

2025 ANNUAL REPORT



FORESIGHT

financial group, inc.



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THE POWER OF ONE

A TRANSFORMATIONAL YEAR, A STRONGER FUTURE



ABOUT OUR COMPANY

We exist to build meaningful connections that strengthen our communities, empower our employees, and enrich lives. Our purpose goes beyond banking—it's about providing guidance, stability, and support to help individuals, businesses, and communities plan for a stronger financial future. By staying rooted in local values and looking ahead to anticipate opportunities and challenges, we create lasting success for the people, partners, and places we proudly serve.





SERVICE EXCELLENCE

Consistently perform extraordinarily. Shareholders, customers, and our staff know that we care, understand, and are responsive to their needs through our actions. We actively seek out the needs of the communities we serve and volunteer our time, leadership, and expertise.

INTEGRITY

Be honest and ethical in what we say and do. Our actions align with our words.

COLLABORATION

We only succeed as a team, working together toward a common goal. We leverage our talents to serve our stakeholders' best interests. We regularly extend meaningful and sincere acknowledgment to others for contributing to our success and we celebrate our accomplishments.

ENGAGEMENT

We understand how we contribute; our work and contributions are meaningful and valued. We actively participate and are involved. We live our Mission and Values and strive toward our Vision in our daily work.

INNOVATION

We are fast-followers to utilize technology. We are market-leaders in how we serve customers.

AGILITY

We thoughtfully pivot our plan and resources to meet the needs of our stakeholders.

OUR MISSION & VISION

MISSION

We are a market driven, people oriented, local banking organization dedicated to enhancing shareholder value by providing our customers with diversified financial services that help them to achieve economic success and financial security. We will pursue these goals while balancing shareholder and customer interests with the ongoing welfare of our employees and local communities.

Our individual markets and brands maintain the independence, flexibility and sensitivity to meet the needs of the communities that we to serve. We will seek to expand sensibly into new markets when we believe that our business model and community banking philosophy can be successfully extended.

In summary:

**COMMUNITY BUILDING
THROUGH COMMUNITY BANKING.**

Community Building through Community Banking is more than a phrase—it is how we operate, how we invest, and how we create value.

VISION

Leverage the collective strengths of our talented and market-focused teams to create customer loyalty, empower employees, and enhance value for our communities and shareholders.

YEAR-END LETTER TO SHAREHOLDERS

DEAR FELLOW SHAREHOLDER:



The year 2025 was a transformational year for Foresight Financial Group, one defined by bold decisions, disciplined execution, and meaningful progress for our shareholders, customers, employees, and the communities we proudly serve.

During the year, we successfully completed one of the most complex initiatives in our company's history: the legal consolidation of six individual charters into a single charter, accompanied by the conversion of six separate core processing environments into one unified platform. Most institutions may experience a conversion every few years as the result of an acquisition, or a change in core processing vendors—we completed six in one year. This extraordinary accomplishment positions us to operate with greater efficiency, consistency, and scalability across all markets. The Company incurred over \$3.5 million in expenses related to the charter consolidation initiative, which required an exceptional effort across every part of our bank. Our employees dedicated countless extra hours to ensure the transition was seamless for our customers. Their professionalism, skill, and unwavering commitment were inspiring, and I could not be prouder of what they accomplished. Their work has created a stronger, more unified organization built for long-term success.

We also focused on resolving the credit issues, many of which were identified as we strengthened credit review and oversight processes and gained greater transparency into the loan portfolios of each of the former charters. As a result, non-performing assets decreased by \$13.1 million to \$15.3 million at the end of 2025 compared to \$28.4 million a year earlier. This reduction included net loan charge-offs of \$4.7 million, and a \$2.9 million impairment charge related to a non-marketable equity investment. The headwinds of elevated non-performing assets and charter consolidation expenses had a meaningful impact on 2025

YEAR-END LETTER TO SHAREHOLDERS *(cont.)*

net earnings, which decreased by 38% compared to 2024 to \$7.9 million, producing a return on average assets of 0.48%. Even with these earnings challenges, tangible book value per share grew by 10.8% in 2025 to \$47.18 and the Company's stock price increased by 27% to \$41.78 per share at the end of 2025. We believe the transformational changes made over the last two years has been well received by the investor community, evidenced by the continuing climb in the Company's stock price since year end, which closed at \$47.18, as of March 6, 2026.

Alongside the consolidation and efforts to reduce non-performing assets, we continued expanding and enhancing our business model. In 2025 we:

- Aligned and broadened our product offerings
- Expanded corporate Treasury Management services
- Launched a proprietary commercial credit card
- Created a new Private Banking division serving high-net-worth clients; and
- Completed significant planning for the successful 2026 launch of expanded Wealth Management services, complementing our already strong trust platform

These strategic investments are central to delivering a more modern, comprehensive, and competitive banking experience across our footprint.

We continued our expanded focus on the Rockford Market, which was accelerated by the recruitment of a talented team of seasoned commercial bankers in 2024. We will maintain this disciplined approach to talent throughout all our markets as we strive to build the premier community banking organization in the region.

We also strengthened our leadership team in 2024 and 2025 with several key hires:

*Outperforming
Expectations:
FGFH Stock closed
2025 at \$41.78—
a 27% increase for
the year.*

YEAR-END LETTER TO SHAREHOLDERS (cont.)

- Jeff Hultman, President
- Todd James, Chief Financial Officer
- Brooke Crull, Chief Risk Officer
- Kyle Logan, Head of Commercial Banking
- Gina Caruana, Head of Consumer Banking, and
- Cass Wolfenberger, Head of Mortgage

Combined with our existing executives, including Curtis Derrer, who was elevated to lead our Agriculture Banking division, and our market presidents—Chris Schneiderman, Troy Coffman, and Linda Heckert—this team represents what I often call our *Dream Team*. They bring deep expertise, a shared commitment to excellence, and a unified vision of being the top-performing bank in every market we serve.

Our mission remains constant: to provide relationship-driven, community-focused banking built on safety, soundness, and service. Community Building through Community Banking is more than a phrase—it is how we operate, how we invest, and how we create value. We believe local matters, and we are committed to ensuring our customers never need to look outside their community for the financial services they deserve. We are leading a new era of community banking where *local does not mean limited*.

Thank you for your continued confidence and support. Your investment makes possible the success we've achieved and fuels the bold future we are building. We enter 2026 with strength, momentum, and a unified team committed to delivering exceptional value for our shareholders and exceptional service to our customers and communities.

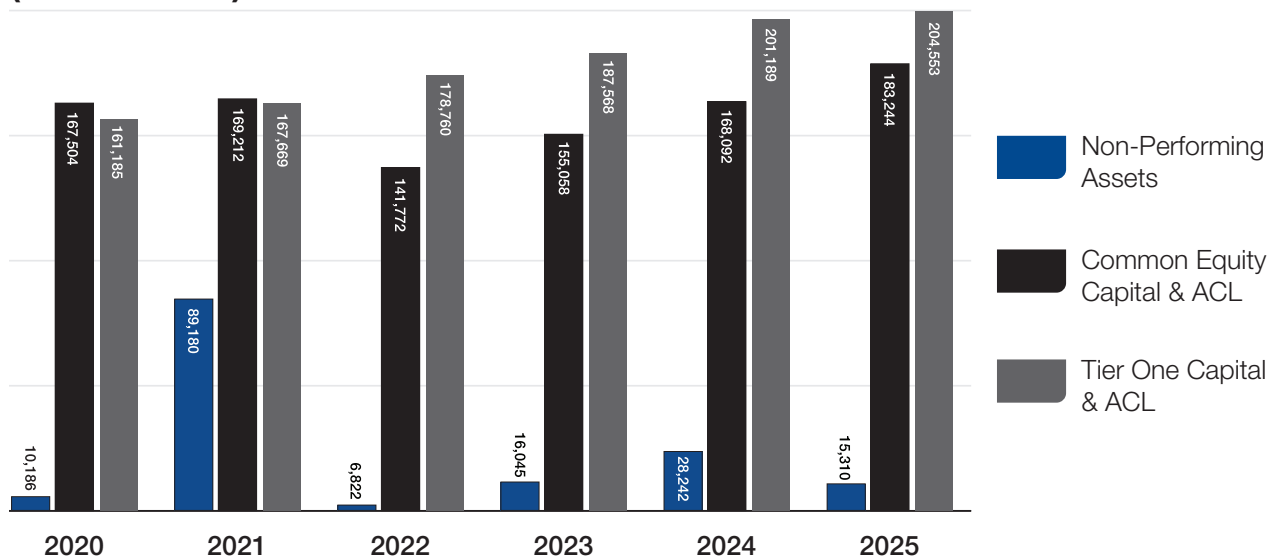
Respectfully,



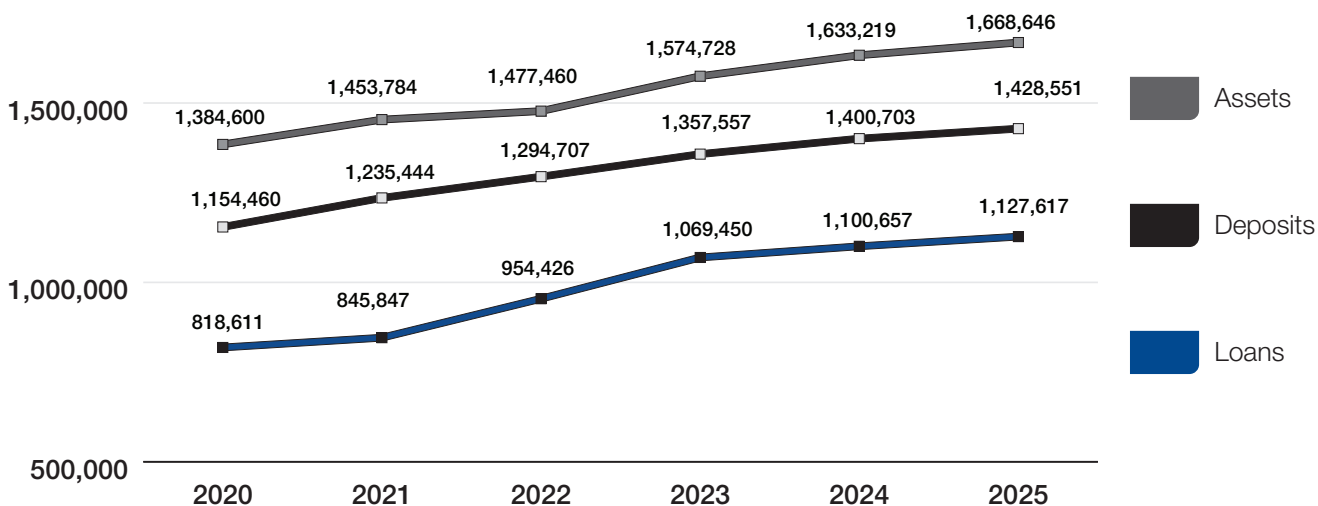
Peter Q. Morrison
Chief Executive Officer

KEY METRICS

TRENDS IN CAPITAL & ACL* AND NON-PERFORMING ASSETS (in thousands)

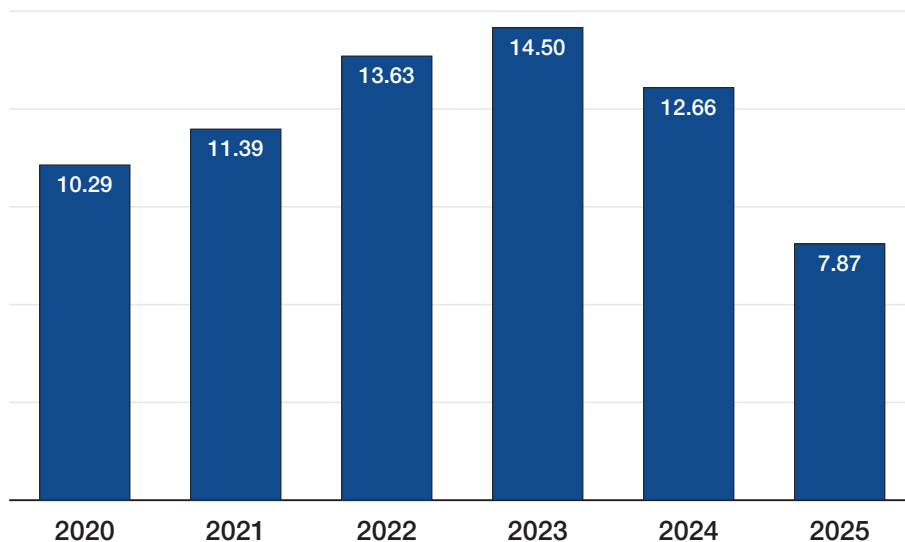


TRENDS IN ASSETS, DEPOSITS & LOANS (in thousands)

