2024 ANNUAL REPORT

JD BANK

LOUISIANA'S COMMUNITY BANK™

President's Message to Shareholders:

It is my pleasure to be writing you as the new President of JD Bancshares, Inc. For those of you who are not familiar with me, I am a lifelong resident of Southwest Louisiana and have been with the Company for more than 32 years. Most of that tenure was spent as Chief Financial Officer of the Bank and the Company. Our teammates, communities, and the Company mean a great deal to me.

As we close another fiscal year, I am pleased to present our annual report and reflect on the year we have had. The solid financial results of the past year and the strength of our balance sheet reflect our discipline and commitment to maintaining prudent underwriting standards, investing in high credit quality assets, controlling our operating expenses, and practicing sound capital management.

Your board, executive team and teammates are excited to report on the 2024 results of JD Bancshares, Inc. I am very proud of our team and grateful to our loyal customers and shareholders.

Net income for the year ended December 31, 2024, is $13.6 million compared to $6.6 million for the prior twelve-month period ended December 31, 2023. The increase in net income in the current year was due primarily to losses realized from the sale of securities available for sale in the prior year. Return on Assets (ROA) and Return on Equity (ROE) for 2024 are 1.16% and 17.16%, respectively, compared to 0.55% and 10.79% for 2023.

Interest income from loans, investments, and other earning assets for the year ended December 31, 2024, is $57.7 million, reflecting a $5.4 million increase over the $52.3 million reported for the prior year. Average earning assets outstanding for the year declined by $33.8 million, however, the overall yield on earning assets increased by 59 basis points from 4.54% to 5.13%.

Interest expense on deposits and borrowings for the twelve months ended December 31, 2024, is $13.8 million compared to $8.2 million for the prior year period, resulting in an increase of $5.6 million. The average volume of interest-bearing liabilities increased $29.2 million in 2024 compared to 2023. In addition, the cost of interest-bearing liabilities increased by 66 basis points, from 0.96% to 1.62%.

Net interest income decreased by $297,000 in 2024, to $43.8 million, from $44.1 million in 2023. The increase in interest income was more than offset by the larger increase in interest expense. The net interest margin for 2024 is 3.92% compared to 3.84% for 2023.

Non-interest income increased by $7.6 million, from $3.5 million in 2023, to $11.1 million in 2024. This was due to the aforementioned losses realized from the sale of securities available for sale, with a pre-tax loss of $7.8 million. Service charges and fees on deposit accounts declined by $271,000, to $8.6 million, from $8.9 million for the prior year. Higher mortgage rates continue to impact mortgage loan originations resulting in a decline in gains on the sale of originated mortgages of $62,000.

Non-interest expense increased by $527,000 from $39.0 million in 2023 to $39.5 million in 2024. The largest component of non-interest expense is salaries and employee benefits, which increased by $1.0 million, from $20.3 million in 2023 to $21.3 million in 2024. Computer and processing expenses decreased by $833,000, to $4.4 million in 2024 from $5.2 million in 2023, due to negotiating a favorable renewal on our core processing contract. Other operating expenses increased by $378,000, to $7.3 million in 2024 from $6.9 million for 2023, due to losses on OREO.

Total assets as of December 31, 2024 are $1.197 billion, reflecting a $8.2 million increase from $1.188 billion as of December 31, 2023. Cash and cash equivalents and investment securities were the asset categories experiencing the largest declines. Cash and cash equivalents decreased by $15.7 million, while total investment securities declined by $23.0 million. Asset categories experiencing increases include gross loans held for investment, which rose $40.4 million, and life insurance contracts which increased $3.2 million.

Total liabilities experienced a slight increase of $76,000 between December 31, 2023 and December 31, 2024. Total deposits declined by $1.1 million during the same time frame.

Total stockholders' equity increased by $8.1 million during 2024. The largest component of the increase was net income, which rose $13.6 million, and was partially offset by $4.0 million of dividends paid. Accumulated other comprehensive loss increased by $1.3 million over the course of 2024.

As we look ahead to the coming year, the Company is committed to our strategic initiatives and safe and conservative principles that will position us well for the future. As of this writing, we are in the process of a state-of-the-art renovation of our Main Office location in Jennings and have received regulatory approval for a full-service branch facility on Jefferson Highway in Baton Rouge. This location will move us closer to creating a branch network from southwest to southeast Louisiana and allow us to capitalize on the opportunities left by our large bank competitors as they shrink their footprints. We remain clearly aligned with the mission of the Company - "To Be the Best Community Bank in Louisiana".

On behalf of our Board of Directors and our more than 250 talented teammates, we thank you for your investment in JD Bancshares, Inc. and your continued trust and confidence in the Company.

Paul E. Brummett, II

Paul E. Brummett, II-President, JD Bancshares, Inc.-337.246.5395-paul.brummett@jdbank.com

JD BANCSHARES, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS (in thousands)

	2024	2023	Change
Deposits and Repurchase Agreements	$ 1,026,968	$ 1,028,258	-0.13%
Loans (Net)	716,909	675,710	6.10%
Net Income	13,633	6,581	107.16%
Stockholder's Equity	82,502	74,359	10.95%
Dividends Declared	3,981	3,694	7.78%

FIVE YEAR FINANCIAL REVIEW (in thousands, except per share amounts)

	2024	2023	2022	2021	2020
Assets and Liabilities at Year End					
Total Assets	$ 1,196,690	$ 1,188,470	$ 1,236,136	$ 1,356,576	$ 1,288,055
Loans (Net)	716,909	675,710	663,975	615,081	622,535
Investments Available-for-Sale (AFS) (Fair Value)	339,628	360,387	441,605	471,851	325,220
Investments Held-to-Maturity (HTM) (at Amortized Cost)	7,235	9,474	11,069	13,531	15,263
Other Stocks, at Cost	3,299	3,232	2,416	7,503	7,603
Deposits and Repurchase Agreements	1,026,968	1,028,258	1,144,315	1,201,760	1,163,996
Stockholders' Equity					
Common Stock	$ 21,382	$ 21,372	$ 21,379	$ 21,438	$ 9,742
Additional paid-in-capital	9,733	9,996	9,874	10,549	3,790
Retained earnings	88,192	78,540	76,822	68,142	78,784
Accumulated Other Comprehensive Income (Loss)	(36,798)	(35,507)	(50,873)	1,271	6,606
Note Receivable for Common Stock	(6)	(42)	(106)	(171)	(202)
Total Stockholders' Equity	$ 82,502	$ 74,359	$ 57,096	$ 101,229	$ 98,720
Earnings for the Year					
Consolidated Net Income	$ 13,633	$ 6,581	$ 12,096	$ 11,015	$ 7,204
Net Interest Income	43,819	44,117	40,511	35,804	34,032
Non Interest Income	11,144	3,529	11,712	12,908	10,540
Non Interest Expense	39,477	38,951	37,016	35,236	33,471
Cash Dividends	3,981	3,694	3,416	3,172	2,761
Per Share Data					
Net Income	$ 3.97	$ 1.92	$ 3.54	$ 3.21	$ 2.10
Cash Dividends	1.16	1.08	1.00	0.92	0.81
Book Value at Year-end	24.05	21.75	16.69	29.51	28.79
Return on Average Assets	1.16 %	0.55 %	0.95 %	0.82 %	0.70 %
Return on Average Equity	17.16 %	10.79 %	16.37 %	11.24 %	7.65 %

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Independent Auditor's Report

To the Audit Committee and Stockholders
JD Bancshares, Inc. and Subsidiaries
Jennings, Louisiana

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated financial statements of JD Bancshares, Inc. and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity , and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

We also have audited the Company's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with instructions to the Federal Financial Institutions Examination Council Consolidated Reports of Condition and Income ("Call Report"), as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* issued by COSO in 2013.

Basis for Opinions

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 and Internal Control Over Financial Reporting section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion s.

Responsibilities of Management for the Consolidated Financial Statements and Internal Control Over Financial Reporting

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management Report.

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 the financial statements are available to be issued.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements and Internal Control Over Financial Reporting

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 about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of financial statements and an audit of internal controls over financial reporting conducted in accordance with GAAS will always detect a material misstatement or a material weakness 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 financial statements and an audit of internal controls over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 financial statement audit in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control over financial reporting relevant to the audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.
- 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 financial statement audit.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with GAAP. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA), our audit of the Company's internal control over financial reporting included controls over the preparation of financial statements in accordance with GAAP and with Call Report instructions.

An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Wipfli LLP

Wipfli LLP
Atlanta, Georgia

March 17, 2025

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

A S S E T S

	2024	2023
ASSETS		
Cash and due from banks	$ 28,362,556	$ 29,553,368
Interest bearing deposits in other banks	30,516,917	44,981,870
Cash and cash equivalents	58,879,473	74,535,238
Securities available-for-sale, at fair value	339,628,292	360,387,210
Securities held-to-maturity, at amortized cost	7,234,703	9,474,313
Other stocks	3,299,297	3,231,643
Loans held for sale	321,983	-
Loans held for investment, net allowances for credit losses of $9,121,621 and $9,907,722 at December 31, 2024 and 2023, respectively	716,908,518	675,710,294
Accrued interest receivable	4,983,070	4,908,323
Bank premises and equipment, net	21,076,984	21,668,586
Other real estate owned	2,204,968	1,513,964
Goodwill	4,179,545	4,179,545
Life insurance contracts	20,946,864	17,727,284
Other assets	17,026,049	15,133,494
Total Assets	$ 1,196,689,746	$ 1,188,469,894

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

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

LIABILITIES AND STOCKHOLDERS' EQUITY

	2024	2023
LIABILITIES		
Deposits		
Demand deposit accounts, non-interest bearing	$ 224,044,996	$ 254,516,587
Demand deposit accounts, interest bearing	311,787,150	311,708,545
Individual retirement accounts	11,597,142	11,339,406
Savings and money market accounts	301,157,093	317,061,235
Certificates of deposit - $250,000 and over	55,871,762	44,851,839
Other certificates of deposit	122,419,320	88,460,165
	1,026,877,463	1,027,937,777
Securities sold under repurchase agreements	90,758	320,094
Accrued interest payable	3,234,841	1,570,702
Other borrowings	50,000,000	50,000,000
Accrued expenses and other liabilities	4,255,986	4,695,845
Subordinated debentures	29,728,269	29,586,497
Total liabilities	1,114,187,317	1,114,110,915
STOCKHOLDERS' EQUITY		
Preferred stock; no par value; 2,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock; $6.25 par value; 10,000,000 shares authorized; 3,421,113 shares issued and outstanding at December 31, 2024 and 3,419,560 shares issued and outstanding at December 31, 2023	21,381,956	21,372,250
Additional paid-in-capital	9,733,484	9,995,508
Retained earnings	88,191,751	78,539,814
Notes receivable for common stock	(6,489)	(41,620)
Accumulated other comprehensive loss	(36,798,273)	(35,506,973)
Total stockholders' equity	82,502,429	74,358,979
Total Liabilities and Stockholders' Equity	$ 1,196,689,746	$ 1,188,469,894

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

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
INTEREST AND DIVIDEND INCOME		
Interest and fees on loans	$ 46,466,313	$ 40,028,396
Investment securities:		
Taxable	6,818,287	7,686,350
Non-taxable	3,094,438	3,143,562
Federal funds sold, dividends, and interest bearing deposits in other banks	1,289,613	1,483,390
Total interest and dividend income	57,668,651	52,341,698
INTEREST EXPENSE		
Interest on deposits	10,159,728	5,787,748
Interest on subordinated notes	1,266,772	1,266,772
Interest on federal funds purchased and securities sold under repurchase agreement	15,373	68,915
Interest on other borrowings	2,407,300	1,101,361
Total interest expense	13,849,173	8,224,796
NET INTEREST INCOME	43,819,478	44,116,902
(Reversal) provision for credit losses	(676,917)	1,252,399
NET INTEREST INCOME AFTER (REVERSAL) PROVISION FOR CREDIT LOSSES	44,496,395	42,864,503
NONINTEREST INCOME		
Service charges and fees on deposit accounts	8,599,955	8,870,908
Trust department income	606,996	557,324
Fees and commissions from securities brokerage	445,950	444,253
Gain on sale of mortgage loans held for sale	382,387	443,682
Realized loss on sale of securities available-for-sale	-	(7,840,872)
Income from life insurance contracts	466,012	364,975
Other income	642,385	688,385
Total noninterest income	11,143,685	3,528,655

