

JTNB Bancorp, Inc.



A Bank Holding Company for

JTNB
Jim Thorpe Neighborhood Bank

170th Anniversary
Since 1855

2025 Annual Report

★ **AMAZING AMERICA** ★ **250** ★

CELEBRATING FROM NEIGHBORHOOD TO NATION

JTNB Bancorp, Inc.

Board of Directors and Principal Officers

Ronald J. Sheehan
Chairman

Craig A. Zurn
President & CEO

William P. Gardiner
Vice Chairman

Joseph T. Svetik
Treasurer

Joseph F. Arieta
Secretary

Dwight D. Eisenhower
Director

Harry W. Hintz
Director

Kim R. Roberti
Director

Jim Thorpe Neighborhood Bank

Executive Officers

Craig A. Zurn

President & CEO

Ronald J. Sheehan

Executive Vice President & Financial Officer

Officers & Senior Management

Amy L. Behrens

Executive Assistant

Sarah A. Smith

Vice President / Compliance Officer & Deposit Processing Manager

Mary C. Marzen

Credit Administration Officer

James Lordi

Vice President of Operations & ISO Officer

Jennifer C. Karnish

Vice President & Controller

Richard Kistner

Vice President of Commercial Lending & Business Development Officer

Karen M. Vasiliou

Human Resource Officer & Administrative Assistant

Tawny Delich

Assistant Vice President of Branch & Deposit Operations

Transfer Agent & Registrar

Computershare
150 Royall Street, Suite 101
Canton, MA 02021
www.computershare.com

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held on
Wednesday, May 13, 2026 at 10:00 a.m. Eastern Time
at The Inn at Jim Thorpe, Broadway Underground,
24 Broadway, Jim Thorpe Pennsylvania 18229

JTNB Bancorp, Inc.

12 Broadway
Jim Thorpe, PA 18229

April 2026

To Our Shareholders:

On behalf of the Board of Directors, Officers, and Employees, I am pleased to report on the continued strength and progress of your community bank. The accompanying financial statements reflect the solid performance of Jim Thorpe Neighborhood Bank and our ongoing commitment to delivering consistent growth and positive financial results. We remain proud to uphold our tradition as a strong, independent community bank dedicated to providing exceptional service to the communities we serve.

Financial Snapshot

Net income for the year ended December 31, 2025, totaled \$2,124,000, or \$2.27 per share—an **increase of 19.7% over the prior year**. This growth was primarily driven by higher total interest income, lower interest expense, and an overall increase in net interest income.

Total assets as of December 31, 2025, were \$260.4 million, a slight decrease of \$0.5 million (0.2%), while deposits totaled \$237.3 million, down \$4.6 million (1.9%). These modest declines were largely attributable to the cyclical nature of public fund deposits.

Shareholders' equity increased to \$22.1 million, up \$4.0 million (22.1%) from the prior year. This growth reflects higher retained earnings and an improvement in accumulated other comprehensive income, including a reduction in unrealized losses within the investment portfolio.

Net loans outstanding totaled \$123.7 million, a decrease of \$2.6 million (2.1%), primarily due to scheduled payoffs of municipal loans. This decline was partially offset by continued growth in residential and commercial mortgage lending. While some institutions curtailed lending amid funding challenges, JTNB maintained strong liquidity, enabling us to meet customer needs and pursue market opportunities.

Investment securities increased to \$90.4 million, up \$3.2 million (3.7%), driven by new purchases. Cash and cash equivalents totaled \$36.7 million, a slight decrease of \$0.7 million (1.9%). The Bank had no borrowed funds at year-end 2025 or 2024.

Non-accrual loans remained at \$0, representing 0.00% of total loans, underscoring the strength of our credit quality. Despite ongoing economic challenges, our disciplined underwriting standards and sound business practices continue to support a high-performing loan portfolio.

Dividends paid in 2025 totaled \$0.60 per share, including a \$0.55 regular dividend and a **\$0.05 special dividend**, representing an approximate yield of 3.68%. This reflects an **11.1% increase** over the prior year's regular dividend of \$0.54 per share. Our conservative and disciplined approach allows us to deliver strong shareholder returns while preserving capital.

Jim Thorpe Neighborhood Bank remains safe, sound, and well-capitalized, exceeding all regulatory requirements. Tier 1 capital to average assets was 9.60%, and total capital to risk-weighted assets was 21.84%, well above the regulatory thresholds of 5.00% and 10.00%, respectively.

Customer Experience & Technology Investments

Our business is built on an unwavering commitment to customer satisfaction. As the banking industry continues to evolve, success will increasingly depend on the effective use of technology and the ability—especially among community banks—to adapt to changing customer expectations. JTNB remains committed to investing in innovative technologies and enhanced products to ensure we continue delivering superior service and convenience to our customers. Look for many of these projects to be implemented this year.

Achievements & Community Commitment

This has been a truly celebratory year for JTNB, highlighted by a significant milestone—**our 170th anniversary as a community bank**. We are also proud to have once again earned a **5-Star Superior Rating** from BauerFinancial, the nation’s premier bank rating firm. This achievement marks our 146th consecutive quarter receiving a 4- or 5-Star rating, reflecting our ongoing strength in key areas such as capital, asset quality, and profitability.

In addition, JTNB was honored by The Institute for Extraordinary Banking with two prestigious awards. **We received the Banky™ Award**, a national recognition reserved for high-performing community banks that demonstrate extraordinary impact. We were also recognized with the **Thank God It’s Monday!™ Culture Banky™ Award**, highlighting our strong organizational culture and employee engagement. These accomplishments will be further detailed in the upcoming annual shareholder letter.

As a true community bank, we take great pride in reinvesting in the communities we serve. We actively encourage and support employee involvement through volunteerism and local engagement. Over the past year, we provided financial support to more than 200 organizations, benefiting seniors, veterans, youth programs, churches, community events, as well as educational and healthcare institutions. JTNB continues to be recognized as a trusted and responsible corporate citizen, and our employees take great pride in making a meaningful difference.

With Gratitude and Appreciation

In May, we will recognize the retirement of **Mr. Harry W. Hintz** after more than 53 years of dedicated service as a member of the Board of Directors. In acknowledgment of his invaluable contributions and longstanding commitment to JTNB, the Board will appoint him Director Emeritus. We extend our deepest gratitude for his years of leadership and service.

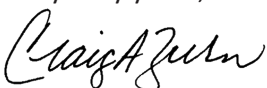
Final Thoughts

JTNB remains firmly grounded in its community banking philosophy and conservative financial principles—values that have guided our success for more than 170 years. I am proud of the dedication of our team and the strong results achieved this past year. Managing a successful community bank requires ongoing focus and discipline, and each year we strive to enhance shareholder value while meeting the needs of our customers, employees, and communities. We believe 2025 was a successful year on all fronts.

The annual meeting of JTNB Bancorp, Inc. will be held on Wednesday, May 13, 2026, at 10:00 a.m. at The Inn at Jim Thorpe, located at 24 Broadway, Jim Thorpe, in the Broadway Underground Meeting Room. Light refreshments will be served beginning at 9:30 a.m.

On behalf of the Board of Directors, thank you for your continued support and confidence. We look forward to the year ahead.

Very truly yours,



Craig A. Zurn
Chief Executive Officer



5-Star Jim Thorpe Neighborhood Bank Meeting Today's Needs; Anticipating Tomorrow's

Jim Thorpe, Pennsylvania – March 2026: BauerFinancial, Inc., the Nation's Premier Bank Rating Firm would like to congratulate **Jim Thorpe Neighborhood Bank, Jim Thorpe, PA** for earning its highest **5-Star Superior Rating**. This latest rating was assigned in March 2026, based on December 31, 2025 financial data, and signifies that Jim Thorpe Neighborhood Bank continues to be one of the strongest banks in the nation. **This marks the 146th consecutive quarter that Jim Thorpe Neighborhood Bank has earned a recommended rating (5-Stars or 4-Stars) from the rating firm.**

“Community banks like Jim Thorpe Neighborhood Bank are perfectly positioned to provide the specialized support that is unique to their area”, observes **Karen Dorway, president** of BauerFinancial. “These banks promote local growth by investing back into the same neighborhoods their deposits come from. By fostering these local relationships, they are highly supportive of, and accountable to, their customers. This, in turn, allows them to anticipate new needs and desires and get the wheels in motion to satisfy those as well.”

Since its inception in 1855, Jim Thorpe Neighborhood Bank has been meeting the specific needs of the people in the communities it serves for 170 years. You can be proud to call Jim Thorpe Neighborhood Bank your bank.

