

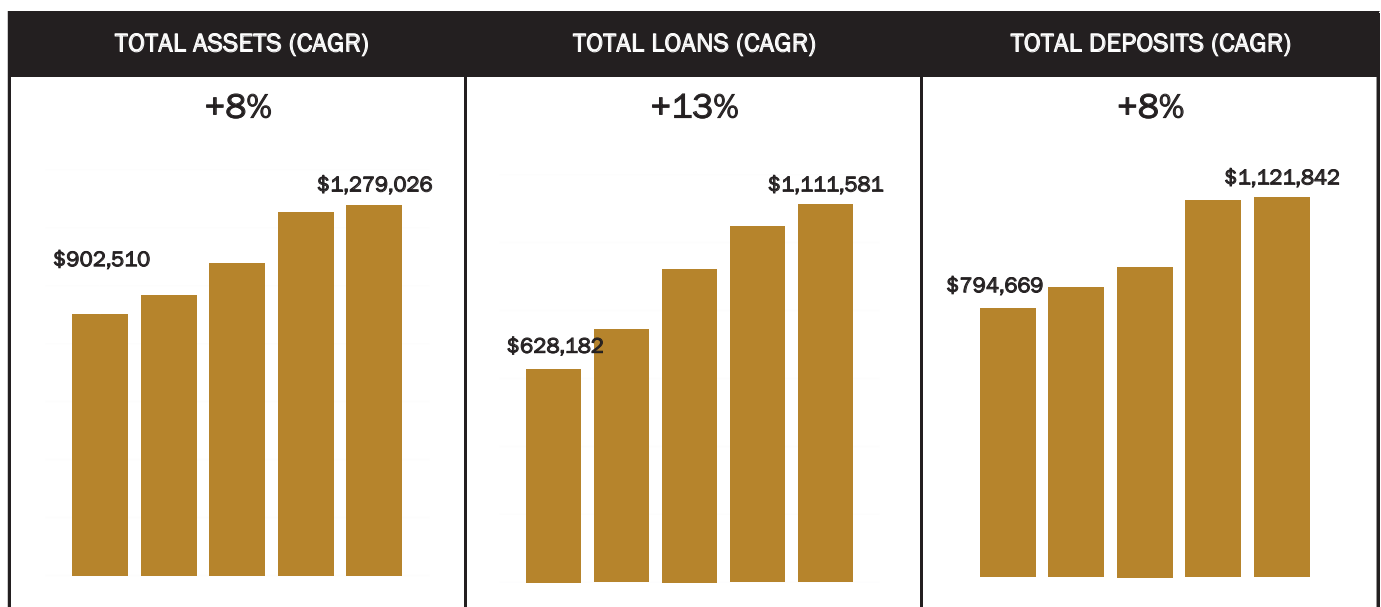
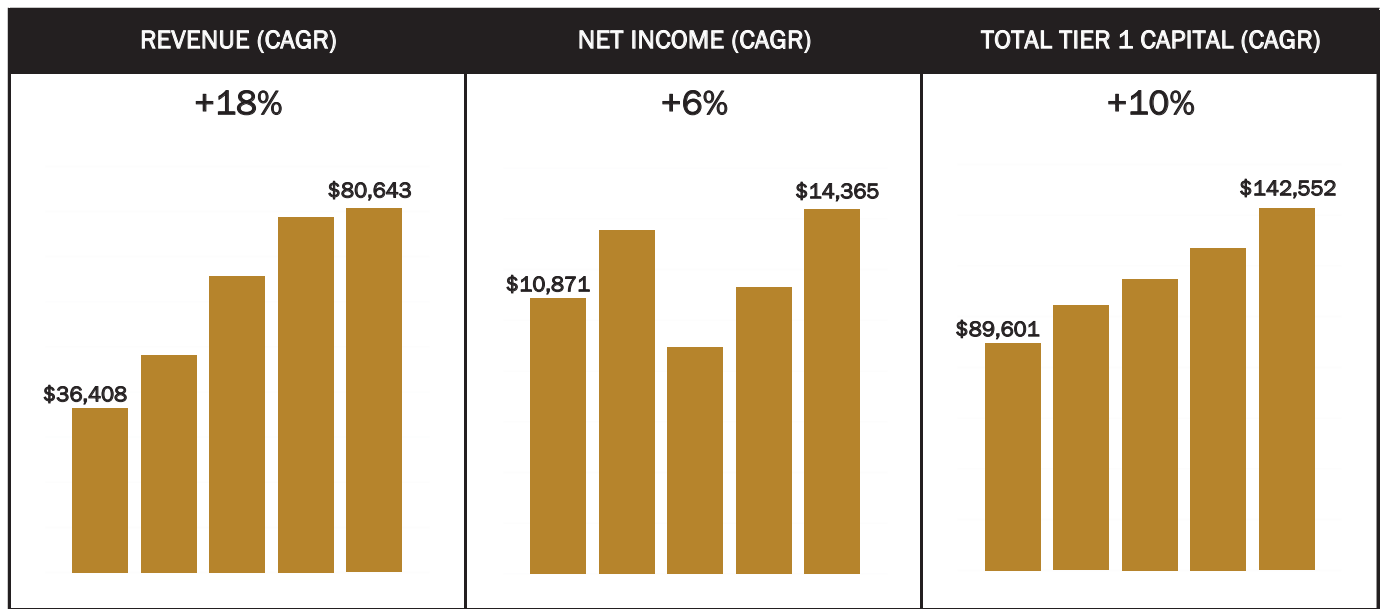
2025

ANNUAL REPORT



SUMMITBANK
GROUP, INC.

FINANCIAL HIGHLIGHTS (DOLLARS IN THOUSANDS)					
	2021	2022	2023	2024	2025
REVENUE	\$ 36,408	\$ 48,210	\$ 65,730	\$ 78,862	\$ 80,643
NET INCOME	\$ 10,871	\$ 13,553	\$ 8,921	\$ 11,306	\$ 14,365
TIER 1 CAPITAL	\$ 89,601	\$ 104,419	\$ 114,756	\$ 126,978	\$ 142,552
TOTAL ASSETS	\$ 902,510	\$ 968,984	\$ 1,078,370	\$ 1,254,851	\$ 1,279,026
TOTAL LOANS	\$ 628,182	\$ 743,800	\$ 922,241	\$ 1,047,922	\$ 1,111,581
TOTAL DEPOSITS	\$ 794,669	\$ 857,119	\$ 916,943	\$ 1,113,885	\$ 1,121,842



*CAGR = Compounded Annual Growth Rate for Years 2021 through 2025

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To our fellow owners,

As we look back on 2025, we are pleased to report another year of strong financial performance and continued momentum for Summit Bank.

Our results reflect the dedication of our colleagues, the trust of our clients and our ongoing commitment to delivering personalized, relationship-based banking to businesses and professionals throughout the communities we serve.

Summit Bank achieved record performance in 2025, highlighted by net income of \$14.36 million, or \$1.83 per fully diluted share, representing a 26.3 percent increase over 2024. Fourth quarter net income totaled \$4.18 million, or \$0.53 per share, the highest quarterly earnings per share in the Company's history. These results were driven by strong net interest income growth, disciplined expense management and the continued expansion of client relationships across all of our markets.

Over the past year, the Bank generated \$63.2 million in net loan growth, reflecting continued demand from professional firms, locally-owned businesses and non-profit organizations. Overall deposit growth was modest at \$8.0 million, as we focused on strengthening the core deposit franchise to position the Bank for continued growth in 2026 and beyond.

Our balance sheet remains highly liquid and well capitalized. At year end, cash and available for-sale securities totaled \$147.0 million. Shareholders' equity increased to \$124.6 million, while return on average equity for the year reached 12.3 percent, reflecting the continued strength of Summit's core business model.

During 2025, additional enhancements were implemented to strengthen fraud prevention, operational efficiency and integration with client accounting systems. The deployment of Verafin, an advanced fraud management platform, enables enhanced monitoring of check and ACH activity using artificial intelligence to detect unusual patterns and potential counterfeit transactions

We also continued to make meaningful progress in expanding our product capabilities and enhancing the banking experience for our clients. The Bank completed its first full year offering Real Time Payments (RTP), enabling clients to receive funds instantly. Over the course of the year, clients received more than \$25 million in deposits through RTP, providing 24/7 access to incoming payments.

Other client-focused enhancements included the Bank entering into a five-year agreement with Visa, strengthening our long-term card partnership and improving revenue sharing while ensuring continuity of card sponsorship for our clients.



These investments reflect a guiding principle at Summit Bank: innovation should strengthen and safeguard, not replace, the personal relationships that define community banking.

Equally important to our continued success is the strength of our culture. In 2025, Summit Bank was again recognized as one of Oregon's "100 Best Companies to Work For," marking the fourth consecutive year we have received this honor. We were also honored as one of Oregon's Best Green Companies, reflecting our commitment to sustainability and responsible business practices.

As we look back on the past year, we remain grateful to our shareholders for their continued confidence and support. The success of Summit Bank is built on strong partnerships with our clients and our communities and our dedicated team.

Looking ahead, we remain optimistic about the opportunities before us. The Oregon markets we serve continue to demonstrate resilience and entrepreneurial energy. With a strong capital position, disciplined growth strategy and continued focus on relationship-driven banking, Summit Bank is well-positioned to build upon this foundation in the years to come.

Finally, we would like to recognize one of our founding directors, Dr. Dick Abraham. Dick will be retiring from the Board this April and transitioning to the role of Director Emeritus. From the earliest days of the Bank, Dick helped shape both our strategy and culture. His leadership was instrumental in developing our thriving banking services for medical groups and in driving meaningful relationships that continue to benefit the Bank today. We are grateful for his years of guidance, commitment, and advocacy. While his formal board service concludes in April, we are pleased that his wisdom and perspective will continue to be part of Summit Bank as Director Emeritus.

Thank you to our clients, colleagues, directors, advisory board members and shareholders for your continued trust in Summit Bank.
#summitonthree

Sincerely,

A handwritten signature in black ink that reads "Paul Weinhold".

R. Paul Weinhold
Board Chair

A handwritten signature in black ink that reads "Craig A. Wanichek".

Craig A. Wanichek
President & CEO



Independent Auditors' Report

To the Board of Directors and Stockholders of
Summit Bank Group, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated balance sheet of Summit Bank Group, Inc. and Subsidiary (collectively, "the Company") as of December 31, 2025, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, "the financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Summit Bank Group, Inc. and Subsidiary as of December 31, 2025, 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 (U.S.).

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements and Audit of Internal Control over Financial Reporting

The financial statements of the Company as of December 31, 2024, and for the year then ended, were audited by Delap LLP, whose practice merged with Aprio, LLP as of January 1, 2026. Delap LLP's report, dated March 18, 2025, expressed an unmodified opinion on those financial statements and also included an unmodified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Our audit of the financial statements as of and for the year ended December 31, 2025 did not include an audit of internal control over financial reporting, and accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

Responsibilities of Management for the Financial Statements

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

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


Auditors' Responsibilities for the Audit of the Financial Statements

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

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



Lake Oswego, Oregon
March 13, 2026

SUMMITBANK Group, Inc. and Subsidiary
CONSOLIDATED BALANCE SHEETS

	December 31	
	2025	2024
ASSETS		
Cash and cash equivalents:		
Cash and due from financial institutions	\$ 21,457,678	\$ 23,988,959
Interest-bearing deposits with other financial institutions	3,997,135	4,698,690
Deposits with Federal Reserve Bank	97,181,407	105,240,253
Total cash and cash equivalents	122,636,220	133,927,902
Investment securities available-for-sale, at estimated fair value	22,076,408	44,474,163
Loans, less allowance for credit losses of \$13,010,445 and \$12,575,668 as of 2025 and 2024	1,098,571,029	1,035,346,033
Interest receivable	4,138,985	4,034,590
FHLB and PCBB stock, at cost	1,192,100	1,085,200
Premises and equipment, net of accumulated depreciation	10,474,222	11,705,705
Deferred income taxes, net	2,079,702	1,508,529
Repossessed assets, net	114,700	456,800
Cash surrender value of bank-owned life insurance	9,016,951	8,694,364
Other assets	8,725,678	13,617,269
Total assets	<u>\$ 1,279,025,995</u>	<u>\$ 1,254,850,555</u>
LIABILITIES and STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing demand	\$ 184,733,311	\$ 173,956,823
Savings and interest-bearing demand	916,877,617	849,459,516
Time deposits	20,230,712	90,467,712
Total deposits	1,121,841,640	1,113,884,051
Interest payable	30,018	545,852
Other liabilities	12,015,928	11,636,363
Repurchase agreements and secured borrowings	2,007,955	1,572,812
Term borrowings, net of debt issuance costs	18,522,225	18,483,729
Total liabilities	1,154,417,766	1,146,122,807
Stockholders' equity:		
Preferred stock, no par value; 1,000,000 shares authorized; none issued	-	-
Common stock, no par value; 10,000,000 shares authorized, 7,801,999 and 7,719,480 shares outstanding as of 2025 and 2024	32,196,985	31,681,593
Retained earnings	92,982,289	78,617,552
Accumulated other comprehensive income (loss)	(571,045)	(1,571,397)
Total stockholders' equity	124,608,229	108,727,748
Total liabilities and stockholders' equity	<u>\$ 1,279,025,995</u>	<u>\$ 1,254,850,555</u>

The accompanying notes are an integral part of these consolidated financial statements.