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

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
NONINTEREST EXPENSES		
Salaries and employee benefits	$ 21,338,669	$ 20,277,901
Occupancy expenses	5,483,170	5,545,031
Computer and processing expenses	4,365,963	5,199,378
Business promotion and advertising expenses	974,670	991,352
Other operating expenses	7,314,962	6,936,995
Total noninterest expense	39,477,434	38,950,657
INCOME BEFORE INCOME TAX EXPENSE	16,162,646	7,442,501
Income tax expense	2,529,818	861,594
NET INCOME	$ 13,632,828	$ 6,580,907
Per common share data:		
Earnings	$ 3.97	$ 1.92
Weighted average number of shares outstanding	3,430,011	3,420,055

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

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
NET INCOME	$ 13,632,828	$ 6,580,907
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized losses on securities:		
Unrealized holdings gains (losses) arising during the period	(1,634,557)	11,191,059
Less: Credit loss expense	-	418,892
Less: reclassification adjustments for losses included in net income	-	7,840,872
Tax effect	343,257	(4,084,673)
Total other comprehensive income (loss)	(1,291,300)	15,366,150
TOTAL COMPREHENSIVE INCOME	$ 12,341,528	$ 21,947,057

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

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Common Stock						
	Shares	Amount	Additional Paid-in-Capital	Retained Earnings	Notes Receivable	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2022	3,420,560	$ 21,378,500	$ 9,874,341	$ 76,822,076	$ (106,061)	$ (50,873,123)	$ 57,095,733
Net income	-	-	-	6,580,907	-	-	6,580,907
Restricted common stock forfeited	(1,000)	(6,250)	6,250	-	-	-	-
Stock-based compensation expense	-	-	114,917	-	-	-	114,917
Forgiveness of notes receivable	-	-	-	-	64,441	-	64,441
Cummulative effect of cahnge in accounting principal				(1,169,504)			(1,169,504)
Other comprehensive income	-	-	-	-	-	15,366,150	15,366,150
Dividends on common stock, $1.08 per share	-	-	-	(3,693,665)	-	-	(3,693,665)
Balance at December 31, 2023	3,419,560	21,372,250	9,995,508	78,539,814	(41,620)	(35,506,973)	74,358,979
Net income	-	-	-	13,632,828	-	-	13,632,828
Restircted common stock issued	20,050	125,312	(125,312)				-
Restricted common stock forfeited	(2,000)	(12,500)	12,500	-	-	-	-
Repurchases and retirement of common stock	(16,497)	(103,106)	(350,912)				(454,018)
Stock-based compensation expense	-	-	201,700	-	-	-	201,700
Forgiveness of notes receivable	-	-	-	-	35,131	-	35,131
Other comprehensive loss	-	-	-	-	-	(1,291,300)	(1,291,300)
Dividends on common stock, $1.16 per share	-	-	-	(3,980,891)	-	-	(3,980,891)
Balance at December 31, 2024	3,421,113	$ 21,381,956	$ 9,733,484	$ 88,191,751	$ (6,489)	$ (36,798,273)	$ 82,502,429

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

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 13,632,828	$ 6,580,907
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	236,831	179,358
Depreciation	2,133,621	2,216,680
(Reversal) provision for credit losses	(676,917)	1,252,399
Change in cash surrender value of life insurance	(466,012)	(364,975)
Write-down of other real estate	294,737	27,000
Net amortization of securities available-for-sale	1,930,724	2,029,380
Net amortization of securities held-to-maturity	6,610	18,557
Amortization of debt issuance costs	141,772	141,773
Deferred income taxes	(165,959)	(347,623)
Loss on sales of other real estate	92,420	1,023
Loss on sales of premises and equipment	-	-
(Gain) loss on disposal of premises and equipment	(50,925)	14,255
Loss on the sale of available-for-sale securities	-	7,840,872
Net change in operating assets and liabilities:		
Other operating assets and liabilities	(1,682,557)	(1,036,866)
Loans held for sale	(321,983)	549,984
Accrued interest receivable	(74,747)	77,164
Accrued interest payable	1,664,139	1,427,390
Net cash provided by operating activities	16,694,582	20,607,278
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from calls, paydowns, and maturities of available-for-sale securities	18,068,637	17,097,076
Proceeds from sales of available-for-sale securities	-	73,282,516
Proceeds from maturities of held-to-maturity securities	2,233,000	1,576,021
Purchases of available-for-sale securities	(875,000)	-
Purchases of other stocks	(78,900)	(816,000)
Proceeds from redemption of other stocks	11,246	
Purchases of held-to-maturity securities	-	-
Proceeds from life insurance policy	-	-
Loan originations, net of principal repayment	(41,674,616)	(14,577,678)
Purchases of bank premises and equipment	(2,063,983)	(1,207,140)
Proceeds from sales of bank premises and equipment	113,953	-
Proceeds from sales of other real estate	393,443	34,078
Purchases of life insurance contracts	(2,753,568)	-
Net cash provided by (used in) investing activities	(26,625,788)	75,388,873

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

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in deposits	$ (1,060,314)	$ (116,057,569)
Net increase (decrease) in repurchase agreements	(229,336)	292
Proceeds from other borrowings	100,000,000	146,000,000
Repayment of other borrowings	(100,000,000)	(96,000,000)
Payment of dividends	(3,980,891)	(3,693,665)
Paydown of subordinated notes	-	-
Subordinated notes repurchase and issuance costs	-	-
Repurchases of common stock	(454,018)	-
Net cash used in financing activities	(5,724,559)	(69,750,942)
Net increase (decrease) in cash and cash equivalents	(15,655,765)	26,245,209
Cash and cash equivalents - beginning of year	74,535,238	48,290,029
Cash and cash equivalents - end of year	$ 58,879,473	$ 74,535,238

Supplemental disclosures of cash flow information:

	2024	2023
Cash paid for interest	$ 12,185,034	$ 6,797,406
Cash paid for income taxes	$ 3,239,000	$ 865,000
Transfer of loans to other real estate	$ 1,012,668	$ 712,964
Transfer of bank premises and equipment to other real estate	$ 458,936	$ -

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The accounting and reporting policies of JD Bancshares, Inc. (the Company) and its subsidiaries conform to the accounting principles generally accepted in the United States of America and the prevailing practices within the banking industry. A summary of significant accounting policies is as follows:

Basis of presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, JD Bank (the "Bank") and JD Bank Insurance, LLC, the owner of an insurance agency. All significant intercompany accounts and transactions have been eliminated. Assets held in an agency or fiduciary capacity are not assets of the Bank and, accordingly, are not included in the accompanying consolidated financial statements. The Company operates as a community bank in southern Louisiana.

Nature of operations

The Bank provides a variety of banking services to individuals and businesses primarily in and around southern Louisiana. The Bank's primary deposit products are demand deposits, savings deposits, and certificates of deposits, and its primary lending products are commercial, real estate, and consumer loans.

Comprehensive income (loss)

Comprehensive income (loss) includes net income and other comprehensive income (loss) which, in the case of the Company, includes only unrealized gains and losses on securities available-for-sale, net of tax.

Use of estimates

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

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

The Bank's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Bank has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions and the real estate industry.

While management uses available information to recognize estimated credit losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the allowance for credit losses. Such agencies may require the Bank to recognize additional losses based on

1. Summary of significant accounting policies (continued)

Use of estimates (continued)

their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the allowance for credit losses may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Other estimates that are susceptible to significant change in the near term relate to the determination of the valuation of deferred tax assets, estimated credit losses for securities, and the fair value of financial instruments.

Interest bearing deposits in other banks

Interest bearing deposits in other banks mature within 90 days or less and are carried at cost, which approximates market.

Investment securities

Investment securities are accounted for in accordance with applicable guidance contained in the Accounting Standards Codification (ASC) which requires the classification of securities into one of three categories: trading, available-for-sale, or held-to-maturity.

Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates this classification periodically. Trading securities are held for resale in anticipation of short-term market movements. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Securities not classified as held-to-maturity or trading are classified as available-for-sale. The Company had no trading account securities during the years ended December 31, 2024 and 2023. Held-to-maturity securities are stated at amortized cost less any estimated credit losses. Available-for-sale securities are stated at fair value, with unrealized gains and losses, net of income taxes, reported as other comprehensive income (loss) until realized.

The amortized cost of debt securities classified as held-to-maturity or available-for-sale, less any estimated credit losses, is adjusted for amortization of premiums and accretion of discounts to maturity or, in the case of mortgage-backed securities, over the estimated life of the security. Premiums that exceed the amount repayable by the issuer at the next call date are amortized to the next call date. Other premiums and discounts are amortized (accreted) over the estimated lives of the securities. Amortization, accretion, and interest are included in interest income on securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific-identification method.

The Company evaluates individual securities available-for-sale in an unrealized loss position by first determining whether the decline in fair value below the amortized cost basis of the security has resulted from a credit loss or other factors. A credit loss exists when the present value of cash flows expected to be collected from the security is less than the amortized cost basis of the security.

In determining whether a credit loss exists, the Company considers the extent to which the fair value is less than the amortized cost basis, adverse conditions related to the security, the industry, or geographic areas, the payment structure of the debt security, failure of the issuer to make scheduled payments, and any changes to the rating of the security. Impairment related to credit losses is recognized through an allowance for credit

1. Summary of significant accounting policies (continued)

Investment securities (continued)

losses up to the amount that fair value is less than the amortized cost basis.

Changes to the allowance are recognized through earnings as a provision for (or recovery of) credit losses. Impairment related to other factors is recognized in other comprehensive income (loss). Management has elected to exclude accrued interest receivable on available-for-sale debt securities from estimates of credit losses. Accrued interest receivable on available-for-sale debt securities totaled approximately $2,142,300 and $2,326,000 at December 31, 2024 and December 31, 2023, respectively.

During the year ended December 31, 2023, the Bank recorded provision for credit losses related to the available-for-sale portfolio of approximately $419,000. The Bank held subordinated debt issued by Signature Bank and recorded an allowance equal to 100% of the book value of the bond after Signature Bank's failure. The bond was subsequently sold and the allowance was removed. During the year ended December 31, 2024, the Bank recorded no provision for credit losses related to the available-for-sale portfolio.

ASC 326 requires management to measure the expected credit losses on the Bank's held-to-maturity securities on a collective basis or by major security type. As of December 31, 2024 and 2023, the Bank deemed the cumulative expected credit loss of all held-to-maturity securities immaterial and did not record an allowance for credit losses.

Other stocks

The Bank, as a member of the Federal Home Loan Bank (FHLB) system and various other institutions, is required to maintain an investment in capital stock of each entity. Based on the redemption provisions of the FHLB and other institutions, the stocks have no quoted market value and are carried at cost. At their discretion, the companies may declare dividends on the stocks. Management reviews for impairment based on the ultimate recoverability of the cost basis of these stocks.

Marketable equity securities with a readily determinable value and are measured at fair value with changes in fair value reported in non-interest income. Gains and losses on the sale of marketable equity securities are recorded on the trade date and determined using the specific-identification method.

