decreased $7.6 million during the nine months ended September 30, 2025, to $1.48 billion. The decrease is largely due to the reduction in brokered deposits. Public deposits are seasonal and the seasonal decrease for the nine months ended September 30, 2025, was largely offset by growth in commercial and consumer deposits. Deposits by type for five quarters are detailed below:

	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Consumer deposits	$ 855,226	$ 856,467	$ 861,746	$ 852,083	$ 844,808
Commercial deposits	423,662	406,608	423,654	412,355	406,095
Public deposits	175,689	190,933	211,261	190,460	176,844
Brokered deposits	25,977	24,408	26,993	33,250	92,920
Total deposits	$ 1,480,554	$ 1,478,416	$ 1,523,654	$ 1,488,148	$ 1,520,667

At September 30, 2025, the deposit portfolio composition was 58% consumer, 28% commercial, 12% public, and 2% wholesale deposits compared to 57% consumer, 28% commercial, 13% public and 2% brokered deposits at December 31, 2024.

	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Non-interest bearing demand deposits	$ 262,535	$ 260,248	$ 253,343	$ 252,656	$ 256,840
Interest bearing demand deposits	360,475	366,481	386,302	355,750	346,971
Savings accounts	157,317	159,340	167,614	159,821	169,096
Money market accounts	354,290	357,518	370,741	369,534	366,067
Certificate accounts	345,937	334,829	345,654	350,387	381,693
Total deposits	$ 1,480,554	$ 1,478,416	$ 1,523,654	$ 1,488,148	$ 1,520,667

Uninsured and uncollateralized deposits were $277.7 million, or 19% of total deposits, at September 30, 2025, and $265.4 million, or 18% of total deposits, at December 31, 2024. Uninsured deposits alone at September 30, 2025, were $421.5 million, or 28% of total deposits, and $428.0 million, or 29% of total deposits at December 31, 2024.

On-balance sheet liquidity, collateralized new borrowing capacity, and uncommitted federal funds borrowing availability was $741 million, or 267% of uninsured and uncollateralized deposits at September 30, 2025. At December 31, 2024, on-balance sheet liquidity, collateralized borrowing and uncommitted federal funds availability totaled $724.8 million, or 273% of uninsured and uncollateralized deposits.

Federal Home Loan Bank (FHLB) advances and Other Borrowings. A summary of Federal Home Loan Bank (FHLB) advances and other borrowings at September 30, 2025, and December 31, 2024, is as follows:

	September 30, 2025				December 31, 2024			
	Stated Maturity	Amount	Range of Stated Rates		Stated Maturity	Amount	Range of Stated Rates	
Federal Home Loan Bank advances (1), (2), (3)	2025	$ 0	— %	— %	2025	$ 5,000	1.45 %	1.45 %
Federal Home Loan Bank advances		$ 0				$ 5,000		
Senior Notes (4)	2039	$ 12,000	6.50 %	6.50 %	2039	$ 12,000	6.75 %	7.75 %
Subordinated Notes (5)	2030	$ —	— %	— %	2030	$ 15,000	6.00 %	6.00 %
	2032	35,000	4.75 %	4.75 %	2032	35,000	4.75 %	4.75 %
		$ 35,000				$ 50,000		
Unamortized debt issuance costs		(238)				(394)		
Total other borrowings		$ 46,762				$ 61,606		
Totals		$ 46,762				$ 66,606		

(1) FHLB advances require interest-only monthly payments and are collateralized by a blanket lien on pre-qualifying first mortgages, home equity lines, multi-family loans and certain other loans which had a pledged balance of $1,028.7 million and $1,075.0 million at September 30, 2025 and December 31, 2024, respectively. At September 30, 2025, the Bank's available and unused portion under the FHLB borrowing arrangement was approximately $414.4 million compared to $424.7 million as of December 31, 2024.

(2) Maximum month-end borrowed amounts outstanding under this borrowing agreement were $5.0 million and $81.0 million, during the nine months ended September 30, 2025 and the twelve months ended December 31, 2024, respectively.

