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RICHWOOD BANCSHARES, INC.  
**2025 ANNUAL REPORT**

CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 2025 AND 2024  
*(WITH INDEPENDENT AUDITOR'S REPORT)*

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## Dear Fellow Shareholders,

As we reflect on the past year, one theme stands out above all others: clarity. In a world where businesses are constantly presented with new technologies, new products, and new opportunities, the temptation can be to chase every trend and react to every headline. Yet history has shown that the organizations that endure are those that focus on what they do best.

Our strategy is simple and deliberate: to seamlessly fuse technology and human interaction in a way that creates a better banking experience for our customers and stronger outcomes for our communities.

Technology continues to transform the financial services industry at an incredible pace. Artificial intelligence, data analytics, and digital banking tools have dramatically increased convenience and efficiency. At the same time, we firmly believe that technology alone cannot replace the trust, judgment, and relationships that are at the heart of community banking.

Our goal is not to choose between technology and people, but to integrate the strengths of both—using technology to remove friction while empowering our team to deepen relationships and provide meaningful guidance.

This commitment reflects our purpose: **To Inspire, Protect, and Celebrate Anything That Helps Our Communities Thrive.** We inspire opportunity by helping individuals and businesses pursue their ambitions. We protect financial futures through sound lending and responsible stewardship. And we celebrate the successes of the communities that place their trust in us.

As we look ahead, we are confident in the direction we have chosen. By staying disciplined in our focus, investing thoughtfully in technology and partnerships, and continuing to build meaningful relationships in the communities we serve, we believe we are well positioned to create lasting value for our customers, our employees, and you, our shareholders.

Thank you for your continued confidence and support.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chad L. Hoffman', written over a white background.

**Chad L. Hoffman, President / CEO**  
**Richwood Bancshares, Inc.**

## LEADERSHIP TEAM

**Chad L. Hoffman** • President / CEO  
**Jim Blevins** • Chief Information Officer  
**Matt Clark** • Chief Banking Officer  
**Rebecca Dinovo** • Chief Operating Officer  
**Brian J. Gehres** • Chief Credit Officer  
**Ash Khatib** • Chief Financial Officer  
**Jamie L. Kibler** • Chief Compliance Officer  
**Heather A. Wirtz** • Chief Experience Officer  
**Jennifer S. Wolf** • Chief of Staff

## BOARD OF DIRECTORS

### *Joined Board In*

**2002** **Kyle Stofcheck** • Stofcheck-Ballinger Funeral Home  
**2006** **Chad L. Hoffman** • President and CEO Richwood Bank  
**2010** **Jean Smith\*\*** • Retired, Parrott Implement  
**2020** **Darin P. Skinner** • Farmer  
**2021** **Maggie Walker** • Village Mart  
**2023** **Mark Fissel** • Beacon Hill Investment Advisory  
**2024** **Ian Evans** • Evans, Evans & Hoffman LLP  
**2024** **Sarah Wiley** • Kaiser Consulting  
**2025** **Dean Blair** • Clark County Agricultural Society  
**2025** **Tim Bolander** • Champaign Telephone Company

*\*\*Chairman of the Board*

## WELCOME OUR NEWEST BOARD MEMBERS:



**Dean Blair** serves as Executive Director of the Clark County Agricultural Society, where he has successfully led large-scale events, including the annual Clark County Fair and nearly 200 additional events each year. Throughout his career, he has held numerous leadership roles, including serving as a board member of the Ohio Auto Dealers Association and past chairman of the Dayton Auto Dealers Association.

Dean has also contributed his time and expertise to several community organizations, including the Springview Development Center, Convention and Visitors Bureau (CVB), OIC, Small Business Development Center (SBDC), and the Springfield Foundation. He currently serves on the Springfield Richwood Bank Community Advisory Board.

A proud father and grandfather, Dean has been a Clark County resident since 1974. He and his wife, Liz, reside on the northeast edge of Clark County. In his free time, he enjoys spending time with family, motorcycling, and traveling whenever possible.



**Tim Bolander** is the President / GM of The Champaign Telephone Company in Urbana, OH, where he's been employed for the last 17 years, and serves on the board of directors for The Champaign Telephone Company. He has a BSIT from Ohio University, where he earned a 4-year athletic scholarship for baseball, and has an MBA from Franklin University with a focus in leadership.

He was also involved in the community for many years coaching youth baseball and AAU basketball, as well as coaching baseball at Marysville High School.

He is a Richwood Bank customer for both his personal and business accounts, and believes strongly in supporting and growing local businesses in order to offer valued services and support to further grow and develop local communities.

# BANK SHOT

## A PODCAST ABOUT VALUES, LEADERSHIP, AND REAL-WORLD RESULTS

At Richwood Bank, we've learned that **the best way to serve our communities is by leading with our values.** That's the heart of our new podcast, Bank Shot.

Hosted by CEO Chad Hoffman, each episode bounces ideas off local leaders to explore how leadership, purpose, and culture shape thriving organizations. Whether you manage a team, run an organization, or simply want to grow as a person of influence, this podcast is built to bring you real stories, practical insights, and hard-earned wisdom from those who've been there.

Our goal is simple: to offer a new way to connect and learn from one another. Through open conversations and practical insights, we'll dive into what leadership really looks like when it's grounded in trust, authenticity, and values that guide everyday decisions.

### TOPICS

How Values-Based Leadership Drives Service

Building for Businesses

Leading with a Servant's Heart

Driving Positive Energy & Customer Service Excellence

Creating Moments That Bring People Together



**SCAN QR CODE**  
to learn more and to  
watch/listen to the episodes!





RICHWOOD COFFEE:

# HOW IT STARTED — AND HOW IT'S GROWN

In 2015, we opened the doors to our very first Richwood Coffee shop with a simple but bold idea: what if stopping at the bank felt less like a transaction and more like an experience? What if it brought people together?

Ten years later, that idea has grown into something truly incredible. Our first Richwood Coffee shop opened in August 2015, and it quickly became clear that people wanted more than just great coffee. They wanted a place to connect. Since then, we've been proud to add coffee shops in **Delaware, Marysville Springfield, Bellefontaine, and Plain City**, each one designed to feel like a natural extension of its community.

## COFFEE WITH A PURPOSE

From day one, Richwood Coffee has been **100% donation-based**.

As a bank, we're not allowed to make money on coffee—and that rule became the heart of the mission. When you give at Richwood Coffee, 100% of your donation goes directly into the account of a local nonprofit. Beneficiaries include local schools, human services organizations, animal rescues, and many other community programs.

## MORE THAN COFFEE. MORE THAN A BANK.

The goal was never just to serve coffee. It was to create spaces where people feel comfortable, welcome, and connected—places that turn routine visits into moments that matter. And because you embraced that idea—because you chose to stop here for your coffee, meet here, work here, and bring your kids here—we've reached an incredible milestone: **More than \$1 million raised in donations for organizations that make our communities better.**

This milestone belongs to everyone who believed in the idea, shared it with a friend, and made Richwood Coffee part of their routine. Here's to the next cup — and everything it can do.

# COMMUNITY REINVESTMENT ACT

# OUTSTANDING RATING



LIVING OUR VALUES.  
DELIVERING REAL IMPACT.

Richwood Bank recently received an Outstanding rating on our Community Reinvestment Act (CRA) evaluation — the highest rating awarded.

This recognition reflects more than regulatory compliance. It affirms the intentional work of our **lending teams, finance partners, compliance professionals, and frontline bankers** who ensure we are meeting the credit needs of the communities we serve — including low- and moderate-income individuals, families, and neighborhoods.

An Outstanding rating signals strong performance, sound risk management, and meaningful community impact. It demonstrates that our growth is balanced, responsible, and aligned with our mission.

Simply put, we are not just operating in our communities — we are investing in them. And that is something every shareholder can be proud of.



OHIO  
500



FINANCE & BANKING

# WORKING TO MAKE OUR STATE GREAT

Richwood Bank President/CEO, Chad Hoffman, was nominated and a selected winner of the Ohio 500 Award in the Finance and Banking category.

The award highlights powerful and effective leaders who make their communities — and the state of Ohio — a great place to work and do business.

2025 ANNUAL REPORT



# WISDOM



Every employee at every level has embraced the importance of maximizing the customer experience. This is a **top-notch institution that puts the customer first.** You are doing an amazing job!



I just enjoy going into the Richwood branch. **They are all so friendly** and greet me by name. Makes for an enjoyable experience!





The people who are there for me are the best people we have ever met and worked with. **I thank you for being there for us.** Beth Seiter and Tiffany Wood were extremely helpful and prompt with us. The most important thing we have done is change to your bank. Thanks for the opportunity.



# **RICHWOOD BANCSHARES, INC.**

## **AND SUBSIDIARIES**

### **Consolidated Financial Statements**

December 31, 2025 and 2024

(with Independent Auditors' Report)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors, Audit Committee and Stockholders of  
Richwood Bancshares, Inc. and Subsidiary  
Richwood, Ohio

### Opinion

We have audited the accompanying consolidated financial statements of Richwood Bancshares, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Richwood Bancshares, Inc. and Subsidiary as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Richwood Bancshares, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Consolidated Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Richwood Bancshares, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Richwood Bancshares, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

#### **Other Information Included in the Corporation's Annual Report**

Management is responsible for the other information included in the Corporation's annual report. The other information comprises the letter to shareholders, selected financial highlights and graphs, and bank location information, but it does not include the financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
March 16, 2026

# RICHWOOD BANCSHARES, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2025 AND 2024 (In thousands)

|  | 2025                | 2024                |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| Cash and cash equivalents:   |                     |                     |
| Cash and cash due from banks   | \$ 12,770           | \$ 70,593           |
| Federal funds sold   | 14,257              | 839                 |
|  | <u>27,027</u>       | <u>71,432</u>       |
| Investment securities:   |                     |                     |
| Available-for-sale securities, at fair value   | 264,600             | 268,099             |
| Held-to-maturity securities, at amortized cost   | 3,462               | 3,740               |
| Loans held for sale  | 802                 | 758                 |
| Loans receivable, net of allowance for credit loss of \$8,808 and \$7,686<br>at December 31, 2025 and 2024, respectively   | 848,090             | 792,428             |
| Accrued interest receivable  | 7,725               | 7,500               |
| Premises and equipment, net  | 18,874              | 20,888              |
| Federal Reserve and other stock, at cost   | 1,500               | 804                 |
| Federal Home Loan Bank stock, at cost  | 4,078               | 4,139               |
| Bank-owned life insurance  | 22,725              | 22,023              |
| Core deposit intangible, net   | 186                 | 385                 |
| Goodwill   | 10,037              | 10,037              |
| Right of use assets  | 11,871              | -                   |
| Deferred income taxes, net   | 6,631               | 11,473              |
| Other assets   | 7,624               | 4,134               |
|  | <u>1,235,232</u>    | <u>1,217,840</u>    |
| <b>TOTAL ASSETS</b>  | <b>\$ 1,235,232</b> | <b>\$ 1,217,840</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                     |                     |
| Deposits:  |                     |                     |
| Demand   | \$ 98,648           | \$ 90,825           |
| Savings, NOW and money market  | 766,904             | 802,604             |
| Time   | 163,077             | 167,041             |
|  | <u>1,028,629</u>    | <u>1,060,470</u>    |
| FHLB Advances  | 59,000              | 60,000              |
| Subordinated debentures, net of \$69 and \$134 issuance costs<br>at December 31, 2025 and 2024, respectively   | 14,931              | 14,866              |
| Accrued interest payable   | 712                 | 768                 |
| Lease liabilities  | 11,931              | -                   |
| Accrued expenses and liabilities   | 9,877               | 4,589               |
|  | <u>1,125,080</u>    | <u>1,140,693</u>    |
| Shareholders' equity:  |                     |                     |
| Common stock, \$0.625 par value, 4,400,300 shares authorized; 1,703,802 and 1,689,207 shares<br>issued; 1,699,915 and 1,664,719 shares outstanding at December 31, 2025 and 2024, respectively | 1,065               | 1,056               |
| Treasury stock, 3,887 and 24,488 shares, at cost, at December 31, 2025 and 2024, respectively  | (123)               | (1,907)             |
| Additional paid-in capital   | 32,415              | 31,191              |
| Retained earnings  | 98,948              | 88,207              |
| Accumulated other comprehensive loss, net of tax   | (22,153)            | (41,400)            |
|  | <u>110,152</u>      | <u>77,147</u>       |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  | <b>\$ 1,235,232</b> | <b>\$ 1,217,840</b> |

See accompanying notes to the consolidated financial statements.

## RICHWOOD BANCSHARES, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands, except per share data)

|  | 2025             | 2024             |
|--|------------------|------------------|
| Interest income:   |                  |                  |
| Loans  | \$ 53,685        | \$ 48,902        |
| Securities:  |                  |                  |
| Taxable  | 5,170            | 6,082            |
| Tax-exempt   | 2,385            | 1,193            |
| Other  | 1,756            | 4,058            |
|  | <u>62,996</u>    | <u>60,235</u>    |
| Interest expense:  |                  |                  |
| Deposits   | 15,743           | 16,957           |
| Borrowings   | 2,214            | 3,338            |
|  | <u>17,957</u>    | <u>20,295</u>    |
| Net interest income  | 45,039           | 39,940           |
| Provision for credit losses  | <u>1,020</u>     | <u>547</u>       |
| Net interest income after provision for credit losses                      | 44,019           | 39,393           |
| Non-interest income (loss):  |                  |                  |
| Service charges and fees   | 4,043            | 3,803            |
| Net realized loss on available-for-sale securities                         | (10,340)         | (273)            |
| Gain on sale of loans  | 158              | 124              |
| Gain on sale of real estate  | 11,281           | -                |
| Increase in cash surrender value and proceeds on bank-owned life insurance | 701              | 912              |
| Other  | 1,641            | 1,733            |
|  | <u>7,484</u>     | <u>6,299</u>     |
| Non-interest expense:  |                  |                  |
| Salaries and employee benefits   | 19,192           | 17,653           |
| Net occupancy expense  | 3,261            | 2,958            |
| Intangible asset amortization  | 199              | 199              |
| Deposit insurance premium  | 567              | 615              |
| Data processing  | 5,576            | 5,262            |
| State franchise taxes  | 755              | 563              |
| Professional fees  | 1,913            | 1,272            |
| Sales and marketing  | 770              | 914              |
| Other  | 3,764            | 3,362            |
|  | <u>35,997</u>    | <u>32,798</u>    |
| Income before income taxes   | 15,506           | 12,894           |
| Provision for income taxes   | <u>2,659</u>     | <u>2,420</u>     |
| Net income   | <u>\$ 12,847</u> | <u>\$ 10,474</u> |
| Earnings per share of common stock   | <u>\$ 7.66</u>   | <u>\$ 6.31</u>   |

See accompanying notes to the consolidated financial statements.

## RICHWOOD BANCSHARES, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

|  | 2025             | 2024            |
|--|------------------|-----------------|
| Net income   | \$ 12,847        | \$ 10,474       |
| Other comprehensive income (loss), net of tax  |                  |                 |
| Available-for-sale investment securities:  |                  |                 |
| Unrealized gains (losses) on available-for-sale securities arising during the year, net of tax expense (benefit) of \$2,987 and \$(761) in 2025 and 2024, respectively | 11,235           | (2,861)         |
| Reclassification adjustment for recognized losses on available-for-sale securities during the year, net of tax of \$2,171 and \$57 in 2025 and 2024, respectively      | <u>8,169</u>     | <u>216</u>      |
|  | 19,404           | (2,645)         |
| Cash-flow hedge:   |                  |                 |
| Unrealized gains (losses) on cash flow hedge arising during the year, net of tax expense (benefit) of \$(42) and \$145 in 2025 and 2024, respectively                  | (157)            | 469             |
| Adjustment for gains on cash flow hedges reclassified into income during the year, net of tax expense of \$0 and \$57 in 2025 and 2024, respectively                   | <u>-</u>         | <u>(214)</u>    |
|  | (157)            | 255             |
| Other comprehensive income (loss)  | <u>19,247</u>    | <u>(2,390)</u>  |
| Comprehensive income   | <u>\$ 32,094</u> | <u>\$ 8,084</u> |

See accompanying notes to the consolidated financial statements.