Loans held for sale

Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value. Mortgage loans held for sale are sold with mortgage servicing rights released by the Bank. Gains and losses on the sale of loans are accounted for by imputing gain or loss by charging a varying premium and servicing fee to the buyer. The gain or loss is increased or reduced by the amount of fees carried on the loan.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs, the allowance for credit losses, and any unamortized deferred fees or costs on originated loans. Unearned discounts relate principally to

1. Summary of significant accounting policies (continued)

Loans (continued)

residential installment loans. Interest on loans is recognized as income based on the unpaid principal amount outstanding using methods that approximate the interest method.

The Company follows the accounting guidance on sales of financial assets, which includes participating interests in loans. For loan participations that are structured in accordance with this guidance, the sold portions are recorded as a reduction of the loan portfolio. Loan participations that do not meet the criteria are accounted for as secured borrowings. Application of this guidance also delays the accounting recognition for sales of the guaranteed portions of SBA loans for 90 days.

Certain loan origination fees and certain direct origination costs are deferred and recognized as an adjustment to the yield on the related loan. Interest on loans is recorded to income as earned. The accrual of interest on individually evaluated loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. Past due status is based on the contractual terms of the loan. All unpaid accrued interest is reversed and payments subsequently received are applied first to principal. Interest income is recorded after principal has been satisfied and as payments are received. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for credit losses on loans and unfunded loan commitments

The allowance for credit losses on loans is a valuation allowance that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the Company's loan portfolio. The allowance for credit losses on loans is established through provisions for credit losses charged against earnings. When available information confirms that specific loans, or portions thereof, are uncollectible, these amounts are charged against the allowance for credit losses on loans, and subsequent recoveries, if any, are credited to the allowance for credit losses on loans.

Management considers the following when assessing risk in the Company's loan portfolio segments:

Commercial loans are primarily for working capital, physical asset expansion, asset acquisition loans and other. These loans are made based primarily on historical and projected cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not behave as forecasted and collateral securing loans may fluctuate in value due to economic or individual performance factors. Financial information is obtained from the borrowers to evaluate cash flows sufficiency to service debt and are periodically updated during the life of the loan.

Commercial real estate loans are dependent on the industries tied to these loans. Agricultural loans are included in commercial real estate loans and are primarily for land acquisition. Commercial real estate loans are primarily secured by office and industrial buildings, warehouses, small retail shopping facilities and various special purpose properties, including hotels and restaurants. Financial information is obtained from the borrowers and/or the individual project to evaluate cash flows sufficiency to service debt and is periodically updated during the life of the loan. Loan performance may be adversely affected by factors impacting the general economy or conditions specific to the real estate market such as geographic location and/or property type.

1. Summary of significant accounting policies (continued)

Allowance for credit losses on loans and unfunded loan commitments (continued)

Consumer loans may take the form of installment loans, demand loans, or single payment loans and are extended to individuals for household, family, and other personal expenditures. At the time of origination, the Company evaluates the borrower's repayment ability through a review of debt to income and credit scores.

Residential real estate loans are affected by the local residential real estate market, the local economy, and, for variable rate mortgages, movement in indices tied to these loans. At the time of origination the Company evaluates the borrower's repayment ability through a review of debt to income and credit scores. Appraisals are obtained to support the loan amount. Financial information is obtained from the borrowers and/or the individual project to evaluate cash flows sufficiency to service debt at the time of origination.

The Company uses a current expected credit loss ("CECL") model to estimate the allowance for credit losses on loans. The CECL model considers historical loss rates and other qualitative adjustments, as well as a new forward-looking component that considers reasonable and supportable forecasts over the expected life of each loan. The Company segments the loan portfolio into loan pools based on loan type and similar credit risk. Management evaluates all collectively evaluated loans using the discounted cash flow methodology. The discounted cash flow methodology uses loan level attributes (such as interest rates and maturity dates), as well as pool level inputs (such as prepayment rates and probability of default and loss given default rates), to estimate credit losses over the contractual term of each collectively evaluated loan. Expected credit losses are determined by comparing the loan's amortized cost with the expected future principal and interest cash flows. Individual loan level results are aggregated for collectively evaluated loans and are then adjusted for qualitative factors deemed appropriate by management.

The quantitative discounted cash flow analysis described above is supplemented with other qualitative factors based on the risks present for each collectively evaluated loan pool, including, but not limited to, the institution's lending policies and procedures, the experience, ability, and depth of the institution's staff, the volume and severity of past due financial assets, the volume of nonaccrual assets, and the volume and severity of adversely classified assets, the quality of the institution's credit review function, and the existence, growth, and effect of any concentrations of credit.

Under the CECL model, loans that do not share similar risk characteristics are individually evaluated and are excluded from the pooled loan analysis. Loans with a risk rating of substandard or worse with a total exposure over $100,000 are individually evaluated. The ACL for loans that are individually evaluated is based on a comparison of the recorded investment in the loan and the fair value of the loan’s collateral.

A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. For collateral dependent loans, expected credit losses are based on the fair value of the collateral as of the date of the consolidated balance sheet, with consideration for estimated selling costs if satisfaction of the loan depends on the sale of the collateral.

The Company elected not to measure an allowance for credit losses for accrued interest receivable and instead elected to reverse interest income on loans or securities that are placed on nonaccrual status, which is generally when the instrument is 90 days past due, or earlier if the Company believes the collection of interest

1. Summary of significant accounting policies (continued)

Allowance for credit losses on loans and unfunded loan commitments (continued)

is doubtful. The Company has concluded that this policy results in the timely reversal of uncollectible interest. Accrued interest receivable on loans totaled approximately $2,761,000 and $2,483,000 at December 31, 2024 and December 31, 2023, respectively.

In addition to the allowance for credit losses on loans, the Company maintains a separate reserve for unfunded loan commitments, which is included in accrued expenses and other liabilities on the consolidated balance sheet. The reserve for credit losses on off-balance-sheet credit exposures is adjusted as a provision for credit losses in the consolidated statements of operations. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life, utilizing the same models and approaches for the Company's other loan portfolio segments described above, as these unfunded commitments share similar risk characteristics with the respective loan portfolio segments. The Company has identified the unfunded portion of certain lines of credit as unconditionally cancellable credit exposures, meaning the Company can cancel the unfunded commitment at any time. No credit loss estimate is reported for off-balance-sheet credit exposures that are unconditionally cancellable by the Company or for undrawn amounts under such arrangements that may be drawn prior to the cancellation of the arrangement.

Bank premises and equipment

Bank premises and equipment are stated at cost less accumulated depreciation, which is computed using straight-line over the estimated useful lives of the assets, which range from 3 to 39 years.

Other real estate owned

Other real estate owned is reported at the lower of cost or fair value at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for credit losses. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less cost to sell. Real estate and other property acquired in lieu of loan balances, net of an appropriate reserve for possible losses, are included in the accompanying consolidated balance sheet. Operating expenses of such properties, net of related income, are included in other operating expenses. Gains and losses on their disposition are included in noninterest income in the consolidated statements of operations.

Goodwill

Goodwill is subject to a periodic impairment test at least annually and whenever events or changes in circumstances indicate it is more likely than not that the fair value of goodwill is less than its carrying amount. The Company has performed impairment tests on its goodwill and determined that there is no impairment at December 31, 2024 or 2023.

Leases

The Company applies ASC 842 and determines if an arrangement is a lease at inception of the contract. For leases with terms greater than twelve months, right of use assets and lease liabilities are recognized at contract commencement date based on the present value of lease payments over the lease term.

1. Summary of significant accounting policies (continued)

Leases (continued)

Right of use assets represent the Company's right to use the underlying assets for the lease term. Lease liabilities represent the Company's obligation to make lease payments arising from these contracts. The Company uses their incremental borrowing rate in determining the present value of lease payments.

Off balance sheet 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.

Statements of cash flows

The Company has defined cash equivalents as the amount in the consolidated balance sheet caption "Cash and Due from Banks," "Interest bearing deposits in other banks," and "Federal Funds Sold," if any exist at year-end.

Life insurance contracts

Life insurance contracts represent single premium life insurance contracts on the lives of certain officers of the Company. The Company is the owner of these policies, which were purchased as a vehicle to fund split dollar endorsement plans.

Income taxes

Income taxes are accounted for under the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent. Deferred tax assets are reduced by a valuation allowance, if based on the weight of evidence available, it is more likely than not that some portion or all of deferred tax asset will not be realized.

The Company follows the accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions.

A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts,

1. Summary of significant accounting policies (continued)

Income Taxes (continued)

circumstances, and information available at the reporting date and is subject to management's judgment. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Company has evaluated its positions regarding the accounting for uncertain tax positions and does not believe it has any material uncertain tax positions.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

Stockholders' equity

Shares reacquired by the Company are treated as authorized but unissued shares. For the year ended December 31, 2024, the Company repurchased 16,497 shares at an average cost of $27.52 per share. No shares were repurchased by the Company during the year ended December 31, 2023.

Earnings per share

Basic earnings per share represents income available to common shareholders divided by the weighted-average number of common shares outstanding during the period. The resulting weighted-average number of common shares outstanding are 3,430,011 and 3,420,055 for 2024 and 2023, respectively.

Stock-based compensation

The Company accounts for its stock-based compensation plan using a fair value-based method of accounting, whereby compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is also the vesting period.

Postretirement benefits

The Company adopted accounting guidance related to postretirement benefits for certain employees. The Company has effectively agreed to maintain a life insurance policy during the employees' retirement.

Revenue recognition

The following significant revenue-generating transactions are within the scope of ASC 606, which are presented in the consolidated statements of operations as components of noninterest income. Service charges and fee income include deposit and lending-related fees. Deposit-related fees consist of fees earned on customer activities and are generally recognized when the transactions occur or as the service is performed. Fees are earned on deposit accounts for account maintenance and various transaction-based services, such as ATM transactions, wire transfer activities, check and money order processing and insufficient funds/overdraft transactions. Lending-related fees generally represent transactional fees earned from late payments and other miscellaneous fees.

Trust fee revenue represents fees charged by the Company for administration, investment management, and other ordinary expenses. Trust fees are recorded as earned. The fees charged are as a percentage of the assets held in the trust and the amount of services provided.

1. Summary of significant accounting policies (continued)

Revenue Recognition (continued)

Fees and commissions from securities brokerage are related to the purchases and sales of investment products. The fees and commissions are recorded as earned.

Card interchange fees are recognized upon settlement of debit card payment transactions and are generally determined on fixed rates for debit cards based on the corresponding payment network's rates.

There are no significant judgments relating to the amount and timing of revenue recognition for revenue streams. Due to the nature of the services provided, the Bank does not incur costs to obtain contracts and there are no material incremental costs to fulfill these contracts that should be capitalized. Additionally, there are no material contract assets or receivables as the Bank does not typically enter into long-term revenue contracts with its customers.

2. Cash and due from banks

Effective March 12, 2021, the Federal Reserve's board of directors approved the final rule reducing the required reserve requirement ratios to zero percent, effectively eliminating the requirement to maintain reserve balances in cash or on deposit with the Federal Reserve Bank. This reduction in the required reserves does not have a defined timeframe and may be revised by the Federal Reserve's board in the future.

In the normal course of business, the Company maintains cash and due from bank balances with correspondent banks. Balances in these accounts may exceed the Federal Deposit Insurance Corporation's insured limit of $250,000. Management believes these financial institutions have strong credit ratings and that the credit risk related to these deposits is minimal.

3. Investment securities

Debt securities have been classified in the balance sheets according to management's intent. The amortized cost and estimated fair value of securities classified as available-for-sale at December 31, 2024, consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Treasury securities	$ 19,815,538	$ -	$ (1,786,632)	$ 18,028,906
US Govt. agency securities	17,003,553	-	(2,790,397)	14,213,156
Mortgage-backed securities	203,624,278	172,883	(26,208,220)	177,588,941
States and political subdivisions	135,068,762	18,671	(15,470,903)	119,616,530
Corporate bonds	10,696,254	-	(515,495)	10,180,759
Totals	$ 386,208,385	$ 191,554	$ (46,771,647)	$ 339,628,292

At December 31, 2024 and 2023, the Company held no securities of any single issuer (excluding the U.S. government and federal agencies) with a book value that exceeded 10% of stockholders' equity.