(3) There were no FHLB borrowings outstanding as of September 30, 2025. The weighted-average interest rate on FHLB borrowings, with maturities less than twelve months, outstanding as of December 31, 2024, was 1.45%.

(4) Senior notes, entered into by the Company in June 2019 consist of the following:

(a) A term note, which was subsequently refinanced in March 2022, modified in February of 2023, requiring quarterly interest-only payments through January 2029, and quarterly principal and interest payments thereafter. Interest is variable, based on US Prime rate minus 75 basis points with a floor rate of 3.00%.

(b) A $5.0 million line of credit, maturing August 1, 2026, that remains undrawn upon, and was renewed for a term of one year on August 1, 2025.

(5) Subordinated notes resulted from the following:

(a) The Company's Subordinated Note Purchase Agreement entered into with certain purchasers in August 2020, which bore a fixed interest rate of 6.00% for five years. On July 7, 2025, the Board of Directors approved the redemption of the entire $15,000 balance of the 6% subordinated debentures due September 1, 2030, which were scheduled to reprice on September 1, 2025, to SOFR plus 0.0591 basis points. The redemption occurred on September 1, 2025.

(b) The Company's Subordinated Note Purchase Agreement entered into with certain purchasers in March 2022, which bears a fixed interest rate of 4.75% for five years. In April 2027, the fixed interest rate will be reset quarterly to equal the three-month term SOFR plus 329 basis points. The note is callable by the Bank when, and anytime after, the floating rate is initially set. Interest-only payments are due semi-annually each year during the fixed interest period and quarterly during the floating interest period.

FHLB advances decreased to $0 as of September 30, 2025, compared to $5.0 million as of December 31, 2024. The Bank has an irrevocable Standby Letter of Credit Master Reimbursement Agreement with the Federal Home Loan Bank. This irrevocable standby letter of credit (“LOC”) is supported by loan collateral as an alternative to directly pledging investment securities on behalf of a municipal customer as collateral for their interest-bearing deposit balances. The Bank’s current unused borrowing capacity, supported by loan collateral as of September 30, 2025, is approximately $414.4 million.

At September 30, 2025, and December 31, 2024, the Bank had the ability to borrow $24.8 million and $24.9 million from the Federal Reserve Bank of Minneapolis. The ability to borrow is based on mortgage-backed securities pledged with a carrying value of $32.6 million and $34.0 million as of September 30, 2025, and December 31, 2024, respectively. There were no related Federal Reserve borrowings outstanding as of September 30, 2025, or December 31, 2024.

The Bank maintains two unsecured federal funds purchased lines of credit with banking partners which total $70 million. These lines bear interest at the lender banks announced daily federal funds rate, mature daily, and are revocable at the discretion of the lending institution. There were no borrowings outstanding on these lines of credit as of September 30, 2025, or December 31, 2024. Additionally, we have a $5.0 million revolving line of credit which is available as needed for general liquidity purposes.

See Note 7, “Federal Home Loan Bank Advances and Other Borrowings” for more information.

Stockholders’ Equity. Stockholders’ equity was $186.8 million at September 30, 2025, compared to $179.1 million at December 31, 2024. The increase in stockholders’ equity was attributable to: (1) net income of $10.1 million for the nine-month period ended September 30, 2025; and (2) a decrease from December 31, 2024, in net unrealized losses from the AFS securities portfolio reflected in accumulated other comprehensive income of $3.2 million. These increases were partially offset by the annual cash dividend paid in February to common stockholders of $0.36 per share, or $3.6 million and repurchases of common stock of $2.0 million.

The Company repurchased approximately 136 thousand shares of common stock in the quarter ended September 30, 2025. As of September 30, 2025, approximately 363 thousand shares remain available for repurchase under the July 2025 5% share repurchase authorization. The timing and amount of any share repurchases under the new authorization will be determined by management based on market conditions and other considerations. The new share repurchase authorization does not obligate the Company to repurchase any shares of its common stock.