## RICHWOOD BANCSHARES, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In thousands, except share data)

|  | Common Stock     |                 | Treasury Stock |                 | Additional<br>Paid-In<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income<br>(Loss) | Total             |
|--|------------------|-----------------|----------------|-----------------|----------------------------------|----------------------|---|-------------------|
|  | Shares           | Amount          | Shares         | Amount          |                                  |                      |   |                   |
| Balance at January 1, 2024   | 1,674,331        | \$ 1,046        | 19,729         | \$ (1,508)      | \$ 30,016                        | \$ 79,787            | \$ (39,010)   | \$ 70,331         |
| Net income   | -                | -               | -              | -               | -                                | 10,474               | -   | 10,474            |
| Other comprehensive loss, net of tax   | -                | -               | -              | -               | -                                | -                    | (2,390)   | (2,390)           |
| Sale of common stock   | 14,876           | 10              | -              | -               | 1,278                            | -                    | -   | 1,288             |
| Dividends on common stock,<br>\$1.24 per share   | -                | -               | -              | -               | -                                | (2,054)              | -   | (2,054)           |
| Share based compensation,<br>net of forfeitures  | -                | -               | -              | -               | 139                              | -                    | -   | 139               |
| Acquisition of treasury shares surrendered<br>upon vesting of restricted stock for<br>payment of taxes | -                | -               | (1,852)        | 154             | (89)                             | -                    | -   | 65                |
| Sale of common stock from treasury stock   | -                | -               | (35,120)       | 2,820           | (153)                            | -                    | -   | 2,667             |
| Purchase of common stock for treasury stock  | -                | -               | <u>41,731</u>  | <u>(3,373)</u>  | -                                | -                    | -   | <u>(3,373)</u>    |
| Balance at December 31, 2024   | 1,689,207        | 1,056           | 24,488         | (1,907)         | 31,191                           | 88,207               | (41,400)  | 77,147            |
| Net income   | -                | -               | -              | -               | -                                | 12,847               | -   | 12,847            |
| Other comprehensive income, net of tax   | -                | -               | -              | -               | -                                | -                    | 19,247  | 19,247            |
| Sale of common stock   | 14,595           | 9               | -              | -               | 1,344                            | -                    | -   | 1,353             |
| Dividends on common stock,<br>\$1.26 per share   | -                | -               | -              | -               | -                                | (2,106)              | -   | (2,106)           |
| Share based compensation,<br>net of forfeitures  | -                | -               | -              | -               | 180                              | -                    | -   | 180               |
| Acquisition of treasury shares surrendered<br>upon vesting of restricted stock for<br>payment of taxes | -                | -               | (2,193)        | 193             | (108)                            | -                    | -   | 85                |
| Sale of common stock from treasury stock   | -                | -               | (30,653)       | 2,640           | (192)                            | -                    | -   | 2,448             |
| Purchase of common stock for treasury stock  | -                | -               | <u>12,245</u>  | <u>(1,049)</u>  | -                                | -                    | -   | <u>(1,049)</u>    |
| Balance at December 31, 2025   | <u>1,703,802</u> | <u>\$ 1,065</u> | <u>3,887</u>   | <u>\$ (123)</u> | <u>\$ 32,415</u>                 | <u>\$ 98,948</u>     | <u>\$ (22,153)</u>  | <u>\$ 110,152</u> |

See accompanying notes to the consolidated financial statements.

# RICHWOOD BANCSHARES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

|   | 2025            | 2024            |
|---|-----------------|-----------------|
| <b>Cash flows from operating activities:</b>                                      |                 |                 |
| Net income  | \$ 12,847       | \$ 10,474       |
| Adjustments to reconcile net income to net cash provided by operating activities: |                 |                 |
| Amortization of premiums and discounts on securities, net                         | 1,141           | 1,337           |
| Net realized loss on available-for-sale securities                                | 10,340          | 273             |
| Provision for credit losses   | 1,020           | 547             |
| Amortization  | 217             | 278             |
| Gain on sale of loans   | (158)           | (124)           |
| Proceeds from the sale of loans   | 5,194           | 3,686           |
| Origination of loans held for sale  | (5,194)         | (3,627)         |
| Depreciation  | 1,420           | 1,246           |
| Net loss (gain) on disposal of premises and equipment                             | (11,281)        | 339             |
| Debt issuance costs   | 65              | 65              |
| Share based compensation expense  | 180             | 139             |
| Bank owned life insurance income  | (701)           | (912)           |
| Deferred income taxes   | (275)           | 99              |
| Straight-line lease adjustments from operating leases                             | 60              | -               |
| Changes in operating assets and liabilities:                                      |                 |                 |
| Accrued interest receivable   | (225)           | (306)           |
| Other assets  | (3,690)         | (561)           |
| Accrued interest payable  | (56)            | (3,215)         |
| Accrued expenses and other liabilities  | 5,043           | 1,133           |
| Net cash provided by operating activities   | <u>15,947</u>   | <u>10,871</u>   |
| <b>Cash flows from investing activities:</b>                                      |                 |                 |
| Purchases of available-for-sale securities  | (81,986)        | (41,039)        |
| Proceeds from calls, maturities, and paydowns of available-for-sale securities    | 22,712          | 27,912          |
| Proceeds from sales of available-for-sale securities                              | 76,134          | 10,025          |
| Net change in loans   | (56,591)        | (25,978)        |
| Proceeds from bank-owned life insurance death benefit                             | -               | 1,120           |
| Net redemptions (purchases) of FHLB stock   | 61              | (801)           |
| Purchase of Federal Reserve and other stock                                       | (696)           | (41)            |
| Proceeds from sales of premises and equipment                                     | 13,491          | -               |
| Purchases of premises and equipment   | (1,366)         | (3,514)         |
| Net cash used in investing activities   | <u>(28,241)</u> | <u>(32,316)</u> |
| <b>Cash flows from financing activities:</b>                                      |                 |                 |
| Net change in deposits  | (31,841)        | 149,609         |
| Net increases in (repayments of) FHLB borrowings                                  | (1,000)         | 15,000          |
| Repayments of Federal Reserve borrowings  | -               | (133,000)       |
| Proceeds from sale of common stock  | 1,052           | 1,288           |
| Proceeds from sale of treasury stock  | 2,833           | 2,732           |
| Purchase of treasury stock  | (1,049)         | (3,373)         |
| Dividends paid  | (2,106)         | (2,054)         |
| Net cash provided by (used in) financing activities                               | <u>(32,111)</u> | <u>30,202</u>   |

See accompanying notes to the consolidated financial statements.

# RICHWOOD BANCSHARES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

|  | 2025             | 2024             |
|--|------------------|------------------|
| Net change in cash and cash equivalents                        | (44,405)         | 8,757            |
| Cash and cash equivalents, beginning of year                   | <u>71,432</u>    | <u>62,675</u>    |
| Cash and cash equivalents, end of year                         | <u>\$ 27,027</u> | <u>\$ 71,432</u> |
| <b>Supplemental cash flow disclosures:</b>                     |                  |                  |
| Interest paid  | <u>\$ 21,172</u> | <u>\$ 23,509</u> |
| Income taxes paid  | <u>\$ 2,518</u>  | <u>\$ 2,350</u>  |
| <b>Supplemental disclosure of noncash activities:</b>          |                  |                  |
| Right of use assets obtained in exchange for lease liabilities | <u>\$ 12,006</u> | <u>\$ -</u>      |

See accompanying notes to the consolidated financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting policies are set forth to facilitate the understanding of data presented in the consolidated financial statements:

### **Nature of operations**

Richwood Bancshares, Inc. (the "Company") functions as a bank holding company, primarily overseeing its wholly-owned subsidiary, The Richwood Banking Company (the "Bank"). As a privately held entity, the Company's main focus lies in the ownership and management of The Richwood Banking Company. The Bank's core operations revolve around offering a range of banking and financial services to both individual and community corporate clientele, primarily located in Union, Marion, Logan, Delaware, and Clark counties in Ohio, along with the surrounding regions. With roots tracing back to 1867, the Bank has a workforce of 198 employees and operates nine branches. It has been a part of central Ohio's financial landscape for over 157 years.

The Bank is subject to competition from other financial institutions. The Bank is a state-chartered bank subject to regulation by the Ohio Department of Commerce, Division of Financial Institutions and the Federal Deposit Insurance Corporation (FDIC). The Bank is also a member of the Federal Home Loan Bank (FHLB) system, and as a member, maintains a required investment in the capital stock of the FHLB. The Company is subject to regulations by the Federal Reserve System through the Federal Reserve Bank of Cleveland. The Bank is subject to the regulation of certain federal and state agencies and undergoes examinations by those regulatory authorities on an 18-month cycle.

### **Basis of presentation**

The accounting and reporting policies of the Company conform with accounting principles generally accepted in the United States of America (GAAP) as contained in the Accounting Standards Codification (ASC) issued by the Financial Accounting Standards Board (FASB) and general practices within the financial services industry. All numerical disclosures within these consolidated footnotes are reported in thousands unless otherwise defined.

### **Principles of consolidation**

The consolidated financial statements include the accounts of Richwood Bancshares, Inc. and its wholly owned subsidiary, The Richwood Banking Company. Intercompany transactions and balances have been eliminated in consolidation.

### **Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The determination of the allowance for credit losses requires management to make various assumptions and judgments regarding the collectability of our loan portfolio. This includes assessing the

creditworthiness of our borrowers and evaluating the value of real estate and other assets serving as collateral for loan repayment. For further details on our allowance for credit losses methodology, please refer to the section titled "Allowance for Credit Losses."

The Bank's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Bank has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Bank to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is possible that the estimated losses on loans could change materially in the near term. However, the amount of the change that is possible cannot be presently estimated.

### **Concentrations of credit risk**

A significant majority of the Bank's loans and commitments to extend credit have been granted to customers in the Bank's market area. The Bank, as a matter of practice, does not extend credit to any single borrower or group of related borrowers in excess of \$21.0 million.

Other financial instruments which subject the Bank to concentrations of credit risk include cash and cash due from banks and its stock in the Federal Home Loan Bank. The Company maintains cash in bank accounts which, at times, exceeds federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk. To limit this risk, the Bank's investment policy limits investing activities to high credit quality financial institutions and sets diversification practices.

### **Cash flows**

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash, due from banks and federal funds sold with original maturities of 90 days or less. Net cash flows are reported for customer loan and deposit transactions.

### **Investment securities**

**Debt Securities:** Debt securities are classified as held-to maturity and carried at amortized cost when management has positive intent and ability to hold them to maturity. Debt securities are classified as available-for-sale when they might be sold before maturity for any reason, including liquidity needs, changes in market interest rates, or asset-liability management strategies. Investment securities available for sale are carried at fair value, with unrealized holding gains and losses reported separately in other comprehensive income, net of tax.

Interest income on debt securities includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Purchases and sales are

recorded on trade date, with gains and losses on sales determined using the specific identification method. The fair value of debt securities is primarily obtained from third-party pricing services.

#### **Allowance for Credit Losses - Held-to-Maturity Debt Securities**

The Company follows Accounting Standards Codification (ASC) 326-20, Financial Instruments - Credit Loss - Measured at Amortized Cost, to measure expected credit losses on held-to-maturity debt securities on a collective basis by security investment grade. The Company classifies the held-to-maturity debt securities into the following major security types, state and political subdivisions. These securities have a history of no credit losses and are reviewed as a part of the quarterly allowance for credit losses process.

#### **Allowance for Credit Losses - Available-for-Sale Debt Securities**

The Company follows ASC 326-30, Financial Instruments - Credit Loss - Available-for-Sale Debt Securities, which provides guidance related to the recognition of and expanded disclosure requirements for expected credit losses on available-for-sale debt securities. For available-for-sale debt securities in an unrealized loss position, the Company first evaluates whether it intends to sell, or if it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either criterion is met, the security's amortized cost basis is reduced to fair value and recognized as a reduction to non-interest income in the Consolidated Statements of Income. For debt securities available-for-sale in which the Company does not intend to sell, or it is not likely the security would be required to be sold before recovery, it evaluates whether a decline in fair value has resulted from credit losses or other adverse factors, such as a change in the security's credit rating. In assessing whether a credit loss exists, the Company compares the present value of cash flows expected to be collected from the security with the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance is recorded, limited to the fair value of the security. Any impairment not recorded through an allowance for credit loss is included in other comprehensive income (loss), net of the tax effect. The Company is required to use its judgment in determining impairment in certain circumstances. As of December 31, 2025 and 2024, accrued interest receivable on available-for-sale debt securities was \$2.1 million and \$1.3 million, respectively, and is not included in the credit loss estimate.

Nearly all of the mortgage-backed residential securities held by the Company are issued by U.S. government entities and agencies. These securities are implicitly guaranteed by the U.S. government, highly rated by major rating agencies and have a long history of no credit losses.

#### **Low Income Housing Tax Credit**

The Bank has invested in low-income housing tax credits through funds that assist corporations in investing in limited partnerships and limited liability companies that own, develop and operate low-income residential rental properties for purposes of qualifying for the Housing Tax credit. These investments assist in achieving goals associated with the Community Reinvestment Act. These investments are accounted for under the proportional amortization method which recognizes the amortization of the investment in proportion to the tax credit and other tax benefits received. These investments are included in other assets. For the years ended December 31, 2025, and 2024, the direct

reduction of income taxes payable was approximately \$172 and \$136, respectively. The Bank has \$4.2 million of unfunded commitments related to these tax credits at December 31, 2025. The project will fund ratably over the next 10 years. The Company expects to fulfill these commitments during the year ending 2036.

### **Loans held for sale**

Loans originated and intended for sale are generally mortgage loans originated to be sold in the secondary market. These loans are carried at the lower of amortized cost or fair value. Due to the short time existing between processing and sale, no valuation account is established. Mortgage loans held for sale are generally sold with servicing rights retained. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

### **Loans receivable**

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of deferred loan fees and costs, and an allowance for credit losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the interest method without anticipating prepayments.

Loans are placed on non-accrual status when management believes that the borrower's financial condition, after giving consideration to economic and business conditions and collection efforts, is such that collection of interest is doubtful. Interest income is not reported when full loan repayment is in doubt, typically when payments are past due over 90 days and evaluated as such by management. Loans are charged against the allowance for credit losses when management believes that the collectability of the principal is unlikely.

All interest accrued but not received for loans placed on non-accrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis, until qualifying for return to accrual. Under the cash-basis method, interest income is recorded when the payment is received in cash. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

### **Allowance for credit losses**

The allowance for credit losses ("ACL") is a valuation reserve established and maintained by charges against income and is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans, or portions thereof, are charged off against the ACL when they are deemed uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged off and expected to be charged-off.

The ACL is an estimate of expected credit losses, measured over the contractual life of a loan, that considers our historical loss experience, current conditions, and forecasts of future economic conditions. Determination of an appropriate ACL is inherently subjective and may have significant changes from period to period. Management uses a discounted cash flow ("DCF") model to calculate the expected

cash flows for pools of loans that share similar risk characteristics and compares the results of this calculation to the amortized cost basis to determine its allowance for credit loss balance.