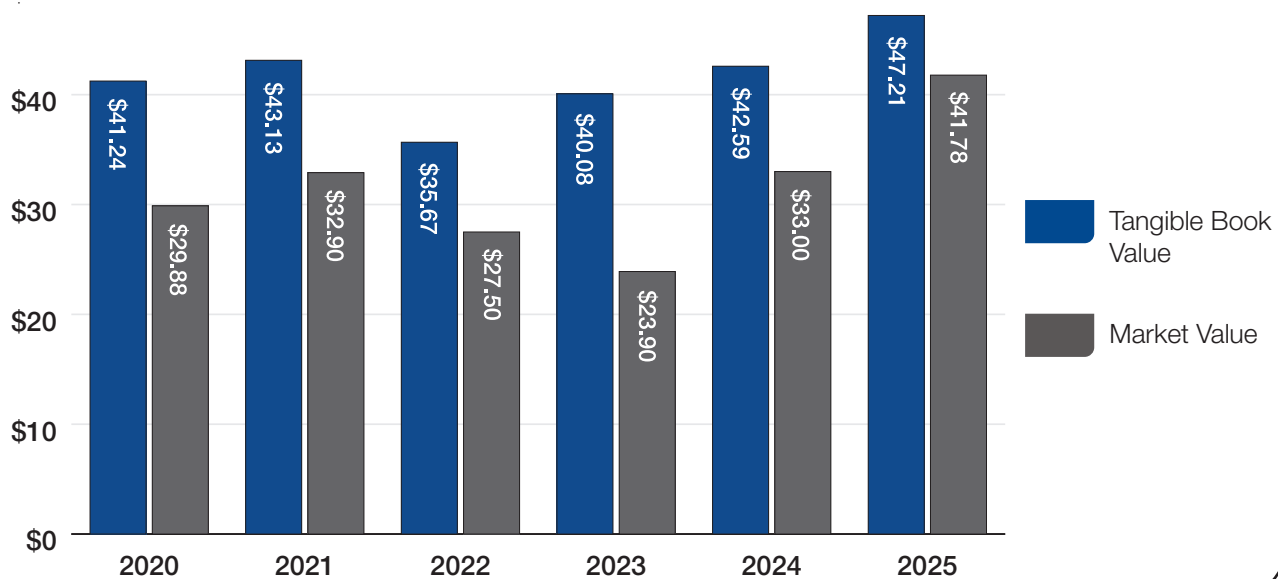


KEY METRICS

NET INCOME (in millions)



COMMON STOCK PER SHARE TANGIBLE BOOK & MARKET VALUE



TRANSFORMING OUR BUSINESS MODEL



With our unified charter and integrated platform in place, 2025 marked a turning point in how we serve customers across our footprint. We expanded and modernized key business lines, introduced new products and services, and positioned the organization to deliver a more comprehensive and competitive banking experience. These initiatives reflect our commitment to building a stronger, more capable institution for the future.

Commercial Banking & Agribusiness

- Expanded Treasury Management services
- Launched proprietary commercial credit card
- Continued scaling Rockford market commercial team

Private Banking & Wealth

- New Private Banking division launched in 2025
- Expanded Wealth Management offering launching 2026
- Strengthening integration with existing trust platform

Consumer Banking

- Aligned and broadened product offerings
- Enhanced digital experience and consistency post-charter consolidation

Mortgage

- Reinforced leadership with new executive oversight
- Expanded offering across all divisions

BOARD OF DIRECTORS



Robert W. Stenstrom
*Chairman,
Board of Directors;
Chairman & CEO,
Stenstrom Companies*



Peter Q. Morrison
Chief Executive Officer



John W. Collman
Ag Production



Frederick J. Kundert
*Retired, Harder
Corporation*



William D. LaFever
*CEO, Bill Doran
Company; Owner,
Chicago Foliage,
Skyview of Rockford,
Mulligans, Mabel's
and Dandy's*



John J. Morrissey
*President, Staff
Management, Inc.;
President, Market
Dimensions, Inc.;
Principal, Morrissey
Family Business*



Carolyn S. Sluiter, D.V.M.
Retired Veterinarian



Daniel P. Stein
*Owner, President,
Young Bros. Stamp
Works, Inc.; Owner,
Term-Lok Inc.;
Chairman, Central
Bancshares, Inc.*



Jeffrey M. Sterling
*Retired President/
CEO, German
American State Bank*



Judd D. Thrum
*Partner, Fishburn
Whiton Thrum, LTD.*

EXECUTIVE OFFICERS



Peter Q. Morrison
Chief Executive Officer



Jeffery S. Hultman
President



Todd J. James
Chief Financial Officer

FORESIGHT BANK EXECUTIVE LEADERSHIP

Gina Caruana

Head of Consumer Banking

Jeffrey S. Hultman

President - Chief Banking Officer

Peter Morrison

Chief Executive Officer

Troy Coffman

*Market President -
State Bank of Herscher*

Todd J. James

Chief Financial Officer

Chris Schneiderman

*Market President -
State Bank Division*

Brooke Crull

Chief Risk Officer

Nora Koehler

*Director of Human
Resources*

Rusti Swanson

Chief Credit Officer

Curtis Derrer

Head of AG Banking

Andrew LaPour

Director of Information Technology

Linda Heckert

*Market President -
German American State Bank,
State Bank of Davis, Lena State
Bank Divisions*

Kyle Logan

Head of Commercial Banking

Lori Morgan

Director of Operations

Independent Auditor's Report

To the Audit Committee of the Board of Directors
Foresight Financial Group, Inc.

Opinion

We have audited the consolidated financial statements (the "financial statements") of Foresight Financial Group, Inc. and its subsidiary, Foresight Bank (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024 and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the three years ended December 31, 2025, 2024 and 2023, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 and the results of its operations and its cash flows for the three years ended December 31, 2025, 2024, and 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Company and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audits evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Audit Committee of the Board of Directors
Foresight Financial Group, Inc.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

March 10, 2026

Consolidated Balance Sheets

(000s omitted except share data)

December 31, 2025 and 2024

ASSETS	2025	2024
Cash and due from banks	\$15,844	\$16,905
Interest-bearing deposits in banks	10,357	45,357
Federal funds sold	775	1,738
Total cash and cash equivalents	26,976	64,000
Interest-bearing deposits in banks - term deposits	897	4,434
Debt securities:		
Debt securities available-for-sale (AFS)	428,688	369,945
Debt securities held-to-maturity (HTM)	2,378	3,263
Marketable equity securities and other investments	4,427	7,592
Loans held for sale	1,549	852
Loans, net of allowance for credit losses of \$12,983 and \$14,694, respectively	1,127,617	1,100,657
Premises and equipment, net	17,856	17,960
Bank owned life insurance	24,979	24,459
Other assets	33,279	40,057
Total assets	\$1,668,646	\$1,633,219
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	\$219,275	\$249,076
Interest-bearing	1,209,276	1,151,627
Total deposits	1,428,551	1,400,703
Federal funds purchased	-	5,804
Securities sold under agreements to repurchase	-	15,017
Federal Home Loan Bank (FHLB) and other borrowings	53,429	40,911
Accrued interest payable and other liabilities	16,405	17,386
Total liabilities	1,498,385	1,479,821
Stockholders' equity:		
Preferred stock (no par value; authorized 500,000 shares)	-	-
Common stock (\$.25 par value; authorized 10,000,000 shares; 4,250,375 and 4,242,121 shares issued, respectively)	1,062	1,060
Additional paid-in capital	16,720	16,482
Retained earnings	189,941	184,961
Treasury stock, at cost (644,252 and 644,079 shares, respectively)	(16,013)	(16,008)
Accumulated other comprehensive loss	(21,449)	(33,097)
Total stockholders' equity	170,261	153,398
Total liabilities and stockholders' equity	\$1,668,646	\$1,633,219

Consolidated Statements of Income

(000s omitted except share data)

December 31, 2025, 2024, and 2023

	2025	2024	2023
Interest and dividend income:			
Loans, including fees	\$70,892	\$69,284	\$59,919
Debt securities:			
Taxable	8,494	7,214	6,287
Tax-exempt	1,599	1,647	1,935
Interest-bearing deposits in banks and other	1,693	2,451	2,198
Federal funds sold	14	108	188
Total interest and dividend income	82,692	80,704	70,527
Interest expense:			
Deposits	28,553	29,855	19,802
Federal funds purchased	6	64	78
Securities sold under agreements to repurchase	168	484	668
FHLB and other borrowings	1,290	1,314	708
Total interest expense	30,017	31,717	21,256
Net interest and dividend income	52,675	48,987	49,271
Provision for credit losses, net of unfunded commitment liability adjustment	2,680	1,052	1,105
Net interest and dividend income, after provision for credit losses	49,995	47,935	48,166
Noninterest income:			
Customer service fees	1,761	1,421	1,155
Loss on sales and calls of AFS securities, net	-	(111)	(185)
Net gains on sale of mortgage loans	324	772	611
Loan servicing fees, net	749	249	814
Bank owned life insurance	667	1,110	585
ATM / interchange fees	2,236	2,143	2,155
Other	2,645	1,609	2,421
Total noninterest income	8,382	7,193	7,556
Noninterest expenses:			
Salaries and employee benefits	26,032	24,670	22,627
Occupancy expense of premises, net	2,979	2,692	2,872
Outside services	2,112	1,611	1,311
Data processing	5,281	4,302	3,850
Foreclosed assets and other real estate owned, net	(56)	12	(43)
Other investment impairment	2,919	-	-
Other	8,968	5,607	5,985
Total noninterest expenses	48,235	38,894	36,602
Income before income taxes	10,142	16,234	19,120
Income tax expense	2,274	3,570	4,574
Net income	\$7,868	\$12,664	\$14,546
Earnings per common share:			
Basic	\$2.18	\$3.61	\$4.08
Diluted	\$2.17	\$3.59	\$4.08

Consolidated Statements of Comprehensive Income

(000s omitted except share data)

December 31, 2025, 2024, and 2023

	2025	2024	2023
Net income	\$7,868	\$12,664	\$14,546
Other comprehensive income (loss):			
Unrealized holding gains (losses) on securities available for sale, net of tax of \$4,644, \$155, & \$1,917, respectively	11,648	(666)	4,346
Reclassification adjustments for net securities losses recognized in income, net of tax of \$0, \$32, & \$53, respectively	-	79	132
Total other comprehensive income (loss)	11,648	(587)	4,478
Total comprehensive income	\$19,516	\$12,077	\$19,024

Consolidated Statements of Changes in Stockholders' Equity

(000s omitted except share data)

December 31, 2025, 2024, and 2023

	Common Stock	Additional Paid- in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive (Loss)	Total
Balance – January 1, 2023	\$1,018	\$11,138	\$164,597	\$(12,534)	\$(36,988)	\$127,231
Effect of change in accounting principle -						
Adoption of ASU 2016-13	-	-	(2,029)	-	-	(2,029)
Net income	-	-	14,546	-	-	14,546
Other comprehensive income	-	-	-	-	4,478	4,478
Cash dividends (\$.64 per share)	-	-	(2,288)	-	-	(2,288)
Purchase of treasury stock (60,000 shares)	-	-	-	(1,371)	-	(1,371)
Stock-based compensation expense	-	16	-	-	-	16
Restricted stock vested (8,810 shares)	2	278	-	-	-	280
Balance – December 31, 2023	1,020	11,432	174,826	(13,905)	(32,510)	140,863
Net income	-	-	12,664	-	-	12,664
Other comprehensive loss	-	-	-	-	(587)	(587)
Cash dividends (\$.72 per share)	-	-	(2,529)	-	-	(2,529)
Purchase of treasury stock (75,000 shares)	-	-	-	(2,103)	-	(2,103)
Stock private placement (152,718 shares)	38	4,762	-	-	-	4,800
Stock-based compensation expense	-	16	-	-	-	16
Restricted stock vested (9,099 shares)	2	272	-	-	-	274
Balance – December 31, 2024	1,060	16,482	184,961	(16,008)	(33,097)	153,398
Net income	-	-	7,868	-	-	7,868
Other comprehensive income	-	-	-	-	11,648	11,648
Cash dividends (\$.80 per share)	-	-	(2,888)	-	-	(2,888)
Purchase of treasury stock (173 shares)	-	-	-	(5)	-	(5)
Stock-based compensation expense	-	16	-	-	-	16
Restricted stock vested (8,254 shares)	2	222	-	-	-	224
Balance – December 31, 2025	\$1,062	\$16,720	\$189,941	\$(16,013)	\$(21,449)	\$170,261

