

AmeriBancShares, Inc.

American National Bank & Trust



2025 ANNUAL REPORT

amnat.com

To Our Shareholders

Thank you for being a shareholder of AmeriBancShares, Inc.

With \$21,195 million in earnings, 2025 was a record year for the Bank. Notwithstanding our record year, return on average assets and return on average equity at the Bank level reached a very respectable .90% and 9.01%, respectively. On a consolidated basis, earnings surpassed an unprecedented \$19 million. Total Bank assets grew 7.1% to approximately \$2.45 billion while total loans grew 6.1% to \$1.87 billion. With our record earnings, we were able to increase our consolidated equity capital by 11.8% to \$187.7 million. While we were able to significantly improve our net interest margin and spread for 2025, we were also able to substantially increase our core noninterest income, more specifically, trust fees (\$14.9 million), mortgage banking activities (\$7.5 million), and leasing sector (\$1.7 million). The continued declining interest rate environment combined with the repricing of a meaningful portion of our loan portfolio at higher rates resulted in a significant reduction in our cost of funds and an increase in our yield on our loan portfolio, all collectively increasing our net interest margin and our spread. Projected earnings for 2026 are anticipated to be very favorable.

Succession planning is very important for the future of any organization. During 2025, Kenton McKeehan from Fort Worth, and Terry Brockett from Denton joined our Board of Directors as full directors effective with the stockholders' meeting in April.

Both gentlemen had completed terms as advisory directors prior to becoming voting members of the Board. Craig Berry was promoted to President as I will continue my duties as Chief Executive Officer.

We opened our new branches in Roanoke, Decatur, and Dallas during the year. All three branches are full-service facilities, including trust functions as well as all mortgage services. It is not anticipated that more branches will be opened in 2026.

Your investment in the bank is extremely appreciated. Management continues to employ any needed resources to ensure that AmeriBancshare, Inc., continues to be strong and provides a satisfactory return for you. Thank you for your investment and trust.

Dwight Benny
Chief Executive Officer

Financial Highlights

Bank Only*
(In thousands of dollars, except share amounts)

	Year Ended December 31, 2025	Year Ended December 31, 2024	% Change
Demand Deposits	\$293,178	\$343,943	-14.76%
Total Deposits	\$2,176,260	\$2,034,121	6.99%
Total Assets	\$2,447,982	\$2,285,123	7.13%
Total Loans (net)	\$1,867,750	\$1,759,721	6.14%
Allowance for Credit Losses	\$19,100	\$19,018	0.43%
Allowance to Gross Loans*	1.02%	1.08%	-5.25%
Return on Earning Assets*	5.89%	5.92%	-0.49%
Cost of Funds - Deposits	3.79%	4.29%	-11.56%
Cost of Funds - Other	4.52%	4.22%	7.01%
Average Net Spread	2.09%	1.63%	28.68%
Growth in Capital	\$19,833	\$13,085	51.57%
Total Capital Beginning	\$167,857	\$154,772	8.45%
Total Capital Ending	\$187,690	\$167,857	11.82%
Leverage Ratio*	10.15%	9.97%	1.81%
Interest Income	\$134,418	\$127,190	5.68%
Interest Expense	\$69,478	\$73,827	-5.89%
Net Interest Income	\$64,940	\$53,363	21.69%
Net Interest Margin*	2.97%	2.61%	13.74%
Non-Interest Income	\$29,989	\$24,763	21.10%
Non-Interest Expense	\$68,039	\$58,380	16.55%
Pre Credit Loss Exp Profit	\$26,890	\$19,746	36.18%
Credit Loss Expense	\$3,600	\$2,800	28.57%
Income Taxes	\$4,245	\$3,097	37.07%
Net Income	\$19,045	\$13,849	37.52%
Earnings Per Share	\$6.75	\$4.89	38.04%
Dividends Paid	\$0.50	\$0.50	0.00%
Book Value	\$66.57	\$59.36	12.15%
Return on Average Assets*	0.90%	0.72%	25.09%
Return on Average Equity*	9.01%	7.33%	22.96%

Roanoke, TX



Dallas, TX

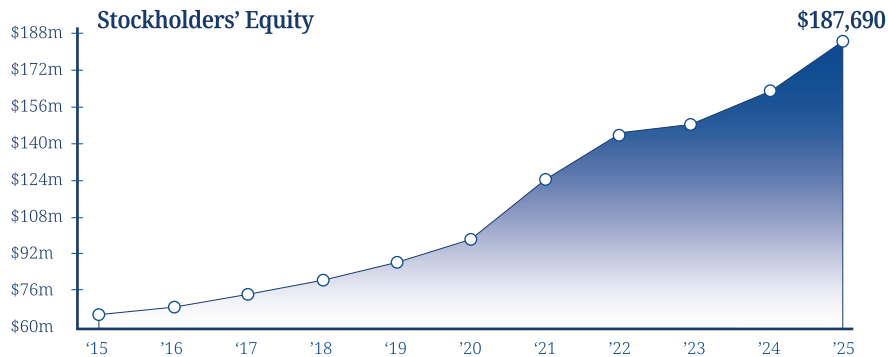
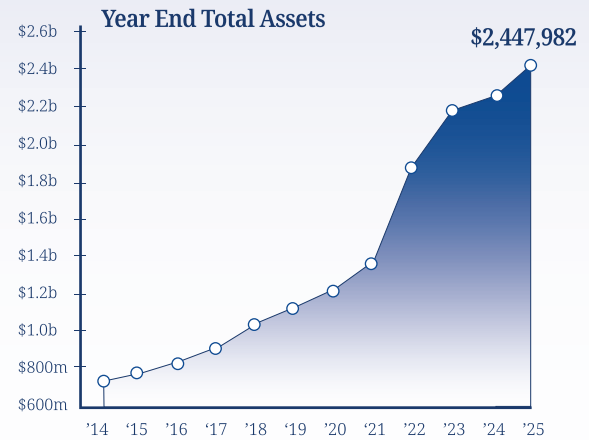
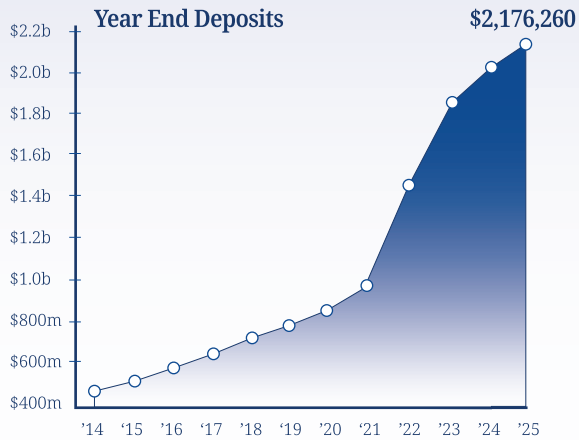
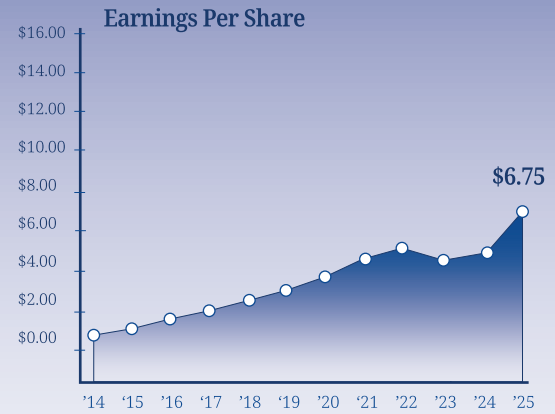
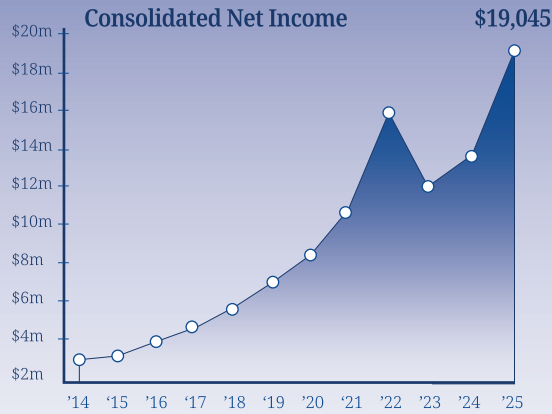



American National Bank & Trust

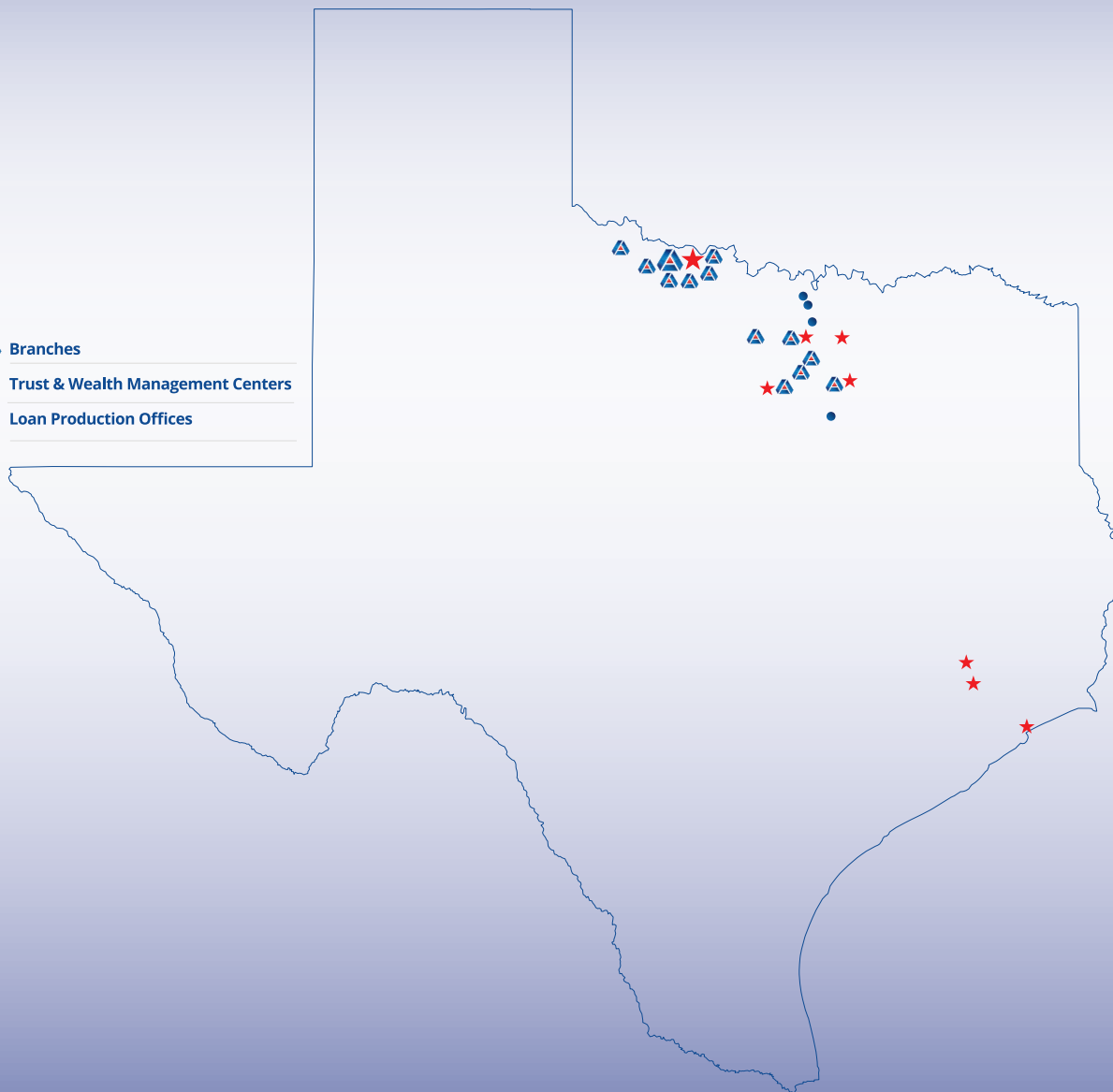


Year End Statistics

(In thousands of dollars, except share amounts)



-  Branches
-  Trust & Wealth Management Centers
-  Loan Production Offices



Trust, it's our last name®

Mission Statement

American National Bank & Trust will be the best locally-owned bank in the markets we serve. We define “best” by delivering the highest quality products and services to our target customers, operating in a safe and sound manner, and providing superior shareholder value and returns.

Vision Statement

To be the best bank in Town!