Historical credit loss experience is the basis for the estimation of expected credit losses. The Bank applies historical loss rates to pools of loans with similar risk characteristics. After consideration of the historic loss calculation, management applies qualitative adjustments to reflect the current conditions and reasonable and supportable forecasts not already reflected in the historical loss information at the balance sheet date. The qualitative adjustments for current conditions are based upon national and local economic trends and conditions, levels of and trends in delinquency rates and nonaccrual loans, trends in volumes and terms of loans, effects of changes in lending policies, experience, ability, and depth of lending staff, value of underlying collateral, concentrations of credit from a loan type, industry, and/or geographic standpoint. These modified historical loss rates are multiplied by the outstanding principal balance of each loan to calculate a required reserve.

The contractual term used in projecting the cash flows of a loan is based on the maturity date of a loan and is adjusted for prepayment or curtailment assumptions which may shorten that contractual time period. Options to extend are considered by management in determining the contractual term. The key inputs to the DCF model are (1) probability of default ("PD"), (2) prepayment and curtailment rates, (3) reasonable and supportable economic forecasts, (4) forecast reversion period, (5) expected recoveries on charged off loans, and (6) discount rate.

#### *Loss Rate (LR)*

In order to incorporate economic factors into forecasting within the DCF model, management elected to use the loss driver analysis (LDA) to generate the loss rate inputs. The loss driver method analyzes how one or more economic factors change the default rate using a statistical regression analysis.

Management selected economic factors that had strong correlations to historical default rates. Peer group data obtained from FFIEC Call Report filings is used to inform regression analyses to quantify the impact of reasonable and supportable forecasts in projective models. Economic forecasts applied to regression models to estimate the probability of default for loan receivables use at least one of the following economic indicators: civilian unemployment rate (national), real gross domestic product growth (national GDP) and/or House Price Index (HPI).

Adjustments for economic expectations are made through qualitative factors. Qualitative factors used in the ACL methodology include, among others:

- Changes in lending policies, procedures, and strategies,
- Changes in international, national, regional, and local conditions.
- Changes in nature and volume of portfolio,
- Change in the volume and severity of past due loans and other similar conditions,
- Concentration risk,
- Changes in the value of underlying collateral,
- The effect of other external factors such as competition, legal and regulatory requirements, and
- Changes in lending management.

#### *Prepayment and Curtailment Rates*

**Prepayment Rates:** Loan-level transaction data is used to calculate semi-annual prepayment rates. These semi-annual rates are annualized, and the average of the annualized rates is used in the DCF calculation for fixed payment or term loans. Rates are calculated for each pool.

**Curtailment Rates:** Loan-level transaction data is used to calculate annual curtailment rates using available historical loan-level data. The average of the historical rates is used in the DCF model for interest-only payment or line-of-credit type loans. Rates are calculated for each pool.

#### *Reasonable and Supportable Forecasts*

The forecast data utilized in the discounted cash flow model is sourced from the Federal Reserve Economic Database (FRED) and a reputable company known for publishing widely recognized home price indices and forecast scenarios. Management assesses these scenarios to ascertain a reasonable and supportable scenario.

#### *Forecast Reversion Period*

Management uses forecasts to predict how economic factors will perform and has determined to use a four-quarter forecast period as well as a four-quarter straight-line reversion period to historical averages (also commonly referred to as the mean reversion period).

#### *Expected Recoveries on Charged-off Loans*

Management relies on a third party to supply industry benchmarks for anticipated recovery rates.

#### *Discount Rate*

The effective interest rate of the underlying loans of the Company serves as the discount rate applied to the expected periodic cash flows. Management adjusts the effective interest rate used to discount expected cash flows to incorporate expected prepayments.

#### *Individual Evaluation*

Management considers a financial asset as collateral dependent when the debtor is experiencing financial difficulty and repayment is expected to be provided substantially through the sale or operation of the collateral, based on management's assessment as of the reporting date. Measurement of the expected credit losses on collateral-dependent loans is based on the fair value of the collateral, less any costs to sell.

The ACL calculation for individual loans begins with the use of normal credit review procedures to identify whether a loan no longer shares similar risk characteristics with other pooled loans and should, therefore, be individually assessed. The Bank will individually analyze all non-accrual loans over \$250. Management also reviewed relationships over \$250 that were either non-accrual or classified as substandard. Specific reserves are established based on the following three acceptable methods for measuring the ACL: 1) the present value of expected future cash flows discounted at the loan's original effective interest rate, 2) the loan's observable market price, or 3) the fair value of the collateral when the loan is collateral dependent. Collateral values are discounted to consider disposition costs and

changes in management's estimates when appropriate. A specific reserve is established or a charge-off is taken if the fair value of the loan is less than the loan balance.

The allowance for credit losses is calculated collectively when there are similar risk characteristics. The company's loan portfolio is divided into segments that enable management to track risk and performance. For more information, refer to the Loans Receivable footnote.

The Bank has elected to exclude accrued interest receivable of \$7,725 and \$7,867 for 2025 and 2024, respectively, from the measurement of its ACL.

### **Servicing Rights**

When mortgage loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in gains on sales of loans. Fair value is based on market prices for comparable mortgage servicing contracts when available, or alternatively, based on a valuation model that calculates the present value of estimated future net servicing income. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to their carrying amount. Impairment, if any, is recognized through a valuation allowance to the extent that fair value is less than the carrying amount. If the Bank later determines that all or a portion of the impairment no longer exists, a reduction of the allowance may be recorded as an increase to income. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income.

### **Other real estate owned**

Real estate acquired through, or in lieu of, loan foreclosure is recorded at the lower of cost or fair value less estimated costs of disposal at the date of foreclosure. However, in no case is the carrying value of the asset greater than the estimated net realizable value after considering costs to hold and dispose. If fair value less estimated costs to sell subsequently falls below the carrying amount, the deficiency is recognized as other non-interest expense. Costs relating to significant development and improvement of property are capitalized to the extent the fair value less estimated cost to sell is not exceeded. Costs relating to the holding of property are expensed as incurred. Gain or loss on sale of the assets is based on the specific identification method.

The Bank had no significant foreclosed real estate held for sale at December 31, 2025 and 2024. There were no in-foreclosure losses that were charged off to the allowance for credit losses or subsequent write-downs of foreclosed real estate during 2025 and 2024. Other real estate owned expenses recognized in other expenses during 2025 and 2024 were immaterial to the consolidated financial

statements.

### **Premises and equipment**

Land is carried at cost. Premises and equipment are stated at cost, less accumulated depreciation computed on a straight-line and accelerated methods over the estimated useful lives of the related assets. Building and improvements are depreciated over useful lives ranging from 3 to 39 years. Furniture, fixtures and equipment are depreciated over useful lives ranging from 3 to 15 years. Gains and losses on dispositions are included in current operations. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized.

### **Federal Home Loan Bank and Federal Reserve Bank stock**

Common stock of the FHLB, Federal Reserve Bank, and others represent ownership in institutions which are wholly owned by other financial institutions. These equity securities are accounted for at cost and evaluated for impairment. The FHLB and FRB restricted stock investments are carried at their redemption value.

The Bank is a member of the FHLB of Cincinnati and, as such, is required to maintain a minimum investment in stock of the FHLB that varies with the level of advances outstanding with the FHLB. The stock is purchased from and sold to the FHLB based upon its \$100 par value. The stock does not have a readily determinable fair value and, as such, is classified as restricted stock, carried at cost, and evaluated by management. The stock's value is determined by the ultimate recoverability of the par value rather than by recognizing temporary declines. The determination of whether the par value will ultimately be recovered is influenced by criteria such as the following: (a) the significance of the decline in net assets of the FHLB as compared with the capital stock amount and the length of time this situation has persisted, (b) commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance, (c) the impact of legislative and regulatory changes on the customer base of the FHLB, and (d) the liquidity position of the FHLB.

### **Bank-owned life insurance**

The Bank has purchased life insurance policies on certain key employees. Bank-owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable of settlement. The cash surrender value of these policies is included as an asset on the Consolidated Balance Sheets, and any increases in the cash surrender value are recorded as non-interest income on the Consolidated Statements of Income. In the event of the death of an insured individual under these policies, the Bank would receive a non-taxable death benefit, which would be recorded as non-interest income.

### **Goodwill**

Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred over the fair value of net assets acquired and liabilities assumed as of the acquisition date. Goodwill is not amortized but is tested for impairment at a reporting unit level on an annual basis or when an event occurs or circumstances change that would more likely than not

reduce the fair value of a reporting unit below its carrying amount. The Company performed its annual goodwill impairment test as of October 1, 2025. No impairment was recorded as of December 31, 2025.

### **Intangible assets**

Intangible assets include core deposit intangibles and other items associated with the 2018 merger of another financial institution. Core deposit intangibles are a measure of the value of consumer demand and savings deposits acquired in business combinations accounted for as purchases. The core deposit intangibles are being amortized to their estimated residual values over their expected useful lives, commonly seven to ten years. The recoverability of the carrying value of intangible assets is evaluated on an ongoing basis, and permanent declines in value, if any, are charged to expense.

### **Income tax**

Income taxes are provided for the tax effects of the transactions reported in the consolidated financial statements. The income tax provision consists of taxes currently due and deferred taxes. Deferred taxes represent the tax effects of the temporary differences in the basis of certain assets and liabilities for tax and financial statement purposes. The deferred taxes of future deductible or taxable amounts that have been recognized on a cumulative basis in the consolidated financial statements are calculated at current effective tax rates.

The Company's policy with regard to interest and penalties is to recognize interest through interest expense and penalties through other expenses. There were no interest or penalties paid in 2025 or 2024. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes its estimates are appropriate based on current facts and circumstances.

The Company and its subsidiary are subject to U.S. federal income tax.

### **Derivative Financial Instruments**

The Company accounts for derivatives in accordance with ASC 815, Derivatives and Hedging. Derivatives are recognized as either assets or liabilities at fair value in the Consolidated Balance Sheets with changes in fair value recorded to earnings or other comprehensive income, as appropriate. At the inception of a derivative contract, the Company designates the derivative as a hedging or non-hedging instrument. To qualify for hedge accounting, derivatives must be highly effective at reducing the risk associated with the exposure being hedged and must be designated as a hedge at the inception of the derivative contract. For fair value hedges, changes to the fair value are recorded in earnings, while for cash flow hedges, fair value changes are recorded in other comprehensive income and subsequently reclassified into earnings in the period that the hedged forecast transaction affects earnings. The ineffective portion of a hedge's change in fair value is recognized in earnings immediately. For derivatives not designated as hedges, adjustments to fair value are recorded through earnings. For additional detail regarding derivatives, see Note 17.

### **Advertising costs**

The Company expenses all advertising costs as incurred and these costs are immaterial to the consolidated financial statements.

### **Retirement plans**

The Bank has a 401(k) plan with a 3% contribution from the Bank regardless of employee participation. Accordingly, the Bank has recognized expense of \$455 and \$376 for the years ended December 31, 2025 and 2024, respectively.

### **Treasury stock**

Common shares repurchased are recorded at cost. The cost of shares retired or reissued is determined using the first in, first out method.

### **Earnings per share of common stock**

Earnings per share of common stock is computed by dividing net income by the weighted average number of shares of common stock outstanding during the year. Earnings and dividends per share are restated for all stock splits and stock dividends through the date of issuance of the consolidated financial statements.

### **Stock-based compensation**

Stock-based compensation cost is recognized for restricted stock awards issued to employees, based on the fair value of the Company's common stock at the grant date. Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. The Company's accounting policy is to recognize forfeitures as they occur.

### **Leases**

The Company accounts for leases in accordance with ASC 842, *Leases*. Operating leases with an initial term greater than 12 months are recognized on the Consolidated Balance Sheets as right-of-use ("ROU") assets and corresponding lease liabilities, each measured on a discounted basis. ROU assets represent the Company's right to use an underlying asset over the lease term, while lease liabilities represent the obligation to make lease payments arising from the lease. The Company has elected the practical expedient to not separate lease and non-lease components. Short-term leases with initial terms of 12 months or less are not capitalized and are excluded from the Consolidated Balance Sheets. The Company had no short-term leases as of December 31, 2025 and 2024.

Lease expense for operating leases is recognized on a straight-line basis over the lease term and is included in net occupancy expense in the Consolidated Statements of Income.

Lease liabilities are measured at the commencement date based on the present value of remaining lease payments, discounted using the implicit rate in the lease, if readily determinable, or the Company's incremental borrowing rate. As most lease agreements do not provide an implicit rate, the Company uses its incremental borrowing rate based on information available at lease commencement.

ROU assets are initially measured at the amount of the lease liability, adjusted for lease payments made prior to commencement, lease incentives received, and any initial direct costs incurred. Certain lease agreements contain renewal options, which are included in the measurement of the ROU assets and lease liabilities when the Company is reasonably certain to exercise such options. The Company's lease

agreements do not contain residual value guarantees, and most do not include restrictive covenants.

### **Comprehensive income (loss)**

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Comprehensive income (loss) consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available-for-sale and cash-flow hedges which are also recognized as separate components of equity.

### **Off-balance sheet financial instruments**

In the ordinary course of business, the Company has entered into off-balance sheet financial instruments consisting of commitments to extend credit. Such financial instruments are recorded in the consolidated financial statements when they become payable.

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted through the provision for credit losses and is reflected in accrued expenses and liabilities on the Consolidated Balance Sheets. This estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life.

### **Reclassifications**

Certain reclassifications have been made to the previous consolidated financial statements to conform to the 2025 consolidated financial statement presentation. These reclassifications had no effect on the reported consolidated net income or retained earnings.

### **Subsequent events**

The Company evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through March 16, 2026, the date on which the financial statements were available to be issued.