Consolidated Statements of Cash Flows

(000s omitted except share data)

December 31, 2025, 2024, and 2023

	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$7,868	\$12,664	\$14,546
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:			
Provision for credit losses	2,680	1,052	1,105
Depreciation	1,472	1,460	1,672
Net amortization of securities premiums	1,409	1,859	2,160
Other investment impairment	2,919	-	-
Change in fair value of equity securities	(38)	(59)	(70)
Originations of loans held-for-sale	(16,404)	(26,911)	(21,310)
Proceeds from sales of loans held-for-sale	16,031	27,821	21,352
Net gains on sales of mortgage loans	(324)	(772)	(611)
Income on bank owned life insurance	(660)	(633)	(585)
Gain on death benefits from bank owned life insurance	(7)	(477)	-
Deferred income tax expense	595	76	292
Stock-based compensation expense	16	16	16
Restricted stock expense	224	274	280
Net loss on the sales and calls of AFS securities	-	111	185
Net gain on the sales of foreclosed assets	(78)	(8)	(43)
Change in mortgage servicing rights	59	437	(67)
Net change in:			
Other assets	1,480	(3,866)	(6,807)
Accrued interest payable and other liabilities	(981)	(261)	5,796
Net cash provided by operating activities	\$16,261	\$12,783	\$17,911
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net change in interest-bearing deposits in banks - term deposits	3,537	77	1,547
Proceeds from sales of AFS securities	7,222	4,857	13,501
Proceeds from maturities, call, and paydowns of AFS securities	51,183	32,077	25,707
Proceeds from maturities, call, and paydowns of HTM securities	908	356	510
Purchases of AFS securities	(102,288)	(44,075)	(9,604)
Proceeds from death benefits of bank owned life insurance	147	1,295	-
Purchase of marketable equity securities, net	-	(1,815)	(1,703)
Proceeds from sales of marketable equity securities	284	-	-
Loan originations and principal collections, net	(30,354)	(32,327)	(119,588)
Proceeds from sale of foreclosed assets	792	76	733
Purchases of premises and equipment, net	(1,368)	(1,407)	(1,299)
Net cash used in investing activities	\$(69,937)	\$(40,886)	\$(90,196)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net change in deposits	27,848	43,146	62,843
Net change in securities sold under agreements to repurchase	(15,017)	(16,537)	(4,744)
Cash dividends paid	(2,888)	(2,529)	(2,288)
Net change in federal funds purchased	(5,804)	4,651	1,153
Purchase of treasury stock	(5)	(2,103)	(1,371)
Stock private placement	-	4,800	-
Proceeds from FHLB and other borrowings	25,770	48,413	64,441
Payments on FHLB and other borrowings	(13,252)	(33,456)	(45,853)
Net cash provided by financing activities	\$16,652	\$46,385	\$74,181
Net (Decrease) Increase in cash and cash equivalents	(37,024)	18,282	1,896
Cash and cash equivalents at beginning of year	64,000	45,718	43,822
Cash and cash equivalents at end of year	\$26,976	\$64,000	\$45,718

Consolidated Statements of Cash Flows

(000s omitted except share data)

December 31, 2025, 2024, and 2023

	2025	2024	2023
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for:			
Interest	\$30,722	\$30,840	\$19,940
Federal taxes	\$315	\$3,108	\$2,605
State taxes			
Illinois	40	1,531	995
Wisconsin	538	-	-
SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES:			
Foreclosed assets acquired in settlement of loans	\$714	\$68	\$620

(1) Summary of Significant Accounting Policies

The accounting and reporting principles of Foresight Financial Group, Inc. (Company) and its wholly-owned subsidiary (Foresight Bank) conform to accounting principles generally accepted in the United States of America and to general practices within the banking industry. The following is a description of the more significant accounting policies:

(a) Nature of Operations

The Company provides a variety of banking services to individuals and businesses through its facilities in the Rockford, Freeport, German Valley, Davis, Lena, Winnebago, Pecatonica, Kankakee, Loves Park, Machesney Park, and Herscher, Illinois areas. Its primary deposit products are demand deposits and certificates of deposit and its primary lending products are agriculture, agribusiness, commercial, real estate, and installment loans.

On May 1, 2025, the Company legally consolidated its six wholly owned bank charters (German American State Bank, Northwest Bank of Rockford, State Bank of Freeport, Lena State Bank, State Bank of Davis, and State Bank of Herscher) into a single charter under the new name Foresight Bank. The charter consolidation led to additional non-recurring expense of \$2.69 million during 2025. With the system conversions and operational consolidations complete, the Company is positioned for future growth and profitability with a focus on gaining operational efficiencies, strengthening sales culture, enhancing product offerings and maintaining a strong credit culture.

(b) Basis of Consolidation

The financial statements include the accounts and results of operations of the Company and its wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Given that charter consolidation was completed for entities under common control, the consolidation of assets under the Foresight Bank charter represents a pooling of assets rather than a transaction governed by the business combination accounting guidance.

(c) Subsequent Events

The Company has evaluated subsequent events for recognition and disclosure through March 10, 2026, which is the date the financial statements were available to be issued.

(d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The allowance for credit losses, deferred tax assets, fair values of securities, and financial instruments are particularly susceptible to change in the near-term.

(e) Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include cash and due from banks, interest-bearing deposits in banks, and federal funds sold, all of which generally mature within ninety days.

(1) Summary of Significant Accounting Policies (continued)**(f) Interest-bearing Deposits in Banks**

Interest-bearing deposits in banks are comprised of liquid non-maturing deposits but also include some balances in time deposits with the maturity being the determining factor for inclusion in cash and cash equivalents with the non-maturing interest-bearing deposits. Interest-bearing deposits in banks are carried at cost.

(g) Debt Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as held to maturity (HTM) and recorded at amortized cost. Securities not classified as HTM are classified as available for sale (AFS) and recorded at fair value, with unrealized gains or losses excluded from earnings and reported in other comprehensive income or loss. Amortization of premiums and accretion of discounts are recognized in interest income using the interest method. Premiums that exceed the amount repayable by the issuer at the next call date are amortized to the next call date. Other premiums and discounts are amortized (accreted) over the estimated lives of the securities. Gains and losses on the sale of securities are recorded on the trade date and determined using the specific-identification method.

Management believes the Company will collect all amounts owed on securities held to maturity which are issued by highly rated municipalities or local municipalities with which the Company holds significant banking relationships. Management evaluates municipal securities held to maturity using a probability of default method. The probability of default method estimates the probability a security with a certain credit rating or issuer characteristics will default during its remaining contractual term (probability of default) and how much loss is expected to be incurred if a security defaults (loss given default rate). The Company obtains information from our historical loss rate to estimate the probability of default for each credit rating based on the remaining term of the security and the loss given default rate with the exception of certain immaterial held to maturity securities.

The past due status of each security is based on the contractual terms of the security. The accrual of interest on a security is discontinued when the security becomes 90 days delinquent or whenever management believes the issuer will be unable to make payments as they become due. When securities are placed on nonaccrual status, all unpaid accrued interest is reversed against interest income. The Company excludes accrued interest receivable from the amortized cost basis of securities held to maturity when estimating credit losses and when presenting required disclosures in the financial statements. There was \$5 and \$6 of accrued interest receivable on held to maturity securities as of December 31, 2025 and 2024, respectively.

The Company conducts periodic reviews of available-for-sale securities with declines in fair value below their cost to evaluate for potential impairment. In evaluating available-for-sale securities for potential impairment, management considers (1) the length of time and the extent to which the fair value has been less than amortized cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. If the Company determines that it is more likely than not that it will sell the security before recovery of its amortized cost basis, the Company will record an allowance for credit losses related to securities available-for-sale with an offsetting entry to the provision for credit losses on securities on the statement of income.

(1) Summary of Significant Accounting Policies (continued)**(h) Other Investments**

Other investments include equity securities without a readily determinable fair value which consists primarily of Federal Home Loan Bank (FHLB) stock. The Company has elected to account for equity securities without readily determinable fair values using the alternative measurement method. Under this method, those securities are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment. The Company is required to hold FHLB stock as a member of the FHLB and transfer of the stock is substantially restricted. The FHLB stock is pledged as collateral for outstanding FHLB advances. FHLB stock is evaluated for impairment on an annual basis.

(i) Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or market in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Mortgage loans held for sale are generally sold with servicing rights retained by the Company. The carrying value of mortgage loans sold is reduced by the cost allocated to the associated mortgage servicing rights. Realized gains or losses on sales of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loans sold.

(j) Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff; generally, are reported at their outstanding unpaid principal balances adjusted for purchase premiums or discounts, charge-offs, and an allowance for credit losses. Interest on loans is accrued daily based on the unpaid principal balance.

A loan is considered to be delinquent when payments have not been made according to contractual terms, typically evidenced by nonpayment of a monthly installment by the due date. The accrual of interest on a loan is generally discontinued when the loan becomes 90 days delinquent unless the credit is well-secured and in the process of collection. Credit card loans and other personal loans are typically charged off at an earlier date if collection of principal or interest is considered doubtful. Generally, interest accrued but not collected for loans that are placed on nonaccrual status or charged off is reversed against interest income. The interest on these loans is accounted for on the cash basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Loan-origination fees and direct origination costs are generally recognized as income or expense when received or incurred since capitalization of these fees and costs would not have a significant impact on the financial statements.

(k) Allowance for Credit Losses and Unfunded Commitments

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

(1) Summary of Significant Accounting Policies (continued)***Allowance for Credit Losses and Unfunded Commitments (continued)***

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

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

- Residential real estate loans are affected by the local residential real estate market, the local economy, and, for variable rate mortgages, movement in indices tied to these loans. At the time of origination, the Company evaluates the borrower's repayment ability through a review of debt-to-income and credit scores. Appraisals are generally obtained to support the loan amount. Financial information is obtained from the borrowers and/or the individual project to evaluate sufficiency of cash flows to service debt at the time of origination.
- Agricultural and commercial real estate loans are dependent on the industries tied to these loans. Agricultural real estate loans are primarily for land acquisition. Commercial real estate loans are primarily secured by office and industrial buildings, warehouses, retail shopping facilities and various special purpose properties, including hotels and restaurants. Financial information is obtained from the borrowers and/or the individual project to evaluate sufficiency of cash flows to service debt; and is periodically updated during the life of the loan. Loan performance may be adversely affected by factors impacting the general economy or conditions specific to the real estate market, such as geographic location and/or property type.
- Commercial and agricultural loans are primarily for working capital, physical asset expansion, asset acquisition loans and other. These loans are made based primarily on historical and projected cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not behave as forecasted and collateral securing loans may fluctuate in value due to economic or individual performance factors. Financial information is obtained from the borrowers to evaluate sufficiency of cash flows to service debt and is periodically updated during the life of the loan.
- Consumer and other loans may take the form of installment loans, demand loans, or single payment loans and are extended to individuals for household, family, and other personal expenditures. At the time of origination, the Company evaluates the borrower's repayment ability through a review of debt-to-income and credit score.

Under the CECL model, loans that do not share similar risk characteristics with loans in their respective pools are individually evaluated for expected credit losses and are excluded from the collectively evaluated loan credit loss estimates.

Management evaluates all collectively evaluated loan pools using the weighted average remaining life ("remaining life") methodology. The remaining life methodology applies calculated quarterly net loss rates to collectively evaluated loan pools on a periodic basis based on the estimated remaining life of each pool. The estimated losses under the remaining life methodology are then adjusted for qualitative factors deemed appropriate by management.

