

2025 ANNUAL REPORT

J BANCSHARES
INC.

AMERICAN BANKER.

2025 Best Banks
to Work For

President's Message to Shareholders:

As I reflect on 2025, I am incredibly proud of what our team has accomplished together. This year, JD Bank was honored to be named one of the Best Banks to Work For by American Banker. That recognition reflects the culture our employees have built and the commitment they bring to serving our customers and communities every day.

On a personal note, 2025 marked my 34th year with JD Bank and my first full year serving as CEO of JD Bank and President of JD Bancshares, Inc. I have spent the majority of my career here, and it has been rewarding to see how far our bank has come. When I first joined JD Bank, we had just three locations — Jennings, Lake Arthur, and Iowa. Today, we proudly serve our communities through 23 offices across South Louisiana. We also continue investing in technology and digital banking capabilities to provide customers with greater convenience and access to their financial services.

JD Bank delivered a strong financial performance in 2025, reflecting the sound guidance of our Board of Directors, the dedication of our employees, and the trust our customers place in us every day. Their commitment continues to position JD Bank for long-term success as we build on our growth and remain focused on serving the communities that have supported us for generations.

Net income for the year ended December 31, 2025, was \$13.0 million compared to \$13.6 million for the prior twelve-month period ended December 31, 2024. The decrease in net income in the current year compared to the prior year was due primarily to a large release from the Allowance for Credit Losses in the prior year. Return on Assets (ROA) and Return on Equity (ROE) for 2025 are 1.08% and 14.29%, respectively, compared to 1.16% and 17.16% for 2024.

Interest income from loans, investments, and other earning assets for the year ended December 31, 2025, was \$60.3 million, reflecting a \$2.6 million increase over the \$57.7 million reported for the prior year. Average earning assets outstanding for the year increased by \$14.3 million and the overall yield on earning assets increased by 16 basis points from 5.13% to 5.29%.

Interest expense on deposits and borrowings for the twelve months ended December 31, 2025, was \$14.5 million compared to \$13.8 million for the prior year period, resulting in an increase of \$665,000. The average volume of interest-bearing liabilities increased \$21.1 million in 2025 compared to 2024. In addition, the cost of interest-bearing liabilities increased by 4 basis points, from 1.62% to 1.66%.

Net interest income increased by \$2.0 million in 2025, to \$45.8 million, from \$43.8 million in 2024. The increase in interest income was somewhat offset by the increase in interest expense. The net interest margin for 2025 is 4.03% compared to 3.92% for 2024.

Non-interest income increased by \$78,000, from \$11.1 million in 2024, to \$11.2 million in 2025. Increases in trust department income, fees and commissions from securities brokerage, gains on

sale of mortgage loans, and income from life insurance contracts, were partially offset by declines in service charges and fees on deposit accounts and other income.

Non-interest expense increased by \$1.5 million from \$39.5 million in 2024 to \$41.0 million in 2025. The largest component of non-interest expense is salaries and employee benefits, which increased by \$1.2 million, from \$21.3 million in 2024 to \$22.5 million in 2025. Computer and processing expenses increased by \$398,000, to \$4.8 million in 2025 from \$4.4 million in 2024. Other operating expenses are \$7.3 million for both periods reported.

Total assets as of December 31, 2025, were \$1.258 billion, reflecting a \$61.5 million increase from \$1.197 billion as of December 31, 2024. Cash and cash equivalents and gross loans held for investment were the asset categories experiencing the largest increases. Cash and cash equivalents increased by \$13.5 million, and loans held for investment increased by \$45.3 million. Bank premises and equipment also increased by \$8.1 million from \$21.1 million in 2024 to \$29.2 million in 2025. Asset categories experiencing declines include investment securities and other assets.

Total liabilities experienced an increase of \$40.9 million between December 31, 2024, and December 31, 2025. Total deposits increased \$91.6 million while other borrowings declined by \$50.0 million during the same time frame.

Total stockholders' equity increased by \$20.6 million during 2025. The largest component of the increase was the reduction of accumulated other comprehensive loss of \$11.7 million. Net income of \$13.0 million was partially offset by \$4.1 million of dividends paid.

As of this writing, we have completed a state-of-the-art renovation of our Main Office location in Jennings and have opened a full-service branch facility on Jefferson Highway in Baton Rouge. In addition, we have purchased a branch location in Mandeville which will open in late 2026 or early 2027. These locations will move us closer to creating a branch network from southwest to southeast Louisiana. We remain clearly aligned with the mission of the Company - "To Be the Best Community Bank in Louisiana".

Our success continues to be driven by the strength of our relationships – with our customers, our communities, and our dedicated employees who live our values every day. As we look ahead, we remain focused on thoughtful growth, continued investment in technology and services, and delivering the level of personal service that defines JD Bank.

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 - President, JD Bancshares, Inc. - 337.246.5395 - paul.brummett@jdbank.com

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

	2025	2024	Change
Deposits and Repurchase Agreements	\$ 1,118,519	\$ 1,026,968	8.91%
Loans (Net)	762,222	716,909	6.32%
Net Income	12,960	13,633	-4.94%
Stockholder's Equity	103,120	82,502	24.99%
Dividends Declared	4,082	3,981	2.54%

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

	2025	2024	2023	2022	2021
<u>Assets and Liabilities at Year End</u>					
Total Assets	\$ 1,258,192	\$ 1,196,690	\$ 1,188,470	\$ 1,236,136	\$ 1,356,576
Loans (Net)	762,222	716,909	675,710	663,975	615,081
Investments Available-for-Sale (AFS) (Fair Value)	337,681	339,628	360,387	441,605	471,851
Investments Held-to-Maturity (HTM) (at Amortized Cost)	5,051	7,235	9,474	11,069	13,531
Other Stocks, at Cost	2,411	3,299	3,232	2,416	7,503
Deposits and Repurchase Agreements	1,118,519	1,026,968	1,028,258	1,144,315	1,201,760
<u>Stockholders' Equity</u>					
Common Stock	\$ 21,412	\$ 21,382	\$ 21,372	\$ 21,379	\$ 21,438
Additional Paid-in-Capital	9,759	9,733	9,996	9,874	10,549
Retained Earnings	97,070	88,192	78,540	76,822	68,142
Accumulated Other Comprehensive Income (Loss)	(25,121)	(36,799)	(35,507)	(50,873)	1,271
Note Receivable for Common Stock	-	(6)	(42)	(106)	(171)
Total Stockholders' Equity	<u>\$ 103,120</u>	<u>\$ 82,502</u>	<u>\$ 74,359</u>	<u>\$ 57,096</u>	<u>\$ 101,229</u>
<u>Earnings for the Year</u>					
Consolidated Net Income	\$ 12,960	\$ 13,633	\$ 6,581	\$ 12,096	\$ 11,015
Net Interest Income	45,792	43,819	44,117	40,511	35,804
Non Interest Income	11,222	11,144	3,529	11,712	12,908
Non Interest Expense	41,050	39,477	38,951	37,016	35,236
Cash Dividends	4,082	3,981	3,694	3,416	3,172
<u>Per Share Data</u>					
Net Income	\$ 3.78	\$ 3.97	\$ 1.92	\$ 3.54	\$ 3.21
Cash Dividends	1.19	1.16	1.08	1.00	0.92
Book Value at Year-end	30.00	24.05	21.75	16.69	29.51
Return on Average Assets	1.08%	1.16%	0.55%	0.95%	0.82%
Return on Average Equity	14.29%	17.16%	10.79%	16.37%	11.24%