3. Investment securities (continued)

Securities classified as held-to-maturity at December 31, 2024, consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
States and political subdivisions	$ 7,234,703	$ -	$ (55,279)	$ 7,179,424

Securities classified as available-for-sale at December 31, 2023, consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Treasury securities	$ 19,757,377	$ -	$ (1,982,963)	$ 17,774,414
US Govt. agency securities	17,061,238	-	(2,858,572)	14,202,666
Mortgage-backed securities	220,078,463	137,918	(26,654,467)	193,561,914
States and political subdivisions	136,442,045	40,460	(12,714,315)	123,768,190
Corporate bonds	11,993,623	-	(913,597)	11,080,026
Totals	$ 405,332,746	$ 178,378	$ (45,123,914)	$ 360,387,210

Securities classified as held-to-maturity at December 31, 2023, consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
States and political subdivisions	$ 9,474,313	$ -	$ (132,930)	$ 9,341,383

The following is a summary of amortized cost and estimated market value of debt securities by contractual maturity as of December 31, 2024. Contractual maturities will differ from expected maturities for mortgage-backed securities because borrowers may have the right to call or prepay obligations without penalties.

3. Investment securities (continued)

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	**Market Value**	**Amortized Cost**	**Market Value**
Within one year	$ 2,233,626	$ 2,157,086	$ 2,183,703	$ 2,166,260
Greater than one but within five years	28,282,130	25,945,680	2,214,000	2,176,164
Greater than five but within ten years	31,369,245	27,900,690	2,637,000	2,637,000
Over ten years	120,699,106	106,035,895	200,000	200,000
Subtotal	182,584,107	162,039,351	7,234,703	7,179,424
Mortgage-backed securities	203,624,278	177,588,941	-	-
	$ 386,208,385	$ 339,628,292	$ 7,234,703	$ 7,179,424

Investment securities with carrying values of approximately $95,692,000 and $88,811,000 at December 31, 2024 and 2023, respectively, were pledged to secure public deposits and securities sold under repurchase agreements. Additionally, investment securities with carrying values of approximately $80,036,000 and $84,269,000 were pledged to the Federal Reserve Discount Window and Bank Term Funding Program ("BTFP") at December 31, 2024 and 2023, respectively. Lastly, at December 31, 2024, the Company had a $15,000,000 fluctuating balance letter of credit with Federal Home Loan Bank of Dallas for the purpose of securing public funds, of which, $15,000,000 was pledged. There were no outstanding Federal Home Loan Bank letters of credit as of December 31, 2023.

Information pertaining to securities available for sale with gross unrealized losses at December 31, 2024, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, follows:

	Less than twelve months			Over twelve months		
	Number of Securities	Gross Unrealized Losses	Fair Value	Number of Securities	Gross Unrealized Losses	Fair Value
Treasury Securities	-	$ -	$ -	3	$ (1,786,632)	$ 18,028,906
US Govt. Agency Securities	-	-	-	7	(2,790,397)	14,213,156
Mortgage-backed Securities	5	(134,223)	7,505,924	109	(26,073,997)	155,833,693
State and Political Subdivisions	12	(53,331)	6,673,332	160	(15,417,572)	111,696,965
Corporate bonds	-	-	-	10	(515,495)	7,930,758
Totals	17	$ (187,554)	$ 14,179,256	289	$ (46,584,093)	$307,703,478

3. Investment securities (continued)

Information pertaining to securities available for sale with gross unrealized losses at December 31, 2023, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, follows:

	Less than twelve months			Over twelve months		
	Number of Securities	Gross Unrealized Losses	Fair Value	Number of Securities	Gross Unrealized Losses	Fair Value
Treasury Securities	-	$ -	$ -	3	$ (1,982,963)	$ 17,774,414
US Govt. Agency Securities	-	-	-	7	(2,858,572)	14,202,666
State and political Subdivisions	2	(5,758)	933,527	164	(12,708,557)	117,831,733
Corporate bonds	1	(34,981)	765,019	11	(878,616)	8,565,007
Mortgage-backed Securities	2	(14,852)	1,585,199	116	(26,639,615)	174,154,235
Totals	5	$ (55,591)	$ 3,283,745	301	$ (45,068,323)	$332,528,055

The Company evaluates securities available for sale issued by the US. Government (e.g., Treasury Securities) and U.S. government-sponsored agencies (e.g., "Fannie Mae" and "Freddie Mac" mortgage-backed securities) for potential credit losses by considering the creditworthiness and performance of the securities and the strength of guarantees. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses. Based on this analysis, the Company believes that all amounts owed will be collected on these securities and has not recognized an allowance for credit losses on these securities.

Other securities available for sale are generally evaluated for potential credit closes using credit ratings, which are a key indicator of a debt security's probability of default. The Company uses credit ratings issued by S&P or Moody's (or both) and are updated monthly. The Company may also consider other relevant information that becomes known about the issuer's or the security's performance. As of December 31, 2024, all securities available for sale were considered investment grade.

There were no sales of securities during the year ended December 31, 2024. The following is a summary of the proceeds from sales of securities available-for-sale, as well as gross gains and losses for the year ended December 31, 2023.

	2023
Proceeds from sales of securities	$ 73,282,516
Gross gains on sales of securities	9,805
Gross losses on sales of securities	7,850,677

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Loans and allowance for credit losses

The components of loans in the consolidated balance sheets at December 31, 2024 and 2023 were as follows:

(dollars in thousands)	December 31, 2024	December 31, 2023
Commercial	$ 86,654	$ 90,504
Commercial real estate	387,094	349,105
Consumer	32,015	34,069
Residential	220,268	211,276
PPP, net of deferred fees	-	664
Total loans	726,031	685,618
Less allowance for credit losses	(9,122)	(9,908)
Total loans, net	$ 716,909	$ 675,710

Deposit accounts in an overdraft position and reclassified as loans totaled approximately $284,000 at December 31, 2024 and $662,000 at December 31, 2023.

The following table summarizes the activity related to the allowance for credit losses for the year ended December 31, 2024:

(dollars in thousands)	Commercial	Commercial Real Estate	Consumer	Residential	PPP, net of deferred fees	Total
Allowance for credit losses:						
Balance, December 31, 2023	$ 1,136	$ 5,415	$ 488	$ 2,869	$ -	$ 9,908
Charge-offs	(120)	(40)	(178)	(72)	-	(410)
Recoveries	64	21	69	6	-	160
Provision (Reversal) for credit losses	(121)	(270)	54	(199)	-	(536)
Ending balance - allowance for credit losses	$ 959	$ 5,126	$ 433	$ 2,604	$ -	$ 9,122
Ending allowance balance, individually assessed	$ -	$ 536	$ -	$ 89	$ -	$ 625
Ending allowance balance, collectively assessed	$ 959	$ 4,590	$ 433	$ 2,515	$ -	$ 8,497
Loans:						
Ending loan balance, individually assessed	$ 2,196	$ 12,760	$ 162	$ 8,192	$ -	$ 23,310
Ending loan balance, collectively assessed	$ 84,458	$ 374,334	$ 31,853	$ 212,076	$ -	$ 702,721
Ending total loan balance	$ 86,654	$ 387,094	$ 32,015	$ 220,268	$ -	$ 726,031

At December 31, 2024 and December 31, 2023, the reserve for unfunded loan commitments was approximately $283,000 and $424,000, respectively. For the years ended December 31, 2024 and December 31, 2023, the Company recorded a reversal of provision for credit losses on unfunded loan commitments of approximately $141,000 and $173,000, respectively.

The following table summarizes the activity related to the allowance for loan losses for the year ended December 31, 2023:

4. Loans and allowance for credit losses (continued)

(dollars in thousands)	Commercial	Commercial Real Estate	Consumer	Residential	PPP, net of deferred fees	Total
Allowance for credit losses:						
Balance, December 31, 2022	$ 1,503	$ 4,132	$ 619	$ 2,954	$ -	$ 9,208
Adoption of ASC 326	(303)	865	(93)	104	-	573
Charge-offs	(269)	(408)	(169)	(146)	-	(992)
Recoveries	22	48	29	14	-	113
Provision for credit losses	183	778	102	(57)	-	1,006
Ending balance - allowance for credit losses	$ 1,136	$ 5,415	$ 488	$ 2,869	$ -	$ 9,908
Ending allowance balance, individually assessed	$ 67	$ 356	$ -	$ 267	$ -	$ 690
Ending allowance balance, collectively assessed	$ 1,069	$ 5,059	$ 488	$ 2,602	$ -	$ 9,218
Loans:						
Ending loan balance, individually assessed	$ 301	$ 15,083	$ 20	$ 8,987	$ -	$ 24,391
Ending loan balance, collectively assessed	$ 90,203	$ 334,022	$ 34,049	$ 202,289	$ 664	$ 661,227
Ending total loan balance	$ 90,504	$ 349,105	$ 34,069	$ 211,276	$ 664	$ 685,618

Credit Quality Information

All loans are subject to individual risk assessments using the following factors: ability of borrower to pay, financial condition of borrower, management ability of the borrower, collateral and guarantors, loan structure, and industry and economics. Risk ratings are assigned based on the definitions below and correlate to a risk rating grouping as shown in the table below.

4. Loans and allowance for credit losses (continued)

Credit quality information (continued)

Risk Rating Grouping	Definition
Pass	High Quality – High quality loans are characterized by liquid collateral adequately margined and/or supported by a strong financial statement of recent date that is unquestionably reliable. Character of endorsers or guarantors is unquestionable. The business or individual is consistently above its peers. The borrower is characterized by liquidity, minimum risks, significant earning capacity and low handling costs (reflect no loss under any conceivable situation).
	Desirable – Reflects strong, current financial statements and/or secured by collateral that is adequately margined to cover total debt plus any collection costs incurred in foreclosure if necessary. Primary, as well as secondary, source of repayment is evident. A defined agreed upon repayment schedule over a reasonable period exists.
	Satisfactory – Satisfactory loans of average strength, having some deficiency or vulnerability to changing economics or industry conditions but currently collectible. Secured loan lacking in margin and/or liquidity. Assets supporting loans are generally non liquid and/or some form of documentation of support and/or repayment ability may be deficient or lacking.
Watch	Watch – This is a warning classification which portrays one or more deficiencies that has potential weakness that may result in deterioration of repayment prospects for the asset or in the Company's credit position at some future date. This is not adversely classified. Apparent deterioration in financial condition of credit is evident and deserves immediate attention and correction of its causes by the lending staff in order to prevent further deterioration of the Company's position.
Special Mention	Special Mention – Loans which are superior in quality to those classified substandard, doubtful, or loss but which are believed to warrant more than usual management attention. Loans in this category are not considered to be classified because they are currently protected but are potentially weak. They constitute an undue and unwarranted credit risk. Economic or market conditions may affect the borrower in the future. Adverse trends or an unbalanced financial position have not reached a point where liquidation of the debt is jeopardized, but that point could be reached in the future if trends continue.
Substandard	Substandard – Loans that are inadequately protected by current sound worth and paying capacity of the borrower, or pledged collateral, if any, or represents a protracted workout. These loans must have well defined weaknesses that are characterized by the distinct possibility that the Company will sustain a loss if the deficiencies are not corrected.
Doubtful	Doubtful – Loans that have all the weaknesses inherent in a substandard loan plus their collection or liquidation in full is highly questionable. The possibility of loss is extremely high, but because of certain reasonably specific pending factors which may strengthen the credit, its classification as a loss is deferred until a more exact status can be determined.
Loss	Loss – Loans that are considered uncollectible in full within a reasonable length of time and are of such little value that their continuance as an active asset is not warranted. This classification does not mean that there is no possibility of recovery or salvage value, but rather it is not practical to defer writing off the asset even though a partial recovery may be made in the future.

