



FINANCIAL  
AUDIT REPORT

LEGEND BANK 2025

**LEGEND BANCORP, INC.**

**AND SUBSIDIARIES**

---

CONSOLIDATED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

together with

REPORT OF INDEPENDENT AUDITORS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

---

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

CONTENTS

	<u>Page</u>
Report of Independent Auditors .....	1
Consolidated Financial Statements	
Consolidated Statements of Financial Condition.....	3
Consolidated Statements of Income .....	4
Consolidated Statements of Comprehensive Income .....	5
Consolidated Statements of Changes in Shareholders' Equity .....	6
Consolidated Statements of Cash Flows .....	7
Notes to Consolidated Financial Statements.....	9
Supplementary Information – Consolidating	
Consolidating Statements of Financial Condition .....	38
Consolidating Statement of Income and Comprehensive Income .....	39
Description of Consolidating Entries.....	40



## Independent Auditor's Report

To the Audit Committee of  
Legend Bancorp, Inc. and Subsidiaries  
Bowie, Texas

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of Legend Bancorp, Inc. and Subsidiaries (the Company), which comprise the consolidated statements of financial condition as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 opinions.

### Responsibilities of Management for the Consolidated Financial Statements

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

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

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

In performing an audit of consolidated financial statements and an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statement audit.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such 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 information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Tulsa, Oklahoma  
March 12, 2026

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Consolidated Statements of Financial Condition  
December 31, 2025 and 2024

<b>Assets</b>	<u>2025</u>	<u>2024</u>
Cash and due from banks	\$ 49,383,780	\$ 20,420,785
Federal funds sold	<u>10,895,000</u>	<u>27,000,000</u>
Total cash and cash equivalents	60,278,780	47,420,785
Debt securities available for sale, at fair value (amortized cost \$280,620,835 in 2025 and \$240,476,617 in 2024) net of allowance for credit losses of \$0 in 2024 and 2023	261,162,908	208,867,353
Debt securities held to maturity, at amortized cost (fair value \$7,737,523 and \$7,531,169 at December 31, 2025 and 2024, respectively) net of allowance for credit losses of \$18,750 in 2025 and 2024	8,899,653	8,941,651
Loans held for investments, at amortized cost	813,279,117	808,454,684
Less allowance for credit losses on loans	<u>(9,987,534)</u>	<u>(10,439,997)</u>
Loans held for investments, net	803,291,583	798,014,687
Accrued interest receivable	8,135,222	8,130,937
Premises and equipment	24,113,364	21,604,184
Goodwill	11,763,655	11,763,655
Other intangible assets	177,214	403,990
Restricted equity securities, at cost	11,659,667	5,241,542
Equity securities, at fair value	1,241,779	1,128,300
Cash surrender value of Bank-owned life insurance	27,419,838	26,584,501
Other assets	<u>2,288,562</u>	<u>1,806,516</u>
	<u>\$ 1,220,432,225</u>	<u>\$ 1,139,908,101</u>
 <b>Liabilities and Shareholders' Equity</b>		
Noninterest bearing	244,114,693	237,205,299
Interest bearing	<u>825,244,037</u>	<u>773,348,273</u>
Total deposits	1,069,358,730	1,010,553,572
Accrued expenses and other liabilities	14,038,588	13,887,997
Subordinated debentures	<u>10,310,000</u>	<u>10,310,000</u>
Total liabilities	1,093,707,318	1,034,751,569
 <b>Shareholders' equity</b>		
Common stock, \$1 par value; 3,000,000 shares authorized; 1,109,062 shares issued, 987,866 shares and 999,810 shares outstanding at December 31, 2025 and 2024, respectively	1,109,062	1,109,062
Capital surplus	23,472,089	23,472,089
Retained earnings	132,587,303	121,406,975
Treasury stock, at cost	(10,985,620)	(9,222,330)
Accumulated other comprehensive loss	<u>(19,457,927)</u>	<u>(31,609,264)</u>
Total shareholders' equity	<u>126,724,907</u>	<u>105,156,532</u>
	<u>\$ 1,220,432,225</u>	<u>\$ 1,139,908,101</u>

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

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

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

	<u>2025</u>	<u>2024</u>
<b>Interest income</b>		
Loans, including fees	\$ 58,741,284	\$ 54,752,987
Debt securities		
Taxable	4,993,586	4,310,168
Tax exempt	1,522,655	1,108,861
Federal funds sold	2,068,065	1,761,094
Interest bearing due from banks	724,233	499,196
Other restricted investments	<u>253,092</u>	<u>319,488</u>
Total interest income	68,302,915	62,751,794
<b>Interest expense</b>		
Deposits	19,188,500	17,280,239
Subordinated debentures	677,881	779,209
Other	<u>1,792</u>	<u>283,059</u>
Total interest expense	19,868,173	18,342,507
<b>Net interest income</b>	48,434,742	44,409,287
<b>Provision for credit losses expense</b>		
Provision for credit losses on loans	4,124,313	1,874,404
Reversal of credit losses on unfunded loan commitments	<u>(118,313)</u>	<u>(49,404)</u>
Total provision for credit losses expense	<u>4,006,000</u>	<u>1,825,000</u>
<b>Net interest income after provision for credit losses expense</b>	<u>44,428,742</u>	<u>42,584,287</u>
<b>Noninterest income</b>		
Service charges on deposit accounts	3,058,699	3,145,228
Other service charges and fees	3,517,424	3,007,817
Net realized (loss) gain on sale of debt securities available for sale	(36,136)	21,431
Gain (loss) on sale of other assets	20,289	(74,040)
Loss on sale of foreclosed assets	(11,365)	(3,967)
Secondary market income	476,700	213,541
Fair value change adjustments for equity securities	121,287	187,245
Other income	<u>1,020,400</u>	<u>766,966</u>
Total noninterest income	8,167,298	7,264,221
<b>Noninterest expenses</b>		
Salaries and employee benefits	22,140,019	21,757,987
Occupancy and equipment expense	3,157,071	3,062,952
IT and data processing	4,651,758	4,457,695
Legal, accounting and examination fees	1,234,688	1,314,628
Directors' fees and expenses	1,076,427	953,283
Amortization of intangibles	226,776	226,767
Other expense	<u>2,905,373</u>	<u>2,552,742</u>
Total noninterest expenses	<u>35,392,112</u>	<u>34,326,054</u>
<b>Net income</b>	<u>\$ 17,203,928</u>	<u>\$ 15,522,454</u>

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

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

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

	<u>2025</u>	<u>2024</u>
<b>Net income</b>	\$ 17,203,928	\$ 15,522,454
<b>Other comprehensive income (loss)</b>		
Change in unrealized gain (loss) on debt securities available for sale	12,115,201	(3,313,889)
Reclassification adjustment for realized loss (gain) on investment securities included in net income	<u>36,136</u>	<u>(21,431)</u>
Total other items of comprehensive income (loss)	<u>12,151,337</u>	<u>(3,335,320)</u>
<b>Comprehensive income</b>	<u>\$ 29,355,265</u>	<u>\$ 12,187,134</u>

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

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

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

	Common	Capital	Retained	Treasury	Accumulated Other Comprehensive	Total
	<u>Stock</u>	<u>Surplus</u>	<u>Earnings</u>	<u>Stock</u>	<u>loss</u>	<u>Shareholders' Equity</u>
<b>Balance at January 1, 2024</b>	\$ 1,109,062	\$ 23,472,089	\$ 114,152,950	\$ (8,972,330)	\$ (28,273,944)	\$ 101,487,827
Net income	-	-	15,522,454	-	-	15,522,454
Dividends paid	-	-	(8,268,429)	-	-	(8,268,429)
Treasury stock purchased: 2,000 shares	-	-	-	(250,000)	-	(250,000)
Other comprehensive loss	-	-	-	-	(3,335,320)	(3,335,320)
<b>Balance December 31, 2024</b>	1,109,062	23,472,089	121,406,975	(9,222,330)	(31,609,264)	105,156,532
Net income	-	-	17,203,928	-	-	17,203,928
Dividends paid	-	-	(6,023,600)	-	-	(6,023,600)
Treasury stock purchased: 11,944 shares	-	-	-	(1,763,290)	-	(1,763,290)
Other comprehensive income	-	-	-	-	12,151,337	12,151,337
<b>Balance December 31, 2025</b>	<u>\$ 1,109,062</u>	<u>\$ 23,472,089</u>	<u>\$ 132,587,303</u>	<u>\$ (10,985,620)</u>	<u>\$ (19,457,927)</u>	<u>\$ 126,724,907</u>

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

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Consolidated Statements of Cash Flows  
Years Ended December 31, 2025 and 2024

	2025	2024
<b>Cash flows from operating activities</b>		
Net income	\$ 17,203,928	\$ 15,522,454
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for credit losses	4,006,000	1,825,000
Net amortization of debt securities	550,255	870,699
Depreciation and amortization	1,483,644	1,567,138
Net loss on sale of foreclosed assets	11,365	3,967
Net (gain) loss on disposal of other assets	(20,289)	74,040
Net realized loss (gain) on sale of available for sale securities	36,136	(21,431)
Interest paid on finance leases	(1,512)	(623)
Change in fair value of equity securities	(121,287)	(187,245)
Appreciation in bank-owned life insurance	(840,235)	(735,209)
Net change in		
Accrued interest receivable	(4,285)	(2,134,652)
Other assets	(48,198)	9,376,455
Accrued expenses and other liabilities	<u>150,621</u>	<u>(1,304,368)</u>
Net cash provided by operating activities	22,406,143	24,856,225
<b>Cash flows from investing activities</b>		
Activity in available for sale debt securities		
Sales	48,509,002	32,134,826
Maturities, prepayments and calls	173,273,646	178,155,014
Purchases	(262,512,439)	(184,505,281)
Activity in held to maturity debt securities		
Maturities, prepayments and calls	41,147	41,147
Activity in restricted investments, at cost		
Net change	(410,317)	905,378
Proceeds from the sales	-	7,193,100
Purchases	(6,000,000)	(150,000)
Loan originations and principal collections, net	(14,015,468)	(75,831,131)
Purchase of bank-owned life insurance	-	(250,000)
Proceeds from the sale of equity securities	-	5,639
Proceeds from sale of loans	3,930,721	-
Proceeds from sale of foreclosed assets	484,448	37,113
Proceeds from sale of other assets	-	26,400
Additions to premises and equipment	<u>(3,855,794)</u>	<u>(1,096,379)</u>
Net cash used in investing activities	(60,555,054)	(43,334,174)
<b>Cash flows from financing activities</b>		
Net increase in deposits	58,805,158	76,993,282
Purchase of treasury stock, at cost	(1,763,290)	(250,000)
Repayment of Bank Term Funding Program advance	-	(50,000,000)
Dividends paid	<u>(6,023,600)</u>	<u>(8,268,429)</u>
Net cash provided by financing activities	51,018,268	18,474,853
<b>Net change in cash and cash equivalents</b>	12,857,995	(3,096)
Cash and cash equivalents at beginning of year	<u>47,420,785</u>	<u>47,423,881</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 60,278,780</u>	<u>\$ 47,420,785</u>