Independent Auditor's Report

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

Opinion

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, 2025 and 2024, 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, 2025 and 2024, 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").

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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 internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

Wipfli LLP

Wipfli LLP
Atlanta, Georgia

March 11, 2026

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

ASSETS

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
Cash and due from banks	\$ 32,092,756	\$ 28,362,556
Interest bearing deposits in other banks	<u>40,248,893</u>	<u>30,516,917</u>
Cash and cash equivalents	72,341,649	58,879,473
Securities available-for-sale, at fair value (amortized cost of \$369,479,846 and \$386,208,385 at December 31, 2025 and 2024, respectively)	337,680,732	339,628,292
Securities held-to-maturity, at amortized cost	5,051,000	7,234,703
Other stocks	2,410,619	3,299,297
Loans held for sale	633,782	321,983
Loans held for investment, net allowances for credit losses of \$8,893,255 and \$9,121,621 at December 31, 2025 and 2024, respectively	762,222,106	716,908,518
Accrued interest receivable	5,123,565	4,983,070
Bank premises and equipment, net	29,160,334	21,076,984
Other real estate owned	2,950,546	2,204,968
Goodwill	4,179,545	4,179,545
Life insurance contracts	21,481,232	20,946,864
Other assets	<u>14,956,984</u>	<u>17,026,049</u>
Total Assets	<u><u>\$ 1,258,192,094</u></u>	<u><u>\$ 1,196,689,746</u></u>

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

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

LIABILITIES AND STOCKHOLDERS' EQUITY

	2025	2024
<u>LIABILITIES</u>		
Deposits		
Demand deposit accounts, non-interest bearing	\$ 234,684,101	\$ 224,044,996
Demand deposit accounts, interest bearing	339,233,118	311,787,150
Individual retirement accounts	11,102,678	11,597,142
Savings and money market accounts	324,205,336	301,157,093
Certificates of deposit - \$250,000 and over	69,921,948	55,871,762
Other certificates of deposit	139,368,572	122,419,320
	1,118,515,753	1,026,877,463
Securities sold under repurchase agreements	3,388	90,758
Accrued interest payable	1,642,201	3,234,841
Other borrowings	-	50,000,000
Accrued expenses and other liabilities	5,040,692	4,255,986
Subordinated debentures	29,870,042	29,728,269
Total liabilities	1,155,072,076	1,114,187,317
 <u>STOCKHOLDERS' EQUITY</u>		
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; 3,425,945 shares issued and outstanding at December 31, 2025 and 3,421,113 shares issued and outstanding at December 31, 2024	21,412,156	21,381,956
Additional paid-in-capital	9,758,841	9,733,484
Retained earnings	97,070,321	88,191,751
Notes receivable for common stock	-	(6,489)
Accumulated other comprehensive loss	(25,121,300)	(36,798,273)
Total stockholders' equity	103,120,018	82,502,429
Total Liabilities and Stockholders' Equity	\$ 1,258,192,094	\$ 1,196,689,746

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, 2025 AND 2024

	2025	2024
<u>INTEREST AND DIVIDEND INCOME</u>		
Interest and fees on loans	\$ 50,499,460	\$ 46,466,313
Investment securities:		
Taxable	5,894,906	6,818,287
Non-taxable	3,043,631	3,094,438
Federal funds sold, dividends, and interest bearing deposits in other banks	868,570	1,289,613
Total interest and dividend income	60,306,567	57,668,651
 <u>INTEREST EXPENSE</u>		
Interest on deposits	12,390,065	10,159,728
Interest on subordinated notes	1,266,772	1,266,772
Interest on federal funds purchased and securities sold under repurchase agreement	851,236	15,373
Interest on other borrowings	6,589	2,407,300
Total interest expense	14,514,662	13,849,173
 <u>NET INTEREST INCOME</u>	 45,791,905	 43,819,478
 Provision (Reversal) for credit losses	 122,435	 (676,917)
 <u>NET INTEREST INCOME AFTER PROVISION (REVERSAL) FOR CREDIT LOSSES</u>	 45,669,470	 44,496,395
 <u>NONINTEREST INCOME</u>		
Service charges and fees on deposit accounts	8,352,640	8,599,955
Trust department income	654,195	606,996
Fees and commissions from securities brokerage	717,934	445,950
Gain on sale of mortgage loans held for sale	415,354	382,387
Income from life insurance contracts	534,368	466,012
Other income	547,194	642,385
Total noninterest income	11,221,685	11,143,685

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, 2025 AND 2024

	2025	2024
<u>NONINTEREST EXPENSES</u>		
Salaries and employee benefits	\$ 22,517,262	\$ 21,338,669
Occupancy expenses	5,520,382	5,483,170
Computer and processing expenses	4,764,059	4,365,963
Business promotion and advertising expenses	904,425	974,670
Other operating expenses	7,343,757	7,314,962
Total noninterest expense	41,049,885	39,477,434
<u>INCOME BEFORE INCOME TAX EXPENSE</u>	15,841,270	16,162,646
Income tax expense	2,880,773	2,529,818
<u>NET INCOME</u>	\$ 12,960,497	\$ 13,632,828
 <u>Per common share data:</u>		
Earnings	\$ 3.78	\$ 3.97
Weighted average number of shares outstanding	3,430,391	3,430,496

