



Waunakee Community School District

Proposal for Banking Services presented
by Lake Ridge Bank



Lake Ridge Bank™

Go Far. Go Together.



Lake Ridge Bank™

August 7, 2026

Allie Newton
Director of Business Services
Waunakee Community School District

Dear Ms. Newton,

Thank you for the opportunity to submit Lake Ridge Bank's proposal and to share how we can help support the Waunakee Community School District as your financial partner.

As Dane County's community bank, we believe strong schools are the foundation of strong communities. Every day, your district is preparing nearly 4,500 students to become tomorrow's leaders, employees, business owners, and engaged citizens. That work benefits all of us, and it is one of the many reasons why supporting public education has always been important to our bank.

For Lake Ridge Bank, this relationship is also deeply personal. Today, 36 of our associates live and work in the Waunakee community, and eight currently have children attending Waunakee schools. Our associates volunteer in classrooms, mentor students, support extracurricular activities, and serve countless organizations throughout the community. One example is our Chief Talent Officer, Kari Davis, whose family has been actively involved in Waunakee schools for many years—from volunteering in elementary classrooms to supporting middle and high school athletic programs. Her daughter, Ella, recently graduated after serving as Student Council President for two years, a reflection of the outstanding leadership opportunities your schools provide.

Those stories are repeated throughout our organization because Waunakee isn't simply a market we serve—it's home to many of our associates and their families.

While this proposal outlines our financial capabilities and competitive solutions, I hope it also conveys something equally important: our commitment to building a long-term relationship with the Waunakee Community School District. We understand that choosing a banking partner is about more than rates and services. It's about selecting a trusted organization that shares your values, understands your community, and is committed to helping you achieve your long-term goals.

Thank you again for your consideration. We appreciate the opportunity to earn your trust and look forward to the possibility of partnering with the Waunakee Community School District for many years to come.

Sincerely,

Jim Tubbs
Chief Executive Officer



(608) 223-3000



lakeridge.bank



6430 Bridge Road, Monona, WI 53713



EQUAL HOUSING
LENDER | Member FDIC



Lake Ridge Bank™

August 7, 2026

Allie Newton
Director of Business Services
Waunakee Community School District

Dear Ms. Newton,

As Chief Financial Officer of Lake Ridge Bank, I understand the responsibility that comes with managing financial resources on behalf of an organization and the people it serves. That responsibility is even greater for a public school district, where every financial decision ultimately impacts students, staff, taxpayers, and the future of the community.

For my family, the Waunakee Community School District has been much more than a school system—it has been an important part of our lives. My wife, Stacey, recently retired after a distinguished career teaching business education in the district, and together we were proud to watch both of our children graduate from Waunakee High School. Through those experiences, I developed a firsthand appreciation for the exceptional educators, administrators, and staff who are committed to helping every student succeed.

That connection has extended to many of our Lake Ridge Bank associates, who have volunteered in Stacey's classrooms by evaluating student business and marketing plans, sharing their professional experiences, and helping students connect classroom learning to real-world careers. More recently, our partnership with the district's Youth Apprentice Program has become one of our favorite traditions. Each year, we welcome two Waunakee students to our team, and many have continued working with us after graduation. They consistently demonstrate the professionalism, work ethic, and character that reflect so well on your schools.

Those experiences have reinforced our appreciation for the thoughtful stewardship your district demonstrates every day. We recognize that selecting a banking partner is an important financial decision, and our team is committed to providing responsive service, sound financial guidance, and innovative treasury and banking solutions that help you maximize every dollar entrusted to your care.

Thank you for considering Lake Ridge Bank as your financial partner. We would be honored to support the Waunakee Community School District and look forward to the opportunity to build a relationship founded on trust, collaboration, and shared commitment to serving our community.

Sincerely,

Tim Ryan
Chief Financial Officer



(608) 223-3000



lakeridge.bank



6430 Bridge Road, Monona, WI 53713



EQUAL HOUSING
LENDER

Member FDIC

EXECUTIVE SUMMARY

Lake Ridge Bank is pleased to propose a comprehensive banking partnership for the Waunakee Community School District. We believe you will find this proposal will provide you with the competitive financial solutions, local decision making, responsive service and a deep commitment to the Waunakee community to best serve your financial needs. As a community bank with more than 100 years of service in Waunakee, Lake Ridge Bank is uniquely positioned to support your District's operational, treasury management and deposit needs while delivering exceptional value and personalized service.

Why Lake Ridge Bank

- **No Banking Fees:** Lake Ridge Bank is proposing zero fees for your deposit accounts, ACH origination, wire transfers, remote deposit capture, online banking, treasury management services and other standard banking services. The District's only anticipated expense would be check printing through its selected vendor.
- **Competitive Deposit Earnings:** Funds placed in an Insured Cash Sweep (ICS) account would earn a rate equal to Wisconsin Local Government Investment Pool (LGIP) rate plus 0.30% (there is **no limit** in the amount of funds you want to hold in this account), while providing FDIC insurance protection beyond the standard limits. Based on the most recently published LGIP rate, this would have resulted in a yield of approximately 3.97%.
- **Comprehensive Treasury Management:** We offer you online banking capabilities including transaction reporting, account alerts, downloadable statements, QuickBooks integration, ACH and wire origination, Positive Pay Services, remote capture and customizable dual approval workflows to strengthen internal controls.
- **Strong Security & Fraud Protection:** Our multi-factor authentication, dedicated information security and financial crimes teams, ACH Positive Pay, Check Positive Pay, customized user permissions and continuous monitoring will help you safeguard District funds and information.

Local Commitment to Waunakee

Lake Ridge Bank's connection to Waunakee goes far beyond banking. Our bank has served the Waunakee community since 1912. We have 36 associates living and working in Waunakee and eight associates currently having children enrolled in Waunakee schools. The bank actively supports local organizations, youth programs, schools, scholarships, business initiatives and community events investing more than \$35,000 in Waunakee area organizations and programs since 2024.

Dedicated Local Banking Team

The District would be supported by a local relationship team led by:

- **Ryan Ackerman**, VP – Business Banking Relationship Manager
- **Sam Huntington**, SVP – Treasury Management
- **Sandra Ramsfield**, Retail Manager, Waunakee Office

This team based approach provides direct access to local decision makers and specialists while ensuring responsive support and continuity of service. Our Waunakee office location at 610 W. Main Street offers you convenient local access for District staff.

Proven Experience Serving School Districts

Lake Ridge Bank currently serves school districts with similar banking and treasury management requirements, including the Middleton-Cross Plains Area School District, Verona Area School District and Evansville Community School District. This experience provides our bank with a strong understanding of public sector banking needs and operational requirements.

Lake Ridge Bank Financial Summary

Lake Ridge Bancorp (Lake Ridge Bank) delivered a strong financial performance in 2025, with net income increasing 89% to \$28.7 million from \$15.2 million in 2024. This was driven primarily by a significant expansion in net interest income which rose to \$92.8 million from \$71.8 million as funding costs declined and earning assets increased. Total assets grew 4.5% to \$3.28 billion supported by growth in cash, securities and deposits, while total deposits increased 3.9% to \$2.70 billion. Loan balances remained relatively stable at \$2.41 billion with credit quality remaining solid as nonaccrual loans declined from \$12.1 million to \$9.3 million and net chargeoffs were modest. Shareholders' equity increased 13.6% to \$299.2 million aided by higher earnings and improved unrealized gains in the securities portfolio resulting in comprehensive income of \$39.4 million. The bank also maintained capital levels well above regulatory requirements reflecting a strong balance sheet, improved profitability, sound asset quality and continued liquidity strength.

Conclusion

Lake Ridge Bank offers the Waunakee Community School District a compelling combination of no fee banking services, competitive deposit rates, enhanced deposit protection, advanced treasury management technology, local expertise and a longstanding commitment to the Waunakee community. Our proposal is designed to maximize the District's financial resources while providing exceptional service, security and responsiveness through a dedicated local team.

COMMUNITY INVOLVEMENT

We're Proud to Be Part of the Waunakee Community Since 1912

For more than 100 years, Lake Ridge Bank has proudly served the Waunakee community, growing alongside the families, businesses, and organizations that make this village such a special place to call home. Today, our commitment extends well beyond banking. Thirty-six of our associates live and work in the Waunakee community, with many serving as volunteers, coaches, mentors, classroom helpers, and active supporters of local organizations. Eight of our associates currently have children attending Waunakee Community School District schools, giving us a personal connection to the success of local students and educators.

Whether we're delivering Meals on Wheels, awarding scholarships to graduating seniors, sponsoring Chamber of Commerce events, supporting youth athletics and booster clubs, participating in classroom activities, or welcoming students through the Waunakee High School Youth Apprentice Program, we believe investing in our community is one of the most important things we do. We're proud that our associates don't simply work in Waunakee—they help make it an even better place to live, learn, and grow.



**36 Associates Live and Work in the Community • 2 Youth Apprentices Welcomed Each Year •
8 Associates with Children in Waunakee Schools • 100+ Years of Community Partnership**

More Than \$35,000

invested in Waunakee-area organizations, programs and community events since 2024

42

Community Contributions

3+ Years

Of Continued Local Support

Supporting the programs that bring Waunakee together

Lake Ridge Bank's recent support has included local schools and youth programs, community celebrations, service organizations, public safety initiatives and events that strengthen the greater Waunakee community.

Based on Lake Ridge Bank donations and sponsorships in the Waunakee area from January 2024 through July 16, 2026. This list is not all inclusive and does not include things like fundraising golf outings, raffle baskets, associate volunteer time and more.

MEET YOUR **BANKING TEAM**

At Lake Ridge Bank, we take a collaborative, team-based approach to client relationships. The Waunakee Community School District would be supported by a dedicated group of experienced professionals across commercial banking and treasury management — ensuring direct access to specialized expertise and responsive local support throughout the relationship.

Your primary Business Banking Relationship Manager will be **Ryan Ackerman**, VP – Business Banking Relationship Manager, as well as **Sam Huntington**, Senior Vice President – Treasury Management. You will also have access to Lake Ridge Bank's full Treasury Management team of specialists available to assist with all your day-to-day needs and questions. Finally, with our Waunakee location at 610 West Main Street just blocks from your office, our Waunakee location's experienced Retail Manager, **Sandra Ramsfield**, will always be close by to assist you with any issues or questions you may have as well.

We think you will find our team-based approach ensures timely, accurate support and provides broader expertise for a responsive and consistent service experience.

Relationship-Focused Service Model

Unlike larger institutions where school districts and public sector organizations may interact with multiple departments and service centers, Lake Ridge Bank provides direct access to local professionals who understand your organization and remain responsive throughout the relationship. Our collaborative model allows treasury management and lending teams to work together in support of broader organizational goals and financial strategy.

Treasury Management Support Specialists

Lake Ridge Bank's Treasury Management Support Specialists are a dedicated team focused exclusively on supporting business banking and nonprofit clients with their day-to-day treasury needs. The team is centrally located at the Monona (Bridge Road) office and is available through a centralized phone line, email support, and in-person meetings. Their hands-on approach and deep product knowledge ensure timely, responsive service and consistent client experience.



Ryan Ackerman

As Vice President – Business Banking Relationship Manager, Ryan Ackerman brings more than 20 years of commercial banking experience to Lake Ridge Bank. Throughout his career, he has partnered with businesses of all sizes, providing personalized financial solutions and trusted guidance that help them grow, invest, and achieve their long-term goals. Ryan is passionate about building lasting relationships and takes pride in helping local businesses succeed.

A lifelong resident of the Madison area, Ryan has a deep understanding of the Dane County business community, including the rapidly growing Waunakee market. He works closely with business owners to understand their unique needs and delivers thoughtful financing solutions for commercial real estate, business expansion, working capital, and day-to-day banking. His local market knowledge, relationship-first approach, and commitment to responsive service make him a trusted advisor to businesses throughout the region.

Ryan is a graduate of Edgewood College and the Wisconsin Bankers Association Commercial Lending School. He also completed the prestigious Graduate School of Banking at the University of Wisconsin–Madison, further strengthening his expertise in commercial banking and financial leadership.

Ryan is actively involved in the community, serving on the Ambassador Committee for the Waunakee Area Chamber of Commerce, the Finance Committee for WiLS and the Board of Directors for Advanced Employment. Through these roles, he supports initiatives that strengthen local businesses, advance library and cultural institution services and expand employment opportunities for adults with developmental and physical disabilities. WiLS is a nonprofit organization that helps libraries and cultural institutions transform ideas into action while Advanced Employment provides supported employment services to adults with a wide range of developmental and physical disabilities.



Sandra Ramsfield

As the Retail Manager of our Waunakee location, Sandra Ramsfield has been helping clients achieve their financial goals since beginning her banking career in 2002. With more than two decades of experience, she is passionate about building lasting relationships and creating personalized banking experiences that leave every customer feeling valued, understood, and empowered to live the life they want and deserve.

After working in the Waunakee community for several years, Sandra and her family chose to make Waunakee their home in 2018 because of its outstanding schools and strong sense of community. As the parent of two children who attend Waunakee schools, she is proud to be deeply connected to the community she serves.

Sandra believes community involvement is an important part of community banking. She is a proud member of the Waunakee Lions Club and volunteers with numerous local organizations and events, including the Waunakee Rotary Club, Chamber of Commerce, Lions Club, and Waunakee Community School District whenever she can. She is excited to continue partnering with local schools and organizations while helping strengthen the Waunakee community and supporting the people and businesses that call it home.