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

## LEGEND BANCORP, INC. AND SUBSIDIARIES

### Consolidated Statements of Cash Flows Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Supplementary cash flow information		
Interest paid	<u>\$ 19,776,086</u>	<u>\$ 18,124,193</u>
Assets acquired through foreclosure	<u>\$ 801,851</u>	<u>\$ 48,730</u>
Reclassification to/(from) allowance for credit losses to allowance for credit losses on unfunded commitments and held to maturity securities	<u>\$ -</u>	<u>\$ 49,404</u>

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

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

### NOTE 1: Summary of Significant Accounting Policies

#### *Nature of Operations*

**Legend Bancorp, Inc.** (the Company) is a bank holding company, which owns all of the capital stock of Legend Bank, N.A. (the Bank) and all the capital stock of OREAL, Inc. (OREAL). The Bank's primary source of revenue is providing loans and banking services to consumers and commercial customers in the Texas cities of Bowie, Alvord, Decatur, Henrietta, Nocona, Whitesboro, Bonham, Fort Worth, Wichita Falls, Sherman, North Richland Hills, Whitewright, Cooper and surrounding area. The accounting and reporting policies of the Company conform with U.S. generally accepted accounting principles and to general practices of the banking industry. Policies and practices which materially affect the determination of financial condition, results of operations and cash flows are summarized as follows:

#### *Principles of Consolidation*

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, the Bank and OREAL. OREAL has no activity for the years ended December 31, 2025 and 2024. All significant intercompany transactions and balances have been eliminated in consolidation.

#### *Use of Estimates*

In preparing consolidated financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of financial condition and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant changes in the near term relates to the determination of the allowance for credit losses.

#### *Significant Group Concentration of Credit Risk*

Most of the Company's activities are conducted with customers located within the North Central Texas area. Note 2 describes the types of securities in which the Company invests, and Note 3 outlines the Company's lending activities, with concentrations of significant credit risk in the aggregate. The Company does not have any significant concentrations of credit risk with respect to any single industry or customer.

The Company maintains certain deposits and other financial assets with correspondent financial institutions, which may expose it to credit risk to the extent such balances exceed federal deposit insurance (FDIC) limits. Management monitors the financial condition of these correspondent institutions and has determined that amounts held in excess of FDIC limits do not represent additional significant credit risk to the Company.

#### *Cash and Cash Equivalents*

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash, balances due from banks and federal funds sold, with an original maturity of ninety days or less. The Company maintains cash in deposit accounts that, at times, may exceed federally insured limits. The Company monitors these relationships on a quarterly basis in compliance with regulatory guidelines. The Company has not experienced any losses in such accounts.

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

### NOTE 1: Summary of Significant Accounting Policies - continued

#### *Debt Securities and Allowance for Credit Losses*

Certain debt securities that management has the intent and ability to hold to maturity are classified as held-to-maturity (“HTM”) and are stated at amortized cost, reflecting the amortization of premiums and the accretion of discounts over the contractual lives of the securities using the interest method. Expected credit losses on HTM securities are measured in accordance with ASC 326 on a collective basis when securities share similar risk characteristics, such as issuer, maturity, coupon rate, yield, payment frequency, source of repayment, bond structure, and embedded options. After segmenting the portfolio, management evaluates qualitative factors relevant to each segment to determine expected credit losses. Credit-related impairments are recognized through the ACL on HTM securities and are limited to the amount by which amortized cost exceeds fair value. Impairments attributable to non-credit-related factors are recognized in noninterest expense.

Debt securities classified as available-for-sale (“AFS”) are those debt securities the Company intends to hold for an indefinite period but not necessarily until maturity. AFS securities are stated at estimated fair value based on pricing information obtained from an independent third-party pricing service. In accordance with the Company’s accounting policy election, unrealized gains and losses on AFS securities are excluded from earnings and reported in accumulated other comprehensive income (loss) (“AOCI”), net of applicable tax effects, as a separate component of shareholders’ equity.

Management evaluates AFS securities for impairment at the individual security level. When the Company intends to sell security, or when it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis, the amortized cost is written down to fair value through earnings. When neither condition applies, the Company assesses whether any decline in fair value is attributable to credit-related factors or other market conditions. Credit-related impairments are recognized through the ACL on AFS securities and are limited to the amount by which amortized cost exceeds fair value. Impairments not recorded through an ACL and losses attributable to non-credit-related factors continue to be recognized in AOCI. Changes in the ACL on AFS securities are recorded in provision for credit losses (credit loss expense).

Gains and losses on sales of investments in debt securities are determined using the adjusted cost basis of the specific securities sold and are reported in noninterest income in the consolidated statements of income.

#### *Allowance for Credit Losses (ACL)*

The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of a financial asset measured at amortized cost to present the net amount expected to be collected on the financial asset. The Company’s accounting policies for evaluating the ACL on its financial instruments measured at cost are as follows:

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

For debt securities available for sale in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either condition is met, any previously recognized ACL is charged off, and the amortized cost basis is written down to fair value through earnings. If neither condition applies, the Company evaluates whether the decline in fair value is attributable to credit-related factors or other market conditions. When a credit loss is identified—measured as the amount by which the present value of expected cash flow is less than the amortized cost basis, the Company records an ACL, limited to the amount by which fair value is less than amortized cost. Impairment not attributed to credit is recognized in other comprehensive income. Adjustments to the ACL are recorded in credit loss expense. The Company excludes accrued interest receivable from its estimate of credit losses. Debt securities AFS are charged off, or written down through earnings when no ACL exists, when deemed uncollectible or when intent or requirement to sell is established. At December 31, 2025 and 2024, the Company had no ACL attributed to Debt securities AFS. See Note 2 for additional disclosure of ACL on debt securities AFS.

Accrued interest receivable on debt securities available for sale included in the accrued interest receivable reported in the accompanying consolidated statements of financial condition totaled \$1,274,932 and \$914,145 at December 31, 2025 and 2024, respectively, and is excluded from the estimate of credit losses on debt securities AFS.

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

### NOTE 1: Summary of Significant Accounting Policies - continued

#### Allowance for Credit Losses – Debt Securities Held to Maturity

Debt securities classified as held-to-maturity (“HTM”) are those for which the Company has both the intent and ability to hold to maturity. Debt securities HTM are stated at amortized cost, which reflects the amortization of premiums and the accretion of discounts over their contractual lives using the interest method. In accordance with ASC 326, the Company measures expected credit losses on debt securities HTM on a collective basis by major security type (segmentation). The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. Management classifies the held-to-maturity portfolio into the following major security types: mortgage-backed and corporate bonds. All of the mortgage-backed securities are issued by U.S. government entities and agencies. These securities are guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses. Based on the foregoing segmentation, management evaluates qualitative factors relevant to each segment to determine expected credit losses, if any. Impairments below amortized cost that are attributable to credit losses are recorded through an ACL on debt securities HTM. The ACL is limited to the amount by which the amortized cost of a security exceeds its fair value. Impairments below amortized cost that are attributable to non-credit-related factors are recognized in noninterest expense. See Note 2 for additional disclosure of ACL on debt securities HTM.

Accrued interest on debt securities HTM totaled \$64,737 and \$55,630 at December 31, 2025, and 2024, respectively, and is excluded from the estimate of credit losses on debt securities HTM.

#### ***Loans and Allowance for Credit Losses on Loans***

The Company grants mortgage, commercial and consumer loans to customers. A substantial portion of the loan portfolio is represented by real estate, agricultural and commercial loans throughout the North Central Texas area. The ability of the Company’s debtors to honor their contracts is dependent upon the 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 are stated at amortized cost, which consists of the amount of unpaid principal, adjusted for deferred loan fees and origination costs. Interest on loans is accrued based on the principal amounts outstanding. The Company has determined that the accounting for nonrefundable fees and costs associated with originating or acquiring loans does not have a material effect on its consolidated financial statements. As such, these fees and costs have been recognized during the period they are collected and incurred, respectively. When principal or interest is delinquent for ninety days or more, the Company evaluates the loan for nonaccrual status.

After a loan is placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Subsequent collections of interest payments on nonaccrual loans are recognized as interest income unless ultimate collectability of the loan is in doubt. Cash collections on loans where ultimate collectability remains in doubt are applied as reductions of the loan principal balance and no interest income is recognized until the principal balance has been collected.

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

### NOTE 1: Summary of Significant Accounting Policies - continued

#### *Allowance for Credit Losses on Loans*

In accordance with ASC 326: *Financial Instruments – Credit Losses, Measurement of Credit Losses on Financial Instruments*, the Company establishes an allowance for credit losses-loans upon origination for all loans through a provision for credit losses (credit loss expense) charged to earnings. The current expected credit loss model is based on management's best estimate of lifetime expected credit losses inherent in the Company's relevant financial assets. There are two components of the allowance for credit losses on loans: reserves on pooled loans with similar risk characteristics (portfolio segment) and are evaluated collectively, and reserves for loans that do not fit within a portfolio segment and are individually evaluated. For loans, expected credit losses are typically estimated using quantitative methods that consider a variety of factors such as historical loss experience, the current credit quality of the portfolio as well as supportable forecasts of the economic outlook over the life of the loan. When management determines that foreclosure is probable, expected credit losses are accrued based on the differences between the loan balance and 1) the value of collateral, if such loans are considered to be collateral-dependent and in the process of collection, 2) the present value of future cash flows, or 3) the loan's value as observable in the secondary market. Adjustments are made for selling costs, as appropriate. When management believes the loan is not collectible, the loan is charged off against the allowance. Subsequent recoveries, if any, are credited to the allowance for credit losses on loans.