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, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>NET INCOME</u>	<u>\$ 12,960,497</u>	<u>\$ 13,632,828</u>
<u>OTHER COMPREHENSIVE INCOME (LOSS)</u>		
Unrealized losses on securities:		
Unrealized holdings gains (losses) arising during the period	14,780,979	(1,634,557)
Tax effect	(3,104,006)	343,257
Total other comprehensive income (loss)	<u>11,676,973</u>	<u>(1,291,300)</u>
<u>TOTAL COMPREHENSIVE INCOME</u>	<u><u>\$ 24,637,470</u></u>	<u><u>\$ 12,341,528</u></u>

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, 2025 AND 2024

	Common Stock		Additional Paid-in-Capital	Retained Earnings	Notes Receivable	Accumulated Other Comprehensive Loss	Total
	Shares	Amount					
Balance at January 1, 2024	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
Restirtced 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
Net income	-	-	-	12,960,497	-	-	12,960,497
Restirtced common stock issued	13,000	81,250	(81,250)				-
Restricted common stock forfeited	(1,000)	(6,250)	6,250	-	-	-	-
Repurchases and retirement of common stock	(7,168)	(44,800)	(175,258)				(220,058)
Stock-based compensation expense	-	-	275,615	-	-	-	275,615
Forgiveness of notes receivable	-	-	-	-	6,489	-	6,489
Other comprehensive income	-	-	-	-	-	11,676,973	11,676,973
Dividends on common stock, \$1.19 per share	-	-	-	(4,081,927)	-	-	(4,081,927)
Balance at December 31, 2025	<u>3,425,945</u>	<u>\$ 21,412,156</u>	<u>\$ 9,758,841</u>	<u>\$ 97,070,321</u>	<u>\$ -</u>	<u>\$ (25,121,300)</u>	<u>\$ 103,120,018</u>

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, 2025 AND 2024

	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$ 12,960,497	\$ 13,632,828
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	282,104	236,831
Depreciation	1,962,812	2,133,621
Provision (Reversal) for credit losses	122,435	(676,917)
Earnings on cash surrender value of life insurance	(534,368)	(466,012)
Write-down of other real estate	180,076	294,737
Net amortization of securities available-for-sale	1,884,598	1,930,724
Net amortization of securities held-to-maturity	703	6,610
Amortization of debt issuance costs	141,773	141,772
Deferred income taxes	(20,331)	(165,959)
Loss on sales of other real estate	78,844	92,420
(Gain) loss on disposal of premises and equipment	73,371	(50,925)
Net change in operating assets and liabilities:		
Other assets and liabilities	(140,302)	(1,682,557)
Loans held for sale	(311,799)	(321,983)
Accrued interest receivable	(140,495)	(74,747)
Accrued interest payable	(1,592,640)	1,664,139
Net cash provided by operating activities	14,947,278	16,694,582
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from calls, paydowns, and maturities of available-for-sale securities	18,093,940	18,068,637
Proceeds from maturities of held-to-maturity securities	2,183,000	2,233,000
Purchases of available-for-sale securities	(3,250,000)	(875,000)
Purchases of other stocks	(2,431,822)	(78,900)
Proceeds from redemption of other stocks	3,320,500	11,246
Loan originations, net of principal repayment	(46,890,839)	(41,674,616)
Purchases of bank premises and equipment	(10,119,533)	(2,063,983)
Proceeds from sales of bank premises and equipment	-	113,953
Proceeds from sales of other real estate	360,717	393,443
Purchases of life insurance contracts	-	(2,753,568)
Net cash used in investing activities	(38,734,037)	(26,625,788)

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, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net increase (decrease) in deposits	\$ 91,638,290	\$ (1,060,314)
Net decrease in repurchase agreements	(87,370)	(229,336)
Proceeds from other borrowings	525,000,000	100,000,000
Repayment of other borrowings	(575,000,000)	(100,000,000)
Payment of dividends	(4,081,927)	(3,980,891)
Repurchases of common stock	(220,058)	(454,018)
Net cash provided by (used in) financing activities	<u>37,248,935</u>	<u>(5,724,559)</u>
Net increase (decrease) in cash and cash equivalents	13,462,176	(15,655,765)
Cash and cash equivalents - beginning of year	<u>58,879,473</u>	<u>74,535,238</u>
Cash and cash equivalents - end of year	<u>\$ 72,341,649</u>	<u>\$ 58,879,473</u>
<u>Supplemental disclosures of cash flow information:</u>		
Cash paid for interest	<u>\$ 16,107,302</u>	<u>\$ 12,185,034</u>
Cash paid for income taxes - federal	\$ 2,544,900	\$ 3,239,000
Cash paid for income taxes - state	<u>-</u>	<u>12,000</u>
Transfer of loans to other real estate	<u>\$ 1,365,215</u>	<u>\$ 1,012,668</u>
Transfer of bank premises and equipment to other real estate	<u>\$ -</u>	<u>\$ 458,936</u>

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

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

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.

During the year ended December 31, 2025, the Bank established a wholly owned subsidiary, JD Investment Subsidiary, LLC, to comply with Tax Equity and Fiscal Responsibility Act (“TEFRA”) requirements and to facilitate potential future TEFRA-eligible investments. As of December 31, 2025, no securities or other assets had been transferred to the subsidiary, and it had no material operations or financial activity. Accordingly, the subsidiary had no material impact on the Company’s consolidated financial statements for the year ended December 31, 2025.

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

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Use of estimates (continued)

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 Company 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 Company to recognize additional losses based on 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, 2025 and 2024. 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.

JD BANCSHARES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Investment securities (continued)

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 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 \$2,030,000 and \$2,142,000 at December 31, 2025 and December 31, 2024, respectively.

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, 2025 and 2024, 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.

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Other stocks (continued)

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 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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

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

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.

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

JD BANCSHARES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

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

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 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 is doubtful. The Company has concluded that this policy results in the timely reversal of uncollectible interest. Accrued interest receivable on loans totaled approximately \$3,032,000 and \$2,761,000 at December 31, 2025 and December 31, 2024, 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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

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

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 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, 2025 or 2024.

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.

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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,

JD BANCSHARES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Income taxes (continued)

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, 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 years ended December 31, 2025 and 2024, the Company repurchased 7,168 and 16,497 shares at an average cost of \$30.70 and \$27.52 per share, respectively.

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 3,430,391 and 3,430,496 for 2025 and 2024, 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.

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

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.

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.

New accounting pronouncements

ASU No. 2023-09, *Improvements to Income Tax Disclosures* – This standard requires public business entities to disclose, on an annual basis, specific categories in the income tax rate reconciliation and additional information for reconciling items that meet a quantitative threshold. The standard also requires that all entities disclose disaggregated information about income taxes paid along with certain other disclosures. The Company adopted this new accounting standard for the year ended December 31, 2025 on a retrospective basis. As a result, income tax related disclosures in Note 8 for all years presented have been updated to reflect the new requirements.