## 2. INVESTMENT SECURITIES:

Amortized cost and fair value of investment securities, by category, consist of the following at December 31, 2025 and 2024:

|   | December 31, 2025 |                              |                               |                   |
|---|-------------------|------------------------------|-------------------------------|-------------------|
|   | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value     |
| Available-for-sale securities:                              |                   |                              |                               |                   |
| Obligations of states and political subdivisions            | \$ 169,067        | \$ 2,637                     | \$ (14,333)                   | \$ 157,371        |
| Mortgage-backed securities in Government-sponsored entities | 121,310           | 163                          | (16,173)                      | 105,300           |
| Corporate bonds   | <u>2,000</u>      | <u>-</u>                     | <u>(71)</u>                   | <u>1,929</u>      |
|   | <u>\$ 292,377</u> | <u>\$ 2,800</u>              | <u>\$ (30,577)</u>            | <u>\$ 264,600</u> |
| Held-to-maturity securities:                                |                   |                              |                               |                   |
| Obligations of states and political subdivisions            | <u>\$ 3,462</u>   | <u>\$ -</u>                  | <u>\$ -</u>                   | <u>\$ 3,462</u>   |
|   | December 31, 2024 |                              |                               |                   |
|   | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value     |
| Available-for-sale securities:                              |                   |                              |                               |                   |
| U.S. Government agencies                                    | \$ 1,346          | \$ -                         | \$ (87)                       | \$ 1,259          |
| Obligations of states and political subdivisions            | 99,971            | -                            | (18,191)                      | 81,780            |
| Mortgage-backed securities in Government-sponsored entities | 217,123           | 8                            | (33,855)                      | 183,276           |
| Corporate bonds   | <u>2,000</u>      | <u>-</u>                     | <u>(216)</u>                  | <u>1,784</u>      |
|   | <u>\$ 320,440</u> | <u>\$ 8</u>                  | <u>\$ (52,349)</u>            | <u>\$ 268,099</u> |
| Held-to-maturity securities:                                |                   |                              |                               |                   |
| Obligations of states and political subdivisions            | <u>\$ 3,740</u>   | <u>\$ -</u>                  | <u>\$ -</u>                   | <u>\$ 3,740</u>   |

The tables below show the Company's gross unrealized losses and fair value, 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.

|   | December 31, 2025   |                   |                      |                    |                   |                    |
|---|---------------------|-------------------|----------------------|--------------------|-------------------|--------------------|
|   | Less than 12 months |                   | 12 months or greater |                    | Total             |                    |
|   | Fair Value          | Unrealized Losses | Fair Value           | Unrealized Losses  | Fair Value        | Unrealized Losses  |
| Available-for-sale securities:                              |                     |                   |                      |                    |                   |                    |
| Obligations of states and political subdivisions            | \$ 20,605           | \$ (293)          | \$ 68,669            | \$ (14,040)        | \$ 89,274         | \$ (14,333)        |
| Mortgage-backed securities in Government-sponsored entities | -                   | -                 | 79,903               | (16,173)           | 79,903            | (16,173)           |
| Corporate bonds   | -                   | -                 | 1,929                | (71)               | 1,929             | (71)               |
|   | <u>\$ 20,605</u>    | <u>\$ (293)</u>   | <u>\$ 150,501</u>    | <u>\$ (30,284)</u> | <u>\$ 171,106</u> | <u>\$ (30,577)</u> |
|   |                     |                   |                      |                    |                   |                    |
|   | December 31, 2024   |                   |                      |                    |                   |                    |
|   | Less than 12 months |                   | 12 months or greater |                    | Total             |                    |
|   | Fair Value          | Unrealized Losses | Fair Value           | Unrealized Losses  | Fair Value        | Unrealized Losses  |
| Available-for-sale securities:                              |                     |                   |                      |                    |                   |                    |
| U.S. Government agencies                                    | \$ -                | \$ -              | \$ 1,259             | \$ (87)            | \$ 1,259          | \$ (87)            |
| Obligations of states and political subdivisions            | 4,375               | (121)             | 76,903               | (18,070)           | 81,278            | (18,191)           |
| Mortgage-backed securities in Government-sponsored entities | 25,245              | (167)             | 149,952              | (33,688)           | 175,197           | (33,855)           |
| Corporate bonds   | -                   | -                 | 1,784                | (216)              | 1,784             | (216)              |
|   | <u>\$ 29,620</u>    | <u>\$ (288)</u>   | <u>\$ 229,898</u>    | <u>\$ (52,061)</u> | <u>\$ 259,518</u> | <u>\$ (52,349)</u> |

At December 31, 2025 and 2024, approximately 100% of the mortgage-backed securities held by the Company were issued by the U.S. government-sponsored entities and agencies. Unrealized losses on obligations of states and political subdivisions securities have not been recognized into income because the issuers of these bonds are of high credit quality. Because the decline in fair value is attributable to changes in interest rates, illiquidity, and not credit quality, and because the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company did not record an allowance for expected credit losses during the years ended December 31, 2025 or 2024.

As of December 31, 2025 and 2024, there were no holdings of securities of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of shareholders' equity.

Contractual maturities of debt securities available-for-sale at December 31, 2025 are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

|  | Available-for-sale |                   | Held-to-maturity  |                 |
|--|--------------------|-------------------|-------------------|-----------------|
|  | Amortized<br>Cost  | Fair<br>Value     | Amortized<br>Cost | Fair<br>Value   |
| Due within one year                    | \$ -               | \$ -              | \$ 312            | \$ 312          |
| Due after one year through five years  | -                  | -                 | 1,389             | 1,389           |
| Due after five years through ten years | 12,968             | 11,532            | 1,761             | 1,761           |
| Due after ten years                    | <u>279,409</u>     | <u>253,068</u>    | <u>-</u>          | <u>-</u>        |
|  | <u>\$ 292,377</u>  | <u>\$ 264,600</u> | <u>\$ 3,462</u>   | <u>\$ 3,462</u> |

Investment securities with a fair value of \$261,470 and \$237,628 were pledged at December 31, 2025 and 2024, respectively, to secure certain deposits and for other purposes as permitted or required by law.

The proceeds from sales of available-for-sale securities and the associated gains or losses were as follows:

|                         | <b>2025</b> | <b>2024</b> |
|-------------------------|-------------|-------------|
| Proceeds                | \$ 76,134   | \$ 10,025   |
| Gross gains             | -           | -           |
| Gross losses            | (10,340)    | (273)       |
| Tax provision (benefit) | (2,171)     | (57)        |

### 3. LOANS RECEIVABLE:

The composition of loans is as follows at December 31:

|  | 2025              | 2024              |
|--|-------------------|-------------------|
| Construction                               | \$ 22,027         | \$ 24,382         |
| Farmland                                   | 117,852           | 117,360           |
| 1-4 Family - First Lien                    | 175,503           | 170,052           |
| 1-4 Family - Junior Lien                   | 31,659            | 28,030            |
| Multifamily                                | 37,642            | 35,069            |
| Commercial Owner Occupied                  | 123,010           | 109,120           |
| Commercial Nonowner Occupied               | 249,426           | 218,491           |
| Agricultural                               | 27,703            | 27,026            |
| Commercial, Industrial & Consumer          | <u>73,713</u>     | <u>72,423</u>     |
| Total loans                                | 858,535           | 801,953           |
| Less: deferred loan origination costs, net | (1,637)           | (1,839)           |
| Less: allowance for credit losses          | <u>(8,808)</u>    | <u>(7,686)</u>    |
| Net loans                                  | <u>\$ 848,090</u> | <u>\$ 792,428</u> |

Management segregates the loan portfolio into segments based on loan types and the underlying risk factors present in each loan type. Such risk factors are periodically reviewed by management and revised as deemed appropriate. These segments are used to assist the Bank in developing and documenting a systematic method for determining its allowance for loan losses.

The risk characteristics applicable to each segment of the loan portfolio are described as follows:

**Construction:** This portfolio segment includes construction loans to individuals and builders, primarily for the construction of residential properties and commercial properties. Construction financing generally involves greater credit risk than long-term financing on improved, owner-occupied real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the value of the property at completion of construction compared to the estimated cost (including interest) of construction and other assumptions. If the estimate of construction cost proves to be inaccurate, the Bank may be required to advance additional funds beyond the amount originally committed in order to protect the value of the property. Moreover, if the estimated value of the completed project proves to be inaccurate, the borrower may hold a property with a value that is insufficient to assure full repayment. Construction loans also expose the Bank to the risks that improvements will not be completed on time in accordance with specifications and projected costs and that repayment will depend on the successful operation or sale of the properties.

**Farmland:** This portfolio segment includes loans secured by farmland and improvements thereon, as evidenced by mortgages or other liens. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production. Farmland includes grazing or pasture land, whether tillable or not and whether wooded or not.

**1-4 Family - First Lien:** This portfolio segment includes the origination of first mortgage loans secured by one to four family owner occupied or non-owner occupied residential properties.

**1-4 Family - Junior Lien:** This portfolio segment includes the origination of home equity second mortgage loans secured by one to four family owner occupied or non-owner occupied residential properties.

**Multifamily:** This portfolio segment includes all other nonfarm residential loans secured by real estate as evidenced by mortgages (FHA and conventional) or other liens that are not reportable segments 1-4 Family First Lien and 1-4 Family Junior Lien.

**Commercial Owner Occupied:** This portfolio segment includes loans secured by owner-occupied nonfarm nonresidential properties for which the primary source of repayment is the cash flow from the ongoing operations and activities conducted by the party, or an affiliate of the party, who owns the property. Thus, for loans secured by owner-occupied nonfarm nonresidential properties, the primary source of repayment is not derived from third party, nonaffiliated, rental income associated with the property or the proceeds of the sale, refinancing, or permanent financing of the property.

**Commercial Nonowner Occupied:** This portfolio segment includes loans secured by other nonfarm nonresidential properties that are those nonfarm nonresidential property loans where the primary source of repayment is derived from rental income associated with the property or the proceeds of the sale, refinancing, or permanent financing of the property.

**Agricultural:** This portfolio segment includes loans and advances made for the purpose of financing agricultural production, including the growing and storing of crops, the marketing or carrying of agricultural products by the growers thereof, and the breeding, raising, fattening, or marketing of livestock. This segment also includes loans made to farmers for purchases of farm machinery, equipment, and all other purposes associated with the maintenance or operations of the farm, including purchases of private passenger automobiles and other retail consumer goods and provisions for the living expenses of farmers or ranchers and their families.

**Commercial, Industrial & Consumer:** This portfolio segment includes commercial business loans generally secured by assignments of corporate assets and/or personal guarantees of the business owners. Commercial business loans generally have higher interest rates and shorter terms than one to four family residential loans, but they also may involve higher average balances, increased difficulty of loan monitoring and a higher risk of default since their repayment generally depends on the successful operation of the borrower's business. This portfolio segment also includes credit extended to individuals for household, family and other personal expenditures that are not secured by real estate, whether

direct loans or purchased paper. Consumer loans generally have higher interest rates and shorter terms than one to four family residential loans but involve lower average balances.

### Allowance for credit losses

The following table presents the changes in the allowance for credit losses and the recorded investment in loans as of and for the years ended December 31:

|                                       | 2025         |            |                        |                           |             |                                 |                                    |              |   |            |
|---------------------------------------|--------------|------------|------------------------|---------------------------|-------------|---------------------------------|------------------------------------|--------------|---|------------|
|                                       | Construction | Farmland   | 1-4 Family<br>1st Lien | 1-4 Family<br>Junior Lien | Multifamily | Commercial<br>Owner<br>Occupied | Commercial<br>Nonowner<br>Occupied | Agricultural | Commercial,<br>Industrial &<br>Consumer | Total      |
| Allowance for credit losses:          |              |            |                        |                           |             |                                 |                                    |              |   |            |
| Beginning balance                     | \$ 230       | \$ 606     | \$ 63                  | \$ 1,436                  | \$ 554      | \$ 1,759                        | \$ 2,331                           | \$ 16        | \$ 691                                  | \$ 7,686   |
| Provision (benefit) for credit losses | (14)         | 34         | (132)                  | (37)                      | 416         | 402                             | 341                                | (3)          | 18                                      | 1,025      |
| Charge-offs                           | -            | -          | (4)                    | -                         | -           | -                               | -                                  | -            | (225)                                   | (229)      |
| Recoveries                            | -            | -          | 174                    | 6                         | -           | -                               | -                                  | 12           | 134                                     | 326        |
| Ending balance                        | \$ 216       | \$ 640     | \$ 101                 | \$ 1,405                  | \$ 970      | \$ 2,161                        | \$ 2,672                           | \$ 25        | \$ 618                                  | \$ 8,808   |
| Ending balance:                       |              |            |                        |                           |             |                                 |                                    |              |   |            |
| Individually evaluated for impairment | \$ -         | \$ -       | \$ -                   | \$ -                      | \$ 412      | \$ -                            | \$ -                               | \$ -         | \$ -                                    | \$ 412     |
| Collectively evaluated for impairment | 216          | 640        | 101                    | 1,405                     | 558         | 2,161                           | 2,672                              | 25           | 618                                     | 8,396      |
| <b>Loans receivable:</b>              |              |            |                        |                           |             |                                 |                                    |              |   |            |
| Ending balance                        | \$ 22,027    | \$ 117,852 | \$ 175,503             | \$ 31,659                 | \$ 37,642   | \$ 123,010                      | \$ 249,426                         | \$ 27,703    | \$ 73,713                               | \$ 858,535 |
| Ending balance:                       |              |            |                        |                           |             |                                 |                                    |              |   |            |
| Individually evaluated for impairment | -            | 814        | 988                    | 332                       | 1,763       | 4,680                           | 9,838                              | -            | -                                       | 18,415     |
| Collectively evaluated for impairment | \$ 22,027    | \$ 117,038 | \$ 174,515             | \$ 31,327                 | \$ 35,879   | \$ 118,330                      | \$ 239,588                         | \$ 27,703    | \$ 73,713                               | \$ 840,120 |
|                                       | 2024         |            |                        |                           |             |                                 |                                    |              |   |            |
|                                       | Construction | Farmland   | 1-4 Family<br>1st Lien | 1-4 Family<br>Junior Lien | Multifamily | Commercial<br>Owner<br>Occupied | Commercial<br>Nonowner<br>Occupied | Agricultural | Commercial,<br>Industrial &<br>Consumer | Total      |
| Allowance for credit losses:          |              |            |                        |                           |             |                                 |                                    |              |   |            |
| Beginning balance                     | \$ 444       | \$ 485     | \$ 63                  | \$ 881                    | \$ 303      | \$ 3,628                        | \$ 1,857                           | \$ 18        | \$ 462                                  | \$ 8,141   |
| Provision (benefit) for credit losses | (206)        | 121        | 129                    | 558                       | 251         | (1,826)                         | 458                                | 17           | 897                                     | 399        |
| Charge-offs                           | (8)          | -          | (160)                  | (9)                       | -           | (164)                           | -                                  | (24)         | (793)                                   | (1,158)    |
| Recoveries                            | -            | -          | 31                     | 6                         | -           | 121                             | 16                                 | 5            | 125                                     | 304        |
| Ending balance                        | \$ 230       | \$ 606     | \$ 63                  | \$ 1,436                  | \$ 554      | \$ 1,759                        | \$ 2,331                           | \$ 16        | \$ 691                                  | \$ 7,686   |
| Ending balance:                       |              |            |                        |                           |             |                                 |                                    |              |   |            |
| Individually evaluated for impairment | \$ -         | \$ -       | \$ 9                   | \$ -                      | \$ -        | \$ 44                           | \$ -                               | \$ -         | \$ 88                                   | \$ 141     |
| Collectively evaluated for impairment | 230          | 606        | 54                     | 1,436                     | 554         | 1,715                           | 2,331                              | 16           | 603                                     | 7,545      |
| <b>Loans receivable:</b>              |              |            |                        |                           |             |                                 |                                    |              |   |            |
| Ending balance                        | \$ 24,382    | \$ 117,360 | \$ 170,052             | \$ 28,030                 | \$ 35,069   | \$ 109,120                      | \$ 218,491                         | \$ 27,026    | \$ 72,423                               | \$ 801,953 |
| Ending balance:                       |              |            |                        |                           |             |                                 |                                    |              |   |            |
| Individually evaluated for impairment | -            | 837        | 1,218                  | -                         | -           | 6,568                           | 4,879                              | -            | 88                                      | 13,590     |
| Collectively evaluated for impairment | \$ 24,382    | \$ 116,523 | \$ 168,834             | \$ 28,030                 | \$ 35,069   | \$ 102,552                      | \$ 213,612                         | \$ 27,026    | \$ 72,335                               | \$ 788,363 |

**ACL for Unfunded Commitments**

The Company recorded a separate ACL for unfunded commitments using a methodology that is inherently similar to the methodology used for calculating the ACL for loans.

The following table summarizes the ACL for unused commitments for the years ended December 31, 2025 and 2024:

|  | 2025          | 2024          |
|--|---------------|---------------|
| Balance, beginning of year                 | \$ 513        | \$ 365        |
| Provision for (reduction in) credit losses | <u>(5)</u>    | <u>148</u>    |
| Balance, end of year                       | <u>\$ 508</u> | <u>\$ 513</u> |

**Credit Risk Profile Categories**

Loan grades are numbered 1 through 8. Grades 1 through 4 are considered pass grades. The grade of 5, or Special Mention, represents loans of lower quality and signs of potential weakness. The grades of 6, or Substandard, and 7, or Doubtful, refer to assets that are classified. The use and application of these grades by the Company will be uniform and shall conform to the Company's policy.