Jim Thorpe Neighborhood Bank: “A Real Community Bank®”

www.jtnb.com



Bank and Credit Union data compiled from financial data for the period noted, as reported to federal regulators. The financial data obtained from these sources is consistently reliable, although; the accuracy and completeness of the data cannot be guaranteed by BauerFinancial, Inc. Since 1983, BauerFinancial has relied upon this data in its judgment and in rendering its opinion (e.g. determination of star ratings). BauerFinancial, Inc. is not a financial advisor; it is an independent bank research firm. No institution can pay for or opt out of a BauerFinancial rating. Star-ratings are all available for free at bauerfinancial.com.

BAUERFINANCIAL, INC. P.O. Box 143520, Coral Gables, FL 33114 ★ www.bauerfinancial.com

JTNB Bancorp, Inc. and Subsidiary

Consolidated Financial Statements

December 31, 2025 and 2024

JTNB Bancorp, Inc. and Subsidiary

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December 31, 2025 and 2024

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Independent Auditors' Report

To the Shareholders and Board of Directors of
JTNB Bancorp, Inc. and Subsidiary

Opinion

We have audited the consolidated financial statements of JTNB Bancorp, Inc. and Subsidiary (Corporation), 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Corporation 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 the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of 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 the Corporation'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the 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 the Corporation'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
March 31, 2026

JTNB Bancorp, Inc. and Subsidiary

Consolidated Balance Sheets

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and due from banks	\$ 10,101,210	\$ 9,779,722
Interest-bearing deposits with banks	26,644,790	27,577,391
Cash and cash equivalents	36,746,000	37,357,113
Securities available-for-sale, at fair value	26,775,373	29,467,916
Mortgage-backed securities available-for-sale, at fair value	63,609,536	57,731,759
Loans, net	123,744,270	126,319,881
Restricted equity securities	324,465	329,665
Bank-owned life insurance	4,397,196	4,293,200
Accrued interest receivable	716,857	706,993
Premises and equipment, net	1,347,300	1,349,332
Goodwill	861,746	861,746
Deferred income taxes, net	1,366,448	2,103,624
Other assets	489,533	356,689
Total assets	<u>\$ 260,378,724</u>	<u>\$ 260,877,918</u>
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Non-interest-bearing	\$ 59,701,370	\$ 62,022,576
Interest-bearing	177,587,802	179,892,772
Total deposits	237,289,172	241,915,348
Deferred Compensation Payable	-	13,655
Accrued Interest Payable	143,960	138,241
Other Liabilities	822,240	750,614
Total liabilities	<u>238,255,372</u>	<u>242,817,858</u>
Shareholders' Equity		
Common stock, par value \$0.334; 6,000,000 shares authorized; 951,557 shares issued in 2025 and 2024; 928,983 shares outstanding in 2025 and 944,363 in 2024	317,820	317,820
Additional paid-in capital	1,855,538	1,864,152
Retained earnings	24,912,301	23,340,734
Accumulated other comprehensive loss	(4,683,261)	(7,381,908)
Treasury stock, at cost (22,574 shares in 2025 and 7,194 shares in 2024)	(279,046)	(80,738)
Total shareholders' equity	<u>22,123,352</u>	<u>18,060,060</u>
Total liabilities and shareholders' equity	<u>\$ 260,378,724</u>	<u>\$ 260,877,918</u>

See notes to consolidated financial statements

JTNB Bancorp, Inc. and Subsidiary

Consolidated Statements of Income

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Interest Income		
Loans	\$ 6,382,706	\$ 5,891,098
Taxable investments	2,550,627	2,536,597
Tax-exempt investments	197,470	200,627
Deposits with banks	1,196,395	1,006,353
Total interest income	<u>10,327,198</u>	<u>9,634,675</u>
Interest Expense		
NOW and money market accounts	1,033,128	1,172,225
Savings accounts	52,558	51,688
Time deposits	1,567,967	1,559,025
Borrowings	38	48
Total interest expense	<u>2,653,691</u>	<u>2,782,986</u>
Net interest income before provision for credit losses	7,673,507	6,851,689
Provision for Credit Losses	-	-
Net interest income after provision for credit losses	<u>7,673,507</u>	<u>6,851,689</u>
Non-interest Income		
Service charges on deposit accounts	227,765	223,702
Other service charges and fees	372,929	391,589
Income on bank-owned life insurance	99,526	236,140
Gain on life insurance	-	7,513
Total non-interest income	<u>700,220</u>	<u>858,944</u>
Non-interest Expense		
Salaries and employee benefits	3,415,291	3,298,117
Data processing fees	325,685	316,312
Occupancy expense	281,129	262,910
Professional fees	251,505	273,214
Shares tax expense	158,901	144,913
Directors' fees and compensation expense	233,022	224,884
Computer software maintenance	210,778	202,445
Telecommunications expense	171,309	161,843
Furniture and equipment expense	108,063	104,991
FDIC assessment	110,000	115,000
Other operating expenses	556,239	515,715
Total non-interest expense	<u>5,821,922</u>	<u>5,620,344</u>
Income before income tax expense	2,551,805	2,090,289
Income Tax Expense	427,814	316,505
Net income	<u>\$ 2,123,991</u>	<u>\$ 1,773,784</u>
Earnings Per Share	<u>\$ 2.27</u>	<u>\$ 1.87</u>
Weighted Average Shares Outstanding	<u>935,739</u>	<u>946,908</u>

See notes to consolidated financial statements

JTNB Bancorp, Inc. and Subsidiary

Consolidated Statements of Comprehensive Income
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Net Income	\$ 2,123,991	\$ 1,773,784
Other Comprehensive Income (Loss)		
Unrealized holding gains (losses) on securities available-for-sale, net of tax expense (benefit) of \$717,361 in 2025 and (\$84,933) in 2024	<u>2,698,647</u>	<u>(319,510)</u>
Total other comprehensive income (loss)	<u>2,698,647</u>	<u>(319,510)</u>
Total comprehensive income	<u>\$ 4,822,638</u>	<u>\$ 1,454,274</u>

See notes to consolidated financial statements

JTNB Bancorp, Inc. and Subsidiary

Consolidated Statements of Shareholders' Equity
Years Ended December 31, 2025 and 2024

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance, January 1, 2024	\$ 317,820	\$ 1,873,907	\$ 22,078,247	\$ (7,062,398)	\$ (80,814)	\$ 17,126,762
Net income	-	-	1,773,784	-	-	1,773,784
Other comprehensive loss	-	-	-	(319,510)	-	(319,510)
Purchase of 18,470 shares	-	-	-	-	(195,434)	(195,434)
Sale of 13,500 shares	-	-	-	-	136,902	136,902
Issue of 3,238 shares through dividend reinvestment plan	-	(9,755)	-	-	58,608	48,853
Dividends declared (\$0.54 per share)	-	-	(511,297)	-	-	(511,297)
Balance, December 31, 2024	317,820	1,864,152	23,340,734	(7,381,908)	(80,738)	18,060,060
Net income	-	-	2,123,991	-	-	2,123,991
Other comprehensive income	-	-	-	2,698,647	-	2,698,647
Purchase of 23,824 shares	-	-	-	-	(321,152)	(321,152)
Sale of 5,500 shares	-	7,830	-	-	65,245	73,075
Issue of 2,944 shares through dividend reinvestment plan	-	(16,444)	-	-	57,599	41,155
Dividends declared (\$0.60 per share)	-	-	(552,424)	-	-	(552,424)
Balance, December 31, 2025	\$ 317,820	\$ 1,855,538	\$ 24,912,301	\$ (4,683,261)	\$ (279,046)	\$ 22,123,352

See notes to consolidated financial statements

JTNB Bancorp, Inc. and Subsidiary

Consolidated Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Net income	\$ 2,123,991	\$ 1,773,784
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	116,436	121,690
Net amortization of securities and loan fees and costs	104,794	60,168
Deferred compensation expense	(13,655)	(39,866)
Deferred income taxes	19,815	14,629
Gain on life insurance	-	(7,513)
Income on bank-owned life insurance	(99,526)	(236,140)
Net change in:		
Accrued interest receivable	(9,864)	20,312
Other assets	(132,844)	714,202
Deferred compensation payable	5,719	3,284
Other liabilities	28,050	22,169
Net cash provided by operating activities	<u>2,142,916</u>	<u>2,446,719</u>
Cash Flows From Investing Activities		
Purchases of securities available-for-sale	-	(4,998,140)
Proceeds from maturities, calls and principal repayments of securities available-for-sale	3,520,000	15,670,000
Purchases of mortgage-backed securities available-for-sale	(12,901,796)	(13,528,439)
Proceeds from principal repayments of mortgage-backed securities available-for-sale	9,535,287	8,072,867
Purchases of restricted stock	(5,300)	(4,000)
Proceeds from redemption of restricted equity securities	10,500	20,900
Proceeds from life insurance	-	426,915
Net (premiums paid) benefits received on bank-owned life insurance	(4,470)	3,882
Net change in loans	2,548,099	(5,747,721)
Purchases of premises and equipment	(114,403)	(73,914)
Net cash provided by (used in) investing activities	<u>2,587,917</u>	<u>(157,650)</u>
Cash Flows From Financing Activities		
Net (decrease) increase in deposits	(4,626,176)	11,757,872
Purchase of treasury stock	(321,152)	(195,434)
Sale of treasury stock	73,075	136,902
Dividends paid	(467,693)	(443,748)
Net cash (used in) provided by financing activities	<u>(5,341,946)</u>	<u>11,255,592</u>
Net (decrease) increase in cash and cash equivalents	(611,113)	13,544,661
Cash and Cash Equivalents, Beginning	<u>37,357,113</u>	<u>23,812,452</u>
Cash and Cash Equivalents, Ending	<u>\$ 36,746,000</u>	<u>\$ 37,357,113</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 2,647,972</u>	<u>\$ 2,779,702</u>
Income taxes paid	<u>\$ 405,000</u>	<u>\$ 305,000</u>