4. Loans and allowance for credit losses (continued)

Credit quality information (continued)

The following table presents the Company's loan portfolio by credit quality indicators by year of origination as of December 31, 2024:

	Term Loans by Year of Origination						
(dollars in thousands)	2024	2023	2022	2021	Prior	Revolving	Total
Commercial							
Pass	$ 15,632	$ 5,343	$ 19,026	$ 3,090	$ 7,280	$ 10,355	$ 60,726
Special Mention	1,369	-	9	983	$ 127	7,921	10,409
Substandard	75	14	818	38	$ 108	1,390	2,443
Watch	1,808	4,860	808	165	$ 442	4,993	13,076
Total Commercial	$ 18,884	$ 10,217	$ 20,661	$ 4,276	$ 7,957	$ 24,659	$ 86,654
Current period gross write-offs	$ -	$ -	$ 16	$ 11	$ 93	$ -	$ 120
Commercial Real Estate							
Pass	$ 64,576	$ 52,757	$ 31,866	$ 34,966	$ 75,838	$ 3,089	$ 263,092
Special Mention	498	179	3,268	-	3,043	-	6,988
Substandard	82	374	2,944	3,378	6,357	-	13,135
Watch	10,035	11,092	33,251	25,859	22,183	1,459	103,879
Total Commercial Real Estate	$ 75,191	$ 64,402	$ 71,329	$ 64,203	$ 107,421	$ 4,548	$ 387,094
Current period gross write-offs	$ -	$ -	$ 40	$ -	$ -	$ -	$ 40
Residential							
Pass	$ 33,090	$ 23,510	$ 20,415	$ 14,512	$ 62,047	$ 28,015	$ 181,589
Special Mention	-	124	400	4	2,685	-	3,213
Substandard	869	1,139	2,065	744	6,011	316	11,144
Watch	8,657	8,465	461	1,274	4,703	762	24,322
Total Residential	$ 42,616	$ 33,238	$ 23,341	$ 16,534	$ 75,446	$ 29,093	$ 220,268
Current period gross write-offs	$ -	$ -	$ -	$ -	$ 72	$ -	$ 72
Consumer							
Pass	13,900	6,221	3,659	$ 3,255	3,474	615	31,124
Special Mention	-	17	-	-	-	-	17
Substandard	209	99	93	90	312	32	835
Watch	-	31	-	8	-	-	39
Total Consumer	$ 14,109	$ 6,368	$ 3,752	$ 3,353	$ 3,786	$ 647	$ 32,015
Current period gross write-offs	$ 13	$ 81	$ 49	$ 30	$ 5	$ -	$ 178
PPP, net of deferred fees							
Pass	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total PPP	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Loans	$ 150,800	$ 114,225	$ 119,083	$ 88,366	$ 194,610	$ 58,947	$ 726,031

4. Loans and allowance for credit losses (continued)

Credit quality information (continued)

The following table presents the Company's loan portfolio by credit quality indicators by year of origination as of December 31, 2023:

	Term Loans by Year of Origination					
(dollars in thousands)	2023	2022	2021	Prior	Revolving	Total
Commercial						
Pass	$ 13,589	$ 15,413	$ 5,624	$ 9,870	$ 13,557	$ 58,053
Special Mention	-	-	-	159	4,384	4,543
Substandard	14	101	67	321	168	671
Watch	3,972	3,276	345	767	18,877	27,237
Total Commercial	$ 17,575	$ 18,790	$ 6,036	$ 11,117	$ 36,986	$ 90,504
Current period gross write-offs	$ -	$ 3	$ 157	$ 59	$ 50	$ 269
Commercial Real Estate						
Pass	$ 48,271	$ 46,194	$ 47,658	$ 87,503	$ 2,730	$ 232,356
Special Mention	-	-	3,438	3,098	-	6,536
Substandard	396	3,309	2,912	8,623	50	15,290
Watch	5,553	35,822	24,064	29,091	393	94,923
Total Commercial Real Estate	$ 54,220	$ 85,325	$ 78,072	$ 128,315	$ 3,173	$ 349,105
Current period gross write-offs	$ 90	$ 24	$ -	$ 294	$ -	$ 408
Residential						
Pass	$ 35,444	$ 27,810	$ 18,664	$ 79,146	$ 28,083	$ 189,147
Special Mention	351	-	6	117	-	474
Substandard	966	837	1,370	8,500	452	12,125
Watch	3,005	2,788	798	2,054	885	9,530
Total Residential	$ 39,766	$ 31,435	$ 20,838	$ 89,817	$ 29,420	$ 211,276
Current period gross write-offs	$ 3	$ -	$ 119	$ 24	$ -	$ 146
Consumer						
Pass	15,178	6,830	5,263	5,542	607	33,420
Special Mention	-	-	-	-	-	-
Substandard	1	141	52	455	-	649
Watch	-	-	-	-	-	-
Total Consumer	$ 15,179	$ 6,971	$ 5,315	$ 5,997	$ 607	$ 34,069
Current period gross write-offs	$ 16	$ 42	$ 40	$ 53	$ 18	$ 169
PPP, net of deferred fees						
Pass	$ -	$ -	$ -	$ 664	$ -	$ 664
Total PPP	$ -	$ -	$ -	$ 664	$ -	$ 664
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -
Total Loans	$ 126,740	$ 142,521	$ 110,261	$ 235,910	$ 70,186	$ 685,618

4. Loans and allowance for credit losses (continued)

Modifications Made to Borrowers Experiencing Financial Difficulty

In some cases, the Company will modify a certain loan by providing concessions. Concessions can come in the form of term extensions, principal forgiveness, rate concessions and/or change of repayment terms. The following table shows the amortized cost basis as of December 31, 2024 and 2023 of the loans modified to borrowers experiencing financial difficulty, disaggregated by class of loans and type of concession granted an describes the financial effect of the modification made:

December 31, 2024

Class of Loans	Number of Contracts	Amortized Basis	Financial Effect
Residential	2	2,289	Provided extensions of time, where interest only payments are required, for borrowers to sell or refinance loans.
Commercial	2	2,338	Provided extensions of time, where interest only payments are required, for borrowers to sell or refinance loans, and for new business to get off the ground.
Total	**4**	**4,627**	

December 31, 2023

Class of Loans	Number of Contracts	Amortized Basis	Financial Effect
Residential	2	2,363	Provided extensions of time, where interest only payments are required, for borrowers to sell or refinance loans.
Commercial	1	21	Provided extension to give borrower additional time to generate business revenue to make timely loan payments.
Total	**3**	**2,384**	

4. Loans and allowance for credit losses (continued)

Age analysis of past due loans by class

The following table presents an analysis of past due loans as of December 31, 2024:

(dollars in thousands)	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 Days or More Past Due	Current Loans	Total Loans
Commercial	$ 43	$ 25	$ 211	$ 86,375	$ 86,654
Commercial Real Estate	1,262	60	1,619	384,153	387,094
Consumer	349	41	149	31,476	32,015
Residential	1,239	727	2,752	215,550	220,268
PPP, net of deferred fees	-	-	-	-	-
Total Loans	$ 2,893	$ 853	$ 4,731	$ 717,554	$ 726,031

The following table presents an analysis of past due loans as of December 31, 2023:

(dollars in thousands)	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 Days or More Past Due	Current Loans	Total Loans
Commercial	$ 279	$ 85	$ 255	$ 89,885	$ 90,504
Commercial Real Estate	1,432	401	5,433	341,839	349,105
Consumer	257	21	185	33,606	34,069
Residential	2,342	466	2,547	205,921	211,276
PPP, net of deferred fees	-	-	-	664	664
Total Loans	$ 4,310	$ 973	$ 8,420	$ 671,915	$ 685,618

Nonaccrual loans

The Bank places a loan on nonaccrual status, until it qualifies for return to accrual status. Generally, the Bank returns a loan to accrual status when (a) all delinquent interest and principal become current under the terms of the loan agreement or (b) the loan is both well-secured and in the process of collection and collectability is no longer doubtful.

The Bank has determined that the entire balance of a loan is contractually delinquent for all classes if the minimum payment is not received by the specified due date on the borrower's statement. Interest and fees continue to accrue on past due loans until the date the loan goes into nonaccrual status, if applicable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Loans and allowance for credit losses (continued)

The following table is a summary of the Bank's nonaccrual loans by major categories as of December 31, 2024:

(dollars in thousands)	Nonaccrual Loans with No Allowance	Nonaccrual Loans with an Allowance	Total Nonaccrual Loans
Commercial	$ 90	$ 121	$ 211
Commercial Real Estate	173	1,536	1,709
Consumer	-	200	200
Residential	2,404	885	3,289
Total Loans	$ 2,667	$ 2,742	$ 5,409

The following table is a summary of the Bank's nonaccrual loans by major categories as of December 31, 2023:

(dollars in thousands)	Nonaccrual Loans with No Allowance	Nonaccrual Loans with an Allowance	Total Nonaccrual Loans
Commercial	$ 208	$ 212	$ 420
Commercial Real Estate	5,945	268	6,213
Consumer	29	258	287
Residential	2,174	1,526	3,700
Total Loans	$ 8,356	$ 2,264	$ 10,620

The Company recognized no interest income on nonaccrual loans during the years ended December 31, 2024 and December 31, 2023.

The following table represents the accrued interest receivables written off by reversing interest income during the years ended December 31, 2024 and 2023:

(dollars in thousands)	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Commercial	$ 3	$ 12
Commercial Real Estate	10	92
Consumer	4	16
Residential	19	55
Total Loans	$ 36	$ 175

4. Loans and allowance for credit losses (continued)

Collateral dependent loans

The following table presents collateral dependent loans by loan segment and the related ACL as of December 31, 2024:

(dollars in thousands)	Loans	ACL
Commercial	$ 2,196	$ -
Commercial Real Estate	12,760	536
Consumer	162	-
Residential	8,192	89
Total Loans	$ 23,310	$ 625

The following table presents collateral dependent loans by loan segment and the related ACL as of December 31, 2023:

(dollars in thousands)	Loans	ACL
Commercial	$ 301	$ 67
Commercial Real Estate	15,083	356
Consumer	20	-
Residential	8,987	267
Total Loans	$ 24,391	$ 690

5. Bank premises and equipment

Components of Bank premises and equipment included in the consolidated balance sheets at December 31, 2024 and 2023, were as follows:

	2024	2023
Buildings and leasehold improvements	$ 26,459,378	$ 26,690,366
Equipment	19,167,719	19,057,189
Land	4,832,357	4,979,357
Construction-in-progress	1,333,839	-
	51,793,293	50,726,912
Less: accumulated depreciation and amortization	(30,716,309)	(29,058,326)
	$ 21,076,984	$ 21,668,586

Depreciation expense amounted to approximately $2,134,000 and $2,217,000 during the years ended December 31, 2024 and 2023, respectively.

6. Time deposits

At December 31, 2024, the scheduled maturities of all outstanding certificates of deposit and IRAs were as follows:

Year ending December 31st	Amount
2025	$ 173,107,620
2026	13,913,570
2027	2,195,523
2028	671,511
	$ 189,888,224

Included in deposits are approximately $55,834,000 and $45,242,000 of certificates of deposit and IRA accounts greater than or equal to $250,000 at December 31, 2024 and 2023, respectively.