**Pass** loans are of reasonable credit strength and repayment ability or better proving an average credit risk due to one or more underlying weaknesses.

**Special Mention** loans have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special mention loans are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification. Ordinarily, special mention loans have characteristics which corrective management action would remedy.

**Substandard** loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

**Doubtful** loans have all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of current known facts, conditions and values, highly questionable and improbable.

The following tables represent the credit risk profile by creditworthiness category at December 31:

| <b>Credit Risk Profile by Internally Assigned Grade</b> |                   |                            |                    |                 |             |                   |
|---|-------------------|----------------------------|--------------------|-----------------|-------------|-------------------|
| <b>December 31, 2025</b>                                |                   |                            |                    |                 |             |                   |
|   | <b>Pass</b>       | <b>Special<br/>Mention</b> | <b>Substandard</b> | <b>Doubtful</b> | <b>Loss</b> | <b>Total</b>      |
| Real Estate:  |                   |                            |                    |                 |             |                   |
| Construction  | \$ 22,027         | \$ -                       | \$ -               | \$ -            | \$ -        | \$ 22,027         |
| Farmland  | 116,846           | -                          | 1,006              | -               | -           | 117,852           |
| 1-4 Family - First Lien                                 | 173,426           | -                          | 2,077              | -               | -           | 175,503           |
| 1-4 Family - Junior Lien                                | 31,229            | -                          | 430                | -               | -           | 31,659            |
| Multifamily   | 35,880            | -                          | 1,762              | -               | -           | 37,642            |
| Commercial Owner Occupied                               | 118,200           | 2,174                      | 2,636              | -               | -           | 123,010           |
| Commercial Nonowner Occupied                            | 239,588           | -                          | 9,838              | -               | -           | 249,426           |
| Agricultural  | 27,703            | -                          | -                  | -               | -           | 27,703            |
| Commercial, Industrial & Consumer                       | 73,599            | 11                         | 103                | -               | -           | 73,713            |
| <b>Total</b>  | <b>\$ 838,498</b> | <b>\$ 2,185</b>            | <b>\$ 17,852</b>   | <b>\$ -</b>     | <b>\$ -</b> | <b>\$ 858,535</b> |

| <b>Credit Risk Profile by Internally Assigned Grade</b> |                   |                            |                    |                 |             |                   |
|---|-------------------|----------------------------|--------------------|-----------------|-------------|-------------------|
| <b>December 31, 2024</b>                                |                   |                            |                    |                 |             |                   |
|   | <b>Pass</b>       | <b>Special<br/>Mention</b> | <b>Substandard</b> | <b>Doubtful</b> | <b>Loss</b> | <b>Total</b>      |
| Real Estate:  |                   |                            |                    |                 |             |                   |
| Construction  | \$ 24,382         | \$ -                       | \$ -               | \$ -            | \$ -        | \$ 24,382         |
| Farmland  | 116,313           | -                          | 1,047              | -               | -           | 117,360           |
| 1-4 Family - First Lien                                 | 167,913           | -                          | 2,132              | 7               | -           | 170,052           |
| 1-4 Family - Junior Lien                                | 27,909            | -                          | 121                | -               | -           | 28,030            |
| Multifamily   | 34,905            | -                          | 164                | -               | -           | 35,069            |
| Commercial Owner Occupied                               | 102,478           | 2,006                      | 4,636              | -               | -           | 109,120           |
| Commercial Nonowner Occupied                            | 208,513           | 5,462                      | 4,516              | -               | -           | 218,491           |
| Agricultural  | 27,022            | -                          | 4                  | -               | -           | 27,026            |
| Commercial, Industrial & Consumer                       | 72,218            | 30                         | 175                | -               | -           | 72,423            |
| <b>Total</b>  | <b>\$ 781,653</b> | <b>\$ 7,498</b>            | <b>\$ 12,795</b>   | <b>\$ 7</b>     | <b>\$ -</b> | <b>\$ 801,953</b> |

Richwood Bancshares, Inc. and Subsidiary  
Notes to the Consolidated Financial Statements  
December 31, 2025 and 2024

The following tables include an aging analysis of loans by class at December 31:

|                                   | 2025                        |                             |                         |                   |                                  |                                     |                              |                 |                                  |                              |
|-----------------------------------|-----------------------------|-----------------------------|-------------------------|-------------------|----------------------------------|-------------------------------------|------------------------------|-----------------|----------------------------------|------------------------------|
|                                   | 31 - 59<br>days<br>past due | 60 - 89<br>days<br>past due | 90+<br>days<br>past due | Total<br>past due | Total<br>current and<br>accruing | Total<br>current and<br>nonaccruing | Total<br>loans<br>receivable | Nonaccrued      | Total<br>> 90 days<br>& accruing | Nonaccrued<br>with no<br>ACL |
| Real Estate:                      |                             |                             |                         |                   |                                  |                                     |                              |                 |                                  |                              |
| Construction                      | \$ -                        | \$ -                        | \$ -                    | \$ -              | \$ 22,027                        | \$ -                                | \$ 22,027                    | \$ -            | \$ -                             | \$ -                         |
| Farmland                          | -                           | -                           | -                       | -                 | 117,852                          | -                                   | 117,852                      | 191             | -                                | -                            |
| 1-4 Family - First Lien           | 1,603                       | 320                         | 325                     | 2,248             | 173,255                          | -                                   | 175,503                      | 906             | -                                | 231                          |
| 1-4 Family - Junior Lien          | 345                         | -                           | 344                     | 689               | 30,970                           | -                                   | 31,659                       | 344             | -                                | 332                          |
| Multifamily                       | 333                         | -                           | 1,762                   | 2,095             | 35,547                           | -                                   | 37,642                       | 1,762           | -                                | -                            |
| Commercial Owner Occupied         | 733                         | -                           | 221                     | 954               | 122,056                          | -                                   | 123,010                      | 335             | -                                | -                            |
| Commercial Nonowner Occupied      | 20                          | -                           | 373                     | 393               | 249,033                          | -                                   | 249,426                      | 373             | -                                | 373                          |
| Agricultural                      | 10                          | -                           | -                       | 10                | 27,693                           | -                                   | 27,703                       | -               | -                                | -                            |
| Commercial, Industrial & Consumer | 3                           | 3                           | -                       | 6                 | 73,707                           | -                                   | 73,713                       | 54              | -                                | -                            |
| <b>Total</b>                      | <u>\$ 3,047</u>             | <u>\$ 323</u>               | <u>\$ 3,025</u>         | <u>\$ 6,395</u>   | <u>\$ 852,140</u>                | <u>\$ -</u>                         | <u>\$ 858,535</u>            | <u>\$ 3,965</u> | <u>\$ -</u>                      | <u>\$ 936</u>                |

|                                   | 2024                        |                             |                         |                   |                                  |                                     |                              |                 |                                  |                              |
|-----------------------------------|-----------------------------|-----------------------------|-------------------------|-------------------|----------------------------------|-------------------------------------|------------------------------|-----------------|----------------------------------|------------------------------|
|                                   | 31 - 59<br>days<br>past due | 60 - 89<br>days<br>past due | 90+<br>days<br>past due | Total<br>past due | Total<br>current and<br>accruing | Total<br>current and<br>nonaccruing | Total<br>loans<br>receivable | Nonaccrued      | Total<br>> 90 days<br>& accruing | Nonaccrued<br>with no<br>ACL |
| Real Estate:                      |                             |                             |                         |                   |                                  |                                     |                              |                 |                                  |                              |
| Construction                      | \$ -                        | \$ -                        | \$ -                    | \$ -              | \$ 24,382                        | \$ -                                | \$ 24,382                    | \$ -            | \$ -                             | \$ -                         |
| Farmland                          | -                           | 55                          | -                       | 55                | 117,094                          | 211                                 | 117,360                      | 211             | -                                | -                            |
| 1-4 Family - First Lien           | 1,649                       | 721                         | 199                     | 2,569             | 167,459                          | 24                                  | 170,052                      | 810             | -                                | 264                          |
| 1-4 Family - Junior Lien          | 5                           | 371                         | 12                      | 388               | 27,642                           | -                                   | 28,030                       | 34              | -                                | -                            |
| Multifamily                       | -                           | -                           | -                       | -                 | 35,069                           | -                                   | 35,069                       | -               | -                                | -                            |
| Commercial Owner Occupied         | -                           | 256                         | 75                      | 331               | 108,789                          | -                                   | 109,120                      | -               | 75                               | -                            |
| Commercial Nonowner Occupied      | -                           | -                           | -                       | -                 | 218,491                          | -                                   | 218,491                      | -               | -                                | -                            |
| Agricultural                      | -                           | -                           | -                       | -                 | 27,026                           | -                                   | 27,026                       | -               | -                                | -                            |
| Commercial, Industrial & Consumer | 94                          | 103                         | 4                       | 201               | 72,222                           | -                                   | 72,423                       | 94              | -                                | -                            |
| <b>Total</b>                      | <u>\$ 1,748</u>             | <u>\$ 1,506</u>             | <u>\$ 290</u>           | <u>\$ 3,544</u>   | <u>\$ 798,174</u>                | <u>\$ 235</u>                       | <u>\$ 801,953</u>            | <u>\$ 1,149</u> | <u>\$ 75</u>                     | <u>\$ 264</u>                |

As of December 31, 2025 and 2024, respectively, the Company had collateral dependent loans totaling \$18,415 and \$13,591 which were all collateralized by real estate.

The recorded investment in loans excludes accrued interest receivable and loan origination fees, net due to immateriality. For purposes of this disclosure, the unpaid principal balance is not reduced for partial charge-offs. There were no outstanding commitments to lend additional amounts to borrowers who have impaired loans at December 31, 2025.

### Loan Modifications

During the years ended December 31, 2025 and 2024, no loans were modified for borrowers experiencing financial difficulty. As of December 31, 2025, the Company did not have any loans that were modified for borrowers experiencing financial difficulty and subsequently defaulted. Payment default is defined as movement to nonperforming status, foreclosure or charge-off, whichever occurs first.

#### 4. LOAN SERVICING:

Mortgage loans the Bank services for others are not included in the accompanying consolidated financial statements. The unpaid principal balance of mortgage loans serviced for others was \$82,377 and \$87,410 as of December 31, 2025 and 2024, respectively. The unpaid principal balance of traditional loan participations sold was \$6,464 and \$7,750 as of December 31, 2025 and 2024, respectively.

The Bank sells mortgage loans in the secondary market under terms of a Mortgage Purchase Program ("MPP"). Gain on sales of loans was \$158 and \$124 during the years ended December 31, 2025 and 2024, respectively.

The following is an analysis of the activity of mortgage servicing rights, which are included in other assets, for the years ended December 31:

|                            | 2025          | 2024          |
|----------------------------|---------------|---------------|
| Balance, beginning of year | \$ 644        | \$ 682        |
| Additions, net             | 58            | 42            |
| Amortization               | <u>(18)</u>   | <u>(80)</u>   |
| Balance, end of year       | <u>\$ 684</u> | <u>\$ 644</u> |

#### 5. PREMISES AND EQUIPMENT:

Major classifications of premises and equipment are as follows at December 31:

|                                   | 2025             | 2024             |
|-----------------------------------|------------------|------------------|
| Land                              | \$ 2,990         | \$ 2,990         |
| Banking premises                  | 20,070           | 22,788           |
| Furniture, fixtures and equipment | 8,450            | 6,777            |
| Construction in progress          | <u>-</u>         | <u>254</u>       |
|                                   | 31,510           | 32,809           |
| Less accumulated depreciation     | <u>(12,636)</u>  | <u>(11,921)</u>  |
| Net                               | <u>\$ 18,874</u> | <u>\$ 20,888</u> |

## 6. GOODWILL AND INTANGIBLES:

Intangible asset and goodwill consist of the following at December 31:

|                             |             | December 31, 2025 |                             |           |
|-----------------------------|-------------|-------------------|-----------------------------|-----------|
|                             | Useful Life | Gross             | Accumulated<br>Amortization | Net       |
| Amortized intangible asset: |             |                   |                             |           |
| Core deposit intangible     | 8 years     | \$ 1,590          | \$ 1,404                    | \$ 186    |
| Goodwill                    | indefinite  | \$ 10,037         | \$ -                        | \$ 10,037 |
|                             |             | December 31, 2024 |                             |           |
|                             | Useful Life | Gross             | Accumulated<br>Amortization | Net       |
| Amortized intangible asset: |             |                   |                             |           |
| Core deposit intangible     | 8 years     | \$ 1,590          | \$ 1,205                    | \$ 385    |
| Goodwill                    | indefinite  | \$ 10,037         | \$ -                        | \$ 10,037 |

Intangible asset amortization expense totaled \$199 and \$199 for the years ended December 31, 2025 and 2024, respectively. The intangible asset will become fully amortized in the year ending December 31, 2026.

## 7. LEASES

On September 12, 2025, the Bank entered into a sale-leaseback transaction with a third party (the “Buyer”) pursuant to which the Bank sold to the Buyer four properties owned and operated as branch locations (the “Properties”) for an aggregate purchase price of \$13.5 million, including customary closing adjustments. Pursuant to the sale-leaseback transaction, the Bank entered into triple net lease agreements (the “Lease Agreements”) with the Buyer under which the Bank leases each of the Properties, and pursuant to which the Bank is responsible for insurance, real estate taxes, and maintenance and repairs for each of the Properties. The Lease Agreements became effective upon the closing of the sale-leaseback transaction and have an initial term of sixteen years. The Company did not assume any lease extensions in the lease calculation. The Bank’s obligations under the Lease Agreements are guaranteed by the Company. The Bank incurred lease expense of \$359 for the year ended December 31, 2025.

As the rate implicit in the leases generally is not readily determinable for our operating leases, the discount rates used to determine the present value of our lease liabilities are based on our incremental borrowing rate at the lease commencement date and commensurate with the remaining lease term. Our incremental borrowing rate for a lease is the rate of interest we would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic

environment.

Supplemental Consolidated Balance Sheet information related to leases is as follows as of December 31, 2025:

|   | <b>Balance Sheet<br/>Classification</b> | <b>December 31,<br/>2025</b> |
|---|---|------------------------------|
| <b><u>Operating Leases</u></b>                |   |                              |
| Right of Use ("ROU") assets                   | Right of use assets                     | \$ 11,871                    |
| Lease liabilities                             | Lease liabilities                       | \$ 11,931                    |
| Weighted average remaining lease term (years) |   | 15.70                        |
| Weighted average discount rate                |   | 7.82%                        |

Supplemental cash flow information related to operating leases is as follows for the year ended December 31, 2025:

|  | <b><u>2025</u></b> |
|--|--------------------|
| <b><u>Operating Leases</u></b>   |                    |
| Cash paid for amounts included in the measurement of lease liabilities | \$ 359             |
| ROU assets obtained in exchange for lease obligations                  | 12,006             |

Lease payment obligations with a reconciliation to the Company's lease liabilities are as follows at December 31, 2025:

|                                   |                  |
|-----------------------------------|------------------|
| 2026                              | \$ 1,195         |
| 2027                              | 1,219            |
| 2028                              | 1,243            |
| 2029                              | 1,268            |
| 2030                              | 1,294            |
| Thereafter                        | <u>15,514</u>    |
| Total undiscounted lease payments | 21,733           |
| Less: imputed interest            | <u>(9,802)</u>   |
| Net lease liabilities             | <u>\$ 11,931</u> |

## 8. DEPOSITS:

The scheduled maturities of time deposits are as follows at December 31:

|                                      | <b>2025</b>       | <b>2024</b>       |
|--------------------------------------|-------------------|-------------------|
| In one year or less                  | \$ 140,182        | \$ 135,284        |
| After one year through two years     | 19,582            | 27,411            |
| After two years through three years  | 1,585             | 2,162             |
| After three years through four years | 1,156             | 1,452             |
| After four years through five years  | 481               | 636               |
| After five years                     | <u>91</u>         | <u>96</u>         |
| Total time deposits                  | <u>\$ 163,077</u> | <u>\$ 167,041</u> |

Time deposits in denominations of \$250 or more were \$86,285 and \$68,682 at December 31, 2025 and 2024, respectively.