Allowance for credit losses on loans factors and overall size of the allowance may change from period to period based on management's assessment and the relative weights given to each factor. In addition, various regulatory agencies periodically review the allowance for credit losses on loans. These agencies may require the Company to make additions to the allowance for credit losses on loans based on their judgments of collectability supported by information available to them at the time of their examination.

The Company measures its allowance for credit losses on loans using the Static Pool Method. For collectively evaluated loan pools sharing similar risk characteristics, the Company has identified eight loan segments: agriculture; commercial and industrial; construction and development of non-owner-occupied real estate; consumer; energy; government agencies/cash-secured/unsecured/other; owner-occupied 1–4 family; and owner-occupied commercial real estate. Under the Static Pool Method, a historical pool of loans is isolated, and its loss experience is tracked over the remainder of its life to determine a lifetime loss rate for each segment. This rate is then applied to current loan balances to estimate the portion expected to be uncollectible over the life of the portfolio. The Company currently uses a trailing three-year loss rate in this calculation. The allowance for credit losses on loans also incorporates qualitative factors for each loan segment. These factors reflect environmental conditions not captured in historical loss data, including changes in real estate values, local and national economic trends, underwriting standards, and the regulatory environment. The Static Pool Method combines the historical loss rate with these qualitative adjustments to determine the estimated allowance for credit losses on loans.

Loans that do not share similar risk characteristics are evaluated on an individual basis and are excluded from the collective pools. When management determines that a borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of collateral, the loan is deemed collateral-dependent. Expected credit losses on collateral-dependent loans are measured based on the fair value of the collateral, adjusted for estimated selling costs when appropriate.

The allowance for credit losses on loans is reported as a component of loans held for investments in the accompanying consolidated statements of condition. The provision for credit losses on loans is reported as a separate component of provision for credit losses (credit loss expense) in the accompanying consolidated statements of income. See Note 3 for additional disclosure of allowance for credit losses on loans.

Accrued interest receivable on loans included in the accrued interest receivable reported in the accompanying consolidated statements of financial condition totaled \$6,795,553 and \$7,161,162 at December 31, 2025 and 2024, respectively and is excluded from the estimate of credit losses.

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

### NOTE 1: Summary of Significant Accounting Policies - continued

#### *Allowance for Credit Losses on Unfunded Commitments*

The Company also estimates probable losses related to unfunded lending commitments, such as letters of credit and financial guarantees, and binding unfunded loan commitments (unfunded commitments). Unfunded commitments are subject to individual reviews and are analyzed and segregated by risk according to the Company's internal risk rating scale. These risk classifications, in conjunction with an analysis of historical loss experience, utilization assumptions, current economic conditions, performance trends within the portfolio and any other pertinent information, result in the estimation of the allowance for credit losses on unfunded commitments.

The allowance for credit losses on unfunded commitments is reported in the accompanying consolidated statements of financial condition as a component of accrued expenses and other liabilities. At December 31, 2025 and 2024, the allowance for credit losses on unfunded commitments included in accrued expenses and other liabilities was \$324,539 and \$442,852, respectively.

The provision for credit losses on unfunded commitments is reported as a separate component of provision for credit losses (credit loss expense) on the consolidated statement of income.

#### *Loan Charge-offs*

The Company's charge-off policy states that after all collection efforts have been exhausted and the loan is deemed to be a loss; it will be charged to the Company's established allowance for credit losses on loans. Consumer loans subject to the Uniform Retail Credit Classification are charged-off as follows: (a) closed end loans are charged-off no later than 120 days after becoming delinquent, (b) consumer loans to borrowers who subsequently declare bankruptcy, where the Company is an unsecured creditor, are charged-off within 60 days of receipt of the notification from the bankruptcy court, (c) fraudulent loans are charged-off within 90 days of discovery and (d) death of a borrower will cause a charge-off to be incurred at such time an actual loss is determined. All other types of loans are generally evaluated for loss potential at the 90th day past due threshold, and any loss is recognized no later than the 120th day past due threshold; each loss is evaluated on its specific facts regarding the appropriate timing to recognize the loss.

#### *Loan Modifications*

The Company may grant a concession to a borrower for economic or legal reasons related to the borrower's financial difficulties. When the borrower is experiencing financial difficulty and the Company grants a concession it would not otherwise consider, the loan is reported as a modification to a borrower experiencing financial difficulty under the requirements of ASC 326: *Financial Instruments – Credit Losses, Measurement of Credit Losses on Financial Instruments*.

The Company seeks to identify borrowers experiencing financial difficulty early and works with them to modify their loans to more sustainable terms before the loans reach nonaccrual status. Modification terms may include interest rate reductions, principal forgiveness, payment forbearance, term extensions, or other actions designed to minimize economic loss and avoid foreclosure or repossession of collateral.

#### *Equity Securities*

ASC 321, *Investments – Equity Securities*, permits an entity to elect to measure an equity investment without a readily determinable fair value that does not qualify for the practical expedient to estimate fair value in accordance with ASC 820, *Fair Value Measurement*, at its cost minus impairment, if any. ASC 321 also permits the entity to continue applying this measurement guidance until the investment no longer qualifies to be measured under the guidance. Dividend income from such equity investments is included in earnings. ASC 321 also permits an entity to subsequently make an irrevocable election to measure the equity investment at fair value with any resulting gains or losses being recorded in earnings at the time of the election. The Company elected to measure its equity securities in Ironwood Multi-strategy Fund, Inc., at fair value in accordance with ASC 321. At December 31, 2025 and 2024, the fair value of the Company's equity securities reported on the consolidated statements of financial condition was \$1,241,779 and \$1,128,300, respectively.

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

### NOTE 1: Summary of Significant Accounting Policies - continued

#### *Restricted Equity Securities*

Restricted equity securities are investments that are limited in their marketability and do not have readily determinable fair values. The Company's investment in Federal Reserve Bank (FRB), Texas Independent Bankers Bank (TIB), and Federal Home Loan Bank (FHLB) stocks is considered restricted equity securities and are stated at cost because no active market exists for the shares, and the stocks have no quoted market value. The Company views its restricted equity securities as long-term investments and evaluates them for impairment based on the ultimate recoverability of par value rather than short-term market conditions. No impairment has been recorded on these securities to date. At December 31, 2025 and 2024, the cost basis of FRB, TIB, and FHLB stocks included in the reporting of restricted equity securities on the consolidated statements of financial condition was \$1,314,854 and \$1,286,654, respectively.

In addition, the Company holds stock and partnership interests in several entities that impose restrictions on the sale or redemption of the investments. In many cases, these entities require a minimum investment level for the Company to conduct business with them. These stocks and partnership interests are also considered restricted equity securities and are recorded at cost because no ready market exists, and the investments lack quoted or readily determinable fair values. The Company evaluates these investments for impairment and recognizes any impairment losses in earnings when identified. The Company did not record any impairment losses related to these stocks or partnership interests during the years ended December 31, 2025 and 2024. At December 31, 2025 and 2024, the cost basis of stock and partnership interests included in the presentation of restricted equity securities on the consolidated statements of financial condition was \$10,344,813 and \$3,954,888, respectively.

#### *Transfers of Financial Assets and Participating Interests*

The Company accounts for transfers and servicing of financial assets in accordance with ASC 860, *Transfers and Servicing*. Transfers of financial assets are accounted for as sales only when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

The transfer of a participating interest in an entire financial asset must also meet the definition of a participating interest in order to be accounted for as a sale. A participating interest in a financial asset has all of the following characteristics: (1) from the date of transfer, it must represent a proportionate (pro rata) ownership interest in the financial asset, (2) from the date of transfer, all cash flows received, except any cash flows allocated as any compensation for servicing or other services performed, must be divided proportionately among participating interest holders in the amount equal to their share ownership, (3) the rights of each participating interest holder must have the same priority, and (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

#### *Financial Instruments*

In the ordinary course of business, the Company has entered into commitments to extend credit, including commercial letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

#### *Bank Owned Life Insurance*

Life insurance policies are initially recorded at cost at the date of purchase. Subsequent to purchase, the policies are periodically adjusted for changes in contract value. The adjustment to contract value increases or decreases the carrying value of the policies and is recorded as income or expense on the consolidated statements of income.

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

### NOTE 1: Summary of Significant Accounting Policies - continued

#### ***Bank Premises and Equipment***

Land is stated at cost. Bank premises and equipment are stated at cost less accumulated depreciation and amortization. The provision for depreciation is computed using straight-line method based on the estimated useful lives of the assets, which range from three to twenty years for furniture, fixtures and equipment, and 40 years for buildings. Leasehold improvements are amortized over the shorter terms of the leases or their estimated useful lives. Expenditures for improvements, which extend the life of an asset, are capitalized and depreciated over the asset's remaining useful life. Gains or losses realized on the disposition of premises and equipment are reported in noninterest income on the consolidated statement of income. Expenditures for repairs and maintenance are charged as incurred, to occupancy and equipment expenses on the consolidated statement of income.

#### **Leases**

The Company determines whether an arrangement is a lease at contract inception and classifies leases as operating or finance leases under ASC 842, *Leases*. At the commencement date, the Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability for all leases with a term greater than twelve months. The Company reports lease assets and lease liabilities in the accompanying consolidated statements of financial condition within premises and equipment, and Accrued expenses and other liabilities, respectively.

Lease liabilities are measured at the present value of future lease payments, discounted using the Company's incremental borrowing rate, unless the rate implicit in the lease is readily determinable. ROU assets are initially measured at the amount of the related lease liability and are adjusted for any lease payments made before commencement, lease incentives received, initial direct costs, and any impairment of the ROU asset.

The Company does not recognize ROU assets or lease liabilities for leases with an initial term of twelve months or less. Short-term lease payments are recognized on a straight-line basis over the lease term.