See notes to consolidated financial statements

JTNB Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of JTNB Bancorp, Inc. (Bancorp) and its wholly owned subsidiary, Jim Thorpe Neighborhood Bank (Bank), (collectively, the Corporation). All material intercompany transactions have been eliminated in consolidation.

Nature of Operations

The Corporation provides a full range of commercial banking services to individual and small business customers in Carbon County, Pennsylvania, and the surrounding counties. The Corporation's primary deposit products are demand deposits and interest-bearing time and savings accounts. It offers a full array of loan products to meet the needs of retail and commercial customers.

The Bank is subject to regulation by the Pennsylvania Department of Banking and Securities and its deposits are insured by the Federal Deposit Insurance Corporation. The Bancorp is subject to regulation by the Federal Reserve Board.

Significant Concentrations of Credit Risk

The Corporation grants loans to customers primarily in Carbon County and the surrounding counties of Pennsylvania. Although the Corporation has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on the economic conditions in its marketplace. The Corporation does not have any significant concentrations from one industry or borrower.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses, the valuation of investment securities and determination of credit losses thereon, and valuation of deferred tax assets.

Accounting Standard Adopted in 2025

In 2025, the Corporation adopted Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU No. 2023-09 enhances the transparency and decision usefulness of income tax disclosures. The amendments in this ASU require consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The amendments in this ASU were applied retrospectively. The adoption of ASU No. 2023-09 did not have a material effect on the results of operations, financial position or cash flows. See Footnote 7 for the updated income tax disclosures.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include amounts due from depository institutions and interest-bearing deposits with other banks with original maturities of less than 90 days. The Corporation maintained amounts due from banks that exceeded federally insured limits as of December 31, 2025. The Corporation has not experienced any losses in such accounts.

JTNB Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Securities and Mortgage-Backed Securities

Debt securities acquired with the intent and ability to hold to maturity are classified as securities held-to-maturity and reported at amortized cost. Debt securities not classified as held-to-maturity securities are classified as securities available-for-sale and reported at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss).

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method. Declines in the fair value of securities below their costs that are deemed to be credit-related are reflected in earnings as realized losses.

Allowance for Credit Losses - Available-for-Sale Securities

For available-for-sale securities in an unrealized loss position, the Corporation first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For available-for-sale securities that do not meet the aforementioned criteria, the Corporation evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses (ACL) is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income (loss).

Changes in the allowance for credit losses are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management believes the uncollectability of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

The Corporation made a policy election to exclude accrued interest receivable from amortized cost basis of securities available-for-sale. Accrued interest receivable on available-for-sale securities, reported as a component of accrued interest receivable on the consolidated balance sheets, totaled \$374,946 at December 31, 2025 and \$368,041 at December 31, 2024 and is excluded from the estimate of credit losses.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at their outstanding unpaid principal balances, net of an allowance for credit losses and any deferred fees or costs. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield over the contractual life of the loan using the interest method.

The loans receivable portfolio is segmented into following classes: construction real estate, commercial real estate, residential real estate, commercial, other consumer and municipal loans. The segments of the Corporation's loan portfolio are disaggregated to a level that allows management to monitor risk and performance. Common risk characteristics include loan type, collateral type, and geographic location.

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Generally, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on nonaccrual status, unpaid interest is reversed against interest income. Interest received on nonaccrual loans, including substandard loans, is either applied against principal or reported as interest income, according to management's judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time (generally six months) and the ultimate collectability of the total contractual principal and interest is no longer in doubt. The past due status of all classes of loans receivable is determined based on contractual due dates for loan payments.

Allowance for Credit Losses - Loans

The allowance for credit losses is a valuation account that is recorded as a reduction of the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans are charged-off against the allowance when management believes the uncollectability of a loan balance is confirmed.

The allowance is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management performs a quarterly evaluation of the adequacy of the allowance. The allowance is estimated using relevant available information from both internal and external sources relating to past events (including the Corporation's past credit loss experience), current conditions, and reasonable and supportable forecasts.

The allowance for credit losses is measured on a collective (pool) basis when similar characteristics exist. The Corporation has identified the following portfolio segments and measures the allowance for credit losses using the SCALE method: construction real estate, commercial real estate, residential real estate, commercial, other consumer and municipal loans. These pools of loans are evaluated for loss exposure based upon historical loss rates for each of these categories of loans, adjusted for qualitative factors.

These qualitative risk factors include:

1. Delinquency trends
2. Volume trends concerning the portfolio and terms of loans
3. Changes to lending policies and procedures, including underwriting standards and collection, charge-off and recovery practices
4. Experience, ability, and depth of lending management and staff
5. National, regional, and local economic and business conditions as well as the condition of various market segments, including the value of underlying collateral for collateral dependent loans
6. Existence and effect of any concentrations of credit and changes in the level of such concentrations
7. Quality of the Corporation's loan review system, and the degree of oversight by the Corporation's Board of Directors
8. Collateral values
9. Effect of external factors, such as competition and legal and regulatory requirements

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The Corporation's ACL is calculated by collectively evaluating segmented pools of loans as well as individually evaluating loans. Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are also not included in the collective evaluation. When management determines that foreclosure is probable, or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. Loans that experience insignificant payment delays and payment shortfalls generally are not individually evaluated. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed.

The estimated fair values of substantially all of the Corporation's individually evaluated loans are measured based on the estimated fair value of the loan's collateral.

For loans secured by real estate, estimated fair values are determined primarily through third-party appraisals. When an individually evaluated loan is secured by real estate, a decision is made regarding whether an updated certified appraisal of the real estate is necessary. This decision is based on various considerations, including the age of the most recent appraisal, the loan-to-value ratio based on the original appraisal and the condition of the property. Appraised values are discounted, when necessary, to arrive at the estimated selling price of the collateral, which is considered to be the estimated fair value. The discounts also include estimated costs to sell the property.

For loans secured by nonreal estate collateral, such as accounts receivable, inventory and equipment, estimated fair values are determined based on the borrower's financial statements, inventory reports, accounts receivable agings, equipment appraisals, invoices or online pricing sources. Indications of value from these sources are generally discounted, as appropriate, based on the age of the financial information or the quality of the assets.

In addition, Federal and state regulatory agencies, as an integral part of their examination process, periodically review the Corporation's allowance for credit losses and may require the Corporation to recognize adjustments to the allowance based on their judgments about information available to them at the time of their examination, which may not be currently available to management at the time of their assessment. Based on management's comprehensive analysis of the loan portfolio, management believes the current level of the allowance for credit losses is adequate.

A reserve for unfunded loan commitments is provided for possible credit losses on off-balance sheet credit exposures. Off-balance sheet credit exposures primarily include undrawn portions of revolving lines of credit and standby letters of credit. The reserve for unfunded loan commitments represents management's estimate of losses inherent in its unfunded loan commitments and is recorded in other liabilities on the consolidated balance sheets.

The Corporation made a policy election to exclude accrued interest receivable from the amortized cost basis of loans. Accrued interest receivable on loans, reported as a component of accrued interest receivable on the consolidated balance sheets, totaled \$326,871 and \$321,992 at December 31, 2025 and 2024, respectively, and is excluded from the estimate of credit losses.

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Restricted Equity Securities

Restricted equity securities consist of investments in the Federal Home Loan Bank of Pittsburgh (FHLB), the Federal Reserve Bank of Philadelphia, and the Atlantic Community Bankers Bank. Investments in these entities are restricted and carried at cost.

Management considers whether these investments are impaired based on the ultimate recoverability of the cost basis rather than by recognizing temporary declines in value. Management believes no impairment has occurred related to these investments at December 31, 2025 and 2024.