SUMMITBANK Group, Inc. and Subsidiary
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31	
	2025	2024
Interest income:		
Interest and fees on loans	\$ 76,121,030	\$ 72,313,100
Interest on investment securities	519,227	716,440
Interest on deposits with other banks	4,002,808	5,161,368
Total interest income	80,643,065	78,190,908
Interest expense	24,454,094	27,253,754
Net interest income	56,188,971	50,937,154
Provision for credit losses	6,113,557	7,391,626
Net interest income after provision for credit losses	50,075,414	43,545,528
Noninterest income:		
Early termination gains on loans	479,836	592,446
Bank card and interchange fees	488,860	550,916
Service charges on deposit accounts	362,885	256,855
Real estate lease income	16,200	16,200
Loan servicing fees	101,434	128,923
Bank-owned life insurance income	302,660	300,679
Gains (losses) on sales and write-downs of repossessed assets, net	(329,690)	(1,633,013)
Other	488,059	833,143
Total noninterest income	1,910,244	1,046,149
Noninterest expense:		
Salaries and employee benefits	21,790,887	20,058,496
Occupancy and equipment expense	2,000,421	1,716,477
Data processing	1,966,985	1,676,477
Repossessed assets expenses	137,907	197,540
Other	6,632,977	5,920,249
Total noninterest expense	32,529,177	29,569,239
Income before income taxes	19,456,481	15,022,438
Income tax provision	5,091,744	3,716,378
Net income	\$ 14,364,737	\$ 11,306,060
Earnings per share:		
Basic	\$ 1.85	\$ 1.47
Diluted	\$ 1.83	\$ 1.45

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31	
	2025	2024
Net income	\$ 14,364,737	\$ 11,306,060
Other comprehensive income (loss):		
Change in net unrealized gains (losses) on investment securities available-for-sale	1,358,170	1,577,045
Tax effect of the change in net unrealized gains (losses) on investment securities available-for-sale	(357,818)	(409,521)
Comprehensive income	<u>\$ 15,365,089</u>	<u>\$ 12,473,584</u>

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2025 and 2024

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total
	Shares	Amount			
Balance, December 31, 2023	7,677,786	\$ 31,082,804	\$ 67,311,492	\$ (2,738,921)	\$ 95,655,375
Net income			11,306,060		11,306,060
Other comprehensive income (loss)				1,167,524	1,167,524
Share-based compensation	41,694	598,789			598,789
Balance, December 31, 2024	7,719,480	31,681,593	78,617,552	(1,571,397)	108,727,748
Net income			14,364,737		14,364,737
Other comprehensive income (loss)				1,000,352	1,000,352
Issuance (repurchase) of common stock, net	(10,558)	(144,779)			(144,779)
Stock options exercised	14,855	103,516			103,516
Share-based compensation	78,222	556,655			556,655
Balance, December 31, 2025	<u>7,801,999</u>	<u>\$ 32,196,985</u>	<u>\$ 92,982,289</u>	<u>\$ (571,045)</u>	<u>\$ 124,608,229</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 14,364,737	\$ 11,306,060
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,032,984	872,527
Share-based compensation	556,655	598,789
Gain on debt extinguishment	-	(375,000)
Amortization of investment premiums, net	47,397	198,392
Provision for credit losses	6,113,557	7,391,626
Amortization of debt issuance costs	38,496	58,830
Bank-owned life insurance income	(302,660)	(300,679)
Losses (gains) on sales of repossessed assets, net	314,190	1,570,113
Write-downs of repossessed assets	15,500	62,900
Deferred income taxes	(928,991)	653,452
Ineffective portion of interest rate swaps	240,400	(206,400)
Change in:		
Interest receivable and other assets	4,787,196	(1,935,370)
Deferred loan fees	1,141,039	448,556
Interest payable and other liabilities	(136,268)	1,718,810
Net cash provided by operating activities	<u>27,284,232</u>	<u>22,062,605</u>
Cash flows from investing activities:		
Purchases of investment securities	(803,988)	-
Proceeds from redemption (purchases) of FHLB stock	(106,900)	1,508,900
Principal payments and maturities of investment securities	24,512,516	13,667,130
Net proceeds from sales of loans	4,530,631	9,608,218
Proceeds from sales of repossessed assets	1,528,340	2,029,416
Purchase of bank-owned life insurance	(19,926)	(19,926)
Loans originated, net of principal collected	(76,766,554)	(146,102,644)
Purchases of premises and equipment	198,499	(2,263,055)
Net cash used in investing activities	<u>(46,927,382)</u>	<u>(121,571,961)</u>
Cash flows from financing activities:		
Net increase in deposits	7,957,588	196,941,101
Increase (decrease) in repurchase agreements and secured borrowings	435,143	(37,030,716)
Repurchase of term borrowings, net of gain	-	(875,000)
Proceeds from stock options exercised net of shares repurchased	(41,263)	-
Net cash provided by financing activities	<u>8,351,468</u>	<u>159,035,385</u>
Net increase (decrease) in cash and cash equivalents	(11,291,682)	59,526,029
Cash and cash equivalents, beginning of year	133,927,902	74,401,873
Cash and cash equivalents, end of year	<u>\$ 122,636,220</u>	<u>\$ 133,927,902</u>
Supplemental information:		
Cash paid during the year for interest	\$ 24,969,928	\$ 26,804,427
Cash paid during the year for income taxes	5,774,598	3,257,617
Increase (decrease) in operating lease liabilities	-	2,969,905
Change in unrealized gains (losses) on investment securities available-for-sale, net of deferred income taxes	1,000,352	1,167,524
Transfer of loans to repossessed assets	1,515,930	3,447,093

The accompanying notes are an integral part of these consolidated financial statements.

1. **Summary of Significant Accounting Policies:**

Basis of Presentation – The consolidated financial statements include the accounts of Summit Bank Group, Inc. (the Holding Company), a bank holding company and its wholly-owned subsidiary, Summit Bank (the Bank). As of December 31, 2025 the Holding Company had 10,000,000 shares of common stock authorized of which 7,801,999 were outstanding. All significant intercompany accounts and transactions have been eliminated in consolidation.

Nature of Operations – The Bank provides commercial banking, financing, real estate lending and other services primarily in Lane, Deschutes, Multnomah, and Washington counties in Oregon.

Financial Statement Presentation – The accounting and reporting policies of the Holding Company conform with accounting principles generally accepted in the United States of America (GAAP) and prevailing practices within the banking industry. The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates are the allowance for credit losses and fair value estimates. The Bank has evaluated subsequent events through March 13th, 2026, the date the consolidated financial statements were available to be issued.

Cash and Cash Equivalents – For purposes of reporting cash flows, cash and cash equivalents are cash on-hand and due from financial institutions. Such amounts include both interest-bearing and non-interest-bearing deposits with other financial institutions, short-term time deposits, and federal funds sold on an overnight basis and may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC).

Investment Securities – The Bank classifies all investments in debt securities as available-for-sale. Securities available-for-sale are held for indefinite periods of time and may be sold in response to changes in market interest rates, shifts in the maturity mix or concentration of Bank assets or liabilities, or to alleviate liquidity demands. Securities designated as available-for-sale are reported at estimated fair value. Unrealized gains and losses are excluded from earnings and are included in accumulated other comprehensive income (loss) in stockholders' equity, net of applicable deferred taxes. Principally all of the Bank's debt securities were issued by the U.S. government, its agencies or sponsored enterprises. These securities carry the explicit or implicit guarantee of the U.S. government.

Gains and losses realized on sales of securities are recognized using the specific identification method. Interest income on securities is included in income using the effective interest method. Interest income includes accretion and amortization of discounts and premiums resulting from securities purchased at other than par value. Both are calculated using a "constant yield" methodology either to maturity (for securities purchased at a discount) or to "earliest call date" for (for securities purchased at a premium). Premiums and discounts on mortgage backed securities are amortized/accreted based upon current and expected future rates of prepayments on the securities.

The Bank evaluates its securities classified as available-for-sale that are in an unrealized loss position and assesses whether it intends to sell or it is more likely than not that it will be required to sell a security before recovery of its amortized cost basis.

For investment securities that the Bank either does not intend to sell or will not be required to sell prior to recovery of the amortized cost basis, the Bank would separate the amount of the impairment into the amount that is credit related (credit loss component) and the amount due to all other factors. The credit loss component equal to the difference between the security's amortized cost basis and the present value of its

expected future cash flows discounted at the security's effective yield would be recognized as an allowance for credit losses and recorded in earnings. The remaining difference between the security's fair value and the present value of expected future cash flows would be due to factors that are not credit related and would be recognized in other comprehensive income (loss). Management believes that any unrealized losses on investment securities at December 31, 2025 are temporary and/or not credit related. Therefore, there was no allowance for credit losses for investment securities as of December 31, 2025 nor December 31, 2024.

Loans and Income Recognition – Loans are stated at the amount of unpaid principal, reduced by net deferred loan origination fees and an allowance for credit losses. Interest on loans is calculated using the simple-interest method on daily balances of the principal amounts outstanding. Accrual of interest is discontinued on a loan when management believes, after considering economic and business conditions and collection efforts, that the borrower's financial condition is such that collection of the interest is doubtful. Payments received on nonaccrual loans are applied to the principal balance and no interest income is recognized. Interest income is subsequently recognized only to the extent cash payments are received satisfying all delinquent principal and interest amounts, and the prospects for future payments in accordance with the loan agreement appear relatively certain. A nonaccrual loan may be restored to accrual status when none of its principal and interest is due and unpaid and the Bank expects full repayment of the remaining contractual principal and interest, or when it otherwise becomes well secured and in the process of collection. Loan origination fees, net of associated direct costs, if significant, are deferred and amortized using the interest or straight-line method over the contractual life of the loan as an adjustment to the yield of the related loan. If a loan is repaid prior to maturity, any remaining unamortized net deferred origination fees and costs are recognized in income at the time of repayment.

Allowance for Credit Losses – The Allowance for Credit Losses (ACL) under Accounting Standards Update (ASU) 2016-13 utilizes the Current Expected Credit Loss (CECL) methodology, which estimates the expected loan losses over the contractual life of the loans in the loan portfolio of the Bank. The ACL is established through a provision for credit losses charged to expense. While management has allocated the allowance for credit losses to various loan classes, the allowance is general in nature and is available for the loan portfolio in its entirety.

The ACL is determined through monthly assessments of the present value of expected future cash flows within the loan portfolio, which is deducted from each loan's amortized cost basis to determine the expected credit losses within the loan portfolio. The ACL is estimated using relevant and reliable available information, which is derived from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Additions to and recaptures from the ACL are charged to current period earnings through the provision for credit losses. Loan amounts that are determined to be uncollectible are charged directly against the ACL and netted against amounts recovered on previously charged-off loans.

The ACL is comprised of reserves measured on a collective (pool) basis using a quantitative Discounted Cash Flow (DCF) model for all loan classes with similar risk characteristics and then qualitatively adjusted for current market conditions.

The principal pool segments for the loan portfolio are as follows:

- Small Commercial Equipment
- Commercial Real Estate Secured
- Commercial Construction and Development
- Commercial Non-Real Estate Secured
- Consumer Homeowner's Association Construction
- Consumer Real Estate Secured
- Consumer Non-Real Estate Secured

The quantitative non-linear DCF model utilizes anticipated period cash flows determined on a loan-level basis. The anticipated cash flows take into account contractual principal and interest payments, anticipated segment level prepayments, probability of defaults and historical loss given defaults. The Bank's historical loss experience along with industry peer loss experience were evaluated against a selection of 22 national, state and local macroeconomic factors with the factors most highly correlated to historical loss experience selected for each loan pool segment. The most significant factors for charge-off market risk for the loan portfolio as a whole are; National Unemployment, Oregon Employment, and National Producer Price. The most significant factors for the Small Commercial Equipment pool segment are; National Real Disposable Income Growth, National Consumer Confidence, and National Price Indices. The Bank utilizes a quarterly updated nine quarter reasonable and supportable forecast for the macroeconomic factors, after which the loss expectation for each pool segment reverts to its historical mean. An ACL on accrued interest receivable balances is not measured as these balances are written-off in a timely manner as a reduction to interest income when loans are placed on nonaccrual status.

Additionally, the allowance for credit losses calculation includes subjective adjustments for qualitative risk factors that are likely to cause estimated credit losses to differ from historical experience. These qualitative adjustments may increase or reduce reserve levels and include adjustments for lending management experience and risk tolerance, loan review and audit results, asset quality and portfolio trends, loan portfolio growth, industry concentrations, trends in underlying collateral, external factors and economic conditions not already captured by the quantitative analytics.