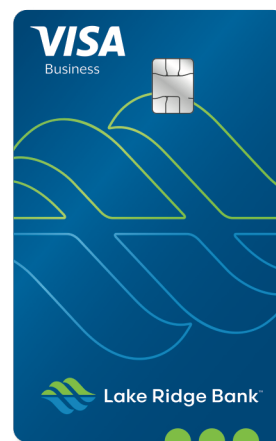
BUSINESS VISA® CREDIT CARD



As your financial partner, Lake Ridge Bank offers you a Business Visa® credit card to help you track and manage your employees' expenses, as well as expedite many vendor payments. Our Business Visa® cards offer real-time monitoring of transaction activity and interactive alerts to inform you of potential fraud or suspicious charges on your card.

FEATURES AND BENEFITS

- **No Annual Fee**
- **uChoose Rewards®**
 - Earn one point for every \$1 you spend. Redeem for cash back, travel, gift cards and more.
 - Combine the points on all your company cards into one account to accrue and redeem your reward points even faster.
 - No limit to the number of points you can earn.
- **SpendTrack**
 - Statement access and payments
 - Comprehensive analytics that provide program visibility into spend trends, merchant spend, and credit line use
 - View Pending Transactions
 - Single sign on from online banking
 - Real-time card controls (lock/unlock, spend limits, merchant restrictions etc.)
- **CardValet®**
 - Control and convenience, from an app that lets you turn your card on/off, define spending limits by vendor type, limit where your card can be used and easily limit your employee's individual monthly spend.
- **Protection**
 - Protect yourself with EMV chip card technology, real-time fraud and identity theft detection, replacements for lost or stolen cards and zero liability* for fraudulent charges.
- **Personalized Service**
 - Need to make a change to your limit? Skip the 800-number service and work directly with your local Lake Ridge Business Banker.



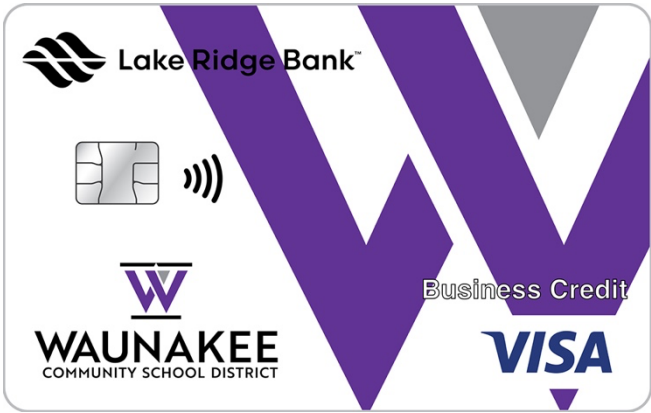
*Zero Liability policy covers U.S.-issued cards only and does not apply to ATM transactions, PIN transactions not processed by VISA, or certain commercial card transactions. Cardholder must notify Lake Ridge Bank promptly of any unauthorized use. Consult issuer for additional details or visit www.VISA.com/security



CUSTOMIZE YOUR CARDS

Extend your branding with a customized card design that includes your logo, or company brand.

Exhibit **A**



Waunakee Community School District

BANKING SERVICES PROPOSAL

1. GENERAL INFORMATION:

Name of Bank: Lake Ridge Bank

Branch Location: 610 W. Main Street
Waunakee, WI 53597

Date: August 7, 2026

Bank Contact: Ryan Ackerman

Title: VP - Business Relationship Manager

Telephone #: (608) 223-2186

Email Address: rackerman@lakeridge.bank

Signature:



2. Statement of how protection beyond \$250,000 FDIC and \$1,000,000 State insurance will be provided.

Our proposal is to offer the School District the ability to protect funds with an IntraFi Cash Service account, also known as an Insured Cash Sweep (ICS) account. A large network of FDIC-insured banks are used to provide FDIC insurance above and beyond the per-institution FDIC limits and the State of Wisconsin public deposit guarantee. The State of Wisconsin has expressly approved the ICS method of securing deposits for public entities under [Wis. Stat. § 34.05\(4\)](#).

We are not mandating a limit to the amount of funds you hold and protect, and all funds in your ICS account will earn an interest rate equal to the last known State of Wisconsin Local Government Investment Pool (LGIP) rate plus 0.30%.

For example, on about July 8, 2026, the State of Wisconsin published the June LGIP rate of 3.67%. If you had funds with Lake Ridge Bank this month, your effective rate earned would have been 3.97% from the date the rate was published until the next monthly update.

3. Explanation of electronic banking services offered.

Lake Ridge Bank's Business Online Banking platform provides comprehensive reporting tools designed to deliver timely access to account information and support efficient day-to-day financial management. Clients can view both previous-day and current-day transactions, as well as collected and available balances, directly within the platform. Monthly account statements and itemized analysis statements are easily accessible and available for download.

The platform includes robust search functionality to quickly locate specific transactions and supports data exports in CSV format for further analysis. It also integrates seamlessly with QuickBooks to streamline accounting processes. For convenience, account and transaction history is retained and accessible for up to 18 months.

To allow clients to fully experience the platform, Lake Ridge Bank offers access to a live demonstration site, providing a hands-on view of the online banking experience, functionality, and reporting capabilities.

Lake Ridge Bank's Treasury Management services support strong internal controls through flexible and customizable approval workflows. High-risk transactions, such as ACH and online wire transfers, require dual control, with one user initiating the transaction and another providing approval. Additional services, including Positive Pay and Remote Deposit Capture, can also be configured with appropriate separation of duties to ensure users have access aligned with their roles. These approval workflows are fully supported and strongly encouraged to enhance security, oversight, and risk management.

4. Please list all fees associated with the establishment and maintenance of the accounts NOT assessed on a per instance basis.

Our proposal is that the Waunakee Community School District will pay no fees to Lake Ridge Bank. This includes deposit account fees, per-item charges, service charges, payment service fees (ACH origination and wire transfers), and all treasury management fees such as remote deposit capture and all electronic banking services. The only fees the School District would be responsible for are check printing charges with the check vendor of your choice.

5. Please list your policy on daylight overdraft situations, including any charges or handling procedures.

Our approach is to work proactively with clients to help manage intraday liquidity and minimize the risk of overdrafts remaining upon the end of the business day. We have no charges for daylight overdrafts as long as deposits are held with the bank in some capacity. If you have a specific scenario you would like us to review, we would be happy to.

6. Albeit a rare occurrence, does the financial institution offer "gap" coverage or overdraft protection to cover a negative overnight balance in the instance of a late wire transfer, or delayed deposit? If so, indicate any fee assessed.

The Bank does not offer a formal overdraft guarantee if there are not funds on deposit to cover the shortage or "gap coverage" program. However, we understand that timing differences associated with wire transfers, ACH activity, or deposits may occasionally result in a temporary negative balance. In such situations, the bank reviews each occurrence individually and, when there is a reasonable expectation that funds are forthcoming, would generally expect to honor items presented for payment to avoid disruption to District operations. Decisions are made on a case-by-case basis and remain at the Bank's sole discretion based on the circumstances, account history, and anticipated incoming funds. This practice does not constitute a commitment or obligation to pay overdrafts in the future. We would not charge you any fees in this instance.

7. The district may be interested in a Certificate of Deposit for some accounts. Please include information on related investments including length of maturities and interest rates offered.

Attached to this proposal is a current rate sheet. There may be occasions when we may be able to offer interest rates higher than our posted rates, depending on the amount and desired term, so we would also want to have a conversation when there are opportunities for certificates of deposit.

8. In addition to the following proposal response sheets, please include a complete schedule of fees associated with banking services. ALL FEES CHARGEABLE TO THE DISTRICT ASSOCIATED WITH BANKING SERVICES THE DISTRICT MAY RECEIVE MUST BE DOCUMENTED IN YOUR PROPOSAL.

Our proposal is that the Waunakee Community School District will pay no fees to Lake Ridge Bank. This includes deposit account fees, per-item charges, service charges, payment service fees (ACH origination and wire transfers) and all treasury management fees such as remote deposit capture and all electronic banking services. The only fees the School District would be responsible for are check printing charges with the check vendor of your choice.

9. Provide information related to security protocols for online banking, two-factor authentication, digital payments, cybersecurity, data privacy, data protection, and fraudulent transaction protections. Include a brief description of banking practices that will ensure safety of the district's funds.

We ask for your understanding that because this proposal is a public document, for the safety of our clients and integrity of our systems, we need to be general and non-specific about the details of our security protocols. Please be assured that the security of our systems and of our clients' information is paramount and we invest heavily in protecting them. In addition to a treasury management department, we have information security and financial crimes teams that work together to safeguard all sensitive information and monitor our users' activities 24 hours a day, 7 days a week.

Business Online Banking is designed with both flexibility and security in mind. Users can organize accounts based on preference or frequency of use and establish customized alerts delivered via email or text. Alerts may be configured for account activity, such as transactions and balance changes, as well as user activity, including password or profile updates, helping enhance account awareness and security.

User access is structured by role to support strong internal controls and ensure appropriate authority and visibility. While clients determine user roles and permissions, all user setup and maintenance is managed by Lake Ridge Bank's Treasury Management team to ensure accuracy, consistency, and security.

Multi-factor authentication is a foundation of online user security. Lake Ridge Bank requires multi-factor authentication to access for all treasury management services.

Check Positive Pay and ACH Positive Pay are two examples of fraud mitigation tools we provide to our clients. As with all treasury management tools, these services, including all training and support, are offered at no cost to the School District.

Check Positive Pay helps mitigate check fraud by matching presented checks against your issued check file prior to payment. Issued checks may be entered manually or uploaded via CSV or Excel through online banking. When we see a check presented for payment on your account, we send you an email and/or a text message with instructions how to view the item and make a decision to pay or not pay it. System access is secured through soft token or physical token authentication.

ACH Positive Pay monitors ACH debit activity against a white list of originators you approve. Transactions that do not match approved criteria are flagged as exceptions and generate email or text alerts for review. System access is protected through soft token or physical token authentication.

10. In addition to completing the enclosed proposal sheets, you are encouraged to provide further information for any additional services your bank offers that may be beneficial to the District. Bidders may submit additional information and data they believe to be helpful to the District in the evaluation process. However, the District's decision will be primarily based upon a comparison of the Standardized Bid Forms received.

11. Please include a list of three client references whose activity is similar to the District activity described in Section G: ACCOUNT INFORMATION above.

Listed below are three school districts that we have the privilege of partnering with:

Middleton-Cross Plains Area School District

Contact: Stephanie Ziegler, Business Services
sziegler@mcpasd.k12.wi.us
(608) 829-9048

Verona Area School District

Contact: Pete Grender, Director of Finance
grenderp@verona.k12.wi.us
(608) 845-4300

Evansville Community School District

Contact: Erik Farrar, Business Manager
farrare@evansville.k12.wi.us
(608) 882-5224

12. Any questions or concerns should be directed to:

Allie Newton, alexandranewton@waunakee.k12.wi.us

Waunakee Community School District

PROPOSAL FOR ALL CHECKING ACCOUNTS

PAYROLL CHECKING ACCOUNT GENERAL OPERATING CHECKING ACCOUNT DEPOSITORY ACCOUNT CONSTRUCTION ACCOUNT

Maintenance charge: \$ 0 (No Fee)

Charge per check written: \$ 0 (No Fee)

Charge per deposit: \$ 0 (No Fee)

Charge per item deposited: \$ 0 (No Fee)

Charge for deposited check returned:

of times check is deposited \$ 0 (No Fee)

If more than 1, charge for redeposit? \$ 0 (No Fee)

Stop payment fee: \$ 0 (No Fee)

Wire transfer fee:

Incoming: \$ 0 (No Fee)

Outgoing: \$ 0 (No Fee)

Check sequencing fee (if check is returned): \$ 0 (No Fee)

Minimum account balance required?: \$ 0 (None)

Capable of originating ACH transactions?

YES

NO (Please Circle)

ACH related fees:

\$ 0 (No Fee) per file

\$ 0 (No Fee) per item

\$ 0 (No Fee) Other

Accept ACH files via e-mail?

YES

NO (Please Circle)

Please list any additional charges and amounts:

No charges except check printing purchases

Current interest rate paid on deposits: LGIP + 0.30% (as of 7/31/26 that rate would equate to 3.97%) Based on:
360 Days **365 Days**

Lake Ridge Bancorp, Inc. and Subsidiaries

Monona, Wisconsin

Consolidated Financial Statements
Years Ended December 31, 2025 and 2024

Lake Ridge Bancorp, Inc. and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Audit Committee
Lake Ridge Bancorp, Inc. and Subsidiaries
Monona, Wisconsin

Report on the Audit of the Financial Statements***Opinion***

We have audited the consolidated financial statements of Lake Ridge Bancorp, Inc. and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2025, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Lake Ridge Bancorp, Inc. and Subsidiaries as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lake Ridge Bancorp, Inc. and Subsidiaries 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.