Core Values

Empowered professional bankers
Unparalleled community leadership
Active and committed local ownership
Absolutely outstanding customer service
The highest integrity and level of corporate standards
Development and retention of knowledgeable associates

DIRECTORS

Mark Tucker, Chairman of the Board
Todd Davenport, Vice Chairman of the Board
Dwight Berry, CEO
Craig Berry, President

Hank Anderson
Blake Andrews*
Zachary Beck*
Terry Brockett
Kenny Bryant
Andy Crane*
J. Bradley Davidson*
Richard Dopson*
Robert E (Bob) Elmore*

Charlie Gibson
Taylor Hale*
Ken Hogan
Tommy Isbell
Craig Korbuly*
Randy Martin*
Kenton McKeehan
Richard Naylor
John Osborne

Hogan Page*
Marty Rivers*
Jeffrey Schultz*
Lori Suggs*
Ty Thacker
Max Vordenbaum
Don “Bubba” Whatley
Michael Winfrey*

*Advisory Director

AMERICANSHARES, INC.
AND SUBSIDIARIES

**Consolidated Financial Statements
and Additional Information**

December 31, 2025 and 2024

(With Independent Auditor's Report Thereon)



Independent Auditor's Report

The Board of Directors
AmeriBancShares, Inc. and Subsidiaries
Wichita Falls, Texas

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of AmeriBancShares, Inc. and Subsidiaries (Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024 and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 the Company's internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued reports dated March 17, 2026 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the reports on internal control over financial reporting is to describe the scope of our testing of internal control over financial reporting relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances to provide an opinion on the effectiveness of the entity's internal control over financial reporting. The purpose of the reports on compliance is to describe the scope of our testing on compliance and the results of that testing, but not to provide an opinion on the effectiveness of the entity's compliance with provisions of laws, regulations, contracts, grant agreements and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

Payne & Smith, LLC

March 17, 2026

AMERICANSHARES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(In thousands of dollars, except share amounts)

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Cash and due from banks	\$ 140,479	\$ 143,315
Interest bearing deposits in banks	<u>172,977</u>	<u>173,977</u>
Total cash and equivalents	313,456	317,292
Securities available for sale at fair value	142,164	96,104
Mortgage loans held for sale	18,171	15,854
Loans, net of allowance for credit losses of \$19,100 and \$19,018 as of December 31, 2025 and 2024, respectively	1,849,579	1,743,867
Premises and equipment, net	58,187	50,540
Accrued interest receivable	8,381	7,117
Goodwill	4,220	4,220
Cash surrender value of life insurance	31,857	30,819
Other securities	5,104	4,941
Other assets	<u>16,863</u>	<u>14,369</u>
Total assets	<u>\$ 2,447,982</u>	<u>\$ 2,285,123</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Demand deposits	\$ 293,178	\$ 343,943
Savings deposits	45,913	42,640
Money market and NOW accounts	928,419	945,675
Time certificates of deposit	<u>908,750</u>	<u>701,863</u>
Total deposits	2,176,260	2,034,121
Other borrowings	5,000	5,000
Senior unsecured notes payable	49,452	49,364
Junior subordinated debentures	7,217	7,217
Accrued interest payable	3,467	2,814
Other liabilities	<u>18,896</u>	<u>18,750</u>
Total liabilities	<u>2,260,292</u>	<u>2,117,266</u>
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock (par value \$2.50; 5,000,000, shares authorized, 2,940,742 shares issued at both 2025 and 2024 and 2,819,431 and 2,827,881 outstanding at 2025 and 2024)	7,352	7,352
Surplus	55,307	55,288
Undivided profits	135,064	117,428
Treasury stock, at cost (121,311 and 112,861 shares at 2025 and 2024)	(5,605)	(5,014)
Notes receivable secured by common stock	(3,083)	(3,280)
Accumulated other comprehensive loss, net of tax benefit of \$357 in 2025 and \$1,041 in 2024	<u>(1,345)</u>	<u>(3,917)</u>
Total stockholders' equity	<u>187,690</u>	<u>167,857</u>
Total liabilities and stockholders' equity	<u>\$ 2,447,982</u>	<u>\$ 2,285,123</u>

See accompanying notes to consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Income

For the Years Ended December 31, 2025 and 2024

(In thousands of dollars, except earnings per share)

	<u>2025</u>	<u>2024</u>
Interest income:		
Interest and fees on loans	\$ 118,027	\$ 109,486
Interest on investment securities:		
Taxable	8,342	7,211
Nontaxable	702	789
Interest on interest bearing deposits in banks	<u>7,347</u>	<u>10,685</u>
Total interest income	<u>134,418</u>	<u>128,171</u>
Interest expense:		
Interest on deposits	66,693	70,505
Interest on repurchase agreements	-	1
Interest on other borrowed funds	2,338	2,799
Interest on junior subordinated debentures	<u>447</u>	<u>522</u>
Total interest expense	<u>69,478</u>	<u>73,827</u>
Net interest income	64,940	54,344
Credit loss expense-loans	<u>3,600</u>	<u>2,800</u>
Net interest income after credit loss expense-loans	<u>61,340</u>	<u>51,544</u>
Other operating income:		
Service charges on deposit accounts	679	582
Trust fee income	14,953	11,766
Gain on sale of mortgage loans	6,580	3,675
Loan servicing fees	963	1,025
Title insurance premiums	1,506	1,348
Rent income	538	595
Other	<u>4,770</u>	<u>4,791</u>
Total other operating income	<u>29,989</u>	<u>23,782</u>
Other operating expenses:		
Salaries and employee benefits	42,505	37,235
Premises and equipment	4,810	4,052
Data processing expense	6,077	4,342
Other	<u>14,647</u>	<u>12,751</u>
Total other operating expenses	<u>68,039</u>	<u>58,380</u>
Income before income taxes	23,290	16,946
Provision for income taxes	<u>4,245</u>	<u>3,097</u>
Net income	<u>\$ 19,045</u>	<u>\$ 13,849</u>
Earnings per share	<u>\$ 6.75</u>	<u>\$ 4.89</u>

See accompanying notes to consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2025 and 2024

(In thousands of dollars)

	<u>2025</u>	<u>2024</u>
Net income	\$ 19,045	\$ 13,849
Other comprehensive income, net of tax:		
Change in net unrealized loss on securities available for sale, net of tax expense of \$684 and \$299 for 2025 and 2024, respectively	<u>2,572</u>	<u>1,124</u>
Total comprehensive income	<u>\$ 21,617</u>	<u>\$ 14,973</u>

See accompanying notes to consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2025 and 2024

(In thousands of dollars)

	Common <u>Stock</u>	Surplus	Undivided <u>Profits</u>	Treasury <u>Stock</u>	Notes Receivable Secured by Common <u>Stock</u>	Accumulated Other Comprehensive Income <u>(Loss)</u>	Total Stockholders' <u>Equity</u>
Balance January 1, 2024	\$ 7,352	\$ 55,277	\$ 104,994	\$ (5,077)	\$ (2,733)	\$ (5,041)	\$ 154,772
Net income	-	-	13,849	-	-	-	13,849
Sale of treasury stock	-	11	-	563	(574)	-	-
Purchase of treasury stock	-	-	-	(500)	-	-	(500)
Repayment of notes receivable	-	-	-	-	27	-	27
Other comprehensive income	-	-	-	-	-	1,124	1,124
Dividends (\$.50 per common share)	<u>-</u>	<u>-</u>	<u>(1,415)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,415)</u>
Balance December 31, 2024	7,352	55,288	117,428	(5,014)	(3,280)	(3,917)	167,857
Net income	-	-	19,045	-	-	-	19,045
Sale of treasury stock	-	19	-	1,096	(71)	-	1,044
Purchase of treasury stock	-	-	-	(1,687)	-	-	(1,687)
Repayment of notes receivable	-	-	-	-	268	-	268
Other comprehensive income	-	-	-	-	-	2,572	2,572
Dividends (\$.50 per common share)	<u>-</u>	<u>-</u>	<u>(1,409)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,409)</u>
Balance December 31, 2025	<u>\$ 7,352</u>	<u>\$ 55,307</u>	<u>\$ 135,064</u>	<u>\$ (5,605)</u>	<u>\$ (3,083)</u>	<u>\$ (1,345)</u>	<u>\$ 187,690</u>

See accompanying notes to consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

(In thousands of dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Net income	\$ 19,045	\$ 13,849
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,099	1,824
Credit loss expense-loans	3,600	2,800
Benefit from deferred taxes	(44)	(198)
Gain on sale of mortgage loans	(6,580)	(3,675)
Amortization of mortgage servicing rights	371	338
Gain on sale of premises and equipment	(2)	(31)
Gain on sale of other real estate owned	-	(22)
Net accretion on securities available for sale	(633)	(450)
Amortization of debt issue costs	89	89
Increase in cash surrender value of life insurance	(1,038)	(966)
Proceeds from sales of mortgage loans	250,762	197,039
Mortgage loans funded	(246,499)	(205,612)
Mortgage servicing rights capitalized	(103)	(171)
Change in:		
Accrued interest receivable	(1,264)	(337)
Other assets	(191)	(1,314)
Accrued interest payable	653	653
Income taxes payable and other accrued expenses	199	2,826
Net cash provided by operating activities	<u>20,464</u>	<u>6,642</u>
Cash flows from investing activities:		
Proceeds from maturities, calls and paydowns of securities available for sale	432,721	376,126
Purchase of securities available for sale	(474,892)	(369,337)
Net (purchase) redemption of other securities	(161)	2,219
Purchase of cash value life insurance	-	(808)
Decrease in notes receivable secured by common stock	268	27
Net increase in loans	(112,562)	(155,348)
Proceeds from sales of other real estate owned	-	702
Purchase of premises and equipment	(10,278)	(15,803)
Proceeds from sale of premises and equipment	517	572
Net cash used in investing activities	<u>(164,387)</u>	<u>(161,650)</u>
Cash flows from financing activities:		
Net increase in deposits	142,139	174,935
Net decrease in repurchase agreements	-	(1,152)
Net decrease in other borrowings	-	(45,000)
Sale of treasury stock	1,044	-
Purchase of treasury stock	(1,687)	(500)
Dividends paid	(1,409)	(1,415)
Net cash provided by financing activities	<u>140,087</u>	<u>126,868</u>
Net decrease in cash and cash equivalents	(3,836)	(28,140)
Cash and cash equivalents at beginning of year	<u>317,292</u>	<u>345,432</u>
Cash and cash equivalents at end of year	<u>\$ 313,456</u>	<u>\$ 317,292</u>

See accompanying notes to consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

1. Summary of Significant Accounting Policies

The accounting and reporting policies of AmeriBancShares, Inc. and Subsidiaries (Company) conform to generally accepted accounting principles and prevailing practices within the banking industry. The Company carries its assets and liabilities principally on the historical cost basis and follows the accrual method of accounting.

Business

The Company provides a variety of financial services to individual and business customers through its locations in Wichita Falls, Iowa Park, Chillicothe, Quanah, Archer City, Dallas, Fort Worth, Flower Mound, and Roanoke, Texas. The Company's primary deposit products are demand deposits, savings deposits, and certificates of deposit, and the primary lending products are commercial, real estate mortgages, and consumer loans. The Company also provides trust services, real estate title services and vehicle and equipment leasing services to individual and business customers through its various locations.

The accompanying consolidated financial statements include the accounts of AmeriBancShares, Inc. and its wholly-owned subsidiaries, ANB Realty Corp. and AmeriBancShares of Delaware, Inc. The financial statements also include American National Bank & Trust, which is a wholly-owned subsidiary of AmeriBancShares of Delaware Inc. (ABDI) and American National Leasing Company, Archer Title of Texas, Inc., and AmNat Insurance Services, Inc., which are wholly-owned subsidiaries of American National Bank & Trust (together referred to as Bank). All significant intercompany transactions have been eliminated.

Use of Estimates

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

The determination of the adequacy of the allowance for credit losses-loans is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated credit losses on loans, management obtains independent appraisals for significant collateral.

Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for credit losses and valuation of other real estate owned. While management uses available information to recognize losses on securities, loans, and other real estate owned, future provisions may be necessary based on changes in local economic conditions. In addition, banking regulators, as an integral part of their examination process, periodically review the Company's allowance for credit losses and other real estate losses and they may require the Company to record additional provisions for losses based on their judgment about information available to them at the time of their examination.

The Company's loans are generally secured by specific items of collateral including real property, consumer assets and business assets. Although the Company has a diversified loan portfolio, a substantial portion of its debtor's ability to honor their contracts is dependent on local economic conditions in the real estate industry. While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions.

Cash and Cash Equivalents

For purposes of recording cash flows, cash and cash equivalents include cash on hand, amounts due from banks, interest-bearing deposits in banks and federal funds sold. Generally, federal funds are purchased and sold for one-day periods.

AMERICANSHARES, INC. AND SUBSIDIARIES

Securities

Investment securities may be classified into three categories: held-to-maturity (HTM), available-for-sale (AFS) and trading.

Securities classified as held-to-maturity, which are those the Company has the positive intent and ability to hold to maturity, are reported at amortized cost. Securities classified as available-for-sale may be sold in response to changes in interest rates, liquidity needs, and for other purposes. Available-for-sale securities are reported at fair value and include securities not classified as held-to-maturity or trading. Trading securities are those held principally for the purpose of selling in the near future and are carried at fair value. The Company currently has no trading securities or held-to-maturity securities.

Interest income includes amortization of purchase premiums or discounts. Premiums and discounts on securities are generally amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Premiums on callable debt securities are amortized to their earliest call date. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

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 nonaccrual is reversed against interest income. No accrued interest was reversed against interest income during the years ended December 31, 2025 and 2024.

Fair value of investment securities is determined based on methodologies in accordance with generally accepted accounting principles. Fair values are volatile and may be influenced by a number of factors, including market interest rates, prepayment speeds, discount rates and yield curves. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on the quoted prices of similar instruments or an estimate of fair value by using a range of fair value estimates in the market place as a result of the illiquid market specific to the type of security.

Loans

The Company grants commercial, real estate, and consumer loans to customers. The ability of the Company's debtors to honor their contracts are dependent upon the real estate and general economic conditions in this area.

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-loans, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Fees associated with originating loans to the extent they exceed the direct loan origination costs are generally deferred and recognized over the life of the loan as an adjustment to yield.

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on nonaccrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. In determining whether or not a borrower may be unable to meet payment obligations for each class of loans, management considers the borrower's debt service capacity through the analysis of current financial information, if available, and/or current information with regards to the Company's collateral position. Regulatory provisions would typically require the placement of a loan on nonaccrual status if (i) principal or interest has been in default for a period of 90 days or more unless the loan is both well secured and in the process of collection or (ii) full payment of principal and interest is not expected. Loans may be placed on nonaccrual status regardless of whether or not such loans are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income on nonaccrual loans is recognized only to the extent that cash payments are received in excess of principal due. A loan may be returned to accrual status when all the principal and interest amounts contractually due are brought current and future principal and interest amounts contractually due are reasonably assured, which is typically evidenced by a sustained period (at least six months) of repayment performance by the borrower.

Allowance for Credit Losses (ACL)

The accounting policies for the measurement of the allowance for credit losses are described below.

Allowance For Credit Losses (ACL)-Available for Sale Securities

For available for sale securities in an unrealized loss position, the Company assesses whether (i) the Company intends to sell or (ii) it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. If either case is affirmative, any previously recognized allowances are charged-off and the security's amortized cost is written down to fair value through income. If neither case is affirmative, the security is evaluated to determine 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 any adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an ACL is recognized in other comprehensive income. Adjustments to the ACL are reported in the income statement as a component of credit loss expense, if applicable. Management has made the accounting policy election to exclude accrued interest receivable on available for sale securities from the estimate of credit losses. Available for sale securities are charged-off against the allowance or, in the absence of any allowance, written down through income when deemed uncollectible by management or when either of the aforementioned criteria regarding intent or requirement to sell is met.