JD BANCSHARES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2025, consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Treasury securities	\$ 19,874,495	\$ -	\$ (924,691)	\$ 18,949,804
US Govt. agency securities	15,000,000	-	(2,000,512)	12,999,488
Mortgage-backed securities	189,676,486	135,766	(17,597,915)	172,214,337
State and political subdivisions	136,481,753	46,254	(11,246,763)	125,281,244
Corporate bonds	8,447,112	-	(211,253)	8,235,859
Totals	<u>\$ 369,479,846</u>	<u>\$ 182,020</u>	<u>\$ (31,981,134)</u>	<u>\$ 337,680,732</u>

At December 31, 2025 and 2024, 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.

Securities classified as held-to-maturity at December 31, 2025, consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
State and political subdivisions	<u>\$ 5,051,000</u>	<u>\$ -</u>	<u>\$ (12,869)</u>	<u>\$ 5,038,131</u>

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Investment securities (continued)

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
State 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	<u>\$ 386,208,385</u>	<u>\$ 191,554</u>	<u>\$ (46,771,647)</u>	<u>\$ 339,628,292</u>

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
State and political subdivisions	<u>\$ 7,234,703</u>	<u>\$ -</u>	<u>\$ (55,279)</u>	<u>\$ 7,179,424</u>

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

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Market Value	Amortized Cost	Market Value
Within one year	\$ 173,000	\$ 173,112	\$ 1,462,000	\$ 1,449,131
Greater than one but within five years	29,263,058	28,063,777	1,321,000	1,321,000
Greater than five but within ten years	42,110,922	39,470,993	2,268,000	2,268,000
Over ten years	108,256,380	97,758,513	-	-
Subtotal	179,803,360	165,466,395	5,051,000	5,038,131
Mortgage-backed securities	189,676,486	172,214,337	-	-
Total	<u>\$ 369,479,846</u>	<u>\$ 337,680,732</u>	<u>\$ 5,051,000</u>	<u>\$ 5,038,131</u>

JD BANCSHARES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Investment securities (continued)

Investment securities with carrying values of approximately \$109,714,000 and \$95,692,000 as of December 31, 2025 and 2024, respectively, were pledged to secure public deposits and securities sold under repurchase agreements. In addition, investment securities with carrying values of approximately \$31,186,000 as of December 31, 2025, were pledged to the Federal Reserve Discount Window. Investment securities with carrying values of approximately \$80,036,000 as of December 31, 2024, were pledged to the Federal Reserve Discount Window and the Bank Term Funding Program (BTFP).

At December 31, 2025 and 2024, the Company also had letters of credit with the Federal Home Loan Bank of Dallas totaling \$25,000,000 and \$15,000,000, respectively, for the purpose of securing public funds, all of which were pledged at each respective date.

Information pertaining to securities available for sale with gross unrealized losses at December 31, 2025, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, follows:

	Less Than Twelve Months			Twelve Months and Over		
	Number of Securities	Gross Unrealized Losses	Fair Value	Number of Securities	Gross Unrealized Losses	Fair Value
Treasury securities	-	\$ -	\$ -	3	\$ (924,691)	\$ 18,949,804
US Govt. agency securities	-	-	-	6	(2,000,512)	12,999,488
Mortgage-backed securities	1	(1,754)	1,061,328	108	(17,596,161)	150,795,915
State and political subdivisions	6	(33,951)	2,225,438	162	(11,212,812)	117,353,897
Corporate bonds	-	-	-	7	(211,253)	5,985,859
Totals	7	\$ (35,705)	\$ 3,286,766	286	\$ (31,945,429)	\$ 306,084,963

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 losses 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, 2025, all securities available for sale were considered investment grade.

JD BANCSHARES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Investment securities (continued)

There were no sales of securities during the years ended December 31, 2025 and 2024.

4. Loans and allowance for credit losses

The components of loans in the consolidated balance sheets at December 31, 2025 and 2024 were as follows:

<i>(dollars in thousands)</i>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Commercial	\$ 69,464	\$ 86,654
Commercial real estate	439,014	387,094
Consumer	31,845	32,015
Residential	230,792	220,268
Total loans	<u>771,115</u>	<u>726,031</u>
Less allowance for credit losses	<u>(8,893)</u>	<u>(9,122)</u>
Total loans, net	<u>\$ 762,222</u>	<u>\$ 716,909</u>

Deposit accounts in an overdraft position and reclassified as loans totaled approximately \$266,000 at December 31, 2025 and \$284,000 at December 31, 2024.

The following table summarizes the activity related to the allowance for credit losses for the year ended December 31, 2025:

<i>(dollars in thousands)</i>	<u>Commercial</u>	<u>Commercial Real Estate</u>	<u>Consumer</u>	<u>Residential</u>	<u>Total</u>
Allowance for credit losses:					
Balance, January 1, 2025	\$ 959	\$ 5,126	\$ 433	\$ 2,604	\$ 9,122
Charge-offs	(387)	(15)	(210)	(17)	(629)
Recoveries	37	28	86	36	187
Provision (Reversal) for credit losses	742	(572)	106	(63)	213
Balance, December 31, 2025	<u>\$ 1,351</u>	<u>\$ 4,567</u>	<u>\$ 415</u>	<u>\$ 2,560</u>	<u>\$ 8,893</u>

At December 31, 2025 and December 31, 2024, the reserve for unfunded loan commitments was approximately \$193,000 and \$283,000, respectively. For the years ended December 31, 2025 and December 31, 2024, the Company recorded a reversal of provision for credit losses on unfunded loan commitments of approximately \$90,000 and \$141,000, respectively.

JD BANCSHARES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Loans and allowance for credit losses (continued)

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

<i>(dollars in thousands)</i>	<u>Commercial</u>	<u>Commercial Real Estate</u>	<u>Consumer</u>	<u>Residential</u>	<u>Total</u>
Allowance for credit losses:					
Balance, January 1, 2024	\$ 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)
Balance, December 31, 2024	<u>\$ 959</u>	<u>\$ 5,126</u>	<u>\$ 433</u>	<u>\$ 2,604</u>	<u>\$ 9,122</u>

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 on the following page.