Other Matter

The consolidated financial statements of Lake Ridge Bancorp, Inc. and Subsidiaries as of and for the year ended December 31, 2024, were audited by other auditors, who expressed an unmodified opinion on those statements on March 14, 2025.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake Ridge Bancorp, Inc. and Subsidiaries' ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Crowe LLP
Crowe LLP

Oakbrook Terrace, Illinois
March 23, 2026

Lake Ridge Bancorp, Inc. and Subsidiaries

Consolidated Balance Sheets

Years Ended December 31, 2025 and 2024

(Dollars in Thousands, except per share information)

<i>Assets</i>	2025	2024
Cash and due from banks	\$ 41,096	\$ 55,677
Federal funds sold	221,953	154,821
Cash and cash equivalents	263,049	210,498
Other interest-bearing deposits	1,235	1,485
Securities available for sale, (amortized cost of \$423,114 and \$336,313)	403,535	303,220
Securities held to maturity (fair value \$3,830 and \$5,846)	3,813	6,032
Loans held for sale	565	1,106
Loans, net of allowance for credit losses of \$25,002 and \$24,172	2,381,833	2,388,730
Premises and equipment, net	37,743	37,119
Accrued interest receivable	12,199	11,109
Other investments	44,423	39,262
Cash value of life insurance	53,370	54,471
Mortgage servicing rights	9,682	10,381
Goodwill	28,544	28,544
Intangible assets	19,509	25,720
Other assets	16,384	18,025
TOTAL ASSETS	\$ 3,275,884	\$ 3,135,702
<i>Liabilities and Stockholders' Equity</i>		
Liabilities:		
Non-interest-bearing demand	\$ 551,346	\$ 533,389
Interest-bearing deposits	2,147,960	2,065,016
Total deposits	2,699,306	2,598,405
Borrowed funds	226,049	233,882
Subordinated debentures	21,909	21,909
Accrued interest payable	2,090	3,172
Other liabilities	27,334	14,902
Total liabilities	2,976,688	2,872,270
Stockholders' Equity		
Common stock - \$2 par value		
Authorized - 5,000,000 shares		
Issued - 1,991,042 and 1,988,488 shares		
Outstanding - 1,966,689 and 1,965,458 shares	3,982	3,977
Paid-in capital	148,731	148,390
Retained earnings	164,231	139,430
Accumulated other comprehensive loss	(15,467)	(26,144)
Treasury stock, at cost - 24,353 and 23,030 shares	(2,281)	(2,221)
Total stockholders' equity	299,196	263,432
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,275,884	\$ 3,135,702

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Consolidated Statements of Income
Years Ended December 31, 2025 and 2024
(Dollars in Thousands, except per share information)

	2025	2024
Interest and dividend income:		
Loans, including fees	\$ 142,887	\$ 140,598
Securities:		
Taxable	9,600	6,674
Tax-exempt	2,793	2,995
Other	8,142	2,025
Total interest and dividend income	163,422	152,292
Interest expense:		
Deposits	58,996	67,560
Borrowed funds	10,272	11,423
Subordinated debentures	1,313	1,535
Total interest expense	70,581	80,518
Net interest income	92,841	71,774
Provision for credit losses	2,082	3,098
Net interest income after provision for credit losses	90,759	68,676
Noninterest income:		
Customer service fees	6,062	5,905
Mortgage banking income	2,908	3,081
Net increase in cash value of life insurance	1,629	1,502
Trust fee income	4,639	4,060
Other	4,290	4,159
Total noninterest income	19,528	18,707
Noninterest expense:		
Salaries and benefits	45,901	41,140
Office occupancy and equipment	6,341	6,355
Data processing and office operations	7,453	6,344
Advertising and promotional	1,096	1,104
Professional fees	2,600	2,726
Net (gain) loss on sale of securities	(1)	(49)
Other	14,558	13,535
Total noninterest expense	77,948	71,155
Income before provision for income taxes	32,339	16,228
Provision for income taxes	3,643	1,030
Net income	\$ 28,696	\$ 15,198
Earnings per share	\$ 14.59	\$ 7.74
Weighted-average shares outstanding	1,967,258	1,964,428

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

	2025	2024
Net income	\$ 28,696	\$ 15,198
Other comprehensive income (loss)		
Unrealized gain (loss) on securities	13,516	(3,035)
Reclassification adjustment for amounts realized in net income	(1)	(49)
Income tax expense related to items of other comprehensive income	(2,838)	647
Other comprehensive income (loss)	10,677	(2,437)
Comprehensive income	\$ 39,373	\$ 12,761

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
	Shares	Amount					
Balance at January 1, 2024	1,983,682	\$ 3,967	\$ 147,773	\$ 127,768	\$ (23,707)	\$ (1,964)	253,837
Net income	-	-	-	15,198	-	-	15,198
Dividend reinvestment	4,853	10	617	-	-	-	627
Dividends paid	-	-	-	(3,536)	-	-	(3,536)
Retirement of shares	(47)	-	-	-	-	-	-
Treasury stock purchase - 2,034 shares	-	-	-	-	-	(257)	(257)
Other comprehensive income (loss)	-	-	-	-	(2,437)	-	(2,437)
Balance at December 31, 2024	1,988,488	3,977	148,390	139,430	(26,144)	(2,221)	263,432
Net income	-	-	-	28,696	-	-	28,696
Dividend reinvestment	2,554	5	341	-	-	409	755
Dividends paid	-	-	-	(3,895)	-	-	(3,895)
Treasury stock purchase - 4,161 shares	-	-	-	-	-	(469)	(469)
Other comprehensive income (loss)	-	-	-	-	10,677	-	10,677
Balance at December 31, 2025	1,991,042	\$ 3,982	\$ 148,731	\$ 164,231	\$ (15,467)	\$ (2,281)	\$ 299,196

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended December 31, 2025 and 2024 (Dollars in Thousands)

	2025	2024
Net increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Net income	\$ 28,696	\$ 15,198
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	2,082	3,098
Depreciation and amortization	2,718	2,742
Net accretion of discounts and premium on securities	(2,616)	(1,159)
Net accretion on loan discounts	(7,224)	(7,224)
Net increase in cash value of life insurance	(1,519)	(1,503)
Net loss (gain) on disposal of assets	(35)	135
Amortization of lease right of use asset	536	510
Net loss (gain) on sale or write-up of assets	(514)	(985)
Amortization of core deposit intangible	6,261	6,260
Deferred income taxes	(584)	1,353
Accretion of discount assumed on deposits	52	164
Originations of loans held for sale	(69,584)	(72,687)
Proceeds from loans held for sale	70,125	72,115
Change in operating assets and liabilities:		
Mortgage servicing rights	699	620
Accrued interest receivable and other assets	1,179	7,775
Accrued interest payable and other liabilities	9,596	(6,797)
Net cash provided by operating activities	39,868	19,615
Cash flows from investing activities:		
Net change in other interest-bearing deposits	(2)	491
Available-for-sale securities:		
Sales	1,091	5,387
Purchases	(185,007)	(51,338)
Maturities, prepayments and calls	99,584	64,749
Held-to-maturity securities:		
Purchases	2,615	(250)
Maturities, prepayments and calls	(250)	-
Net change in loans	12,537	7,764
Cash proceeds from death benefit on BOLI	2,620	-
Cash paid at acquisition of crop insurance company	(50)	-
Purchase of other investments	(6,953)	(3,384)
Proceeds from sale or paydown of other investments	169	1,269
Purchases of premises and equipment	(3,365)	(1,879)
Proceeds from sale of foreclosed assets	287	-
Net cash provided by (used in) investing activities	(76,724)	22,809

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended December 31, 2025 and 2024 (Dollars in Thousands)

	2025	2024
Cash flows from financing activities:		
Net change in deposits	\$ 100,849	\$ 176,694
Net decrease in federal funds purchased	-	(3,493)
Proceeds from borrowed funds	111,000	40,850
Repayment of borrowed funds	(118,833)	(91,767)
Purchase of treasury stock	(469)	(257)
Sale of treasury stock	409	-
Cash dividends paid	(3,549)	(2,909)
Net cash provided by financing activities	89,407	119,118
Net (decrease) increase in cash and cash equivalents	52,551	161,542
Cash and cash equivalents on January 1	210,498	48,956
Cash and cash equivalents on December 31	\$ 263,049	\$ 210,498
Supplemental cash flow information:		
Cash paid during the year for:		
Income taxes	\$ 4,010	\$ 888
Interest	71,663	81,068
Noncash investing and financing activities:		
Loans transferred to foreclosed properties	\$ 340	\$ 229
Common stock issuance under DRIP	346	627

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 1: Summary of Significant Accounting Policies

Organization

The Company provides a variety of financial services to individual and corporate customers through its wholly owned subsidiary, Lake Ridge Bank (the "Bank"). The Bank operates as a full-service financial institution, with a primary market area including, but not limited to, Dane County, Rock County, Sauk County, and Green County, Wisconsin. In addition, the Bank holds a variety of securities through the wholly owned subsidiary, S.B.C.P. Investment Corporation. The Company and the Bank are subject to the regulations of certain federal and state agencies and undergo periodic examinations by those regulatory authorities.

Principles of Consolidation

The 2025 consolidated financial statements include the accounts of Lake Ridge Bancorp, Inc. and its subsidiary, Lake Ridge Bank, and its wholly owned subsidiary, S.B.C.P. Investment Corporation. The company dissolved the wholly owned subsidiaries Monona Investments, Inc., MSB Building, LLC, and MSB Property Holdings, Inc during 2025 and those companies are included in the 2024 consolidated financial statements. All significant intercompany balances and transactions have been eliminated.

The Company also owns 100% of the common ownership interest of S.B.C.P. Capital Trust II, III, and IV, which are considered variable interest entities. Since the Company is not the primary beneficiary of the Trust, the accounts of the Trust are not included in the consolidated financial statements.

The Lake Ridge Bank Trust Department assets held in agency or fiduciary capacity are not assets of the Company or its subsidiaries, and accordingly, are not included in the accompanying consolidated financial statements.

Use of Estimates in Preparation of Consolidated Financial Statements

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

Revenue Recognition

Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("ASC 606"), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The majority of the Company's revenue-generating transactions are not subject to ASC 606, including revenue from all interest and dividend income generated from financial instruments. Certain noninterest income items, including mortgage banking income, gain on sales of securities and net increase in cash value of life insurance have been evaluated to not fall with the scope of ASC 606. Elements of noninterest income that are within the scope of ASC 606, are as follows:

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Customer service fees - The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Management reviewed the deposit account agreements and determined that the agreements can be terminated at any time by either the Company or the account holder. Transaction fees, such as balance transfers, wires and overdraft charges are settled the day the performance obligation is satisfied. The Company's monthly service charges and maintenance fees are for services provided to the customer on a monthly basis and are considered a series of services that have the same pattern of transfer each month. The review of service charges assessed on deposit accounts included the amount of variable consideration that is a part of the monthly charges.

Trust fees - Services provided to trust customers are a series of distinct services that have the same pattern of transfer each month. Fees for trust accounts are billed and drafted from trust accounts monthly. The Company records these fees on the income statement on a monthly basis. Fees are assessed based on the total investable assets of the customer's trust account. A signed contract between the Company and the customer is maintained for all customer trust accounts with payment terms identified. It is probable that the fees will be collectible as funds being managed are accessible by the asset manager. Past history of trust fee income recorded by the Company indicates that it is highly unlikely that a significant reversal could occur. There are no contingent incentive fees recorded by the Company that could be subject to a clawback in future periods.

Interchange fees - Customers use a bank-issued debit or credit card to purchase goods and services, and the Company earns interchange fees on those transactions, typically a percentage of the sale amount of the transaction. The Company records the amount due when it receives the settlement from the payment network. Payments from the payment network are received and recorded into income on a daily basis. There are no contingent card interchange fees recorded by the Company that could be subject to a clawback in future periods. Interchange fee income is included in other noninterest income on the consolidated statements of income.

Crop insurance - The Company earns a fee for insurance sold to customers on behalf of insurance agents. The Company receives the fee once all premiums are paid from the customers to the agent. The Company records the revenue over the service period. Crop insurance income is included in other noninterest income on the consolidated statements of income.

Cash and Cash Equivalents

For purposes of reporting cash flows in the consolidated financial statements, cash and cash equivalents include cash on hand, cash due from banks, federal funds sold, and interest-bearing deposits, all of which have original maturities of three months or less.

Other Interest-Bearing Deposits

Other interest-bearing deposits consist of certificates of deposit at other financial institutions, which mature within five years and are carried at cost.

Debt Securities

Debt securities are classified as held-to-maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available-for-sale when they might be sold before maturity. Securities available-for-sale are carried at fair value, with unrealized gains and losses reported in other comprehensive income (loss), net of tax. Amortization of premiums and accretion of discounts are recognized in interest income using the interest method. Premiums that exceed the amount repayable by the issuer at the next call date are amortized to the next call date. Gains and losses on the sale of securities are recorded on the trade date and determined using the specific-identification method.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 1: Summary of Significant Accounting Policies (Continued)

Debt Securities (Continued)

A debt security is placed on nonaccrual status at the time any principal or interest payments become 90 days delinquent. Interest accrued but not received for a security placed on non-accrual is reversed against interest income.

Allowance for Credit Losses – Held-to-Maturity Securities

Management measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type. The accrued interest receivable on held-to-maturity debt securities totaled \$31 at December 31, 2025 and is excluded from the estimate of credit losses. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. Management classifies the held-to-maturity portfolio into the following major security types: obligations of state and local governments and corporate securities.

Allowance for Credit Losses – Available-For-Sale Securities

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

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

Accrued interest receivable on available-for-sale debt securities totaled \$1,887 at December 31, 2025 and is excluded from the estimate of credit losses.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. Realized gains and losses on the sale of loans held for sale are determined using the specific-identification method and included in mortgage banking income.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for credit losses, and any deferred fees or costs on originated loans. Accrued interest receivable totaled \$10,268

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 1: Summary of Significant Accounting Policies (Continued)

Loans (Continued)

at December 31, 2025 and was reported in Accrued Interest Receivable on the consolidated balance sheets and is excluded from the estimate of credit losses. Interest on loans is accrued and credited to income based on the unpaid principal balance. Loan-origination fees and direct origination costs are recognized as income or expense when received or incurred since capitalization of these fees and costs would not have a significant impact on the financial statements.