Allowance for Credit Losses (ACL)-Loans

The ACL on loans is a contra-asset valuation account, calculated in accordance with Accounting Standards Codification (ASC) 326, that is deducted from the amortized cost basis of loans to present the best estimate of the net amount expected to be collected. Loans are charged-off against the allowance when deemed uncollectible. Adjustments to the allowance are reported in the income statement as a component of credit loss expense. The Company estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term, as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors. Further information regarding the policies and methodology used to estimate the ACL on loans is presented in Note 5.

Allowance For Credit Losses (ACL) Off-Balance Sheet Credit Exposures

The Company maintains a separate ACL on off-balance sheet credit exposures, including unfunded loan commitments, financial guarantees, and letters of credit, which is included in other liabilities on the balance sheet, unless the obligation is unconditionally cancellable. The relating ACL is calculated in accordance with ASC 326 and is adjusted as a provision for (or reversal of) 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 the estimated life of such commitments. The allowance is calculated using the same aggregate reserve rates calculated for the funded portion of the loan segment and applied to the amount of commitments expected to fund.

Mortgage Loans Held for Sale

The Company originates mortgage loans both for sale and for investment purposes. The designation of mortgage loans is made by management at the time of origination. The Company has elected the fair value option for financial reporting. Fair value is based on the contract prices at which the mortgage loans will be sold or, if the loans are not committed for sale, the current market price. Net unrealized gains or losses are recognized through earnings.

Servicing

Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Capitalized servicing rights are reported in other assets and are amortized into noninterest income in proportion to, and over the period of, the estimated life of the underlying loan portfolio.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Leases

Leases are classified as operating or finance leases at the lease commencement date. The Company leases certain office facilities and office equipment under operating leases. The Company also owns certain office facilities which are leased to outside parties under operating lessor leases; however, such leases are not significant. For operating leases other than those considered to be short-term, the Company recognizes lease right-of-use assets and related lease liabilities. Such amounts, if applicable, are reported as components of premises and equipment and other liabilities, respectively, in the consolidated balance sheet. The Company does not recognize short-term operating leases on the balance sheet (leases with terms of 12 months or less).

Lease payments over the expected term are discounted using the risk-free interest rate election. The Company considers renewal and termination options in the determination of the term of the lease. If it is reasonably certain that a renewal or termination option will be exercised, the effects of such options are included in the determination of the expected lease term. The Company has elected to treat property leases that include both lease and non-lease components in a contract as a single lease component.

Goodwill

Goodwill represents the excess of the cost of businesses acquired over the fair value of the net assets acquired. At least annually or more frequently if circumstances dictate, management assesses qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that goodwill is impaired. If, after assessing the totality of events and circumstances, management concludes that it is not more likely than not that goodwill is impaired, then no further action is taken. If, however, management concludes otherwise, then the fair value of goodwill is determined and tested for impairment by comparing the fair value with the carrying amount in accordance with ASC Topic 350, Intangibles-Goodwill and Other.

At December 31, 2025 and 2024, the Company evaluated recent potential triggering events that might be indicators that goodwill was impaired. Based on this evaluation, the Company concluded that goodwill was not more than likely impaired as of that date.

Other Securities

Other securities include Federal Reserve Bank stock, Federal Home Loan Bank stock, and Bankers Bancorp stock. These are restricted equity securities, in that they can only be sold back to the respective institution or another member institution at par. Therefore they are less liquid than other marketable equity securities. The Company views its investment in restricted stock as a long-term investment. Accordingly, when evaluating for impairment, the value is determined based on the ultimate recovery of the par value, rather than recognizing temporary declines in fair value. No impairment has been recorded on these securities.

Other securities also include an investment in a Special Purpose Entity (see Note 13). The investment is carried at cost, minus any impairment, if any, plus or minus observable price changes in orderly transactions from similar investments.

Income Taxes

AmeriBancShares, Inc. files a consolidated income tax return with its subsidiaries. Federal income tax expense or benefit has been allocated on a separate return basis.

Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Accounting principles generally accepted in the United States of America require Company management to evaluate tax positions taken by the Company. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require recognition or disclosure in the consolidated financial statements. Therefore, no liability for tax penalties has been included in the consolidated financial statements. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2022.

Derivative Financial Instruments

The Company records derivatives on its balance sheet at fair value. Derivative instruments are recognized as either assets or liabilities on the balance sheet and are measured at fair value and the corresponding change in fair value is reported in earnings. Derivative instruments that are used as part of the Company's market risk management strategy consist of interest rate lock commitments, options to buy-sell mortgage backed securities and forward sale commitments. These instruments are utilized to manage market rate risk on the Company's mortgage pipeline. The Company uses the forward sale commitments and options to hedge the risk of changes in the fair value of the pipeline due to changes in market interest rates.

Net Income Per Common Share

Net income per common share is based on the weighted average number of common shares outstanding during the period.

Revenue Recognition

In general, for revenue not associated with financial instruments, guarantees and lease contracts, the Company applies the following steps when recognizing revenue from contracts with customers: (i) identify the contract, (ii) identify the performance obligations, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations and (v) recognize revenue when a performance obligation is satisfied. The Company's contracts with customers are generally short term in nature, typically due within one year or less or cancellable by the Company or the customer upon a short notice period. Performance obligations for customer contracts are generally satisfied at a single point in time, typically when the transaction is complete, or over time. For performance obligations satisfied over time, the Company primarily uses the output method, directly measuring the value of the products/services transferred to the customer, to determine when performance obligations have been satisfied. The Company typically receives payment from customers and recognizes revenue concurrent with the satisfaction of performance obligations. In most cases, this occurs within a single financial reporting period. For payments received in advance of the satisfaction of performance obligations, revenue recognition is deferred until such time as the performance obligations have been satisfied. In cases where the Company has not received payment despite satisfaction of performance obligations, an estimate of the amount due in the period performance obligations have been satisfied is accrued. For contracts with variable components, only amounts for which collection is probable are accrued. The Company generally acts in a principal capacity, on its own behalf, in most of its contracts with customers. In such transactions, revenue and the related costs to provide the services on a gross basis are accrued. In some cases, the Company may act in an agent capacity, deriving revenue through assisting other entities in transactions with customers. In such transactions, revenue and the related costs to provide services are recognized on a net basis. These transactions recognized on a net basis primarily relate to fees derived from customers' use of various interchange and ATM/debit card networks.

Liability for Mortgage Loan Repurchase Losses

The Company has established a liability for mortgage loan repurchase losses which is included in other liabilities in the accompanying consolidated financial statements. Because the level of mortgage loan repurchase losses depends upon economic factors, investor demand strategies, and other external conditions that may change over the life of the underlying loans, the level of the liability for mortgage loan repurchase losses is difficult to estimate and requires considerable management judgment. Management maintains regular contact with the Government Sponsored Enterprises (GSEs), the Federal Housing Finance Agency (FHFA), and other significant investors to monitor their repurchase demand practices and issues as part of their process to update the repurchase liability estimate as new information becomes available.

Comprehensive Income

Comprehensive income includes both net income and other comprehensive income (loss), which includes the change in unrealized gains and losses on securities available for sale.

Fair Values of Financial Instruments

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and requires certain disclosures about fair value measurements. In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Transfer of Financial Assets

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

Subsequent Events

The Company has evaluated subsequent events and transactions for potential recognition or disclosure through March 17, 2026, the date these consolidated financial statements were available to be issued.

Reclassification

For comparability, certain amounts in the 2024 financial statements have been reclassified, where appropriate, to conform with the financial presentation used in 2025.

2. Recent Accounting Pronouncements

In June 2022, the FASB issued Accounting Standards Update 2022-03, *Fair Value Measurement (Topic 820); Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The amendments in this update clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also require certain disclosures for equity securities subject to contractual sale restrictions: (1) the fair value of equity securities subject to contractual sale restrictions reflected in the balance sheet, (2) the nature and remaining duration of the restriction(s), (3) the circumstances that could cause a lapse in the restriction(s). The amendments are effective for PBEs for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2024 and interim periods within those fiscal years. The adoption of ASU 2022-03 did not have a material impact on the Company's consolidated financial statements.

In March 2023, the FASB issued Accounting Standards Update 2023-02, *Investments-Equity Method and Joint Ventures (Topic 323); Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*. The update is intended to improve the accounting and disclosures for investments in tax credit structures. ASU 2023-02 allows entities to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. Previously, this method was only available for qualifying tax equity investments in low-income housing tax credit structures. The amendments are effective for PBEs for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2024 and interim periods within those fiscal years. The adoption of ASU 2023-02 did not have a material impact on the Company's consolidated financial statements.

In July, 2025, the FASB issued Accounting Standards Update 2025-05, *Financial Instruments-Credit Losses (Topic 326); Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The ASU introduces a practical expedient, available to all entities, permitting them to assume that current economic conditions as of the balance sheet date do not change over the remaining life of current accounts receivable and current contract assets arising from transactions under ASC 606. Additionally, the ASU provides an accounting policy election, available only to entities other than public business entities, allowing them to consider cash collections received after the balance sheet date when estimating expected credit losses, provided the practical expedient is elected. The amendments are effective for annual periods beginning after December 15, 2025, including interim periods, and early adoption is permitted. The Company is currently evaluating the impact of ASU 2025-05 on its consolidated financial statements; however, the adoption of ASU 2025-05 is not expected to have a material impact on the Company's consolidated financial statements.

In September 2025, the FASB issued Accounting Standards Update 2025-06, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40); Targeted Improvements to the Accounting for Internal-Use Software*. The ASU modernizes the accounting for internal-use software by eliminating the prescriptive project-stage model and replacing it with a principles-based capitalization threshold. Under the revised guidance, entities begin capitalizing software development costs when (1) management authorizes and commits to funding the project and (2) it is probable the project will be completed and the software will be used as intended, subject to an assessment of any significant development uncertainties. The amendments also supersede existing website-development guidance in Subtopic 350-50 and integrate relevant content into Subtopic 350-40. ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, including interim periods, and early adoption is permitted. The Company is currently evaluating the impact of ASU 2025-06 on its consolidated financial statements; however, the adoption of ASU 2025-06 is not expected to have a material impact on the Company's consolidated financial statements.

In November 2025, the FASB issued Accounting Standards update 2025-08, *Financial Instruments-Credit Losses (Topic 326); Purchased Loans*, which expands the population of acquired financial assets subject to the gross-up approach under Topic 326. The gross-up approach requires entities to recognize an allowance for expected credit losses at the acquisition date with a corresponding increase to the asset's amortized cost basis, eliminating the need for a day-one credit loss expense for assets within its scope. Under ASU 2025-08, non-PCD (non-purchased credit-deteriorated) loans that meet the definition of purchased seasoned loans are accounted for using the gross-up approach. A purchased seasoned loan includes any non-PCD loan (excluding credit card loans) acquired in a business combination, all of which are deemed seasoned. Additionally, non-PCD loans acquired outside a business combination are considered seasoned if they are purchased more than 90 days after origination and the acquirer was not involved in the loan's origination. The amendments are effective for all entities for annual reporting periods beginning after December 15, 2026, including interim periods, and early adoption is permitted. The Company is currently evaluating the impact of ASU 2025-08 on its consolidated financial statements; however, the adoption of ASU 2025-08 is not expected to have a material impact on the Company's consolidated financial statements.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

3. Investment Securities

The amortized cost, gross unrealized gains and losses and estimated fair values of the Company's investment securities as classified in the accompanying consolidated balance sheet are as follows (in thousands):

	Amortized <u>Cost</u>	Gross Unrealized <u>Gains</u>	Gross Unrealized <u>Losses</u>	Estimated <u>Fair Value</u>
<u>Securities Available for Sale</u>				
December 31, 2025:				
U.S. Treasury securities	\$ 30,562	\$ -	\$ (90)	\$ 30,472
U.S. Government Agency securities	37,167	2	(304)	36,865
Municipal securities	22,191	9	(206)	21,994
Mortgage-backed securities	40,946	226	(947)	40,225
Corporate securities	<u>13,000</u>	<u>-</u>	<u>(392)</u>	<u>12,608</u>
	<u>\$ 143,866</u>	<u>\$ 237</u>	<u>\$ (1,939)</u>	<u>\$ 142,164</u>
December 31, 2024:				
U.S. Treasury securities	\$ 9,863	\$ 13	\$ -	\$ 9,876
U.S. Government Agency securities	27,159	-	(1,270)	25,889
Municipal securities	27,458	2	(710)	26,750
Mortgage-backed securities	20,582	-	(1,853)	18,729
Corporate securities	<u>16,000</u>	<u>-</u>	<u>(1,140)</u>	<u>14,860</u>
	<u>\$ 101,062</u>	<u>\$ 15</u>	<u>\$ (4,973)</u>	<u>\$ 96,104</u>

Accrued interest receivable on securities available for sale totaled approximately \$709,000 and \$508,000 at December 31, 2025 and 2024, respectively, and is included in accrued interest receivable in the accompanying consolidated balance sheets. Accrued interest is excluded from the estimate of credit losses.

Substantially all of the U.S. Treasury securities, U.S. Government Agency securities, and mortgage-backed securities included in the above table were issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. Substantially all of the securities in the municipal securities portfolio were issued by the State of Texas or political subdivisions or agencies within the State of Texas. Substantially all of the corporate securities are investments in various banking organizations. At December 31, 2025 and 2024, there were no holdings of securities of any one issuer other than the U.S. Government and its agencies in an amount greater than 10% of shareholders' equity.

Investment securities with recorded values of approximately \$117,219,000 and \$72,062,000 at December 31, 2025 and 2024, respectively, were pledged to secure deposits and for other purposes as required by law.