Loans are individually evaluated for credit losses if they do not share similar risk characteristics of other loans within their respective pools. Individually evaluated loans are loans to borrowers experiencing financial difficulty such that full satisfaction of the contractual terms of the loan are in question, including all loans with an internally assigned risk rating of "8" or "9".

For collateral dependent loans, the Bank calculates the allowance as the difference between the amortized cost of the loan and the fair market value of the collateral. The fair market value of the collateral is determined by either the discounted expected future cash flows from the operation of the collateral or the appraised value of the collateral, less costs to sell. If the fair value of the collateral is greater than the amortized cost of the loan, no reserve is recorded.

The Bank reports certain loans as modifications when the Bank grants a concession(s) (other than minor adjustments to payment schedules) to a borrower experiencing financial difficulties that it would not otherwise consider. Examples of such concessions include extending the maturity date(s) or providing a lower interest rate than would normally be available for a transaction of similar risk. A modified loan is considered to be impaired and as such would be individually evaluated for impairment.

Federal and state bank regulatory agencies, as an integral part of their examination process, periodically review the Bank's ACL. Such agencies may require the Bank to recognize additions to the allowance in the future based on their judgment of the information available to them at the time of their examinations.

ACL on Unfunded Loan Commitments – The Bank also records an ACL on unfunded loan commitments and letters of credit for all such commitments where the Bank lacks the option to unconditionally cancel the obligation. Expected credit losses are calculated based on an estimate of what will be funded which is derived from historical utilization rates (for revolving credit facilities) and from the term of the facility (for non-revolving credit facilities) and the quantitative ACL rate for the appropriate loan pool segment. The ACL on unfunded commitments and letters of credit was \$7,250 and \$40,760 at December 31, 2025 and 2024, respectively and is included in "Other Liabilities" on the consolidated balance sheets, with changes to the balance being charged to current period earnings through the provision for credit losses.

Federal Home Loan Bank (FHLB) and Pacific Coast Bankers' Bank (PCBB) Stock – FHLB and PCBB stock consists of the following at December 31:

	2025	2024
FHLB stock	\$ 752,100	\$ 645,200
PCBB stock	440,000	440,000
	\$ 1,192,100	\$ 1,085,200

The Bank, as a member of the FHLB system, is required to maintain a minimum level of investment in FHLB stock based on specific percentages of its outstanding mortgages, total assets and FHLB advances. At December 31, 2025, the Bank's minimum required investment was \$752,100. Stock redemptions may be requested at par value and are made at the discretion of the FHLB. The Bank's investment in FHLB stock is carried at cost, which approximates its fair value. The Bank evaluates its investment in FHLB stock for impairment as needed. The Bank's determination of whether this investment is impaired is based on its assessment of the ultimate recoverability of cost rather than by recognizing temporary declines in value.

The Bank also holds an investment in its primary correspondent bank, PCBB. This investment is carried at cost, which approximates its fair value.

Premises and Equipment – Premises and equipment are stated at cost, net of accumulated depreciation. Additions and betterments are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. Gains or losses realized from sales or retirements are reflected in current operations. Depreciation is computed by the straight-line method over the estimated useful lives of the assets.

Impairment of Long-lived Assets – The Bank accounts for long-lived assets at amortized cost. Management reviews long-lived assets for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. If there is an indication of impairment, management would prepare an estimate of future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these estimated cash flows were less than the carrying amount of the asset, an impairment loss would be recognized to write down the asset to its estimated fair value.

Reposessed Assets – Reposessed assets consist of commercial equipment and commercial real property and are considered held-for-sale. Reposessed assets are initially recorded at fair value at the date of acquisition based on current appraisals and management's estimate of value, establishing a new cost basis. Any excess of the loan balance over the net realizable value of the property is charged to the allowance for credit losses when a property is acquired. Subsequent to acquisition, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less estimated costs to sell. Gains and losses on sales, write-downs, and changes in valuation allowances are recorded in noninterest income.

The valuation of reposessed assets is subjective in nature and may be adjusted in future periods because of changes in economic conditions. The valuation of reposessed assets is also subject to review by bank regulatory authorities who may require increases or decreases to carrying amounts based on their evaluation of the information available to them at the time of their examination of the Bank.

Bank-owned Life Insurance (BOLI) - The Bank is the owner and beneficiary of BOLI on certain Bank officers. BOLI policies are recorded at their cash surrender values (net of surrender charges). Income from BOLI policies is recognized when earned and is included in noninterest income.

Advertising – Advertising costs are charged to expense during the period in which they are incurred. Advertising expenses were \$224,540 and \$210,080 for the years ended December 31, 2025 and 2024, respectively.

Income Taxes – Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are calculated on differences between the financial statement and tax basis of assets and liabilities using tax rates in effect for the year in which the differences are expected to be realized. A valuation allowance is recognized if, based on the available evidence, it is determined it is more likely than not that some portion or all of the deferred tax assets will not be realized. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through income tax provision.

Uncertain tax positions that meet the more likely than not recognition threshold are measured to determine the amount of benefit to recognize. An uncertain tax position is measured at the amount of benefit that management believes has a greater than 50% likelihood of realization upon settlement. The Bank's policy is to recognize interest and penalties related to income tax settlements as a component of income tax provision.

The Bank files income tax returns for federal and various state jurisdictions. There is no material impact of potential tax uncertainties on the Bank's consolidated financial condition or results of operations as of or for the year ended December 31, 2025.

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

Derivative Instruments – The Bank uses derivative financial instruments (interest rate swaps) to limit exposure to changes in interest rates related to specific loan assets. Derivatives entered into by the Bank are designated as fair value hedges and generally exhibit perfect effectiveness between changes in the value of the interest rate swap and the hedged instrument (loan asset), with any identified ineffectiveness between the value of the swap and the hedged instrument being recorded in earnings. All derivatives and related hedged loans are recognized in the consolidated balance sheet at their fair values. Changes in the fair value of a derivative that is highly effective, along with the loss or gain on the hedged loan asset that is attributable to the hedged risk, are recorded in current period earnings. The Bank formally documents all relationships between hedging instruments and hedged assets, as well as its risk-management objective and strategy for undertaking various hedged transactions. The Bank also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items. The Bank would discontinue hedge accounting when: (1) it is determined that a derivative is no longer effective in offsetting changes in the fair value of the associated hedged loan asset; (2) the derivative expires or is sold, terminated, or exercised; or (3) management determines that designation of the derivative as a hedge instrument is no longer appropriate. The hedged loan asset would no longer be adjusted for changes in fair value and the derivative would be carried at its fair value in the consolidated balance sheet, with changes in its fair value recognized in current-period earnings.

Stockholders' Equity and Earnings Per Share – Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the period. Diluted earnings per share include the effect of common stock equivalents that would arise from the exercise of stock options and the vesting of restricted stock and restricted stock units discussed in Note 9. All references in the financial statements and notes to the number of shares outstanding, per-share amounts, and stock option data of the Holding Company's common stock have been restated to reflect the cumulative effect of stock split activity for all prior periods.

Share-Based Compensation – GAAP requires companies to measure compensation expense for all share-based payments based on the fair value of the awards at the grant date and recognize such costs as an expense over the requisite service period (which is generally the vesting period). Any forfeitures of share based grants are recognized as an adjustment to expense as they occur. See Note 9 for discussion of the Bank's share-based compensation arrangements.

Small Business Administration (SBA) Loans Sales and Servicing—The Bank holds in its portfolio certain loans where the government guaranteed portion of the loans (with loan servicing retained) has been sold for proceeds equal to the principal amount of loans, as adjusted to yield interest to the investor based upon the current market rates at the time of sale. The Bank records an asset representing the right to service sold loans when it retains significant servicing rights. This asset is included in other assets in the accompanying consolidated balance sheet. The carrying value of loans sold is allocated between the loans and the servicing rights, based on their relative fair values. The fair value of servicing rights is estimated by discounting estimated future cash flows from servicing using discount rates that approximate current market rates and using estimated prepayment rates. The net servicing rights, i.e. the excess of estimated fair value of servicing rights less the estimated cost of servicing if any, are carried at the lower of cost or market and are amortized in proportion to, and over the period of the estimated net servicing income, assuming prepayments. The Bank held no servicing rights assets as of December 31, 2025 and 2024.

New Accounting Pronouncements – In December 2024, the FASB issued ASU 2024-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in this ASU are intended to provide more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income tax paid information. The ASU requires disclosure in the rate reconciliation of specific categories as well as additional information for reconciling items that meet a quantitative threshold. The amendment requires on an annual basis a reconciliation broken out into specified categories with certain reconciling items further broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, all entities are required to disclose income taxes paid, net of refunds received disaggregated by federal, state/local, and foreign and by jurisdiction if the amount is at least 5% of total income tax payments, net of refunds received. The new standard is effective for the Bank for annual periods beginning after December 15, 2026, with early adoption permitted. An entity should apply the amendments in this ASU on a prospective basis. The Bank expects this ASU to only impact its disclosure requirements and does not expect the adoption of this ASU to have a material impact on its business operations or the Bank's consolidated financial statements.

2. Restricted Assets:

The Bank must meet reserve requirements as established by Federal Reserve Board (FRB) regulation which were zero at both December 31, 2025 and 2024. When and if the reserve requirement is not zero, the Bank complies with such requirements by holding cash on hand and maintaining average reserve balances on deposit with its primary correspondent bank in accordance with the regulations.

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3. Investment Securities Available-for-Sale:

The tables below detail the amortized cost and estimated fair values of available-for-sale investment securities, as well as the amount of any unrealized losses and the length of time these unrealized losses existed as of the dates indicated:

December 31, 2025								
	Available-for-Sale			Estimated Fair Value	Securities in Continuous Unrealized Loss Position for Less Than 12 Months		Securities in Continuous Unrealized Loss Position for 12 Months or Longer	
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
Obligations of U.S. Government and U.S. sponsored agencies	\$ 13,068,621	\$ 11,151	\$ (281,224)	\$ 12,798,548	\$ -	\$ -	\$ 11,776,406	\$ (281,224)
Mortgage-backed securities	9,785,511	9,347	(516,998)	9,277,860	-	-	8,465,415	(516,998)
	<u>\$ 22,854,132</u>	<u>\$ 20,498</u>	<u>\$ (798,222)</u>	<u>\$ 22,076,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,241,821</u>	<u>\$ (798,222)</u>

December 31, 2024								
	Available-for-Sale			Estimated Fair Value	Securities in Continuous Unrealized Loss Position for Less Than 12 Months		Securities in Continuous Unrealized Loss Position for 12 Months or Longer	
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
Obligations of U.S. Government and U.S. sponsored agencies	\$ 35,038,731	\$ -	\$ (1,166,260)	\$ 33,872,471	\$ -	\$ -	\$ 33,872,471	\$ (1,166,260)
Mortgage-backed securities	11,571,327	-	(969,635)	10,601,692	-	-	10,601,692	(969,635)
	<u>\$ 46,610,057</u>	<u>\$ -</u>	<u>\$ (2,135,894)</u>	<u>\$ 44,474,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,474,163</u>	<u>\$ (2,135,894)</u>

The unrealized losses on the Bank's investment securities were solely attributable to increases in market interest rates subsequent to their purchase by the Bank. The Bank expects the fair value of these securities to recover as the securities approach their maturity dates or sooner if market yields for such securities decline. The Bank does not believe that these securities are other than temporarily impaired because of their credit quality or related to any issuer or industry specific event. Based on Management's evaluation and intent, the unrealized losses related to the investment securities in the above tables are considered temporary.

The amortized cost and estimated fair value of investment securities at December 31, 2025 and 2024 are shown below by contractual maturity or projected average life depending on the type of security. Obligations of U.S. government sponsored agencies are shown by contractual maturity. Mortgage-backed securities are disclosed by projected average life.

	Available-for-Sale December 31 2025	
	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 8,334,833	\$ 8,150,078
Due after one year through five years	12,485,668	11,902,026
Due after five years through ten years	2,033,631	2,024,304
Due after ten years	-	-
	<u>\$ 22,854,132</u>	<u>\$ 22,076,408</u>

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	Available-for-Sale December 31 2024	
	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 21,914,201	\$ 21,461,394
Due after one year through five years	22,545,410	20,918,319
Due after five years through ten years	2,150,447	2,094,450
Due after ten years	-	-
	<u>\$ 46,610,057</u>	<u>\$ 44,474,163</u>

There were no sales of investment securities during 2025 or 2024.

At December 31, 2025, investment securities with a total estimated fair value of \$22,070,571 and amortized cost of \$22,848,249 were pledged for potential FHLB borrowings, repurchase agreements and other purposes. At December 31, 2024, investment securities with a total estimated fair value of \$44,466,499 and amortized cost of \$46,602,077 were pledged for potential FHLB borrowings, repurchase agreements and other purposes.