7. Other operating expenses

Other operating expenses for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Reserve for ad valorem taxes	$ 910,290	$ 1,041,615
Telephone, stationary, and supplies	726,060	754,956
Professional fees and expenses	802,785	823,223
Regulatory assessments	678,014	735,569
Debit card and other losses	430,707	326,241
Director fees	436,445	461,464
Uncollected overdrafts	208,523	165,410
Other real estate expenses, net	522,867	177,595
Other	2,599,271	2,450,922
	$ 7,314,962	$ 6,936,995

8. Income taxes

The source and tax effect of items reconciling income tax expense to the amount computed by applying the federal income tax rates in effect to net income before income tax expense for the years ended 2024 and 2023, are as follows:

	2024			2023		
		Amount	Percent		Amount	Percent
Income before income taxes	$	16,162,646	100.0%	$	7,442,501	100.0%
U.S. Federal income tax expense	$	3,394,156	21.0%	$	1,562,925	21.0%
Tax free municipal income		(405,033)	(2.5)		(525,936)	(7.1)
Other		(459,307)	(2.8)		(175,395)	(2.3)
Income tax expense	$	2,529,816	15.7%	$	861,594	11.6%

The components of income tax expense during the years ended December 31, 2024 and 2023, were as follows:

	2024		2023	
Current tax expense	$	2,695,775	$	1,209,217
Deferred tax benefit		(165,959)		(347,623)
	$	2,529,816	$	861,594

The Company records deferred income taxes on the tax effect of changes in temporary differences. Deferred tax assets are subject to a valuation allowance if their realization is less than 50% probable. The deferred tax assets and liabilities were comprised of the following at December 31, 2024 and 2023:

	2024		2023	
Depreciation and amortization	$	(348,137)	$	(568,440)
Goodwill amortization		(356,170)		(356,169)
Other items		(103,532)		(160,191)
Gross deferred tax liability	$	(807,839)	$	(1,084,800)
Allowance for credit losses	$	1,915,540	$	2,080,621
Unrealized losses on available-for-sale securities		9,781,820		9,438,563
Deferred compensation		218,328		209,022
Other		166,680		121,907
Gross deferred tax asset		12,082,368		11,850,113
Net deferred tax asset	$	11,274,529	$	10,765,313

9. Employee benefits

The Company offers a 401(k) Plan (the "Plan") to all employees who have completed three months of service and who have attained age 20. Plan assets are invested in a menu of diversified investment options including Company stock. The Plan is a "Safe-Harbor 401(k) Plan." The Company contributes a safe-harbor match equal to the sum of 100% of the amount of participant's salary reductions that are not in excess of 3% of compensation, plus 50% of the amount of salary reductions that exceed 3% of participant's compensation but not in excess of 5% of compensation. Participant's salary deferrals and Company's safe-harbor match are 100% vested. Any additional Company contributions to the Plan are at the discretion of the Board of Directors, with limitations based on a percentage of the participants' compensation. A participant's interest in his or her discretionary account balance becomes fully vested after completion of five years of service. The Company contributed approximately $516,000 and $486,000 to the Plan in 2024 and 2023, respectively. At December 31, 2024 and 2023, the Plan held 62,014 and 74,852 shares in common stock of the Company, respectively.

The Bank also offers a life insurance joint beneficiary plan to some of its executive officers. The Bank is the owner and beneficiary of split-dollar life insurance policies covering the lives of the officers. The plan provides for payment upon death of a calculated amount based primarily on the officer's salary to be paid from the proceeds of the policies to the officers' designated beneficiaries. The benefits have been accrued in the accompanying consolidated financial statements.

10. Equity incentive plan

On May 10, 2022, the Company's stockholders approved the 2022 Omnibus Incentive Plan which authorized the issuance of up to 170,000 shares of the Company's stock through the restricted stock awards, stock options, and other equity awards to its officers and employees. At December 31, 2024 and 2023, there were 135,950 and 154,000 shares available to be issued, respectively.

On November 15, 2022, the Company granted 17,000 restricted stock awards to certain officers and employees at $28.00 per share. The total fair value of the restricted stock awards at the grant date was approximately $476,000. On March 15, 2024, the Company granted 18,800 restricted stock awards to certain officers and employees at $23.75 per share. The total fair value of the restricted stock awards at the grant date was approximately $446,500. On May 21, 2024, the Company granted 1,250 restricted stock awards to one officer at $24.00 per share. The total fair value of the restricted stock awards at the grant date was approximately $30,000. Restricted stock awards vest over a four year period. For the year ended December 31, 2024 and 2023, the Company recognized approximately $202,000 and $115,000 in compensation cost related to restricted stock awards, respectively, which is included in other operating expenses in the accompanying consolidated statements of operations. At December 31, 2024 and 2023, there was approximately $556,000 and $322,000, respectively, of unrecognized compensation cost related to restricted stock awards. Stock option activity for the years ended December 31, 2024 and 2023 follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Balance, December 31, 2022	17,000	$ 28.00
Granted	-	-
Forfeited	(1,000)	28.00
Balance, December 31, 2023	16,000	$ 28.00
Granted	20,050	23.77
Forfeited	(2,000)	25.88
Balance, December 31, 2024	34,050	$ 25.63

11. Contingencies

The Company is a party to various legal proceedings arising in the ordinary course of business. In the opinion of management, the ultimate resolution of these legal proceedings will not have a material adverse effect on the Company's consolidated financial statements.

12. Financial instruments with off-balance-sheet risk

To meet the financing needs of its customers the Bank is a party to various financial instruments with off-balance sheet risk in the normal course of business. These financial instruments include commitments to extend credit, standby letters of credit, and commercial letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the consolidated balance sheets. The contract or notional amounts of those instruments reflect the extent of the involvement the Bank has in particular classes of financial instruments. The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit, and commercial letters of credit is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making these commitments and conditional obligations as it does for on-balance sheet instruments.

The following is a summary as of December 31, 2024 and 2023, of the various financial instruments entered into by the Bank:

	2024	2023
Commitments to extend credit	$ 135,402,427	$ 166,003,787
Standby letters of credit	1,855,132	1,329,599

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

The Bank evaluates customers' creditworthiness on a case-by-case basis. The amount of collateral obtained, if considered necessary by the Bank upon extension of credit, is based on management's credit evaluation of the customer.

Standby letters of credit and commercial letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. 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 its customers. The contractual amounts of credit-related financial instruments, such as commitments to extend credit and letters of credit, represent the amounts of potential accounting loss should the contract be fully drawn upon, the customer default, and the value of any existing collateral become worthless.

13. Minimum regulatory capital requirements

The Bank is subject to various regulatory capital requirements administered by 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 Company's

13. Minimum regulatory capital requirements (continued)

financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Common Equity Tier 1, Tier 1, and Total capital to risk-weighted assets and of Tier 1 capital to average assets. It is management's opinion, as of December 31, 2024, that the Bank meets all applicable capital adequacy requirements.

As of December 31, 2024, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum regulatory capital ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Bank's actual capital amounts and ratios as of December 31, 2024 and 2023, are also presented in the table below:

	Actual		Required For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2024:						
Total Regulatory Capital to risk weighted assets	$147,685,000	17.35%	$68,082,000	≥8.0%	$85,103,000	≥10.0%
Tier I Capital to risk weighted assets	138,280,000	16.25%	51,062,000	≥6.0%	68,082,000	≥8.0%
Tier I Leverage Capital	138,280,000	11.34%	48,784,000	≥4.0%	60,980,000	≥5.0%
Common Equity Tier 1 capital (to risk weighted assets):	138,280,000	16.25%	38,296,000	≥4.5%	55,317,000	≥6.50%

	Actual		Required For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2023:						
Total Regulatory Capital to risk weighted assets	$141,312,000	16.96%	$66,650,000	≥8.0%	$83,312,000	≥10.0%
Tier I Capital to risk weighted assets	130,981,000	15.72%	49,987,000	≥6.0%	66,650,000	≥8.0%
Tier I Leverage Capital	130,981,000	10.67%	49,111,000	≥4.0%	61,388,000	≥5.0%
Common Equity Tier 1 capital (to risk weighted assets):	130,981,000	15.72%	37,490,000	≥4.5%	54,153,000	≥6.50%

14. Disclosures about fair value of financial instruments

In accordance with the *Fair Value Measurements and Disclosure* topic of the Accounting Standards Codification, disclosure of fair value information about financial instruments, whether or not recognized in the consolidated balance sheets, is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

In accordance with this guidance, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation; or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement, determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

14. Disclosures about fair value of financial instruments (continued)

Assets and liabilities measured at fair value on a recurring basis

The following describes the hierarchy designations, valuation methodologies, and key inputs to measure fair value on a recurring basis for designated financial instruments.

Available-for-sale securities

Fair value estimates for investment securities are based on quoted market prices, where available (Level 1 inputs). If quoted market prices are not available, fair values are based on quoted market prices or comparable instruments (Level 2). The carrying amount of accrued interest on securities approximates its fair value.

Assets measured at fair value on a recurring basis are summarized below:

	Level 1	Level 2	Level 3
December 31, 2024			
Treasuries	$18,028,906	$ -	$ -
US govt. securities	-	14,213,156	-
Mortgage-backed securities	-	177,588,941	-
State & political subdivisions	-	119,616,530	-
Corporate bonds	-	10,180,759	-
Securities available-for-sale	$ 18,028,906	$ 321,599,386	$ -
December 31, 2023			
Treasuries	$17,774,414	$ -	$ -
US govt. securities	-	14,202,666	-
Mortgage-backed securities	-	193,561,914	-
State & political subdivisions	-	123,768,190	-
Corporate bonds	-	11,080,026	-
Securities available-for-sale	$ 17,774,414	$ 342,612,796	$ -

The Company did not record any liabilities at fair market value for which measurement of the fair value was made on a recurring basis at December 31, 2024 or 2023.

14. Disclosures about fair value of financial instruments (continued)

Assets and liabilities measured at fair value on a non-recurring basis

The following describes the hierarchy designation, valuation methodologies, and key inputs for those assets that are measured at fair value on a non-recurring basis:

Individually evaluated loans

For collateral dependent loans, fair value is commonly based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification.

Other real estate owned

Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at the lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments typically result in a Level 3 classification of the inputs for determining fair value.

Assets and liabilities measured at fair value on a non-recurring basis (in thousands) are summarized below:

		Fair Value Measurements at Reporting Date Using:		
(dollars in thousands)	Fair Value	Level 1	Level 2	Level 3
December 31, 2024				
Assets				
Individually evaluated loans				
Commercial	$ -	-	-	$ -
Commercial real estate	1,829	-	-	1,829
Consumer	-	-	-	-
Residential	32	-	-	32
Other real estate owned	2,205	-	-	2,205
Total	$ 4,066	-	-	$ 4,066

14. Disclosures about fair value of financial instruments (continued)

Assets and liabilities measured at fair value on a non-recurring basis (continued)

		Fair Value Measurements at Reporting Date Using:		
(dollars in thousands)	Fair Value	Level 1	Level 2	Level 3
December 31, 2023				
Assets				
Individually evaluated loans				
Commercial	$ -	-	-	$ -
Commercial real estate	68	-	-	68
Consumer	-	-	-	-
Residential	299	-	-	299
Other real estate owned	1,514	-	-	1,514
Total	$ 1,881	-	-	$ 1,881

For Level 3 assets measured at fair value on a non-recurring basis as of December 31, 2024 and 2023, the Company utilized the following valuation techniques and significant unobservable inputs.

For other real estate, the estimated fair value is based upon appraisals obtained from independent appraisers, which management adjusts for selling costs and other factors.

Individually evaluated loans

For individually evaluated loans, the amount of allowance for credit losses is based upon the present value of expected future cash flows discounted at the loan's effective interest rate or the estimated fair value of the underlying collateral for collateral-dependent loans, resulting in a discount range of 5% to 30%.