(1) Summary of Significant Accounting Policies (continued)***(k) Allowance for Credit Losses and Unfunded Commitments (continued)***

The estimated remaining life of each pool is determined using quarterly, pool-based attrition measurements using the Company's loan-level historical data. The Company's historical call report data is utilized for historical loss rate calculations, and the lookback period for each collectively evaluated loan pool is determined by management based upon the estimated remaining life of the pool. Forecasted historical loss rates are calculated using the Company's historical data based on the lookback and forecast period inputs by management.

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

In addition to the ACL on loans, the Company maintains a reserve for unfunded loan commitments at a level that management believes is adequate to absorb estimated probable credit losses over the contractual terms of the Company's noncancellable loan commitments. The reserve for unfunded loan commitments, which is included in accrued interest payable and other liabilities on the accompanying Consolidated Balance Sheets, is established through provisions for credit losses charged against earnings.

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

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

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

(l) Loan Commitments

The Company enters into off-balance-sheet financial instruments consisting of commitments to extend credit and letters of credit issued to meet customer-financing needs. Loan commitments are recorded when they are funded. Standby or performance letters of credit are considered financial guarantees in accordance with Generally Accepted Accounting Standards and are recorded at fair value if material.

(1) Summary of Significant Accounting Policies (continued)**(m) Loan Servicing**

The Company services mortgage loans it sells to third-party institutions. Servicing loans includes collecting monthly principal and interest payments from borrowers, passing such payments through to the third-party investors, and maintaining escrow accounts for taxes and insurance. When necessary, the Company also performs collection functions for delinquent loan payments, handles loan foreclosure proceedings, and disposes of foreclosed property. The Company generally earns a servicing fee of 25 basis points on the outstanding loan balance for performing these services as well as fees and interest income from ancillary sources, such as late fees and float. The Company measures mortgage servicing rights at fair value at each reporting date and reports changes in fair value of servicing assets in earnings in the period in which changes occur.

(n) Rate Lock Commitments

Commitments to fund mortgage loans (interest-rate lock) to be sold into the secondary market and mandatory delivery forward commitments for the future delivery of these mortgage loans are accounted for as derivatives not qualifying for hedge accounting. The fair values of these mortgage derivatives are estimated based on the net future cash flows related to the associated servicing of the loans and on changes in mortgage interest rates from the date of the commitments. Changes in fair values on these derivatives are included in net gains on sales of loans. The Company has deemed the effect of these derivatives to be immaterial to the financial statements, and, accordingly, has elected not to record fair values associated with these derivatives.

(o) Foreclosed Assets and Other Real Estate Owned

Assets acquired through or instead of loan foreclosure are initially recorded at fair value less estimated cost of disposal when acquired. Subsequent to foreclosure and transfer to other real estate owned, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenues and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets and other real estate owned.

(p) Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation, based on the estimated useful lives of the assets. Depreciation is generally computed on the straight-line method over estimated useful lives ranging from 3 to 40 years as indicated below:

3 – 5 Years	Technology equipment (computers, copiers, etc.), company vehicles
5 – 10 Years	Furnishings, building infrastructure and major repairs, security technology
10 – 20 Years	Remodeling / updates of existing facilities, parking lots
20 – 40 Years	Major facility renovations, building expansions, new facilities

(q) Bank-Owned Life Insurance

The Company has purchased life insurance policies on certain key employees and directors. Bank-owned life insurance is recorded at its cash surrender value, or the amount that could be realized upon immediate liquidation.

(r) Significant Group Concentrations of Credit Risk

Most of the Company's activities are with customers located in the area and communities noted above. Note 3 details the type of securities in which the Company invests. Note 4 details the types of lending in which the Company engages. The Company does not have any significant concentrations with any one industry or customer.

(1) Summary of Significant Accounting Policies (continued)**(s) Revenue from Contracts with Customers**

The core revenue recognition principle requires the Company to recognize revenue to depict the transfer of services or products to customers in an amount that reflects the consideration to which the Company expects to be entitled to receive in exchange for those services or products recognized as performance obligations are satisfied. The guidance includes a five-step model to apply to revenue recognition, consisting of the following: (1) identify the contract with a customer; (2) identify the performance obligations within the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations within the contract; and (5) recognize revenue when the performance obligations are satisfied.

The Company generally fully satisfies its performance obligations on its contracts with customers as services are rendered and the transaction prices are typically fixed; charged either on a periodic basis or based on activity. Since performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgment involved in applying revenue recognition that significantly affects the determination of the amount and timing of revenue from contracts with customers.

The following significant revenue-generating transactions are within the scope of revenue recognition, which are presented in the statements of income as components of noninterest income:

Customer service fees – The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, such as statement rendering and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly service charges and maintenance fees, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs as this corresponds with the Company's performance obligation.

Interchange fees – Customers use a bank-issued debit card to purchase goods and services, and the Company earns interchange fees on those transactions, typically a percentage of the sale amount of the transaction. The Company is considered an agent with respect to these transactions. Interchange fee payments received included in other noninterest income, net of related expense, are recognized as income daily, concurrently with the transaction processing services provided to the cardholder through the payment networks. There are no contingent debit card interchange fees recorded by the Company that could be subject to a claw-back in future periods.

Trust fees – The Company earns trust fees, included in other noninterest income, from its contracts with trust customers for providing investment management and/or transaction-based services on their accounts. These fees are primarily earned over time as the Company provides the contracted monthly or quarterly services and are assessed based on the total investable assets of the customer's trust account. A signed contract between the Company and the customer is maintained for all customer trust accounts with payment terms identified. There are no contingent incentive fees recorded by the Company that could be subject to a claw-back in future periods.

(1) Summary of Significant Accounting Policies (continued)**(s) Income Taxes**

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws. The Company files consolidated Federal and State income tax returns.

At December 31, 2025 and 2024, the Company evaluated tax positions taken for filing with the Internal Revenue Service and all state jurisdictions in which it operates. The Company believes that income tax filing positions will be sustained under examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations, or cash flows. Accordingly, the Company has not recorded any reserves or related accruals for interest and penalties for uncertain tax positions at December 31, 2025 and 2024.

(t) Comprehensive Income

Accounting principles generally require the Company to include in net income recognized revenue, expenses, gains and losses. Certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the consolidated balance sheets, net of taxes. Such items, along with net income, are components of comprehensive income.

(u) Earnings Per Share

Basic earnings per share (EPS) represent income available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted EPS reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate solely to outstanding stock options and are determined using the treasury stock method.

(v) Loss Contingencies

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

(w) 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 Company, (2) the transferee obtains the right to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

(x) Trust Assets

Assets of the trust department, other than trust cash on deposit at the Banks, are not included in these financial statements because they are not assets of the Company.

(y) Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase liabilities represent amounts advanced by various customers. Securities are pledged to cover these liabilities, which are not covered by federal deposit insurance.

(1) Summary of Significant Accounting Policies (continued)**(z) Stock Compensation Plans**

The Company records the cost of stock-based employee compensation using the fair-value method. Compensation expense for share-based awards is recorded over the vesting period at the fair value of the award at the time of grant. The Company has historically assumed no projected forfeitures on its stock based compensation, since forfeitures have not been significant.

(aa) Advertising

Advertising costs are expensed as incurred.

(bb) Operating Segments

While the chief decision-makers monitor the revenue streams of the various products and services, operations are managed, and financial performance is evaluated on a Company-wide basis. Discrete financial information is not available other than on a Company-wide basis. Accordingly, all of the financial service operations are considered by management to be aggregated in one reportable operating segment. See Note 23 for disclosure related to this accounting standard.

(cc) Reclassifications

Certain amounts in the 2023 and 2024 financial statements have been reclassified to conform to the 2025 presentation.

(dd) New Accounting Pronouncements

ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*- The amendments in this update enhance the transparency and decision usefulness of income tax disclosures. This update requires the disclosure of specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold including 1) the amount of income taxes paid disaggregated by federal, state, and foreign taxes; 2) the amount of income taxes paid disaggregated by individual jurisdictions in which income taxes paid is equal to or greater than five percent of total income taxes paid. The amendments also require entities to disclose income from continuing operations before income tax expense disaggregated between domestic and foreign and disaggregated by federal, state and foreign. The adoption of this standard did not have material effect on the Company's operating results or financial condition.

(2) Cash Equivalents and Interest-Bearing Deposits

Effective March 12, 2021, the Federal Reserve's board of directors approved the final rule reducing the required reserve requirement ratios to zero percent, effectively eliminating the requirement to maintain reserve balances in cash or on deposit with the Federal Reserve Bank. This reduction in the required reserves does not have a defined timeframe and may be revised by the Federal Reserve's board in the future.

In the normal course of business, the Company maintains cash and due from bank balances in accounts with correspondent banks. Balances in these accounts may exceed the Federal Deposit Insurance Corporation's (FDIC) insured limit of \$250. These financial institutions have strong credit ratings and that credit risk related to these deposits is not material.

Interest-bearing deposits include certificates of deposit at other financial institutions. Certificates of deposit are in denominations of \$250 or less and are fully insured by the FDIC.

Maturities of certificates of deposits at other financial institutions as of December 31, 2025 are as follows:

2026	\$897
2027 and thereafter	-
	<hr/>
	\$897

Notes to Consolidated Financial Statements
(000s omitted except share data)

(3) Debt Securities

The following tables reflect the amortized costs and approximate fair values of securities at December 31:

Held-to-Maturity 2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
State and municipal	\$2,378	\$ -	\$(99)	\$2,279

Held-to-Maturity 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
State and municipal	\$3,263	\$ -	\$(213)	\$3,050

Available-for-Sale 2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government sponsored entities and U.S. agencies	\$101,216	\$3	\$(6,057)	\$95,162
State and municipal	98,628	53	(7,765)	90,916
Agency mortgage-backed	213,806	659	(16,826)	197,639
Non-agency asset-backed	40,498	19	(131)	40,386
Corporate debt securities	4,541	64	(20)	4,585
	\$458,689	\$798	\$(30,799)	\$428,688

Available-for-Sale 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government sponsored entities and U.S. agencies	\$130,397	\$11	\$(11,109)	\$119,299
State and municipal	102,260	18	(11,006)	91,272
Agency mortgage-backed	182,062	61	(24,310)	157,813
Corporate debt securities	1,519	42	-	1,561
	\$416,238	\$132	\$(46,425)	\$369,945

(3) Debt Securities (continued)

For the years ended December 31, 2025, 2024 and 2023, proceeds from sales of available-for-sale securities amounted to \$7,222, \$4,857 and \$13,501 respectively. Gross realized gains and losses from the sales and calls of available-for-sale securities for the years ended December 31 are as follows:

	2025	2024	2023
Realized gains	\$38	\$ -	\$32
Realized losses	(38)	(111)	(217)

Securities with carrying amounts of approximately \$204,127 and \$244,667 at December 31, 2025 and 2024, respectively, were pledged to secure public deposits and for other purposes as required or permitted by law.