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

	Securities Available for Sale	
	Amortized <u>Cost, Net</u>	Fair <u>Value</u>
Due in one year or less	\$ 52,546	\$ 52,156
Due from one year to five years	29,081	28,918
Due from five years to ten years	21,293	20,865
Due after ten years	<u>-</u>	<u>-</u>
	102,920	101,939
Mortgage-backed securities	<u>40,946</u>	<u>40,225</u>
	<u>\$ 143,866</u>	<u>\$ 142,164</u>

AMERIBANCSHARES, INC. AND SUBSIDIARIES

There were no sales of available for sale securities during 2025 and 2024

Unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2025 and 2024 are summarized as follows for securities available for sale (in thousands):

<u>Securities Available for Sale</u>	<u>Less than 12 Months</u>		<u>12 Months or More</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
December 31, 2025:				
U.S. Treasury securities	\$ 29,719	\$ (90)	\$ -	\$ -
U.S. Government Agency securities	9,968	(32)	16,895	(272)
Municipal securities	3,633	(12)	14,191	(194)
Mortgage-backed securities	4,958	(27)	16,502	(920)
Corporate securities	-	-	12,608	(392)
	<u>\$ 48,278</u>	<u>\$ (161)</u>	<u>\$ 60,196</u>	<u>\$ (1,778)</u>
December 31, 2024:				
U.S. Government Agency securities	\$ -	\$ -	\$ 25,888	\$ (1,270)
Municipal securities	3,244	(82)	20,095	(628)
Mortgage-backed securities	-	-	18,729	(1,853)
Corporate securities	-	-	14,860	(1,140)
	<u>\$ 3,244</u>	<u>\$ (82)</u>	<u>\$ 79,572</u>	<u>\$ (4,891)</u>

As of December 31, 2025 and 2024, no allowance for credit losses has been recognized on available sale securities in an unrealized loss position as management believes the impairments detailed in the table above are temporary and does not believe any of the securities are impaired due to credit quality. This is based upon an analysis of the underlying risk characteristics, including credit ratings, and other qualitative factors related to the available for sale securities and in consideration of the Company's historical credit loss experience and internal forecasts. The issuers of these securities continue to make timely principal and interest payments under the contractual terms of the securities. As of December 31, 2025, management does not have the intent to sell any of the securities classified as available for sale in the table above and believes that it is more likely than not that the Company will not have to sell any such securities before a recovery of cost. The unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased. The fair value is expected to recover as the bonds approach their maturity or repricing date or if market yields for such investments decline.

4. Mortgage Loans Held for Sale

The Company has elected the fair value option for mortgage loans held for sale. These loans are intended for sale and the Company believes that fair value is the best indicator of the resolution of these loans. Interest income is recorded based on the contractual term of the loan and in accordance with the Company's policy on loans held for investment. None of these loans are 90 days or more past due or on nonaccrual as of December 31, 2025 and 2024.

As of December 31, 2025 and 2024, the aggregate fair value, contractual balance and gain or loss was as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Aggregate fair value	\$ 18,171	\$ 15,854
Contractual balance	<u>17,710</u>	<u>15,854</u>
Unrealized gain	<u>\$ 461</u>	<u>\$ -</u>

AMERIBANCSHARES, INC. AND SUBSIDIARIES

5. Loans and Allowance for Credit Losses-Loans

A summary of loan categories is as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Real estate:		
1-4 family construction	\$ 112,701	\$ 116,195
Construction, land development and other land	163,575	134,310
1-4 family residential	339,068	319,465
Multi-family residential	68,445	56,517
Nonfarm nonresidential - owner occupied	173,890	159,279
Nonfarm nonresidential - nonowner occupied	698,585	691,045
Farmland	<u>41,036</u>	<u>31,776</u>
Total real estate	1,597,300	1,508,587
Agriculture	982	725
Commercial and industrial	102,664	100,727
Consumer	14,787	16,890
Municipal	188	221
Nondepository financial institutions	57,245	79,103
Lease financing receivables	61,735	45,930
Overdrafts	223	52
All other loans	<u>40,637</u>	<u>15,753</u>
	1,875,761	1,767,988
Unearned discount	(7,082)	(5,103)
Allowance for credit losses-loans	<u>(19,100)</u>	<u>(19,018)</u>
	<u>\$ 1,849,579</u>	<u>\$ 1,743,867</u>

The Company extends commercial and consumer credit primarily to customers in the state of Texas. At December 31, 2025 and 2024, the majority of the Company's loans were collateralized with real estate. The real estate collateral provides an alternate source of repayment in the event of default by the borrower and may deteriorate in value during the time the credit is extended. The weakening of real estate markets may have an adverse effect on the Company's profitability and asset quality. If the Company were required to liquidate the collateral securing a loan to satisfy the debt during a period of reduced real estate values, earnings and capital could be adversely affected. Additionally, the Company has loans secured by inventory, accounts receivable, equipment, marketable securities, or other assets. The debtors' ability to honor their contracts on all loans is substantially dependent upon the general economic conditions of the region.

Sound risk management practices and appropriate levels of capital are essential elements of a sound commercial real estate lending program (CRE) for a financial institution. Concentrations of CRE exposures add a dimension of risk that compounds the risk inherent in individual loans. Interagency guidance on CRE concentrations describe sound risk management practices which include board and management oversight, portfolio management, management information systems, market analysis, portfolio stress testing and sensitivity analysis, credit underwriting standards, and credit risk review functions. Management believes it has implemented these practices in order to monitor its CRE. An institution which has reported loans for construction, land development, and other land loans representing 100% or more of total risk based capital, or total non-owner occupied commercial real estate loans representing 300% or more of the institutions total risk-based capital and the outstanding balance of commercial real estate loan portfolio has increased by 50% or more during the prior 36 months, may be identified for further supervisory analysis by regulators to assess the nature and risk posed by the concentration. At December 31, 2025 and 2024, the Bank had total commercial real estate loans of approximately \$1,217,196,000 and \$1,157,346,000, respectively. Included in these amounts, the Bank had construction, land development, and other land loans representing 104% and 101%, respectively, of total risk-based capital at December 31, 2025 and 2024. The Bank had non-owner occupied commercial real estate loans representing 392% and 401%, respectively, of total risk-based capital at December 31, 2025 and 2024.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Loan maturities and rate sensitivity of the loan portfolio at December 31, 2025 and 2024, including mortgage loans held for sale less loans on nonaccrual, are as follows (in thousands):

	<u>2025</u>	<u>2024</u>
<i>Fixed rate loans with a remaining maturity of:</i>		
Three months or less	\$ 31,444	\$ 102,016
Over three months through twelve months	206,229	183,493
Over one year through five years	583,390	602,509
Over five years	<u>64,346</u>	<u>192,747</u>
Total fixed rate loans	<u>\$ 885,409</u>	<u>\$ 1,080,765</u>
<i>Variable rate loans with a repricing frequency of:</i>		
Quarterly or more frequently	\$ 430,752	\$ 260,852
Annually or more frequently, but less frequently than quarterly	137,995	40,532
Every five years or more frequently, but less frequently than annually	419,820	372,979
Less frequently than every five years	<u>5,502</u>	<u>10,260</u>
Total variable rate loans	<u>\$ 994,069</u>	<u>\$ 684,623</u>

Accrued Interest Receivable

Accrued interest receivable on loans totaled approximately \$7,672,000 and \$6,532,000 at December 31, 2025 and 2024, respectively, and is included in accrued interest receivable in the accompanying consolidated balance sheets. Accrued interest is excluded from the estimate of credit losses.

Nonaccrual Loans

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on nonaccrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions.

Nonaccrual loans, segregated by class of loans at December 31, 2025 and 2024 is as follows, (in thousands):

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Total Nonaccrual</u>	<u>Nonaccrual with No Credit Loss Allowance</u>	<u>Total Nonaccrual</u>	<u>Nonaccrual with No Credit Loss Allowance</u>
Real estate:				
1-4 family construction	\$ 620	\$ 620	\$ 594	\$ 594
Construction, land development, and other land	665	665	3,430	3,430
1-4 family residential	10,282	10,282	7,373	7,373
Multi-family residential	-	-	-	-
Nonfarm nonresidential - owner occupied	-	-	-	-
Nonfarm nonresidential - nonowner occupied	1,438	1,438	1,488	1,488
Farmland	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total real estate	<u>13,005</u>	<u>13,005</u>	<u>12,885</u>	<u>12,885</u>
Agriculture	-	-	-	-
Commercial and industrial	1,347	1,070	5,569	1,965
Consumer	102	102	-	-
Municipal	-	-	-	-
Nondepository financial institutions	-	-	-	-
Lease financing receivables	-	-	-	-
Overdrafts	-	-	-	-
All other loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,454</u>	<u>\$ 14,177</u>	<u>\$ 18,454</u>	<u>\$ 14,850</u>

AMERIBANCSHARES, INC. AND SUBSIDIARIES

The Company recognized approximately \$277,000 and \$243,000 of income on nonaccrual loans during the years ending December 31, 2025 and 2024, respectively. Additionally, the Company reversed approximately \$120,000 and \$690,000 of interest income against accrued interest receivable during the years ended December 31, 2025 and 2024, respectively.

Collateral-Dependent Loans

The Company, at times, has certain loans for which repayment is dependent upon the operation or sale of collateral, as the borrower is experiencing financial difficulty. The underlying collateral can vary based upon the type of loan. The following provides more detail about the types of collateral that secure collateral dependent loans:

- Commercial real estate loans can be secured by either owner occupied commercial real estate or non-owner occupied investment commercial real estate. Typically, owner occupied commercial real estate loans are secured by office buildings, warehouses, manufacturing facilities and other commercial and industrial properties occupied by operating companies. Non-owner occupied commercial real estate loans are generally secured by office buildings and complexes, retail facilities, multifamily complexes, land under development, industrial properties, as well as other commercial or industrial real estate.
- Residential real estate loans are typically secured by first mortgages, and in some cases could be secured by a second mortgage.
- Home equity lines of credit are generally secured by second mortgages on residential real estate property.
- Commercial loans are generally secured by accounts receivable, inventory, equipment and other business assets.
- Consumer loans are generally secured by automobiles, motorcycles, recreational vehicles and other personal property. Some consumer loans are unsecured and have no underlying collateral.

The following table details the amortized cost of collateral-dependent loans as of December 31, 2025 and 2024, (in thousands):

	<u>2025</u>	<u>2024</u>
Real estate:		
1-4 family construction	\$ 620	\$ 594
Construction, land development, and other land	665	3,430
1-4 family residential	10,282	7,373
Multifamily residential	-	-
Nonfarm nonresidential owner occupied	-	-
Nonfarm nonresidential nonowner occupied	1,438	1,488
Farmland	<u>-</u>	<u>-</u>
Total real estate	13,005	12,885
Agriculture	-	-
Commercial and industrial	1,347	5,569
Consumer	102	-
Municipal	-	-
Nondepository financial institutions	-	-
Lease financing receivable	-	-
Overdrafts	-	-
All other loans	<u>-</u>	<u>-</u>
	<u>\$ 14,454</u>	<u>\$ 18,454</u>

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Loan Modifications

At December 31, 2025 and 2024, the Company had loans that were both experiencing financial difficulty and modified totaling approximately \$496,000 and \$459,000, respectively. The Company had not allocated any specific reserves in regard to these loans at December 31, 2025 or 2024. The Company had no loans modified during 2025 or 2024. There were no significant loans that had been previously modified that subsequently defaulted during the years ended December 31, 2025 and 2024. The Company is not committed to lend additional funds to debtors whose loans have been modified.

Loans in Process of Foreclosure

At December 31, 2025 or 2024, the Company had no loans for which foreclosure proceedings were in process.

Past Due Loans

The following is a summary of past due loans that continue to accrue interest at December 31, 2025 and 2024 (in thousands):

	30-59 Days <u>Past Due</u>	60-89 Days <u>Past Due</u>	Past Due 90 <u>Days or More</u>	<u>Total</u>
December 31, 2025:				
Real estate:				
1-4 family construction	\$ 2,565	\$ 612	\$ 3,512	\$ 6,689
Construction, land development and other land	-	-	-	-
Revolving 1-4 family residential	-	-	-	-
1-4 family residential	9,341	964	1,082	11,387
Multi-family residential	-	-	-	-
Nonfarm nonresidential - owner occupied	-	-	-	-
Nonfarm nonresidential - nonowner occupied	-	-	-	-
Farmland	<u>582</u>	<u>751</u>	<u>-</u>	<u>1,333</u>
Total real estate	12,488	2,327	4,594	19,409
Agriculture	-	-	-	-
Commercial and industrial	16	399	-	415
Consumer	1,942	176	55	2,173
Municipal	-	-	-	-
Nondepository financial institutions	-	-	-	-
Lease financing receivable	348	65	-	413
Overdrafts	-	-	-	-
All other loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,794</u>	<u>\$ 2,967</u>	<u>\$ 4,649</u>	<u>\$ 22,410</u>
December 31, 2024:				
Real estate:				
1-4 family construction	\$ 3,218	\$ 692	\$ -	\$ 3,910
Construction, land development and other land	-	74	-	74
Revolving 1-4 family residential	-	-	-	-
1-4 family residential	3,479	2,072	333	5,884
Multi-family residential	823	-	-	823
Nonfarm nonresidential - owner occupied	8,931	-	-	8,931
Nonfarm nonresidential - nonowner occupied	-	-	-	-
Farmland	<u>308</u>	<u>232</u>	<u>-</u>	<u>540</u>
Total real estate	16,759	3,070	333	20,162
Agriculture	-	-	-	-
Commercial and industrial	37	-	-	37
Consumer	1,518	22	-	1,540
Municipal	-	-	-	-
Nondepository financial institutions	-	-	-	-
Lease financing receivable	194	67	-	261
Overdrafts	-	-	-	-
All other loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 18,508</u>	<u>\$ 3,159</u>	<u>\$ 333</u>	<u>\$ 22,000</u>

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Credit Quality Information

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, including: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. The Company uses the following definitions for risk ratings:

Pass

Loans classified as pass are loans with low to average risk.

Special Mention

Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Company's credit position at some future date.