#### ***Goodwill and Other Intangible Assets***

Goodwill represents the excess of purchase consideration over the fair value of identifiable net assets acquired in a business combination. In accordance with ASC 350, *Intangibles—Goodwill and Other*, goodwill is considered to have an indefinite useful life and is not amortized. Instead, it is tested for impairment at least annually, or more frequently if events or circumstances indicate that it may be impaired. For the years ended December 31, 2025 and 2024, the Company evaluated whether any events or conditions existed that would indicate potential impairment of goodwill. Based on this assessment, the Company concluded that there were no indicators of impairment in either period. At each of the years ended December 31, 2025 and 2024, the Company's recorded goodwill was \$11,763,655.

The Company's other intangible assets consist of naming rights recorded at \$50,000 and core deposit intangibles associated with two acquired branches. The core deposit intangibles have definite useful lives and are amortized over 10 years using a method that approximates expected deposit attrition. The naming rights intangible has an indefinite useful life and is not amortized; instead, it is tested for impairment at least annually in accordance with ASC 350, *Intangibles—Goodwill and Other*. At December 31, 2025 and 2024, the Company's other intangible assets balance was \$177,214 and \$403,990, respectively. See Note 14 for additional disclosure of other intangible assets.

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

### NOTE 1: Summary of Significant Accounting Policies - continued

#### *Foreclosed Assets*

Assets acquired through, or in lieu of, loan foreclosure are classified as held for sale and are initially recorded at fair value less estimated costs to sell on the date of foreclosure. Any excess of the loan's carrying amount over the fair value less estimated costs to sell at the time of foreclosure is charged against the allowance for credit losses. After foreclosure, the property is carried at the lower of their new cost basis or estimated fair value less costs to sell. Management periodically evaluates these assets, and any subsequent declines in fair value are recognized in other noninterest expense in the consolidated statement of income.

Property that is held and used is assessed for impairment when indicators of impairment are present. Impairment losses on property held and used are measured as the amount by which the asset's carrying value exceeds its fair value. Costs of significant improvements are capitalized, while costs related to holding the property are expensed as incurred.

Gains or losses on the sale of foreclosed assets are recognized when control of the property transfers to the buyer, which generally occurs upon execution of the deed. At that time, the asset is derecognized, and the resulting gain or loss is recorded in noninterest income. If the sales arrangement includes a significant financing component, the transaction price and resulting gain or loss are adjusted accordingly.

#### *Treasury Stock*

Treasury stock is recorded at cost. During the years ended December 31, 2025 and 2024, the Company repurchased 11,944 and 2,000 shares of its common stock. At December 31, 2025 and 2024, the Company held 121,196 and 109,252 treasury shares, respectively.

#### *Revenue Recognition*

The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. ASC 606 establishes a single, principle-based framework for revenue recognition for contracts within its scope and also amends the guidance for recognizing gains and losses from the transfer of nonfinancial assets, including certain dispositions such as other real estate owned. The Company's primary source of revenue is interest income on loans, which is outside the scope of ASC 606. Revenue streams subject to ASC 606 are presented in noninterest income in the consolidated statements of income and are recognized as the Company satisfies its performance obligations to customers. Revenue-generating activities within the scope of ASC 606 include: service charges and fees on deposit accounts; payment system fees, including interchange, surcharge, and merchant fees; ATM and debit card transactions; and gain on sale of certain assets.

For revenue not associated with financial instruments, guarantees, or lease contracts, the Company applies the five-step model in ASC 606, *Revenue from Contracts with Customers* when recognizing revenue: (i) identify the contract with the customer; (ii) identify the performance obligations; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognize revenue when, or as, the performance obligations are satisfied. The Company's contracts with customers are generally short-term in nature, typically due within one year or less or cancellable by either party on short notice. Many of the services the Company provides are ongoing and cancellable at will. Fees for these services often depend on underlying factors such as customer deposit balances and, therefore, may involve variable consideration. The Company's performance obligations for these services are satisfied over time, with revenue recognized as the services are rendered and consideration is received. Other arrangements involve services provided at a point in time, in which case revenue is recognized when the service is performed and the related performance obligation is fulfilled.

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

### NOTE 1: Summary of Significant Accounting Policies - continued

#### Service Charges and Fees on Deposits

The Company earns fees from its deposit customers for transaction-based, account-maintenance, and overdraft services. Transaction-based fees, which include services related to insufficient funds and stop payment charges and statement rendering, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which are related primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

#### Payment System Fees

The Company earns fee income from wire transfers and Automated Clearing House (ACH) transactions, which are recognized when the related transactions are performed. The Company also earns fee income from automated teller machine (ATM) or debit card transactions, and credit card activity at the time the transactions occur. The Company is an agent to the performance obligations related to network costs associated with debit card transactions.

Any fee charges, costs, or customer rewards associated with service charges or other fee income transactions are netted against the related income and presented on a net basis within the related service charges in the accompanying consolidated statements of income.

#### **Income Taxes**

The Company files income tax returns on a calendar-year basis in the U.S. federal jurisdiction and the state of Texas. Effective January 1, 2013, the Company elected S Corporation status under the Internal Revenue Code and is generally not subject to federal income taxes, as taxable income and losses pass through to its shareholders. The Company remains subject to the Texas franchise tax.

The Company evaluates its tax positions in accordance with the guidance on accounting for uncertainty in income taxes. The Company recognizes the financial statement effects of a tax position only when it is more-likely-than-not that the position will be sustained upon examination. The Company had no uncertain tax positions requiring recognition or disclosure as of the reporting date. The Company's policy is to record interest and penalties related to uncertain tax positions, if any, in other noninterest expense.

#### **Fair Value Measurements**

The Company follows the guidance of ASC 825, *Financial Instruments*, and ASC 820, *Fair Value Measurement*. This guidance permits entities to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

#### **Comprehensive Income**

Accounting principles generally require recognized revenue, expenses, gains and losses to be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of shareholders' equity in the accompanying consolidated statements of financial condition, such items, along with net income, are components of comprehensive income.

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

**NOTE 1: Summary of Significant Accounting Policies - continued**

***Advertising***

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2025 and 2024 amounted to \$425,035 and \$418,066, respectively.

***Reclassifications***

Certain reclassifications have been made to the 2024 consolidated financial statement presentation to correspond to the current year's format. Total shareholders' equity and net income are unchanged due to these reclassifications.

**NOTE 2: Debt Securities**

Debt securities have been classified in the accompanying consolidated statements of financial condition according to Management's intent. The amortized cost (net of any allowance for credit loss), gross unrealized gains and losses, and estimated fair values of the Company's debt securities as of December 31, 2025 and 2024 consists of the following:

	Amortized <u>Cost</u>	Gross Unrealized <u>Gains</u>	Gross Unrealized <u>Losses</u>	Estimated Fair <u>Value</u>	Allowance for Credit <u>Losses</u>
<b><u>Debt Securities Available for Sale</u></b>					
December 31, 2025:					
Mortgage-backed	\$192,643,354	\$ 507,037	\$(14,614,888)	\$ 178,535,503	\$ -
State and municipal	<u>87,977,481</u>	<u>632,875</u>	<u>(5,982,951)</u>	<u>82,627,405</u>	<u>-</u>
	<u>\$280,620,835</u>	<u>\$ 1,139,912</u>	<u>\$(20,597,839)</u>	<u>\$ 261,162,908</u>	<u>\$ -</u>
December 31, 2024:					
Mortgage-backed	\$176,858,096	\$ 24,712	\$(23,016,832)	\$ 153,865,976	\$ -
State and municipal	<u>63,618,521</u>	<u>2,712</u>	<u>(8,619,856)</u>	<u>55,001,377</u>	<u>-</u>
	<u>\$240,476,617</u>	<u>\$ 27,424</u>	<u>\$(31,636,688)</u>	<u>\$ 208,867,353</u>	<u>\$ -</u>
<b><u>Debt Securities Held to Maturity</u></b>					
December 31, 2025:					
Corporate bonds	\$ 7,500,000	\$ -	\$ (970,003)	\$ 6,529,997	\$ (18,750)
Mortgage-backed	<u>1,418,403</u>	<u>-</u>	<u>(210,877)</u>	<u>1,207,526</u>	<u>-</u>
	<u>\$ 8,918,403</u>	<u>\$ -</u>	<u>\$ (1,180,880)</u>	<u>\$ 7,737,523</u>	<u>\$ (18,750)</u>
December 31, 2024:					
Corporate bonds	\$ 7,500,000	\$ 39,535	\$ (1,200,458)	\$ 6,339,077	\$ (18,750)
Mortgage-backed	<u>1,460,401</u>	<u>-</u>	<u>(268,309)</u>	<u>1,192,092</u>	<u>-</u>
	<u>\$ 8,960,401</u>	<u>\$ 39,535</u>	<u>\$ (1,468,767)</u>	<u>\$ 7,531,169</u>	<u>\$ (18,750)</u>

At December 31, 2025, and 2024, debt securities with a carrying value of \$125,565,470 and \$112,558,103, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

**NOTE 2: Debt Securities - continued**

During the year ended December 31, 2025, the Company recognized gross realized gains of \$186,102 and gross realized losses of \$222,238 on sales of AFS debt securities (net realized loss of \$36,136). During the year ended December 31, 2024, the Company recognized gross realized gains of \$223,946 and gross realized losses of \$202,515 on sales of AFS debt securities (net realized gain of \$21,431).

The maturity of securities available for sale as of December 31, 2025 is as follows:

	Amortized <u>Cost</u>	Fair <u>Value</u>
Debt securities available for sale		
Due in one year or less	\$ 2,145,000	\$ 2,127,734
Due from one to five years	14,588,026	14,150,723
Due five to ten years	20,205,681	18,224,856
After ten years	51,038,774	48,124,092
Mortgage-backed	<u>192,643,354</u>	<u>178,535,503</u>
Total	<u>\$ 280,620,835</u>	<u>\$ 261,162,908</u>
Debt securities held to maturity		
Due five to ten years	\$ 6,000,000	\$ 5,503,341
After ten years	1,500,000	1,026,656
Mortgage-backed	<u>1,418,403</u>	<u>1,207,526</u>
Total	<u>\$ 8,918,403</u>	<u>\$ 7,737,523</u>

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

The allowance for credit losses on held to maturity securities is a contra-asset valuation account that is deducted from the amortized cost basis of held to maturity securities to present the net amount expected to be collected. The Company measures expected credit losses on held to maturity securities on a collective basis by major security type with each type sharing similar risk characteristics and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts.