The accrual of interest on loans is discontinued when, in the opinion of management, there is an indication the borrower may be unable to make payments as they become due. Mortgage and commercial loans are placed on nonaccrual when a loan is 90 days past due, or when circumstances suggest the borrower will be unable to make future payments as they become due, unless the loans are well secured and in process of collection. When loans are placed on nonaccrual or charged off, all unpaid accrued interest is reversed against interest income. The interest on these loans is subsequently accounted for on either the cash basis or cost recovery method until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses - Loans

The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. The Company's estimate is based on the amortized cost basis of the underlying loan and has made an accounting policy election to exclude accrued interest from the loan's amortized cost basis of the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

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

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. Management considers the following when assessing risk in the Company's loan portfolio segments:

- Commercial real estate loans are primarily secured by office and industrial buildings, warehouses, small retail shopping facilities, and various special purpose properties, including hotels and restaurants. Commercial real estate loans also include agricultural real estate loans, which are primarily for land acquisition. Financial information is obtained from the borrowers and/or the individual project to evaluate cash flows sufficiency to service debt and is periodically updated during the life of the loan. Loan performance may be adversely affected by factors impacting the general economy or conditions specific to the real estate market such as geographic location and/or property type.
- Construction and land development loans are secured by vacant land and/or property that are in the process of improvement, including (a) land development preparatory infrastructure improvements or (b) the on-site construction of industrial, commercial, residential, or farm buildings. Repayment of these loans can be dependent on the sale of the property to third parties or the successful completion of the improvements by the builder for an end user. In the event a loan is made on property that is not yet improved for the planned

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 1: Summary of Significant Accounting Policies (Continued)

Allowance for Credit Losses - Loans (Continued)

development, there is the risk that necessary approvals will not be granted or will be delayed. Construction loans also run the risk that improvements will not be completed on time or in accordance with specifications and projected costs.

- Other commercial loans, which include general agricultural loans, are primarily for working capital, physical asset expansion, asset acquisition loans, and other business reasons. These loans are made based primarily on historical and projected cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not behave as forecasted and collateral securing loans may fluctuate in value due to economic or individual performance factors. Financial information is obtained from the borrowers to evaluate cash flows sufficiency to service debt and is periodically updated during the life of the loan.
- Multifamily loans include loans to finance nonfarm properties with five or more units in structures primarily to accommodate households on a temporary or permanent basis. These loans are typically originated to finance the acquisition and operations of an apartment or condo building/complex. Multifamily loans are made based primarily on the historical and projected cash flow of the subject multifamily property, with assumptions made for vacancy rates. Cash flows and ultimate loan performance rely on the receipt of rental income from the tenants of the property who are themselves subject to fluctuations in national and local economic and unemployment trends.
- Residential first and junior mortgage and home equity lines of credit loans are affected by the local residential real estate market, the local economy, and, for variable rate loans, movement in indices tied to these loans. At the time of origination, the Company evaluates the borrower's repayment ability through a review of debt to income and credit scores. Appraisals are obtained to support the loan amount. Financial information is obtained from the borrowers and/or the individual project to evaluate cash flows sufficiency to service debt at the time of origination.
- Municipal loans are granted to local municipalities. The general economic condition of the municipality, sources of funding, and credit rating, if available, are evaluated when assessing municipal credits.
- Consumer and other loans may take the form of installment loans, credit card loans, demand loans, or single payment loans and are extended to individuals for household, family, and other personal expenditures. At the time of origination, the Company evaluates the borrower's repayment ability through a review of debt to income and credit scores.

Under the CECL model, loans that do not share similar risk characteristics with loans in their respective pools are individually evaluated for expected credit losses and are excluded from the collectively evaluated loan credit loss estimates. Management individually evaluates certain nonaccrual loans, collateral dependent loans, and other loans with evidence of credit deterioration. For loans individually evaluated, a specific reserve is estimated based on either the fair value of collateral or the discounted value of expected future cash flows.

Management evaluates substantially all collectively evaluated loans using the discounted cash flow methodology ("DCF"). DCF uses loan level attributes (such as interest rates and maturity dates,) as well as pool level inputs such as prepayment rates and probability of default and loss given default rate, to estimate credit losses over the contractual term of each collectively evaluated loan. Expected credit losses are determined by comparing the loans amortized cost with the expected future principal and interest cash flows. Individual loan level results are aggregated for collectively evaluated loans and are then adjusted for qualitative factors deemed appropriate by management.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 1: Summary of Significant Accounting Policies (Continued)

Allowance for Credit Losses - Loans (Continued)

Under the DCF, the Company utilizes peer benchmark historical data for historical loss rate calculations, and the lookback period for each collectively evaluated loan pool is determined by management based upon the estimated remaining life of the pool. Forecasted historical loss rates are calculated using peer benchmark historical data based on the lookback, forecast, and reversion period inputs by management. Management has elected to forecast probability of default rates over an 18-month period and then revert to a long-term average over the following 12 months on a straight-line basis.

The quantitative analysis described above is adjusted for current qualitative factors. The historical loss experience is determined quarterly by portfolio segment or loan class and is based on the loss history for each segment. This loss experience is supplemented with other economic factors based on the risks present for each portfolio segment or loan class. These economic factors include: levels of and trends in delinquencies and individually evaluated loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. Consideration is given to those current qualitative or environmental factors that are likely to cause estimated credit losses at the evaluation date to differ from the historical loss experience of each loan segment.

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

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

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on these off-balance sheet unfunded loan commitments is adjusted through credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life.

Off-Balance-Sheet Financial Instruments

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

Premises and Equipment

Land is carried at cost. Premises and equipment are carried at cost less accumulated depreciation. Buildings and related components, including leasehold improvements, are depreciated using the straight-line method over the estimated useful lives ranging from 5 to 40 years. Furniture, fixtures and equipment are depreciated using the straight-line method with useful lives ranging from 3 to 10 years.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Accounting

The Company is a lessee in multiple noncancelable operating leases. If the contract provides the right to substantially all the economic benefits and the right to direct the use of the identified asset it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The discount rate used is the Company's incremental borrowing rate. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, the Company has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Company recognizes short-term lease cost on a straight-line basis over the lease term.

The Company made an accounting policy election for all leases to not separate the lease components of a contract and its associated non-lease components, including its proportionate share of real estate taxes and maintenance expenses.

Other Investments

Other investments consist primarily of equity investments without a readily determinable fair value. Such investments are recorded at cost minus impairment plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment, with any changes recognized through net income. The Company attempts to identify relevant observable transaction prices at least annually, but for certain holdings no such transaction was observed.

Included in other investments are equity interests in entities for which quoted market prices are not available and for which fair value is not readily available. These investments are adjusted based on capital statements or other financial information received from the investees at least annually. Adjustments to the carrying value reflect the Company's proportionate share of earnings or losses, capital contributions and distributions.

The Company's investment in FHLB stock is included in other investments. The Company is required to hold FHLB stock as a member of the FHLB, and transfer of the stock is substantially restricted. The FHLB stock is pledged as collateral for outstanding FHLB advances.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 1: Summary of Significant Accounting Policies (Continued)

Cash Value of Life Insurance

The Bank has purchased life insurance policies on certain key executives and board members. Cash value of life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Foreclosed Assets

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

Mortgage Servicing Rights

The Company services mortgage loans it sells to third-party institutions. Servicing loans includes collecting monthly principal and interest payments from borrowers, passing such payments through to the third-party investors, and maintaining escrow accounts for taxes and insurance. When necessary, the Company also performs collection functions for delinquent loan payments, manages loan foreclosure proceedings, and disposes of foreclosed property. The Company generally earns a servicing fee of 25 basis points on the outstanding loan balance for performing these services, as well as fees and interest income from ancillary sources, such as late fees and float. Servicing fees, late fees, and other ancillary income earned each year are reported in the consolidated statements of income as a component of mortgage banking income.

Mortgage servicing rights, included in other assets, are recognized as separate assets when rights are acquired through sale of mortgage loans. Mortgage servicing rights are recognized as a component of mortgage banking income and are measured at fair value at acquisition and at each subsequent reporting date. The fair value of mortgage servicing rights is estimated using market prices for comparable contracts, when available, or a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as costs to service, a discount rate, custodial earnings rate, ancillary income, default rates and losses, and prepayment speeds. The fair value of mortgage servicing rights may change because of changes in discount rates, prepayment expectations, default rates, and other factors. Changes in fair value are recognized each period and reported in the consolidated statements of income as a component of mortgage banking income.

Goodwill and Intangible Assets

Intangible assets attributable to the value of core deposits and customer lists acquired in purchase transactions are stated at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis over the estimated lives of the assets. The excess of purchase price over fair value of net assets acquired (goodwill) is not amortized.

The Company evaluates whether goodwill and other intangible assets may be impaired at least annually and whenever events or changes in circumstances indicate it is more likely than not the fair value of the reporting unit or asset is less than its carrying amount.

Derivative Instruments and Hedging Activities

FASB ASC 815, Derivatives and Hedging ("ASC 815"), provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity's financial

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 1: Summary of Significant Accounting Policies (Continued)

Derivative Instruments and Hedging Activities (Continued)

position, financial performance, and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

As required by ASC 815, the Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply, or the Company elects not to apply hedge accounting.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) is shown on the consolidated statements of comprehensive income (loss). The Company's accumulated other comprehensive income (loss) is comprised of the unrealized gain (loss) on securities available for sale and is shown on the consolidated statements of stockholders' equity.

Income Taxes

Deferred tax assets and liabilities have been determined using the liability method. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the current enacted tax rates that will be in effect when these differences are expected to reverse. Provision (credit) for deferred taxes is the result of changes in the deferred tax assets and liabilities.

The Company may also recognize a liability for unrecognized tax benefits from uncertain tax positions. Unrecognized tax benefits represent the differences between a tax position taken or expected to be taken in a tax return and the benefit recognized and measured in the financial statements. Interest and penalties related to unrecognized tax benefits are classified as provision for income taxes.

Advertising

Advertising costs are expensed as incurred.

Rate Lock Commitments

The Company enters into commitments to originate loans whereby the interest rate on the loan is determined prior to funding (rate lock commitments). Rate lock commitments on mortgage loans that are intended to be sold are considered to be derivatives. Rate lock commitments are recorded only to the extent of fees received, since recording the estimated fair value of these commitments would not have a significant impact on the consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 1: Summary of Significant Accounting Policies (Continued)

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets through an agreement to repurchase them before their maturity.

Reclassifications

From time-to-time it is necessary to make certain reclassifications to prior-year financial statements to conform to the current-year financial statements. There were no reclassifications completed.

Earnings Per Share

Earnings per common share are computed based on the weighted average number of common shares outstanding during each year. There are no dilutive shares during 2025 and 2024; therefore, basic and diluted earnings per share are the same for all periods presented.

New Accounting Pronouncements

The Company recently adopted the following Accounting Standard Updates (ASU) issued by the Financial Accounting Standards Board (FASB):

ASU 2023-09 – Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments in the ASU improve the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation table, as well as income taxes paid disaggregated by jurisdiction. These expanded disclosures allow investors to better assess how an entity's overall operations, including the related tax risks, tax planning and operational opportunities, affect its income tax rate and prospects for future cash flows. The updated guidance is effective for annual periods beginning after December 15, 2024, and did not impact on the consolidated financial statements. See Note 15 for the tax disclosures.

Subsequent Events

Subsequent events have been evaluated through March 23, 2026, which is the date the financial statements were available to be issued.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 2: Cash and Due From Banks

In the normal course of business, the Company maintains cash and due from bank balances with correspondent banks. Balances in these accounts may exceed the Federal Deposit Insurance Corporation's insured limit of \$250. Management believes these financial institutions have strong credit ratings and that the credit risk related to these deposits is minimal.

The Company is required to maintain reserve balances on deposit with credit card and debit card servicing companies. The reserve balance is adjusted periodically based on the sales volume of cardholders. The total required reserve balance on deposit for the debit card and credit card servicing company as of December 31, 2025 and 2024, was \$811.

Note 3: Securities

The amortized cost and estimated fair value of securities with gross unrealized gains and losses at December 31 follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
2025				
Securities Available for Sale:				
U.S. treasury securities	\$ 53,171	\$ 42	\$ 8	\$ 53,205
U.S. government-sponsored mortgage-backed securities	175,648	982	10,126	166,504
U.S. government-sponsored agency securities	15,250	-	611	14,639
U.S. government-sponsored asset-backed securities	9,776	2	1,111	8,667
Obligations of states and local governments	161,444	772	9,304	152,912
Corporate securities	7,825	15	232	7,608
Total securities available for sale	\$ 423,114	\$ 1,813	\$ 21,392	\$ 403,535
	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value
Securities Held to Maturity:				
Corporate securities	3,813	49	32	3,830
Total securities held to maturity	\$ 3,813	\$ 49	\$ 32	\$ 3,830

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 3: Securities (Continued)

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
2024				
Securities Available for Sale:				
U.S. treasury securities	\$ 6,863	\$ -	\$ 42	\$ 6,821
U.S. government-sponsored mortgage-backed securities	128,688	39	14,656	114,071
U.S. government-sponsored agency securities	23,380	-	1,415	21,965
U.S. government-sponsored asset-backed securities	11,238	5	1,559	9,684
Obligations of states and local governments	157,346	62	14,830	142,578
Corporate securities	8,798	-	697	8,101
Total securities available for sale	\$ 336,313	\$ 106	\$ 33,199	\$ 303,220
	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value
Securities Held to Maturity:				
Obligations of states and local governments	\$ 1,615	\$ -	\$ 9	\$ 1,606
Corporate securities	4,417	7	184	4,240
Total securities held to maturity	\$ 6,032	\$ 7	\$ 193	\$ 5,846

At year-end 2025 and 2024, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of shareholders' equity.