4. Loans and Allowance for Credit Losses:

Major classifications of loans at December 31 are as follows:

	2025	2024
Real Estate		
Acquisition, Development & Construction	\$ 54,190,308	\$ 72,348,267
Commercial	255,871,407	259,773,139
Multifamily	155,788,820	127,652,303
Owner Occupied	285,726,880	258,215,019
Commercial and Industrial		
Small Commercial Equipment	51,246,167	60,012,051
Other Commercial & Industrial	285,221,654	247,539,145
Consumer		
Secured	20,705,978	18,638,079
Unsecured	2,622,714	2,395,112
	<u>1,111,373,928</u>	<u>1,046,573,117</u>
Capitalized Loan Origination Costs (Fees), net	207,545	1,348,584
	<u>1,111,581,473</u>	<u>1,047,921,701</u>
Allowance for Credit Losses	(13,010,445)	(12,575,668)
Loans receivable, net	<u>\$ 1,098,571,028</u>	<u>\$ 1,035,346,033</u>

Risk Elements – The Bank manages credit risk through lending limit constraints, credit review, approval policies and extensive ongoing internal monitoring. Additionally, credit risk is managed via diversification of the loan portfolio by loan, industry and borrower type as well as limits on the aggregation of debt to a single borrower. The Bank also obtains periodic credit file reviews from independent third-parties as part of its ongoing credit monitoring process and loans are underwritten so as to ensure the highest probability of repayment in full, according to board-approved policies and procedures. The following are the loan segment risk characteristics of the Bank's portfolio:

Acquisition, Development & Construction– includes both loans and lines of credit for the purpose of purchasing, carrying and developing land into commercial developments or residential subdivisions. Also included in this designation are loans and lines of credit for construction of residential, multi-family and commercial buildings. Generally, the primary source of repayment is dependent upon the sale or refinance of the real estate collateral. Construction lending can involve a higher level of risk than other types of lending because funds are advanced based on a prospective value of the project at completion, the total estimated construction cost of the project, and the borrowers' equity at risk. Additionally, the repayment of the loan may be conditional on the success of the ultimate project which could be subject to interest rate changes, governmental regulations, general economic conditions and the ability of the borrower to sell or lease the property or refinance the indebtedness. The bank attempts to mitigate the risks associated with this type of credit by limiting concentration exposure and utilizing enhanced underwriting procedures as outlined in proprietary policies and procedures as approved by the board of directors not less than annually.

Commercial Real Estate – loans in this category are assigned to one of two specific subcategories:

- **Commercial** – includes loans to finance income-producing commercial properties. Loans in this class include retail centers, hotels, office buildings, single-tenant retail buildings, warehouses and other properties where the source of repayment on the loan comes primarily from non-related tenant lease income. There are board-approved enhanced underwriting procedures in place that govern the approval and funding of these types of loans.
- **Owner Occupied** – includes loans secured by business facilities to finance business operations, equipment and owner-occupied facilities for commercial customers. Generally, the primary source of repayment is the operating cash flow from business activities of the owner of the property or related entity.

Multi-family Real Estate – these loans are secured by – and are generally repaid by the lease income from – real estate properties built to house 5 or more families in a single property or complex. Apartment buildings and complexes are the major collateral in this category. This category does not include 1-4 family rental properties.

Commercial & Industrial - loans in this category are assigned to one of three specific subcategories:

- **Small Commercial Equipment** – includes loans secured by commercial equipment, typically rolling stock. The primary source of repayment is generally derived from income generated by utilization of the equipment collateralizing the loans, and thus, is more subject to potential disruption relative to larger and more diversified borrowers. The lack of significant secondary sources of repayment results in a higher risk of loss and thus these loans carry market rates of interest that are higher than the Bank's other loan types. These loans possess homogeneous risk characteristics unique to small business lending to the transportation industry. These risks are mitigated via ongoing industry trend analysis and through concentration limits on the portfolio as a whole as well as within industry subclasses. The majority of these loans are originated to borrowers outside of the Bank's primary market areas of Lane, Deschutes and Multnomah and Washington counties, throughout the continental United States.
- **Other Commercial and Industrial** – The primary source of repayment for these loans is generally cash flow from continuing business operations. Under the Bank's policy, primary and secondary repayment sources must be identified upon approval and prior to funding.

Consumer – the Bank engages in limited consumer lending of both a secured and unsecured nature. This primarily takes the form of home equity lines of credit and personal and professional lines of credit which may or may not be secured by tangible collateral.

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Loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of such serviced loans were \$35,861,862 and \$36,584,206 at December 31, 2025 and 2024, respectively.

The loan portfolio at December 31, 2025 and 2024 includes \$154,535,075 and \$143,887,777 respectively, of loans which have rates of interest that change more often than annually. Additionally, the loan portfolio at December 31, 2025 and 2024 includes fixed rate loans of \$164,500,965 and \$171,660,190, respectively, that are effectively converted to variable rate loans via interest rate swaps. The loan portfolio at December 31, 2025 included loans with total principal balances of \$4,813,907 at their contractual floors. All loans were above their contractual floors at December 31, 2024.

Changes in the allowance for credit losses for the year ended December 31, 2025 are as follows:

	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance	Individual Evaluation	General Allocation
Real Estate							
Acquisition, Development & Construction	\$ 615,251	\$ -	\$ -	\$ (53,823)	\$ 561,428	\$ -	\$ 561,428
Commercial	943,167	-	-	78,376	1,021,543	-	1,021,543
Multifamily	498,669	-	-	134,643	633,312	-	633,312
Owner Occupied	1,377,370	-	-	264,695	1,642,065	163,795	1,478,270
Commercial and Industrial							
Small Commercial Equipment	5,743,617	(4,613,418)	219,513	3,906,933	5,256,645	89,458	5,167,187
Other Commercial & Industrial	3,317,151	(1,318,315)	21,936	1,783,385	3,804,157	1,958,280	1,845,877
Consumer							
Secured	80,174	-	-	10,880	91,054	5,853	85,201
Unsecured	269	-	-	(28)	241	-	241
Total	\$ 12,575,668	\$ (5,931,733)	\$ 241,449	\$ 6,125,061	\$ 13,010,445	\$ 2,217,386	\$ 10,793,059

Changes in the allowance for loan losses for the year ended December 31, 2024 are as follows:

	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance	Individual Evaluation	General Allocation
Real Estate							
Acquisition, Development & Construction	\$ 351,274	\$ -	\$ -	\$ 263,977	\$ 615,251	\$ -	\$ 615,251
Commercial	1,004,518	-	-	(61,351)	943,167	-	943,167
Multifamily	405,367	-	-	93,302	498,669	-	498,669
Owner Occupied	1,328,312	-	-	49,058	1,377,370	154,159	1,223,211
Commercial and Industrial							
Small Commercial Equipment	7,657,417	(7,667,626)	312,367	5,441,459	5,743,617	114,256	5,629,361
Other Commercial & Industrial	1,492,001	(207,385)	438	2,032,097	3,317,151	1,864,363	1,452,788
Consumer							
Secured	69,505	-	-	10,668	80,174	7,796	72,378
Unsecured	211	-	-	58	269	-	269
Total	\$ 12,308,605	\$ (7,875,011)	\$ 312,805	\$ 7,829,269	\$ 12,575,668	\$ 2,140,574	\$ 10,435,094

Risk Rating – The monitoring process of the Bank’s loan portfolio includes periodic reviews of individual loans with a risk rating assigned to each loan. Risk ratings are assigned according to various qualitative and quantitative measurements.

- Risk ratings 1 – 6 represent increasing degrees of risk within the regulatory definition of “Pass” loans as ratings move from 1 to 6. Regulatory bodies do not draw distinctions between these categories; as such, assignment of these ratings is for internal management purposes only.
- Risk Rating 7 – loans in this category adhere to the regulatory definition of “Special Mention” loans. A Special Mention loan has potential weaknesses that deserve management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for

the loan or in the Bank's credit position at some future date. Special Mention loans are not adversely classified and do not expose the Bank to sufficient risk to warrant adverse classification.

- Risk Rating 8 – loans in this category adhere to the regulatory definition of “Substandard.” Loans classified Substandard 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 borrower's debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.
- Risk Rating 9 – loans in this category adhere to the regulatory definition of “Doubtful.” Loans classified Doubtful have all of the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.
- Risk Rating 10 – loans in this category adhere to the regulatory definition of “Loss.” Loans classified Loss are uncollectible and of such little value that their continuance as a bankable asset is not warranted. When identified, these loans are charged off.

Loans risk rated 8, 9 or 10 are reviewed regularly to assess the ability of the borrowers to service all interest and principal obligations and, as a result, the risk ratings may be adjusted accordingly. In the event that full collection of principal and interest is not reasonably assured, the loan is appropriately downgraded and if warranted, placed on non-accrual status even though the loan may be current as to principal and interest payments. Additionally, such loans are individually evaluated for ACL purposes and an assessment is made as to whether the loan warrants a write down of the loan.

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The following tables present the Bank's loan portfolio by loan type and credit quality indicator as of December 31, 2025 and 2024:

	Term Loans by Year of Origination						Revolving	Total
	2025	2024	2023	2022	2021	Prior		
Real Estate - Acquisition, Development and Construction								
Pass (Ratings 1-6)	\$ 15,706,622	\$ 9,559,537	\$ 16,795,299	\$ 11,946,283	\$ 182,567	\$ -	\$ -	\$ 54,190,308
Special Mention (Rating 7)	-	-	-	-	-	-	-	-
Substandard (Rating 8)	-	-	-	-	-	-	-	-
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	<u>\$ 15,706,622</u>	<u>\$ 9,559,537</u>	<u>\$ 16,795,299</u>	<u>\$ 11,946,283</u>	<u>\$ 182,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,190,308</u>
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Estate - Commercial								
Pass (Ratings 1-6)	\$ 19,657,680	\$ 8,364,814	\$ 55,086,395	\$ 33,385,146	\$ 36,290,790	\$ 95,096,027	\$ 3,586,449	\$ 251,467,301
Special Mention (Rating 7)	-	-	3,807,318	-	-	596,788	-	4,404,106
Substandard (Rating 8)	-	-	-	-	-	-	-	-
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	<u>\$ 19,657,680</u>	<u>\$ 8,364,814</u>	<u>\$ 58,893,713</u>	<u>\$ 33,385,146</u>	<u>\$ 36,290,790</u>	<u>\$ 95,692,815</u>	<u>\$ 3,586,449</u>	<u>\$ 255,871,407</u>
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Estate - Multifamily								
Pass (Ratings 1-6)	\$ 5,691,032	\$ 4,274,213	\$ 89,520,621	\$ 27,100,819	\$ 9,337,868	\$ 17,483,367	\$ 2,380,900	\$ 155,788,820
Special Mention (Rating 7)	-	-	-	-	-	-	-	-
Substandard (Rating 8)	-	-	-	-	-	-	-	-
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	<u>\$ 5,691,033</u>	<u>\$ 4,274,213</u>	<u>\$ 89,520,621</u>	<u>\$ 27,100,819</u>	<u>\$ 9,337,868</u>	<u>\$ 17,483,367</u>	<u>\$ 2,380,900</u>	<u>\$ 155,788,820</u>
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Estate - Owner Occupied								
Pass (Ratings 1-6)	\$ 47,919,870	\$ 19,403,698	\$ 61,453,653	\$ 41,609,321	\$ 44,031,832	\$ 63,930,826	\$ 485,000	\$ 278,834,200
Special Mention (Rating 7)	-	-	791,923	1,304,574	1,119,040	2,039,195	-	5,254,732
Substandard (Rating 8)	-	-	-	-	1,498,419	139,529	-	1,637,948
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	<u>\$ 47,919,870</u>	<u>\$ 19,403,698</u>	<u>\$ 62,245,576</u>	<u>\$ 42,913,895</u>	<u>\$ 46,649,291</u>	<u>\$ 66,109,550</u>	<u>\$ 485,000</u>	<u>\$ 285,726,880</u>
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial and Industrial - Small Commercial Equipment								
Pass (Ratings 1-6)	\$ 22,192,641	\$ 14,534,010	\$ 8,618,137	\$ 3,230,607	\$ 24,974	\$ -	\$ -	\$ 48,600,369
Special Mention (Rating 7)	49,443	152,395	114,601	47,895	-	-	-	364,334
Substandard (Rating 8)	92,959	178,929	962,403	739,883	184,844	34,757	-	2,193,775
Doubtful (Rating 9)	-	48,189	19,000	20,500	-	-	-	87,689
Total	<u>\$ 22,335,043</u>	<u>\$ 14,913,523</u>	<u>\$ 9,714,141</u>	<u>\$ 4,038,885</u>	<u>\$ 209,818</u>	<u>\$ 34,757</u>	<u>\$ -</u>	<u>\$ 51,246,167</u>
Current period gross charge-offs	\$ 282,459	\$ 1,049,059	\$ 1,749,462	\$ 1,122,544	\$ 213,772	\$ (23,391)	\$ -	\$ 4,393,905
Commercial and Industrial - Other								
Pass (Ratings 1-6)	\$ 53,671,673	\$ 42,812,043	\$ 54,839,608	\$ 43,518,442	\$ 12,768,713	\$ 10,981,159	\$ 52,633,740	\$ 271,225,378
Special Mention (Rating 7)	257,686	250,996	329,759	32,269	19,744	75,911	1,786,961	2,753,326
Substandard (Rating 8)	-	416,954	2,689,211	4,391,690	3,437,180	57,916	249,999	11,242,951
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	<u>\$ 53,929,359</u>	<u>\$ 43,479,993</u>	<u>\$ 57,858,578</u>	<u>\$ 47,942,401</u>	<u>\$ 16,225,637</u>	<u>\$ 11,114,986</u>	<u>\$ 54,670,700</u>	<u>\$ 285,221,654</u>
Current period gross charge-offs	\$ -	\$ 189,046	\$ -	\$ 1,103,843	\$ -	\$ 25,496	\$ -	\$ 1,318,385
Consumer - Secured								
Pass (Ratings 1-6)	\$ 516,314	\$ 1,822,100	\$ 1,893,098	\$ 2,035,843	\$ 2,239,916	\$ 3,426,914	\$ 8,513,260	\$ 20,447,445
Special Mention (Rating 7)	200,000	-	-	-	-	-	-	200,000
Substandard (Rating 8)	-	-	-	-	-	58,533	-	58,533
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	<u>\$ 716,314</u>	<u>\$ 1,822,100</u>	<u>\$ 1,893,098</u>	<u>\$ 2,035,843</u>	<u>\$ 2,239,916</u>	<u>\$ 3,485,447</u>	<u>\$ 8,513,260</u>	<u>\$ 20,705,978</u>
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consumer - Unsecured								
Pass (Ratings 1-6)	\$ -	\$ -	\$ -	\$ -	\$ 21,260	\$ -	\$ 2,601,454	\$ 2,622,714
Special Mention (Rating 7)	-	-	-	-	-	-	-	-
Substandard (Rating 8)	-	-	-	-	-	-	-	-
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,260</u>	<u>\$ -</u>	<u>\$ 2,601,454</u>	<u>\$ 2,622,714</u>
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SUMMITBANK Group, Inc. and Subsidiary
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	Term Loans by Year of Origination						Revolving	Total
	2024	2023	2022	2021	2020	Prior		
Real Estate - Acquisition, Development and Construction								
Pass (Ratings 1-6)	\$ 7,587,494	\$ 38,724,786	\$ 21,423,203	\$ 4,612,784	\$ -	\$ -	\$ -	\$ 72,348,267
Special Mention (Rating 7)	-	-	-	-	-	-	-	-
Substandard (Rating 8)	-	-	-	-	-	-	-	-
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	\$ 7,587,494	\$ 38,724,786	\$ 21,423,203	\$ 4,612,784	\$ -	\$ -	\$ -	\$ 72,348,267
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Estate - Commercial								
Pass (Ratings 1-6)	\$ 13,041,793	\$ 58,580,561	\$ 37,987,081	\$ 40,147,464	\$ 21,682,845	\$ 79,326,137	\$ 1,500,000	\$ 252,265,880
Special Mention (Rating 7)	-	-	1,147,789	-	2,749,155	3,610,315	-	7,507,259
Substandard (Rating 8)	-	-	-	-	-	-	-	-
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	\$ 13,041,793	\$ 58,580,561	\$ 39,134,870	\$ 40,147,464	\$ 24,432,000	\$ 82,936,452	\$ 1,500,000	\$ 259,773,139
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Estate - Multifamily								
Pass (Ratings 1-6)	\$ 4,357,866	\$ 60,908,030	\$ 27,051,670	\$ 15,879,209	\$ 5,334,697	\$ 13,134,492	\$ 986,342	\$ 127,652,303
Special Mention (Rating 7)	-	-	-	-	-	-	-	-
Substandard (Rating 8)	-	-	-	-	-	-	-	-
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	\$ 4,357,866	\$ 60,908,030	\$ 27,051,670	\$ 15,879,209	\$ 5,334,697	\$ 13,134,492	\$ 986,342	\$ 127,652,303
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Estate - Owner Occupied								
Pass (Ratings 1-6)	\$ 27,054,776	\$ 64,063,813	\$ 43,178,316	\$ 46,035,462	\$ 26,350,072	\$ 44,084,803	\$ 145,000	\$ 250,912,242
Special Mention (Rating 7)	-	808,129	853,277	1,540,177	-	2,559,604	-	5,761,187
Substandard (Rating 8)	-	-	-	1,151,708	-	389,883	-	1,541,590
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	\$ 27,054,776	\$ 64,871,942	\$ 44,031,593	\$ 48,727,346	\$ 26,350,072	\$ 47,034,290	\$ 145,000	\$ 258,215,019
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial and Industrial - Small Commercial Equipment								
Pass (Ratings 1-6)	\$ 22,510,536	\$ 18,966,849	\$ 11,140,927	\$ 3,042,668	\$ 32,006	\$ -	\$ -	\$ 55,692,986
Special Mention (Rating 7)	91,792	106,976	154,695	47,568	2,996	-	-	404,028
Substandard (Rating 8)	114,300	1,290,455	1,511,300	684,581	135,813	68,074	-	3,804,523
Doubtful (Rating 9)	-	49,715	51,300	9,500	-	-	-	110,515
Total	\$ 22,716,628	\$ 20,413,995	\$ 12,858,223	\$ 3,784,317	\$ 170,816	\$ 68,074	\$ -	\$ 60,012,051
Current period gross charge-offs	\$ 866,207	\$ 4,820,488	\$ 2,132,149	\$ 579,601	\$ 80,418	\$ 75,629	\$ -	\$ 8,554,493
Commercial and Industrial - Other								
Pass (Ratings 1-6)	\$ 50,183,885	\$ 71,223,890	\$ 49,277,974	\$ 19,884,861	\$ 6,007,520	\$ 10,914,645	\$ 26,910,062	\$ 234,402,837
Special Mention (Rating 7)	72,468	1,469,232	1,881,765	476,832	-	455,172	2,433,324	6,788,793
Substandard (Rating 8)	3,507	500,000	5,310,029	206,202	11,636	66,143	249,999	6,347,516
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	\$ 50,259,860	\$ 73,193,122	\$ 56,469,768	\$ 20,567,894	\$ 6,019,156	\$ 11,435,960	\$ 29,593,385	\$ 247,539,145
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,782	\$ -	\$ 9,782
Consumer - Secured								
Pass (Ratings 1-6)	\$ 1,699,357	\$ 1,928,790	\$ 2,072,582	\$ 2,304,065	\$ 1,365,250	\$ 3,612,076	\$ 5,577,999	\$ 18,560,120
Special Mention (Rating 7)	-	-	-	-	-	-	-	-
Substandard (Rating 8)	-	-	-	-	-	77,959	-	77,959
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	\$ 1,699,357	\$ 1,928,790	\$ 2,072,582	\$ 2,304,065	\$ 1,365,250	\$ 3,690,035	\$ 5,577,999	\$ 18,638,079
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consumer - Unsecured								
Pass (Ratings 1-6)	\$ -	\$ -	\$ -	\$ 24,000	\$ -	\$ -	\$ 2,371,113	\$ 2,395,112
Special Mention (Rating 7)	-	-	-	-	-	-	-	-
Substandard (Rating 8)	-	-	-	-	-	-	-	-
Doubtful (Rating 9)	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ 24,000	\$ -	\$ -	\$ 2,371,113	\$ 2,395,112
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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The following tables present an aged analysis of past due and nonaccrual loans at December 31, 2025 and 2024:

	As of December 31, 2025						
	30-59 Days Past Due Still Accruing	60-89 Days Past Due Still Accruing	Greater than 90 Days Past Due Still Accruing	Nonaccrual	Total Past Due and Nonaccrual	Total Current	Total Loans Receivable
	Real Estate						
Acquisition, Development & Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,190,308	\$ 54,190,308
Commercial	-	-	-	-	-	255,871,407	255,871,407
Multifamily	-	-	-	-	-	155,788,820	155,788,820
Owner Occupied	-	-	-	-	-	285,726,880	285,726,880
Commercial and Industrial							
Small Commercial Equipment	203,939	693,369	-	274,857	1,172,165	50,074,002	51,246,167
Other Commercial & Industrial	-	416,954	24,851	3,511,538	3,953,343	281,268,311	285,221,654
Consumer							
Secured	-	-	-	-	-	20,705,978	20,705,978
Unsecured	-	-	-	-	-	2,622,714	2,622,714
Total	\$ 203,939	\$ 1,110,323	\$ 24,851	\$ 3,786,395	\$ 5,125,508	\$ 1,106,248,420	\$ 1,111,373,928
Percentage of Total Portfolio	0.02%	0.10%	0.00%	0.34%	0.46%	99.54%	100.00%

	As of December 31, 2024						
	30-59 Days Past Due Still Accruing	60-89 Days Past Due Still Accruing	Greater than 90 Days Past Due Still Accruing	Nonaccrual	Total Past Due and Nonaccrual	Total Current	Total Loans Receivable
	Real Estate						
Acquisition, Development & Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,348,267	\$ 72,348,267
Commercial	-	-	-	-	-	259,773,139	259,773,139
Multifamily	-	-	-	-	-	127,652,303	127,652,303
Owner Occupied	382,403	-	-	-	382,403	257,832,616	258,215,019
Commercial and Industrial							
Small Commercial Equipment	998,284	543,942	28,466	344,502	1,915,194	58,096,857	60,012,051
Other Commercial & Industrial	-	-	5,081	1,654,814	1,659,895	245,879,250	247,539,145
Consumer							
Secured	-	77,959	-	-	77,959	18,560,120	18,638,079
Unsecured	-	-	-	-	-	2,395,112	2,395,112
Total	\$ 1,380,687	\$ 621,901	\$ 33,547	\$ 1,999,316	\$ 4,035,451	\$ 1,042,537,665	\$ 1,046,573,117
Percentage of Total Portfolio	0.13%	0.06%	0.00%	0.19%	0.39%	99.61%	100.00%

The following is an analysis of individually evaluated loans as of December 31, 2025:

	Individually Evaluated Loans without Allowance					
	Individually Evaluated Loans with Allowance			Total Individually Evaluated Loans		Unpaid Principal Balance
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	
Real Estate						
Owner Occupied						
Nonaccrual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	1,655,817	1,637,948	163,795	-	-	1,637,948
Subtotals	1,655,817	1,637,948	163,795	-	-	1,637,948
Commercial and Industrial						
Small Commercial Equipment						
Nonaccrual	213,214	236,418	77,985	-	-	236,418
Other	20,314	23,336	11,473	-	-	23,336
Other Commercial & Industrial						
Nonaccrual	3,517,648	3,511,538	743,555	-	-	3,511,538
Other	7,814,693	7,731,412	1,214,725	-	-	7,731,412
Subtotals	11,565,869	11,502,704	2,047,738	-	-	11,502,704
Consumer						
Secured						
Nonaccrual	60,054	58,533	5,853	-	-	58,533
Other	-	-	-	-	-	-
Subtotals	60,054	58,533	5,853	-	-	58,533
Totals	\$ 13,281,740	\$ 13,199,185	\$ 2,217,386	\$ -	\$ -	\$ 13,199,185

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The following is an analysis of individually evaluated loans as of December 31, 2024:

	Individually Evaluated Loans with Allowance			Individually Evaluated Loans without Allowance		Total Individually Evaluated Loans	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Recorded Investment	Unpaid Principal Balance
Real Estate							
Owner Occupied							
Nonaccrual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	1,565,049	1,541,590	154,159	-	-	1,565,049	1,541,590
Subtotals	1,565,049	1,541,590	154,159	-	-	1,565,049	1,541,590
Commercial and Industrial							
Small Commercial Equipment							
Nonaccrual	350,816	380,853	114,256	-	-	350,816	380,853
Other	-	-	-	-	-	-	-
Other Commercial & Industrial							
Nonaccrual	-	-	-	-	-	-	-
Other	6,373,908	6,347,516	1,864,363	-	-	6,373,908	6,347,516
Subtotals	6,724,724	6,728,369	1,978,618	-	-	6,724,724	6,728,369
Consumer							
Secured							
Nonaccrual	78,960	77,959	7,796	-	-	78,960	77,959
Other	-	-	-	-	-	-	-
Subtotals	78,960	77,959	7,796	-	-	78,960	77,959
Totals	\$ 8,368,732	\$ 8,347,918	\$ 2,140,573	\$ -	\$ -	\$ 8,368,732	\$ 8,347,918

Average recorded investment in impaired loans and interest income recognized as of the years indicated are presented below:

	Year Ended December 31, 2025	
	Average Recorded Investment	Interest Recognized on Impaired Loans
Real Estate		
Acquisition, Development & Construction	\$ -	\$ -
Commercial	-	-
Multifamily	1,958,518	125,378
Owner Occupied	1,443,665	245,855
Commercial and Industrial		
Small Commercial Equipment	347,979	201,224
Other Commercial & Industrial	3,548,330	1,232,233
Consumer		
Secured	-	-
Unsecured	-	-
Total	\$ 7,298,492	\$ 1,804,690

	Year Ended December 31, 2024	
	Average Recorded Investment	Interest Recognized on Impaired Loans
Real Estate		
Acquisition, Development & Construction	\$ -	\$ -
Other	-	-
Multifamily	-	-
Owner Occupied	1,110,278	517,367
Commercial and Industrial		
Small Commercial Equipment	526,576	135,227
Other Commercial & Industrial	1,475,630	222,554
Consumer		
Secured	-	-
Unsecured	-	-
Total	\$ 3,112,484	\$ 875,148

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The cash basis interest income on impaired loans was not materially different than the interest recognized on impaired loans as shown in the above tables.