The Company monitors the credit quality of debt securities held-to-maturity through the use of credit rating. The Company monitors the credit rating on an annual basis.

The following table summarizes the amortized cost (net of allowance for credit losses) of debt securities held-to-maturity at December 31, 2025:

	<u>Corporate Bonds</u>	<u>Mortgage-backed</u>
Credit Rating:		
AAA/AA/A		\$ 1,418,403
Not rated	7,481,500	

The following table summarizes the amortized cost (net of allowance for credit losses) of debt securities held-to-maturity at December 31, 2024:

	<u>Corporate Bonds</u>	<u>Mortgage-backed</u>
Credit Rating:		
AAA/AA/A		\$ 1,460,401
Not rated	7,481,500	

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

**NOTE 2: Debt Securities - continued**

The following table details activity in the allowance for credit losses on debt securities held to maturity for the year ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Beginning balance, January 1,	\$ 18,750	\$ 18,750
(Reversal of) provision for credit losses on debt securities held for sale	<u>-</u>	<u>-</u>
Ending balance, December 31,	<u>\$ 18,750</u>	<u>\$ 18,750</u>

The following table presents the Company's debt securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 or more months as of December 31, 2025 and 2024:

	<u>Less than 12 Months</u>		<u>12 Months or More</u>	
	<u>Fair</u>	<u>Unrealized</u>	<u>Fair</u>	<u>Unrealized</u>
	<u>Value</u>	<u>Losses</u>	<u>Value</u>	<u>Losses</u>
December 31, 2025:				
<b><u>Available for sale</u></b>				
Mortgage-backed	\$ 38,960,967	\$ (754,052)	\$ 101,594,373	\$ (13,860,836)
State and municipal	<u>2,021,875</u>	<u>(192,409)</u>	<u>53,191,894</u>	<u>(5,790,542)</u>
Total	<u>\$ 40,982,842</u>	<u>\$ (946,461)</u>	<u>\$ 154,786,267</u>	<u>\$ (19,651,378)</u>
<b><u>Held to Maturity</u></b>				
Corporate bonds	\$ 3,621,956	\$ (628,044)	\$ 1,908,233	\$ (341,959)
Mortgage-backed	<u>-</u>	<u>-</u>	<u>1,207,526</u>	<u>(210,877)</u>
Total	<u>\$ 3,621,956</u>	<u>\$ (628,044)</u>	<u>\$ 3,115,759</u>	<u>\$ (552,836)</u>
December 31, 2024:				
<b><u>Available for sale</u></b>				
Mortgage-backed	\$ 25,205,471	\$ (333,362)	\$ 124,798,877	\$ (22,683,470)
State and municipal	<u>-</u>	<u>-</u>	<u>54,868,665</u>	<u>(8,619,856)</u>
Total	<u>\$ 25,205,471</u>	<u>\$ (333,362)</u>	<u>\$ 179,667,542</u>	<u>\$ (31,303,326)</u>
<b><u>Held to Maturity</u></b>				
Corporate bonds	\$ 2,589,483	\$ (660,518)	\$ 2,710,060	\$ (539,940)
Mortgage-backed	<u>-</u>	<u>-</u>	<u>1,192,092</u>	<u>(268,309)</u>
Total	<u>\$ 2,589,483</u>	<u>\$ (660,518)</u>	<u>\$ 3,902,152</u>	<u>\$ (808,249)</u>

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

### NOTE 2: Debt Securities - continued

#### *Mortgage-backed*

At December 31, 2025 and 2024, all of the mortgage-backed securities held by the Company were issued by U.S. government-sponsored entities and agencies. Because the decline in fair value is attributable to changes in interest rates and liquidity, and not credit quality, and because the Company does not have the intent to sell these mortgage-backed securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company does not consider these securities to have any credit losses at December 31, 2025 or 2024.

#### *State and Municipal*

At December 31, 2025 and 2024, all of the state and municipal securities held by the Company were issued by Texas government-sponsored entities and agencies. Because the decline in fair value is attributable to changes in interest rates and liquidity, and not credit quality, and because the Company does not have the intent to sell these state and municipal securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company does not consider these securities to have any credit losses at December 31, 2025 or 2024.

Upon adoption of ASU 2016-13, for securities in a loss position, if management believes the decline in fair value below amortized cost results from a credit loss, the loss would be recognized through an allowance for credit losses on securities. As of December 31, 2025 or 2024, the Company did not have an allowance for credit losses for securities available for sale. As of December 31, 2025 and 2024, the Company did have an allowance for credit losses for securities held to maturity of \$18,750.

#### *Corporate Bonds*

The Company monitors the credit quality of held to maturity corporate bond securities periodically and through review of several different items including the national median PT scores, community bank failures, uniform bank performance ratings, financials of the corporate bond entity and any other items necessary to monitor the credit quality.

As of December 31, 2025 and 2024, there were no held to maturity securities that were on nonaccrual or past due.

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

**NOTE 3: Loans and Allowance for Credit Losses on Loans**

Loans at December 31, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Real estate	\$ 562,692,230	\$ 567,319,757
Agriculture	135,253,371	120,408,127
Commercial	107,403,074	111,796,851
Consumer	<u>7,930,442</u>	<u>8,929,949</u>
	813,279,117	808,454,684
Less: Allowance for credit losses on loans	<u>(9,987,534)</u>	<u>(10,439,997)</u>
	<u>\$ 803,291,583</u>	<u>\$ 798,014,687</u>

The following tables set forth information regarding the activity in the allowance for credit losses for the years ended December 31, 2025 and 2024 (dollars in thousands):

	Beginning <u>Balance</u>	<u>Charge offs</u>	<u>Recoveries</u>	<u>Provision</u>	Ending <u>Balance</u>
December 31, 2025:					
Real estate	\$ 6,519	\$ (4,064)	\$ 28	\$ 4,244	\$ 6,727
Agricultural	2,282	(298)	1	25	2,010
Commercial	1,120	(21)	2	(343)	758
Consumer	<u>519</u>	<u>(381)</u>	<u>157</u>	<u>198</u>	<u>493</u>
	<u>\$ 10,440</u>	<u>\$ (4,764)</u>	<u>\$ 188</u>	<u>\$ 4,124</u>	<u>\$ 9,988</u>
December 31, 2024:					
Real estate	\$ 4,760	\$ (2)	\$ 1	\$ 1,760	\$ 6,519
Agricultural	2,662	-	1	(381)	2,282
Commercial	874	(66)	1	311	1,120
Consumer	<u>557</u>	<u>(378)</u>	<u>156</u>	<u>184</u>	<u>519</u>
	<u>\$ 8,853</u>	<u>\$ (446)</u>	<u>\$ 159</u>	<u>\$ 1,874</u>	<u>\$ 10,440</u>

The Company monitors credit quality within its portfolio segments based on primary credit quality indicators. All of the Company's loans are evaluated using pass rated or reservable criticized as the primary credit quality indicator. The term reservable criticized refers to those loans that are internally classified or listed by the Company as special mention, substandard, doubtful or loss. These assets pose an elevated risk and may have a higher probability of default or total loss.

The classifications of loans reflect a judgment about the risks of default and loss associated with the loan. The Company reviews the ratings on credits monthly. Ratings are adjusted to reflect the degree of risk and loss that is felt to be inherent in each credit as of each monthly reporting period. The methodology is structured so that specific allocations are increased in accordance with deterioration in credit quality (and a corresponding increase in risk and loss) or decreased in accordance with improvement in credit quality (and a corresponding decrease in risk and loss).

Credit rated special mention shows clear signs of financial weaknesses or deterioration in credit worthiness; however, such concerns are not so pronounced that the Company generally expects to experience significant loss within the short term. Such credits typically maintain the ability to perform within standard credit terms and credit exposure is not as prominent as credit rated more harshly.

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

**NOTE 3: Loans and Allowance for Credit Losses on Loans - continued**

Credits rated substandard are those in which the normal repayment of principal and interest may be, or has been, jeopardized by reason of adverse trends or developments of a financial, managerial, economic or political nature, or important weaknesses exist in collateral. A protracted workout on these credits is a distinct possibility. Prompt corrective action is therefore required to strengthen the Company's position, and/or to reduce exposure and to ensure that the borrower takes adequate remedial measures. Credit exposure becomes more likely in such credits and a serious evaluation of the secondary support to the credit is performed.

Credit rated doubtful are those in which full collection of principal appears highly questionable, and which some degree of loss is anticipated, even though the ultimate amount of loss may not yet be certain and/or other factors exist which could affect collection of debt. Based upon available information, positive action by the Company is required to prevent or minimize losses. Credits rated doubtful are generally also placed on nonaccrual.

Credit rated loss are those that are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather that it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future.

Pass rated refers to loans that are not considered criticized. In addition to this primary credit quality indicator, the Company uses other credit quality indicators for certain types of loans.