Fair values of securities are estimated based on financial models or prices paid for similar securities. It is possible interest rates could change considerably, resulting in a material change in the estimated fair value.

The following table shows the fair value and gross unrealized losses of securities available for sale with unrealized losses at December 31, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 3: Securities (Continued)

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
2025						
Available for sale						
U.S. treasury securities	\$ 24,589	\$ 8	\$ -	\$ -	\$ 24,589	\$ 8
U.S. government-sponsored mortgage-backed securities	14,570	74	70,515	10,052	85,085	10,126
U.S. government-sponsored agency securities	-	-	14,639	611	14,639	611
U.S. government-sponsored asset-backed securities	296	1	8,151	1,110	8,447	1,111
Obligations of state and local governments	8,420	128	89,468	9,176	97,888	9,304
Corporate securities	249	1	3,594	231	3,843	232
Totals	\$ 48,124	\$ 212	\$ 186,367	\$ 21,180	\$ 234,491	\$ 21,392
2024						
Available for sale						
U.S. treasury securities	\$ 6,821	\$ 42	\$ -	\$ -	\$ 6,821	\$ 42
U.S. government-sponsored mortgage-backed securities	35,055	630	69,146	14,026	104,201	14,656
U.S. government-sponsored agency securities	2,129	1	19,836	1,414	21,965	1,415
U.S. government-sponsored asset-backed securities	218	1	8,952	1,558	9,170	1,559
Obligations of state and local governments	22,590	290	95,981	14,540	118,571	14,830
Corporate securities	856	24	5,995	673	6,851	697
Totals	\$67,669	\$ 988	\$199,910	\$ 32,211	\$267,579	\$ 33,199

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 3: Securities (Continued)

These unrealized losses relate principally to the changes in interest rates and are not due to changes in the financial condition of the issuer, the quality of any underlying assets, or applicable credit enhancements. Because the decline in fair value is attributable to changes in interest rates and illiquidity, and not credit quality, and because the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company has determined that no allowance for credit losses is required on available for sale securities as of December 31, 2025 and 2024.

The Company regularly evaluates various attributes of securities held to maturity to determine the appropriateness of the allowance for credit losses. The credit quality indicators monitored differ depending on the security type. Corporate securities held to maturity are comprised of investments in subordinated debt and trust preferred securities issued by other financial institutions. The Company considers publicly available data and payment history to evaluate the financial condition of the issuer. The Company had one municipal bond classified as held to maturity. The municipality is within the Company's market area, and the Company regularly evaluates the financial status of the municipality based on credit ratings, payment history, and financial information from the municipality.

No held to maturity securities were past due or on nonaccrual status as of December 31, 2025 and 2024, and the Company has determined that no allowance for credit losses is required on held to maturity securities as of December 31, 2025 and 2024.

The following is a summary of amortized cost and estimated fair value of debt securities by contractual maturity as of December 31, 2025. Contractual maturities will differ from expected maturities for mortgage-backed and asset-backed securities because borrowers may have the right to call or prepay obligations without penalties.

	Available for Sale		Held to Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 62,147	\$ 62,060	\$ -	\$ -
Due after one year through five years	58,953	58,523	997	977
Due after five years through ten years	80,373	76,097	2,816	2,853
Due after ten years	36,217	31,684	-	-
Subtotal	237,690	228,364	3,813	3,830
Mortgage-related securities	175,648	166,504	-	-
Asset-backed securities	9,776	8,667	-	-
Total	\$ 423,114	\$ 403,535	\$ 3,813	\$ 3,830

During the year ended December 31, 2025, gross proceeds from the sale of available-for-sale securities totaled \$1,091. As a result of these sales, gross gains totaled \$22 and gross losses totaled \$21. During the year ended December 31, 2024, gross proceeds from the sales of available-for-sale securities totaled \$5,387. As a result of these sales, gross gains totaled \$49 and there were no losses.

As of December 31, 2025, the amortized cost and estimated fair value of securities pledged to secure public deposits and for other purposes required or permitted by law was \$175,171 and \$166,259, respectively. As of December 31, 2024, the amortized cost and estimated fair value of securities pledged to secure public deposits and for other purposes required or permitted by law was \$45,913 and \$42,780, respectively.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 4: Loans

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

	2025	2024
Commercial:		
Commercial real estate	\$ 876,692	\$ 929,350
Construction and land development	139,407	99,145
Commercial other	271,675	246,422
Multifamily	537,870	563,639
Residential:		
First mortgages	408,607	418,791
Junior mortgages and home equity lines of credit	81,846	75,903
Consumer and other:		
Credit cards	6,783	6,352
Municipal	21,409	19,871
Other	62,546	53,429
Subtotals	2,406,835	2,412,902
Allowance for credit losses	(25,002)	(24,172)
Loans, net	\$ 2,381,833	\$ 2,388,730

At December 31, 2025 and 2024, deposit accounts totaling \$420 and \$657, respectively, were in an overdraft position and reclassified as loans.

Analysis of the allowance for credit losses for the years ended December 31, 2025 and 2024, follows:

	Commercial	Residential	Consumer and Other	Total
Balance at January 1, 2024	\$ 18,040	\$ 5,625	\$ 331	23,996
Provision (credit) for credit losses	3,535	(145)	11	3,401
Loans charged off	(3,256)	-	(162)	(3,418)
Recoveries of loans previously charged off	141	2	50	193
Balance at December 31, 2024	\$ 18,460	\$ 5,482	\$ 230	\$ 24,172
Provision (credit) for credit losses	1,420	(231)	56	1,245
Loans charged off	(532)	-	(74)	(606)
Recoveries of loans previously charged off	120	2	69	191
Balance at December 31, 2025	\$ 19,468	\$ 5,253	\$ 281	\$ 25,002

A loan is considered to be collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The following table presents collateral dependent loans by portfolio segment and collateral type for years ended December 31, 2025 and 2024.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 4: Loans (Continued)

	Collateral Type		
	Real Estate	Other Business Assets	Total
2025			
Commercial	\$ 7,560	\$ 322	\$ 7,882
Residential	2,879	-	2,879
Consumer and Other	-	-	-
Total	10,439	322	10,761
2024			
Commercial	\$ 36,563	\$ 6,352	\$ 42,915
Residential	3,091	-	3,091
Consumer and Other	-	-	-
Total	39,654	6,352	46,006

In addition to the allowance for credit losses on loans, the Company has established an allowance for off-balance sheet unfunded loan commitments. This reserve is maintained at a level that management believes is sufficient to absorb losses arising from unfunded loan commitments and is determined quarterly based on similar methodology used for loans. The allowance was \$2,235 and \$1,398 as of December 31, 2025 and 2024. The Company recognized an expense of \$837 and (\$303) to the provision for credit losses related to unfunded commitments for year ended December 31, 2025 and 2024.

The Company regularly evaluates various attributes of loans to determine the appropriateness of the allowance for credit losses. The credit quality indicators monitored differ depending on the class of loan.

Commercial, multifamily, and municipal loans are generally evaluated using the following internally prepared ratings:

- "Pass" ratings are assigned to loans with adequate collateral and debt service ability such that collectability of the contractual loan payments is highly probable.
- "Watch/Special mention" ratings are assigned to loans where management has some concern that the collateral or debt service ability may not be adequate, though the collectability of the contractual loan payments is still probable.
- "Substandard" ratings are assigned to loans that do not have adequate collateral and/or debt service ability such that collectability of the contractual loan payments is no longer probable.
- "Doubtful" ratings are assigned to loans that do not have adequate collateral and/or debt service ability, and collectability of the contractual loan payments is unlikely.

Single-family residential real estate and consumer loans are generally evaluated based on whether the loan is performing according to the contractual terms of the loan.

Information regarding the credit quality indicators most closely monitored by class and by vintage year as of December 31, 2025 and 2024 follows:

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements Years Ended December 31, 2025 and 2024 (Dollars in Thousands)

Note 4: Loans (Continued)

	2025	2024	2023	2022	2021	Prior	Revolving	Total
As of December 31, 2025								
Commercial real estate:								
Risk rating								
Pass	74,276	57,156	40,910	108,987	145,018	322,139	9,508	757,994
Special mention	2,887	1,769	6,794	21,086	18,022	64,487	871	115,916
Substandard	-	-	-	-	698	2,084	-	2,782
Doubtful	-	-	-	-	-	-	-	-
Total commercial real estate	77,163	58,925	47,704	130,073	163,738	388,710	10,379	876,692
Total commercial real estate charged off	-	-	-	-	60	-	-	60
Construction and land development:								
Risk rating								
Pass	71,014	15,998	6,889	7,594	533	3,644	28,163	133,835
Special mention	-	-	-	-	-	740	-	740
Substandard	-	-	199	-	795	3,838	-	4,832
Doubtful	-	-	-	-	-	-	-	-
Total construction and land development	71,014	15,998	7,088	7,594	1,328	8,222	28,163	139,407
Total construction and land development charged off	-	-	-	-	-	-	-	-
Commercial - other:								
Risk rating								
Pass	61,511	25,112	27,616	18,927	20,791	24,483	74,996	253,436
Special mention	1,997	3,051	1,322	4,201	63	381	5,210	16,225
Substandard	-	-	202	1,155	13	330	314	2,014
Doubtful	-	-	-	-	-	-	-	-
Total commercial - other	63,508	28,163	29,140	24,283	20,867	25,194	80,520	271,675
Total commercial - other charged off	-	22	-	90	-	69	291	472
Multifamily								
Risk rating								
Pass	30,099	8,939	89,238	158,235	113,648	98,795	2,220	501,174
Special mention	20,042	-	-	16,415	-	239	-	36,696
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total multifamily	50,141	8,939	89,238	174,650	113,648	99,034	2,220	537,870
Total multifamily charged off	-	-	-	-	-	-	-	-
Municipal:								
Risk rating								
Pass	1,646	3,312	441	1,870	2,297	2,393	9,450	21,409
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total municipal	1,646	3,312	441	1,870	2,297	2,393	9,450	21,409
Total municipal charged off	-	-	-	-	-	-	-	-

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements Years Ended December 31, 2025 and 2024 (Dollars in Thousands)

Note 4: Loans (Continued)

	2025	2024	2023	2022	2021	Prior	Revolving	Total
As of December 31, 2025								
Residential real estate								
Payment performance								
Performing	45,717	23,753	46,514	97,521	100,974	95,965	75,985	486,429
Nonperforming	224	-	-	935	331	2,235	299	4,024
Total residential real estate	45,941	23,753	46,514	98,456	101,305	98,200	76,284	490,453
Total residential real estate charged off	-	-	-	-	-	-	-	-
Credit card and other								
Payment performance								
Performing	24,380	8,487	10,986	904	7,693	8,312	8,566	69,328
Nonperforming	-	-	-	-	-	1	-	1
Total credit card and other	24,380	8,487	10,986	904	7,693	8,313	8,566	69,329
Total credit card and other charged off	-	-	-	-	-	3	71	74
Total loans	333,793	147,577	231,111	437,830	410,876	630,066	215,582	2,406,835
Total loans charged off	-	22	-	90	60	72	362	606

	2024	2023	2022	2021	Prior	Revolving	Total
As of December 31, 2024							
Commercial real estate:							
Risk rating							
Pass	57,221	71,909	125,849	153,053	390,529	10,312	808,873
Special mention	2,139	5,714	12,140	4,670	61,306	2,037	88,006
Substandard	-	-	-	15,482	16,989	-	32,471
Doubtful	-	-	-	-	-	-	-
Total commercial real estate	59,360	77,623	137,989	173,205	468,824	12,349	929,350
Total commercial real estate charged off	-	-	-	-	43	-	43
Construction and land development:							
Risk rating							
Pass	41,674	20,147	7,390	2,228	4,290	16,356	92,085
Special mention	-	-	2,159	-	847	-	3,006
Substandard	-	200	-	-	3,854	-	4,054
Doubtful	-	-	-	-	-	-	-
Total construction and land development	41,674	20,347	9,549	2,228	8,991	16,356	99,145
Total construction and land development charged off	-	-	-	-	-	-	-
Commercial - other:							
Risk rating							
Pass	30,537	29,723	30,693	26,661	38,337	72,872	228,823
Special mention	781	1,983	1,480	64	1,984	3,730	10,022
Substandard	2,407	23	4,605	-	519	23	7,577
Doubtful	-	-	-	-	-	-	-
Total commercial - other	33,725	31,729	36,778	26,725	40,840	76,625	246,422
Total commercial - other charged off	-	248	260	-	722	1,983	3,213

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
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Note 4: Loans (Continued)

	2024	2023	2022	2021	Prior	Revolving	Total
As of December 31, 2024							
Multifamily							
Risk rating							
Pass	5,964	84,667	204,274	118,591	122,700	3,201	539,397
Special mention	-	20,160	-	-	3,828	-	23,988
Substandard	-	-	-	-	254	-	254
Doubtful	-	-	-	-	-	-	-
Total multifamily	5,964	104,827	204,274	118,591	126,782	3,201	563,639
Total multifamily charged off	-	-	-	-	-	-	-
Municipal:							
Risk rating							
Pass	10,880	432	2,326	2,881	3,352	-	19,871
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total municipal	10,880	432	2,326	2,881	3,352	-	19,871
Total municipal charged off	-	-	-	-	-	-	-
Residential real estate							
Payment performance							
Performing	29,434	58,107	108,465	111,750	113,888	68,774	490,418
Nonperforming	-	-	1,270	341	2,312	353	4,276
Total residential real estate	29,434	58,107	109,735	112,091	116,200	69,127	494,694
Total residential real estate charged off	-	-	-	-	-	-	-
Credit card and other							
Payment performance							
Performing	12,271	11,869	1,488	8,716	10,673	14,735	59,752
Nonperforming	-	8	2	5	-	14	29
Total credit card and other	12,271	11,877	1,490	8,721	10,673	14,749	59,781
Total credit card and other charged off	-	16	8	1	28	109	162
Total loans	193,308	304,942	502,141	444,442	775,662	192,407	2,412,902
Total loans charged off	-	264	268	1	793	2,092	3,418