## 9. BORROWINGS:

### Federal Home Loan Bank Borrowings

Advances payable to the Federal Home Loan Bank ("FHLB") consist of the following at December 31:

|                    | <u>Maturity<br/>range</u> | <u>Weighted<br/>average<br/>interest rate</u> | <u>Stated<br/>interest<br/>rate</u> | <u>2025</u>      | <u>2024</u>      |
|--------------------|---------------------------|---|-------------------------------------|------------------|------------------|
| <b>Description</b> |                           |   |                                     |                  |                  |
| FHLB floating-rate | 1/2/2025                  | 4.42%   | 4.42%                               | \$ -             | \$ 60,000        |
| FHLB floating-rate | 1/2/2026                  | 3.83%   | 3.83%                               | <u>59,000</u>    | <u>-</u>         |
| <b>Total</b>       |                           |   |                                     | <b>\$ 59,000</b> | <b>\$ 60,000</b> |

The Company's FHLB advances are collateralized by a blanket pledge agreement on the Bank's FHLB stock, certain qualified investment securities, deposits at the FHLB, residential mortgages, and by certain commercial real estate loans held in the Bank's portfolio. As a member of the FHLB, the Company is required to purchase and hold shares of capital stock in the FHLB and was in compliance with this requirement with a stock investment in FHLB of \$4.1 million at December 31, 2025 and \$4.1 million at December 31, 2024. This stock is carried on the accompanying Consolidated Balance Sheets at cost, which approximates liquidation value.

The carrying value of loans pledged as collateral for these borrowings was \$475.1 million and \$431.9 million as of December 31, 2025, and 2024, respectively. Additionally, the carrying value of residential mortgage-backed securities pledged as collateral to the FHLB totaled \$99.8 million and \$119.1 million, respectively, as of December 31, 2025, and 2024. The Bank also utilized an FHLB letter of credit

amounting to \$100.0 million to secure public unit deposits. As of December 31, 2025 and 2024, the Bank's unused remaining borrowing capacity at the FHLB was approximately \$185.1 million and \$145.7 million, respectively.

**Federal Reserve Borrowings**

As of December 31, 2025, the Company had \$66.6 million in availability through the Federal Reserve Discount Window. This availability was supported by \$100.0 million in pledged loans. No balances were outstanding as of December 31, 2025 and 2024.

**Other Short-Term Borrowings**

The Company has access to lines of credit amounting to \$40 million with correspondent banks. There were no borrowings under these lines at December 31, 2025 and 2024.

**Other Long-Term Borrowings**

On March 4, 2022, the Company completed a private placement of \$15 million in aggregate principal amount of 3.75% Fixed-to-Floating Rate Subordinated Notes due 2032 (the "Notes") to certain qualified institutional buyers and accredited investors. The Notes were issued at 100% of par, resulting in net proceeds, after underwriting discounts and issuance costs, of approximately \$14.7 million. The Notes are unsecured, subordinated debt obligations of the Company and will mature on March 15, 2032. A portion of the proceeds were used to pay off term loan facility at a fixed rate of 4.50%. The Company's intent is to use the remaining proceeds for general corporate purposes, which may include, without limitation, providing capital to support its growth organically, capital expenditures, repurchasing its common shares and for investments in the Bank as regulatory capital. The subordinated debentures are included in Total Capital under current regulatory guidelines and interpretations.

**10. INCOME TAXES:**

The provision for federal income taxes consists of the following for the years ended December 31:

|                        | <b>2025</b>     | <b>2024</b>     |
|------------------------|-----------------|-----------------|
| Current tax expense    | \$ 2,934        | \$ 2,321        |
| Deferred tax (benefit) | <u>(275)</u>    | <u>99</u>       |
|                        | <u>\$ 2,659</u> | <u>\$ 2,420</u> |

The effective tax rate varies from the federal statutory tax rate primarily due to the following at December 31:

|   | <b>2025</b>     | <b>2024</b>     |
|---|-----------------|-----------------|
| Federal income taxes computed at statutory rate | \$ 3,257        | \$ 2,708        |
| Change in taxes resulting from:                 |                 |                 |
| Tax exempt interest                             | (471)           | (147)           |
| Bank-owned life insurance                       | (147)           | (192)           |
| Low income housing tax credit                   | (207)           | (159)           |
| Other   | 227             | 210             |
|   | <u>\$ 2,659</u> | <u>\$ 2,420</u> |

There is currently no liability for uncertain tax positions and no known unrecognized tax benefits. The Bank recognizes, when applicable, interest and penalties related to unrecognized tax benefits in the provision for income taxes in the Consolidated Statements of Income. The State of Ohio currently imposes a tax on the net worth of banks operating in the State of Ohio; this tax is not "income based" and is classified in operating expenses on the Consolidated Statements of Income. The Bank does not have out of state operations, and accordingly, income tax filings are not required in other states.

The components of net deferred income tax assets (liabilities) are as follows at December 31:

|  | <b>2025</b>     | <b>2024</b>      |
|--|-----------------|------------------|
| Deferred income tax assets:                          |                 |                  |
| Allowance for credit losses                          | \$ 1,956        | \$ 1,722         |
| Net unrealized loss on available-for-sale securities | 5,833           | 10,992           |
| Deferred loan fees                                   | 343             | 351              |
| Lease liability                                      | 2,469           | -                |
| FHLB stock dividend                                  | -               | 16               |
| Other  | 206             | 114              |
|  | <u>10,807</u>   | <u>13,195</u>    |
| Deferred income tax liabilities:                     |                 |                  |
| Depreciation   | \$ 1,372        | \$ 1,400         |
| Right of use asset                                   | 2,469           | -                |
| FHLB stock dividend                                  | 47              | -                |
| Intangible assets                                    | 40              | 81               |
| Mortgage servicing                                   | 144             | 135              |
| Other  | 104             | 106              |
|  | <u>4,176</u>    | <u>1,722</u>     |
| Net deferred income tax assets                       | <u>\$ 6,631</u> | <u>\$ 11,473</u> |

## 11. STOCK-BASED COMPENSATION

In 2022, the Company adopted the 2022 Equity Incentive Plan (the “2022 Plan”) for granting incentive stock options, nonqualified stock options, and restricted stock to key officers and employees and non-employee directors. The 2022 Plan, which was approved by stockholders on April 11, 2022, allocates twenty thousand shares of common stock reserved for issuance under the 2022 Plan. There were no incentive stock options and nonqualified stock options granted in 2025 and 2024.

### Restricted Stock Awards

The Plan permits the grant of restricted stock awards to directors, officers and employees. Compensation is recognized over the vesting period of the awards based on the fair value of the stock at grant date. The fair value of the stock is determined using the closing share price on the date of grant and shares generally have vesting periods of one to three years. There were 3,801 and 3,861 shares of restricted stock granted in 2025 and 2024, respectively.

The following table presents the activity related to awards of restricted stock during the years ended December 31, 2025 and 2024:

|   | 2025    |  | 2024    |  |
|---|---------|--|---------|--|
|   | Units   | Weighted<br>Average<br>Grant<br>Price per<br>Share | Units   | Weighted<br>Average<br>Grant<br>Price per<br>Share |
| Unvested units outstanding at beginning of year | 7,170   | \$ 79.76   | 6,247   | \$ 76.30   |
| Granted   | 3,801   | 88.20  | 3,861   | 82.85  |
| Vested  | (3,426) | 79.03  | (2,938) | 75.22  |
| Forfeited/expired/cancelled                     | -       | -  | -       | -  |
| Unvested units outstanding at end of year       | 7,545   | \$ 84.82   | 7,170   | \$ 79.76   |

As of December 31, 2025, there was \$640 of total unrecognized compensation cost related to unvested restricted shares granted under the 2022 Plan. The cost is expected to be recognized over a weighted-average period of 2.4 years. The fair value of shares vested during the years ended December 31, 2025 and 2024 was \$302 and \$221, respectively.

## 12. COMMITMENTS AND CONTINGENCIES:

In the normal course of business, there are various outstanding commitments and certain contingent liabilities which are not reflected in the accompanying consolidated financial statements. These commitments and contingent liabilities represent financial instruments with off-balance sheet risk. The contract or notional amounts of these instruments reflect the extent of involvement in particular types of financial instruments which comprise the following at December 31:

|                              | <b>2025</b>       | <b>2024</b>       |
|------------------------------|-------------------|-------------------|
| Commitments to extend credit | \$ 159,344        | \$ 134,875        |
| Standby letters of credit    | 711               | 722               |
|                              | <u>\$ 160,055</u> | <u>\$ 135,597</u> |

The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Consolidated Balance Sheets. The same credit policies are used in making commitments and conditional obligations as for on-balance sheet instruments. The terms are typically for a one-year period with an annual renewal option subject to prior approval by management. No material losses or liquidity demands are anticipated as a result of these commitments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the loan agreement. These commitments comprise available commercial and personal lines of credit.

Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. Fees earned from issuance of these letters are recognized at origination. The exposure to loss under these commitments is limited by subjecting them to credit approval and monitoring procedures. Substantially all commitments to extend credit are contingent upon customers maintaining specific credit standards at the time of the loan funding.

In the normal course of business, the Company is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the Company's consolidated financial statements.

## 13. REGULATORY CAPITAL:

### Regulatory capital requirement

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

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

### Dividend restrictions

All State of Ohio Chartered Banks are subject to the dividend restrictions set forth by the State of Ohio. Under such restrictions, the Bank may not, without the prior approval of the Superintendent of Banks of the State of Ohio, declare dividends in excess of the sum of the current year's earnings (as defined) plus the retained earnings (as defined) from the prior two years. As of December 31, 2025 and 2024, the bank may not declare or pay any additional dividends to the holding company without prior approval.

The Company's and the Bank's actual and required capital amounts and ratios for 2025 and 2024 are as follows:

|  | <u>Actual</u> |              | <u>For Capital Adequacy Purposes</u> |              | <u>To Be Well-Capitalized Under Prompt Corrective Action Provisions</u> |              |
|--|---------------|--------------|--------------------------------------|--------------|---|--------------|
|  | <u>Amount</u> | <u>Ratio</u> | <u>Amount</u>                        | <u>Ratio</u> | <u>Amount</u>   | <u>Ratio</u> |
| <b>December 31, 2025</b>                                       |               |              |                                      |              |   |              |
| <b>Common equity tier 1 capital (to risk-weighted capital)</b> |               |              |                                      |              |   |              |
| Bank   | \$ 131,117    | 13.66%       | \$ 43,203                            | 4.5%         | \$ 62,404   | 6.5%         |
| Company  | 132,304       | 13.78%       | 43,203                               | 4.5%         | N/A   | N/A          |
| <b>Total capital (to risk-weighted assets)</b>                 |               |              |                                      |              |   |              |
| Bank   | 139,889       | 14.57%       | 76,806                               | 8.0%         | 96,007  | 10.0%        |
| Company  | 141,076       | 14.69%       | 76,806                               | 8.0%         | N/A   | N/A          |
| <b>Tier 1 capital (to risk-weighted assets)</b>                |               |              |                                      |              |   |              |
| Bank   | 131,117       | 13.66%       | 57,604                               | 6.0%         | 76,806  | 8.0%         |
| Company  | 132,304       | 13.78%       | 57,604                               | 6.0%         | N/A   | N/A          |
| <b>Tier 1 capital (to average assets)</b>                      |               |              |                                      |              |   |              |
| Bank   | 131,117       | 10.39%       | 50,486                               | 4.0%         | 63,107  | 5.0%         |
| Company  | 132,304       | 10.48%       | 50,486                               | 4.0%         | N/A   | N/A          |

Richwood Bancshares, Inc. and Subsidiary  
Notes to the Consolidated Financial Statements  
December 31, 2025 and 2024

|  | <u>Actual</u> |              | <u>For Capital Adequacy Purposes</u> |              | <u>To Be Well-Capitalized Under Prompt Corrective Action Provisions</u> |              |
|--|---------------|--------------|--------------------------------------|--------------|---|--------------|
|  | <u>Amount</u> | <u>Ratio</u> | <u>Amount</u>                        | <u>Ratio</u> | <u>Amount</u>   | <u>Ratio</u> |
| <b>December 31, 2024</b>                                       |               |              |                                      |              |   |              |
| <b>Common equity tier 1 capital (to risk-weighted capital)</b> |               |              |                                      |              |   |              |
| Bank   | \$ 117,758    | 13.18%       | \$ 40,200                            | 4.5%         | \$ 58,067   | 6.5%         |
| Company  | 118,547       | 13.27%       | 40,200                               | 4.5%         | N/A   | N/A          |
| <b>Total capital (to risk-weighted assets)</b>                 |               |              |                                      |              |   |              |
| Bank   | 124,871       | 13.98%       | 71,467                               | 8.0%         | 89,333  | 10.0%        |
| Company  | 125,660       | 14.07%       | 71,467                               | 8.0%         | N/A   | N/A          |
| <b>Tier 1 capital (to risk-weighted assets)</b>                |               |              |                                      |              |   |              |
| Bank   | 117,758       | 13.18%       | 53,600                               | 6.0%         | 71,467  | 8.0%         |
| Company  | 118,547       | 13.27%       | 53,600                               | 6.0%         | N/A   | N/A          |
| <b>Tier 1 capital (to average assets)</b>                      |               |              |                                      |              |   |              |
| Bank   | 117,758       | 9.64%        | 48,881                               | 4.0%         | 61,101  | 5.0%         |
| Company  | 118,547       | 9.70%        | 48,881                               | 4.0%         | N/A   | N/A          |

#### 14. RELATED-PARTY TRANSACTIONS:

Loans and extensions of credit to principal officers, directors and their affiliates during the years ended December 31:

|                              | <b>2025</b>     | <b>2024</b>     |
|------------------------------|-----------------|-----------------|
| Balance at beginning of year | \$ 3,113        | \$ 995          |
| New loans                    | 599             | 2,196           |
| Repayments                   | (606)           | (78)            |
|                              | <u>\$ 3,106</u> | <u>\$ 3,113</u> |

Deposits from related parties held by the Bank totaled \$16,505 and \$7,263 at December 31, 2025 and 2024, respectively.

#### 15. FAIR VALUE MEASUREMENTS:

GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the

market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are observable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following is a description of the valuation methodologies and assumptions used by the Bank in estimating instruments' fair value disclosures, as well as the general classification of such instruments pursuant to the valuation hierarchy.

### **Investment securities**

The fair values of available-for-sale securities are determined by various valuation methodologies. Where quoted market prices are available in an active market, securities are classified within Level 1. Level 1 securities include U.S. Treasuries and exchange-traded equity securities. For securities traded in secondary markets for which quoted market prices are not available, the fair values are estimated by using pricing models or quoted prices of securities with similar characteristics. Level 2 securities include obligations of U.S. government corporations and agencies, mortgage-backed securities, certificates of deposit, collateralized mortgage obligations and other securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

### **Derivatives**

The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). The derivatives are traded in an over the counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third party pricing services.