Substandard

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

Doubtful

Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

As of December 31, 2025 and 2024, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows (in thousands):

	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Total</u>
December 31, 2025:					
Real estate:					
1-4 family construction	\$ 112,081	\$ -	\$ 620	\$ -	\$ 112,701
Construction, land development and other land	162,910	-	665	-	163,575
1-4 family residential	328,696	-	10,372	-	339,068
Multi-family residential	68,445	-	-	-	68,445
Nonfarm nonresidential - owner occupied	173,890	-	-	-	173,890
Nonfarm nonresidential - nonowner occupied	687,610	-	10,975	-	698,585
Farmland	<u>41,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,036</u>
Total real estate	1,574,668	-	22,632	-	1,597,300
Agriculture	982	-	-	-	982
Commercial and industrial	101,692	-	695	277	102,664
Consumer	14,685	-	102	-	14,787
Municipal	188	-	-	-	188
Nondepository financial institutions	57,245	-	-	-	57,245
Lease financing receivable	61,735	-	-	-	61,735
Overdrafts	223	-	-	-	223
All other loans	<u>40,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,637</u>
	<u>\$ 1,852,055</u>	<u>\$ -</u>	<u>\$ 23,429</u>	<u>\$ 277</u>	<u>\$ 1,875,761</u>
December 31, 2024:					
Real estate:					
1-4 family construction	\$ 115,601	\$ -	\$ 594	\$ -	\$ 116,195
Construction, land development and other land	130,880	-	3,430	-	134,310
1-4 family residential	311,498	499	7,468	-	319,465
Multi-family residential	56,517	-	-	-	56,517
Nonfarm nonresidential - owner occupied	150,348	8,931	-	-	159,279
Nonfarm nonresidential - nonowner occupied	672,749	9,734	8,562	-	691,045
Farmland	<u>31,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,776</u>
Total real estate	1,469,369	19,164	20,054	-	1,508,587
Agriculture	725	-	-	-	725
Commercial and industrial	78,835	16,972	1,316	3,604	100,727
Consumer	16,890	-	-	-	16,890
Municipal	221	-	-	-	221
Nondepository financial institutions	79,103	-	-	-	79,103
Lease financing receivable	45,930	-	-	-	45,930
Overdrafts	52	-	-	-	52
All other loans	<u>15,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,753</u>
	<u>\$ 1,706,878</u>	<u>\$ 36,136</u>	<u>\$ 21,370</u>	<u>\$ 3,604</u>	<u>\$ 1,767,988</u>

Allowance For Credit Losses (ACL)-Loans

The allowance for credit losses-loans represents management's best estimate of current expected credit losses on loans considering available information, from internal and external sources, relevant to assessing collectability over the loans' contractual terms, adjusted for expected prepayments. Credit loss expense related to loans reflects the totality of actions taken on all loans for a particular period including any necessary increases or decreases in the allowance related to changes in credit loss expectations associated with specific loans or pools of loans. Portions of the allowance may be allocated for specific credits; however, the entire allowance is available for any credit that, in management's judgment, should be charged off. While management utilizes its best judgment and information available, the ultimate appropriateness of the allowance is dependent upon a variety of factors beyond the Company's control, including the performance of the loan portfolio, the economy, changes in interest rates and the view of the regulatory authorities toward loan classifications.

Management may also adjust its assumptions to account for differences between expected and actual losses from period to period. The variability of management's assumptions could alter the ACL on loans materially and impact future results of operations and financial condition. The loss estimation models and methods used to determine the allowance for credit losses are continually refined and enhanced.

Methodology

The Company is utilizing a third-party model to tabulate its estimate of current expected credit losses, using a weighted average remaining maturity (WARM) methodology. In accordance with ASC 326, the Company has segmented its loan portfolio based on similar risk characteristics which include type/purpose of the loans, underlying collateral and historical credit loss patterns.

The allowance is comprised of three distinct reserve components: (1) specific reserves related to loans individually evaluated, (2) quantitative reserves related to loans collectively evaluated, and (3) qualitative reserves related to loans collectively evaluated. A summary of the methodology the Company employs with respect to each of these components in order to evaluate the overall adequacy of the allowance for credit losses is as follows:

Specific Reserve for Loans Individually Evaluated

The Company identifies loan relationships that may have credit weaknesses. Such loan relationships are identified primarily through the analysis of loan evaluations and past due loan reports. Each loan so identified is then individually evaluated to determine whether it is probable that the Company will be unable to collect all amounts due in accordance with the contractual terms of the underlying loan agreement. The Company performs an analysis based on the fair value of the loan's collateral, which is generally determined utilizing current appraisals, less estimated selling costs if the loan is collateral dependent or the present value of expected future cash flows from the loan discounted at the loans effective interest rate. A specific reserve is established in an amount equal to the excess, if any, of the recorded investment in the loan over the fair value of its underlying collateral, less estimated costs to sell.

Quantitative Reserve for Loans Collectively Evaluated

The Company stratifies the loan portfolio into loan pools. Quantitative reserves relative to each loan pool are established using an allocation equaling 100% of the respective pool's average 12 month historical net loan charge-off rate (determined based upon the most recent twelve quarters) which is applied to the aggregate recorded investment of loans collectively evaluated over the estimated life of the pool.

Qualitative Reserve for Loans Collectively Evaluated

Management qualitatively adjusts model results for risk factors that are not considered within the modeling processes but are nonetheless relevant in assessing the expected credit losses within the loan pools. These qualitative factors (Q-Factors) and other qualitative adjustments may increase or decrease the estimate of expected credit losses by a calculated percentage or amount based upon the estimated level of risk. The various risks that may be considered in making Q-Factor and other qualitative adjustments include, among other things, the impact of (i) changes in lending policies and procedures, including changes in underwriting standards and practices for collections, write-offs, and recoveries, (ii) actual and expected changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the loan pools, (iii) changes in the nature and volume of the loan pools and in the terms of the underlying loans, (iv) changes in the experience, ability, and depth of the lending management and staff, (v) changes in volume and severity of past due financial assets, the volume of nonaccrual assets, and the volume and severity of adversely classified or graded assets, (vi) changes in the quality of the credit review function, (vii) changes in the value of the underlying collateral for loans that are non-collateral dependent, (viii) the existence, growth, and effect of any concentrations of credit and (ix) other factors such as the regulatory, legal and technological environments; competition; and events such as natural disasters or health pandemics. The qualitative adjustment factor for each loan pool is then applied over the expected life of the pool.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

The following table presents details of the ACL-loans segregated by loan portfolio segment as of December 31, 2025 and 2024 (in thousands):

	Modeled Expected <u>Credit Losses</u>	Q-Factor and Other Qualitative Adjustments	Specific Allocations	<u>Total</u>
December 31, 2025:				
Real estate:				
1-4 family construction	\$ 147	\$ 464	\$ -	\$ 611
Construction, land development and other land	409	1,227	-	1,636
Revolving 1-4 family residential	-	-	-	-
1-4 family residential	859	2,496	-	3,355
Multi-family residential	129	372	-	501
Nonfarm nonresidential - owner occupied	506	795	-	1,301
Nonfarm nonresidential - nonowner occupied	1,656	5,945	-	7,601
Farmland	<u>36</u>	<u>504</u>	<u>-</u>	<u>540</u>
Total real estate	3,742	11,803	-	15,545
Agriculture	2	1	-	3
Commercial and industrial	571	1,675	138	2,384
Consumer	163	96	-	259
Municipal	-	-	-	-
Nondepository financial institutions	-	20	-	20
Lease financing receivable	5	33	-	38
Overdrafts	-	-	-	-
All other loans	<u>462</u>	<u>389</u>	<u>-</u>	<u>851</u>
	<u>\$ 4,945</u>	<u>\$ 14,017</u>	<u>\$ 138</u>	<u>\$ 19,100</u>
December 31, 2024:				
Real estate:				
1-4 family construction	\$ 141	\$ 690	\$ -	\$ 831
Construction, land development and other land	303	1,676	-	1,979
Revolving 1-4 family residential	-	-	-	-
1-4 family residential	356	1,584	-	1,940
Multi-family residential	101	268	-	369
Nonfarm nonresidential - owner occupied	249	940	-	1,189
Nonfarm nonresidential - nonowner occupied	1,108	6,394	-	7,502
Farmland	<u>14</u>	<u>170</u>	<u>-</u>	<u>184</u>
Total real estate	2,272	11,722	-	13,994
Agriculture	1	2	-	3
Commercial and industrial	672	1,758	1,802	4,232
Consumer	211	123	-	334
Municipal	-	-	-	-
Nondepository financial institutions	-	265	-	265
Lease financing receivable	7	88	-	95
Overdrafts	-	-	-	-
All other loans	<u>59</u>	<u>36</u>	<u>-</u>	<u>95</u>
	<u>\$ 3,222</u>	<u>\$ 13,994</u>	<u>\$ 1,802</u>	<u>\$ 19,018</u>

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Allowance for Credit Losses-Loans

An analysis of the allowance for credit losses-loans for the years ended December 31, 2025 and 2024 is as follows (in thousands):

	Beginning <u>Balance</u>	Credit Loss Expense <u>(Reversal)</u>	<u>Charge-offs</u>	<u>Recoveries</u>	Ending <u>Balance</u>
December 31, 2025:					
Real estate:					
1-4 family construction	\$ 831	\$ (220)	\$ -	\$ -	\$ 611
Construction, land development and other land	1,979	(343)	-	-	1,636
Revolving 1-4 family residential	-	-	-	-	-
1-4 family residential	1,940	1,415	-	-	3,355
Multi-family residential	369	132	-	-	501
Nonfarm nonresidential - owner occupied	1,189	112	-	-	1,301
Nonfarm nonresidential - nonowner occupied	7,502	99	-	-	7,601
Farmland	<u>184</u>	<u>356</u>	<u>-</u>	<u>-</u>	<u>540</u>
Total real estate	13,994	1,551	-	-	15,545
Agriculture	3	-	-	-	3
Commercial and industrial	4,232	1,628	(3,569)	93	2,384
Consumer	334	(62)	(29)	16	259
Municipal	-	-	-	-	-
Nondepository financial institutions	265	(245)	-	-	20
Lease financing receivable	95	(28)	(29)	-	38
Overdrafts	-	-	-	-	-
All other loans	<u>95</u>	<u>756</u>	<u>-</u>	<u>-</u>	<u>851</u>
	<u>\$ 19,018</u>	<u>\$ 3,600</u>	<u>\$ (3,627)</u>	<u>\$ 109</u>	<u>\$ 19,100</u>
December 31, 2024:					
Real estate:					
1-4 family construction	\$ 716	\$ 115	\$ -	\$ -	\$ 831
Construction, land development and other land	2,107	(128)	-	-	1,979
Revolving 1-4 family residential	-	-	-	-	-
1-4 family residential	2,358	(418)	-	-	1,940
Multi-family residential	474	(105)	-	-	369
Nonfarm nonresidential - owner occupied	1,666	(477)	-	-	1,189
Nonfarm nonresidential - nonowner occupied	8,557	(1,055)	-	-	7,502
Farmland	<u>333</u>	<u>(149)</u>	<u>-</u>	<u>-</u>	<u>184</u>
Total real estate	16,211	(2,217)	-	-	13,994
Agriculture	7	(4)	-	-	3
Commercial and industrial	2,550	5,356	(3,693)	19	4,232
Consumer	404	(27)	(49)	6	334
Municipal	-	-	-	-	-
Nondepository financial institutions	496	(231)	-	-	265
Lease financing receivable	132	(38)	-	1	95
Overdrafts	-	-	-	-	-
All other loans	<u>134</u>	<u>(39)</u>	<u>-</u>	<u>-</u>	<u>95</u>
	<u>\$ 19,934</u>	<u>\$ 2,800</u>	<u>\$ (3,742)</u>	<u>\$ 26</u>	<u>\$ 19,018</u>

AMERICANSHARES, INC. AND SUBSIDIARIES

6. Premises and Equipment

A summary of premises, equipment and land improvements and related accumulated depreciation at December 31, 2025 and 2024 is as follows (in thousands):

	Estimated <u>Useful Lives</u>	<u>2025</u>	<u>2024</u>
Land		\$ 13,146	\$ 6,792
Premises	5-40 years	48,498	26,323
Furniture, fixtures and equipment	3-10 years	12,962	12,993
Land improvements	5-20 years	893	893
Lease equipment	3-5 years	<u>2,836</u>	<u>3,315</u>
		78,335	50,316
Less accumulated depreciation		<u>20,148</u>	<u>20,776</u>
		58,187	29,540
Construction in progress		<u>-</u>	<u>21,000</u>
Totals		<u>\$ 58,187</u>	<u>\$ 50,540</u>

The majority of construction in progress at December 31, 2024 consists of costs associated with the construction of two branch buildings in the DFW Metropolitan area. Remaining costs to complete as of December 31, 2024 amounted to approximately \$4,750,000. Construction on these two branches was completed during 2025.

Depreciation expense amounted to approximately \$2,099,000 and \$1,824,000 in 2025 and 2024, respectively.

7. Mortgage Servicing Rights

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of mortgage loans serviced for others was approximately \$351,708,000 and \$385,936,000 at December 31, 2025 and 2024, respectively. Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in demand deposits, were approximately \$3,570,000 and \$2,405,000 at December 31, 2025 and 2024, respectively.

Originated mortgage servicing rights capitalized at December 31, 2025 and 2024, are approximately \$2,587,000 and \$2,855,000, respectively, and are included in other assets in the accompanying consolidated balance sheets. A summary of the changes in servicing rights during 2025 and 2024 is as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	\$ 2,855	\$ 3,021
Origination	103	172
Amortization	<u>(371)</u>	<u>(338)</u>
Balance at end of year	<u>\$ 2,587</u>	<u>\$ 2,855</u>

Key economic assumptions used in measuring the initial servicing rights resulting from sales and securitizations of residential mortgage loans during the year include expected prepayment speed, weighted average life, and discount rate. Management uses current prepayment speed assumptions of Bloomberg consensus broker opinions as of the month of sale or securitization. Weighted average lives are based on contractual terms and prepayment speeds for the respective residential mortgage loans as of the date of sale or securitization. Management uses a discount rate of between 9.50 percent and 10.50 percent to value estimated cash flows for all sales and securitizations.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Key economic assumptions are as follows as of December 31, 2025 and 2024 (dollar amounts in thousands):

	<u>Residential Mortgage Loans</u>	
	<u>2025</u>	<u>2024</u>
Fair value of servicing rights	\$ 3,500	\$ 5,560
Weighted-average life (in years)	5.75	7.33
Constant prepayment rate	12.50%	5.50%
Residual cash flows discount rate (annual)	10.15%	10.25%

Liability for Mortgage Loan Repurchase Losses

Included in other liabilities in the accompanying consolidated balance sheets are the liability for mortgage loan repurchase losses. Because the level of mortgage loan repurchase losses depends upon economic factors, investor demand strategies, and other external conditions that may change over the life of the underlying loans, the level of the liability for mortgage loan repurchase losses is difficult to estimate and requires considerable management judgment. Management maintains regular contact with the GSEs, the FHFA, and other significant investors to monitor their repurchase demand practices and issues as part of its process to update the repurchase liability estimate as new information becomes available. Because of the uncertainty in the various estimates underlying the mortgage repurchase liability, there is a range of losses in excess of the recorded mortgage repurchase liability that is reasonably possible. The estimate of the range of possible loss for representations and warranties does not represent a probable loss, and is based on currently available information, significant judgment, and a number of assumptions that are subject to change. An analysis of the changes in the liability for mortgage loan repurchase losses for the years ended December 31, 2025 and 2024 is as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 629	\$ 125
Provision for repurchase losses	616	514
Losses	<u>(8)</u>	<u>(10)</u>
Balance, end of year	<u>\$ 1,237</u>	<u>\$ 629</u>

8. Goodwill

Goodwill in the amount of approximately \$4,220,000 at December 31, 2025 and 2024, is included in the accompanying consolidated financial statements. At December 31, 2025 and 2024, management has determined that it is not more likely than not that goodwill is impaired. Prior to the year ended December 31, 2002, goodwill was amortized over its estimated useful life. Accordingly, the amounts reflected for goodwill in the accompanying financial statements have been reduced by the relating accumulated amortization of approximately \$507,000.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

9. Deposits

Included in time deposits are certificates of deposit in amounts of \$250,000 or more. The aggregate amount of short-term jumbo certificates of deposit, each with a minimum denomination of \$250,000, was approximately \$266,293,000 and \$235,501,000 at December 31, 2025 and 2024, respectively.