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 4: Loans (Continued)

Loan aging information as of December 31 follows:

	Current Loans	Loans Past Due 30-89 Days	Loans Past Due 90+ Days	Total Loans
2025				
Commercial real estate	\$ 874,742	\$ 627	\$ 1,323	\$ 876,692
Construction and land development	139,407	-	-	139,407
Commercial - Other	270,003	175	1,497	271,675
Multifamily	537,509	361	-	537,870
Residential first mortgages	405,016	1,757	1,834	408,607
Residential junior liens and home equity lines	81,133	212	501	81,846
Credit cards	6,752	19	12	6,783
Municipal	21,409	-	-	21,409
Other consumer	62,545	-	1	62,546
Total	\$ 2,398,516	\$ 3,151	\$ 5,168	\$ 2,406,835

	Current Loans	Loans Past Due 30-89 Days	Loans Past Due 90+ Days	Total Loans
2024				
Commercial real estate	\$ 926,710	\$ 267	\$ 2,373	\$ 929,350
Construction and land development	99,085	60	-	99,145
Commercial - Other	243,690	756	1,976	246,422
Multifamily	563,385	-	254	563,639
Residential first mortgages	415,764	2,225	802	418,791
Residential junior liens and home equity lines	75,293	140	470	75,903
Credit cards	6,297	36	19	6,352
Municipal	19,871	-	-	19,871
Other consumer	53,417	2	10	53,429
Total	\$ 2,403,512	\$ 3,486	\$ 5,904	\$ 2,412,902

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
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Note 4: Loans (Continued)

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

	Nonaccrual Loans With No Allowance for Credit Loss	Nonaccrual Loans With an Allowance for Credit Loss	Total Nonaccrual Loans	Total Nonaccrual Loans at Beginning of Year	Amortized Cost Basis of Loans 90+ Days Past Due Not on Nonaccrual
2025					
Commercial real estate	\$ 2,160	\$ 622	\$ 2,782	\$ 3,215	\$ -
Construction and land development	795	-	795	-	-
Commercial - Other	1,665	314	1,979	5,768	11
Multifamily	-	-	-	254	-
Residential first mortgages	2,923	-	2,923	2,258	-
Residential junior liens and home equity lines	780	-	780	642	-
Credit cards	-	-	-	-	12
Municipal	-	-	-	-	-
Other consumer	1	-	1	10	-
Total	\$ 8,324	\$ 936	\$ 9,260	\$ 12,147	\$ 23
2024					
Commercial real estate	\$ 2,851	\$ 364	\$ 3,215	\$ 1,629	\$ -
Construction and land development	-	-	-	-	-
Commercial - Other	2,202	3,566	5,768	4,789	136
Multifamily	254	-	254	256	-
Residential first mortgages	2,258	-	2,258	1,542	-
Residential junior liens and home equity lines	642	-	642	271	-
Credit cards	-	-	-	-	19
Municipal	-	-	-	-	-
Other consumer	10	-	10	2	-
Total	\$ 8,217	\$ 3,930	\$ 12,147	\$ 8,489	\$ 155

Interest income recognized on nonaccrual loans was not significant during the years ended December 31, 2025 and 2024.

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
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Note 4: Loans (Continued)

The following table presents the amortized cost basis of loans at December 31, 2025 and 2024, that were both experiencing financial difficulty and modified during the year ended December 31, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below.

	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Total Class of Financing Receivable
2025					
Residential first mortgages	\$ -	\$ -	\$ 151	\$ 102	0.1%
Total	\$ -	\$ -	\$ 151	\$ 102	0.0%
2024					
Residential first mortgages	\$ -	\$ -	\$ 196	\$ -	0.0%
Total	\$ -	\$ -	\$ 196	\$ -	0.0%

The modifications above were limited in nature and did not have a material financial impact. The Company has not committed to lend additional amounts to the borrowers included in the previous table.

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table presents the performance of such loans that have been modified in the last 12 months. There were no past due loans as of December 31, 2024.

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due
December 31, 2025				
Residential first mortgages	\$ -	\$ -	\$ 151	\$ 151
Total	\$ -	\$ -	\$ 151	\$ 151

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
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Note 5: Derivative Instruments and Hedging Activities

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. As of December 31, 2025 and 2024, the Company had no derivatives designated as hedging instruments.

Non-designated Hedges

Derivatives not designated as hedges are not speculative and result from a service the Company provides to certain customers. The Company executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting derivatives that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate derivatives associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings.

The table below presents the effect of the Company's derivative financial instruments that are not designated as hedging instruments on the income statement as of December 31, 2025 and 2024.

	Derivative Assets		Derivative Liabilities	
	As of December 31, 2025			
	Notional Amount	Fair Value	Notional Amount	Fair Value
Derivatives not designated as hedging instruments:				
Interest rate products	\$ 80,450	\$ 1,351	\$ 80,450	\$ 1,356
Other derivatives	3,900	1	-	-
Total derivatives not designated as hedging instruments	\$ 84,350	\$ 1,352	\$ 80,450	\$ 1,356

	Derivative Assets		Derivative Liabilities	
	As of December 31, 2024			
	Notional Amount	Fair Value	Notional Amount	Fair Value
Derivatives not designated as hedging instruments:				
Interest rate products	\$ 49,223	\$ 1,297	\$ 49,223	\$ 1,302
Other derivatives	3,908	2	-	-
Total derivatives not designated as hedging instruments	\$ 53,131	\$ 1,299	\$ 49,223	\$ 1,302

Fair Value Hedges

All fair value hedges were terminated during 2022 when the fair value hedges had unrealized gains of \$3,642. The unrealized gain as of the termination dates is being amortized into income over the remaining term of the original loan. As of December 31, 2025, \$2,893 remains to be recognized. Recognized income totaled \$205 for the years ended December 31, 2025 and 2024.

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
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Note 6: Premises and Equipment

An analysis of premises and equipment at December 31 follows:

	2025	2024
Land and improvements	\$ 7,390	\$ 7,390
Buildings and improvements	48,949	47,025
Furniture and equipment	13,926	14,372
Subtotals	70,265	68,787
Accumulated depreciation	(32,522)	(31,668)
Premises and equipment, net	\$ 37,743	\$ 37,119

Depreciation of premises and equipment charged to operating expense totaled \$2,718 and \$2,742 in 2025 and 2024, respectively.

Note 7: Leases

The Company leases various branch locations under operating leases. The leases entered into include one or more options to renew. The renewal terms can extend the lease term from 3 to 15 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal option periods are included in the measurement of the Right-of-Use (ROU) asset and lease liability when the exercise is reasonably certain to occur. As of December 31, 2025, the Company has recorded an ROU asset totaling \$4,267, which is included in other assets. As of December 31, 2025, the Company has also recorded a lease obligation liability totaling \$4,379, which is included in other liabilities.

The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments plus, for one of the Company's leases, variable payments. The Company's office space leases require it to make variable payments for the Company's proportionate share of the building's property taxes, insurance, and common area maintenance. These variable lease payments are not included in lease payments used to determine the lease liability and are recognized as variable lease costs when incurred.

Lease expenses totaled \$702 at December 31, 2025 and \$664 at December 31, 2024 and the majority of the expenses are related to operating lease costs.

The weighted-average lease term totaled 7.3 and 7.7 years as of December 31, 2025 and 2024. The weighted-average discount rate totaled 3.81% and 3.84% as of December 31, 2025 and 2024.

Scheduled maturities of remaining lease liabilities, included within other liabilities on the consolidated balance sheet, as of December 31, 2025 is as follows:

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

Note 7: Leases (Continued)

2026	\$ 725
2027	740
2028	716
2029	632
2030	578
Thereafter	1,645
Total future lease payments	5,036
Less: amount representing future interest	(657)
Total	\$ 4,379

Note 8: Other Investments

Other investments consisted of the following at December 31:

	2025	2024
FHLB stock	\$ 11,465	\$11,465
Bankers' Bank stock	8,947	8,652
S.B.C.P Capital Trust II, III, and IV	660	660
Tax credit partnerships	13,543	10,619
Qualified investment fund	451	437
SBA loan investment fund	500	500
Other	8,857	6,929
Totals	\$ 44,423	\$39,262

The Company's investments in tax credit partnerships are considered equity-method investments. The Company reduces the investment balance as tax credits are realized. The investment is evaluated for impairment on an annual basis. The Company recognized \$2,138 and \$1,219 in amortization expense related to these investments for years ending December 31, 2025 and 2024.

The remaining investments are considered equity investments without a readily determinable market value. The following table details the changes in the carrying amount of equity securities without a readily determinable market value, both annually and cumulatively, as of and for the years ended December 31:

	2025	2024
Carrying Value, end of year	\$ 30,880	\$28,643
Impairments and downward adjustments	(69)	(8)
Upward adjustments	584	944

Adjustments in fair value have been recorded based on observed transaction prices from sales of identical securities. The Company makes reasonable efforts to observe transaction prices, but for some investments no such transactions have been observed. During 2025 and 2024, the Company purchased additional equity securities totaling \$1,791 and \$443.

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
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Note 9: Mortgage Servicing

Loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of mortgage and other loans serviced for others were \$1,022,572 and \$1,057,484 at December 31, 2025 and 2024, respectively. The following is a summary of changes in the balance of mortgage servicing rights for the years ending December 31:

	2025	2024
Beginning balance	\$ 10,381	\$ 11,001
Fair value adjustment	(699)	(620)
Ending balance	\$ 9,682	\$ 10,381

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

Information about the estimated fair value of mortgage servicing rights at December 31, 2025 and 2024 follows:

	2025	2024
Range of discount rates	9.3% to 11.3%	9.7% to 11.6%
Range of prepayment speeds	4.7% to 19.0%	5.0% to 14.3%

Note 10: Foreclosed Assets

An analysis of the activity in foreclosed assets for the years ended December 31 is as follows:

	2025	2024
Balance at beginning	\$ 229	\$ -
Other real estate acquired	340	229
Sales of other real estate	(229)	-
Balance at end	\$ 340	\$ 229

As of December 31, 2025 and 2024, the Company had no residential real estate foreclosed assets. The recorded investment of residential real estate loans in the process of foreclosure was \$761 and \$0 as of December 31, 2025 and 2024.

Expenses related to foreclosed assets include the following for the years ended December 31:

	2025	2024
Net (gain) loss on sales	\$ (58)	\$ -
Operating and maintenance expenses, net of rental income	6	12
Total expense	\$ (52)	\$ 12

Net operating and maintenance expenses are included in other noninterest expense on the income statement.

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
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Note 11: Intangible Assets and Goodwill

The gross carrying amount and accumulated amortization of intangible assets and goodwill for the years ended December 31 are as follows:

	2025		2024	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Core deposit intangible	\$ 41,027	\$ 21,683	\$ 41,027	\$ 15,556
Customer list	\$ 985	\$ 820	\$ 935	\$ 686
Goodwill	\$ 28,544	\$ -	\$ 28,544	\$ -

Intangible assets include the core deposit and customer list intangibles. Amortization expense totaled \$6,261 and \$6,260 for the years ended December 31, 2025 and 2024, respectively and is included in other noninterest expense on the financial statements.

The following table shows the estimated future amortization expense for the core deposit intangible and customer list. The projections of amortization expense are based on existing asset balances as of December 31, 2025:

2026	\$ 6,015
2027	5,584
2028	5,584
2029	2,326
2030	-
Thereafter	-
Total	\$ 19,509

Note 12: Deposits

The composition of deposits at December 31 is as follows:

	2025	2024
Non-interest-bearing demand	\$ 551,346	\$ 533,389
Interest-bearing demand	777,939	728,528
Savings	545,287	446,056
Money market	542,780	521,471
Time	281,954	368,961
Total deposits	\$ 2,699,306	\$ 2,598,405

Time deposits of \$250 or more totaled \$51,268 and \$75,707 at December 31, 2025 and 2024, respectively.

Deposits from a large corporation totaled 5.3% and 4.9% of total deposits as of December 31, 2025 and 2024, respectively.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
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Note 12: Deposits (Continued)

The scheduled maturities of time deposits at December 31, 2025, are summarized as follows:

2026	\$	173,819
2027		102,744
2028		2,730
2029		1,970
2030		687
Thereafter		4
Total	\$	281,954

Note 13: Borrowed Funds

Borrowed funds consist of the following at December 31:

	2025		2024	
	Weighted Average Rates	Amount	Weighted Average Rates	Amount
FHLB fixed rate advances	4.12%	197,850	4.48%	203,850
Bankers' Bank variable rate loan	6.00%	4,661	6.75%	4,661
Bankers' Bank fixed term loans	3.73%	23,538	3.71%	25,371
Totals		\$ 226,049		\$ 233,882

The FHLB advance rates ranged from 0.00% to 4.87% as of December 31, 2025 and 2024. The 0.00% advances were completed as part of FHLB's Community Investment Cash Advance Program.