There were no loans modified during 2025. There was a single loan modified during 2024 with a principal balance of \$2,832,875 as of December 31, 2024, of which \$2,124,656 was federally guaranteed under the Small Business Administration's 7a lending program. There were no commitments to lend additional funds to any borrowers whose loans have been modified. Determination of the allowance for credit losses for modified loans does not differ materially from the process for other loans in the Bank's portfolio.

5. Premises and Equipment:

Premises and equipment at December 31 consists of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 2,342,065	\$ 2,342,065
Building and improvements	9,423,768	10,562,348
Computer equipment and software	1,748,056	1,692,430
Furniture and equipment	4,295,616	3,411,161
Total	<u>17,809,505</u>	<u>18,008,004</u>
Accumulated depreciation	<u>(7,335,283)</u>	<u>(6,302,299)</u>
Premises and equipment, net	<u>\$ 10,474,222</u>	<u>\$ 11,705,705</u>

The Bank owns its headquarters building and leases to others approximately 9% of the building. Rental income recorded under non-cancelable leases as well as other month-to-month agreements totalled \$16,200 for the years ended December 31, 2025 and 2024, and is recorded in noninterest income. At December 31, 2025, future expected rental revenues to be received under such noncancelable leases are as follows:

2026	\$ 3,350
Total	<u>\$ 3,350</u>

6. Time Deposits:

Individual time deposits that met or exceeded the FDIC standard insurance coverage limit of \$250,000 totalled \$3,730,663 and \$3,606,798 at December 31, 2025 and 2024, respectively.

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

2026	\$ 20,125,654
2027	105,058
Thereafter	-
	<u>\$ 20,230,712</u>

7. Borrowings:

The Holding Company currently carries a total of \$18,750,000 aggregate principal in fixed to floating rate subordinated notes. During 2024, the Company repurchased principal totalling \$1,250,000 at a discount from a single note holder and recorded a pre-tax gain of \$375,000. The notes will mature on December 1, 2031 and bear an interest rate of 3.25% through November 30, 2026 and thereafter will bear an interest rate equal to Three-Month Term Secured Overnight Funding Rate (SOFR) plus 2.17% payable quarterly in arrears. Unamortized debt issuance costs as of December 31, 2025 and 2024 were \$227,775 and \$266,271, respectively.

The Bank has repurchase agreements (REPOs) of \$2,007,955 (average rate 1.70%) and \$1,572,812 (average rate 2.07%) at December 31, 2025 and 2024, respectively. A REPO represents an agreement between the Bank and a customer to collateralize funds deposited by the customer in an interest-bearing repurchase sweep account. Investment securities are pledged by the Bank as collateral in an amount equal to the REPOs.

The Bank has a borrowing line with the FHLB equal to a maximum of 40% of the Bank's total assets, subject to limits based on collateral consisting of FHLB stock, funds on deposit with FHLB and eligible portions of the Bank's loan and securities portfolios. The available borrowing line as of December 31, 2025 was approximately \$265,513,000 with no outstanding borrowings as of December 31, 2025 or December 31, 2024.

The Bank has secured and unsecured federal funds borrowing lines available with correspondent banks totalling \$25,000,000 as of December 31, 2025. The Bank had no outstanding borrowings against these lines as of December 31, 2025 nor 2024. The Bank also has a borrowing line available with the Federal Reserve Discount Window totalling approximately \$74,883,000 as of December 31, 2025, which is secured by a portion of the Bank's loan portfolio. The Bank had no outstanding borrowings against this line as of December 31, 2025 or 2024.

8. Benefit Plans:

The Bank has a defined contribution 401(k) profit sharing plan covering substantially all employees. Employer contributions are discretionary and are determined annually by the Board of Directors. Employer contributions were \$1,160,921 and \$1,059,096 in 2025 and 2024, respectively.

The Bank has a deferred cash incentive plan and a supplemental employee retirement plan (SERP) for the benefit of certain key employees and a directors' deferred compensation plan for the Bank's directors. Expense incurred under these plans totalled \$776,962 and \$567,825 in 2025 and 2024, respectively. The liability for benefits under these plans totalled \$3,073,600 and \$2,051,785 as of December 31, 2025 and 2024, respectively, and is included in other liabilities in the accompanying consolidated balance sheets.

9. Stock Option and Equity Compensation Plans:

The Bank has employee and nonemployee equity compensation plans (the Plans) that reserve shares of stock for issuance to employees and directors in the form of stock options, restricted stock, or restricted stock units (RSUs). Under the Plans, the exercise price (for options) or the fair value (for restricted stock and RSUs) of awards granted must equal the market price of the Bank's stock on the date of the grant. Options granted under the Plans have a maximum term of ten years. Vesting generally occurs over periods ranging from one to four years. At December 31, 2025 and 2024, there were 553,398 and 597,120 shares of common stock available for future grants under the Plans.

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The following table presents the activity related to stock options under the Plans for the years ended December 31:

	2025		2024	
	Options outstanding	Weighted-average exercise price	Options outstanding	Weighted-average exercise price
Balance, beginning of year	287,862	\$11.48	237,302	\$11.54
Granted:				
Directors	6,750	14.92	-	n/a
Employees	1,002	13.97	50,560	11.23
Exercised	(14,855)	6.97	-	n/a
Forfeited or expired	(10,211)	8.10	-	n/a
Balance, end of year	270,548	11.96	287,862	11.48
Exercisable, end of year	223,215	\$ 11.89	201,301	\$ 11.12

There were 14,855 stock options exercised during the year ended December 31, 2025, with a total intrinsic value of \$152,733. There were no options exercised during the year ended December 31, 2024.

The following table presents additional information regarding stock options outstanding as of December 31, 2025:

Expiration	Weighted average exercise price per share in \$ dollars	Weighted average remaining contractual life	December 31, 2025	
			Exercisable	Outstanding
2027	\$ 7.92	1.24	22,097	22,097
2028	10.20	2.09	22,155	22,155
2029	12.32	3.27	34,047	34,047
2030	10.57	4.25	16,182	16,182
2031	11.45	5.28	47,728	47,728
2032	14.46	6.21	51,424	51,424
2033	14.54	7.13	12,402	18,603
2034	11.22	8.16	17,180	51,560
2035	15.36	9.65	-	6,752
			223,215	270,548
Aggregate intrinsic value			\$1,195,613	\$1,432,462

The fair value of options granted under the Plans is estimated on the date of the grant using the Black-Scholes option pricing model. The fair value of the grants is amortized on a straight-line basis over the requisite vesting periods. The expected life of options granted represents the period of time that they are expected to be outstanding. The expected life is determined based on the actual historical weighted average life of the Bank's options. Expected volatility is estimated at the date of grant based on the historical volatility of the Bank's common stock over a period similar to the expected life of the option. Dividends during the expected life are assumed to be zero. The risk-free interest rate is derived from the trailing twenty-day U.S. Treasury yield at the time of the grant for a term equivalent to the expected life of the option. The Black-Scholes model used the following assumptions for the stock options granted during the years indicated:

	Expected Life (years)	Expected Volatility	Expected Dividends	Risk Free Rate
2025	7.0	14.9%	0.00%	4.07%
2024	7.0	21.3%	0.00%	4.11%

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The weighted average fair value of options granted in 2025 and 2024 was \$4.74 and \$3.86, respectively. As of December 31, 2025, the total unrecognized compensation expense related to options granted amounted to \$107,846, which is expected to be recognized during 2026-2028, a weighted average period of 0.9 years.

The fair value of restricted stock and RSUs awarded under the Plans is measured based on the number of shares granted and the market price of the Bank's common stock on the date of grant. This amount is recognized as an expense over the corresponding requisite service period. As of December 31, 2025, the total unrecognized compensation expense related to restricted stock awards granted amounted to \$735,236, which is expected to be recognized during 2026-2035. Weighted average years to vest for outstanding restricted stock grants as of December 31, 2025 is 2.7 years. The following presents the Bank's restricted stock activity for the years ended December 31, 2025 and 2024:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2023	76,003	\$ 13.76
Granted	40,620	11.14
Vested	(41,694)	13.67
Forfeited	(729)	13.18
Unvested as of December 31, 2024	74,200	12.39
Granted	46,929	14.41
Vested	(31,493)	12.85
Forfeited	(748)	12.55
Unvested as of December 31, 2025	88,888	\$ 13.29

There were a total of 54,681 shares of restricted stock and options granted during 2025, none of which vested in 2025, with no shares surrendered unvested. The remaining 2025 grants are expected to vest during 2026-2035. There were 46,980 and 44,592 options that vested during the years ended December 31, 2025 and 2024 with a total fair value of \$149,034 and \$116,914, respectively. There were 31,493 and 41,694 shares of restricted stock that vested during the years ended December 31, 2025 and 2024 with a total fair value of \$404,673 and \$569,775, respectively.

Weighted average shares outstanding for the years ended December 31 are as follows:

	2025	2024
Basic	7,776,301	7,709,221
Common stock equivalents attributable to stock based grants outstanding	58,208	75,337
Fully Diluted	7,834,509	7,784,558

On November 19, 2024, the Bank announced the adoption of a stock repurchase program (the “2024 repurchase program”). Under the 2024 repurchase program, the Bank was authorized to repurchase up to \$1,000,000 of the Bank’s outstanding shares of common stock, in the open market, private transactions, or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities and Exchange Commission, over a period commencing on November 20, 2024 and continuing until the earlier of the completion of the stock repurchase program or January 31, 2026. The Bank completed the 2024 repurchase program on January 31, 2026, repurchasing 10,558 shares at an average price of \$13.71 and at a total cost of \$144,779. All shares repurchased under the 2024 repurchase program were retired as settled.

On February 2, 2026, the Bank announced the adoption of a stock repurchase program (the “2026 repurchase program”). Under the 2026 repurchase program, the Bank is authorized to repurchase up to approximately \$864,000 of the Bank’s outstanding shares of common stock, in the open market, private transactions, or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities and Exchange Commission, over a period commencing on February 1, 2026 and continuing until the earlier of the completion of the stock repurchase program of January 31, 2027.

10. Revenue from Contracts with Customers:

In accordance with ASC 606, revenues are recognized when goods or services are transferred to a customer in exchange for the consideration the Bank expects to be entitled to receive. The largest portion of the Bank’s revenue is from interest income, which is excluded from the scope of ASC 606. All of the Bank’s revenue from contracts with customers which is within the scope of ASC 606 is recognized in non-interest income.

If a contract is determined to be within the scope of ASC 606, the Bank recognizes revenue as it satisfies a performance obligation. Payments from customers are generally collected at the time services are rendered, monthly, or quarterly. For contracts with customers within the scope of ASC 606, revenue is either earned at a point in time or revenue is earned over time. Examples of revenue earned at a point in time are automated teller machine (“ATM”) transaction fees, wire transfer fees, overdraft fees and interchange fees. Revenue is primarily based on the number and type of transactions that are generally derived from transactional information accumulated by the Bank’s systems and is recognized immediately as the transactions occur or upon providing the service to complete the customer’s transaction. The Bank is generally the principal in these contracts, with the exception of interchange fees, in which case the Bank is acting as the agent and records revenue net of expenses paid to the principal. Examples of revenue earned over time, which generally occur on a monthly basis, are deposit account maintenance fees, merchant revenue, and safe deposit box fees. Revenue is generally derived from transactional information accumulated by the Bank’s systems or those of third-parties and is recognized as the related transactions occur or services are rendered to the customer.