Bank-Owned Life Insurance

The Corporation is the owner and beneficiary of bank-owned life insurance policies on certain employees. The life insurance investment is carried at the cash surrender value of the underlying policies. The increase in the cash surrender value is recognized as a component of non-interest income. The policies can be liquidated, if necessary, with tax costs associated. However, the Corporation intends to hold these policies and, accordingly, the Corporation has not provided for deferred income taxes on the earnings from the increase in cash surrender value.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the related assets, which range from 3 to 10 years for furniture and fixtures and 5 to 20 years for buildings and improvements. Expenditures for maintenance and repairs are charged to expense when incurred while costs of major additions and improvements are capitalized.

Goodwill

Goodwill resulting from business combinations is generally determined as the excess of the fair value of the consideration transferred over the fair value of the assets acquired and liabilities assumed as of the acquisition date. Goodwill has an indefinite useful life and is not amortized but tested for impairment at least annually or more frequently if events and circumstances exist that indicate that a goodwill impairment test should be performed. Based on the results of the annual impairment test as of October 31, 2025, the Corporation did not recognize any impairment in 2025 and 2024.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in other operating expenses.

The Corporation had no foreclosed assets at December 31, 2025 and 2024. Residential real estate loans in process of foreclosure was \$0 at December 31, 2025 and 2024.

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Self-Insurance

The Corporation is party to an agreement with its health insurance provider to supply coverage to its employees under a self-insurance arrangement. Under this arrangement, the Corporation is billed monthly by the provider to pay claims. To limit exposure under this arrangement, the Corporation obtained stop-loss coverage with a specific annual deductible of \$55,000 per covered participant and reimbursement of claims are unlimited per covered participant over a lifetime. The stop-loss coverage also provides reimbursement up to \$1,000,000 if total claims in the aggregate for the Corporation exceed approximately \$843,265 during a policy year. Expense under this arrangement was \$887,458 in 2025 and \$790,391 in 2024 and is included in salaries and employee benefits in the consolidated statements of income.

Benefit Plans

The Corporation has a profit-sharing plan which covers substantially all employees who have attained the age of twenty-one and have completed 1,000 hours of service. The amount of the contribution is determined annually by the Corporation's Board of Directors. Expense under this plan was \$91,440 in 2025 and \$91,204 in 2024 and is included in salaries and employee benefits in the consolidated statements of income.

The Corporation had a deferred compensation plan with a director providing supplemental retirement benefits. Income of \$1,378 in 2025 and expense of \$1,184 in 2024 related to this plan is included in directors' fees and compensation expense in the consolidated statements of income. The Corporation completed payments to the director during the year ended December 31, 2025. No liability exists for future payments at December 31, 2025.

Income Taxes

Income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Corporation determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities. Enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized. The Corporation recognizes interest and penalties on income taxes as a component of income tax expense.

Advertising Costs

Advertising costs are expensed as incurred and were \$66,883 in 2025 and \$68,103 in 2024. Amounts are included in other operating expenses in the consolidated statements of income.

Earnings per Share

Earnings per share is based on the weighted average shares of common stock outstanding. The Corporation currently maintains a simple capital structure; therefore, there are no dilutive effects on earnings per share.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) is comprised of unrealized gains (losses) on available-for-sale debt securities which are recognized as a separate component of equity, net of income taxes.

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Segments

Segments are components of a company that have discrete financial information available and are regularly evaluated by a chief operating decision maker (CODM) to assess performance and decide how resources are allocated. Substantially all of the Corporation's operations occur through the Bank and involve the delivery of loan and deposit products to customers. Management makes operating decisions and assesses performance based on an ongoing review of its banking operation, which constitutes the Corporation's only operating segment for financial reporting purposes. The Corporation's one reportable segment is determined by its Chief Executive Officer, who is designated the CODM, based upon information provided about the Corporation's products and services offered, primarily community banking operations. The Corporation's CODM manages business activities on a consolidated basis and uses consolidated net income, as reported on the consolidated statements of income, to evaluate financial performance, allocate resources, and monitor budget versus actuals. The competitive analysis along with the monitoring of budgeted versus actual results are used in assessing performance of the segment and in establishing management's compensation. The measure of segment assets is reported on the consolidated balance sheets as total assets at December 31, 2025 and 2024.

Treasury Stock

Treasury stock is recorded at cost. The subsequent disposition or sale of the treasury stock is recorded using the average cost method.

Revenue Recognition

The Corporation recognizes revenue from various sources, including loans, investment securities, bank-owned life insurance, deposit accounts and sales of assets.

Interest income on loans is accrued on the unpaid principal balance and recorded daily. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method. Other loan fees, including late charges, are recognized as they occur.

Interest income on debt securities, including purchase premiums and discounts, is calculated using the interest method over the term of the securities. Dividends on equity securities are recorded when declared.

Earnings on bank-owned life insurance policies represent the increase in the cash surrender value of these policies as well as any gains resulting from settlement of the policies.

Non-interest income includes service charge, overdraft, and other deposit account fees, ATM and debit card interchange income, and other miscellaneous fees and income. Revenue is recognized when the Corporation's performance obligation is completed which is generally monthly for interchange and account service and maintenance fees or when a transaction has been completed, such as when an overdraft or an ATM transaction occurs. Other fees and income are generally transactional in nature and are recognized as they occur.

Gains or losses on sales of assets are generally recognized when the asset has been legally transferred to the buyer and the Corporation has no continuing involvement with the asset. The Corporation does not generally finance the purchase.

Subsequent Events

Subsequent events were evaluated through March 31, 2026, the date the consolidated financial statements were available to be issued.

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Future Accounting Standard

During November 2024 and January 2025, the FASB issued ASU No. 2024-03, *Disaggregation of Income Statement Expenses* and ASU No. 2025-01, *Clarifying the Effective Date*, respectively. ASU No. 2024-03 improves disclosures about a public business entity's expenses and addresses requests from investors for more detailed information about the types of expenses in commonly presented expense captions. ASU No. 2024-03, as clarified by ASU No. 2025-01, is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Corporation does not believe that the adoption of ASU No. 2024-03, as clarified by ASU No. 2025-01, will have a material effect on its results of operations, financial position and cash flows.

2. Securities

The amortized cost and fair values of securities are as follows at December 31:

	2025			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities available-for-sale:				
U.S. Treasury	\$ 3,996,571	\$ 13,359	\$ (4,695)	\$ 4,005,235
U.S. government agencies	1,000,000	72	-	1,000,072
Obligations of states and political subdivisions	22,893,633	1,925	(1,125,492)	21,770,066
Total	<u>\$ 27,890,204</u>	<u>\$ 15,356</u>	<u>\$ (1,130,187)</u>	<u>\$ 26,775,373</u>
Mortgage-backed securities available-for-sale:				
Government sponsored enterprises, residential	<u>\$ 68,422,884</u>	<u>\$ 363,154</u>	<u>\$ (5,176,502)</u>	<u>\$ 63,609,536</u>
	2024			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities available-for-sale:				
U.S. Treasury	\$ 5,492,142	\$ -	\$ (83,314)	\$ 5,408,828
U.S. government agencies	1,000,914	-	(15,171)	985,743
Obligations of states and political subdivisions	24,962,495	766	(1,889,916)	23,073,345
Total	<u>\$ 31,455,551</u>	<u>\$ 766</u>	<u>\$ (1,988,401)</u>	<u>\$ 29,467,916</u>
Mortgage-backed securities available-for-sale:				
Government sponsored enterprises, residential	<u>\$ 65,088,310</u>	<u>\$ 139,099</u>	<u>\$ (7,495,650)</u>	<u>\$ 57,731,759</u>

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The amortized cost and fair value of securities at December 31, 2025 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Available-for-Sale	
	Amortized Cost	Fair Value
Due within 1 year	\$ 2,307,777	\$ 2,303,824
Due after 1 but within 5 years	19,520,036	18,996,535
Due after 5 but within 10 years	4,858,762	4,513,832
Due after 10 years	1,203,629	961,182
	<u>\$ 27,890,204</u>	<u>\$ 26,775,373</u>
	Mortgage-Backed Securities Available-for-Sale	
	Amortized Cost	Fair Value
Due within 1 year	\$ -	\$ -
Due after 1 but within 5 years	1,974,301	1,891,600
Due after 5 but within 10 years	9,178,339	8,289,661
Due after 10 years	57,270,244	53,428,275
	<u>\$ 68,422,884</u>	<u>\$ 63,609,536</u>

Securities with a carrying amount of \$63,480,363 at December 31, 2025 and \$61,699,214 at December 31, 2024, were pledged to secure public deposits and for other purposes required or permitted by law.

In 2025 and 2024, there were no sales of securities available-for-sale or mortgage-backed securities available-for-sale.