The amortized costs and estimated fair values of securities at December 31, 2025 are shown below by contractual maturities, except for U.S. agencies which are shown by contractual maturities or their expected call dates if the call dates are considered likely to occur based on present market conditions. Expected maturities may differ from contractual maturities on mortgage-backed and private asset backed securities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Held-to-Maturity	Amortized Cost	Estimated Fair Value
Due in one year or less	\$370	\$365
Due after one year through five years	1,581	1,517
Due after five years through ten years	427	397
Due after ten years	-	-
	\$2,378	\$2,279

Available-for-Sale	Amortized Cost	Estimated Fair Value
Due in one year or less	\$12,559	\$12,453
Due after one year through five years	82,140	78,443
Due after five years through ten years	65,613	60,895
Due after ten years	44,073	38,872
	204,385	190,663
Non-agency asset-backed	40,498	40,386
Agency mortgage-backed	213,806	197,639
	\$458,689	\$428,688

Notes to Consolidated Financial Statements
(000s omitted except share data)

(3) Debt Securities (continued)

The following tables show the fair values and unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2025 and 2024:

2025						
Held-to-Maturity						
	Less Than 12 Months			12 Months or Greater		
	Estimated Fair Value	Gross Unrealized Loss	Number of Securities	Estimated Fair Value	Gross Unrealized Loss	Number of Securities
State and municipal	\$ -	\$ -	-	\$2,279	\$99	7

2024						
Held-to-Maturity						
	Less Than 12 Months			12 Months or Greater		
	Estimated Fair Value	Gross Unrealized Loss	Number of Securities	Estimated Fair Value	Gross Unrealized Loss	Number of Securities
State and municipal	\$ -	\$ -	-	\$3,050	\$213	9

2025						
Available-for-Sale						
	Less Than 12 Months			12 Months or Greater		
	Estimated Fair Value	Gross Unrealized Loss	Number of Securities	Estimated Fair Value	Gross Unrealized Loss	Number of Securities
U.S. Government sponsored entities and U.S. agencies	\$261	\$(6)	2	\$90,492	\$(6,051)	48
State and municipal	1,393	(2)	6	75,318	(7,763)	179
Non-agency asset-backed	17,412	(131)	7	-	-	-
Agency mortgage-backed	32,232	(419)	12	130,908	(16,407)	222
Corporate debt securities	2,480	(20)	3	-	-	-
Total	\$53,778	\$(578)	30	\$296,718	\$(30,221)	449

2024						
Available-for-Sale						
	Less Than 12 Months			12 Months or Greater		
	Estimated Fair Value	Gross Unrealized Loss	Number of Securities	Estimated Fair Value	Gross Unrealized Loss	Number of Securities
U.S. Government sponsored entities and U.S. agencies	\$10,112	\$(72)	20	\$104,252	\$(11,037)	170
State and municipal	9,966	(195)	34	73,456	(10,811)	281
Agency mortgage-backed	12,463	(188)	15	124,411	(24,122)	416
Total	\$32,541	\$(455)	69	\$302,119	\$(45,970)	867

(3) Debt Securities (continued)

Unrealized losses on securities have not been recognized into income because the bonds are of high credit quality, management has the intent and ability to hold for the foreseeable future and the decline in fair value is largely due to market interest rate fluctuations and other market conditions. The issuers continue to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bonds approach their maturity dates.

Included in mortgage-backed securities are agency issued and government-sponsored enterprise issued mortgage-backed securities. Agency-issued securities are generally guaranteed by a U.S. government agency, such as the Government National Mortgage Association. Government-sponsored enterprises, such as the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association, have an implied guarantee by the U.S. government. Non-agency asset backed securities feature significant credit enhancements through collateral and subordinate tranches. The municipal bond portfolio consists of highly rated securities rated A or better, all have made payments as agreed, and there is no other evidence of significant deterioration in the underlying issuers' financial positions. The Company evaluated whether the unrealized losses in the investment portfolio were a result of credit losses or other factors and concluded the unrealized losses were the result of other market conditions, primarily changes in interest rates, and therefore no credit losses identified.

(4) Loans

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

	2025	2024
Commercial		
Commercial & industrial	\$200,411	\$222,676
Commercial real estate	371,263	323,890
Commercial construction	36,674	43,707
Total commercial	608,348	590,273
Agriculture		
Agriculture real estate	189,794	181,899
Agriculture production	120,664	116,142
Total agriculture	310,458	298,041
Residential Mortgage		
1 - 4 family first lien	106,686	107,102
1 - 4 family junior lien	34,951	27,436
Residential construction	4,026	4,932
Total residential mortgage	145,663	139,470
Consumer		
Auto	50,474	58,345
Consumer other	10,939	14,942
Total consumer	61,413	73,287
Other loans and leases	14,198	14,548
Gross loans	1,140,080	1,115,619
Allowance for credit losses	12,983	14,694
Unamortized deferred (costs) fees, net	(520)	268
Net loans	\$1,127,617	\$1,100,657

(4) Loans (continued)

The Company's activity in the allowance for credit losses for the years ended December 31, 2025 and 2024, by loan segment is summarized below:

2025						
	Commercial	Agriculture	Residential Mortgage	Consumer	Other	Total
Balance, beginning of period	\$9,752	\$3,071	\$1,060	\$560	\$251	\$14,694
Provision	3,492	(436)	(347)	466	(179)	2,996
Charge-offs	4,727	-	-	272	-	4,999
Recoveries collected	181	-	57	54	-	292
Balance, end of period	\$8,698	\$2,635	\$770	\$808	\$72	\$12,983

2024						
	Commercial	Agriculture	Residential Mortgage	Consumer	Other	Total
Balance, beginning of period	\$9,592	\$2,887	\$807	\$668	\$241	\$14,195
Provision	438	218	331	24	69	1,080
Charge-offs	311	36	91	153	67	658
Recoveries collected	33	2	13	21	8	77
Balance, end of period	\$9,752	\$3,071	\$1,060	\$560	\$251	\$14,694

(4) Loans (continued)

Collateral dependent loans individually evaluated for purposes of the allowance for credit losses by collateral type were as follows at December 31, 2025 and 2024:

As of December 31, 2025

Commercial	\$3,528
Commercial Real Estate	3,327
Agriculture	18
Agriculture Real Estate	3,487
Residential Mortgage	1,286
Total	\$11,646

As of December 31, 2024

Commercial	\$15,349
Commercial Real Estate	10,544
Agriculture	647
Agriculture Real Estate	2,417
Residential Mortgage	1,989
Residential Construction	1,454
Consumer	6,348
Total	\$38,748

The Company regularly evaluates various attributes of loans to determine the appropriateness of the allowance for credit losses. The Company generally monitors credit quality indicators for all loans using the following:

‘Pass’ ratings are assigned to loans with adequate collateral and debt service ability; such that collectability of the contractual loan payments is highly probable.

‘Special Mention’ ratings are assigned to loans where management has some concern that the collateral or debt service ability may not be adequate, though the collectability of the contractual loan payments is still probable.

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

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

Internally prepared ratings for business loans are updated at least annually. Residential real estate and consumer loans are generally evaluated based on whether or not the loan is performing according to the contractual terms of the loan as of the balance sheet date.

Notes to Consolidated Financial Statements
(000s omitted except share data)

(4) Loans (continued)

Information regarding the loan portfolio by risk classification and origination year for the year ended December 31, 2025 and 2024, follows:

	2025	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Total
Commercial								
Pass	\$90,701	\$95,459	\$72,202	\$99,673	\$65,650	\$70,160	\$85,022	\$578,867
Special Mention	-	418	655	8	136	4,591	269	6,077
Substandard	32	843	3,055	13,374	821	3,037	2,242	23,404
Total commercial	90,733	96,720	75,912	113,055	66,607	77,788	87,533	608,348
Agriculture								
Pass	30,571	25,775	34,814	20,917	22,317	44,492	107,247	286,133
Special Mention	1,232	59	1,480	1,518	2,639	2,143	10,204	19,275
Substandard	-	-	18	-	1,545	3,487	-	5,050
Total agriculture	31,803	25,834	36,312	22,435	26,501	50,122	117,451	310,458
Residential mortgage								
Pass	24,498	29,921	15,419	23,340	19,183	26,298	4,405	143,064
Special Mention	-	118	-	194	189	280	0	781
Substandard	-	146	44	631	267	730	0	1,818
Total residential mortgage	24,498	30,185	15,463	24,165	19,639	27,308	4,405	145,663
Consumer								
Pass	16,843	15,369	16,939	8,595	2,530	440	2	60,718
Special Mention	-	11	-	-	-	-	-	11
Substandard	31	83	208	232	117	13	-	684
Total consumer	16,874	15,463	17,147	8,827	2,647	453	2	61,413
Other loans and leases								
Pass	3,765	26	31	942	4,730	4,704	-	14,198
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total other loans and leases	3,765	26	31	942	4,730	4,704	-	14,198
Totals	\$167,673	\$168,228	\$144,865	\$169,424	\$120,124	\$160,375	\$209,391	\$1,140,080

Notes to Consolidated Financial Statements
(000s omitted except share data)

(4) Loans (continued)

	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Total
Commercial								
Pass	\$104,730	\$82,800	\$132,130	\$79,940	\$25,896	\$73,175	\$62,932	\$561,603
Special Mention	336	150	1,480	-	1,077	1,317	30	4,390
Substandard	165	1,110	14,285	1,592	4,072	566	2,490	24,280
Total commercial	105,231	84,060	147,895	81,532	31,045	75,058	65,452	590,273
Agriculture								
Pass	32,524	43,002	33,091	29,820	19,834	39,911	94,929	293,111
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	282	248	4,144	36	220	4,930
Total agriculture	32,524	43,002	33,373	30,068	23,978	39,947	95,149	298,041
Residential mortgage								
Pass	31,789	11,787	22,180	19,823	7,714	16,761	25,191	135,245
Special Mention	-	-	126	164	132	309	30	761
Substandard	1,046	90	389	526	-	455	958	3,464
Total residential mortgage	32,835	11,877	22,695	20,513	7,846	17,525	26,179	139,470
Consumer								
Pass	24,306	26,321	14,647	5,730	1,406	550	1	72,961
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	86	106	110	1	23	-	326
Total consumer	24,306	26,407	14,753	5,840	1,407	573	1	73,287
Other loans and leases								
Pass	1,135	1,783	1,057	4,980	671	4,922	-	14,548
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total other loans and leases	1,135	1,783	1,057	4,980	671	4,922	-	14,548
Totals	\$196,031	\$167,129	\$219,773	\$142,933	\$64,947	\$138,025	\$186,781	\$1,115,619

The gross charge-offs by loan type and year of origination for the year ended December 31, 2025 and 2024 were as follows:

	2025						Total
Current Period Gross Charge-offs	2025	2024	2023	2022	2021	Prior	Total
Commercial	\$-	\$16	\$ 665	\$2,732	\$29	\$1,285	\$4,727
Agriculture	-	-	-	-	-	-	-
Residential mortgage	-	-	-	-	-	-	-
Consumer	82	25	93	45	9	18	272
Totals	\$82	\$41	\$758	\$2,777	\$38	\$1,303	\$4,999

Notes to Consolidated Financial Statements
(000s omitted except share data)

(4) Loans (continued)

Current Period Gross Charge-offs	2024						Total
	2024	2023	2022	2021	2020	Prior	
Commercial	\$8	\$ 4	\$126	\$99	\$2	\$72	\$311
Agriculture	-	-	36	-	-	-	36
Residential mortgage	-	-	-	-	-	91	91
Consumer	-	56	51	36	6	4	153
Other loans and leases	67	-	-	-	-	-	67
Totals	\$75	\$60	\$213	\$135	\$8	\$167	\$658

Loan aging information by class of loans at December 31 follows:

As of December 31, 2025	Greater Than			Current	Total Loans	90 or more days past due and accruing
	30-89 Days Past Due	90 Days Past Due	Total Past Due			
Commercial						
Commercial & industrial	\$2,398	\$4,825	\$7,223	\$193,188	\$200,411	\$ 132
Commercial real estate	-	983	983	370,280	371,263	-
Commercial construction	-	192	192	36,482	36,674	-
Total commercial	2,398	6,000	8,398	599,950	608,348	132
Agriculture						
Agriculture real estate	395	3,445	3,840	185,954	189,794	-
Agriculture production	-	-	-	120,664	120,664	-
Total agriculture	395	3,445	3,840	306,618	310,458	-
Residential mortgage						
1 - 4 family first lien	841	538	1,379	105,307	106,686	-
1 - 4 family junior lien	850	229	1,079	33,872	34,951	-
Residential construction	-	-	-	4,026	4,026	192
Total residential mortgage	1,691	767	2,458	143,205	145,663	192
Consumer						
Auto	1,109	440	1,549	48,925	50,474	33
Consumer other	129	21	150	10,789	10,939	-
Total consumer	1,238	461	1,699	59,714	61,413	33
Other Loans and Leases	20	16	36	14,162	14,198	16
Totals	\$5,742	\$10,689	\$16,431	\$1,123,649	\$1,140,080	\$373

Notes to Consolidated Financial Statements
(000s omitted except share data)

(4) Loans (continued)

As of December 31, 2024	Greater Than					90 or more days past due and accruing
	30-89 Days Past Due	90 Days Past Due	Total Past Due	Current	Total Loans	
Commercial						
Commercial & industrial	\$1,133	\$447	\$1,580	\$221,096	\$222,676	\$ -
Commercial real estate	-	1,849	1,849	322,041	323,890	-
Commercial construction	-	-	-	43,707	43,707	-
Total commercial	1,133	2,296	3,429	586,844	590,273	-
Agriculture						
Agriculture real estate	54	222	276	181,623	181,899	222
Agriculture production	-	220	220	115,922	116,142	-
Total agriculture	54	442	496	297,545	298,041	222
Residential mortgage						
1 - 4 family first lien	1,381	487	1,868	105,234	107,102	-
1 - 4 family junior lien	453	47	500	26,936	27,436	-
Residential construction	-	-	-	4,932	4,932	-
Total residential mortgage	1,834	534	2,368	137,102	139,470	-
Consumer						
Auto	1,064	235	1,299	57,046	58,345	8
Consumer other	280	23	303	14,639	14,942	-
Total consumer	1,344	258	1,602	71,685	73,287	8
Other Loans and Leases	-	-	-	14,548	14,548	-
Totals	\$4,365	\$3,530	\$7,895	\$1,107,724	\$1,115,619	\$230