Liquidity and Asset / Liability Management. Liquidity management refers to our ability to ensure cash is available in a timely manner to meet loan demand, depositors’ needs, and meet other financial obligations as they become due without undue cost, risk, or disruption to normal operating activities. We manage and monitor our short-term and long-term liquidity positions and needs through a regular review of maturity profiles, funding sources, and loan and deposit forecasts to minimize funding risk. A key metric we monitor is our liquidity ratio, calculated as cash and unpledged securities portfolio divided by total assets. At September 30, 2025, our on-balance sheet liquidity ratio increased by 1.69% to 13.44% from the December 31, 2024, level.

There are no material customers or industry deposit concentrations. At September 30, 2025, the deposit portfolio composition was 58% consumer, 28% commercial, 12% public, and 2% brokered deposits compared to 57% consumer, 28% commercial, 13% public and 2% brokered deposits at December 31, 2024.

Uninsured and uncollateralized deposits were $277.7 million, or 19% of total deposits, at September 30, 2025, and $265.4 million, or 18% of total deposits, at December 31, 2024. Uninsured deposits alone, i.e., excluding fully secured government deposits, at September 30, 2025, were $421.5 million, or 28% of total deposits, and $428.0 million, or 29% of total deposits at December 31, 2024.

On-balance sheet liquidity collateralized new borrowing capacity and uncommitted federal funds borrowing availability was $741 million, or 267% of uninsured and uncollateralized deposits at September 30, 2025. At December 31, 2024, on-balance sheet liquidity, collateralized borrowing and uncommitted federal funds availability totaled $724.8 million, or 273% of uninsured and uncollateralized deposits.

Our primary sources of funds are deposits, amortization, prepayments and maturities on the investment and loan portfolios and funds provided from operations. We use our sources of funds primarily to meet ongoing commitments, to pay maturing certificates of deposit and savings withdrawals, and to fund loan commitments. While scheduled payments from the amortization of loans and maturing short-term investments are relatively predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. Although $332.1 million of our $345.9 million (96%) CD portfolio will mature within the next 12 months, we have historically retained a majority of our maturing CD’s.

On July 7, 2025, the Board of Directors approved the redemption of the entire $15 million balance of the 6% subordinated debentures due September 1, 2030, which were scheduled to reprice on September 1, 2025, to SOFR + 591 bps. The redemption occurred on September 1, 2025.

We maintain access to additional sources of funds including FHLB borrowings and lines of credit with the Federal Reserve Bank, and our correspondent banks. We utilize FHLB borrowings to leverage our capital base, to provide funds for our lending and investment activities, and to manage our interest rate risk. Our borrowing arrangement with the FHLB calls for pledging certain qualified real estate, commercial and industrial loans, and borrowing up to 75% of the value of those loans, not to exceed 35% of the Bank's total assets. Currently, we have approximately $414.4 million available to borrow under this arrangement, supported by loan collateral as of September 30, 2025. We also had borrowing capacity of $24.8 million at the Federal Reserve Bank. The Bank maintains $70 million of uncommitted federal funds purchased lines with correspondent banks as part of our contingency funding plan. In addition, we have a $5.0 million revolving line of credit which is available as needed for general liquidity purposes. While the Bank does not have formal brokered certificate lines of credit with counter parties at September 30, 2025, we believe that the Bank could access this market, which provides an additional potential source of liquidity, as evidenced by access to this market during the past four quarters. See Note 7, "Federal Home Loan Bank and Other Borrowings" of "Notes to Consolidated Financial Statements" which are included in Part I, Item 1, "Financial Statements and Supplementary Data" of this Form 10-Q, for further detail.

In reviewing the adequacy of our liquidity, we review and evaluate historical financial information, including information regarding general economic conditions, current ratios, management goals and the resources available to meet our anticipated liquidity needs. Management believes that our liquidity is adequate, and to management's knowledge, there are no known events or uncertainties that will result or are likely to reasonably result in a material increase or decrease in our liquidity.