The following tables present gross unrealized losses and fair value of investments aggregated by investment category and length of time that individual securities have been in a continuous loss position at December 31:

	2025					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities available-for-sale:						
U.S. Treasury	\$ -	\$ -	\$ 1,991,875	\$ (4,695)	\$ 1,991,875	\$ (4,695)
U.S. government agencies	-	-	-	-	-	-
Obligations of states and political subdivisions	612,478	(13,943)	18,078,925	(1,111,549)	18,691,403	(1,125,492)
	<u>612,478</u>	<u>(13,943)</u>	<u>20,070,800</u>	<u>(1,116,244)</u>	<u>20,683,278</u>	<u>(1,130,187)</u>
Mortgage-backed-securities available-for-sale:						
Government sponsored enterprises, residential	6,253,526	(20,767)	34,513,847	(5,155,735)	40,767,373	(5,176,502)
Total	<u>\$ 6,866,004</u>	<u>\$ (34,710)</u>	<u>\$ 54,584,647</u>	<u>\$ (6,271,979)</u>	<u>\$ 61,450,651</u>	<u>\$ (6,306,689)</u>

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	2024					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities available-for-sale:						
U.S. Treasury	\$ 3,916,562	\$ (80,269)	\$ 1,492,266	\$ (3,045)	\$ 5,408,828	\$ (83,314)
U.S. government agencies	985,743	(15,171)	-	-	985,743	(15,171)
Obligations of states and political subdivisions	2,714,320	(111,792)	19,251,520	(1,778,124)	21,965,840	(1,889,916)
	7,616,625	(207,232)	20,743,786	(1,781,169)	28,360,411	(1,988,401)
Mortgage-backed-securities available-for-sale:						
Government sponsored enterprises, residential	14,221,171	(230,786)	35,683,468	(7,264,864)	49,904,639	(7,495,650)
Total	<u>\$ 21,837,796</u>	<u>\$ (438,018)</u>	<u>\$ 56,427,254</u>	<u>\$ (9,046,033)</u>	<u>\$ 78,265,050</u>	<u>\$ (9,484,051)</u>

At December 31, 2025, 85 securities totaling \$61.5 million were in an unrealized loss position. The individual losses ranged from \$74 to \$946 thousand and the total gross unrealized loss was \$6.3 million at December 31, 2025. The primary driver behind the market value changes of these securities relate to various changes in interest rates. At December 31, 2025, there were 81 securities totaling \$6.3 million in an unrealized loss position more than 12 months. The primary reason these securities have unrealized losses relates to their original purchase date and the interest rate/spreads that was in effect at that date. There has been no material negative change in credit issues in the portfolio. All securities have the explicit or implicit guarantee of the U. S. Government or relate to obligations of states and political subdivisions. The Corporation has performed an analysis of these securities as summarized in the "Allowance for Credit Losses on Available for Sale Securities" accounting policy. Management believes that unrealized losses are temporary in nature and are a result of the current interest rate environment and not a reflection of credit quality. There was no allowance for credit loss on securities recorded as of December 31, 2025 and 2024.

3. Loans, Net

The Corporation's loan portfolio is segmented to enable management to monitor risk and performance. The loans receivable portfolio was aligned into the following segments: Real Estate (including construction, commercial and residential), commercial, other consumer and municipal loans.

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The composition of the Corporation's loan portfolio less net deferred loan fees and costs at December 31, 2025 is as follows:

Construction real estate	\$ 690,507
Commercial real estate	53,474,303
Residential real estate	54,325,102
Commercial	1,847,952
Other consumer	3,014,815
Municipal loans	<u>11,718,756</u>
 Total loans	 125,071,435
 Allowance for credit losses	 <u>(1,327,165)</u>
 Net loans	 <u><u>\$ 123,744,270</u></u>

The composition of the Corporation's loan portfolio at December 31, 2024 is as follows:

Construction real estate	\$ 1,163,062
Commercial real estate	52,269,388
Residential real estate	53,044,920
Commercial	2,640,193
Other consumer	2,458,434
Municipal loans	<u>16,090,939</u>
 Total loans	 127,666,936
 Allowance for credit losses	 <u>(1,347,055)</u>
 Net loans	 <u><u>\$ 126,319,881</u></u>

The following tables present the activity in the allowance for credit losses by loan segment, segregated into the amount required for loans individually evaluated for impairment and the amount required for loans collectively evaluated for potential losses as of December 31:

	2025						
	Allowance for Credit Losses						
	<u>Beginning Balance</u>	<u>Charge-offs</u>	<u>Recoveries</u>	<u>Provisions (Credits)</u>	<u>Ending Balance</u>	<u>Ending Balance: Individually Evaluated for Impairment</u>	<u>Ending Balance: Collectively Evaluated for Impairment</u>
Construction real estate	\$ 23,284	\$ -	\$ -	\$ -	\$ 23,284	\$ -	\$ 23,284
Commercial real estate	605,924	-	-	-	605,924	-	605,924
Residential real estate	595,634	-	-	-	595,634	-	595,634
Commercial	48,819	(14,871)	300	-	34,248	-	34,248
Other consumer	48,378	(10,537)	5,218	-	43,059	-	43,059
Municipal loans	25,016	-	-	-	25,016	-	25,016
 Total	 <u>\$ 1,347,055</u>	 <u>\$ (25,408)</u>	 <u>\$ 5,518</u>	 <u>\$ -</u>	 <u>\$ 1,327,165</u>	 <u>\$ -</u>	 <u>\$ 1,327,165</u>

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	2024						
	Allowance for Credit Losses						
	Beginning Balance	Charge-offs	Recoveries	Provisions (Credits)	Ending Balance	Ending Balance: Individually Evaluated for Impairment	Ending Balance: Collectively Evaluated for Impairment
Construction real estate	\$ 23,284	\$ -	\$ -	\$ -	\$ 23,284	\$ -	\$ 23,284
Commercial real estate	605,924	-	-	-	605,924	-	605,924
Residential real estate	595,634	-	-	-	595,634	-	595,634
Commercial	48,819	-	-	-	48,819	-	48,819
Other consumer	51,920	(4,178)	636	-	48,378	-	48,378
Municipal loans	25,016	-	-	-	25,016	-	25,016
Total	<u>\$ 1,350,597</u>	<u>\$ (4,178)</u>	<u>\$ 636</u>	<u>\$ -</u>	<u>\$ 1,347,055</u>	<u>\$ -</u>	<u>\$ 1,347,055</u>

The following table presents the activity for a reserve for unfunded loan commitments which is provided for possible credit losses on off-balance sheet credit exposures. Off-balance sheet credit exposures primarily include undrawn portions of revolving lines of credit, commitments to originate loans and standby letters of credit. The reserve for unfunded lending commitments represents management's estimate of losses inherent in its unfunded loan commitments and is recorded in other liabilities on the consolidated balance sheets.

	Beginning Balance at December 31, 2024	Provisions	Ending Balance at December 31, 2025
Unfunded commitment reserve	\$ 10,300	\$ -	\$ 10,300

	Beginning Balance at December 31, 2023	Provisions	Ending Balance at December 31, 2024
Unfunded commitment reserve	\$ 10,300	\$ -	\$ 10,300

The following tables summarize information in regard to loans that were individually evaluated for impairment as December 31:

	2025		
	Loans Receivable		
	Ending Balance	Ending Balance Individually Evaluated for Impairment	Ending Balance Collectively Evaluated for Impairment
Construction real estate	\$ 690,507	\$ -	\$ 690,507
Commercial real estate	53,474,303	725,023	52,749,280
Residential real estate	54,325,102	-	54,325,102
Commercial	1,847,952	-	1,847,952
Other consumer	3,014,815	-	3,014,815
Municipal loans	11,718,756	-	11,718,756
Total	<u>\$ 125,071,435</u>	<u>\$ 725,023</u>	<u>\$ 124,346,412</u>

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	2024		
	Loans Receivable		
	Ending Balance	Ending Balance Individually Evaluated for Impairment	Ending Balance Collectively Evaluated for Impairment
Construction real estate	\$ 1,163,062	\$ -	\$ 1,163,062
Commercial real estate	52,269,388	753,057	51,516,331
Residential real estate	53,044,920	3,461	53,041,459
Commercial	2,640,193	14,764	2,625,429
Other consumer	2,458,434	5,285	2,453,149
Municipal loans	16,090,939	-	16,090,939
Total	<u>\$ 127,666,936</u>	<u>\$ 776,567</u>	<u>\$ 126,890,369</u>

The following tables present nonaccrual loans by classes of the loan portfolio as of December 31:

	2025		
	Nonaccrual Loans With No Allowance	Nonaccrual Loans With an Allowance	Total Nonaccrual Loans
Commercial	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	2024		
	Nonaccrual Loans With No Allowance	Nonaccrual Loans With an Allowance	Total Nonaccrual Loans
Commercial	\$ 14,764	\$ -	\$ 14,764
Total	<u>\$ 14,764</u>	<u>\$ -</u>	<u>\$ 14,764</u>

The following tables detail the amortized cost of collateral dependent loans by class of loans as of December 31:

	2025	2024
Commercial real estate	\$ 725,023	\$ 753,057
Commercial	-	14,764
Residential real estate	-	3,461
Other consumer	-	5,285
Total	<u>\$ 725,023</u>	<u>\$ 776,567</u>

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The Corporation categorizes loans into risk rating categories. The borrower's overall financial condition, repayment sources, guarantors and value of collateral, if appropriate, are evaluated annually for commercial loans or when credit deficiencies arise, such as delinquent loan payments, for commercial and consumer loans. Credit quality risk ratings include regulatory classifications of special mention, substandard, doubtful, and loss. Loans classified as special mention have potential weaknesses that deserve management's close attention. If uncorrected, the potential weaknesses may result in deterioration of the repayment prospects. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They include loans that are inadequately protected by the current sound net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified as doubtful have all the weaknesses inherent in loans classified as substandard with the added characteristic that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable. Loans classified as a loss are considered uncollectible and are charged to the allowance for credit losses. Loans not criticized or classified are rated pass.