The following tables set forth information regarding the internal classification of the loan portfolio as of December 31, 2025 and 2024 (dollars in thousands):

	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Total</u>
December 31, 2025:					
Real estate:					
Construction and land	\$ 128,412	\$ -	\$ 245	\$ -	\$ 128,657
Farmland	59,813	192	1,411	-	61,416
1-4 Residential	135,728	87	224	-	136,039
Multifamily	18,443	-	-	-	18,443
Commercial real estate	<u>215,342</u>	<u>-</u>	<u>2,795</u>	<u>-</u>	<u>218,137</u>
	557,738	279	4,675	-	562,692
Agriculture	133,155	1,061	1,037	-	135,253
Commercial	106,239	976	188	-	107,403
Consumer	<u>7,905</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>7,931</u>
	<u>\$ 805,037</u>	<u>\$ 2,316</u>	<u>\$ 5,926</u>	<u>\$ -</u>	<u>\$ 813,279</u>
December 31, 2024:					
Real estate:					
Construction and land	\$ 127,338	\$ -	\$ 239	\$ -	\$ 127,577
Farmland	60,757	-	1,975	-	62,732
1-4 Residential	143,360	776	480	-	144,616
Multifamily	22,517	-	-	-	22,517
Commercial real estate	<u>199,283</u>	<u>455</u>	<u>10,140</u>	<u>-</u>	<u>209,878</u>
	553,255	1,231	12,834	-	567,320
Agriculture	119,645	299	464	-	120,408
Commercial	110,855	750	191	-	111,796
Consumer	<u>8,911</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>8,930</u>
	<u>\$ 792,666</u>	<u>\$ 2,280</u>	<u>\$ 13,508</u>	<u>\$ -</u>	<u>\$ 808,454</u>

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

**NOTE 3: Loans and Allowance for Credit Losses on Loans - continued**

The following table sets forth information regarding the delinquencies within the loan portfolio (dollars in thousands):

	30-89 Days <u>Past Due</u>	90 Days and <u>Greater</u>	Total <u>Past Due</u>	<u>Current</u>	Total <u>Loans</u>
December 31, 2025:					
Real estate:					
Construction and land	\$ 20	\$ -	\$ 20	\$ 128,617	\$ 128,637
Farmland	-	-	-	61,416	61,416
1-4 Residential	874	309	1,183	134,856	136,039
Multifamily	-	-	-	18,443	18,443
Commercial real estate	<u>940</u>	<u>-</u>	<u>940</u>	<u>217,197</u>	<u>218,137</u>
	1,834	309	2,143	560,529	562,672
Agriculture	91	-	91	135,162	135,253
Commercial	211	10	221	107,182	107,403
Consumer	<u>67</u>	<u>-</u>	<u>67</u>	<u>7,864</u>	<u>7,931</u>
Total	<u>\$ 2,203</u>	<u>\$ 319</u>	<u>\$ 2,522</u>	<u>\$ 810,737</u>	<u>\$ 813,259</u>
December 31, 2024:					
Real estate:					
Construction and land	\$ 33	\$ 118	\$ 151	\$ 127,426	\$ 127,577
Farmland	145	-	145	62,587	62,732
1-4 Residential	643	153	796	143,820	144,616
Multifamily	-	-	-	22,517	22,517
Commercial real estate	<u>3</u>	<u>8,882</u>	<u>8,885</u>	<u>200,993</u>	<u>209,878</u>
	824	9,153	9,977	557,343	567,320
Agriculture	338	-	338	120,070	120,408
Commercial	324	-	324	111,472	111,796
Consumer	<u>24</u>	<u>13</u>	<u>37</u>	<u>8,893</u>	<u>8,930</u>
Total	<u>\$ 1,510</u>	<u>\$ 9,166</u>	<u>\$ 10,676</u>	<u>\$ 797,778</u>	<u>\$ 808,454</u>

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

**NOTE 3: Loans and Allowance for Credit Losses on Loans - continued**

The following table presents the amortized cost basis of loans on nonaccrual status and loans past due over 89 days still accruing as of December 31, 2025 and 2024 (dollars in thousands):

	Nonaccrual With No Allowance <u>for Credit Loss</u>	<u>Nonaccrual</u>	Loan Past Due Over 89 Days <u>Still Accruing</u>
December 31, 2025:			
Real estate:			
Construction and land	\$ -	\$ 31	\$ -
Farmland	-	-	-
1-4 Residential	-	164	-
Multifamily	-	-	-
Commercial real estate	<u>2,680</u>	<u>2,680</u>	<u>-</u>
	2,680	2,875	-
Agriculture	-	24	-
Commercial	-	101	-
Consumer	<u>-</u>	<u>26</u>	<u>-</u>
Total	<u>\$ 2,680</u>	<u>\$ 3,026</u>	<u>\$ -</u>
December 31, 2024:			
Real estate:			
Construction and land	\$ 7,843	\$ 151	\$ -
Farmland	-	75	-
1-4 Residential	-	117	153
Multifamily	-	-	-
Commercial real estate	<u>1,455</u>	<u>9,180</u>	<u>-</u>
	9,298	9,523	153
Agriculture	-	743	-
Commercial	89	102	-
Consumer	<u>-</u>	<u>18</u>	<u>-</u>
Total	<u>\$ 9,387</u>	<u>\$ 10,386</u>	<u>\$ 153</u>

No interest income was recognized on non-accrual loans during each of the years ended December 31, 2025 and 2024.

The following table presents the amortized cost basis of collateral-dependent loans. All collateral-dependent loans were secured by real estate as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Real estate:		
Construction and land	\$ -	\$ 118,138
1-4 Residential	-	153,227
Commercial real estate	<u>2,680,410</u>	<u>9,179,688</u>
	2,680,410	9,451,053
Commercial	<u>-</u>	<u>88,901</u>
Total	<u>\$ 2,680,410</u>	<u>\$ 9,539,954</u>

During each of the years ended December 31, 2025, and 2024, respectively, there were no modifications made on loans to borrowers experiencing financial difficulty.

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

**NOTE 3: Loans and Allowance for Credit Losses on Loans - continued**

The following table presents loans purchased and/or sold as of December 31, 2025 and 2024 by portfolio segment.

	<u>Purchases</u>	<u>Sales</u>
December 31, 2025:		
Real estate:		
Construction and land	\$ 34,273	\$ -
1-4 Residential	-	-
Commercial real estate	<u>-</u>	<u>5,182,710</u>
	34,273	5,182,710
Agriculture	-	-
Commercial	<u>5,000,000</u>	<u>1,012,203</u>
Total	<u>\$ 5,034,273</u>	<u>\$ 6,194,913</u>
December 31, 2024:		
Real estate:		
Construction and land	\$ 6,627,401	\$ 2,264,026
1-4 Residential	-	2,929,968
Commercial real estate	<u>-</u>	<u>6,899,063</u>
	6,627,401	12,093,057
Agriculture	-	-
Commercial	<u>15,000,000</u>	<u>-</u>
Total	<u>\$ 21,627,401</u>	<u>\$ 12,093,057</u>

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

### NOTE 4: Bank Premises and Equipment

Bank premises and equipment at December 31, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 3,851,048	\$ 3,851,048
Buildings and improvements	25,962,993	22,504,519
Furniture, fixtures and equipment	6,489,247	5,946,923
Right-of-use assets	575,549	481,227
Construction in progress	<u>371,504</u>	<u>997,669</u>
	37,250,341	33,781,386
Accumulated depreciation	<u>(13,136,977)</u>	<u>(12,177,202)</u>
	<u>\$ 24,113,364</u>	<u>\$ 21,604,184</u>

Depreciation expense during the years ended December 31, 2025 and 2024 amounted to \$1,256,868 and \$1,340,371, respectively, and is included in occupancy and equipment expense within noninterest expense in the accompanying consolidated statements of income.

### NOTE 5: Deposits

The aggregate amount of certificates of deposit in denominations that meet or exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000 at December 31, 2025 and 2024 totaled \$174,742,560 and \$164,974,538, respectively.

At December 31, 2025, the scheduled maturities of certificates of deposit were as follows:

Years ending December 31:	
2026	\$ 359,971,940
2027	3,772,073
2028	1,125,792
2029	1,197,029
2030 and thereafter	<u>620,665</u>
	<u>\$ 366,687,499</u>

### NOTE 6: Subordinated Debentures

On August 31, 2007, the Company completed a private placement of \$10,310,000 in subordinated debentures with Legend Bancorp Statutory Trust I (the "Trust") to increase the Company's regulatory capital. The Trust funded its purchase of the subordinated debentures through the issuance of trust preferred securities to La Salle National Trust, with a total liquidation amount of \$10,310,000. Interest distributions are payable quarterly.

At December 31, 2025 and 2024, the interest rate on the subordinated debentures was calculated as the sum of a 2.20% margin, a 0.26% credit support annex (CSA) rate, and the Secured Overnight Financing Rate (SOFR) of 3.72% (4.36% at December 31, 2024), resulting in a rate of 6.18% (6.82% at December 31, 2024).

The trust preferred securities mature on September 15, 2037, as the Company elected not to pursue regulatory approval to accelerate the maturity date. Dividends on the trust preferred securities are cumulative, and the Trust is permitted to defer payment of distributions for up to five years.

For regulatory capital purposes, subordinated debt may be included in Tier 1 capital, subject to a limitation that such amounts do not exceed 25% of total Tier 1 capital. Any remaining subordinated debt in excess of this limit is included in Tier 2 capital. There is no limitation on the inclusion of subordinated debentures in total risk-based capital; accordingly, all subordinated debt was included in total risk-based capital.

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

**NOTE 7: Advances from Federal Home Loan Bank and Other Borrowings**

*Advances from Federal Home Loan Bank (FHLB)*

As a member of the FHLB system, the Company is required to maintain a minimum level of investment in FHLB stock based on specific percentages of its outstanding FHLB advances. At each of the years ended December 31, 2025 and 2024, the Company did not have any outstanding balances with the Federal Home Loan Bank.

At December 31, 2025 and 2024, the Company had unused lines of credit amounting to \$352,530,474 and \$359,820,288, respectively. Pursuant to a blanket collateral agreement with FHLB, advances were secured by all stock and deposit accounts with FHLB, and certain commercial real estate loans and mortgage loans collateral, securities collateral, and other collateral. \$352,530,474 and \$359,820,288 loans were pledged with FHLB as of December 31, 2025 and 2024, respectively. At each of the years ended December 31, 2025 and 2024, the Company had no specifically pledged securities with FHLB.

*Other Borrowings*

The Company maintains unsecured federal funds purchased lines of credit with correspondent financial institutions to provide short-term liquidity as needed. The lines of credit are unsecured, bear floating interest rates based on prevailing federal funds rates, and are subject to customary terms and credit conditions. Borrowings under the facilities, when utilized, are classified as short-term borrowings.

At December 31, 2025 and 2024, the Company had federal funds purchased line of credit with Frost Bank in the amount of \$25,000,000. At each of the years ended December 31, 2025 and 2024, the Company had no federal funds purchased outstanding under this facility.

At December 31, 2025 and 2024, the Company also had federal funds purchased line of credit with Texas Independent Bankers Bank (TIB) in the amount of \$25,000,000. At each of the years ended December 31, 2025 and 2024, the Company had no federal funds purchased outstanding under this facility.