Off-Balance Sheet Liabilities. In the ordinary course of business, the Bank has entered into off-balance sheet financial instruments, issued to meet customer financial needs. Such financial instruments are recorded in the financial statements when they become payable. These instruments include unused commitments for lines of credit, overdraft protection lines of credit and home equity lines of credit, as well as commitments to extend credit. As of September 30, 2025, the Company had approximately $191.5 million in unused loan commitments, compared to approximately $137.0 million in unused commitments as of December 31, 2024. In addition, there are $3.5 million of commitments for contributions of capital to an SBIC and an investment company at September 30, 2025. These commitments totaled $2.9 million at December 31, 2024.

Capital Resources. As of September 30, 2025, and December 31, 2024, the amounts and ratios for our capital levels are noted below for the Bank and the Company.

Below are the amounts and ratios for our capital levels as of the dates noted below for the Bank:

	Actual		For Capital Adequacy Purposes			To Be Well Capitalized Under Prompt Corrective Action Provisions		
	Amount	Ratio	Amount		Ratio	Amount		Ratio
As of September 30, 2025 (Unaudited)								
Total capital (to risk weighted assets)	$ 227,075	15.9 %	$ 114,476	> =	8.0 %	$ 143,095	> =	10.0 %
Tier 1 capital (to risk weighted assets)	209,130	14.6 %	85,857	> =	6.0 %	114,476	> =	8.0 %
Common equity tier 1 capital (to risk weighted assets)	209,130	14.6 %	64,393	> =	4.5 %	93,012	> =	6.5 %
Tier 1 leverage ratio (to adjusted total assets)	209,130	12.2 %	68,356	> =	4.0 %	85,444	> =	5.0 %
As of December 31, 2024 (Audited)								
Total capital (to risk weighted assets)	$ 225,432	15.6 %	$ 115,755	> =	8.0 %	$ 144,693	> =	10.0 %
Tier 1 capital (to risk weighted assets)	207,749	14.4 %	86,816	> =	6.0 %	115,755	> =	8.0 %
Common equity tier 1 capital (to risk weighted assets)	207,749	14.4 %	65,112	> =	4.5 %	94,051	> =	6.5 %
Tier 1 leverage ratio (to adjusted total assets)	207,749	11.9 %	69,787	> =	4.0 %	87,234	> =	5.0 %

At September 30, 2025, and December 31, 2024, the Bank was categorized as "Well Capitalized" under Prompt Corrective Action Provisions, as determined by the OCC, our primary regulator.

Below are the amounts and ratios for our capital levels as of the dates noted below for the Company:

	Actual		For Capital Adequacy Purposes		
	Amount	Ratio	Amount		Ratio
As of September 30, 2025 (Unaudited)					
Total capital (to risk weighted assets)	$ 222,117	15.5 %	$ 114,654	> =	8.0 %
Tier 1 capital (to risk weighted assets)	169,144	11.8 %	85,990	> =	6.0 %
Common equity tier 1 capital (to risk weighted assets)	169,144	11.8 %	64,493	> =	4.5 %
Tier 1 leverage ratio (to adjusted total assets)	169,144	9.9 %	68,443	> =	4.0 %
As of December 31, 2024 (Audited)					
Total capital (to risk weighted assets)	$ 232,926	16.1 %	$ 115,914	> =	8.0 %
Tier 1 capital (to risk weighted assets)	165,243	11.4 %	86,936	> =	6.0 %
Common equity tier 1 capital (to risk weighted assets)	165,243	11.4 %	65,202	> =	4.5 %
Tier 1 leverage ratio (to adjusted total assets)	165,243	9.5 %	69,867	> =	4.0 %

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our Risk When Interest Rates Change. The rates of interest we earn on assets and pay on liabilities generally are established contractually for a period of time. Market interest rates change over time and are not predictable or controllable. Accordingly, our results of operations, like those of other financial institutions, are impacted by changes in interest rates and the interest rate sensitivity of our assets and liabilities. Like other financial institutions, our interest income and interest expense are affected by general economic conditions and policies of regulatory authorities, including the monetary policies of the Federal Reserve. The risk associated with changes in interest rates and our ability to adapt to these changes is known as interest rate risk and is our most significant market risk.