(4) Loans (continued)

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

	<u>December 31, 2025</u>		Interest Income Recognized During the Period on Nonaccrual Loans	<u>December 31, 2024</u>		<u>January 1, 2024</u>	
	Nonaccrual loans With No ACL	Total Nonaccrual Loans		Nonaccrual loans With No ACL	Total Nonaccrual Loans	Interest Income Recognized During the Period on Nonaccrual Loans	Total Nonaccrual Loans
Commercial							
Commercial & industrial	\$5,753	\$6,137	\$ 17	\$2,088	\$9,922	\$ -	\$5,029
Commercial real estate	2,882	3,327	-	1,479	10,479	-	2,156
Commercial construction	-	-	-	-	-	-	-
Total commercial	8,635	9,464	17	3,567	20,401	-	7,185
Agriculture							
Agriculture real estate	3,487	3,487	3	1,036	4,144	-	4,703
Agriculture production	12	18	-	-	867	11	3,180
Total agriculture	3,499	3,505	3	1,036	5,011	11	7,883
Residential Mortgage							
1 - 4 family first lien	972	1,041	12	265	756	2	446
1 - 4 family junior lien	244	244	11	253	293	-	137
Residential construction	-	-	-	-	1,455	-	-
Total residential mortgage	1,216	1,285	23	518	2,504	2	583
Consumer							
Auto	624	624	23	-	297	-	66
Consumer other	59	59	4	-	29	-	26
Total consumer	683	683	27	-	326	-	92
Other loans and leases	-	-	-	-	-	-	-
Totals	\$14,033	\$14,937	\$70	\$5,121	\$28,242	\$13	\$15,743

Occasionally, the Company modifies loans to borrowers in financial distress by providing principal forgiveness, term extension, an other-than-insignificant payment delay or interest rate reduction. When principal forgiveness is provided, the amount of forgiveness is charged-off against the allowance for credit losses.

As of December 31, 2025 and 2024, the Company had commitments to lend additional funds of \$38 and \$23, respectively, on loans modified to borrowers experiencing financial difficulty.

Notes to Consolidated Financial Statements

(000s omitted except share data)

(4) Loans (continued)

The following presents the amortized cost basis as of December 31, 2025 and 2024 of loans modified to borrowers experiencing financial difficulty during the year disaggregated by loan class and by type of concession granted.

As of December 31, 2025

	Term Extension		Other-than-Insignificant Payment Delay		Combination: Term Extension and Principal Forgiveness	
	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable
Commercial						
Commercial & industrial	\$1,223	0.6%	\$ -	-	\$ -	-
Total commercial	1,223	0.2%	-	-	-	-
Agriculture						
Agriculture production	1,047	0.9%	-	-	-	-
Total agriculture	1,047	0.3%	-	-	-	-
Totals	\$2,270	0.2%	-	-	-	-

As of December 31, 2024

	Term Extension		Other-than-Insignificant Payment Delay		Combination: Term Extension and Principal Forgiveness	
	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable	Amortized Cost Basis	% of Total Class of Financing Receivable
Commercial						
Commercial & industrial	\$3,633	1.6%	\$26	0.0%	\$26	0.0%
Commercial real estate	1,538	0.5%	-	-	-	-
Total commercial	5,171	0.9%	26	0.0%	26	0.0%
Agriculture						
Agriculture production	365	0.3%	-	-	282	0.2%
Total agriculture	365	0.1%	-	-	282	0.1%
Residential Mortgage						
1 - 4 family first lien	121	0.1%	-	-	-	-
1 - 4 family junior lien	140	0.5%	-	-	-	-
Total residential mortgage	261	0.2%	-	-	-	-
Totals	\$5,797	0.5%	\$26	-	\$308	0.0%

Notes to Consolidated Financial Statements
(000s omitted except share data)

(4) Loans (continued)

The following tables presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the year ended December 31, 2025 and 2024.

As of December 31, 2025

	Term Extension	Other-than-Insignificant Payment Delay	Principal Forgiveness
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Commercial & industrial	8 loans extended on a short-term basis		
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Agriculture production	1 loan extended on a short-term basis		
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As of December 31, 2024

	Term Extension	Other-than-Insignificant Payment Delay	Principal Forgiveness
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Commercial & industrial	9 loans extended on a short-term basis	Adjusted to interest only followed by a single pay note for borrower to sell assets	
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Commercial real estate	1 loan extended one year to encourage capital injection into the project		
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Agriculture production	4 loans extended on a short-term basis		
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1 - 4 family first lien	1 loan extended to facilitate sale of collateral		
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1 - 4 family junior lien	2 loans extended on a short-term basis		
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The following table presents the amortized cost basis of loans that had a payment default during the years ended December 31, 2025 and 2024 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty:

As of December 31, 2025	Term extension	Combination: Term Extension and Payment Delay
Commercial		
Commercial & industrial	\$527	\$ -
Total commercial	527	-
Totals	\$527	\$ -

Notes to Consolidated Financial Statements
(000s omitted except share data)

(4) Loans (continued)

As of December 31, 2024	Term extension	Combination: Term Extension and Payment Delay
Commercial		
Commercial & industrial	\$703	\$52
Total commercial	703	52
Residential Mortgage		
1 - 4 junior lien	140	-
Total residential mortgage	140	-
Totals	\$843	\$52

The following table presents the period-end amortized cost basis of loans that have been modified in the past 12 months to borrowers experiencing financial difficulty by payment status and class of financing receivable:

As of December 31, 2025	Current	30-89 days	Greater than 90 days	Total
Commercial				
Commercial & industrial	\$1,151	\$ -	\$72	\$1,223
Total commercial	1,151	-	72	1,223
Agriculture				
Agriculture production	1,047	-	-	1,047
Total agriculture	1,047	-	-	1,047
Totals	\$2,198	\$ -	\$72	\$2,270

As of December 31, 2024	Current	30-89 days	Greater than 90 days	Total
Commercial				
Commercial & industrial	\$2,982	\$703	\$ -	\$3,685
Commercial real estate	1,538	-	-	1,538
Total commercial	4,520	703	-	5,223
Agriculture				
Agriculture production	647	-	-	647
Total agriculture	647	-	-	647
Residential Mortgage				
1 - 4 family first lien	121	-	-	121
1 - 4 family junior lien	140	-	-	140
Total residential mortgage	261	-	-	261
Totals	\$5,428	\$703	\$ -	\$6,131

(5) Loan Servicing

Loans serviced for others are not included in the accompanying consolidated balance sheets. Mortgage loans serviced for others as of December 31, 2025 and 2024, were approximately \$253,901 and \$270,357, respectively. Custodial escrow balances maintained in conjunction with serviced loans were approximately \$3,301 and \$3,508 at December 31, 2025 and 2024, respectively.

The balances for mortgage servicing rights, carried at fair value and included in other assets, were \$2,807 and \$2,866 as of December 31, 2025 and 2024, respectively.

The estimated fair value of mortgage servicing rights is determined using a valuation model that calculates the present value of expected future servicing and ancillary income, net of expected servicing costs. The model incorporates various assumptions, such as discount rates and prepayment speeds based on market data from independent organizations. Information about the estimated fair value of mortgage servicing rights at December 31:

	2025	2024	2023
Range of discount rates	9.25% - 11.25%	9.63% - 11.63%	9.75% - 11.75%
Range of prepayment speeds	5.58% - 20.08%	6.01% - 15.03%	5.29% - 26.25%

(6) Mortgage Banking Loan Commitments

The Company enters into commitments to fund residential mortgage loans (interest rate locks) at specified times in the future, with the intention that these loans will be subsequently sold to third-party investors. A mortgage loan commitment binds the Company to lend funds to a potential borrower at a specified interest rate and within a specified period of time, generally up to 60 days after inception of the rate lock. It is the Company's practice to enter into best efforts and mandatory delivery forward commitments for the future delivery of residential mortgage loans to third-party investors when an interest rate lock commitment is granted. Best efforts forward commitments bind the Company to deliver a mortgage loan to a third-party investor only if the underlying loan is funded. Mandatory delivery forward commitments bind the Company to deliver a residential mortgage loan to a third-party investor even if the underlying loan never funds. As of December 31, 2025 and 2024, the Company had approximately \$1,952 and \$650, respectively, in interest rate lock commitments outstanding. As of December 31, 2025 and 2024, the Company had approximately \$3,904 and \$1,299, respectively, in mandatory delivery forward commitments outstanding. These outstanding mortgage loan commitments are considered to be derivatives.

(7) Foreclosed Assets and Other Real Estate Owned

There was no other real estate owned at December 31, 2025 and December 31, 2024.

Residential real estate loans that are in process of foreclosure totaled \$151 at December 31, 2025 and \$154 at December 31, 2024.

(8) Premises and Equipment

The components of premises and equipment at December 31 are as follows:

	2025	2024
Land	\$2,640	\$2,640
Buildings and leasehold improvements	22,901	22,813
Furniture, fixtures, and equipment	15,651	14,798
Software	5,086	4,691
Vehicles	44	175
	46,322	45,117
Less accumulated depreciation	28,466	27,157
	\$17,856	\$17,960

Depreciation expense for the years ended December 31, 2025, 2024 and 2023 amounted to \$1,472, \$1,460, and \$1,672, respectively.

(9) Other Assets

The components of other assets at December 31 are as follows:

	2025	2024
Accrued interest receivable	\$10,420	\$10,856
Mortgage servicing rights	2,807	2,866
Net deferred tax assets	11,880	17,118
Qualified affordable housing project investments	3,856	4,354
Other	4,316	4,863
	\$33,279	\$40,057

(10) Deposits

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

	2025	2024
Non-interest-bearing demand	\$219,275	\$249,076
Interest-bearing demand	201,642	223,977
Money market and savings	520,182	394,292
Time	487,452	533,358
	\$1,428,551	\$1,400,703

The aggregate amount of time deposits with a minimum denomination of \$250 was approximately \$148,548 and \$171,121 at December 31, 2025 and 2024, respectively. Time deposits are included in the interest-bearing deposits on the consolidated balance sheets.

(10) Deposits (continued)

At December 31, 2025, the scheduled maturities of time deposits are as follows:

2026	\$366,752
2027	43,670
2028	45,116
2029	24,831
2030 and thereafter	7,083
	\$487,452

(11) Income Taxes

The components of income tax expense for the years ended December 31 are as follows:

	2025	2024	2023
Current - federal	\$1,028	\$2,611	\$2,956
Current - state	652	883	1,326
	1,680	3,494	4,282
Deferred - federal	397	50	195
Deferred - state	197	26	97
	594	76	292
Total income tax expense	\$2,274	\$3,570	\$4,574

Notes to Consolidated Financial Statements
(000s omitted except share data)

(11) Income Taxes (continued)

A reconciliation of the differences between the statutory federal income tax rate and the effective income tax rate with the resulting dollar amounts is shown in the following table:

	2025		2024		2023	
	Amount	% of Pretax Earnings	Amount	% of Pretax Earnings	Amount	% of Pretax Earnings
Statutory federal tax	\$2,130	21.0%	\$3,409	21.0%	\$4,015	21.0%
(Decrease) increase in taxes resulting from:						
Tax-exempt interest	(197)	(1.9%)	(281)	(1.7%)	(330)	(1.7%)
Bank-owned life insurance	(140)	(1.4%)	(315)	(1.9%)	(123)	(0.6%)
State taxes, net of federal benefit	671	6.6%	963	5.9%	1,124	5.9%
Low-income housing credits	(153)	(1.5%)	(182)	(1.2%)	(62)	(0.3%)
Other	(37)	(0.4%)	(24)	(0.1%)	(50)	(0.3%)
Effective tax rates	\$2,274	22.4%	\$3,570	22.0%	\$4,574	24.0%

State taxes in Illinois and Wisconsin made up the majority of the tax effect in this category.