At December 31, 2025 and 2024, the scheduled maturities of certificates of deposit are as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Less than three months	\$ 213,031	\$ 202,448
Four to twelve months	540,103	415,393
One to five years	155,616	82,506
Over five years	-	1,516
	<u>\$ 908,750</u>	<u>\$ 701,863</u>

Deposits which exceed the FDIC insurance limit of \$250,000 at December 31, 2025 and 2024 amounted to approximately \$887,201,000 and \$818,258,000, respectively.

10. Securities Sold Under Agreements to Repurchase

There were no securities sold under repurchase agreements at December 31, 2025 and 2024.

The average balances of securities sold under agreements to repurchase amounted to approximately \$905,000 for the year ending December 31, 2024.

11. Other Borrowings

Federal Home Loan Bank

Advances from the Federal Home Loan Bank (FHLB) are borrowings that are collateralized by a security agreement, which requires the borrowing bank to maintain a certain level of qualified first mortgage collateral in relation to the amount of outstanding debt. There were no outstanding advances as of December 31, 2025 or 2024.

As of both December 31, 2025 and 2024, the Bank has certain Direct Letters of Credit outstanding in the aggregate amounts of \$320,808,000 and \$197,151,000, respectively. These Direct Letters of Credit reduce the Bank's available borrowing capacity and are being used to cover the pledging requirements for certain local municipal depositors. The Direct Letter of Credit agreements require the Bank to make quarterly fee payments based on the average outstanding balance of the municipalities. As of December 31, 2025, the Direct Letters of Credit have stated maturity dates ranging from January 2, 2026, through December 30, 2027.

At December 31, 2025, the Bank has additional unused borrowing capacity with the FHLB of approximately \$392,621,000.

Nexbank

At both December 31, 2025 and 2024, the Company has a revolving line of credit with Nexbank in the maximum amount of \$30,000,000. The outstanding balance under this agreement was \$5,000,000 at December 31, 2025 and 2024. The line of credit is collateralized by all issued and outstanding common stock of the Bank and requires monthly interest payments based on a variable interest rate of the Wall Street Journal Prime Rate (6.75% and 7.50% at December 31, 2025 and 2024, respectively) with a floor of 4.00%, with all unpaid principal and interest due at maturity on June 24, 2026.

Other

Additionally, the Bank has unused federal funds lines available from other commercial banks of approximately \$25,000,000 at December 31, 2025.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

12. Senior Unsecured Notes Payable

At March 18, 2022, the Company completed a senior unsecured notes offering in the amount of \$50,000,000, effectively refinancing its existing other borrowings with an unpaid principal balance of approximately \$27,921,000 at December 31, 2021. The senior unsecured notes call for semi-annual interest payments beginning September 30, 2022 at a fixed rate of 3.75% and are redeemable beginning on March 31, 2027 (at which time they convert to a floating rate of three-month SOFR plus 201 basis points payable quarterly). The notes mature March 31, 2032. Following is a summary of senior unsecured notes payable for the years presented (in thousands):

	<u>2025</u>	<u>2024</u>
Senior unsecured notes payable	\$ 50,000	\$ 50,000
Less debt issue costs	(888)	(888)
Add accumulated amortization of debt issue costs	<u>340</u>	<u>252</u>
Balances outstanding	<u>\$ 49,452</u>	<u>\$ 49,364</u>

Debt issue costs in net amounts of approximately \$548,000 and \$636,000 at December 31, 2025 and 2024, respectively, are being amortized over the life of the senior unsecured notes payable. Amortization expense of approximately \$89,000 for each of the years ended December 31, 2025 and 2024 has been included as a component of interest expense in the accompanying consolidated financial statements.

13. Junior Subordinated Debentures

The junior subordinated debentures of approximately \$7,217,000 at December 31, 2025 and 2024 represent amounts payable to a Special Purpose Entity (SPE) in conjunction with the Company's sponsorship of the SPE. The SPE has one issuance outstanding totaling \$7,000,000 in trust preferred securities and \$217,000 in common stock (wholly-owned by the Company) at December 31, 2025 and 2024. Both the junior subordinated debentures and the related trust preferred securities yield an annual distribution rate of 3-month SOFR plus 1.80% (5.79% at December 31, 2025 and 6.42% at December 31, 2024), are redeemable at various dates beginning in June, 2010 and mature in June, 2035.

The trust preferred securities are tax-advantaged issues that currently qualify as Tier I capital for the Company. Distributions on these securities are included as interest expense on other borrowed funds. The underlying trust is a statutory business trust organized for the sole purpose of issuing trust preferred securities and investing the proceeds thereof in junior subordinated debentures of the Company, the sole asset of the trust. The preferred trust securities of the trust represent preferred beneficial interests in the assets of the trust and are subject to mandatory redemption upon payment of the junior subordinated debentures held by the trust. The common securities of the trust are wholly-owned by the Company. The trust's ability to pay amounts due on the trust preferred securities is solely dependent upon the Company making payment on the related junior subordinated debentures. The Company's obligations under the junior subordinated debentures and other relevant trust agreements, in aggregate, constitute a full and unconditional guarantee by the Company of the trust's obligations under the trust preferred securities issued by the trust.

The Dodd-Frank Act eliminated the use of trust preferred securities issued after May 19, 2010 as a component of Tier I capital for depository institution holding companies, such as the Company. However, because the Company had less than \$15 billion of consolidated assets as June 30, 2011, the Company will be permitted to include any trust preferred securities issued before May 19, 2010 as an element of Tier I capital, but not be able to include any trust preferred securities issued after May 19, 2010 as a component of Tier I capital. Further, the Board of Governors of the Federal Reserve System (Board) has determined that trust preferred securities are restrictive core capital elements in computing Tier I capital of bank holding companies. The Board has limited restrictive core capital elements (as defined) to 25% of core capital elements. Accordingly, the Company is limited on the trust preferred securities which it can include in its Tier I capital.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

14. Income Taxes

The provision for income taxes consists of the following (in thousands):

	<u>2025</u>	<u>2024</u>
Current income tax expense:		
Federal and state	\$ 4,289	\$ 3,295
Deferred income tax expense (benefit) arising from:		
Difference in tax and financial depreciation	11	(154)
Accounting for bad debt expense	(17)	192
Nonaccrual loan interest	(24)	(185)
Federal Home Loan Bank and other stock dividends	34	(18)
Deferred compensation benefits	(62)	(69)
Deferred loan fee income	<u>14</u>	<u>36</u>
Net deferred income tax benefit	<u>(44)</u>	<u>(198)</u>
Total income tax expense	<u>\$ 4,245</u>	<u>\$ 3,097</u>

The difference between the consolidated financial statement income tax expense and amounts computed by applying the statutory federal income tax rate of 21% to consolidated income before taxes for the years ended December 31, 2025 and 2024 is primarily attributable to interest income on tax-exempt securities and tax-exempt increases in cash surrender value of life insurance partially offset by certain nondeductible expenses for tax purposes.

A net deferred federal income tax asset of approximately \$5,554,000 and \$6,194,000 at December 31, 2025 and 2024, respectively, is included in other assets. The accumulated tax effect of each type of income and expense item that gave rise to deferred taxes are as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Deferred tax assets		
Excess of tax over financial cost for fixed assets	\$ 41	\$ 41
Allowance for loan and lease losses	4,011	3,994
Deferred compensation benefits	2,062	2,000
Deferred loan fee income	553	567
Nonaccrual loan interest	310	286
Unfunded commitments	294	294
Unrealized depreciation on securities available for sale	<u>357</u>	<u>1,041</u>
Total deferred tax assets	<u>7,628</u>	<u>8,223</u>
Deferred tax liabilities		
Depreciation	(1,018)	(1,007)
Federal Home Loan Bank stock dividends	(174)	(140)
Amortization	<u>(882)</u>	<u>(882)</u>
Total deferred tax liabilities	<u>(2,074)</u>	<u>(2,029)</u>
Total net deferred tax asset	<u>\$ 5,554</u>	<u>\$ 6,194</u>

Federal income taxes currently receivable of approximately \$163,000 and \$851,000 at December 31, 2025 and 2024, respectively, are included in other assets.

15. Employee Benefits

KSOP Plan

The Company maintains an employee stock ownership 401(k) plan (KSOP). The KSOP periodically borrows from various lenders to acquire stock for future allocation to KSOP participants. At December 31, 2025 and 2024, the KSOP had no borrowings outstanding. The KSOP provides for voluntary employee salary reduction contributions, voluntary employee after-tax contributions, discretionary employer salary reduction matching contributions, and additional discretionary employer contributions which the Company uses to pay interest on KSOP debt and KSOP debt principal reductions as the Company desires to release unallocated KSOP shares to the KSOP participants.

At December 31, 2025 and 2024, all unallocated shares have been allocated to the KSOP's participants. Dividends paid on unallocated shares are paid to the KSOP and are recorded as compensation expense. As shares are released from collateral, the Company reports compensation expense equal to the current market price of the shares. KSOP expense for 2025 and 2024 was approximately \$1,200,000 and \$948,000, respectively. Employer matching salary contributions of approximately \$276,000 and \$249,000 were made in 2025 and 2024, respectively.

Deferred Compensation Plans

The Company maintains individually designed supplemental income plan agreements (agreements) with certain designated employees and directors. The agreements provide a deferred compensation benefit payable at retirement or death.

The Company's obligation under the agreements is recorded based upon the present value of the deferred compensation benefits. The Company's provision for expense under these agreements was approximately \$824,000 and \$859,000 for 2025 and 2024, respectively. The relating accrued liability under the agreements was approximately \$9,743,000 and \$9,445,000 at December 31, 2025 and 2024, respectively, and is included in other liabilities in the accompanying consolidated balance sheets.

In connection with the funding of the agreements, the Company has purchased life insurance policies that it believes will fund the benefits payable pursuant to the agreements. The Company is owner and beneficiary of the life insurance policies. At December 31, 2025 and 2024, respectively, the Company had approximately \$28,435,000 and \$27,405,000 in cash surrender value related to these life insurance policies.

Stock Option Plans

The board of directors of the Company has adopted the following stock option plans:

<u>Plan Description</u>	<u>Grant Date</u>	<u>Shares Approved</u>	<u>Strike Price</u>	<u>Expiration</u>
2024 Plan	March 15, 20025	54,000	\$ 68.00	January 31, 2027
2023 Plan	April 23, 2024	46,000	\$ 68.37	January 31, 2026
2022 Plan	March 21, 2023	39,750	\$ 70.05	January 31, 2025
2021 Plan	May 16, 2022	74,000	\$ 70.00	January 31, 2024

The above options vest in four equal amounts every six months beginning each June 30.

A summary of option activity under the Option Plans as of December 31, 2025 and 2024 and changes during the years then ended are as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Option Price Per Share</u>	<u>Shares Under Option</u>	<u>Option Price Per Share</u>	<u>Shares Under Option</u>
Outstanding at beginning of year	\$68.37 to \$70.05	84,750	\$70.00 to \$70.05	111,750
Granted during the year	\$68.00	54,000	\$68.37	46,000
Exercised during the year	\$70.05	(1,000)	\$70.00	(8,200)
Forfeited during the year	\$68.37 to \$70.05	<u>(40,750)</u>	\$70.00 to \$70.05	<u>(64,800)</u>
Outstanding at the end of year	\$68.37 to \$70.05	<u>97,000</u>	\$68.37 to \$70.05	<u>84,750</u>
Exercisable at end of year		<u>70,000</u>		<u>61,750</u>
Weighted average remaining contractual life (in months)		<u>7.68</u>		<u>7.51</u>

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A summary of the status of the Company's nonvested shares at December 31, 2025 and 2024 and the changes during the years then ended are as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Shares</u>	Weighted Average Grant <u>Fair Value</u>	<u>Shares</u>	Weighted Average Grant <u>Fair Value</u>
Nonvested at January 1	23,000	\$ 3.59	19,875	\$ 3.59
Granted during the year	54,000	4.68	46,000	4.68
Vested during the year	(48,250)	4.19	(41,875)	4.19
Forfeited during the year	<u>(1,750)</u>	3.59	<u>(1,000)</u>	3.59
Nonvested at December 31	<u>27,000</u>	<u>\$ 4.68</u>	<u>23,000</u>	<u>\$ 4.68</u>

The fair value of each option grant during 2025 and 2024 was estimated using the Black-Scholes option-pricing model with the following assumptions:

	<u>2025</u>	<u>2024</u>
Dividend yield	1.22%	1.22%
Expected life	2.08 years	2.08 years
Expected volatility	6.44%	6.52%
Risk-free interest rate	4.02%	4.86%

The expected volatility is based upon historical volatility of commercially insured banks in the state of Texas. The risk-free interest rates for periods within the contractual life of the awards are based on the U.S. Treasury yield in effect at the date of the grant. The expected life is based on historical exercise experience. The dividend yield assumption is based on the dividend history of the Company.