How We Measure Our Risk of Interest Rate Changes. As part of our attempt to manage our exposure to changes in interest rates and comply with applicable regulations, we monitor our interest rate risk through several means including through the use of third-party reporting software. In monitoring interest rate risk, we continually analyze and manage assets and liabilities based on their payment streams and interest rates, the timing of their maturities, and their sensitivity to actual or potential changes in market interest rates.

In order to manage the potential for adverse effects of material and prolonged increases in interest rates on our results of operations, we adopted asset and liability management policies to better align the maturities and re-pricing terms of our interest earning assets and interest-bearing liabilities. These policies are implemented by our Asset and Liability Management Committee (ALCO). The ALCO is comprised of members of the Bank’s senior management and a member of the Board of Directors. The ALCO establishes guidelines for and monitors the volume and mix of our assets and funding sources, taking into account relative costs and spreads, interest rate sensitivity and liquidity needs. The Committee’s objectives are to manage assets and funding sources to produce results that are consistent with liquidity, cash flow, capital adequacy, growth, risk, and profitability goals for the Bank. The ALCO meets on a regularly scheduled basis to review, among other things, economic conditions and interest rate outlook, current and projected liquidity needs and capital position, anticipated changes in the volume and mix of assets and liabilities and interest rate risk exposure limits versus current projections pursuant to net present value of portfolio equity analysis. At each meeting, the Committee recommends strategy changes, as appropriate, based on this review. The Committee is responsible for reviewing and reporting on the effects of the policy implementations and strategies to the Bank’s Board of Directors on a regularly scheduled basis.

In managing our assets and liabilities to achieve desired levels of interest rate risk, we have focused our strategies on:

- originating shorter-term secured commercial, agricultural and consumer loan maturities;
- originating variable rate commercial and agricultural loans;
- the sale of a vast majority of longer-term fixed-rate residential loans in the secondary market with retained servicing;
- managing our funding needs growing core deposits;
- utilize brokered certificate of deposits and borrowings as appropriate, which may have fixed rates with varying maturities; and
- purchasing investment securities for liquidity management and to manage our interest rate risk profile.

At times, depending on the level of general interest rates, the relationship between long- and short-term interest rates, market conditions and competitive factors, the ALCO may determine to increase the Bank’s interest rate risk position somewhat in order to maintain or improve its net interest margin.

The following table sets forth, at September 30, 2025 and December 31, 2024, an analysis of our interest rate risk as measured by the estimated changes in Economic Value of Equity ("EVE") resulting from an immediate and permanent shift in the yield curve (up 300 basis points and down 200 basis points).

Change in Interest Rates in Basis Points ("bp") Rate Shock in Rates (1)	Percent Change in Economic Value of Equity (EVE)	
	At September 30, 2025	At December 31, 2024
+300 bp	6 %	2 %
+200 bp	4 %	2 %
+100 bp	2 %	1 %
-100 bp	(4)%	(1)%
-200 bp	(8)%	(4)%

(1) Assumes an immediate and parallel shift in the yield curve at all maturities.

Our overall interest rate sensitivity is demonstrated by net interest income shock analysis, which measures the change in net interest income in the event of hypothetical changes in interest rates. This analysis assesses the risk of change in our net interest income over the next 12 months in the event of an immediate and parallel shift in the yield curve (up 300 basis points and down 200 basis points). The table below presents our projected change in net interest income for the various rate shock levels at September 30, 2025, and December 31, 2024.

Change in Interest Rates in Basis Points ("bp") Rate Shock in Rates (1)	Percent Change in Net Interest Income Over One Year Horizon	
	At September 30, 2025	At December 31, 2024
+300 bp	(4)%	(8)%
+200 bp	(2)%	(5)%
+100 bp	(1)%	(3)%
-100 bp	0 %	2 %
-200 bp	(1)%	3 %

(1) Assumes an immediate and parallel shift in the yield curve at all maturities.

Note: The table above may not be indicative of future results.