14. Disclosures about fair value of financial instruments (continued)

Financial instruments

The carrying amounts and estimated fair values of financial instruments at December 31, 2024 are as follows (in thousands):

	Carrying Amount	Fair Value Measurements at December 31, 2024 Using: Level 1	Level 2	Level 3	Total
Financial Assets:					
Cash and due from banks and Interest bearing deposits in other banks	$ 58,879	$ 58,879	$ -	$ -	$ 58,879
Securities available-for-sale	339,628	18,029	321,599	-	339,628
Securities held-to-maturity	7,235	-	7,179	-	7,179
Loans held for sale	322	-	322	-	322
Loans, net of allowance	716,909	-	-	715,464	715,464
Other stocks	3,299	-	3,299	-	3,299
Life insurance contracts	20,947	20,947	-	-	20,947
Accrued interest receivable	4,983	-	2,222	2,761	4,983
Financial Liabilities:					
Noninterest bearing deposits	$ 224,045	$ -	$ 224,045	$ -	$ 224,045
Interest bearing deposits	802,832	-	678,993	-	678,993
Securities sold under repurchase agreements	91	-	91	-	91
Accrued interest payable	3,235	-	3,235	-	3,235
Other borrowings	50,000	-	50,090	-	50,090
Subordinated debentures	29,728	-	25,828	-	25,828

14. Disclosures about fair value of financial instruments (continued)

The estimated fair values of the Company's financial instruments at December 31, 2023, were as follows (in thousands):

	Carrying Amount	Fair Value Measurements at December 31, 2023 Using: Level 1	Level 2	Level 3	Total
Financial Assets:					
Cash and due from banks and Interest bearing deposits in other banks	$ 74,535	$ 74,535	$ -	$ -	$ 74,535
Securities available-for-sale	360,387	17,774	342,613	-	360,387
Securities held-to-maturity	9,474	-	9,341	-	9,341
Loans held for sale	-	-	-	-	-
Loans, net of allowance	675,710	-	-	670,998	670,998
Other stocks	3,232	-	3,232	-	3,232
Life insurance contracts	17,727	17,727	-	-	17,727
Accrued interest receivable	4,908	-	2,483	2,425	4,908
Financial Liabilities:					
Noninterest bearing deposits	$ 254,517	$ -	$ 254,517	$ -	$ 254,517
Interest bearing deposits	773,421	-	639,985	-	639,985
Securities sold under repurchase agreements	320	-	320	-	320
Accrued interest payable	1,571	-	1,571	-	1,571
Other borrowings	50,000	-	50,092	-	50,092
Subordinated debentures	29,586	-	24,306	-	24,306

The methods assumptions, not previously presented, used to estimate fair values are described as follows:

Cash and cash equivalents

The carrying amounts of cash and cash equivalents approximate fair values and are classified as Level 1.

Interest earning deposits in other depository institutions

The carrying amount of interest-earning deposits approximate fair value and are classified as Level 1.

Loans receivable, net

The fair value of loans is estimated through discounted cash flow analysis using current rates at which loans with similar terms would be made to borrowers of similar credit quality resulting in a Level 3 classification. Appropriate adjustments are made to reflect probable credit losses. The carrying amount of accrued interest on loans approximated its fair value.

14. Disclosures about fair value of financial instruments (continued)

Other stocks

The value of the stock is based on the current book value per common share of stock and is classified as Level 2.

Life insurance contracts

The carrying amounts of life insurance contracts approximate fair values and are classified as Level 1.

Deposit liabilities

ASC 825 specifies that the fair value of deposit liabilities with no defined maturity is the amount payable on demand at the reporting date, i.e., their carrying or book value. The fair value of fixed-rate certificates of deposit is estimated using a discounted cash flow calculation that applies interest rates currently offered on certificates of similar remaining maturities to a schedule of aggregate expected cash flows on time deposits and are classified as Level 2.

Short-term borrowings

The carrying amounts of federal funds purchased, borrowings under repurchase agreements, and other short-term borrowings maturing within ninety days approximate their fair values. Fair values of other short-term borrowings are estimated using discounted cash flow analyses based on current market rates for similar types of borrowing arrangements and are classified as Level 2.

Accrued interest receivable/payable

The carrying amount of accrued interest receivable/payable approximates its fair value resulting in a Level 2 or Level 3 classification consistent with the classification of the asset/liability with which they are associated.

Off-balance sheet instruments

Off-balance sheet financial instruments include commitments to extend credit and undisbursed lines of credit. The fair value of such instruments is estimated using fees currently charged for similar arrangements in the marketplace, adjusted for changes in terms and credit risk as appropriate. The estimated fair value for these instruments was not significant at December 31, 2024 and 2023. The contract or notional amounts of the Company's financial instruments with off-balance sheet risk are disclosed in Note 12.

15. Other borrowed funds and lines of credit

The Company has a $5,000,000 revolving line-of-credit with First National Bankers' Bank (FNBB), and has pledged 768,000 shares of the Bank's common stock as security under the agreement. No amounts were drawn under this agreement as of December 31, 2024 or 2023.

The Bank has also established a federal funds line-of-credit with FNBB to provide additional sources of operating funds. The Bank can borrow up to $35,000,000 at December 31, 2024 and 2023. No amounts were drawn under this agreement at December 31, 2024 or 2023.

15. Other borrowed funds and lines of credit (continued)

The Bank has established a line-of-credit with Federal Home Loan Bank of Dallas (FHLB) and can borrow up to approximately $263,886,000 and $256,635,000 as of December 31, 2024 and 2023, respectively. The Bank made blanket pledges consisting of qualifying mortgage assets totaling $695,667,000 and $637,047,000 as of December 31, 2024 and 2023, respectively, and FHLB stock totaling $1,525,200 and $1,446,300 as of December 31, 2024 and 2023, respectively, as collateral to secure the FHLB line-of-credit. Under this FHLB agreement, the Bank has Letters of Credit totaling $15,095,613 and $0 as of December 31, 2024 and 2023, respectively.

The Bank participated in the Federal Reserve's Bank Term Funding Program ("BTFP"). The program commenced on March 12, 2023, and offered loans in terms of up to one year. The loans are secured by pledging the Bank's eligible investment securities. The Bank had approximately $94,200,000 and $98,600,000 in bonds pledged (at par value) at December 31, 2024 and 2023, respectively, and outstanding borrowings totaling $50,000,000 at a rate of 4.81% under the BTFP, which all becomes due in 2025.

16. Subordinated notes

The Company issued $30,000,000 in aggregate principal amount of fixed-to-floating subordinated notes during the year ended December 31, 2021. The terms are listed below.

Issue date	December 15, 2021
Maturity date	December 15, 2031
Interest rate	3.75% through December 15, 2026, then SOFR plus 264.0 basis points through maturity

Interest expense was approximately $1,267,000 and $1,267,000 at December 31, 2024 and 2023, respectively, and the principal balance owed was $30,000,000. Debt issuance costs amounting to $271,731 and $413,503 remained as of December 31, 2024 and 2023 are being amortized over the life of the debt. Amortization expense during the years ended December 31, 2024 and 2023 was approximately $142,000 and $142,000, respectively.

As part of the agreements, the Company will not declare or pay any dividend or make any distribution on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its capital stock or other equity securities of any kind, if (i) the total risk-based capital ratio, Tier 1 risk-based capital ratio or leverage ratio of the Company or any of the Company's banking subsidiaries becomes less than ten percent (10%), six percent (6%) or five percent (5%), respectively, or (ii) there exists an Event of Default, in each case except for dividends payable solely in shares of common stock of the Company or as required by any federal or state Governmental Agency.

The subordinated notes may be included in Tier 1 capital for the Bank (with certain limitations applicable) under current regulatory guidelines and interpretations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Related party transactions

Loans are made in the normal course of business to its directors, executive officers and their associates on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons. Such loans did not involve more than normal risks of collectability. An analysis of activity during 2024 and 2023 with respect to loans to officers and directors of the Bank is as follows:

	2024	2023
Balance – beginning of year	$ 10,197,046	$ 928,597
Change in related parties	-	9,283,077
New loans	1,820,311	1,781,529
Payments	(1,625,713)	(1,796,157)
Balance - end of year	$ 10,391,644	$ 10,197,046

Included in deposits are deposits from directors, officers, their immediate families, and related companies. These accounts totaled approximately $24,313,000 and $24,105,000 at December 31, 2024 and 2023, respectively.

18. Forgivable loan agreements

During 2019, the Company executed two agreements with key executives of the Company in order to enable them to purchase shares of the Company's stock. In each case, the loans are secured by the 2,000 shares of stock purchased with the proceeds of the loan. For one agreement, the initial amount of the loan was $117,240 payable in four equal annual installments, to be forgiven as long as the executive continues to be employed as of January 1st of each year, beginning on February 1, 2020 and thereafter on each subsequent February 1st until principal is paid in full. For the other agreement, the initial amount of the loan was $114,570 payable in four equal annual installments, to be forgiven as long as the executive continues to be employed as of January 1st of each year, beginning on February 1, 2021 and thereafter on each subsequent February 1st until principal is paid in full. These agreements were fulfilled as of the year ended December 31, 2024.

During 2021, the Company executed one agreement with a key executive of the Company in order to enable them to purchase shares of the Company's stock. The loan is secured by the 500 shares of stock purchased with the proceeds of the loan. The initial amount of the loan was $25,955 payable in four equal annual installments, to be forgiven as long as the executive continues to be employed as of January 1st of each year, beginning on May 31, 2022 and thereafter on each subsequent May 31st until principal is paid in full.

19. Leases

The Bank has four leases under operating leases expiring in 2025, 2026, 2027, and 2028. Leases with an initial term of 12 months or less are not recorded on the balance sheet and lease expense is recognized on a straight-line basis over the lease term. The Bank had no finance leases as of December 31, 2024 or 2023.

The Bank uses its FHLB advance fixed rates, which are the Bank's incremental borrowing rates for secured borrowings, as the discount rates to calculate lease liabilities. The weighted average discount rate used is 3.73% and the weighted average remaining term of all leases is 3.26 years.

The Company had a right-of-use asset totaling approximately $669,000 and $684,000, and a lease liability totaling approximately $635,000 and $684,000 for the years ended December 31, 2024 and 2023, respectively. The Company recognized lease expense of approximately $330,000 and $323,000 during the years ended December 31, 2024 and 2023, respectively.