In connection with the exercise of a portion of the above stock options (in addition to a portion of stock options previously exercised), certain stock option holders executed notes payable to the Company in lieu of cash payments for the exercise of their stock options. A summary of stock options exercised under these conditions is as follows as of and for the years ended December 31, 2025, and 2024 (dollar amounts in thousands):

	<u>2025</u>		<u>2024</u>	
	<u>Shares</u>	Amount	<u>Shares</u>	Amount
Outstanding at beginning of year	60,700	\$ 3,280	53,500	\$ 2,733
Additional borrowings	1,000	71	8,200	574
Repayments	<u>(7,000)</u>	<u>(268)</u>	<u>(1,000)</u>	<u>(27)</u>
Outstanding at end of year	<u>54,700</u>	<u>\$ 3,083</u>	<u>60,700</u>	<u>\$ 3,280</u>

Additionally, the Company permitted the financing of the related tax due under the exercise of these stock options which collectively amounted to approximately \$204,000 and \$221,000 at December 31, 2025 and 2024, respectively. Both the stock option notes and the related tax notes call for quarterly interest payments at the applicable federal rate in effect on the exercise date (1.30% to 4.25%) and mature on various dates beginning on April 15, 2032 through April 15, 2035.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

16. Related Party Transactions

At December 31, 2025 and 2024, certain officers and directors, and companies in which they have a 10 percent or more beneficial ownership, were indebted to the Company in the aggregate amount of approximately \$17,807,000 and \$13,818,000, respectively. Additionally, unfunded commitments related to these loans amounted to approximately \$2,167,000 at December 31, 2025. All such loans were made in the ordinary course of business. All loans included in such transactions were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of loss or present other unfavorable features.

A summary of related party transactions as of and for the year ended December 31, 2025 is as follows (in thousands):

	<u>Funded Loans</u>	<u>Unfunded Commitments</u>	<u>Total Funded/ Unfunded</u>
Balances at beginning of year	\$ 13,818	\$ 1,701	\$ 15,519
Effect of added directors with existing loans	5,260	-	5,260
New extensions of credit	2,408	517	2,925
Repayments/reductions	(3,711)	(19)	(3,730)
Transfers	<u>32</u>	<u>(32)</u>	<u>-</u>
Balances, end of year	<u>\$ 17,807</u>	<u>\$ 2,167</u>	<u>\$ 19,974</u>

17. Financial Instruments

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 financial instruments include commitments to extend credit and standby letters of credit. Those 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 in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. At December 31, 2025 and 2024, the approximate amounts of these financial instruments were as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Commitments to extend credit	\$ 231,594	\$ 286,660
Standby letters of credit	<u>7,035</u>	<u>7,341</u>
Total	<u>\$ 238,629</u>	<u>\$ 294,001</u>

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Management evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Standby letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company's policy for obtaining collateral and the nature of such collateral is essentially the same as that involved in making commitments to extend credit.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Allowance For Credit Losses (ACL) Off-Balance Sheet Credit Exposures

The ACL on off-balance sheet credit exposures is included in other liabilities in the accompanying consolidated balance sheets. The ACL is calculated in accordance with ASC 326, representing expected credit losses over the contractual period for which the Company are exposed to credit risk resulting from a contractual obligation to extend credit. No allowance is recognized if the Company has the unconditional right to cancel the obligation. Off-balance sheet credit exposures primarily consist of amounts available under outstanding lines of credit and letters of credit detailed in the table above. For the period of exposure, the estimate of expected credit losses considers both the likelihood that funding will occur and the amount expected to be funded over the estimated remaining life of the commitment or other off-balance sheet exposure. The likelihood and expected amount of funding are based on historical utilization rates. The amount of the allowance represents management's best estimate of expected credit losses on commitments expected to be funded over the contractual life of the commitment. Estimating credit losses on amounts expected to be funded uses the same methodology as described for loans in Note 5 as if such commitments were funded.

At December 31, 2025 and 2024, the Company had approximately \$1,400,000 in the allowance for credit losses on off-balance sheet credit exposures.

18. Commitments and Contingent Liabilities

The Company is a party to litigation and claims arising in the normal course of business. Management, after consultation with legal counsel, believes that the liabilities, if any, arising from such litigation and claims will not be material to the Company's financial position or results of operations.

19. Concentrations of Credit

Substantially all of the Company's loans, commitments, credit card arrangements and standby letters of credit have been granted to customers in the Company's market area. Most customers are depositors of the Company. Investments in state and municipal securities also involve governmental entities within the Company's market area. The concentrations of credit by type of loan are set forth in Note 5. The distribution of commitments to extend credit approximates the distribution of loans outstanding. Commercial and standby letters of credit were granted primarily to commercial borrowers.

The Company occasionally maintains deposits and federal funds sold in excess of federally insured limits.

At December 31, 2025 and 2024, the Company had approximately \$129,017,000 and \$104,800,000, respectively, in due from banks and federal funds sold in excess of federally insured amounts. The risk is managed by maintaining all deposits in high quality financial institutions.

At December 31, 2025 and 2024, total deposits include approximately \$286,469,000 and \$200,258,000, respectively, from the five largest deposit customers. The customers' deposits are under no contractual obligation to the Company other than the maturity durations for various time certificates of deposit.

20. Derivatives

In January 2025, the Company began hedging activities with respect to its mortgage pipeline. As of December 31, 2025, the Company had short-term rate commitments amounting to approximately \$23,192,000 to fund mortgage loan applications in process (the Committed Pipeline). Substantially all of these commitments are for periods of 60 days or less.

In order to mitigate the risk that a change in interest rates will result in a decline in the value of the Committed Pipeline, the Company enters into derivative transactions. The Committed Pipeline is hedged with forward contracts for the sale of mortgage backed securities (MBS).

Due to the variability of closings in the Committed Pipeline, which is driven primarily by interest rates, the Company hedges a substantial portion of the Committed Pipeline. As of December 31, 2025, the Company had net forward contracts to sell MBS with aggregate notional amounts of approximately \$21,500,000. These forward contracts are short-term in nature, generally with expiration dates of less than 90 days.

All derivatives are recognized on the balance sheet at their fair value, with changes in fair value recognized through earnings. As of December 31, 2025, the Company has recorded a liability for the fair value of forward contracts of approximately \$73,000 in other liabilities in the accompanying consolidated balance sheets. Changes in the fair value of the forward contracts are recorded in current period earnings. The Company recognized net losses on the mark to market of forward sale commitments of approximately \$73,000 during the year ended December 31, 2025. The Company recognized net gains on the mark to market of interest rate lock commitments of approximately \$357,000 during the year ended December 31, 2025. The net recognized gain for the year ended December 31, 2025 has been included as a component of the net gain on sale of loans in the accompanying consolidated statements of income.

By using derivative instruments, the Company exposes itself to credit and market risk. If a counterparty fails to fulfill its performance obligations under a derivative contract, the Company's credit risk will equal the fair-value gain in a derivative. The Company minimizes the credit (or repayment) risk in derivative instruments by entering into transactions with high-quality counterparties that are reviewed periodically by the Company's risk management department. The Company's derivative activities are monitored by its investment committee as part of that committee's oversight of the Company's asset/liability and treasury functions.

The Company enters into interest rate lock commitments to fund loans at specified rates within specified time frames. These products are not linked to specific assets and liabilities that appear on the balance sheet or to a forecasted transaction and, therefore, interest rate locks are marked to market in the consolidated statement of operations. The Company is exposed to the risk that the actual closings in the Committed Pipeline may deviate from the estimated closings due to a change in interest rates. Although interest rates are the primary determinant, the actual loan closings from the Committed Pipeline are influenced by many factors, including the composition of the Committed Pipeline and remaining commitment periods.

The Company's estimated closings are based on historical data of loan closings as influenced by recent developments. As of December 31, 2025, the fair value of interest rate lock commitments of approximately \$357,000 has been included in other assets in the accompanying consolidated financial statements.

The Company does not expect to incur significant losses nor does it expect to realize significant gains related to its Committed Pipeline due to changes in interest rates, net of gains or losses on associated hedge positions.

21. Fair Value Disclosure

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Company utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- *Level 1 Inputs*-Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- *Level 2 Inputs*-Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.
- *Level 3 Inputs*-Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates, and therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein.

Assets and liabilities measured at fair value on a recurring basis at December 31, 2025 and 2024 were as follows (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2025:			
Asset (liability):			
Available for sale securities	\$ 30,472	\$ 111,692	\$ -
Mortgage loans held for sale	-	18,171	-
Interest rate locks	-	357	-
Forward sale commitments	-	(73)	-
December 31, 2024:			
Asset (liability):			
Available for sale securities	\$ 9,876	\$ 86,228	\$ -
Mortgage loans held for sale	-	15,854	-

(1) The above assets and liabilities are measured at fair value on a recurring basis, generally monthly.

Certain financial and non-financial assets are measured at fair value on a non-recurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

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The following table summarizes financial assets and non-financial assets, measured at fair value on a non-recurring basis as of December 31, 2025 and 2024, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
December 31, 2025:				
Financial assets - loans	\$ -	\$ -	\$ 514	\$ 514
Other real estate owned	-	3,264	-	3,264
December 31, 2024:				
Financial assets - loans	\$ -	\$ -	\$ 1,802	\$ 1,802

The fair value of collateral dependent loans with specific allocations of the allowance for credit losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sale and income approach. Collateral dependent loans are evaluated on a quarterly basis. At December 31, 2025, collateral dependent loans with a carrying value of \$652,000 were reduced by specific valuation allowance allocations of approximately \$138,000 to a total reported fair value of \$514,000. Collateral dependent loans at December 31, 2025 with a carrying value of \$13,802,000, had no specific valuation allowances and were not reported at fair value. At December 31, 2024, collateral dependent loans with a carrying value of \$3,604,000 were reduced by specific valuation allowance allocations of approximately \$1,802,000 to a total reported fair value of \$1,802,000. Collateral dependent loans at December 31, 2024 with a carrying value of \$14,850,000, had no specific valuation allowances and were not reported at fair value.

Foreclosed assets are valued at the time the loan is foreclosed upon and the asset is transferred to other real estate owned. The value is based primarily on third-party appraisals, less estimated costs to sell. Appraisals based upon comparable sales result in a Level 2 classification while appraisals based upon expected cash flows of the property result in a Level 3 classification. The appraisals are generally discounted based on management's historical knowledge, changes in market conditions from the time of valuation, and/or management's expertise and knowledge of the customer and customer's business. Other real estate owned is reviewed and evaluated on at least an annual basis for additional impairment and adjusted accordingly, based on the same factors identified above. During the year ended December 31, 2025, there were acquisitions of other real estate owned of approximately \$3,264,000. There were no acquisitions of other real estate owned during the year ended December 31, 2024. During 2025 and 2024, there were no write downs of other real estate owned.

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22. Stockholders' Equity and Regulatory Matters

The Bank is subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. 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 and 2024, the Bank meets all capital adequacy requirements to which it is subject.

Prompt corrective action regulations for banking institutions provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At December 31, 2025, the most recent regulatory notifications categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's category.

Actual and required capital amounts and ratios of the Bank at December 31, 2025 and 2024 are presented below (in thousands):

	<u>Amount</u>	<u>Ratio</u>	<u>Minimum Required for Capital Adequacy Purposes</u>		<u>Minimum to be Well Capitalized under Prompt Corrective Action Provisions</u>	
			<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
December 31, 2025:						
Total capital to risk weighted assets	\$ 266,191	13.58%	\$ 156,794	8.00%	\$195,993	10.00%
Tier 1 (core) capital to risk weighted assets	245,691	12.54%	117,596	6.00%	156,794	8.00%
Common Tier 1 (CET 1)	245,691	12.54%	88,197	4.50%	127,396	6.50%
Tier 1 (core) capital to average assets	245,691	10.15%	96,871	4.00%	121,088	5.00%
December 31, 2024:						
Total capital to risk weighted assets	\$ 249,073	13.43%	\$ 148,409	8.00%	\$185,512	10.00%
Tier 1 (core) capital to risk weighted assets	228,655	12.33%	111,307	6.00%	148,409	8.00%
Common Tier 1 (CET 1)	228,655	12.33%	83,480	4.50%	120,583	6.50%
Tier 1 (core) capital to average assets	228,655	9.97%	91,773	4.00%	114,717	5.00%

AMERIBANCSHARES, INC. AND SUBSIDIARIES

23. Statement of Cash Flows

The Company reports on a net basis its cash receipts and cash payments for time deposits accepted and repayments of those deposits, loans made to customers and principal collections on those loans.