Following is a summary of scheduled principal maturities and fixed term advances as of December 31, 2025:

	Fixed-Rate Maturities		Variable Rate Maturities	
	Weighted Average Rate	Amount	Weighted Average Rate	Amount
2026	4.48%	\$ 61,900		\$ -
2027	4.00%	111,223	6.75%	4,661
2028	4.02%	27,368		-
2029	3.49%	1,419		-
2030	3.75%	17,828		-
Thereafter	0.00%	1,650		-
Total		\$ 221,388		\$ 4,661

Actual maturities may differ from the scheduled principal maturities because of call options on the various advances. Rates in the table above are based on rates that were effective as of December 31, 2025.

The Company prepaid FHLB advances totaling \$35,000 for the year ended December 31, 2024. Prepayment penalties of \$6 were recognized as a component of other noninterest expense on the consolidated income

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
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Note 13: Borrowed Funds (Continued)

statement for the years ended December 31, 2024. No prepayments were made for the year ended December 31, 2025.

The Company has a master contract agreement with the FHLB that provides for borrowing up to the lesser of 20 times the FHLB stock owned, a determined percentage of the book value of the Company's qualifying loans, or a determined percentage of the Company's assets. The FHLB provides both fixed and floating rate advances. Floating rates are tied to short-term market rates of interest. Advances with call provisions permit the FHLB to request payment beginning on the call date and quarterly thereafter. FHLB advances are subject to a prepayment penalty if they are repaid prior to maturity. The Company pledged \$1,631,876 and \$1,690,529 of qualifying loans as of December 31, 2025 and 2024, respectively. FHLB advances are also secured by \$11,465 of FHLB stock owned by the Company at December 31, 2025 and 2024.

The available borrowings are further reduced by letters of credit issued for the benefit of municipal depositors for balances in excess of insured amounts. These letters of credit totaled \$101,204 as of December 31, 2025 and \$113,689 as of December 31, 2024. The available borrowings are further reduced by the credit enhancement provided under the Mortgage Partnership Finance Program of \$2,582 and \$2,046 at December 31, 2025 and 2024, respectively (see Note 18).

At December 31, 2025, the Company's available and unused portion of this borrowing agreement totaled \$557,502, based on collateral pledged. Additional FHLB stock would need to be purchased to utilize this amount.

At December 31, 2025, the Company had the following credit agreements in place:

- Term loan with Bankers' Bank which matures in September 2030. The rate on the loan is 3.75% as of December 31, 2025, and is fixed for the life of the loan. The loan calls for quarterly principal and interest payments with a final payment of all unpaid principal and interest due at maturity. As of December 31, 2025, \$22,816 was outstanding on this loan.
- A fixed rate term loan with Bankers' Bank. The fixed rate loan requires quarterly payments of \$184 including interest at 3.10%. The note matures in January 2027. As of December 31, 2025, \$722 was outstanding on this loan.
- A variable rate loan with Bankers' Bank that requires quarterly interest payments at prime less 0.75% (6.00% at December 31, 2025). The note matures in January 2027. As of December 31, 2025, \$4,661 was outstanding on this loan.
- A \$12,000 revolving line of credit with Bankers' Bank available for general corporate purposes. The available balance was \$12,000 as of December 31, 2025, and it matured on January 17, 2026. The stated interest rate was prime rate minus 0.75%. The line of credit was renewed in January 2026 for \$12,000. The stated interest rate is prime rate minus 0.75% (6.00% at December 31, 2025). The note matures January 2027.
- An additional \$143,895 is available through the Federal Reserve Discount Window Program. The Company had \$156,810 in securities pledged to the program as of December 31, 2025. The Company transferred the securities pledged to the Discount Window Program from the Federal Reserve Bank Term Funding Program in 2024, due to the discontinuation of the Bank Term Funding Program.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
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Note 14: Subordinated Debentures

In September 2005, the Company issued to S.B.C.P. Capital Trust II an adjustable rate junior subordinated debenture for \$4,382, due September 15, 2035. The junior subordinated debenture has a floating rate of three-month SOFR plus 1.45%, with the rate resetting on each succeeding quarterly payment date. The effective interest rate was 5.43% and 6.07% as of December 31, 2025 and 2024, respectively. The junior subordinated debenture is redeemable by the Company, subject to the receipt by the Company of prior approval from the Federal Reserve Bank (FRB), if then required under applicable capital guidelines or policies of the FRB. The Company may redeem the debenture on any March 15, June 15, September 15, and December 15.

In December 2006, the Company issued to S.B.C.P. Capital Trust III an adjustable rate junior subordinated debenture for \$10,310, due December 15, 2036. The junior subordinated debenture has a floating rate of three-month SOFR plus 1.73%. The effective interest rate was 5.71% and 6.35% as of December 31, 2025 and 2024, respectively. The junior subordinated debenture is redeemable by the Company, subject to the receipt by the Company of prior approval from the FRB, if then required under applicable capital guidelines or policies of the FRB. The Company may redeem the debenture on any March 15, June 15, September 15, and December 15.

In July 2007, the Company issued to S.B.C.P. Capital Trust IV an adjustable rate junior subordinated debenture for \$7,217, due September 15, 2037. The junior subordinated debenture has a floating rate of three-month SOFR plus 1.57%. As of December 31, 2025 and 2024, the effective interest rate was 5.55% and 6.19%. The junior subordinated debenture is redeemable by the Company, subject to the receipt by the Company of prior approval from the FRB, if then required under applicable capital guidelines or policies of the FRB. The Company may redeem the debenture on any March 15, June 15, September 15, and December 15.

The Company has fully and unconditionally guaranteed all of the obligations of S.B.C.P. Capital Trusts II, III, and IV. The guarantee covers the quarterly distributions and payments on liquidation or redemption of the trust preferred securities, but only to the extent of funds held by the trusts. The trust preferred securities qualify under the risk-based capital guidelines as Tier 1 capital, up to 25% of total Tier 1 capital, for regulatory purposes.

Note 15: Income Taxes

The components of the provision for income taxes are as follows:

	2025	2024
Current tax expense:		
Federal	\$ 4,227	\$ (323)
State	-	-
Total current	4,227	(323)
Deferred tax expense:		
Federal	(584)	1,353
State	(2,362)	(4,928)
Total deferred	(2,946)	(3,575)
Valuation allowance	2,362	4,928
Total provision for income taxes	\$ 3,643	\$ 1,030

See accompanying notes to consolidated financial statements.

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Note 15: Income Taxes (Continued)

The Company did not have any foreign or state income tax paid during 2025.

A summary of the sources of differences between income taxes at the federal statutory rate and the provision for income taxes for the years ended December 31 follows:

	2025	
	Amount	% of Pretax Income
Tax expense at statutory rate	\$ 6,791	21.0 %
Increase (decrease) in taxes resulting from:		
State income tax, net of federal benefit	-	0.0
Nontaxable or nondeductible items		
Tax-exempt interest	(769)	(2.4)
Cash surrender value of life insurance	(319)	(1.0)
Tax Credits		
Low income housing tax credits	(1,832)	(5.7)
Other	(228)	(0.7)
Total provision for income taxes	\$ 3,643	11.2 %

The following is a reconciliation between the income tax (benefit) expense and the amount of income taxes which would have been provided at the statutory rate of 21% before the adoption of ASU 2023-09.

	2024	
	Amount	% of Pretax Income
Tax expense at statutory rate	\$ 3,408	21.0 %
Increase (decrease) in taxes resulting from:		
Tax-exempt interest	(745)	(4.6)
Cash surrender value of life insurance	(313)	(1.9)
Tax credits	(1,114)	(6.8)
State income tax, net of federal benefit	(4,928)	(30.4)
Valuation allowance	4,928	30.4
Other	(206)	(1.3)
Total provision for income taxes	\$ 1,030	6.4 %

Deferred income taxes are provided for the temporary differences between the financial reporting bases and the tax bases of the Company's assets and liabilities. The major components of the net deferred tax asset as of December 31 are presented below:

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
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Note 15: Income Taxes (Continued)

	2025	2024
Deferred tax assets:		
Allowance for credit losses	\$ 7,420	\$ 6,966
Deferred compensation	1,086	1,173
Merger related fair value adjustments	1,452	2,080
State net operating losses	7,556	5,471
Unrealized losses on securities	4,106	6,601
Other	2,953	1,508
Total deferred tax assets	24,573	23,799
Deferred tax liabilities:		
Premises and equipment	3,161	3,300
Other investments	2,728	2,563
Mortgage servicing rights	2,638	2,828
Other	1,894	1,407
Total deferred tax liabilities	10,421	10,098
Less valuation allowance	8,363	6,001
Net deferred tax asset	\$ 5,789	\$ 7,700

The Company has state net operating loss carryforwards totaling approximately \$121,068 that may be applied against future state taxable income and expires in 2033.

The state of Wisconsin passed a law in 2023 eliminating state tax income derived from loans to small business Wisconsin residents with a commercial or agricultural purpose. Small business is currently defined as any loan with an origination balance of \$5 million or less. As a result, the Company is not expected to have state income tax expense going forward. The deferred tax asset valuation of as of December 31, 2025 and 2024 was \$8,363 and \$6,001. The Company is no longer subject to examination by federal or state taxing authorities for years prior to 2022.

Note 16: Deferred Compensation

The Company has phantom stock and other deferred compensation plans with key officers. The Company accrues a phantom stock benefit for all participating officers based on a percentage of salary as certain levels of return on equity are met. The balance of deferred compensation, included in other liabilities, at December 31, 2025 and 2024, was \$3,500 and \$3,533, respectively. The amount charged to operations was \$405 and \$68 for 2025 and 2024, respectively, and is included in salaries and benefits.

Although not part of the deferred compensation plan, the Company has purchased life insurance on the officers that could provide funding for the payment of benefits. The cash value of the life insurance as of December 31, 2025 and 2024, was \$53,370 and \$54,471, respectively.

Note 17: Employee Benefits Plans

The Company has a 401(k) profit sharing plan. Employees are allowed to defer a portion of their compensation subject to certain limitations. In 2025 the Company elected to make its safe harbor discretionary match to the 401(k) savings plan, with a 4% cap. In 2024, the Company elected not to make a discretionary profit-sharing contribution to the plan on behalf of the employees. Contributions totaled \$1,258 for 2025 and \$0 for 2024.

Lake Ridge Bancorp, Inc. and Subsidiaries

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Note 17: Employee Benefits Plans (Continued)

The Company has a trustee non-contributory Employee Stock Ownership (ESOP) covering substantially all employees. Company contributions to the ESOP are discretionary and determined annually. The ESOP had no outstanding indebtedness at any time during 2025 or 2024 and all ESOP shares have been fully allocated. In 2025 the Company made a discretionary profit sharing contribution to the plan of \$556. In 2024, the Company's safe harbor discretionary match contribution was \$1,206 and was used to recover repurchase obligations. The total shares held by the ESOP as of December 31, 2025, totaled 91,323.

Note 18: Commitments, Contingencies, and Credit Risk

Financial Instruments With Off-Balance-Sheet Credit Risk

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual, or notional, amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments. Since some of the commitments are expected to expire without being drawn upon, and some of the commitments may not be drawn upon to the total extent of the commitment, the notional amount of these commitments does not necessarily represent future cash requirements.

The following commitments were outstanding at December 31:

	Notional Amount	
	2025	2024
Commitments to Extend Credit	\$570,982	\$500,870
Standby Letters of Credit	15,396	9,089
Credit Enhancement Under the FHLB of Chicago Mortgage Partnership Finance Program	2,582	2,046

Commitments to extend credit are agreements to lend to a customer at fixed or variable rates as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The amount of collateral obtained upon extension of credit is based on management's credit evaluation of the customer. Collateral held varies but may include accounts receivable; inventory; property, plant, and equipment; real estate; and stocks and bonds.

Standby letters of credit are conditional lending commitments issued by the Company to guarantee the performance of a customer to a third party. Generally, all standby letters of credit issued have expiration dates within one year. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting these commitments. Standby letters of credit are not reflected in the consolidated financial statements, since recording the fair value of these guarantees would not have a significant impact on the consolidated financial statements.

The Company participates in the FHLB Mortgage Partnership Finance Program (the "Program"). In addition to entering into forward commitments to sell mortgage loans to a secondary market agency, the Company enters into firm commitments to deliver loans to the FHLB through the Program. Under the Program, loans are funded by the FHLB, and the Company receives an agency fee reported as a component of gain on sale of loans. The Company had firm commitments outstanding to deliver loans through the Program at December 31, 2025. Once delivered to the Program, the Company provides a contractually agreed-upon credit enhancement and performs

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

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Note 18: Commitments, Contingencies, and Credit Risk (Continued)

servicing of the loans. Under the credit enhancement, the Company is liable for losses on loans delivered to the Program after application of any mortgage insurance and a contractually agreed-upon credit enhancement provided by the Program subject to an agreed-upon maximum. The Company received a fee for this credit enhancement. The Company does not anticipate that any credit losses will be incurred in excess of anticipated credit enhancement fees.

Legal Contingencies

Various legal claims arise from time to time in the normal course of business. In the opinion of management, any liability resulting from such proceedings would not have a material impact on the consolidated financial statements.

Concentration of Credit Risk

The majority of the Company's loans, commitments, and standby letters of credit have been granted to customers in the Company's market area. The concentrations of credit by type are set forth in Note 4. Standby letters of credit were granted primarily to commercial borrowers.