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2025:

<i>(dollars in thousands)</i>	Term Loans by Year of Origination						Revolving	Total
	2025	2024	2023	2022	2021	Prior		
Commercial								
Pass	\$ 11,410	\$ 11,796	\$ 3,922	\$ 3,481	\$ 4,075	\$ 5,272	\$ 12,207	\$ 52,163
Special Mention	-	-	-	-	-	93	7,309	7,402
Substandard	675	-	9	232	13	95	250	1,274
Watch	324	689	3,956	590	105	462	2,499	8,625
Total Commercial	<u>\$ 12,409</u>	<u>\$ 12,485</u>	<u>\$ 7,887</u>	<u>\$ 4,303</u>	<u>\$ 4,193</u>	<u>\$ 5,922</u>	<u>\$ 22,265</u>	<u>\$ 69,464</u>
Current period gross write-offs	\$ -	\$ 387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387
Commercial Real Estate								
Pass	\$ 67,582	\$ 75,614	\$ 45,115	\$ 31,866	\$ 46,007	\$ 52,681	\$ 4,691	\$ 323,556
Special Mention	-	489	175	2,129	418	1,066	-	4,277
Substandard	1,713	33	154	3,101	233	6,728	-	11,962
Watch	18,843	10,560	11,473	20,777	11,286	24,862	1,418	99,219
Total Commercial Real Estate	<u>\$ 88,138</u>	<u>\$ 86,696</u>	<u>\$ 56,917</u>	<u>\$ 57,873</u>	<u>\$ 57,944</u>	<u>\$ 85,337</u>	<u>\$ 6,109</u>	<u>\$ 439,014</u>
Current period gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15	\$ -	\$ 15
Consumer								
Pass	14,168	6,775	3,608	\$ 1,815	\$ 1,852	2,372	556	31,146
Special Mention	-	-	12	-	-	-	-	12
Substandard	-	182	60	108	51	236	25	662
Watch	-	-	25	-	-	-	-	25
Total Consumer	<u>\$ 14,168</u>	<u>\$ 6,957</u>	<u>\$ 3,705</u>	<u>\$ 1,923</u>	<u>\$ 1,903</u>	<u>\$ 2,608</u>	<u>\$ 581</u>	<u>\$ 31,845</u>
Current period gross write-offs	\$ 2	\$ 13	\$ 144	\$ 27	\$ 23	\$ 1	\$ -	\$ 210
Residential								
Pass	\$ 29,346	\$ 24,254	\$ 18,992	\$ 16,435	\$ 15,478	\$ 51,350	\$ 35,511	\$ 191,366
Special Mention	-	-	119	403	-	830	-	1,352
Substandard	580	1,879	1,292	779	593	5,011	295	10,429
Watch	1,761	8,626	1,751	3,159	1,216	9,113	2,019	27,645
Total Residential	<u>\$ 31,687</u>	<u>\$ 34,759</u>	<u>\$ 22,154</u>	<u>\$ 20,776</u>	<u>\$ 17,287</u>	<u>\$ 66,304</u>	<u>\$ 37,825</u>	<u>\$ 230,792</u>
Current period gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ -	\$ -	\$ 17
Total Loans	<u>\$ 146,402</u>	<u>\$ 140,897</u>	<u>\$ 90,663</u>	<u>\$ 84,875</u>	<u>\$ 81,327</u>	<u>\$ 160,171</u>	<u>\$ 66,780</u>	<u>\$ 771,115</u>

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

<i>(dollars in thousands)</i>	Term Loans by Year of Origination					Revolving	Total
	2024	2023	2022	2021	Prior		
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
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
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
Total Loans	\$ 150,800	\$ 114,225	\$ 119,083	\$ 88,366	\$ 194,610	\$ 58,947	\$ 726,031

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 (in thousands) as of December 31, 2025 and 2024 of the loans modified to borrowers experiencing financial difficulty, disaggregated by class of loans and type of concession granted and describes the financial effect of the modification made:

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Loans and allowance for credit losses (continued)

Modifications Made to Borrowers Experiencing Financial Difficulty (continued)

December 31, 2025

Class of Loans	Number of Contracts	Amortized Basis	Financial Effect
Commercial Real Estate	1	1,713	Provided term extension.
Residential	2	1,399	Provided term extension and extension of time, where interest only payments are required.
Total	<u>3</u>	<u>3,112</u>	

December 31, 2024

Class of Loans	Number of Contracts	Amortized Basis	Financial Effect
Commercial Real Estate	3	2,399	Provided extensions of time, where interest only payments are required, for borrowers to sell or refinance loans, and for new business to get started.
Residential	1	2,045	Provided extensions of time, where interest only payments are required, for borrowers to sell or refinance loans.
Total	<u>4</u>	<u>4,445</u>	

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. All loan modifications made to borrowers experiencing financial difficulty during the years ended December 31, 2025 and 2024 were performing as of December 31, 2025 and 2024, respectively. No loan modifications defaulted within 12 months of modification during the years ended December 31, 2025 and 2024.

Age analysis of past due loans by class

The following table presents an analysis of past due loans as of December 31, 2025:

<i>(dollars in thousands)</i>	Loans 30-59	Loans 60-89	Loans 90 Days or More Past	Current Loans	Total Loans
	Days Past Due	Days Past Due	Due		
Commercial	\$ 35	\$ -	\$ 183	\$ 69,246	\$ 69,464
Commercial Real Estate	39	244	1,450	437,281	439,014
Consumer	131	52	141	31,521	31,845
Residential	1,425	349	1,119	227,899	230,792
Total Loans	<u>\$ 1,630</u>	<u>\$ 645</u>	<u>\$ 2,893</u>	<u>\$ 765,947</u>	<u>\$ 771,115</u>

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Loans and allowance for credit losses (continued)

Age analysis of past due loans by class (continued)

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

<i>(dollars in thousands)</i>	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
Total Loans	<u>\$ 2,893</u>	<u>\$ 853</u>	<u>\$ 4,731</u>	<u>\$ 717,554</u>	<u>\$ 726,031</u>

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.

The following table is a summary of the Bank's nonaccrual loans by major categories as of December 31, 2025:

<i>(dollars in thousands)</i>	Nonaccrual Loans with No Allowance	Nonaccrual Loans with an Allowance	Total Nonaccrual Loans
Commercial	\$ 62	\$ 121	\$ 183
Commercial Real Estate	515	1,080	1,595
Consumer	-	183	183
Residential	842	1,085	1,927
Total Loans	<u>\$ 1,419</u>	<u>\$ 2,469</u>	<u>\$ 3,888</u>

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Loans and allowance for credit losses (continued)

Nonaccrual loans (continued)

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

<u>(dollars in thousands)</u>	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	<u>\$ 2,667</u>	<u>\$ 2,742</u>	<u>\$ 5,409</u>

The Company recognized no interest income on nonaccrual loans during the years ended December 31, 2025 and December 31, 2024.