### **Collateral-dependent impaired loans**

The estimated fair value of collateral-dependent impaired loans is based on the appraised fair value of the collateral, less estimated cost to sell. The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral-dependent and subsequently as deemed necessary by management. Appraisals are reviewed for accuracy and consistency. Appraisers are

selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by comparison to market and historical results. Collateral-dependent impaired loans are classified within Level 3 of the fair value hierarchy.

### Other real estate owned

Fair value is commonly based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Real estate owned properties are classified within level 2 of the hierarchy and are individually evaluated at least annually for additional impairment adjustment needed.

### Assets measured at fair value on a recurring basis

Fair value measurements for assets measured at fair value on a recurring basis are as follows:

|  | Fair value measurements using: |                |                |              |
|--|--------------------------------|----------------|----------------|--------------|
|  | <u>Level 1</u>                 | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| <b><u>December 31, 2025</u></b>                  |                                |                |                |              |
| Available-for-sale securities:                   |                                |                |                |              |
| Obligations of states and political subdivisions | \$ -                           | 157,371        | -              | \$ 157,371   |
| Mortgage-backed securities                       | -                              | 105,300        | -              | 105,300      |
| Corporate bonds                                  | -                              | 1,929          | -              | 1,929        |
|  | -                              | 264,600        | -              | 264,600      |
| Derivatives:                                     |                                |                |                |              |
| Interest rate swap assets                        | \$ -                           | 53             | -              | \$ 53        |
| Interest rate swap liabilities                   | -                              | (317)          | -              | (317)        |

|  | Fair value measurements using: |                |                |              |
|--|--------------------------------|----------------|----------------|--------------|
|  | <u>Level 1</u>                 | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| <b><u>December 31, 2024</u></b>                  |                                |                |                |              |
| Available-for-sale securities:                   |                                |                |                |              |
| U.S. government agency securities                | \$ -                           | 913            | -              | \$ 913       |
| Obligations of states and political subdivisions | -                              | 81,780         | -              | 81,780       |
| Mortgage-backed securities                       | -                              | 183,622        | -              | 183,622      |
| Corporate bonds                                  | -                              | 1,784          | -              | 1,784        |
|  | -                              | 268,099        | -              | 268,099      |
| Derivatives:                                     |                                |                |                |              |
| Interest rate swap assets                        | \$ -                           | 123            | -              | \$ 123       |
| Interest rate swap liabilities                   | -                              | (301)          | -              | (301)        |

**Assets measured at fair value on a nonrecurring basis**

Fair value measurements for assets measured at fair value on a nonrecurring basis are as follows:

|                                     | <u>Fair value measurements using:</u> |                |                |              |
|-------------------------------------|---------------------------------------|----------------|----------------|--------------|
|                                     | <u>Level 1</u>                        | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| <b><u>December 31, 2025</u></b>     |                                       |                |                |              |
| Collateral-dependent impaired loans | \$ -                                  | -              | 18,002         | \$ 18,002    |
| <b><u>December 31, 2024</u></b>     |                                       |                |                |              |
| Collateral-dependent impaired loans | \$ -                                  | -              | 13,450         | \$ 13,450    |

**Unobservable (Level 3) Inputs**

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

|                                     | <u>Fair value</u> | <u>Valuation Technique</u> | <u>Unobservable Inputs</u> | <u>Range (Weighted Average)</u> |
|-------------------------------------|-------------------|----------------------------|----------------------------|---------------------------------|
| <b><u>December 31, 2025</u></b>     |                   |                            |                            |                                 |
| Collateral-dependent impaired loans | \$ 18,415         | comparable properties      | Marketability discounts    | 25%                             |
| <b><u>December 31, 2024</u></b>     |                   |                            |                            |                                 |
| Collateral-dependent impaired loans | \$ 13,450         | comparable properties      | Marketability discounts    | 25%                             |

**16. CONDENSED FINANCIAL STATEMENTS OF RICHWOOD BANCSHARES, INC. (PARENT COMPANY ONLY):**  
(In thousands)

Presented below is condensed financial information comprising the financial position, results of operations and cash flows of Richwood Bancshares, Inc. as of and for the years ended December 31:

**Condensed Balance Sheets**

|  | <b>2025</b>       | <b>2024</b>      |
|--|-------------------|------------------|
| <b>Assets:</b>                             |                   |                  |
| Cash and cash equivalents                  | \$ 6,602          | \$ 6,286         |
| Investment in subsidiary                   | 118,644           | 85,693           |
| Other assets                               | <u>18</u>         | <u>215</u>       |
| Total assets                               | <u>\$ 125,264</u> | <u>\$ 92,194</u> |
| <b>Liabilities:</b>                        |                   |                  |
| Accrued expenses and other liabilities     | 181               | 181              |
| Subordinated debt                          | <u>14,931</u>     | <u>14,866</u>    |
|  | 15,112            | 15,047           |
| <b>Shareholders' Equity:</b>               |                   |                  |
| Common stock                               | 1,065             | 1,056            |
| Treasury stock                             | (123)             | (1,907)          |
| Additional paid-in capital                 | 32,415            | 31,191           |
| Retained earnings                          | 98,948            | 88,207           |
| Accumulated other comprehensive loss       | <u>(22,153)</u>   | <u>(41,400)</u>  |
| Total shareholders' equity                 | <u>110,152</u>    | <u>77,147</u>    |
| Total liabilities and shareholders' equity | <u>\$ 125,264</u> | <u>\$ 92,194</u> |

**Condensed Statements of Income and Comprehensive Income**

|  | <b>2025</b>      | <b>2024</b>      |
|--|------------------|------------------|
| Income:  |                  |                  |
| Total income   | \$ -             | \$ -             |
| Expenses:  |                  |                  |
| Interest expense   | 627              | 627              |
| Non-interest expenses  | <u>228</u>       | <u>189</u>       |
| Total expenses   | <u>855</u>       | <u>816</u>       |
| Loss before income taxes   | (855)            | (816)            |
| Income tax benefit   | <u>180</u>       | <u>171</u>       |
| Loss before equity in undistributed net earnings of subsidiaries | (675)            | (645)            |
| Earnings by subsidiaries   | <u>13,522</u>    | <u>11,119</u>    |
| Net income   | <u>\$ 12,847</u> | <u>\$ 10,474</u> |
| Comprehensive income   | <u>\$ 19,247</u> | <u>\$ 8,084</u>  |

**Condensed Statements of Cash Flows**

|  | <b>2025</b>     | <b>2024</b>     |
|--|-----------------|-----------------|
| <b>Operating activities:</b>   |                 |                 |
| Net income   | \$ 12,847       | \$ 10,474       |
| Adjustments to reconcile net income to net cash from operating activities: |                 |                 |
| Equity in undistributed earnings of subsidiaries                           | (13,522)        | (11,119)        |
| Share based compensation expense   | 180             | 139             |
| Change in assets and liabilities:  |                 |                 |
| Other assets   | 15              | (312)           |
| Accrued interest and other liabilities                                     | 66              | 66              |
| Net cash used in operations  | <u>(414)</u>    | <u>(752)</u>    |
| <b>Financing activities:</b>   |                 |                 |
| Proceeds from sale of common stock   | 1,052           | 1,288           |
| Proceeds from sale of treasury stock                                       | 2,833           | 2,732           |
| Purchase of treasury stock   | (1,049)         | (3,373)         |
| Cash dividends paid  | <u>(2,106)</u>  | <u>(2,054)</u>  |
| Net cash provided by (used in) financing activities                        | <u>730</u>      | <u>(1,407)</u>  |
| Net change in cash   | 316             | (2,159)         |
| Cash - beginning of year   | <u>6,286</u>    | <u>8,445</u>    |
| Cash - end of year   | <u>\$ 6,602</u> | <u>\$ 6,286</u> |

## 17. REVENUE FROM CONTRACTS WITH CUSTOMERS:

The Company records revenue from contracts with customers in accordance with ASC 606, *Revenue from Contracts with Customers* (ASC 606). Under ASC 606, the Company must identify the contract with a customer, identify the performance obligations within the contract, determine the transaction price, allocate the transaction price to the performance obligations within the contract, and recognize revenue when (or as) the performance obligations are/is satisfied. The core principle under ASC 606 requires the Company to recognize revenue to depict the transfer of services or products to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those services or products recognized as 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 ASC 606 that significantly affects the determination of the amount and timing of revenue from contracts with customers.

Topic 606 does not apply to revenue associated with financial instruments, including revenue from loans and securities. In addition, certain non-interest income streams such as fees associated with mortgage servicing rights, financial guarantees, derivatives, and certain credit card fees are also not in scope of the new guidance. Topic 606 is applicable to non-interest revenue streams such as trust and asset management income, deposit related fees, interchange fees, merchant income, and annuity and insurance commissions. Substantially all of the Company's revenue is generated from contracts with customers. Non-interest revenue streams in-scope of Topic 606 are discussed below.

The following presents non-interest income, segregated by revenue streams in-scope and out-of-scope of Topic 606, for the years ended December 31:

|  | 2025            | 2024            |
|--|-----------------|-----------------|
| Noninterest income                             |                 |                 |
| In-scope of Topic 606:                         |                 |                 |
| Service charge on deposits                     | \$ 1,864        | \$ 1,541        |
| ATM/Interchange fees                           | 2,179           | 2,262           |
| Other  | <u>2,342</u>    | <u>2,868</u>    |
| Noninterest income (in-scope of Topic 606)     | 6,385           | 6,671           |
| Noninterest income (out-of-scope of Topic 606) | <u>(1,100)</u>  | <u>(372)</u>    |
| Total noninterest income                       | <u>\$ 5,285</u> | <u>\$ 6,299</u> |

### Service charges and fees

Service charges on deposits consist of monthly service fees, and other deposit account related fees. The Company's performance obligation for account analysis fees and monthly service fees is generally satisfied, and the related revenue recognized, over the period in which the service is provided. Other deposit account related fees are largely transactional based, and therefore, the Company's performance

obligation is satisfied, and related revenue recognized, at a point in time. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to customers' accounts.

### **ATM/Interchange fees**

Fees, exchange, and other service charges are primarily comprised of debit and credit card income, ATM fees and other service charges. Debit card income is primarily comprised of interchange fees earned whenever the Company's debit cards are processed through card payment networks such as Visa or Mastercard. ATM fees are primarily generated when a Company cardholder uses a non-Company ATM or a non-Company cardholder uses a Company ATM. The Company's performance obligation for fees, exchange, and other service charges are largely satisfied, and related revenue recognized, when the services are rendered or upon completion. Payment is typically received immediately or in the following month.

### **Other**

Other non-interest income consists of other recurring revenue streams such as wire transfer fees, safe deposit box rental fees, investment advisory fees, item processing fees and other miscellaneous revenue streams. Wire transfer fees represent revenue from processing wire transfers. Safe deposit box rental fees are charged to the customer on an annual basis and recognized upon receipt of payment. The Company determined that since rentals and renewals occur fairly consistently over time, revenue is recognized on a basis consistent with the duration of the performance obligation. Investment advisory fees are automatically deducted from customer accounts based on a fee schedule. The Company earns investment services revenue through its referral agreement with a third-party service provider. The performance obligation to investment management customers is satisfied over time and, therefore, revenue is recognized over time. The Company generally receives trailing investment services revenue in arrears and recognizes the revenue when the monthly statement with referral revenue is received. The Company's marketing agency offers services to commercial customers of the bank. These services include but are not limited to design, videography, digital media planning and facilitation, website design, hosting, and media planning. Revenue is recognized as services are provided and billed. The company uses a license from a well-known payroll processor to offer payroll services to commercial customers at the bank. Revenue is recognized for payroll processing services. The company has agreements for a fixed fee per transaction, such as the number of payees or payrolls processed. The company recognizes revenue using the output method based on a fixed fee per employee serviced. This method reflects the value provided to the client through the number of payees or payrolls processed. Fees are typically billed in the period when the services are performed. Item processing fee income represents fees charged to other financial institutions for processing their transactions. Payment is typically received in the following month. Also included in other is gain on sale of other real estate owned (OREO). The Company records a gain or loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the same time of an executed deed. When this occurs, the OREO asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer.

## 18. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Bank uses interest rate swaps to reduce interest rate risks and to manage net interest income. During the normal course of business, the Company enters into interest rate swap loan relationships (“loan swaps”) with borrowers to meet their financing needs. Upon entering into the loan swaps, the Company enters into offsetting positions with counterparties in order to minimize interest rate risk. These back-to-back loan swaps qualify as financial derivatives with fair values reported in “Other assets” and “Accrued expenses and liabilities” in the Consolidated Balance Sheets.

The Bank uses interest rate swaps to manage the risk of increases in interest rates associated with the floating-rate overnight FHLB advances and public deposit accounts by converting the balances subject to variable interest rates to a fixed interest rate, which have been designated and accounted for as cash flow hedges. These cash flow hedges are intended to protect against the variability in the expected future cash flows on the designated variable rate.

As of December 31, 2025 and 2024, the Company was party to one borrowing swap with a total notional amount of \$25.0 million and a maturity date of November 2026. The pay fixed receive variable swaps hedge the interest rate risk in a rising rate environment, wherein the Company will receive an interest rate based on the three-month Secured Overnight Financing Rate (“SOFR”) from the counterparty and pays an interest rate of 4.21% to the counterparty calculated on the notional amount.

As of December 31, 2025, the Company was party to one deposit swap with a notional amount of \$37.5 million and a maturity date of January 2027. The pay fixed receive variable swaps hedge the interest rate risk in a rising rate environment, wherein the Company will receive an interest rate based on the three-month SOFR from the counterparty and pays an interest rate of 3.45% to the counterparty calculated on the notional amount.

As of December 31, 2025, the Company was party to one commercial loan pool swap with a notional amount of \$25.0 million and a maturity date of April 2028. The pay fixed receive variable swaps hedge the interest rate risk in a rising rate environment, wherein the Company will receive an interest rate based on the three-month SOFR from the counterparty and pays an interest rate of 3.41% to the counterparty calculated on the notional amount.

All swaps were entered into with counterparties that met the Company’s credit standards and the agreement contains collateral provisions protecting the at-risk party. As of December 31, 2025 and 2024, respectively, the Company had \$2.5 million and \$2.6 million of cash pledged as collateral for both loan and borrowing swap agreements.

Interest differentials paid or received under the swap agreements are reflected as adjustments to interest income. These interest rate swap agreements are considered cash flow hedge derivative instruments that qualify for hedge accounting. The notional amounts of the interest rate swaps are not exchanged and do not represent exposure to credit loss. In the event of default by a counter party, the risk in these transactions is the cost of replacing the agreements at current market rates.