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The following tables present the classes of the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention and substandard within the Corporation's internal risk rating system as of December 31, 2025 and 2024 by year of origination:

	2025	2024	2023	2022	2021	Prior	Revolving	Total
As of December 31, 2025								
Construction real estate:								
Pass	\$ 23,746	\$ 42,616	\$ 64,691	\$ 406,159	\$ 133,029	\$ 20,266	\$ -	\$ 690,507
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total	23,746	42,616	64,691	406,159	133,029	20,266	-	690,507
2025 gross write offs	-	-	-	-	-	-	-	-
Commercial real estate:								
Pass	7,368,479	9,920,490	6,764,325	6,653,550	4,872,824	14,980,020	2,189,592	52,749,280
Special mention	-	-	-	725,023	-	-	-	-
Substandard	-	-	-	-	-	-	-	725,023
Total	7,368,479	9,920,490	6,764,325	7,378,573	4,872,824	14,980,020	2,189,592	53,474,303
2025 gross write offs	-	-	-	-	-	-	-	-
Residential real estate:								
Pass	7,110,080	6,158,573	6,183,224	6,166,789	6,639,626	20,966,201	1,100,609	54,325,102
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total	7,110,080	6,158,573	6,183,224	6,166,789	6,639,626	20,966,201	1,100,609	54,325,102
2025 gross write offs	-	-	-	-	-	-	-	-
Commercial:								
Pass	43,765	-	-	244,042	49,379	1,252,124	258,642	1,847,952
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total	43,765	-	-	244,042	49,379	1,252,124	258,642	1,847,952
2025 gross write offs	14,871	-	-	-	-	-	-	14,871
Other Consumer:								
Pass	1,370,343	748,244	499,920	128,667	140,964	107,475	19,202	3,014,815
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total	1,370,343	748,244	499,920	128,667	140,964	107,475	19,202	3,014,815
2025 gross write offs	10,537	-	-	-	-	-	-	10,537

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	2025	2024	2023	2022	2021	Prior	Revolving	Total
Municipal loans:								
Pass	\$ -	\$ -	\$ -	\$ -	\$ 6,874,399	\$ 4,844,357	\$ -	\$ 11,718,756
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total	-	-	-	-	6,874,399	4,844,357	-	11,718,756
2025 gross write offs	-	-	-	-	-	-	-	-
Total loans:								
Pass	15,916,413	16,869,923	13,512,160	13,599,207	18,710,221	42,170,443	3,568,045	124,346,412
Special mention	-	-	-	725,023	-	-	-	-
Substandard	-	-	-	-	-	-	-	725,023
Grand total	\$ 15,916,413	\$ 16,869,923	\$ 13,512,160	\$ 14,324,230	\$ 18,710,221	\$ 42,170,443	\$ 3,568,045	\$ 125,071,435
2025 gross write offs	\$ 25,408	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,408

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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Prior</u>	<u>Revolving</u>	<u>Total</u>
As of December 31, 2024							
Construction real estate:							
Pass	\$ 483,127	\$ 84,624	\$ 427,149	\$ 139,427	\$ 28,735	\$ -	\$ 1,163,062
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Total	<u>483,127</u>	<u>84,624</u>	<u>427,149</u>	<u>139,427</u>	<u>28,735</u>	<u>-</u>	<u>1,163,062</u>
2024 gross write offs	-	-	-	-	-	-	-
Commercial real estate:							
Pass	10,650,302	7,695,642	7,213,433	5,898,000	17,805,804	2,253,150	51,516,331
Special mention	-	-	-	-	-	-	-
Substandard	-	-	753,057	-	-	-	753,057
Total	<u>10,650,302</u>	<u>7,695,642</u>	<u>7,966,490</u>	<u>5,898,000</u>	<u>17,805,804</u>	<u>2,253,150</u>	<u>52,269,388</u>
2024 gross write offs	-	-	-	-	-	-	-
Residential real estate:							
Pass	5,974,461	6,713,408	7,009,790	7,355,505	24,654,362	1,333,933	53,041,459
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	3,461	-	3,461
Total	<u>5,974,461</u>	<u>6,713,408</u>	<u>7,009,790</u>	<u>7,355,505</u>	<u>24,657,823</u>	<u>1,333,933</u>	<u>53,044,920</u>
2024 gross write offs	-	-	-	-	-	-	-
Commercial:							
Pass	20,616	-	254,800	57,716	1,799,977	492,320	2,625,429
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	14,764	14,764
Total	<u>20,616</u>	<u>-</u>	<u>254,800</u>	<u>57,716</u>	<u>1,799,977</u>	<u>507,084</u>	<u>2,640,193</u>
2024 gross write offs	-	-	-	-	-	-	-
Other consumer:							
Pass	\$ 950,270	\$ 705,347	\$ 293,247	\$ 256,330	\$ 226,388	\$ 21,567	\$ 2,453,149
Special mention	-	-	-	-	-	-	-
Substandard	-	-	5,285	-	-	-	5,285
Total	<u>950,270</u>	<u>705,347</u>	<u>298,532</u>	<u>256,330</u>	<u>226,388</u>	<u>21,567</u>	<u>2,458,434</u>
2024 gross write offs	<u>4,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,178</u>
Municipal loans:							
Pass	-	1,735,356	-	8,726,668	5,628,915	-	16,090,939
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Total	<u>-</u>	<u>1,735,356</u>	<u>-</u>	<u>8,726,668</u>	<u>5,628,915</u>	<u>-</u>	<u>16,090,939</u>
2024 gross write offs	-	-	-	-	-	-	-
Total loans:							
Pass	18,078,776	16,934,377	15,198,419	22,433,646	50,144,181	4,100,970	126,890,369
Special mention	-	-	-	-	-	-	-
Substandard	-	-	758,342	-	3,461	14,764	776,567
Grand total	<u>\$ 18,078,776</u>	<u>\$ 16,934,377</u>	<u>\$ 15,956,761</u>	<u>\$ 22,433,646</u>	<u>\$ 50,147,642</u>	<u>\$ 4,115,734</u>	<u>\$ 127,666,936</u>
2024 gross write offs	<u>\$ 4,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,178</u>

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The performance and credit quality of the loan portfolio is also monitored by analyzing the age of the loans receivable as determined by the length of time a recorded payment is past due. The following tables present past due status of loans as of December 31:

	2025						
	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans Receivable	Loans Receivable > 90 Days and Accruing
Construction real estate	\$ -	\$ -	\$ -	\$ -	\$ 690,507	\$ 690,507	\$ -
Commercial real estate	197,115	-	-	197,115	53,277,188	53,474,303	-
Residential real estate	46,964	129,176	-	176,140	54,148,962	54,325,102	-
Commercial	-	-	-	-	1,847,952	1,847,952	-
Other consumer	-	-	-	-	3,014,815	3,014,815	-
Municipal loans	-	-	-	-	11,718,756	11,718,756	-
Total	\$ 244,079	\$ 129,176	\$ -	\$ 373,255	\$ 124,698,180	\$ 125,071,435	\$ -

	2024						
	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans Receivable	Loans Receivable > 90 Days and Accruing
Construction real estate	\$ -	\$ -	\$ -	\$ -	\$ 1,163,062	\$ 1,163,062	\$ -
Commercial real estate	233,443	-	-	233,443	52,035,945	52,269,388	-
Residential real estate	48,514	51,723	78,056	178,293	52,866,627	53,044,920	77,817
Commercial	-	14,764	-	14,764	2,625,429	2,640,193	-
Other consumer	4,526	-	5,285	9,811	2,448,623	2,458,434	5,285
Municipal loans	744,565	99,842	-	844,407	15,246,532	16,090,939	-
Total	\$ 1,031,048	\$ 166,329	\$ 83,341	\$ 1,280,718	\$ 126,386,218	\$ 127,666,936	\$ 83,102

In some cases, the Corporation may agree to modify or restructure the contractual terms of loans to borrowers experiencing financial difficulties. The Corporation may modify loans through rate reductions, extensions of maturity, interest only payments or payment modifications to better match the timing of cash flows due under the modified terms with the cash flows from the borrowers' operations. Loan modifications are intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. Loans so modified remain collectively evaluated for determination of expected credit losses, unless, during the process of evaluation, it is determined that the loan should be placed on nonaccrual status until the Corporation determines that future collection of principal and interest is reasonably assured or the loan is otherwise deemed to be collateral dependent. Any modifications of loans to borrowers experiencing financial difficulty that are classified as nonaccrual or are otherwise designated as collateral dependent are individually evaluated for determination of expected credit losses. The Corporation did not modify any loans to borrowers experiencing financial difficulties in 2025 or 2024.