SUMMITBANK Group, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table includes the Bank's noninterest income disaggregated by type of service for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Bank card and interchange fees	\$ 488,860	\$ 550,916
Loan servicing fees ¹	101,434	128,923
Early termination gains on loans	479,836	592,446
Service charges on deposit accounts	362,885	256,855
Bank-owned life insurance income ¹	302,660	300,679
Real estate lease income ¹	16,200	16,200
Gains (losses) on sales and write-downs of repossessed assets, net	(329,690)	(1,633,013)
Other	488,059	833,143
Total noninterest income	<u>\$ 1,910,244</u>	<u>\$ 1,046,149</u>

¹Not in the scope of ASC 606

For the years ended December 31, 2025 and 2024, substantially all of the Bank's revenues within the scope of ASC 606 are for performance obligations satisfied at a specified date. Revenues recognized within the scope of ASC 606 include:

Bank card and interchange fees: Bank card and interchange fees are earned when a debit card issued by the Bank is used. The Bank earns interchange fees from debit cardholder transactions through the Visa[®] payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. The performance obligation is satisfied and the fees are earned when the cost of the transaction is charged to the cardholders' debit card. Certain expenses directly associated with the debit cards are recorded on a net basis with the interchange income.

Other noninterest loan income: Other noninterest loan income includes early termination fees and other income from loans that the Bank services. These fees are recognized on a daily, monthly, quarterly or annual basis, depending on the type of service.

Service charges on deposit accounts: Fees are earned on the Bank's deposit accounts for various products offered to, or services performed for the Bank's customers. Fees include business account fees, non-sufficient fund fees, stop payment fees, wire services, safe deposit box and others. These fees are recognized on a daily, monthly or quarterly basis, depending on the type of service.

Losses on sales and write-downs of repossessed assets, net: The Bank records a gain or loss from the sale of repossessed assets when control of the property transfers to the buyer, which generally occurs at the time of an executed deed or title.

Other: Fees earned on other services, such as merchant services or occasional non-recurring type services, are recognized at the time of the event or the applicable billing cycle.

As of December 31, 2025 and December 31, 2024, the Bank had no significant contract liabilities where the Bank had an obligation to transfer goods or services for which the Bank had already received consideration. In addition, the Bank had no material unsatisfied performance obligations as of this date.

SUMMITBANK Group, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Other Expense:

Other expense for the years ended December 31 is comprised of the following:

	<u>2025</u>	<u>2024</u>
Professional services	\$ 786,506	\$ 511,335
Printing, supplies and postage	512,491	522,533
Regulatory assessments	1,049,693	867,685
Advertising, marketing and public relations	1,009,017	941,215
Loan expenses and collection	493,025	456,516
Communications	300,521	286,952
Correspondent bank fees	371,560	343,328
Other operating expenses	2,110,164	1,990,686
Total other expense	<u>\$ 6,632,977</u>	<u>\$ 5,920,249</u>

12. Income Taxes:

The income tax provision consists of the following for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Current		
Federal	\$ 4,533,981	\$ 2,130,472
State	1,471,901	923,816
Deferred	(914,138)	662,090
Total income tax provision	<u>\$ 5,091,744</u>	<u>\$ 3,716,378</u>

The income tax provision results in effective tax rates that are different than the federal income tax statutory rate. The nature of the differences for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Expected federal income tax provision at statutory rates	\$ 4,085,861	\$ 3,137,464
State taxes	1,105,810	845,547
Permanent differences	65	2,425
Other	(99,992)	(269,059)
Total income tax provision	<u>\$ 5,091,744</u>	<u>\$ 3,716,378</u>

SUMMITBANK Group, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The tax effects of temporary differences that give rise to deferred tax assets and liabilities as of December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Deferred tax assets:		
Allowance for credit losses	\$ 3,457,492	\$ 3,323,632
Accrued vacation	37,787	36,916
Other accrued expenses	61,255	65,950
Deferred compensation	955,787	542,268
Share-based compensation	4,783	4,824
Unrealized losses on investment securities	206,679	564,497
Secondary accrued interest	55,421	40,268
Operating lease liability	789,334	831,616
Other	1,926	10,772
Total deferred tax assets	<u>5,570,464</u>	<u>5,420,743</u>
Deferred tax liabilities:		
Depreciation	(1,088,336)	(1,031,362)
Loan origination costs	(1,164,333)	(1,440,179)
Prepaid expenses and other	(235,671)	(249,621)
Operating lease right-of-use asset	(707,814)	(834,522)
Other	(294,608)	(356,528)
Total deferred tax liabilities	<u>(3,490,762)</u>	<u>(3,912,213)</u>
Total net deferred tax assets	<u>\$ 2,079,702</u>	<u>\$ 1,508,529</u>

The Bank has determined that it is not required to establish a valuation allowance for the net deferred tax assets as of December 31, 2025 and 2024, as management believes it is more likely than not that the net deferred tax assets will be realized through reversals of existing taxable temporary differences and future taxable income.

13. Commitments and Contingencies:

The Bank commits to extensions of credit and issues standby letters of credit to meet the financing needs of its clients. The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Commitments to extend credit are agreements to lend to a client provided there is no violation of any conditions established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Standby letters of credit written are conditional commitments issued by the Bank to guarantee the performance of a client to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to clients.

SUMMITBANK Group, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

To manage interest rate risk, the Bank enters into interest rate swaps that effectively convert fixed rate loans into variable rate instruments earning a margin over a short term index, typically SOFR. These fair value hedges have been structured in most cases to be perfectly effective. Any ineffectiveness is recognized in earnings. Cash and investment securities at December 31, 2025 totalling \$3,959,426 are held by counterparties and are pledged as security for these interest rate swaps.

Financial instruments with off-balance-sheet risk at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Commitments to extend credit	\$ 217,563,959	\$ 226,012,558
Standby letters of credit	5,701,827	1,093,690
Interest rate swaps (receive variable - pay fixed, maturing 2026-2048):		
Principal amount of hedged loans	168,355,572	170,360,324
Fair value adjustment, included in other liabilities (assets)	(3,009,513)	(7,553,171)
Total fair value of hedged loans	<u>\$ 165,346,059</u>	<u>\$ 162,807,153</u>

Due to the nature of its activities, the Bank is periodically subject to litigation arising in the ordinary course of business, which is generally expected to not have a material effect on the Bank's consolidated financial position, results of operations, and cash flows as of and for the year ended December 31, 2025.

The Bank has entered into employment agreements with certain key employees, which provide for contingent payments upon a change in control of the Bank, as defined in the agreements.

14. Related Party Transactions:

In the normal course of business, the Bank has granted loans to officers and directors and to companies with which they are associated. Such loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties. Activity with respect to these loans during the years ended December 31 was as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 17,149,193	\$ 17,501,431
Additions or renewals	683,930	100,000
Principal repayments and other reductions	(1,130,788)	(452,238)
Balance, end of year	<u>\$ 16,702,335</u>	<u>\$ 17,149,193</u>

In addition, there were \$2,002,327 in commitments to extend credit to officers and directors, including related entities, at December 31, 2025 which are included as part of commitments in Note 13.

Deposits from officers and directors totalled \$9,461,382 and \$8,865,990 at December 31, 2025 and 2024, respectively.

15. Fair Value Measurements:

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. GAAP also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based upon the underlying

SUMMITBANK Group, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

inputs, each fair value measurement in its entirety is reported in one of the three levels. These levels are:

- **Level 1:** Fair value of the asset or liability is determined using unadjusted quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Fair value of the asset or liability is determined using inputs other than quoted prices that are observable for the applicable asset or liability, either directly or indirectly, such as quoted prices for similar (as opposed to identical) assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- **Level 3:** Fair value of the asset or liability is determined using unobservable inputs that are significant to the fair value measurement and reflect management's own assumptions regarding the applicable asset or liability.

The following disclosures are made in accordance with provisions of GAAP. The use of different assumptions and estimation methods could have a significant effect on fair value amounts. Accordingly, the estimates of fair value herein are not necessarily indicative of the amounts that might be realized in a current market exchange.

The carrying amount and estimated fair value of the Bank's financial instruments are as follows at the dates indicated:

December 31, 2025	Carrying Amount	Level I	Level II	Level III	Estimated Fair Value
Assets:					
Cash and cash equivalents	\$ 122,636,220	\$ 122,636,220	\$ -	\$ -	\$ 122,636,220
Investment securities available-for-sale	22,076,408	-	22,076,408	-	22,076,408
Hedged loans, net of allowance for credit losses	165,346,060	-	165,346,060	-	165,346,060
Other loans, net of allowance for credit losses	933,224,969	-	951,286,171	11,064,354	962,350,525
Interest receivable	4,138,985	-	4,138,985	-	4,138,985
FHLB and PCBB stock	1,192,100	-	1,192,100	-	1,192,100
Cash surrender value of bank-owned life insurance	9,016,951	-	9,016,951	-	9,016,951
Liabilities:					
Time deposits	20,230,712	-	20,198,388	-	20,198,388
Repurchase agreements and secured borrowings	2,007,955	-	2,007,955	-	2,007,955
Term borrowings	18,522,225	-	18,522,225	-	18,522,225
Interest rate swap agreements	410,000	-	410,000	-	410,000

December 31, 2024	Carrying Amount	Level I	Level II	Level III	Estimated Fair Value
Assets:					
Cash and cash equivalents	\$ 133,927,902	\$ 133,927,902	\$ -	\$ -	\$ 133,927,902
Investment securities available-for-sale	44,474,163	-	44,474,163	-	44,474,163
Hedged loans, net of allowance for credit losses	162,807,153	-	162,807,153	-	162,807,153
Other loans, net of allowance for credit losses	872,538,880	-	847,812,284	5,394,964	853,207,248
Interest receivable	4,034,590	-	4,034,590	-	4,034,590
FHLB and PCBB stock	1,085,200	-	1,085,200	-	1,085,200
Cash surrender value of bank-owned life insurance	8,694,364	-	8,694,364	-	8,694,364
Liabilities:					
Time deposits	90,467,712	-	90,403,833	-	90,403,833
Repurchase agreements and secured borrowings	1,572,812	-	1,572,812	-	1,572,812
Term borrowings	18,483,729	-	18,483,729	-	18,483,729
Interest rate swap agreements	61,000	-	61,000	-	61,000

SUMMITBANK Group, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following methods were used to estimate the fair value of each class of financial instrument above that is measured and recorded at estimated fair value on a recurring basis:

Investment Securities Available-for-Sale– Fair value is estimated using quoted market prices for similar securities.

Hedged Loans – Fair value of hedged fixed-rate loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit characteristics and for the same remaining maturities.

Interest Rate Swap Agreements – Fair value of interest rate swap agreements is estimated based upon quoted prices for similar instruments in the over the counter swaps market.

The following tables present assets that are measured at estimated fair value on a nonrecurring basis at the dates indicated:

	Total estimated fair value	Estimated fair value measurements using		
		Level I	Level II	Level III
December 31 2025				
Repossessed assets	\$ 114,700	\$ -	\$ -	\$ 114,700
Individually evaluated loans with allowance	\$ 11,064,354	\$ -	\$ -	\$ 11,064,354
December 31 2024				
Repossessed assets	\$ 456,800	\$ -	\$ -	\$ 456,800
Impaired loans	\$ 6,228,159	\$ -	\$ -	\$ 6,228,159
	Valuation technique	Significant unobservable inputs		
Repossessed assets	Market approach	Appraised value of collateral less selling costs		
Impaired loans	Market and income approach	Discounted cash flows or appraised value of collateral less selling costs		

The Bank considers third party appraisals in determining the fair value of repossessed assets and impaired loans. Appraisals are adjusted by the Bank in consideration of economic and market conditions that could impact the value of the assets.

The fair values presented above represent management’s best estimates based on a range of methodologies and assumptions. Where appropriate, expected cash flows are discounted using an applicable rate considering the time of collection, credit risk, and the discount for the uncertainty of the cash flows.

There were no transfers to or from Level III during 2025 or 2024.

16. Leases:

The Bank has noncancelable operating lease agreements for office space that require future minimum rental payments. The Bank does not have any operating leases with an initial term of 12 months or less. The Bank's operating leases contain various provisions for increases in rental rates based on predetermined escalation schedules. The Bank's operating leases also provide the Bank with options to extend the lease terms one or more times following expiration of the initial terms. Lease extensions are not reasonably certain, and the Bank generally does not recognize payments occurring during option periods in the calculation of its operating lease right-of-use assets and operating lease liabilities.

The table below presents the operating lease right-of-use assets and operating lease liabilities recorded in the consolidated balance sheets as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>	<u>Balance sheet classification</u>
Operating lease right-of-use assets	\$ 2,663,483	\$ 3,008,840	Other assets
Operating lease liabilities	2,970,242	3,148,072	Other liabilities
Operating lease weighted-average remaining lease term	8.63 years	9.34 years	
Operating lease weighted-average discount rate	4.64%	4.62%	

Costs of operating leases for the years ended December 31, 2025 and 2024 totalled \$489,159 and \$262,980, respectively and are recorded in occupancy and equipment expense in the consolidated statements of income.