19. Leases (continued)

As lessee, operating lease liabilities under non-cancellable leases (excluding short-term leases) are as follows:

Year ending December 31st		Amount
2025	$	275,120
2026		207,364
2027		153,243
2028		33,750
Total lease payments		669,477
Less: Interest		(34,437)
Present value of lease liabilities	$	635,040

20. Subsequent events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, March 17, 2025, and determined that there were no events that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

21. Bank Only Financial Statements

BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
Cash and due from banks	$ 28,362,556	$ 29,553,368
Interest bearing deposits in other banks	30,490,348	40,634,372
Cash and cash equivalents	58,852,904	70,187,740
Securities available-for-sale, at fair value	339,628,292	360,387,210
Securities held-to-maturity, at amortized cost	7,234,703	9,474,313
Other stocks	3,299,297	3,231,643
Loans held for sale	321,983	-
Loans held for investment, less allowances for credit losses of $9,121,621 and $9,907,722 at December 31, 2024 and 2023, respectively	716,908,518	675,710,294
Accrued interest receivable	4,983,070	4,908,323
Bank premises and equipment, net	21,076,984	21,668,586
Other real estate owned	2,204,968	1,513,964
Goodwill and other intangibles	4,179,545	4,179,545
Life insurance contracts	20,946,864	17,727,284
Other assets	15,800,625	14,850,445
Total assets	$ 1,195,437,753	$ 1,183,839,347

21. Bank Only Financials Statements (continued)

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	2024	2023
Deposits		
Demand deposit accounts, non-interest bearing	$ 229,734,325	$ 254,579,229
Demand deposit accounts, interest bearing	311,787,150	311,708,545
Individual retirement accounts	11,597,142	11,339,406
Savings and money market accounts	301,157,093	317,061,235
Certificates of deposit - $250,000 and over	55,871,762	44,851,839
Other certificates of deposit	122,419,320	88,460,165
	1,032,566,792	1,028,000,419
Securities sold under repurchase agreements	90,758	320,094
Accrued interest payable	3,234,841	1,570,702
Other borrowings	50,000,000	50,000,000
Accrued expenses and other liabilities	4,240,133	4,657,396
Total liabilities	1,090,132,524	1,084,548,612
Stockholder's equity:		
Common stock; $12.50 par value; 1,536,000 shares authorized; 768,000 shares issued and outstanding at December 31, 2024 and 2023	9,600,000	9,600,000
Additional paid-in-capital	47,400,000	47,400,000
Retained earnings	85,103,502	77,797,708
Accumulated other comprehensive loss	(36,798,273)	(35,506,973)
Total stockholder's equity	105,305,229	99,290,735
Total liabilities and stockholder's equity	$ 1,195,437,753	$ 1,183,839,347

21. Bank Only Financial Statements (continued)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
INTEREST AND DIVIDEND INCOME		
Interest and fees on loans	$ 46,466,313	$ 40,028,396
Investment securities:		
Taxable	6,818,287	7,686,350
Non-taxable	3,094,438	3,143,562
Federal funds sold and interest bearing deposits in other banks	1,141,538	1,262,566
Total interest income	57,520,576	52,120,874
INTEREST EXPENSE		
Interest on deposits	10,159,728	5,787,748
Interest on securities sold under repurchase agreements and other borrowing	15,373	68,915
Interest on other borrowings	2,407,300	1,101,361
Total interest expense	12,582,401	6,958,024
NET INTEREST INCOME	44,938,175	45,162,850
(Reversal) provision for credit losses	(676,917)	1,252,399
NET INTEREST INCOME AFTER (REVERSAL) PROVISION FOR CREDIT LOSSES	45,615,092	43,910,451
NONINTEREST INCOME		
Service charges and fees on deposit accounts	8,599,955	8,870,553
Trust department income	606,996	557,324
Fees and commissions from securities brokerage	445,950	444,253
Gain on sale of mortgage loans held for sale	382,387	443,682
Realized losses on sale of investments	-	(7,840,872)
Other income	979,646	951,038
	11,014,934	3,425,978

21. Bank Only Financial Statements (continued)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
NONINTEREST EXPENSES		
Salaries and employee benefits	$ 21,338,669	$ 20,277,901
Occupancy expenses	5,483,170	5,545,031
Computer and processing expenses	4,365,963	5,199,378
Business promotion and advertising expenses	974,670	991,352
Other operating expenses	6,974,362	6,642,839
	39,136,834	38,656,501
INCOME BEFORE INCOME TAX EXPENSE	17,493,192	8,679,928
Income tax expense	2,826,357	1,123,055
NET INCOME	14,666,835	7,556,873
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized gains/losses on securities:		
Unrealized holding gains/losses arising during the period net of taxes of ($343,257) and $2,350,123, respectively	(1,291,300)	8,840,937
Less: credit loss expense, net of taxes of $0 and $86,937, respectively	-	330,925
Less: reclassification adjustments for gains included in net income, net of taxes of $0 and $1,646,583, respectively	-	6,194,289
Other comprehensive income (loss)	(1,291,300)	15,366,150
COMPREHENSIVE INCOME	$ 13,375,535	$ 22,923,023

22. Parent Only Financial Statements

BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
Cash in subsidiary bank	$ 5,586,049	$ 13,492
Cash in correspondent banks	26,569	4,347,498
Cash and cash equivalents	5,612,618	4,360,990
Investment in subsidiary bank	105,305,229	99,290,735
Investment in JD Bank Insurance, LLC	87,427	27,788
Other assets and income taxes receivable	1,225,424	282,936
Total assets	$ 112,230,698	$ 103,962,449

LIABILITIES AND STOCKHOLDERS' EQUITY

	2024	2023
Subordinated debentures	$ 29,728,269	$ 29,586,497
Other liabilities	-	16,973
Total liabilities	29,728,269	29,603,470
Preferred stock; no par value; 2,000,000 shares authorized no shares issued or outstanding	-	-
Common stock; $6.25 par value; 10,000,000 shares authorized; 3,421,113 shares issued and outstanding at December 31, 2024 and 3,419,560 shares issued and outstanding at December 31, 2023	21,381,956	21,372,250
Additional paid-in capital	9,733,484	9,995,508
Retained earnings	88,191,751	78,539,814
Note receivable for common stock	(6,489)	(41,620)
Accumulated other comprehensive loss	(36,798,273)	(35,506,973)
Total stockholders' equity	82,502,429	74,358,979
Total liabilities and stockholders' equity	$ 112,230,698	$ 103,962,449

22. Parent Only Financial Statements (continued)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
INCOME		
Dividends from subsidiary bank	$ 7,361,041	$ 4,513,864
Dividends from subsidiary insurance company	-	125,000
Other income	53,201	-
Interest income	148,075	220,825
	7,562,317	4,859,689
EXPENSES		
Interest expense	1,266,772	1,266,772
Operating expenses	340,544	293,745
Taxes and other expenses	(312,394)	(282,936)
	1,294,922	1,277,581
INCOME BEFORE EQUITY IN UNDISTRIBUTED EARNINGS OF SUBSIDIARIES	6,267,395	3,582,108
Equity in undistributed earnings of subsidiaries and excess distribution of earnings	7,365,433	2,998,799
NET INCOME	13,632,828	6,580,907
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized holding gains (losses) arising during the period, net of taxes of ($343,257) and $2,350,123, respectively	(1,291,300)	8,840,937
Less: Credit loss expense, net of taxes of $0 and $86,937, respectively	-	330,925
Less: reclassification adjustments for losses (gains) included in net income, net of taxes of $0 and $1,646,583, respectively	-	6,194,289
Other comprehensive income (loss)	(1,291,300)	15,366,150
COMPREHENSIVE INCOME (LOSS)	$ 12,341,528	$ 21,947,057

22. Parent Only Financial Statements (continued)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 13,632,828	$ 6,580,907
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	236,831	179,358
Amortization of debt issuance costs	141,772	141,772
Undistributed earnings of Bank	(7,305,794)	(3,043,009)
Undistributed earnings of JD Bank Ins.	(59,639)	(80,789)
Change in operating assets and liabilities	(959,462)	19,310
Net cash provided by operating activities	5,686,536	3,797,549
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	(3,980,891)	(3,693,665)
Repurchases of common stock	(454,018)	
Net cash used in financing activities	(4,434,909)	(3,568,665)
Increase in cash	1,251,627	228,884
Cash - beginning of year	4,360,990	4,132,106
Cash - end of year	$ 5,612,617	$ 4,360,990

23. JD Bank Insurance, LLC Financial Statements

BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
Cash	$ 103,280	$ 49,150
Other assets	-	114
Total assets	$ 103,280	$ 49,264

LIABILITIES AND STOCKHOLDER'S EQUITY

	2024	2023
Other liabilities	$ 15,853	$ 21,476
Total liabilities	15,853	21,476
Stockholder's equity	685,000	685,000
Accumulated deficit	(597,573)	(657,212)
Total stockholder's equity	87,427	27,788
Total liabilities and stockholder's equity	$ 103,280	$ 49,264

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. JD Bank Insurance, LLC Financial Statements (continued)

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
INCOME		
Commissions earned	$ 75,549	$ 102,321
	75,549	102,321
EXPENSES		
Insurance expenses	57	57
Other operating expenses	15,853	21,475
	15,910	21,532
NET INCOME	$ 59,639	$ 80,789

23. JD Bank Insurance, LLC Financial Statements (continued)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 59,639	$ 80,789
Adjustments to reconcile net income to net cash provided by operating activities:		
Net change in operating assets and liabilities:		
Income taxes payable and other liabilities	(5,509)	2,659
Net cash provided by operating activities	54,130	83,448
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	-	(125,000)
Net cash used in financing activities	-	(125,000)
Change in cash	54,130	(41,552)
Cash - beginning of year	49,150	90,702
Cash - end of year	$ 103,280	$ 49,150

EXECUTIVE OFFICERS

JD BANK

PAUL E. BRUMMETT, II
Chief Executive Officer

JIMMY LEBLANC
President and Chief Commercial Banking Officer

BAVO GALL
Executive Vice President and Chief Information Officer

RAMONA SCHEXNIDER
Executive Vice President and Chief Risk Officer

MARSHA WILLIAMS
Executive Vice President and Chief Credit Officer

ANN BARILLEAUX
Senior Vice President and Marketing Director

SHALEEN BIGGS
Senior Vice President and Chief Administrative Officer

JARED DOUCET
Senior Vice President and Chief Financial Officer

GEORGE SHAFER
Senior Vice President and Attorney/Chief Compliance Officer

BRENDA THIBEAUX
Senior Vice President and Chief Human Resource Director

DIRECTORS

JD BANCSHARES, INC.
AND
JD BANK

DAN L. DONALD, JR.
Chair
JD Bancshares, Inc.
JD Bank

DAVID B. DONALD
Vice Chair
JD Bancshares, Inc.
JD Bank

SARA A. ROBERTS
Secretary
JD Bancshares, Inc.
JD Bank

PAUL E. BRUMMETT, II
JD Bancshares, Inc.
President
JD Bank
Chief Executive Officer

G. VINCENT BAILEY

DARYL V. BURCKEL

ANDREW CORMIER

MILTON RAY CROCHET

MICHAEL A. GUILLORY

RAY HINES

THOMAS E. LEGER

TERRY J. TERREBONNE

JD BANK LOCATIONS

CARLYSS
4507 Hwy 27 S, Sulphur, LA 70665

EUNICE
300 Park Ave., Eunice, LA 70535

IOWA
414 S. Kinney, Iowa, LA 70647

JENNINGS – MAIN
507 N. Main St., Jennings, LA 70546

JENNINGS – WEST DIVISION
407 W. Division, Jennings, LA 70546

JENNINGS – ROBERTS AVENUE
446 Roberts Ave., Jennings, LA 70546

KINDER
438 N. Ninth St., Kinder, LA 70648

LAFAYETTE – JOHNSTON STREET
3600 Johnston St., Lafayette, LA 70503

LAFAYETTE – VEROT SCHOOL ROAD
300 Verot School Rd., Lafayette, LA 70508

LAKE ARTHUR
338 Arthur Ave, Lake Arthur, LA 70549

LAKE CHARLES – SALE ROAD
119 W. Sale Rd., Lake Charles, LA 70605

LAKE CHARLES – HWY 14
2726 Gerstner Memorial Dr., Lake Charles, LA 70601

LAKE CHARLES – KIRBY
535 Kirby St., Lake Charles, LA 70601

LAKE CHARLES – MORGANFIELD
4989 E McNeese St., Lake Charles, LA 70607

LAKE CHARLES – NELSON
4400 Nelson Rd., Lake Charles, LA 70605

MAMOU
609 Main St., Mamou, LA 70554

MOSS BLUFF
120 Sam Houston Jones Pkwy., Lake Charles, LA 70611

NEW IBERIA – N. LEWIS STREET
529 N Lewis St., New Iberia, LA 70563

OPELOUSAS
1614 S. Union St., Opelousas, LA 70570

SULPHUR
2905 Maplewood Dr., Sulphur, LA 70663

VILLE PLATTE
1311 W Lasalle, Ville Platte, LA 70586

WELSH
101 N. Adams St., Welsh, LA 70591

WESTLAKE
1511 Sampson St., Westlake, LA 70669

LOAN PRODUCTION/DEPOSIT PRODUCTION OFFICES

BATON ROUGE
9026 Jefferson Hwy., Ste. 402, Baton Rouge, LA 70809

NORTHSHORE
1409 West Causeway Approach, Mandeville, LA 70471