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4. Premises and Equipment

The following summarizes premises and equipment at December 31:

	<u>2025</u>	<u>2024</u>
Land, buildings, and improvements	\$ 4,335,935	\$ 4,285,304
Furniture and fixtures	3,622,566	3,558,795
Total cost	7,958,501	7,844,099
Less accumulated depreciation	6,611,201	6,494,767
Net	<u>\$ 1,347,300</u>	<u>\$ 1,349,332</u>

5. Deposits

Interest-bearing deposits at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
NOW and money market accounts	\$ 77,325,632	\$ 80,538,964
Savings accounts	51,903,808	53,487,696
Time deposits	48,358,362	45,866,112
Total	<u>\$ 177,587,802</u>	<u>\$ 179,892,772</u>

Scheduled maturities of time deposits are as follows:

Years ending December 31:	
2026	\$ 43,535,330
2027	3,239,073
2028	613,589
2029	350,603
2030	619,767
Total	<u>\$ 48,358,362</u>

Time deposits that meet or exceed the FDIC insurance limit of \$250,000 at December 31, 2025 and 2024 were approximately \$13,956,000 and \$13,390,000, respectively.

6. Borrowings

The Corporation has a maximum borrowing capacity with the FHLB of \$70,865,130 at December 31, 2025, including a line of credit of \$35,600,000. There were no borrowings under this line of credit at December 31, 2025 and 2024. Advances are secured by certain mortgage loans.

At December 31, 2025 and 2024, the Corporation has no fixed rate advances outstanding with the FHLB.

The Corporation also has a \$4,000,000 unsecured line of credit agreement with the Atlantic Community Bankers Bank. There were no borrowings under this line of credit at December 31, 2025 and 2024.

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7. Income Taxes

Income before provision for income taxes consisted of the following:

	Year Ending December 31	
	2025	2024
United States	\$ 2,551,805	\$ 2,090,289
Total	\$ 2,551,805	\$ 2,090,289

The federal and state income tax provision (benefit) is summarized as follows:

	Year Ending December 31	
	2025	2024
Current:		
Federal	\$ 407,999	\$ 301,876
State and Local	-	-
Total current tax expense	407,999	301,876
Deferred:		
Federal	19,815	14,629
State and Local	-	-
Total deferred tax expense	19,815	14,629
Total		
Federal	427,814	316,505
State and Local	-	-
Total income tax expense	\$ 427,814	\$ 316,505

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Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating losses and tax credit carryforwards. The tax effects of significant items comprising the Corporation's deferred taxes are as follows:

	Year Ending December 31	
	2025	2024
Deferred Tax Assets:		
Deferred compensation and other accrued expenses	\$ 5,648	\$ 8,606
Allowance for credit losses and foreclosed assets	278,705	282,882
Premises and equipment	27,947	39,773
Net unrealized loss on securities available-for-sale	1,244,917	1,962,279
Other	-	22
Total deferred tax assets	<u>1,557,217</u>	<u>2,293,562</u>
Deferred Tax Liabilities:		
Limited partnership interest	1,394	1,121
Prepaid Deduction	8,408	7,851
Goodwill	180,967	180,966
Total deferred tax liabilities	<u>190,769</u>	<u>189,938</u>
Valuation allowance	-	-
Net deferred tax asset	<u>\$ 1,366,448</u>	<u>\$ 2,103,624</u>

The effective tax rate of the Corporation's provision for income taxes differs from the federal statutory rate as follows:

	Year Ending December 31			
	2025		2024	
	Amount	Percent	Amount	Percent
U.S. Federal Statutory Tax Rate	\$ 535,878	21.00 %	\$ 438,958	21.00 %
Nondeductible Items				
Tax Free Income, net of TEFRA	(93,665)	(3.67)	(74,106)	(3.55)
Income from investment in life insurance	(20,900)	(0.82)	(51,167)	(2.45)
Other	6,501	0.25	2,820	0.13
Total	<u>\$ 427,814</u>	<u>16.77 %</u>	<u>\$ 316,505</u>	<u>15.14 %</u>

The cash paid for income taxes (net of refunds) during the year was as follows:

	Year Ending December 31	
	2025	2024
Federal	\$ 405,000	\$ 305,000
State and Local:		
Pennsylvania*	-	-
Other	-	-
Total	<u>\$ 405,000</u>	<u>\$ 305,000</u>

* PA Bank Shares Tax is not an income tax, but a separate tax imposed on banks and trust companies based on their capital stock.

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8. Related-Party Transactions

The Corporation has granted loans to directors, principal officers, principal shareholders and their related interests. The following table summarizes activity in these loans:

	<u>2025</u>	<u>2024</u>
Balance, January 1	\$ 176,000	\$ 69,000
New loans	-	122,000
Repayments	(23,000)	(15,000)
Balance, December 31	<u>\$ 153,000</u>	<u>\$ 176,000</u>

At December 31, 2025 and 2024, deposits from related parties totaled \$1,809,185 and \$1,733,487, respectively.

9. Contingencies and Commitments

There are no material legal proceedings to which the Corporation is a party, except proceedings which arise in the normal course of business, which in the opinion of management, will not have a material effect on the consolidated financial statements of the Corporation.

10. Dividend Restrictions

Dividends can be paid by the Bancorp from its assets, which are mainly provided by dividends received from the Bank. The Bank is subject to certain restrictions on the dividends that it may declare without prior regulatory approval. The Pennsylvania Banking Code provides that cash dividends may be declared and paid only out of accumulated net earnings as defined. Cash dividends must be approved by the Federal Reserve Bank if the total of all cash dividends declared by the Bank in any calendar year, including the proposed cash dividend, exceeds the total of the Bank's net profit for that year plus its retained net profits from the preceding two years. Under this formula, the Bank can declare dividends to the Bancorp at December 31, 2025 equal to approximately \$3.9 million. In addition, dividends paid by the Bank to the Bancorp would be prohibited if the effect thereof would cause the Bank's capital to be reduced below applicable minimum capital requirements.

11. Regulatory Capital

The Bank is subject to regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weighting and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the maintenance of minimum amounts and ratios (set forth in the following tables) of total capital, Tier 1 capital (as defined in the regulations) and common equity Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets. A capital conservation buffer of 2.50%, comprised of common equity Tier 1 capital, is also established above the regulatory minimum capital requirements and must be maintained to avoid limitations on capital distributions. Management believes, as of December 31, 2025, that the Bank meets all capital adequacy requirements to which they are subject.

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As of December 31, 2025, the most recent notification from regulatory agencies categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum ratios as set forth in the following tables. There are no conditions or events since that notification that management believes have changed those categories. The Bank's actual capital amounts and ratios are as follows:

	2025					
	Actual		For Capital Adequacy Purposes		To be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)	\$ 27,274,704	21.84 %	\$ 9,991,840	≥ 8.0 %	\$ 12,489,800	≥ 10.0 %
Common equity Tier 1 (to risk-weighted assets)	25,937,839	20.77	5,620,410	≥ 4.5	8,118,370	≥ 6.5
Tier 1 capital (to risk-weighted assets)	25,937,839	20.77	7,493,880	≥ 6.0	9,991,840	≥ 8.0
Tier 1 capital (to average-assets)	25,937,839	9.60	10,810,600	≥ 4.0	13,513,250	≥ 5.0

	2024					
	Actual		For Capital Adequacy Purposes		To be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)	\$ 25,930,034	20.66 %	\$ 10,040,480	≥ 8.0 %	\$ 12,550,600	≥ 10.0 %
Common equity Tier 1 (to risk-weighted assets)	24,572,979	19.58	5,647,770	≥ 4.5	8,157,890	≥ 6.5
Tier 1 capital (to risk-weighted assets)	24,572,979	19.58	7,530,360	≥ 6.0	10,040,480	≥ 8.0
Tier 1 capital (to average-assets)	24,572,979	9.14	10,756,200	≥ 4.0	13,445,250	≥ 5.0

The Federal Reserve Bank has established capital guidelines for bank holding companies. These guidelines allow small bank holding companies, as defined, an exemption from regulatory capital requirements. The Bancorp meets the eligibility criteria and is exempt from regulatory capital requirements.