Summary information about the Bank's interest rate swaps as of December 31, 2025 and 2024 is as follows:

|                                   | <b>Borrowing<br/>Derivatives</b> | <b>Loan<br/>Derivatives</b> |
|-----------------------------------|----------------------------------|-----------------------------|
| <b><u>December 31, 2025</u></b>   |                                  |                             |
| Notional amounts                  | \$ 62,500                        | \$ 32,720                   |
| Weighted-average pay rates        | 3.75%                            | 3.46%                       |
| Weighted-average receive rates    | 3.79%                            | 3.81%                       |
| Weighted-average maturity (years) | 0.94                             | 2.64                        |
| Unrealized losses                 | \$ (189)                         | \$ (75)                     |
| <b><u>December 31, 2024</u></b>   |                                  |                             |
| Notional amounts                  | \$ 25,000                        | \$ 7,812                    |
| Weighted-average pay rates        | 4.21%                            | 3.62%                       |
| Weighted-average receive rates    | 4.52%                            | 3.62%                       |
| Weighted-average maturity (years) | 1.84                             | 4.90                        |
| Unrealized losses                 | \$ (178)                         | \$ -                        |

All of the Company's interest rate swaps were determined to be fully effective during the years ended December 31, 2025 and 2024. As such, no amount of ineffectiveness has been included in net income. Therefore, the aggregate fair value of the swaps is recorded in "Other assets" and "Accrued expenses and liabilities" with changes in fair value recorded in "Other comprehensive (loss) income". The amount included in "Accumulated other comprehensive loss, net of tax" would be reclassified to net income should the hedges no longer be considered effective. The Company early terminated an interest rate swap agreement on April 26, 2024 and recorded a related gain of \$271 as a reduction of interest expense. No income or expense related to early termination was recognized during the year ended December 31, 2025.

The following table presents the amount of gains (losses), net of income taxes, recorded in other comprehensive income ("OCI") and the Consolidated Statements of Income related to interest rate swaps for the years ended December 31, 2025 and 2024:

|                                 | <b>Amount of<br/>Gain (Loss)<br/>Recorded in<br/>OCI (Effective<br/>Portion)</b> | <b>Amount of<br/>Gain<br/>Reclassified<br/>from OCI to<br/>Interest Income</b> |
|---------------------------------|--|--|
| <b><u>December 31, 2025</u></b> |  |  |
| Interest rate contracts         | <u>\$ 158</u>  | <u>\$ (114)</u>  |
| <b><u>December 31, 2024</u></b> |  |  |
| Interest rate contracts         | <u>\$ 688</u>  | <u>\$ (271)</u>  |

The following table reflects the interest rate swaps included in the Consolidated Balance as of December 31, 2025 and 2024:

|  | <b>Notional<br/>Amount</b> | <b>Fair<br/>Value</b> |
|--|----------------------------|-----------------------|
| <b><u>December 31, 2025</u></b>                                      |                            |                       |
| Included in Other Assets:  |                            |                       |
| Borrowing derivatives - interest rate swaps related to FHLB Advances | \$ -                       | \$ -                  |
| Loan derivatives - instruments associated with loans:                |                            |                       |
| Matched interest rate swaps with borrower                            | -                          | -                     |
| Matched interest rate swaps with counterparty                        | <u>7,720</u>               | <u>53</u>             |
| Total amount included in Other Assets                                | <u>\$ 7,720</u>            | <u>\$ 53</u>          |
| Included in Accrued Expenses and Liabilities:                        |                            |                       |
| Borrowing derivatives - interest rate swaps related to FHLB Advances | \$ 25,000                  | \$ (164)              |
| Loan derivatives - interest rate swaps related to commercial loans   | \$ 25,000                  | \$ (75)               |
| Derivatives - interest rate swaps related to public deposit accounts | \$ 37,500                  | \$ (25)               |
| Loan derivatives - instruments associated with loans:                |                            |                       |
| Matched interest rate swaps with borrower                            | 7,720                      | (53)                  |
| Matched interest rate swaps with counterparty                        | <u>-</u>                   | <u>-</u>              |
| Total amount included in Accrued Expenses and Liabilities            | <u>\$ 95,220</u>           | <u>\$ (317)</u>       |
|  | <b>Notional<br/>Amount</b> | <b>Fair<br/>Value</b> |
| <b><u>December 31, 2024</u></b>                                      |                            |                       |
| Included in Other Assets:  |                            |                       |
| Borrowing derivatives - interest rate swaps related to FHLB Advances | \$ -                       | \$ -                  |
| Loan derivatives - instruments associated with loans:                |                            |                       |
| Matched interest rate swaps with borrower                            | -                          | -                     |
| Matched interest rate swaps with counterparty                        | <u>7,812</u>               | <u>123</u>            |
| Total amount included in Other Assets                                | <u>\$ 7,812</u>            | <u>\$ 123</u>         |
| Included in Accrued Expenses and Liabilities:                        |                            |                       |
| Borrowing derivatives - interest rate swaps related to FHLB Advances | \$ 25,000                  | \$ (178)              |
| Loan derivatives - instruments associated with loans:                |                            |                       |
| Matched interest rate swaps with borrower                            | 7,812                      | (123)                 |
| Matched interest rate swaps with counterparty                        | <u>-</u>                   | <u>-</u>              |
| Total amount included in Accrued Expenses and Liabilities            | <u>\$ 32,812</u>           | <u>\$ (301)</u>       |

# WISDOM



Don't change! The Springfield, North Limestone branch is a **perfect model of personal banking** in a time of AI technology overreach.



I think everyone does a great job! Your **customer service has always been wonderful** in the past. In fact, I have directed many people to Richwood Bank.





Austin Bernath is wonderful. He helped my husband and I to obtain a HELOC loan. He always kept us informed on the process, answered our questions quickly and completely, returned our calls promptly, and was **always kind, polite, professional, and respectful.** We would definitely work with Austin again. He is an asset to Richwood Bank!



## FINANCIAL LITERACY

# HELPING MORE PEOPLE BUILD STRONG FINANCIAL FUTURES

**Financial literacy is one of the most meaningful ways we invest in the long-term strength of our communities.**

By helping students, families, and community members build confidence with saving, budgeting, and financial decision-making, we empower people to create brighter financial futures.

In 2025, our team continued expanding these efforts through classroom programs, community presentations, and our partnership with the Banzai financial education platform—reaching thousands across the communities we proudly serve.

### **Banzai Sponsor Schools:**

- Big Walnut High School
- Buckeye Valley Local High School
- Catholic Central
- Central Ohio Youth Center
- Cliff Park High School
- Delaware Area Career Center North Campus
- Delaware Area Career Center South Campus
- Elgin Middle/High School
- Emmanuel Christian Academy
- Fairbanks High School
- Global Impact Stem Academy
- Greenon High School
- Guiding Shepherd Christian School
- Jonathan Alder High School
- Keifer Academy - School Of Innovation
- Logan County Job and Family Services
- London High School
- Madison Plains High School
- Marysville Early College High School
- Marysville High School
- McCarren Homeschool
- North Union High School
- Northeastern High School
- Northwestern Junior/Senior High School
- Olentangy High School
- Olentangy Liberty High School
- Olentangy Orange High School
- Rutherford B. Hayes High School
- Shekinah Christian School
- Southeastern High School
- Springfield Clark County
- Tecumseh High School
- The Dome
- The Ridgewood School
- Tolles Career & Technical Center
- Tri-Rivers Career Center
- Triad High School
- Union County Juvenile Treatment Court
- West Liberty-Salem Middle/High School
- West Liberty

## 2025 RESULTS:

- 63 Events
- 2917 Total Attendance (991 in 2024)
- Top Topics:
  - Saving, Budgeting, Debt
  - Scams & Fraud
  - Investing
- 2040 Banzai workbooks ordered
- 470 students signed up to complete the Banzai online curriculum
- 1286 hours students spent on Banzai

### **ADDITIONAL SCHOOL PRESENTATIONS AND EVENTS:**

- Benjamin Logan High School
- Indian Lake High School
- Springfield High School
- Riverside High School
- Bellefontaine High School
- Buckeye Valley Middle School
- Woodward Elementary School
- GEC School
- Trinity Lutheran School
- Mill Valley Elementary
- Edgewood Elementary
- Conger Elementary

### **NONPROFITS:**

- Plain City Valley Senior Center
- Graceworks Housing Services
- Logan County Senior Center (Friendly Center)
- Big Brothers Big Sisters
- DNA
- Thriving Together
- Delaware County Reentry
- Union County Drug Courts
- Safe Harbor

HONORING OUR

# AGRICULTURAL ROOTS

Each year, we host our Annual Farmer's Breakfast – a tradition that reflects where we began and who we proudly continue to serve.

For generations, farm families have trusted us to stand beside them through changing markets, advancing technology, and generational transitions. As Richwood Bank grows, we remain grounded in the relationships that shaped us. The resilience, work ethic, and long-term perspective of our agricultural customers mirror the way we approach banking.

This event reflects our DIAMONDS value to **Seek Knowledge**, bringing meaningful insights to our farm customers and equipping them to make informed decisions for their operations and their families.

The gathering also creates space for connection – an opportunity to network, share experiences, and learn from one another – reinforcing the trust and mutual respect that define our agricultural relationships.

As we look ahead, we remain committed to supporting the farmers who feed, fuel, and strengthen the communities we serve.



Very kind, professional, and helpful to clients small and large. **They're a true community bank!**



Richwood Bank is **EVERYTHING a small town bank should be**. We are so thankful that we have a branch in Huntsville!!!



# TREASURY MANAGEMENT

## HELPING BUSINESSES RUN SMARTER.

Led by **Carlee**, and supported by **Anna, Rachel, and Rachael**, our Treasury Management Support team partners closely with business customers to simplify operations and strengthen financial controls.

From **Business Online Banking and ACH Manager to Positive Pay, Wire Manager, Digital Deposit, Merchant Services, Smart Safes, and Retail Lockbox**, this team delivers the tools that help businesses manage cash flow, reduce fraud risk, and operate more efficiently.

Their work does more than support transactions — it deepens relationships, drives fee income, and positions Richwood as a trusted financial partner for businesses across our communities.

Because when local businesses thrive, our communities — and our bank — thrive with them.



**Carlee Lowry**  
Treasury Management  
Support Manager



**Anna Lipps**  
Treasury Management  
Support Representative



**Rachael DeRossett**  
Treasury Management  
Support Representative



**Rachael Bishop**  
Treasury Management  
Support Representative

# DEVELOPMENT TEAM

## STRENGTHENING KEY RELATIONSHIPS. EXPANDING OPPORTUNITY.

Under the leadership of **Emily, Director of Treasury Management and Public Funds**, and supported by **Development Officers Bethany and Doug**, this team focuses on serving some of Richwood's largest and most complex relationships — including municipal and public fund clients.

They provide high-touch, personalized service while ensuring these organizations have the right treasury solutions, safeguards, and support in place. At the same time, they actively cultivate new relationships within their markets, expanding Richwood's presence and reinforcing our reputation as a trusted financial partner.

Their work strengthens long-term deposit relationships, drives strategic growth, and positions Richwood Bank as a leading resource for public and community-focused organizations.



**Emily Davis**  
Director of Treasury Management  
and Public Funds

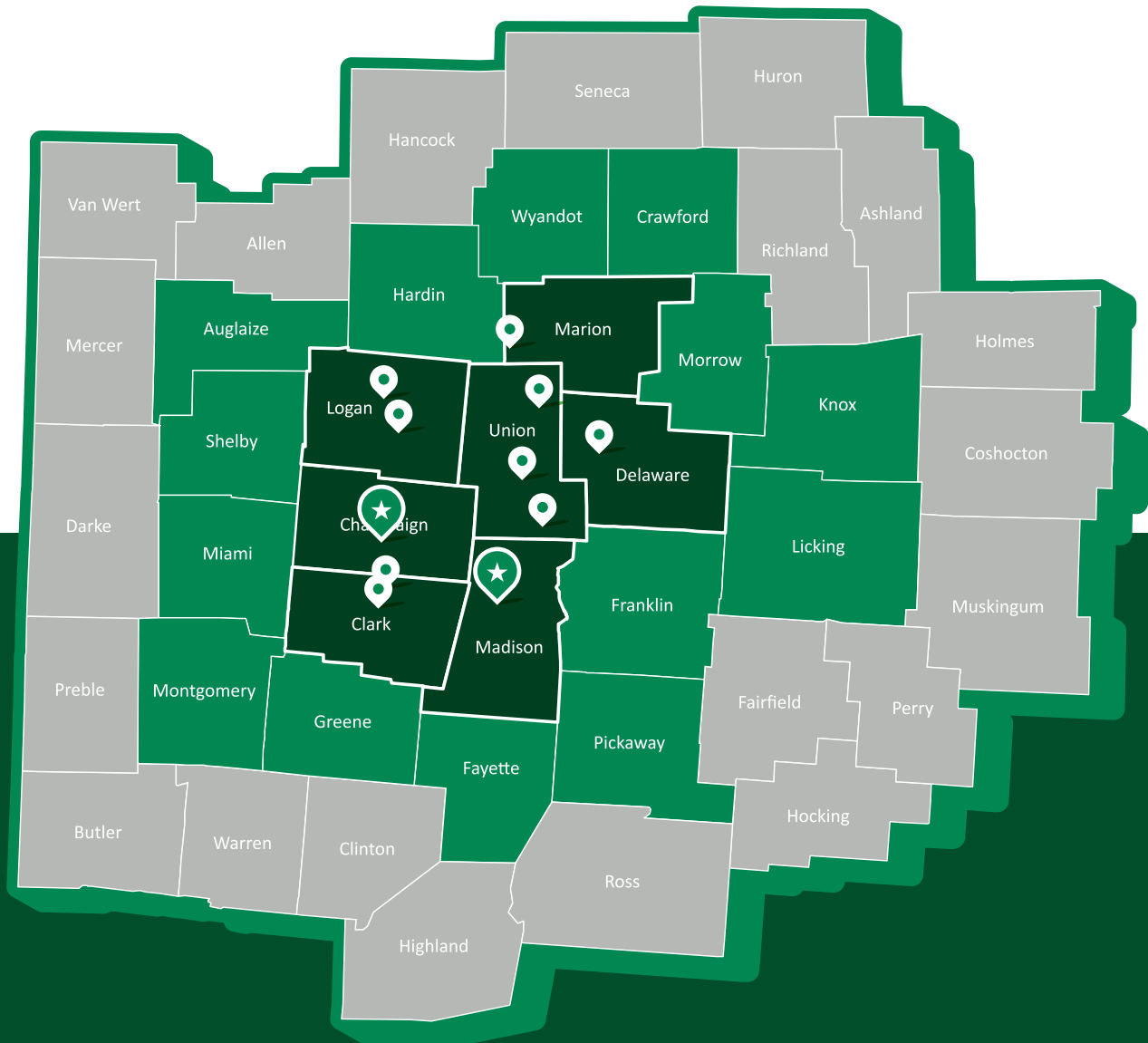


**Bethany Watts**  
Regional Business  
Development Manager



**Doug Wilson**  
Delaware County  
Development Officer

For nearly 160 years, Richwood Bank has been more than a place to bank – we've been a partner in growth. As this region continues to expand, so does our influence. Customers across a broad area are choosing Richwood not because we're the closest bank, but because they believe in what we stand for – community, partnership, and trust.



When you hit hardships in life, **Richwood is the kind of bank that shows up.** Becky [Hoffman] cared about what was happening in our lives. She made me feel like I mattered when I needed that most.



**- Bethany South**

*Owner at La Playa  
Cocina & Cantina,  
Indian Lake*

# LOCATIONS



## RICHWOOD

28 North Franklin Street  
Richwood, OH 43344



## PLAIN CITY

601 West Main Street  
Plain City, OH 43064



## MARYSVILLE

250 East Fifth Street  
Marysville, OH 43040



## LARUE

26 South High Street  
LaRue, OH 43332



## HUNTSVILLE

4848 Napoleon Street  
Huntsville, OH 43324



## DELAWARE

1512 West William Street  
Delaware, OH 43015



## SPRINGFIELD

2454 North Limestone Street  
Springfield, OH 45503



## SPRINGFIELD DOWNTOWN

63 West Main Street  
Springfield, OH 45502



## BELLEFONTAINE

120 East Sandusky Avenue  
Bellefontaine, OH 43311





**RICHWOOD**  
BANK

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WWW.RICHWOODBANK.COM  
1.888.943.2317