No loans were 90 days or more past due and accruing interest at December 31, 2025 and 2024.

The following table represents the accrued interest receivables written off by reversing interest income during the years ended December 31, 2025 and 2024:

<u>(dollars in thousands)</u>	For the Year Ended December 31, 2025	For the Year Ended December 31, 2024
Commercial	\$ -	\$ 3
Commercial Real Estate	10	10
Consumer	2	4
Residential	33	19
Total Loans	<u>\$ 45</u>	<u>\$ 36</u>

Collateral dependent loans

The following table presents collateral dependent loans by loan segment and the related ACL as of December 31, 2025:

<u>(dollars in thousands)</u>	Loans	ACL
Commercial	\$ 1,118	\$ 566
Commercial Real Estate	11,495	184
Consumer	146	-
Residential	7,529	7
Total Loans	<u>\$ 20,288</u>	<u>\$ 757</u>

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Loans and allowance for credit losses (continued)

Collateral dependent loans (continued)

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

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

5. Bank premises and equipment

Components of Bank premises and equipment included in the consolidated balance sheets at December 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Buildings and leasehold improvements	\$ 28,694,753	\$ 26,459,378
Equipment	20,039,222	19,167,719
Land	7,800,530	4,832,357
Construction-in-progress	5,143,041	1,333,839
	<u>61,677,546</u>	<u>51,793,293</u>
Less: accumulated depreciation and amortization	<u>(32,517,212)</u>	<u>(30,716,309)</u>
	<u>\$ 29,160,334</u>	<u>\$ 21,076,984</u>

Depreciation expense amounted to approximately \$1,963,000 and \$2,134,000 during the years ended December 31, 2025 and 2024, respectively.

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Time deposits

At December 31, 2025, the scheduled maturities of all outstanding certificates of deposit and IRAs were as follows:

Year ending December 31 st	Amount
2026	\$ 212,582,114
2027	6,093,619
2028	1,052,575
2029	664,890
2030	-
	<u>\$ 220,393,198</u>

Included in deposits are approximately \$69,922,000 and \$56,369,000 of certificates of deposit and IRA accounts greater than or equal to \$250,000 at December 31, 2025 and 2024, respectively.

7. Other operating expenses

Other operating expenses for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Ad valorem taxes	\$ 1,068,446	\$ 910,290
Telephone, stationary, and supplies	769,771	726,060
Professional fees and expenses	802,832	802,785
Regulatory assessments	633,389	678,014
Debit card and other losses	190,073	430,707
Director fees	554,863	436,445
Uncollected overdrafts	178,557	208,523
Other real estate expenses, net	409,560	522,867
Other	2,736,266	2,599,271
	<u>\$ 7,343,757</u>	<u>\$ 7,314,962</u>

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 2025 and 2024, are as follows:

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Income taxes (continued)

	<u>2025</u>		<u>2024</u>	
	Amount	Percent	Amount	Percent
Income before income taxes	\$ 15,841,270	100.0%	\$ 16,162,646	100.0%
U.S. Federal income tax expense	\$ 3,326,667	21%	\$ 3,394,156	21%
Tax free municipal income	(469,662)	(3.0)	(405,033)	(2.5)
Other	23,768	0.2	(459,305)	(2.8)
Income tax expense	\$ 2,880,773	18.2%	\$ 2,529,818	15.7%

The components of income tax expense during the years ended December 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Current tax expense	\$ 2,901,104	\$ 2,695,777
Deferred tax benefit	(20,331)	(165,959)
	<u>\$ 2,880,773</u>	<u>\$ 2,529,818</u>

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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Depreciation and amortization	\$ (346,234)	\$ (348,137)
Goodwill amortization	(356,170)	(356,170)
Other items	(105,911)	(103,532)
Gross deferred tax liability	(808,315)	(807,839)
Allowance for credit losses	\$ 1,867,584	\$ 1,915,540
Unrealized losses on available-for-sale securities	6,677,814	9,781,820
Deferred compensation	229,398	218,328
Other	224,373	166,680
Gross deferred tax asset	<u>8,999,169</u>	<u>12,082,368</u>
Net deferred tax asset	<u>\$ 8,190,854</u>	<u>\$ 11,274,529</u>

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

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Employee benefits (continued)

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 \$543,000 and \$516,000 to the Plan in 2025 and 2024, respectively. At December 31, 2025 and 2024, the Plan held 51,747 and 62,014 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, 2025 and 2024, there were 123,950 and 135,950 shares available to be issued, respectively.

During the years ended December 31, 2025 and 2024, 1,000 and 2,000 restricted stock awards were forfeited, respectively. In accordance with the terms of the 2022 Omnibus Incentive Plan, such forfeited shares become available for reissuance under the Plan. From inception of the 2022 Omnibus Incentive Plan through December 31, 2025, a total of 4,000 shares have been forfeited pursuant to the terms of restricted stock awards and are available for reissuance under the Plan.

The Company has granted restricted stock awards to officers and employees as summarized below:

- In November 2022, the Company granted 17,000 restricted stock awards at \$28.00 per share, with a total grant-date fair value of approximately \$476,000.
- In March and May 2024, the Company granted an aggregate of 20,050 restricted stock awards at per-share prices ranging from \$23.75 to \$24.00, with an aggregate grant-date fair value of approximately \$477,000.
- In March and April 2025, the Company granted an aggregate of 13,000 restricted stock awards at per-share prices ranging from \$24.69 to \$25.06, with an aggregate grant-date fair value of approximately \$322,000.

JD BANCSHARES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Equity incentive plan (continued)

Restricted stock awards vest over a four-year period. For the years ended December 31, 2025 and 2024, the Company recognized approximately \$276,000 and \$202,000, respectively, of compensation cost related to restricted stock awards, which is included in other operating expenses in the accompanying consolidated statements of operations. At December 31, 2025 and 2024, unrecognized compensation cost related to restricted stock awards totaled approximately \$583,000 and \$556,000, respectively.

Restricted stock activity for the years ended December 31, 2025 and 2024 follows:

	Number of Shares	Weighted- Average Grant Date Fair Value
Balance, January 1, 2024	16,000	\$ 28.00
Granted	20,050	23.77
Forfeited	(2,000)	25.88
Balance, December 31, 2024	34,050	\$ 25.63
Granted	13,000	24.75
Forfeited	(1,000)	23.75
Balance, December 31, 2025	46,050	\$ 25.42

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.