The tax effects of existing temporary differences that give rise to significant portions of the deferred tax liabilities and deferred tax assets at December 31, 2025 and 2024 are summarized as follows:

	2025	2024
Deferred tax assets:		
Allowance for credit losses	\$3,701	\$4,152
CECL reserve for unfunded loan commitments	90	180
Available-for-sale securities	8,552	13,196
Deferred compensation and other	2,402	2,450
Total deferred tax assets	\$14,745	\$19,978
Deferred tax liabilities:		
FHLB stock dividend	\$55	\$55
Depreciation	1,624	1,381
Mortgage servicing rights and other	1,046	1,289
Purchase accounting adjustments	140	135
Total deferred tax liabilities	2,865	2,860
Net deferred tax assets	\$11,880	\$17,118

No valuation allowance has been recorded since deferred tax assets are expected to be realized.

(12) Transactions with Related Parties

The Company had, and may be expected to have in the future, loans or other banking transactions in the ordinary course of business with directors, significant stakeholders, principal officers, their immediate families, and affiliated companies in which they are principal stakeholders (commonly referred to as related parties). These loans and transactions were on the same terms as those for comparable loans and transactions with non-related parties.

Activity for related party loans for the years ending December 31, is as follows:

	2025	2024
Balance at beginning of year	\$8,994	\$4,526
Effect of changes to related parties	(2,103)	2,648
New credits	16,577	3,806
Repayments	(1,589)	(1,986)
Balance at end of year	\$21,879	\$8,994

Deposit accounts from related parties totaled approximately \$12,298 and \$25,895 at December 31, 2025 and 2024, respectively.

(13) Financial Instruments with Off-Balance-Sheet Risk and Concentrations

Financial instruments with off-balance-sheet risk:

The Company is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of their customers. These financial instruments include commitments to extend credit, credit lines, letters of credit, and overdraft protection. They involve, to varying degrees, elements of credit risk in excess of amounts recognized on the consolidated balance sheets.

The Company's exposure to credit losses in the event of nonperformance by the other parties to the financial instruments, for commitments to extend credit, and letters of credit are represented by the contractual amounts of those instruments. The Banks use the same credit policies in making commitments and issuing letters of credit as they do for on-balance-sheet instruments.

A summary of the contractual amounts of the Banks' exposures to off-balance-sheet risk as of December 31 is as follows:

	2025	2024
Unused lines of credit and other loan commitments	\$261,068	\$268,566
Commercial letters of credit	-	10
Performance and standby letters of credit	7,342	2,031

**(13) Financial Instruments with Off-Balance-Sheet Risk and Concentrations
(continued)**

Commitments to extend credit are agreements to lend to customers as long as there are no violations of any conditions established in the contracts. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies; but may include accounts receivable, inventory, crops, livestock, property and equipment, residential real estate, and income-producing commercial properties.

Standby, performance and commercial letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. They are considered financial guarantees under FASB guidance. The fair value of these financial guarantees is considered immaterial.

The Company participates in the FHLB Mortgage Partnership Finance Program (the "Program"). In addition to entering into forward commitments to sell mortgage loans to a secondary market agency, the Company enters into firm commitments to deliver loans to the FHLB through the Program. Under the Program, loans are funded by the FHLB, and the Company receives an agency fee reported as a component of gain on sale of loans. The Company had no firm commitments outstanding to deliver loans through the Program at December 31, 2025 and 2024. Once delivered to the Program, the Company provides a contractually agreed-upon credit enhancement and performs servicing of the loans. Under the credit enhancement, the Company is liable for losses on loans delivered to the Program after application of any mortgage insurance and a contractually agreed-upon credit enhancement provided by the Program subject to an agreed-upon maximum. The agreed-upon accumulated credit enhancement provided by the Program totaled \$1,767, subject to an agreed-upon maximum. The fee the Company received for this credit enhancement was not material in each of the years ended December 31, 2025, 2024 and 2023.

Concentration of credit risk:

The Company provides several types of loans to customers including real estate, agricultural, commercial, and installment loans. The largest component of loans is secured by residential real estate, commercial real estate, or other interest in real property. Lending activities are conducted with customers in a wide variety of industries as well as with individuals with a wide variety of credit requirements. The Company does not have a concentration of loans in any specific industry. Credit risk, as it relates to the Company's business activities, tends to be geographically concentrated in that the majority of the customer base lies within the surrounding communities served by its subsidiary banks.

(14) Securities Sold Under Agreements to Repurchase

There were no securities sold under agreements to repurchase at December 31, 2025. Securities sold under agreements to repurchase amounted to \$15,017 at December 31, 2024 and were collateralized by U.S. agencies and mortgage-backed investment securities with fair values of approximately \$48,023. The weighted-average interest rates on these agreements was 1.36% at December 31, 2024. Securities sold under agreements to repurchase matured on a daily basis.

(15) Employee and Director Benefit Plans

The Company and the Bank maintain a 401(k) plan with profit sharing features covering substantially all employees under which the Company has historically provided a discretionary match of eligible employee contributions. Total 401(k) expense was approximately \$612, \$666, and \$593, for 2025, 2024, and 2023, respectively. Each plan participant elects how the employer contributions are invested; whereby the participants choose between purchasing the Company’s common stock or investing in the plan’s investment funds.

In addition, the Company and the Bank maintain non-qualified deferred compensation plans whereby certain directors and officers are provided with guaranteed annual payments for periods ranging from 10 to 15 years after reaching a variation of retirement ages pending participant plan. The compensation plans are funded by bank-owned life insurance policies which had an aggregate death benefit of approximately \$51,567 and \$52,224 as of December 31, 2025 and 2024, respectively. The Company accrues amounts to be paid over the participant’s active service life. The accrued benefits were \$3,408, \$3,338, and \$3,421 at December 31, 2025, 2024 and 2023, respectively. Non-qualified deferred compensation expenses were \$506, \$298, and \$339 in 2025, 2024 and 2023, respectively.

(16) Federal Home Loan Bank (FHLB) and Other Borrowings

At December 31, FHLB advances and other borrowings are as follows:

FHLB Advances at December 31:	2025	2024
Fixed rate advances with rates ranging from 0.00% to 4.48% and weighted average rates of 3.36% and 3.44% as of December 31, 2025 and 2024, respectively. Interest is payable monthly with principal due at maturity.	\$45,348	\$33,667

Advances are collateralized by 1-4 family mortgage loans, other qualifying loans and securities. The total amounts of collateral securing FHLB advances were approximately \$397,763 and \$292,055 as of December 31, 2025 and 2024, respectively. FHLB advances are subject to a prepayment penalty if they are repaid prior to maturity. FHLB advances are also secured by \$2,991 and \$3,542 of FHLB stock owned by the Company at December 31, 2025 and 2024, respectively.

The Company participates in the Federal Reserve Bank of Chicago’s Discount Window Lending Program. Primary advances generally mature daily and bear interest at a generally approved rate in relation to the federal funds rate. The primary advance interest rate at December 31, 2025 was 3.75%. There were no outstanding advances at December 31, 2025 and 2024. Advances are collateralized by investment securities pledged totaling approximately \$30,868 and \$13,870 at December 31, 2025 and 2024, respectively, to the Federal Reserve Bank.

Additional other borrowings consists of Advantage Illinois loan participations that fail sale accounting treatment. These borrowings totaled \$8,081 and \$7,244 at December 31, 2025 and 2024, respectively, and mature from 2026 to 2033, at interest rates ranging from 2.00% to 4.85%.

(16) Federal Home Loan Bank (FHLB) and Other Borrowings (continued)

At December 31, the scheduled maturities of FHLB advances and other borrowings are as follows:

	2025	2024
2025		\$6,000
2026	\$26,441	6,000
2027	4,986	7,513
2028	2,954	2,971
2029	10,836	11,992
2030	3,185	2,270
2031 and thereafter	5,036	4,165
	\$53,438	\$40,911

The Company had federal funds purchased with its main correspondent institutions totaling \$0 and \$5,804 at December 31, 2025 and 2024, respectively. Federal funds purchased generally mature within one day from transaction date.

The Company has a \$15,000 line of credit with Bankers' Bank secured by the stock of the Company. The line has a variable interest rate of Wall Street Journal Prime less 0.50 percentage points. As of December 31, 2025, the balance of the line was \$0.

(17) Fair Value Measurements

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

The following is a description of valuation methodologies used for assets recorded at fair value:

Securities available-for-sale: The fair values of the Company's securities available-for-sale are primarily determined by matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities. The values determined by matrix pricing are considered Level 2 fair value measurements.

(17) Fair Value Measurements (continued)

Marketable equity securities: Marketable equity securities with a readily determinable fair value are measured at fair value on a recurring basis. The fair value measurement of equity securities with a readily determinable fair value are based on the quoted price of the security and is considered a Level 1 fair value measurement. Equity securities without a readily determinable fair value are measured at fair value on a nonrecurring basis when transaction prices for identical or similar securities are identified. Fair value measurements on equity securities without a readily determinable fair value are generally considered a Level 2 fair value measurement.

Collateral-dependent individually evaluated loans: The Company does not record loans at fair value on a recurring basis. However, from time to time, fair value adjustments are recorded on these loans to reflect (1) partial write-downs, through charge-offs or specific reserve allowances, that are based on the current appraised or market-quoted value of the underlying collateral or (2) the full charge-off of the loan carrying value. The fair value of collateral dependent individually evaluated loans is generally based on recent real estate appraisals. Adjustments are routinely made in the appraisal process by independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification. Non-real estate collateral may be valued using an appraisal, net book value of the borrower's financial statements or aging reports, adjusted or discounted based on management's expertise and knowledge of the borrower and borrower's business. Fair value measurements prepared internally are based on management's comparisons to sales of comparable assets, but include significant unobservable data and are therefore considered Level 3 measurements.

Foreclosed assets and other real estate owned: Real estate acquired through or in lieu of loan foreclosure is not measured at fair value on a recurring basis. However, other real estate is initially measured at fair value (less estimated costs to sell) when it is acquired and may also be measured at fair value (less estimated costs to sell) if it becomes subsequently impaired. The fair value measurement for each property may be obtained from an independent appraiser or prepared internally. Fair value measurements obtained from independent appraisers generally utilize a market approach based on sales of comparable assets and/or an income approach. Such measurements are usually considered Level 2 measurements. However, management routinely evaluates fair value measurements of independent appraisers by comparing actual selling prices to the most recent appraisals. If management determines significant adjustments should be made to the independent appraisals based on these evaluations, these measurements are considered Level 3 measurements. Fair value measurements prepared internally are based on management's comparisons to sales of comparable assets but include significant unobservable data and are therefore considered Level 3 measurements.

Mortgage servicing rights: The fair value of mortgage servicing rights is based on a valuation model that calculates the present value of estimated net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income to derive the resultant value. The Company is able to compare the valuation model inputs such as the discount rate, prepayment speeds, weighted average delinquency and foreclosure/bankruptcy rates to widely available published industry data for reasonableness. Since the fair value measurement is based on significant unobservable inputs, it is considered a Level 3 measurement.

(17) Fair Value Measurements (continued)

The following table presents the Company's approximate fair-value hierarchy for the assets measured at fair value as of December 31:

As of December 31, 2025	Fair Value Measurements at			
	Reporting Date Using			
	Total	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
Assets:				
Securities available-for-sale				
U.S. Government sponsored entities and U.S. agencies	\$95,162	\$478	\$94,684	
State and municipal	90,916		88,517	\$2,399
Agency mortgage-backed	197,639		197,639	
Private asset-bucket	40,386		40,386	
Corporate debt securities	4,585		4,585	
Marketable equity securities	1,163		1,163	
Mortgage servicing rights	2,807			2,807
Assets measured at fair value on a non-recurring basis:				
Assets:				
Collateral-dependent individually evaluated loans	\$10,706			\$10,706

Collateral-dependent individually evaluated loans, which are measured for impairment using the fair value of collateral, had a carrying value of \$11,646 with specific reserves of \$940 as of December 31, 2025.

The changes in level 3 items occurring between December 31, 2024 and December 31, 2025 were decreases in collateral-dependent individually evaluated loans.