Note 19: Related-Party Transactions

A summary of loans to directors, executive officers, principal stockholders, and their affiliates is as follows for the years ended December 31:

	2025	2024
Balance at beginning	\$ 107,501	\$ 103,791
New Loans	14,841	7,040
Adjustments related to changes in related parties	(1,585)	10,917
Repayments	(25,904)	(14,247)
Balance at end	\$ 94,853	\$ 107,501

Deposits from directors, executive officers, principal stockholders, and their affiliates totaled \$47,374 and \$53,484 as of December 31, 2025 and 2024, respectively.

Note 20: Regulatory Matters

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

As of December 31, 2025, the Bank was considered well capitalized under the regulatory framework for prompt corrective action. The Bank must maintain minimum regulatory capital ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

As of December 31, 2025 and 2024, the Bank's reported capital ratios under the Basel III capital requirements which required the Bank to maintain minimum amounts and ratios of Common Equity Tier 1, Tier 1, Total capital to risk-weighted assets, and of Tier 1 capital to average assets to ensure capital adequacy.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
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Note 20: Regulatory Matters (Continued)

Financial institutions under the generally applicable capital rule are required to maintain a capital conservation buffer of greater than 2.5 percent in order to avoid restrictions on capital distributions and other payments. Federal banking regulations require institutions to meet their capital conservation buffer requirement with common equity tier 1 capital.

The Bank's capital amounts and ratios as of December 31, are presented in the following table:

	Actual		For Capital Adequacy Purposes			To Be Well Capitalized Under Prompt Corrective Action	
	Amount	Ratio	Amount	Ratio		Amount	Ratio
2025-Lake Ridge Bank							
Common Equity Tier 1 (to risk-weighted assets)	\$310,959	11.6%	\$ 120,171	4.5%	≥	\$ 173,580	6.5%
Total capital (to risk weighted assets)	\$338,197	12.7%	\$ 213,637	8.0%	≥	\$ 267,047	10.0%
Tier 1 capital (to risk weighted assets)	\$310,959	11.6%	\$ 160,228	6.0%	≥	\$ 213,637	8.0%
Tier 1 capital (to average assets)	\$310,959	9.8%	\$ 127,396	4.0%	≥	\$ 159,245	5.0%
2024-Lake Ridge Bank							
Common Equity Tier 1 (to risk-weighted assets)	\$287,130	10.9%	\$ 118,469	4.5%	≥	\$ 171,122	6.5%
Total capital (to risk weighted assets)	\$312,700	11.9%	\$ 210,611	8.0%	≥	\$ 263,264	10.0%
Tier 1 capital (to risk weighted assets)	\$287,130	10.9%	\$ 157,959	6.0%	≥	\$ 210,611	8.0%
Tier 1 capital (to average assets)	\$287,130	9.5%	\$ 121,536	4.0%	>	\$ 151,921	5.0%

Note 21: Fair Value Measurements

Some assets, such as securities available for sale, are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets, such as individually evaluated loans and foreclosed assets, may be measured at fair value on a nonrecurring basis. Following is a description of the valuation methodology and significant inputs used for each asset measured at fair value on a recurring or nonrecurring basis, as well as the classification of the asset within the fair value hierarchy.

Securities available for sale - Securities available for sale are classified as Level 2 measurements within the fair value hierarchy. Level 2 securities include U.S. government and agency securities and mortgage and asset-backed securities. The fair value measurement of a Level 2 security is obtained from an independent pricing service and is based on recent sales of similar securities and other observable market data. Level 3 securities include most corporate securities, which are not actively traded in a market. Fair values of Level 3 securities are calculated using discounted cash flow models that incorporate various assumptions, including expected cash

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
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Note 21: Fair Value Measurements (Continued)

flows and market credit spreads. When comparable sales are available, these are used to validate the models used.

Loans - Loans are not measured at fair value on a recurring basis. However, loans individually evaluated may be measured at fair value on a nonrecurring basis. The fair value measurement of an individually evaluated loan that is collateral dependent is based on the fair value of the underlying collateral. All other individually evaluated loan measurements are based on the present value of expected future cash flows discounted at the applicable effective interest rate and, thus, are not fair value measurements. Fair value measurements of underlying collateral utilize some observable market data, such as independent appraisals reflecting recent comparable sales; however, they also include significant management estimates about assumptions market participants would use to measure fair value and are therefore considered Level 3 measurements.

Appraisals for collateral-dependent individually evaluated loans are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Once received, a member of the Loan Department reviews the assumptions and approaches utilized in the appraisal as well as the overall fair value measurement and compares it to other data sources, such as recent market data or industry-wide statistics. On a regular basis, the Company compares the actual selling price of collateral that has been sold to the most recent appraised value to determine what additional adjustment should be made to appraised values to arrive at fair value. Recent analysis performed indicated that a discount of 10% to 20% should be applied to appraisals, depending on the type and value of the property.

Other investments – FHLB stock is “restricted” in that it can only be sold back to the FHLB or another member institution at par. Therefore, it is less liquid than other marketable equity securities and the fair value is equal to cost. Other investments are not measured at fair value on a recurring basis. However, the balance of other investments are adjusted when observable transaction prices are observed on identical shares. Management considers such observations to constitute a Level 2 measurement. The carrying amount of other investments determined primarily by analysis of the company financial statements and recent capital contributions, if any, represents a Level 3 measurement.

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

Appraisals for foreclosed assets are performed by certified general appraisers (for commercial properties and other personal properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Once received, a member of the Loan Department reviews the assumptions and approaches utilized in the appraisal as well as the overall fair value measurement and compares it to other data sources, such as recent market data or industry-wide statistics. On a regular basis, the Company compares the actual selling price of collateral that has been sold to the most recent appraised value to determine what additional adjustment should be made to appraised values to arrive at fair value. Recent analysis performed indicated that a discount of 10% to 20% should be applied to appraisals,

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Note 21: Fair Value Measurements (Continued)

depending on the type and value of the property.

Derivatives - Derivative instruments are classified as Level 2 measurements within the fair value hierarchy. The fair value measurement of a derivative instrument is based on a discounted cash flow model that utilizes observable market data, such as market interest rates and interest rate curves.

Mortgage servicing rights - Mortgage servicing rights are measured at fair value on a recurring basis. Serviced loan pools are stratified by year of origination, and a fair value measurement is obtained for each stratum from an independent firm. The measurement is based on recent sales of mortgage servicing rights with similar characteristics. Since the fair value measurement is based on observable market data, it is considered a Level 2 measurement.

Information regarding the fair value of assets and liabilities measured at fair value on a recurring basis as of December 31 follows:

		Recurring Fair Value Measurements Using			
	Assets / Liabilities Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets / Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
2025					
Assets - Securities available for sale	\$ 403,535	\$ -	\$ 400,285	\$ 3,250	
Assets - Mortgage servicing rights	9,682	-	9,682	-	
Assets - Derivatives	1,352	-	1,352	-	
Total	\$ 414,569	\$ -	\$ 411,319	\$ 3,250	
Liabilities - Derivatives	\$ 1,356	\$ -	\$ 1,356	\$ -	
2024					
Assets - Securities available for sale	\$ 303,220	\$ -	\$ 301,970	\$ 1,250	
Assets - Mortgage servicing rights	10,381	-	10,381	-	
Assets - Derivatives	1,299	-	1,299	-	
Total	\$ 314,900	\$ -	\$ 313,650	\$ 1,250	
Liabilities - Derivatives	\$ 1,302	\$ -	\$ 1,302	\$ -	

The following reconciles the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended December 31:

	2025	2024
Balance at beginning	\$ 1,250	\$ 1,250
Purchases, issuances, maturities, and settlements	2,000	-
Balance at end	\$ 3,250	\$ 1,250

See accompanying notes to consolidated financial statements.

Lake Ridge Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
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Note 21: Fair Value Measurements (Continued)

Information regarding the fair value of assets measured at fair value on a nonrecurring basis as of December 31 follows:

	Nonrecurring Fair Value Measurements Using			
	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2025				
Loans	\$ 781	\$ -	\$ -	\$ 781
Other investments	15,260	-	9,473	5,788
Total	\$ 16,041	\$ -	\$ 9,473	\$ 6,569
2024				
Loans	\$ 1,323	\$ -	\$ -	\$ 1,323
Other investments	13,369	-	13,369	-
Total	\$ 14,692	\$ -	\$ 13,369	\$ 1,323

Collateral dependent loans with a carrying amount of \$936 were written down to their estimated fair value of \$781. As a result, the Company recognized a specific valuation allowance of \$155 as of December 31, 2025. As of December 31, 2024, collateral dependent loans with a carrying amount of \$2,936 were written down to their estimated fair value of \$1,323 with a specific valuation allowance totaling \$1,613.

Other investments with a carrying value of \$11,635 were written up to their value of \$12,219 as of December 31, 2025, based on observed transaction prices. As a result, the Company recorded upward adjustments through income totaling \$584. Other investments with a carrying value of \$3,093 were written down as of December 31, 2025, to their estimated fair value of \$3,041 based on observed transaction prices. As a result, the Company recorded downward adjustments through income of \$52. Other investments with a carrying value of \$10,675 were written up to their estimated fair value of \$11,619 as of December 31, 2024, based on observed transaction prices. As a result, the Company recorded net upward adjustments through income totaling \$944. Other investments with a carrying value of \$1,758 were written down to their estimated fair value of \$1,750 based on observed transaction prices. As a result, the Company recorded downward adjustments through income totaling \$8.

Lake Ridge Bancorp, Inc. and Subsidiaries

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Note 21: Fair Value Measurements (Continued)

The following presents quantitative information about nonrecurring Level 3 fair value measurements at December 31:

Asset	Fair Value	Valuation Technique (s)	Unobservable Input(s)	Standard range of discount
2025				
Individually evaluated loans	\$ 781	Market and/or income approach	Management discount on appraised values	5%-10%
2024				
Individually evaluated loans	\$ 1,323	Market and/or income approach	Management discount on appraised values	5%-10%

The Company estimates fair value of all financial instruments regardless of whether such instruments are measured at fair value.

The carrying value and estimated fair value of financial instruments at December 31 follows:

	Carrying Value	Estimated Fair Value	Fair Value Hierarchy		
			Level 1	Level 2	Level 3
2025					
Financial assets:					
Cash and cash equivalents	\$ 263,049	\$ 263,049	\$ 263,049	\$ -	\$ -
Other interest-bearing deposits	1,235	1,235	-	1,235	-
Securities available for sale	403,535	403,535	-	400,285	3,250
Securities held to maturity	3,813	3,830	-	-	3,830
Loans held for sale	565	565	-	565	-
Loans, net	2,381,833	2,319,153	-	-	2,319,153
Federal Home Loan Bank stock	11,464	-	N/A	N/A	N/A
Other investments	32,959	32,959	-	9,473	23,486
Accrued interest receivable	12,199	12,199	12,199	-	-
Derivatives	1,352	1,352	-	1,352	-
Cash value of life insurance	53,370	53,370	53,370	-	-
Total financial assets	\$ 3,165,374	\$ 3,091,247	\$ 328,618	\$ 412,910	\$2,349,719
Financial liabilities:					
Deposits	\$ 2,699,306	\$ 2,403,523	\$2,122,551	\$ 280,972	\$ -
Derivatives	1,356	1,356	-	1,356	-
Borrowed funds	247,958	254,739	-	-	254,739
Accrued interest payable	2,090	2,090	2,090	-	-
Total financial liabilities	\$ 2,950,710	\$ 2,661,708	\$2,124,641	\$ 282,328	\$ 254,739

See accompanying notes to consolidated financial statements.

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Note 21: Fair Value Measurements (Continued)

	Carrying Value	Estimated Fair Value	Fair Value Hierarchy		
Level 1			Level 2	Level 3	
2024					
Financial assets:					
Cash and cash equivalents	\$ 210,498	\$ 210,498	\$ 210,498	\$ -	\$ -
Other interest-bearing deposits	1,485	1,485	-	1,485	-
Securities available for sale	303,220	303,220	-	301,970	1,250
Securities held to maturity	6,032	5,846	-	-	5,846
Loans held for sale	1,106	1,106	-	1,106	-
Loans, net	2,388,730	2,305,435	-	-	2,305,435
Other investments	39,262	39,262	-	13,369	25,893
Accrued interest receivable	11,109	11,109	11,109	-	-
Derivatives	1,299	1,299	-	1,299	-
Cash value of life insurance	54,471	54,471	54,471	-	-
Total financial assets	\$ 3,017,212	\$ 2,933,731	\$ 276,078	\$ 319,229	\$2,338,424
Financial liabilities:					
Deposits	\$ 2,598,405	2,330,899	\$ -	\$ -	\$2,330,899
Derivatives	1,302	1,302	-	1,302	-
Borrowed funds	233,882	233,842	-	-	233,842
Subordinated debentures	21,909	21,909	-	-	21,909
Accrued interest payable	3,172	3,172	3,172	-	-
Total financial liabilities	\$ 2,858,670	\$ 2,591,124	\$ 3,172	\$ 1,302	\$2,586,650

Limitations – The fair value of a financial instrument is the current amount that would be exchanged between market participants, other than in a forced liquidation. Air value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Consequently, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

Fair value estimates are made at a specific point in time based upon relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgements regarding future expected loss experienced, current economic conditions, risk characteristics, and other factors. These estimates are subjective in nature and involve uncertainties and matters that could affect the estimates. Fair value estimates are based on existing on- and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business. Deposits with no stated maturities are defined as having a fair value equivalent to the amount payable on demand. This prohibits adjusting fair value derived from retaining those deposits for an expected future period of time. This component, commonly referred to as a deposit base intangible, is neither considered in the above amounts nor is it recorded as an intangible asset on the balance sheets. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

See accompanying notes to consolidated financial statements.