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

### NOTE 8: Off-Balance-Sheet Credit Exposures

The Company is a party to credit related financial instruments with off-balance sheet credit 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. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the accompanying consolidated statements of financial condition. The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments.

At December 31, 2025 and 2024, the following financial instruments whose contract amounts represent credit risk were outstanding:

	Contract Amount	
	2025	2024
Commitments to extend credit	\$ 145,996,000	\$ 170,339,000
Commercial and standby letters of credit	2,427,000	3,724,000

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. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of any collateral obtained by the Company is based on management's credit evaluation of the customer.

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

At December 31, 2025 and 2024, the Company's allowance for credit losses on unfunded commitments was \$324,539 and \$442,852, respectively, and is included in accrued expenses and other liabilities in the accompanying consolidated statements of financial condition. During the years ended December 31, 2025 and 2024, the Company reported \$118,313 and \$49,404, respectively, in reversals of credit loss expense on unfunded commitments.

### NOTE 9: Contingencies

Various legal claims arise from time to time in the normal course of business. In the opinion of management, after consultation with legal counsel, the resolution of these matters is not expected to have a material effect on the Company's consolidated financial statements.

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

### NOTE 10: Employee Benefit Plans

#### Employee Stock Ownership Plan (ESOP) with 401(k) Features

The Company maintains an Employee Stock Ownership Plan (ESOP) with 401(k) features (the “KSOP”) covering substantially all employees age 21 and older. The KSOP is subject to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA). Participants may contribute through salary deferrals and may roll over amounts from other qualified plans. The Company provides a safe harbor matching contribution, paid in cash or Company common stock, equal to 100% of a participant’s elective deferrals up to 6% of eligible compensation. The Company may also make discretionary Profit Sharing and ESOP contributions, subject to approval by the Board of Directors.

During 2025 and 2024, the Company contributed \$723,147 and \$710,194 to the KSOP, respectively. At December 31, 2025 and 2024, the KSOP owned approximately 142,868 shares of the Company’s common stock.

#### Supplemental Executive Retirement Plan

The Company sponsors a Supplemental Executive Retirement Plan (SERP) covering two key officers and two former officers of the Bank. The SERP is a non-qualified deferred compensation plan that allows participants to defer compensation on a pre-tax basis and accumulate tax-deferred earnings. The plan provides a post-retirement annuity benefit and guarantees a minimum number of annual payments to a participant’s designated beneficiary if the participant dies before retirement or within twenty years thereafter. The SERP obligation is recorded at the present value of the accrued benefit. The accrued benefit liability was \$2,185,353 and \$2,252,631 at December 31, 2025 and 2024, respectively, and is included in the reporting of accrued expenses and other liabilities in the accompanying consolidated statements of financial condition.

To mitigate the SERP’s future benefit obligations, the Company owns whole life insurance policies that accumulate cash surrender value. The cash surrender values for the SERP policies are included in the reporting of cash surrender value of Bank-owned life insurance in the accompanying consolidated statements of financial condition.

#### Deferred Cash Incentive Plan, and Salary Continuation Plan

The Company has established a deferred cash incentive plan, and a salary continuation plan covering certain key employees. At December 31, 2025 and 2024, the Company had accrued liabilities of \$7,238,046 and \$6,791,870, respectively, related to these plans, and are included in accrued expenses and other liabilities in the accompanying consolidated statements of financial condition.

### NOTE 11: Minimum Regulatory Capital Requirements

The Bank is subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank’s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

**NOTE 11: Minimum Regulatory Capital Requirements - continued**

Quantitative measures established by regulation to ensure capital adequacy require Bank to maintain minimum amounts and ratios of CET1, Tier 1 Capital, Total Capital and leverage ratio of Tier 1 Capital. As of January 1, 2015, the requirements are:

- 4.5% based upon CET1
- 6.0% based upon tier 1 capital
- 8.0% based on total regulatory capital
- Leverage ratio of Tier 1 Capital assets equal to 4%

At December 31, 2025 and 2024, management believes the Bank met all capital adequacy requirements to which it was subject. As of December 31, 2025, the most recent notification from the Office of the Comptroller of the Currency categorized the Bank as “well capitalized” under the prompt corrective action regulatory framework. Management is not aware of any conditions or events since that notification that would have changed the Bank’s capital classification.

The Bank’s capital amounts and ratios as of December 31, 2025 are presented in the following table (dollars in thousands):

	<u>Actual</u>		<u>Minimum Capital Requirements</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>	<u>Amount</u>	<u>Ratio</u>
December 31, 2025:						
Common Equity Tier 1 Risk Weighted Assets Bank	\$ 122,724	13.9%	\$ 39,799	4.5%	\$ 57,488	6.5%
Tier I Capital to Risk Weighted Assets Bank	122,724	13.9%	53,066	6.0%	70,754	8.0%
Total Capital to Risk Weighted Assets Bank	133,036	15.0%	70,754	8.0%	88,443	10.0%
Leverage Ratio Average Total Assets Bank	122,724	10.0%	49,255	4.0%	61,569	5.0%
December 31, 2024:						
Common Equity Tier 1 Risk Weighted Assets Bank	\$ 111,127	12.6%	\$ 39,795	4.5%	\$ 57,482	6.5%
Tier I Capital to Risk Weighted Assets Bank	111,127	12.6%	53,060	6.0%	70,747	8.0%
Total Capital to Risk Weighted Assets Bank	122,029	13.8%	70,747	8.0%	88,433	10.0%
Leverage Ratio Average Total Assets Bank	111,127	9.7%	45,614	4.0%	57,018	5.0%

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements  
December 31, 2025 and 2024

### NOTE 12: Related Party Transactions

In the ordinary course of business, the Company may enter into transactions with significant shareholders, directors, principal officers, and their affiliates. It is the Company's policy for all such transactions to be conducted on substantially the same terms as those prevailing at the time for comparable transactions with third parties. At December 31, 2025 and 2024, the Company had loans outstanding to significant shareholders, directors, principal officers, and their affiliates totaling \$17,124,638 and \$17,735,474, respectively.

Related party loan activity during the years ended December 31, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Beginning balance, January 1,	\$ 17,735,474	\$ 13,071,580
Additions	33,175,084	25,575,458
Repayments	<u>(33,785,920)</u>	<u>(20,911,564)</u>
Ending balance, December 31,	<u>\$ 17,124,638</u>	<u>\$ 17,735,474</u>

Deposits from related parties held by the Bank as of December 31, 2025 and 2024 amounted to \$9,654,512 and \$8,728,583, respectively.

### NOTE 13: Fair Value Measurements

ASC 825, *Financial Instruments*, permits entities to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a Company commitment. Subsequent changes must be recorded in earnings.

ASC 820, *Fair Value Measurement*, clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under this guidance are described below:

- Level 1 Inputs - Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 Inputs - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or comparable assets or liabilities which use observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

## LEGEND BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

### NOTE 13: Fair Value Measurements - continued

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The Company uses fair value to measure certain assets (such as debt securities available for sale) and liabilities on a recurring basis when fair value is the primary measure of accounting. Fair value is used on a nonrecurring basis to measure certain assets when applying lower of cost or market accounting or when adjusting carrying values, such as impaired loans and foreclosed assets. Fair value is also used when evaluating impairment on certain assets, including debt securities held-to-maturity and debt securities available-for-sale, goodwill, core deposits intangibles and other intangibles, long-lived assets, and for disclosures of certain financial instruments.

The Company had no transfers of input among the three hierarchy levels during each of the years ending December 31, 2025 and 2024.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

#### Debt Securities Available for Sale

Debt securities classified as available for sale are reported at fair value utilizing Level 2 inputs. For these securities, the Company obtains fair value measurements from an independent pricing service.

The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U. S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayments speeds, credit information and the bond's terms and conditions, among other things.

#### Equity Securities

Equity securities with readily determinable fair values are measured at fair value, with changes recognized in earnings, in accordance with ASC 321, *Investments—Equity Securities*, and ASC 820, *Fair Value Measurement*. Fair value is determined using quoted market prices when available. Equity investments for which the Company has elected the fair value option are also measured at fair value with changes recognized in earnings.

#### Collateral-dependent Loans

Collateral-dependent loans are either reported at the fair value of the underlying collateral if repayment is expected solely from the collateral or reported at the present value of expected cash flows using a discount rate. Collateral values are estimated using Level 3 inputs based on internally customized discounting criteria.

#### Foreclosed Assets

Foreclosed assets are initially recorded at fair value less costs to sell when acquired. These assets are subsequently recorded at lower of cost or fair value less disposal costs. Fair value is generally based on recent real estate appraisals.

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

**NOTE 13: Fair Value Measurements - continued**

The following table summarizes financial assets and financial liabilities measured at fair value on a 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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
December 31, 2025:				
Financial assets:				
Investment securities				
Mortgage-backed	\$ -	\$ 178,535,502	\$ -	\$ 178,535,502
State and municipal securities	-	82,627,405	-	82,627,405
Equity securities	<u>1,241,779</u>	<u>-</u>	<u>-</u>	<u>1,241,779</u>
Total financial assets	<u>\$ 1,241,779</u>	<u>\$ 261,162,907</u>	<u>\$ -</u>	<u>\$ 262,404,686</u>
December 31, 2024:				
Financial assets:				
Investment securities				
Mortgage-backed	\$ -	\$ 153,865,976	\$ -	\$ 153,865,976
State and municipal securities	-	55,001,377	-	55,001,377
Equity securities	<u>1,128,300</u>	<u>-</u>	<u>-</u>	<u>1,128,300</u>
Total financial assets	<u>\$ 1,128,300</u>	<u>\$ 208,867,353</u>	<u>\$ -</u>	<u>\$ 209,995,653</u>

Certain financial assets and financial liabilities are measured at fair value on a nonrecurring basis; that is, they are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances, such as when indications of impairment are present. The following table summarizes financial assets and financial liabilities measured at fair value on a nonrecurring 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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
December 31, 2025:				
Financial assets:				
Collateral dependent loans	\$ -	\$ -	\$ 2,680,410	\$ 2,680,410
December 31, 2024:				
Financial assets:				
Collateral dependent loans	\$ -	\$ -	\$ 9,539,954	\$ 9,539,954

Collateral-dependent loans for December 31, 2025 and 2024 were re-measured and reported at fair value through a specific valuation allowance allocation of the allowance for credit losses based upon the fair value of the underlying collateral. During each of the years ended December 31, 2025 and 2024, the Company had no charge to the provision for credit losses as a result of the valuation allowance.