(17) Fair Value Measurements (continued)

As of December 31, 2024

	Fair Value Measurements at Reporting Date Using			
	Total	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
Assets:				
Securities available-for-sale				
U.S. Government sponsored entities and U.S. agencies	\$119,299	\$6,079	\$113,220	
State and municipal Agency mortgage-backed	91,272		88,927	\$2,345
Corporate debt securities	157,813		157,813	
Marketable equity securities	1,561		1,561	
Mortgage servicing rights	1,066		1,066	
	2,866			2,866
Assets measured at fair value on a non-recurring basis:				
Assets:				
Collateral-dependent individually evaluated loans	\$35,716			\$35,716

Collateral-dependent individually evaluated loans, which are measured for impairment using the fair value of collateral, had a carrying value of \$38,748 with specific reserves of \$3,032 as of December 31, 2024.

The following table presents quantitative information about level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2025 and 2024:

	Valuation Technique	Unobservable Input	Range
Collateral-dependent individually evaluated loans, net of specific reserves	Sales comparison approach	Appraised values	10% - 20%

FASB guidance requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates may not be realized in immediate settlement of the instrument. Accounting guidance excludes certain financial instruments and certain nonfinancial instruments from its disclosure requirements. These fair value disclosures may not represent the fair value of the Company.

(17) Fair Value Measurements (continued)

The estimated fair values of the Company's financial instruments as of December 31, 2025 are as follows:

	Carrying Amount	Fair Value	Fair Value Measurements at Reporting Date Using		
			(Level 1)	(Level 2)	(Level 3)
Financial Assets:					
Cash and cash equivalents	\$26,976	\$26,976	\$26,976		
Interest-bearing deposits in other banks- term deposits	897	897	897		
Securities	431,066	430,967	6,079	\$422,489	\$2,399
Marketable equity securities and other	4,427	4,427	3,264	1,163	
Loans held for sale	1,549	1,549		1,549	
Loans, net of allowance	1,127,617	1,087,596			1,087,596
Accrued interest receivable	10,420	10,420	10,420		
Financial liabilities:					
Demand and saving deposits	\$941,099	\$941,099	\$941,099		
Time deposits	487,452	485,966		\$485,966	
FHLB advances and other borrowings	53,429	53,122		53,122	
Accrued interest payable	2,465	2,465	2,465		

The estimated fair values of the Company's financial instruments as of December 31, 2024 are as follows:

	Carrying Amount	Fair Value	Fair Value Measurements at Reporting Date Using		
			(Level 1)	(Level 2)	(Level 3)
Financial Assets:					
Cash and cash equivalents	\$64,000	\$64,000	\$64,000		
Interest-bearing deposits in other banks- term deposits	4,434	4,386	4,386		
Securities	373,208	372,995	478	\$364,571	\$2,345
Marketable equity securities and other	7,592	7,592	3,542	1,131	2,919
Loans held for sale	852	852		852	
Loans, net of allowance	1,100,657	1,092,095			1,092,095
Accrued interest receivable	10,856	10,856	10,856		
Financial liabilities:					
Demand and saving deposits	\$867,345	\$867,345	\$867,345		
Time deposits	533,358	527,249		\$527,249	
Federal Funds Purchased	5,804	5,804	5,804		
Securities sold under agreements to repurchase	15,017	14,913		14,913	
FHLB advances and other borrowings	40,911	39,849		39,849	
Accrued interest payable	3,169	3,169	3,169		

(18) Derivative Financial Instruments

The Company enters into derivative instruments for the benefit of its clients. The notional amounts of these customer derivative instruments and the offsetting counterparty derivative instruments were \$53 at December 31, 2025. These derivative contracts do not qualify for hedge accounting. These instruments include interest rate swaps. Commonly, the Company will economically hedge significant exposures related to these derivative contracts entered into for the benefit of clients by entering into offsetting contracts with approved, reputable, independent counterparties with substantially matching terms. The effect of derivatives not designated as hedging instruments on the consolidated statements of income were immaterial.

(19) Stock Compensation Plans

During 2012, the Company approved an equity incentive plan to promote the long-term financial success of the Company through stock-based awards to employees, directors or service providers who contribute to that success. This equity incentive plan permits Company management to approve and grant a maximum of 150,000 shares of common stock-based awards in the form of any combination of stock options, stock appreciation rights, stock awards or cash incentive awards. The 2012 equity incentive plan expired in September 2022 and a new plan was implemented in October 2022. The 2022 plan mirrors the expired 2012 plan with the exception of the cash incentive awards which were excluded from the 2022 plan.

Stock Options

The fair value of each option award is estimated on the date of grant using a closed form option valuation model (Black-Scholes). Expected volatilities are based on historical volatilities of the Company's common stock. The Company uses historical data to estimate option exercise and post-vesting termination behavior. The expected term of options granted is based on historical data and represents the period of time that options granted are expected to be outstanding, which takes into account that the options are not transferable. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield in effect at the time of the grant. The Company's accounting policy is to recognize forfeitures as they occur.

No options were granted for the year ended December 31, 2025 and 2024. For the year ended December 31, 2022, 5,000 shares of non-qualified stock options were granted under the 2012 equity incentive plan.

For the years ended December 31, 2025, 2024 and 2023, the Company recognized \$16, \$16, and \$16 in compensation expense for stock options, respectively. No tax benefits were recognized for the three-year period ended December 31, 2025. No options were exercised during the years ended December 31, 2025, 2024 and 2023.

(19) Stock Compensation Plans (continued)

The following table summarizes the activity of options for the year ended:

	December 31, 2025		December 31, 2024	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Shares under option, beginning of year	5,000	\$31.40	5,000	\$31.40
Granted during the year	-	-	-	-
Forfeited and expired during the year	-	-	-	-
Exercised during the year	-	-	-	-
Shares under option, end of year	5,000	31.40	5,000	31.40
Options exercisable, end of year	3,000	31.40	2,000	31.40

The following table summarizes information about stock options outstanding at December 31, 2025:

Exercise Price	Number Outstanding	Remaining Contractual Life (Years)	Number Exercisable
\$31.40	5,000	6.50	3,000

Total shares available for grant under the 2022 equity incentive plan was 115,046 and 121,233 as of December 31, 2025 and 2024, respectively.

Stock Awards

Stock awards are granted in the form of restricted stock awards (RSA's) and restricted stock units (RSU's) which typically vest equally over a two-year period; however, there were RSAs and RSUs issued in 2021 and 2024 that vest over a five-year period. RSA's share in dividends and have voting rights throughout the vesting period. RSU's are paid a dividend equivalent during the vesting period but have no voting rights.

(19) Stock Compensation Plans (continued)

The following table summarizes information regarding unvested restricted stock and shares outstanding during the year ended:

	December 31, 2025		December 31, 2024	
	Unvested	Weighted	Unvested	Weighted
	Shares	Average Grant Value	Shares	Average Grant Value
Restricted stock, beginning of year	22,384	\$28.20	14,267	\$28.88
Granted during the year	9,642	32.20	20,374	28.40
Forfeited during the year	(1,734)	29.30	(1,657)	27.92
Vested during the year	(9,975)	32.18	(10,600)	29.45
Restricted stock, end of year	20,317	30.06	22,384	28.20

During 2025, 2024 and 2023, total accrued compensation expense of \$339, \$355 and \$294 (before tax benefits of \$97, \$101 and \$84) was recorded from amortization of restricted shares expected to vest, respectively. Future projected compensation expense (before tax benefits), assuming all restricted shares eventually vest to employees, would be \$379.

(20) Stock Repurchase Program

A new stock repurchase plan was approved by the Board of Directors as of October 25, 2023 and effective November 1, 2023. The approved plan sets a maximum repurchase dollar limit, maximum per share price and daily limits. The plan had an expiration date of June 1, 2024. For the years ended December 31, 2025, 2024 and 2023, the Company repurchased 0, 75,000, and 60,000 shares under the repurchase program, respectively.

The purchase price for the shares of the Company's stock repurchased is reflected as a reduction to shareholders' equity as treasury stock.

(21) Earnings Per Common Share

For the years ended December 31, earnings per common share have been computed based on the following:

	2025	2024	2023
Net income	\$7,868	\$12,664	\$14,546
Net income available to common stockholders	7,868	12,664	14,546
Average number of common shares outstanding	3,604,133	3,509,509	3,562,885
Effect of dilutive options	21,131	19,270	4,723
Average number of common shares outstanding used to calculate diluted earnings per common share	3,625,264	3,528,779	3,567,608

(22) Equity and Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements.

As of December 31, 2025, the most recent notification from the regulatory agencies categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum regulatory capital ratios as set forth in the table. There are no conditions or events since December 31, 2025, which management believes have changed the capital categories of the Bank.

In September 2019, the FDIC finalized a rule that introduced an optional simplified measure of capital adequacy known as the community bank leverage ratio (CBLR) framework. In order to qualify for the CBLR framework, the Bank must have a Tier 1 leverage ratio of greater than 9%, less than \$10 billion in total consolidated assets, and limited amounts of off-balance-sheet exposures and trading assets and liabilities. As of December 31, 2025, the Bank qualified for the CBLR framework and elected to report risk-based capital ratios. The Banks qualified for and elected to use the CBLR framework as of December 31, 2024. An institution opting into the CBLR framework and meeting all requirements under the framework will be considered to have met the well-capitalized ratio requirements under the Prompt Corrective Action regulations and will not be required to report or calculate risk-based capital.

The Bank(s) actual capital amounts and ratios as of December 31 is presented in the following tables:

(dollars in thousands)	Actual		Regulatory Minimum		Prompt Corrective Action "Well Capitalized" Guidelines	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2025						
Total capital to risk-weighted assets						
Foresight Bank	199,989	14.44%	145,379	10.50%	138,456	10.00%
Common equity Tier 1 capital to risk-weighted assets						
Foresight Bank	186,690	13.48%	96,919	7.00%	89,996	6.50%
Tier 1 capital to risk-weighted assets						
Foresight Bank	186,690	13.48%	117,688	8.50%	110,765	8.00%
Tier 1 capital to average assets						
Foresight Bank	186,690	11.02%	67,755	4.00%	84,693	5.00%

(22) Equity and Regulatory Matters (continued)

	Actual		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio
	In \$000s		In \$000s	
As of December 31, 2024				
Community Bank Leverage Ratio				
Northwest Bank	43,820	9.44%	41,765	9.00%
German American State Bank	33,194	9.65%	30,967	9.00%
State Bank of Davis	20,832	11.23%	16,695	9.00%
State Bank	40,402	9.91%	35,179	9.00%
Lena State Bank	12,016	11.49%	9,250	9.00%
State Bank of Herscher	21,715	11.94%	15,103	9.00%

(23) Dividends

State banking regulations restrict the amount of dividends that a bank may pay to its stockholders. The regulations provide that dividends are limited to the balance of undivided profits, subject to capital-adequacy requirements, plus an additional amount equal to the Bank's current-year earnings through the date of any declaration of dividends. The payment of dividends would also be restricted if a Bank does not meet the minimum capital conservation buffer as defined by Basel III regulatory capital guidelines.

(24) Segment Information

The Company's reportable segment is determined by the chief operating decision maker ("CODM") in assessing performance and in deciding how to allocate resources. The CODM is the CEO of the company. The Company provides a variety of banking services to individuals and businesses through its facilities that are similar in their nature, operations, and economic characteristics. The accounting policies for the services are described in Note 1 Basis of Presentation and Significant Accounting Policies. Loans, investments, and deposits provide the revenues in the banking operation. Interest expense, provisions for credit losses, and payroll provide the significant expenses in the banking operation. The CODM uses consolidated net income to monitor results, evaluate budget-to-actual variances, perform competitive analyses that benchmark the Company to competitors, and determine whether to reinvest earnings in the Company or to deploy capital in other ways to maximize shareholder value. The CODM is regularly provided with the consolidated income and expenses, as well as assets, as presented on the Consolidated Statements of Income and Consolidated Balance Sheets, respectively, to assess performance and decide how to allocate resources on a Company-wide basis. The CODM also uses such information to monitor the level of expense associated with the various aspects of the Company's business that supports its clients, generate revenue, and are associated with the overall administration of the Company's operations. In addition, internal financial information is used by the CODM to monitor credit quality and credit loss expense. As a result, the Company has determined it has only one reportable segment.

COMPANY INFORMATION

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Market: OTCQX Best Market

Trading symbol: FGFH



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