Supplemental cash flow information – Operating cash flows paid for the operating lease amounts included in the measurement of the lease liability were \$321,632 and \$129,149 for the years ended December 31, 2025 and 2024, respectively. The following table reconciles the undiscounted cash flows for the periods indicated related to the Bank's operating lease liabilities as of December 31, 2025:

Years ending December 31		
2026		\$ 446,816
2027		427,454
2028		416,953
2029		386,018
2030		335,735
Thereafter		1,639,403
Total minimum lease payments		<u>3,652,379</u>
Less: amount of lease payment representing interest		(682,137)
Lease liability		<u><u>\$ 2,970,242</u></u>

17. Regulatory Matters:

The Holding Company and the Bank are subject to the regulations of certain federal and state agencies and receive periodic examinations by those regulatory authorities. In addition, the Holding Company and the Bank are subject to various regulatory capital requirements administered by 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 Holding Company and 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 Holding Company and the Bank's capital amounts and classification

SUMMITBANK Group, Inc. and Subsidiary
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are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Regulatory capital 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. As of December 31, 2025 and 2024, the most recent regulatory notification classified the Bank as well capitalized under the prompt corrective action regulatory framework. There are no conditions or events since that notification that management believes have changed the Bank's category

In 2019, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the community bank leverage ratio framework (CBLR framework), for qualifying community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The final rule became effective on January 1, 2021 and was elected by the Bank as of March 31, 2021. Under the interim final rules, the CBLR minimum Tier 1 capital to average assets requirement was 9.0% for 2022 and beyond. As of December 31, 2025, both the Holding Company and the Bank were qualifying community banking organizations as defined by federal banking agencies and elected to measure capital adequacy under the CBLR framework.

The Bank's actual and required capital amounts (in thousands) and ratios are as follows for the years ended December 31, 2025 and 2024:

	December 31, 2025		To be Well Capitalized Under Prompt Corrective Action Provisions (CBLR Framework)	
	Amount	Ratio	Amount	Ratio
Tier I capital to average total assets (\$ in thousands)	\$ 142,552	10.92%	\$ 117,502	9.00%

	December 31, 2024		To be Well Capitalized Under Prompt Corrective Action Provisions (CBLR Framework)	
	Amount	Ratio	Amount	Ratio
Tier I capital to average total assets (\$ in thousands)	\$ 126,978	9.88%	\$ 115,629	9.00%

The Federal Deposit Insurance Corporation has not reviewed these consolidated financial statements for accuracy or relevance.

Board of Directors



RICHARD M. ABRAHAM, MD

Dr. Abraham has been a practicing Emergency and Occupational Medicine physician with Cascade Medical Associates since 1979. He is a founding member of BestMed (formally Eugene Urgent Care) walk-in clinics, Monarch Medical Weight Loss, Oregon Man Clinics, LYL Medical and the past President and current COO of Drs. Emergency Room Corporation dba Cascade Medical Associates. He is a founding Director of Summit Bank and also serves on the boards of Cascade Health Solutions, BestMed, Monarch Medical and McKenzie Willamette Medical Center. He has previously served on the boards of MWMC Foundation, PacificSource, the Health and Safety Institute and the Marist Foundation. Director since 2003.



PATRICIA O. BUEHLER, MD

Dr. Buehler is a surgeon specializing in cataract, Lasik and eyelid surgery. She is retired from her practice, InFocus Eye Care in Bend, and an owner and founder of the Bend Surgery Center. She is the CEO and co-founder of a medical device company, Osheru, with her husband, Dr. Knute Buehler. Osheru makes Compressive Skin Contouring (CoCo) devices for minimally invasive aesthetic surgery. She serves on the board of directors of Lines for Life, a statewide substance abuse and suicide prevention non-profit. Director since 2016.



DANIEL P. HOBIN

Mr. Hobin has more than 25 years of experience in starting, building, and selling technology companies. He is currently the Managing Partner of Chipper Creek Innovation, a small investment firm that invests in entrepreneurs who are passionate about giving back, making an impact, and generating attractive risk-adjusted returns. Previously, Mr. Hobin was a co-founder and CEO of G5, the leading provider of marketing software and services in the property management sector. Mr. Hobin is a co-founder of the Bend Venture Conference and is on the advisory board for Oregon State University Cascades. Director since 2016.



STEVEN J. KORTH

Mr. Korth is a partner and the director of real estate and development for his family business, McKay Investment Company. He has served on the boards of the Eugene Chamber of Commerce, Lane Metro Partnership, and the Oregon Community Foundation. He is also active in local government, having recently served on the City Managers Technical Advisory Group (TAG), served on the Mayor of Eugene's Economic Development Committee, the Eugene Enterprise Zone Committee, and as a member of the Eugene School Districts "Shaping 4-J's Future" task force. Director since 2008.



JAMIE H. MOFFITT

Ms. Moffitt is the Senior Vice President for Finance and Administration and CFO of the University of Oregon. She holds degrees from Harvard College, the Fletcher School of Law and Diplomacy, and Harvard Law School. Prior to joining the University of Oregon in 2003, Ms. Moffitt spent seven years working in the private sector including as a consultant with McKinsey and Company. She has served on the Board and audit committee of Anixter, Inc. (formerly NYSE: AXE), a company with over \$8.5 billion in annual revenue and on the audit committee of the PAC-12 Athletic Conference. Currently, she serves in an ex-officio capacity on the Board and investment committee of the University of Oregon Foundation. Director since 2022.



J. ANDREW MOORE

Mr. Moore is co-president of Bigfoot Beverages. He has been a Director of Summit Bank for more than fifteen years and also serves on the boards of the Oregon Beverage Association, the American Beverage Association, Cascade Health Solutions, and Pepsi Northwest Beverages. Director since 2010.



John A. Stirek

Mr. Stirek is a co-founder of Rogue Venture Partners and has served on multiple corporate and community boards including the CBRE Foundation, the Lake Oswego School District Foundation, and the Advisory Board of Financial Beginnings; a nonprofit focused on financial education. He retired in 2024 from a long tenure with Trammell Crow Company where he served as president of Western Operations and Capital Markets, COO, and National Director of Development and Investment. Mr. Stirek holds a B.S. in accounting from Oregon State University and an MBA from Harvard Business School. Director since 2025.



ANDY J. STORUMENT

Mr. Storumment is a founding director of Summit Bank and current Board Vice Chair. He also manages investments in commercial real estate and operating companies primarily in the Northwest. He serves as a Trustee on the University of Oregon Board of Trustees and on the boards of The Ford Family Foundation, Oregon Equipment Sales, and Stahlbush Island Farms, Inc. Director since 2003.



CRAIG A. WANICHEK

Mr. Wanichek currently serves as the President and Chief Executive Officer of Summit Bank and Summit Bank Group, Inc. Mr. Wanichek joined Summit Bank in 2009 holding various Executive Management positions including President and Chief Credit Administrator prior to succeeding Summit Bank's founding CEO in 2013. Mr. Wanichek previously served in several management positions with a local NYSE- traded manufacturing company following seventeen years in banking. He is Past Chairman of the Board of Directors for the Oregon Bankers Association. He is currently serving on the Board of Directors for the Independent Community Bankers of America (ICBA) Securities and has been appointed to serve on the State of Oregon Governor's Board of Economic Advisors. Mr. Wanichek has served as chair of the Eugene Chamber of Commerce and Cascade Health. He is a graduate of the University of Oregon with a Bachelor's degree in Economics. Director since 2013.



R. PAUL WEINHOLD

Mr. Weinhold is the President and Chief Executive Officer of the University of Oregon Foundation. He is a founding Director of Summit Bank and currently serves as the Board Chair. He has served in leadership roles for a variety of local non-profits and served as the Chair of Oregon22, the organization responsible for hosting the World Track and Field Championship in Oregon. Prior to joining the University of Oregon Foundation, he spent more than twenty years in leadership roles in the commercial insurance industry. Director since 2003.

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SUMMIT BANK TEAM

CENTRAL OREGON - BEND OFFICE

DAVID AXBERG, AVP Portfolio Manager
RACHAEL BAKER, SVP Compliance Officer
LAURA BEST, AVP Branch Operations Supervisor
JORDAN BURCHAM, AVP Portfolio Manager
CARLYN CARMICHAEL, SVP Commercial Banking Team Leader
LUCAS CARTER, Client Services Representative
AIMEE COFFMAN, Universal Banker I
JILL CUMMINGS, SVP Commercial Banking Team Leader
REXANNE DOVE, Senior Commercial Loan Support Specialist
MATTHEW DYNICE, SVP Credit Administrator
CHRISTIAN HASLINGER, Credit Administration Associate II

KAYLA KUPER, Universal Banker & Business Client Courier
ROGER LEE, VP Business Client Advisor
SAVANNAH MONTGOMERY, Branch Operations Asst. Supervisor
DEVON MYERS, AVP Marketing Manager
GARY O CONNELL, EVP Central Oregon President
DON PAUMIER, AVP, Business Client Advisor
CHELISE PEED, Lending Compliance Specialist
SARAH RODRIGUEZ, VP Relationship Banking Manager
ZACHARY SUNDSTEN, VP Business Client Advisor
STEPHEN WHEELER, Senior Associate Business Client Advisor

CENTRAL OREGON - REDMOND OFFICE

MAKAYLA CAPON, Universal Banker II
JILL CUMMINGS, SVP Commercial Banking Team Leader
MYLES FUCHS, Branch Operations Supervisor
MAARTY LEUNEN, AVP Market Development Officer

JULIA MALTMAN, Universal Banker I
GARY O CONNELL, EVP Central Oregon President
SARAH RODRIGUEZ, VP Relationship Banking Manager
KRISTEN WARNER, VP Treasury Management Officer

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EMILY AUSTIN, Associate Business Client Advisor
ANNA BERG, AVP Portfolio Manager
CHRISTOPHER BARRON, VP Regional Treasury & Ops Manager
MICHAEL DEMING, SR Associate Business Client Advisor
ISABELLA ESPARZA-CLARK, Universal Banker I
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JACOB HARTOUGH, Treasury Management Officer

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ANDREW SCHAER, VP Portfolio Manager
BRIAN THOMAS, SVP Commercial Banking Team Leader
STEVEN WATTS, SVP Business Client Advisor
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WESTSIDE PORTLAND OFFICE

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BREADON GREEN, Client Services Advisor

BETSY JONES, Business Banking Associate
GREGORY OAKES, SVP Business Client Advisor
DANIEL WAHLIN, SVP Commercial Banking Team Leader
ZACHARY WEBER, AVP Portfolio Manager

EUGENE/SPRINGFIELD OFFICE

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MIKE ALBIN, Technology Support Supervisor
LINDA ALGER, EFG Sr. Collection Specialist
RACHEL ARBOGAST, Loan Servicing Representative II
THOMAS BALL, VP Business Client Advisor
AUSTIN BANKS, Associate Business Client Advisor
JENNIFER BENNETT, EVP Market President
JAMIE BROCKETT, Loan Documentation Specialist III
MEGAN BROWN, HR Specialist
PIOTREK BUCIARSKI, SVP Commercial Banking Team Leader
CHLOE CHAPMAN, SVP Business Client Advisor
ALYSSA CLARE, Branch Operations Supervisor
KYLE COOK, Senior SBA Portfolio Associate
VICKIE CUSSINS, VP Corporate Secretary Administration
DARRYL DARE, SVP Director of Information Technology
JEAN DARMADI, Associate Business Client Advisor
GRACE DAVIS, New Accounts Team Supervisor
NICOLE DEAN, Support Specialist I
JULIE DEATON, SR Loan Documentation Specialist
ROBERT DVORAK, Support Specialist I - Operations
AUSTIN EDWARDS, Client Services Advisor
TRACI EWING, AVP eBanking Manager
DARVIN FOWLER, SVP Commercial Banking Team Leader
MAGGIE FRITCHMAN, Assistant Operations Supervisor
HEATHER GABBERT, VP Market Development Officer
DANIELLE GILLETTE, Deposit Compliance Specialist
WESLEY GODELL, Finance Associate
RODNEY GOEBEL, Business Client Courier
SCOTT GOLDSTEIN, Balance Sheet Risk Officer
COLLEEN HARFORD, EFG Funding Specialist III
T'KEYAH HAY, SBA Operations Manager
JACKSON HEATH, Portfolio Manager
CHRISTOPHER HEMMINGS, EVP Chief Financial Officer
TYLAN HIBBARD, EFG Collections Specialist I
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MICHAEL HOLDEN, Associate Business Client Advisor
ARIANA HOLDWAY, Support Specialist Lead
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MICHAELA MARCOTTE, SVP HR Director
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HANS MCKNIGHT, VP Operations Support Officer
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MEGAN MORELAND, VP Credit Review Manager
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TRICIA MORTENSEN, Payroll/Accounting Specialist
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JACK OMLIN, AVP Operations Support Manager
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PAMELA PLILER, VP Bank Secrecy Act and Compliance Officer
JIN PLUMMER, VP Business Client Advisor
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LISA WAITS, Support Specialist I
HEATHER WALING, Loan Documentation Specialist II
AARON WALKER, EVP Chief Credit Officer
CRAIG WANICHEK, President and CEO
AUSTIN WHITTINGTON, Security Analyst
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