Foreclosed assets are recorded at their fair value at the time of foreclosure. Fair value is determined primarily by using third-party appraisals, reduced by estimated costs to sell. Appraisals based on observable market data, such as comparable sales, result in a Level 2 fair value classification, while appraisals based on unobservable inputs, including expected cash flows from the property, result in a Level 3 classification.

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

**NOTE 13: Fair Value Measurements - continued**

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Company's Level 3 financial assets and liabilities, the valuation techniques used to measure the fair value of those financial assets and liabilities, and the significant unobservable inputs and the ranges of values for those inputs.

	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Significant Observable Inputs</u>	<u>Range of Significant Input Values</u>
December 31, 2025:				
Instrument:				
Collateral dependent loans	\$ 2,680,410	Appraisal of collateral (1)	Appraisal adjustment	10 to 30%
December 31, 2024:				
Instrument:				
Collateral dependent loans	\$ 9,539,954	Appraisal of collateral (1)	Appraisal adjustment	10 to 30%

- (1) Fair value is generally determined using independent appraisals of the underlying collateral, which generally include various Level 3 inputs that are not directly observable, reduced by any related allowance.

The Company has estimated the fair values of its financial instruments using available market information and appropriate valuation methodologies. Management believes that significant judgment is required in interpreting market data and applying these techniques; therefore, the resulting estimates may not be indicative of the amounts that could be realized in a current market transaction. In addition, the use of different market assumptions or valuation methodologies could materially impact the estimated fair value amounts.

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

**NOTE 14: Other Intangible Assets**

Intangible assets as of December 31, 2025 consist of the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
December 31, 2025:			
Depositor relationship - Whitewright	\$ 916,573	\$ (829,278)	\$ 87,295
Depositor relationship - Cooper	670,802	(630,883)	39,919
Brand (naming) rights - Indefinite life	<u>50,000</u>	<u>-</u>	<u>50,000</u>
	<u>\$ 1,637,375</u>	<u>\$ (1,460,161)</u>	<u>\$ 177,214</u>
December 31, 2024:			
Depositor relationship - Whitewright	\$ 916,573	\$ (698,340)	\$ 218,233
Depositor relationship - Cooper	670,802	(535,045)	135,757
Brand (naming) rights - Indefinite life	<u>50,000</u>	<u>-</u>	<u>50,000</u>
	<u>\$ 1,637,375</u>	<u>\$ (1,233,385)</u>	<u>\$ 403,990</u>

Amortization expense during the years ended December 31, 2025 and 2024 was \$226,776 and \$226,747, respectively, and is included in amortization of intangibles expense within noninterest expense in the accompanying consolidated statements of income. Estimated future amortization expenses related to these intangible assets are as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 127,214

**NOTE 15: Subsequent Events**

The Company has evaluated all other subsequent events through March 12, 2026, which is the date the consolidated financial statements were available to be issued, and has determined that no material subsequent events have occurred that would affect the information presented in the accompanying consolidated financial statements or require additional disclosure.

Supplemental Information- Consolidating

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Consolidating Statements of Financial Condition  
December 31, 2025

	Legend <u>Bancorp, Inc.</u>	Legend <u>Bank, N.A.</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Assets</b>				
Cash and due from banks	\$ 14,393,691	\$ 49,383,780	\$ (14,393,691) (a)	\$ 49,383,780
Federal funds sold	<u>-</u>	<u>10,895,000</u>	<u>-</u>	<u>10,895,000</u>
Total cash and cash equivalents	14,393,691	60,278,780	(14,393,691)	60,278,780
Debt securities available for sale	-	261,162,908	-	261,162,908
Debt securities held to maturity	-	8,899,653	-	8,899,653
Investment in subsidiary	115,206,664	-	(115,206,664) (b)	-
Loans receivable, net of allowance for credit losses	-	803,291,583	-	803,291,583
Accrued interest receivable	-	8,135,222	-	8,135,222
Premises and equipment	-	24,113,364	-	24,113,364
Goodwill	-	11,763,655	-	11,763,655
Other intangible assets	-	177,214	-	177,214
Restricted equity securities, at cost	6,484,312	5,175,355	-	11,659,667
Equity securities, at fair value	1,241,779	-	-	1,241,779
Cash surrender value of Bank-owned life insurance	-	27,419,838	-	27,419,838
Other assets	<u>310,000</u>	<u>1,978,562</u>	<u>-</u>	<u>2,288,562</u>
	<u>\$ 137,636,446</u>	<u>\$ 1,212,396,134</u>	<u>\$ (129,600,355)</u>	<u>\$ 1,220,432,225</u>
<b>Liabilities and Shareholders' Equity</b>				
Deposits:				
Noninterest bearing	\$ -	\$ 258,508,384	\$ (14,393,691) (a)	\$ 244,114,693
Interest bearing	<u>-</u>	<u>825,244,037</u>	<u>-</u>	<u>825,244,037</u>
Total deposits	-	1,083,752,421	(14,393,691)	1,069,358,730
Accrued expenses and other liabilities	601,539	13,437,049	-	14,038,588
Subordinated debentures	<u>10,310,000</u>	<u>-</u>	<u>-</u>	<u>10,310,000</u>
Total liabilities	10,911,539	1,097,189,470	(14,393,691)	1,093,707,318
Shareholders' equity:				
Common stock	1,109,062	2,000,000	(2,000,000) (b)	1,109,062
Capital surplus	23,472,089	12,000,000	(12,000,000) (b)	23,472,089
Retained earnings	132,587,303	120,664,591	(120,664,591) (b)	132,587,303
Treasury stock, at cost	(10,985,620)	-	-	(10,985,620)
Accumulated other comprehensive loss	<u>(19,457,927)</u>	<u>(19,457,927)</u>	<u>19,457,927</u> (b)	<u>(19,457,927)</u>
Total shareholders' equity	<u>126,724,907</u>	<u>115,206,664</u>	<u>(115,206,664)</u>	<u>126,724,907</u>
	<u>\$ 137,636,446</u>	<u>\$ 1,212,396,134</u>	<u>\$ (129,600,355)</u>	<u>\$ 1,220,432,225</u>

See description of consolidating entries on page 40 and accompanying independent auditor's report on additional information.

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Consolidating Statement of Income and Comprehensive Income  
For the Year Ended December 31, 2025

	<u>Legend Bancorp, Inc.</u>	<u>Legend Bank, N.A.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Interest income:				
Loans, including fees	\$ -	\$ 58,741,284	\$ -	\$ 58,741,284
Debt securities				
Taxable	-	4,993,586	-	4,993,586
Tax exempt	-	1,522,655	-	1,522,655
Federal funds sold	-	2,068,065	-	2,068,065
Interest bearing deposits	-	724,233	-	724,233
Other restricted investments	<u>67,717</u>	<u>185,375</u>	<u>-</u>	<u>253,092</u>
Total interest income	\$ 67,717	\$ 68,235,198	\$ -	\$ 68,302,915
Interest expense:				
Deposits	-	19,188,500	-	19,188,500
Subordinated debentures	677,881	-	-	677,881
Other	<u>-</u>	<u>1,792</u>	<u>-</u>	<u>1,792</u>
Total interest expense	677,881	19,190,292	-	19,868,173
Net interest income	(610,164)	49,044,906	-	48,434,742
Provision for loans and reversal of unfunded commitments	<u>-</u>	<u>4,006,000</u>	<u>-</u>	<u>4,006,000</u>
<b>Net interest income after provision for loan losses</b>	(610,164)	45,038,906	-	44,428,742
Noninterest income:				
Service charges on deposit accounts	-	3,058,699	-	3,058,699
Other service charges and fees	-	3,517,424	-	3,517,424
Net realized gain on sale of debt securities available for sale	-	(36,136)	-	(36,136)
Loss on sale of other assets	-	20,289	-	20,289
Loss on sale of foreclosed assets	-	(11,365)	-	(11,365)
Secondary market income	-	476,700	-	476,700
Equity in earnings of subsidiary	18,650,143	-	(18,650,143) (c)	-
Fair value change adjustments for equity securities	121,287	-	-	121,287
Other income	<u>13,931</u>	<u>1,006,469</u>	<u>-</u>	<u>1,020,400</u>
Total noninterest income	18,785,361	8,032,080	(18,650,143)	8,167,298
Noninterest expense:				
Salaries and employee benefits	34,023	22,105,996	-	22,140,019
Occupancy and equipment expense	-	3,157,071	-	3,157,071
IT and data processing	-	4,651,758	-	4,651,758
Legal, accounting and examination fees	11,347	1,223,341	-	1,234,688
Directors' fees and expenses	842,184	234,243	-	1,076,427
Amortization of intangibles	-	226,776	-	226,776
Other expense	<u>83,715</u>	<u>2,821,658</u>	<u>-</u>	<u>2,905,373</u>
Total noninterest expenses	971,269	34,420,843	-	35,392,112
Net income	17,203,928	18,650,143	(18,650,143)	17,203,928
Other comprehensive income:				
Change in net unrealized loss on debt securities available for sale	<u>12,151,337</u>	<u>12,151,337</u>	<u>(12,151,337) (d)</u>	<u>12,151,337</u>
Total other comprehensive income	<u>12,151,337</u>	<u>12,151,337</u>	<u>(12,151,337)</u>	<u>12,151,337</u>
Total comprehensive income	<u><u>29,355,265</u></u>	<u><u>30,801,480</u></u>	<u><u>(30,801,480)</u></u>	<u><u>29,355,265</u></u>

See description of consolidating entries on page 40 and accompanying independent auditor's report on additional information.

**LEGEND BANCORP, INC. AND SUBSIDIARIES**

Description of Consolidating Entries  
For the Year Ended December 31, 2025

- (a) To eliminate intercompany cash and deposits.
- (b) To eliminate investment in subsidiary against the shareholders' equity of the consolidated subsidiary.
- (c) To eliminate equity in undistributed earnings of subsidiaries.
- (d) To eliminate changes in items of other comprehensive income