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JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Financial instruments with off-balance-sheet risk (continued)

The following is a summary as of December 31, 2025 and 2024, of the various financial instruments entered into by the Bank:

	<u>2025</u>	<u>2024</u>
Commitments to extend credit	\$ 146,219,511	\$ 135,402,427
Standby letters of credit	1,872,430	1,855,132

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 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,

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Minimum regulatory capital requirements (continued)

2025, that the Bank meets all applicable capital adequacy requirements.

As of December 31, 2025, 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, 2025 and 2024, are also presented in the tables below:

	<u>Actual</u>		<u>Required For Capital Adequacy Purposes</u>		<u>To Be Well Capitalized Under Prompt Corrective Action Provisions</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
As of December 31, 2025:						
Total Regulatory Capital to risk weighted assets	\$ 156,262,000	17.48%	\$ 71,525,000	≥8.0%	\$ 89,406,000	≥10.0%
Tier I Capital to risk weighted assets	147,175,000	16.46%	53,644,000	≥6.0%	71,525,000	≥8.0%
Tier I Leverage Capital	147,175,000	11.92%	49,385,000	≥4.0%	61,731,000	≥5.0%
Common Equity Tier 1 capital (to risk weighted assets):	147,175,000	16.46%	40,233,000	≥4.5%	58,114,000	≥6.5%

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Minimum regulatory capital requirements (continued)

	<u>Actual</u>		<u>Required For Capital Adequacy Purposes</u>		<u>To Be Well Capitalized Under Prompt Corrective Action Provisions</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
	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	≥6.5%

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 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.

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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.

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.

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Available-for-sale securities (continued)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2025			
Treasuries	\$ 18,949,804	\$ -	\$ -
US govt. securities	-	12,999,488	-
Mortgage-backed securities	-	172,214,337	-
State & political subdivisions	-	125,281,244	-
Corporate bonds	-	8,235,859	-
Securities available-for-sale	<u>\$ 18,949,804</u>	<u>\$ 318,730,928</u>	<u>\$ -</u>
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	<u>\$ 18,028,906</u>	<u>\$ 321,599,386</u>	<u>\$ -</u>

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, 2025 or 2024.

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.

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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:

<u>(dollars in thousands)</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2025				
Assets				
Individually evaluated loans				
Commercial	\$ 334	-	-	\$ 334
Commercial real estate	688	-	-	688
Consumer	-	-	-	-
Residential	334	-	-	334
Other real estate owned	2,951	-	-	2,951
Total	<u>\$ 4,307</u>	<u>-</u>	<u>-</u>	<u>\$ 4,307</u>

<u>(dollars in thousands)</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
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	<u>\$ 4,066</u>	<u>-</u>	<u>-</u>	<u>\$ 4,066</u>

For Level 3 assets measured at fair value on a non-recurring basis as of December 31, 2025 and 2024, 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.

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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 2% to 100% as of December 31, 2024 and 2025.

Financial instruments

The carrying amounts and estimated fair values of financial instruments at December 31, 2025 are as follows (in thousands):

Fair Value Measurements at December 31, 2025 Using:

	<u>Carrying Amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial Assets:					
Cash and due from banks and Interest bearing deposits in other banks	\$ 72,342	\$ 72,342	\$ -	\$ -	\$ 72,342
Securities available-for-sale	337,681	18,950	318,731	-	337,681
Securities held-to-maturity	5,051	-	5,038	-	5,038
Loans held for sale	634	-	634	-	634
Loans, net of allowance	762,222	-	-	769,890	769,890
Other stocks	2,411	-	2,411	-	2,411
Life Insurance contracts	21,481	21,481	-	-	21,481
Accrued interest receivable	5,124	48	2,044	3,032	5,124
Financial Liabilities:					
Noninterest bearing deposits	\$ 234,684	\$ -	\$ 234,684	\$ -	\$ 234,684
Interest bearing deposits	883,832	-	658,746	-	658,746
Securities sold under repurchase	3	-	3	-	3
Accrued interest payable	1,642	-	1,642	-	1,642
Subordinated debentures	29,870	-	28,083	-	28,083

The estimated fair values of the Company's financial instruments at December 31, 2024, were as follows (in thousands):

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Financial instruments (continued)

Fair Value Measurements at December 31, 2024 Using:

	<u>Carrying Amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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	48	2,174	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	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

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, 2025 or 2024.

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, 2025 and 2024. No amounts were drawn under this agreement at December 31, 2025 or 2024.

The Bank has established a line of credit with the Federal Home Loan Bank of Dallas (FHLB) with total borrowing capacity of approximately \$332,395,000 and \$278,983,000 as of December 31, 2025 and 2024, respectively. Under this agreement, the Bank had letters of credit outstanding totaling \$25,161,000 and \$15,097,000 as of December 31, 2025 and 2024, respectively, which reduce available borrowing capacity. After

JD BANCSHARES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

considering outstanding letters of credit, the Bank had net borrowing availability of approximately \$307,234,000 and \$263,886,000 as of December 31, 2025 and 2024, respectively.

The FHLB line of credit is secured by blanket pledges of qualifying mortgage assets totaling \$738,234,000 and \$695,667,000 as of December 31, 2025 and 2024, respectively, as well as FHLB stock totaling \$603,500 and \$1,525,200 as of December 31, 2025 and 2024, 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 were secured by pledging the Bank's eligible investment securities. The Bank had approximately \$98,600,000 in bonds pledged, at par value, and outstanding borrowings totaling \$50,000,000 at a rate of 4.81% at December 31, 2024. As of December 31, 2025, the BTFP borrowings had been paid off and the securities were no longer pledged.

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 on the subordinated notes totaled approximately \$1,267,000 for each of the years ended December 31, 2025 and 2024. As of December 31, 2025 and 2024, the principal balance outstanding was \$30,000,000. Debt issuance costs of approximately \$130,000 and \$272,000 remained unamortized as of December 31, 2025 and 2024, respectively, and are being amortized over the life of the debt. Amortization of debt issuance costs totaled approximately \$142,000 for each of the years ended December 31, 2025 and 2024.

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.

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

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 2025 and 2024 with respect to loans to officers and directors of the Bank is as follows:

	2025	2024
Balance - beginning of year	\$ 10,391,644	\$ 10,197,046
New loans	2,243,421	1,820,311
Payments	(2,235,749)	(1,625,713)
Balance - end of year	\$ 10,399,316	\$ 10,391,644

Included in deposits are deposits from directors, officers, their immediate families, and related companies. These accounts totaled approximately \$26,184,000 and \$24,313,000 at December 31, 2025 and 2024, respectively.