12. Fair Value Measurements and Fair Values of Financial Instruments

Fair value is defined as an exit price representing the amount that would be received to sell an asset or settle a liability in an orderly transaction between market participants. A three-level hierarchy exists for fair value measurements based upon the inputs to the valuation of an asset or liability.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities;

Level 2 - Valuation is determined from quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument; and

Level 3 - Valuation is derived from model-based and other techniques in which at least one significant input is unobservable, and which may be based on the Corporation's own estimates about the assumptions that a market participant would use to value the asset or liability.

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An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following table sets forth the Corporation's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy:

	2025			
	Total	Level 1	Level 2	Level 3
Securities available-for-sale:				
U.S. Treasury	\$ 4,005,235	\$ -	\$ 4,005,235	\$ -
U.S. government agencies	1,000,072	-	1,000,072	-
Obligations of states and political subdivisions	21,770,066	-	21,770,066	-
Mortgage-backed securities available-for-sale	63,609,536	-	63,609,536	-
	<u>\$ 90,384,909</u>	<u>\$ -</u>	<u>\$ 90,384,909</u>	<u>\$ -</u>
	2024			
	Total	Level 1	Level 2	Level 3
Securities available-for-sale:				
U.S. Treasury	\$ 5,408,828	\$ -	\$ 5,408,828	\$ -
U.S. government agencies	985,743	-	985,743	-
Obligations of states and political subdivisions	23,073,345	-	23,073,345	-
Mortgage-backed securities available-for-sale	57,731,759	-	57,731,759	-
	<u>\$ 87,199,675</u>	<u>\$ -</u>	<u>\$ 87,199,675</u>	<u>\$ -</u>

For financial assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2025 and 2024 are as follows:

	2025			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Loans individually evaluated for credit loss	\$ 725,023	\$ -	\$ -	\$ 725,023

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	2024			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Loans individually evaluated for credit loss	\$ 776,567	\$ -	\$ -	\$ 776,567

Quantitative information about Level 3 fair value measurements at December 31, 2025 and 2024 is included in the table below:

	2025			
	Quantitative Information About Level 3 Fair Value Measurements			
	Fair Value Estimate	Valuation Techniques	Unobservable Inputs	Estimated Range
Loans individually evaluated for credit loss	\$ 725,023	Appraisal of collateral	Appraisal adjustments	5-15%
			Liquidation expenses	5-15%

	2024			
	Quantitative Information About Level 3 Fair Value Measurements			
	Fair Value Estimate	Valuation Techniques	Unobservable Inputs	Estimated Range
Loans individually evaluated for credit loss	\$ 776,567	Appraisal of collateral	Appraisal adjustments	5-15%
			Liquidation expenses	5-15%

In addition to the disclosures of financial instruments recorded at fair value, GAAP requires the disclosure of the estimated fair value of all the Corporation's financial instruments. The majority of the Corporation's assets and liabilities are considered financial instruments. However, many of these instruments lack an available market. In addition, the Corporation's general practice and intent is to hold its financial instruments to maturity. The Corporation has considered the fair value measurement criteria as required under the accounting standard relating to fair value measurement as noted above. Fair value estimates have been determined based on the methodologies management considers most appropriate for each financial instrument.

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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

The following are the carrying amounts and estimated fair values of the Corporation's financial instruments as of December 31 (in thousands):

	2025				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and due from banks	\$ 10,101	\$ 10,101	\$ 10,101	\$ -	\$ -
Interest-bearing deposits with banks	26,645	26,645	26,645	-	-
Investment securities	90,385	90,385	-	90,385	-
Loans, net	123,744	116,675	-	-	116,675
Restricted stock	324	324	-	324	-
Accrued interest receivable	717	717	-	717	-
Financial liabilities:					
Deposits	237,289	214,103	-	214,103	-
Accrued interest payable	144	144	-	144	-
2024					
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and due from banks	\$ 9,780	\$ 9,780	\$ 9,780	\$ -	\$ -
Interest-bearing deposits with banks	27,577	27,577	27,577	-	-
Investment securities	87,200	87,200	-	87,200	-
Loans, net	126,320	118,572	-	-	118,572
Restricted stock	330	330	-	330	-
Accrued interest receivable	707	707	-	707	-
Financial liabilities:					
Deposits	241,915	213,432	-	213,432	-
Accrued interest payable	138	138	-	138	-

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

All investment securities are measured at fair value using quoted prices from an independent third party that provide valuation services, such as matrix pricing, for similar assets, with similar terms in actively traded markets.

13. Financial Instruments With Off-Balance-Sheet Risk

The Corporation is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The Corporation's exposure to credit loss is represented by the contractual amounts of these commitments. The Corporation follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

JTNB Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Unfunded commitments under lines of credit are commitments for possible future extensions of credit to existing customers. These lines of credit may or may not be collateralized and usually contain a specified maturity date and may not be drawn upon to the total extent to which the Corporation is committed.

Standby letters of credit written are conditional commitments issued by the Corporation to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans.

To reduce credit risk related to the use of credit-related financial instruments, the Corporation might deem it necessary to obtain collateral. The amount and nature of the collateral obtained is based on the Corporation's credit evaluation of the customer. Collateral held varies but may include cash, securities, accounts receivable, inventory, property, plant and equipment and real estate. The Corporation has not incurred any losses on its commitments in either 2025 or 2024.

Financial instruments whose contract amount represents credit risk were as follows:

	<u>2025</u>	<u>2024</u>
Commitments to extend credit	\$ 17,890,000	\$ 18,080,000
Standby letters of credit	19,000	19,000

Jim Thorpe Neighborhood Bank

Named Among America's Top Extraordinary Banks

Jim Thorpe Neighborhood Bank was named one of the nation's most extraordinary banks by The Institute for Extraordinary Banking on September 25, 2025 in Atlanta, Georgia.

The bank was honored with the prestigious **Banky™ Award**, a national recognition reserved for the strongest community banks that consistently deliver extraordinary impact. This award helps individuals and businesses identify the very best banks committed to serving and strengthening their local communities.

In addition, the bank also received the prestigious **Thank God It's Monday!™ Culture Banky™ Award** for demonstration of creating a culture where people bring their best selves to work to make an impact on their customers and communities. The award is the top culture award as judged by a panel of industry experts whose scores were combined with the bank's scores from a validated culture survey.

Accepting the awards were JTNB President/CEO Craig A. Zurn, Chairman of the Board of Directors Ronald J. Sheehan, Executive Assistant Amy Behrens, and HR Officer/Administrative Assistant Karen Vasiliou.



Roxanne Emmerich, Founder and Chair, The Institute for Extraordinary Banking™ and Jim Thorpe Neighborhood Bank President/CEO Craig A. Zurn



From left are Craig A. Zurn; Roxanne Emmerich; Amy Behrens; Karen Vasiliou; and Ronald J. Sheehan.



www.jtnb.com



1855

First Chartered Bank in Carbon County, Mauch Chunk Bank.

(The current site of the Broadway Office, formerly operated as the Savings Shoppe.)

1863

First National Bank of Mauch Chunk was organized and a new building was erected.

1902

After four decades as a prosperous bank, it consolidates with the Linderman National Bank.

1955

Mauch Chunk National Bank consolidates with Citizens National Bank of East Mauch Chunk and forms the Jim Thorpe National Bank.



**170
YEAR
STORY**

2013

JTNB converts to a State-Chartered Bank and becomes the Jim Thorpe Neighborhood Bank.

2011

A building is purchased in Lansford and the Coaldale Office is relocated.

2009

JTNB acquires the Nesquehoning Savings Bank with two offices located in Nesquehoning and Coaldale.

2001

A building is purchased and an office is opened on Fourth Street, Lehighton.

1988

Jim Thorpe National Bank becomes a subsidiary company of the newly incorporated JTNB Bancorp, Inc.

1989

A new branch office is erected in Penn Forest Township.

*“Giving back and doing right
by our customers and communities
is at the heart of what
community banking is all about!”*

*It is one of the core values that
we proudly wear on our sleeves.”*

~ Craig A. Zurn
CEO & President



www.jtnb.com
Member FDIC

Jim Thorpe
Lehighton
Nesquehoning
Lansford
Penn Forest Township