The Company uses the indirect method to present cash flows from operating activities. Other supplemental cash flow information for the years ended December 31, 2025 and 2024 is presented as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Cash transactions:		
Interest expense paid	<u>\$ 68,837</u>	<u>\$ 73,211</u>
Income taxes paid	<u>\$ 3,524</u>	<u>\$ 4,392</u>
Noncash transactions:		
Net unrealized appreciation (depreciation) on securities available for sale	<u>\$ 3,034</u>	<u>\$ 1,422</u>
Financing of stock option exercise through the execution of notes payable	<u>\$ 71</u>	<u>\$ 574</u>
Loans foreclosed upon to other real estate owned	<u>\$ 3,264</u>	<u>\$ -</u>



Independent Auditor's Report

On Additional Information

The Board of Directors
AmeriBancShares, Inc. and Subsidiaries

We have audited the consolidated financial statements of AmerBancshares, Inc. and Subsidiaries as of and for the year ended December 31, 2025 and our report thereon dated March 17, 2026, which expressed an unmodified opinion on those financial statements, appears on page 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 41, 42 and 43 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Other Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued reports dated March 17, 2026 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the reports on internal control over financial reporting is to describe the scope of our testing of internal control over financial reporting relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances to provide an opinion on the effectiveness of the entity's internal control over financial reporting. The purpose of the reports on compliance is to describe the scope of our testing on compliance and the results of that testing, but not to provide an opinion on the effectiveness of the entity's compliance with provisions of laws, regulations, contracts, grant agreements and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

Payne & Smith, LLC

March 17, 2026

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidating Balance Sheet

December 31, 2025

(In thousands of dollars)

	Ameri- BancShares, Inc.	ANB Realty Corp.	Ameri- BancShares of Delaware.	American National Bank & Trust	Archer Title of Texas	American National Leasing Co	AMNAT Insurance Services	Reclassification and Eliminations Entries	Consolidated
ASSETS									
Cash and due from banks	\$ 230	\$ 1	\$ 3	\$ 140,479	\$ 874	\$ (296)	\$ 211	\$ (1,023)	\$ 140,479
Interest bearing deposits in banks	-	-	-	<u>172,977</u>	<u>1,377</u>	<u>50</u>	-	<u>(1,427)</u>	<u>172,977</u>
Total cash and equivalents	230	1	3	313,456	2,251	(246)	211	(2,450)	313,456
Securities available for sale	754	-	-	141,410	-	-	-	-	142,164
Mortgage loans held for sale	-	-	-	18,171	-	-	-	-	18,171
Loans, net	-	-	-	1,834,693	-	54,449	-	(39,563)	1,849,579
Premises and equipment, net	-	-	-	53,307	2,859	2,021	-	-	58,187
Accrued interest receivable	43	-	-	13,726	-	-	-	(5,388)	8,381
Goodwill	-	-	-	4,200	20	-	-	-	4,220
Cash value of life insurance	-	-	-	31,857	-	-	-	-	31,857
Other securities	247,904	-	247,684	17,623	-	-	-	(508,107)	5,104
Other assets	<u>926</u>	-	-	<u>15,255</u>	<u>17</u>	<u>783</u>	-	<u>(118)</u>	<u>16,863</u>
Total assets	<u>\$ 249,857</u>	<u>\$ 1</u>	<u>\$ 247,687</u>	<u>\$ 2,443,698</u>	<u>\$ 5,147</u>	<u>\$ 57,007</u>	<u>\$ 211</u>	<u>\$ (555,626)</u>	<u>\$ 2,447,982</u>
LIABILITIES AND STOCKHOLDERS' EQUITY									
Demand deposits	\$ -	\$ -	\$ -	\$ 294,201	\$ -	\$ -	\$ -	\$ (1,023)	\$ 293,178
Savings deposits	-	-	-	45,913	-	-	-	-	45,913
Money market and NOW accounts	-	-	-	929,846	-	-	-	(1,427)	928,419
Time certificates of deposit	-	-	-	<u>908,750</u>	-	-	-	-	<u>908,750</u>
Total deposits	-	-	-	2,178,710	-	-	-	(2,450)	2,176,260
Other borrowings	5,000	-	-	-	-	39,563	-	(39,563)	5,000
Senior unsecured notes payable	49,452	-	-	-	-	-	-	-	49,452
Junior subordinated debentures	7,217	-	-	-	-	-	-	-	7,217
Accrued interest payable	498	-	-	2,969	-	5,388	-	(5,388)	3,467
Other liabilities	-	-	-	<u>14,335</u>	<u>214</u>	<u>4,465</u>	-	<u>(118)</u>	<u>18,896</u>
Total liabilities	<u>62,167</u>	-	-	<u>2,196,014</u>	<u>214</u>	<u>49,416</u>	-	<u>(47,519)</u>	<u>2,260,292</u>
Commitments and contingencies	-	-	-	-	-	-	-	-	-
Stockholders' equity:									
Common stock	7,352	1	8	1,680	1	1	1	(1,692)	7,352
Surplus	55,307	256	105,926	92,106	-	-	-	(198,288)	55,307
Undivided profits	135,064	(256)	143,098	155,243	4,932	7,590	210	(310,817)	135,064
Treasury stock	(5,605)	-	-	-	-	-	-	-	(5,605)
Notes receivable secured by common stock	(3,083)	-	-	-	-	-	-	-	(3,083)
Accumulated other comprehensive loss, net of tax benefit	<u>(1,345)</u>	-	<u>(1,345)</u>	<u>(1,345)</u>	-	-	-	<u>2,690</u>	<u>(1,345)</u>
Total stockholders' equity	<u>187,690</u>	<u>1</u>	<u>247,687</u>	<u>247,684</u>	<u>4,933</u>	<u>7,591</u>	<u>211</u>	<u>(508,107)</u>	<u>187,690</u>
Total liabilities and stockholders' equity	<u>\$ 249,857</u>	<u>\$ 1</u>	<u>\$ 247,687</u>	<u>\$ 2,443,698</u>	<u>\$ 5,147</u>	<u>\$ 57,007</u>	<u>\$ 211</u>	<u>\$ (555,626)</u>	<u>\$ 2,447,982</u>

See accompanying independent auditor's report on additional information.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidating Statement of Income and Comprehensive Income

For the Year ended December 31, 2025

(In thousands of dollars)

	AmerI- BancShares, <u>Inc.</u>	ANB Realty <u>Corp</u>	Ameri- BancShares <u>of Delaware, Inc.</u>	American National <u>Bank & Trust</u>	Archer Title <u>of Texas</u>	American National <u>Leasing Co.</u>	AMNAT Insurance <u>Services</u>	Reclassification & Eliminations <u>Entries</u>	<u>Consolidated</u>
Interest income:									
Interest and fees on loans	\$ -	\$ -	\$ -	\$ 116,114	\$ -	\$ 3,010	\$ -	\$ (1,097)	\$ 118,027
Interest on investment securities:									
Taxable	4	-	-	8,338	-	-	-	-	8,342
Nontaxable	-	-	-	702	-	-	-	-	702
Interest on interest bearing deposits in banks	-	-	-	7,347	12	-	-	(12)	7,347
Total interest income	<u>4</u>	<u>-</u>	<u>-</u>	<u>132,501</u>	<u>12</u>	<u>3,010</u>	<u>-</u>	<u>(1,109)</u>	<u>134,418</u>
Interest expense:									
Interest on deposits	-	-	-	66,705	-	-	-	(12)	66,693
Interest on other borrowed funds	2,337	-	-	1	-	1,097	-	(1,097)	2,338
Interest on junior subordinated debentures	447	-	-	-	-	-	-	-	447
Total interest expense	<u>2,784</u>	<u>-</u>	<u>-</u>	<u>66,706</u>	<u>-</u>	<u>1,097</u>	<u>-</u>	<u>(1,109)</u>	<u>69,478</u>
Net interest income	(2,780)	-	-	65,795	12	1,913	-	-	64,940
Credit loss expense-loans	-	-	-	3,600	-	-	-	-	3,600
Net interest income after credit loss expense-loans	<u>(2,780)</u>	<u>-</u>	<u>-</u>	<u>62,195</u>	<u>12</u>	<u>1,913</u>	<u>-</u>	<u>-</u>	<u>61,340</u>
Other operating income:									
Service charges on deposit accounts	-	-	-	679	-	-	-	-	679
Trust fee income	-	-	-	14,953	-	-	-	-	14,953
Gain on sale of mortgage loans	-	-	-	6,580	-	-	-	-	6,580
Loan servicing fees	-	-	-	963	-	-	-	-	963
Title insurance premiums	-	-	-	-	1,506	-	-	-	1,506
Rent income	-	-	-	-	-	538	-	-	538
Earnings from subsidiaries	16,995	-	16,995	2,239	-	-	-	(36,229)	-
Dividends from subsidiaries	4,200	-	4,200	-	-	-	-	(8,400)	-
Other	88	-	-	3,606	795	114	185	(18)	4,770
Total other operating income	<u>21,283</u>	<u>-</u>	<u>21,195</u>	<u>29,020</u>	<u>2,301</u>	<u>652</u>	<u>185</u>	<u>(44,647)</u>	<u>29,989</u>
Other operating expenses									
Salaries and employee benefits	-	-	-	40,863	1,108	534	-	-	42,505
Premises and equipment	-	-	-	4,608	156	64	-	(18)	4,810
Data processing expense	-	-	-	6,069	5	3	-	-	6,077
Other	30	-	-	13,552	532	533	-	-	14,647
Total other operating expenses	<u>30</u>	<u>-</u>	<u>-</u>	<u>65,092</u>	<u>1,801</u>	<u>1,134</u>	<u>-</u>	<u>(18)</u>	<u>68,039</u>
Income before income taxes	18,473	-	21,195	26,123	512	1,431	185	(44,629)	23,290
Provision for (benefit from) income taxes	(572)	-	-	4,928	110	(260)	39	-	4,245
Net income	<u>19,045</u>	<u>-</u>	<u>21,195</u>	<u>21,195</u>	<u>402</u>	<u>1,691</u>	<u>146</u>	<u>(44,629)</u>	<u>19,045</u>
Other comprehensive income:									
Change in net unrealized loss on securities available for sale, net of taxes	2,572	-	2,572	2,572	-	-	-	(5,144)	2,572
Total other comprehensive income	<u>2,572</u>	<u>-</u>	<u>2,572</u>	<u>2,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,144)</u>	<u>2,572</u>
Total comprehensive income	<u>\$ 21,617</u>	<u>\$ -</u>	<u>\$ 23,767</u>	<u>\$ 23,767</u>	<u>\$ 402</u>	<u>\$ 1,691</u>	<u>\$ 146</u>	<u>\$ (49,773)</u>	<u>\$ 21,617</u>

See accompanying independent auditor's report on additional information.

AMERIBANCSHARES, INC. AND SUBSIDIARIES

Consolidating Statement of Cash Flows

For the Year ended December 31, 2025

(In thousands of dollars)

	Ameri- BancShares, Inc.	ANB Realty Corp	Ameri- BancShares, of Delaware, Inc.	American National Bank & Trust	Archer Title of Texas	American National Leasing Co.	AMNAT Insurance Services	Reclassification and Eliminations Entries	Consolidated
Cash flows from operating activities:									
Net income	\$ 19,045	\$ -	\$ 21,195	\$ 21,195	\$ 402	\$ 1,691	\$ 146	\$ (44,629)	\$ 19,045
Adjustments to reconcile net income to net cash provided by (used in) operating activities:									
Depreciation	-	-	-	1,637	81	381	-	-	2,099
Credit loss expense-loans	-	-	-	3,600	-	-	-	-	3,600
Expense (benefit) from deferred taxes	-	-	-	10	(8)	(46)	-	-	(44)
Gain on sale of mortgage loans	-	-	-	(6,580)	-	-	-	-	(6,580)
Amortization of mortgage servicing rights	-	-	-	371	-	-	-	-	371
Loss (gain) on sale of premises and equipment	-	-	-	1	-	(3)	-	-	(2)
Net accretion on securities available for sale	(2)	-	-	(631)	-	-	-	-	(633)
Amortization of debt issue costs	89	-	-	-	-	-	-	-	89
Increase in cash surrender value of life insurance	-	-	-	(1,038)	-	-	-	-	(1,038)
Proceeds from sales of mortgage loans	-	-	-	250,762	-	-	-	-	250,762
Mortgage loans funded	-	-	-	(246,499)	-	-	-	-	(246,499)
Mortgage servicing rights capitalized	-	-	-	(103)	-	-	-	-	(103)
Unconsolidated earnings from subsidiary	(21,195)	-	(21,195)	(2,239)	-	-	-	44,629	-
Change in:									
Accrued interest receivable	(21)	-	-	(2,340)	-	-	-	1,097	(1,264)
Income tax receivable and other assets	(572)	-	-	(49)	125	305	-	-	(191)
Accrued interest payable	29	-	-	624	-	1,097	-	(1,097)	653
Income taxes payable and other accrued expenses	-	-	-	1,169	41	(1,011)	-	-	199
Net cash (used in) provided by operating activities	<u>(2,627)</u>	<u>-</u>	<u>-</u>	<u>19,890</u>	<u>641</u>	<u>2,414</u>	<u>146</u>	<u>-</u>	<u>20,464</u>
Cash flows from investing activities:									
Proceeds from maturities, calls and paydowns of securities available for sale	-	-	-	432,721	-	-	-	-	432,721
Purchase of securities available for sale	(752)	-	-	(474,140)	-	-	-	-	(474,892)
Net (purchase) redemption of other securities	-	-	-	(161)	-	-	-	-	(161)
Dividends received from subsidiaries	4,200	-	4,200	-	-	-	-	(8,400)	-
Decrease in notes receivable secured by common stock	268	-	-	-	-	-	-	-	268
Net increase in loans	-	-	-	(109,636)	-	(13,840)	-	10,914	(112,562)
Purchase of premises and equipment	-	-	-	(9,738)	(2)	(538)	-	-	(10,278)
Proceeds from sale of premises and equipment	-	-	-	26	-	491	-	-	517
Net cash provided by (used in) investing activities	<u>3,716</u>	<u>-</u>	<u>4,200</u>	<u>(160,928)</u>	<u>(2)</u>	<u>(13,887)</u>	<u>-</u>	<u>2,514</u>	<u>(164,387)</u>
Cash flows from financing activities:									
Net increase in deposits	-	-	-	141,402	-	-	-	737	142,139
Net increase (decrease) in other borrowings	-	-	-	-	-	10,914	-	(10,914)	-
Proceeds from sale of treasury stock	1,044	-	-	-	-	-	-	-	1,044
Purchase of treasury stock	(1,687)	-	-	-	-	-	-	-	(1,687)
Dividends paid	(1,409)	-	(4,200)	(4,200)	-	-	-	8,400	(1,409)
Net cash (used in) provided by financing activities	<u>(2,052)</u>	<u>-</u>	<u>(4,200)</u>	<u>137,202</u>	<u>-</u>	<u>10,914</u>	<u>-</u>	<u>(1,777)</u>	<u>140,087</u>
Net (decrease) increase in cash and cash equivalents	(963)	-	-	(3,836)	639	(559)	146	737	(3,836)
Cash and cash equivalents at beginning of period	<u>1,193</u>	<u>1</u>	<u>3</u>	<u>317,292</u>	<u>1,612</u>	<u>313</u>	<u>65</u>	<u>(3,187)</u>	<u>317,292</u>
Cash and cash equivalents at end of period	<u>\$ 230</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 313,456</u>	<u>\$ 2,251</u>	<u>\$ (246)</u>	<u>\$ 211</u>	<u>\$ (2,450)</u>	<u>\$ 313,456</u>

See accompanying independent auditor's report on additional information.