The projected changes in net interest income in the rate shock scenarios are largely due to the impact of growth in short-term certificates of deposits, which reprice faster and at a higher rate than other deposit products. The assumptions used to measure and assess interest rate risk include interest rates, loan prepayment rates, deposit decay (runoff) rates, and the market values of certain assets under differing interest rate scenarios. Actual values may differ from those projections set forth above should market conditions vary from the assumptions used in preparing the analysis. Further, the computations do not contemplate any actions we may undertake in response to changes in interest rates.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that the information required to be disclosed in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply judgment in evaluating the cost-benefit relationship of possible controls and procedures. We have designed our disclosure controls and procedures to reach a level of reasonable assurance of achieving the desired control objectives. We carried out an evaluation as of September 30, 2025, under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2025, at reaching a level of reasonable assurance.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In the normal course of business, the Company and/or the Bank occasionally become involved in other various legal proceedings. In our opinion, any liability from such proceedings would not have a material adverse effect on the business or financial condition of the Company.

Item 1A. RISK FACTORS

The information in this Form 10-Q should be read in conjunction with the risk factors described in "Risk Factors" in Item 1A of our 2024 10-K and the information under "Forward-Looking Statements" in this Form 10-Q and in our 2024 10-K.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Not applicable.

(b) Not applicable.

(c) Issuer Purchases of Equity Securities.

On July 25, 2024, the Board of Directors authorized a stock repurchase program of 5% of the outstanding shares on that date or 512,709 shares. As of the beginning of the quarter ended June 30, 2025, 238,769 shares were available for purchase under the 2024 share repurchase program. During the quarter ended June 30, 2025, no shares were repurchased under this program. As of June 30, 2025, 238,769 shares remained available for repurchase under the 2024 share repurchase program, which expired in July 2025.

On July 24, 2025, the Board of Directors authorized a new stock repurchase program of 5% of the outstanding shares on that date, or 499,000 shares, in open market or private transactions. The timing and amount of any share repurchases under the new authorization will be determined by management based on market conditions and other considerations. The new share repurchase authorization does not obligate the Company to repurchase any shares of its common stock. During the quarter ended September 30, 2025, 135,252 shares were repurchased under this program. As of September 30, 2025, 363,748 shares remain available for repurchase under the 2025 share repurchase program.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2025 - July 31, 2025	—	$ —	—	499,000
August 1, 2025 - August 31, 2025	135,252	$ 14.85	135,252	363,748
September 1, 2025 - September 30, 2025	—	$ —	—	363,748
Total	135,252	$ 14.85	135,252	

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the three months ended September 30, 2025, none of our Section 16 officers or directors adopted, or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” as defined in Item 408 of Regulation S-K during the covered period.

Item 6. EXHIBITS

(a) Exhibits

31.1	Rule 13a-14(a) Certification of the Company's Chief Executive Officer
31.2	Rule 13a-14(a) Certification of the Company's Chief Financial Officer
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* This certification is not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CITIZENS COMMUNITY BANCORP, INC.

Date: November 4, 2025	By:	/s/ Stephen M. Bianchi Stephen M. Bianchi Chief Executive Officer
Date: November 4, 2025	By:	/s/ James S. Broucek James S. Broucek Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen M. Bianchi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Citizens Community Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 4, 2025

By: /s/ Stephen M. Bianchi

Stephen M. Bianchi
President and Chief Executive Officer, Chairman of the Board (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James S. Broucek, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Citizens Community Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2025

By: /s/ James S. Broucek
James S. Broucek
Executive Vice President, Chief Financial Officer, Treasurer and Secretary
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION OF PERIODIC FINANCIAL REPORT
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Citizens Community Bancorp, Inc. (the "Company") certifies that the Quarterly Report of the Company on Form 10-Q for the quarter ended September 30, 2025, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the financial statements included in such report.

Date: November 4, 2025	By:	/s/ Stephen M. Bianchi
		Stephen M. Bianchi President and Chief Executive Officer, Chairman of the Board (Principal Executive Officer)
Date: November 4, 2025	By:	/s/ James S. Broucek
		James S. Broucek Executive Vice President, Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer and Principal Accounting Officer)

The above certifications are made solely for the purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.