18. Forgivable loan agreements

During 2019, the Company executed an agreement with a key executive to enable the purchase of shares of the Company's stock. The loan was secured by 2,000 shares of stock purchased with the proceeds of the loan and had an initial principal amount of \$114,570. The loan was payable in four equal annual installments, which were forgiven provided the executive remained employed as of January 1 of each year, beginning on February 1, 2021 and thereafter on each subsequent February 1 until the principal was paid in full. The agreement was fulfilled as of December 31, 2024.

During 2021, the Company executed an agreement with a key executive to enable the purchase of shares of the Company's stock. The loan was secured by 500 shares of stock purchased with the proceeds of the loan and had an initial principal amount of \$25,955. The loan was payable in four equal annual installments, which were forgiven provided the executive remained employed as of January 1 of each year, beginning on May 31, 2022 and thereafter on each subsequent May 31 until the principal was paid in full. The agreement was fulfilled as of December 31, 2025.

19. Leases

The Bank has three leases under operating leases expiring in 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, 2025 or 2024.

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. Leases (continued)

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 3.77% and the weighted average remaining term of all leases is 1.87 years as of December 31, 2025.

The Company had a right-of-use asset, which is included in other assets on the consolidated balance sheets, totaling approximately \$419,000 and \$635,000 as of December 31, 2025 and 2024, respectively. The related lease liability, which is included in accrued expenses and other liabilities on the consolidated balance sheets, totaled approximately \$419,000 and \$635,000 as of December 31, 2025 and 2024, respectively.

For the years ended December 31, 2025 and 2024, the Company recognized lease expense of approximately \$333,000 and \$330,000, respectively, which is included in occupancy expense on the consolidated statements of operations.

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

<u>Year ending December 31st</u>	<u>Amount</u>
2026	248,164
2027	153,243
2028	<u>33,750</u>
Total lease payments	435,157
Less: Interest	<u>(16,293)</u>
Present value of lease liabilities	<u><u>418,864</u></u>

20. Subsequent events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, March 11, 2026, 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.

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Parent Only Financial Statements

BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Cash in subsidiary bank	\$ 5,328,839	\$ 5,586,049
Cash in correspondent banks	27,591	26,569
Cash and cash equivalents	<u>5,356,430</u>	<u>5,612,618</u>
Investment in subsidiary bank	125,878,701	105,305,229
Investment in JD Bank Insurance, LLC	8,418	87,427
Other assets and income taxes receivable	1,746,511	1,225,424
Total assets	<u><u>\$ 132,990,060</u></u>	<u><u>\$ 112,230,698</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Subordinated debentures	\$ 29,870,042	\$ 29,728,269
Total liabilities	<u>29,870,042</u>	<u>29,728,269</u>
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; 3,425,945 shares issued and outstanding at December 31, 2025 and 3,421,113 shares issued and outstanding at December 31, 2024	21,412,156	21,381,956
Additional paid-in capital	9,758,841	9,733,484
Retained earnings	97,070,321	88,191,751
Note receivable for common stock	-	(6,489)
Accumulated other comprehensive loss	(25,121,300)	(36,798,273)
Total stockholders' equity	<u>103,120,018</u>	<u>82,502,429</u>
Total liabilities and stockholders' equity	<u><u>\$ 132,990,060</u></u>	<u><u>\$ 112,230,698</u></u>

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Parent Only Financial Statements (continued)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>INCOME</u>		
Dividends from subsidiary bank	\$ 5,206,924	\$ 7,361,041
Dividends from subsidiary insurance company	125,000	-
Other income	98,159	53,201
Interest income	1,022	148,075
	<u>5,431,105</u>	<u>7,562,317</u>
<u>EXPENSES</u>		
Interest expense	1,266,772	1,266,772
Operating expenses	362,415	340,544
Taxes and other expenses	(341,089)	(312,394)
	<u>1,288,098</u>	<u>1,294,922</u>
<u>INCOME BEFORE EQUITY IN</u>		
<u>UNDISTRIBUTED EARNINGS OF SUBSIDIARIES</u>	4,143,007	6,267,395
Equity in undistributed earnings of subsidiaries and excess distribution of earnings	<u>8,817,490</u>	<u>7,365,433</u>
<u>NET INCOME</u>	<u>12,960,497</u>	<u>13,632,828</u>
<u>OTHER COMPREHENSIVE INCOME (LOSS)</u>		
Unrealized holding gains (losses) arising during the period, net of taxes of \$3,104,006 and (\$343,257), respectively	<u>11,676,973</u>	<u>(1,291,300)</u>
Other comprehensive income (loss)	<u>11,676,973</u>	<u>(1,291,300)</u>
<u>COMPREHENSIVE INCOME</u>	<u>\$ 24,637,470</u>	<u>\$ 12,341,528</u>

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Parent Only Financial Statements (continued)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$ 12,960,497	\$ 13,632,828
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	282,104	236,831
Amortization of debt issuance costs	141,773	141,772
Undistributed earnings of Bank	(8,896,499)	(7,305,794)
Undistributed earnings of JD Bank Ins.	79,009	(59,639)
Change in operating assets and liabilities	(341,087)	(959,461)
Net cash provided by operating activities	4,225,797	5,686,537
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of other investments	(180,000)	-
Net cash used by investing activities	(180,000)	-
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payment of dividends	(4,081,927)	(3,980,891)
Repurchases of common stock	(220,058)	(454,018)
Net cash used in financing activities	(4,301,985)	(4,434,909)
Net (decrease) increase in cash	(256,188)	1,251,628
Cash - beginning of year	5,612,618	4,360,990
Cash - end of year	\$ 5,356,430	\$ 5,612,618

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

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Senior Vice President and Attorney/Chief Compliance Officer

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Senior Vice President and Chief Human Resource Director

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JD BANK LOCATIONS

<p>BATON ROUGE 8380 Jefferson Hwy. Baton Rouge, LA 70809</p>	<p>LAKE CHARLES – MORGANFIELD 4989 E McNeese St. Lake Charles, LA 70607</p>
<p>CARLYSS 4507 Hwy 27 S. Sulphur, LA 70665</p>	<p>LAKE CHARLES – NELSON 4400 Nelson Rd. Lake Charles, LA 70605</p>
<p>EUNICE 300 Park Ave. Eunice, LA 70535</p>	<p>LAKE CHARLES – SALE ROAD 119 W. Sale Rd. Lake Charles, LA 70605</p>
<p>IOWA 414 S. Kinney Iowa, LA 70647</p>	<p>MAMOU 609 Main St. Mamou, LA 70554</p>
<p>JENNINGS 507 N. Main St. Jennings, LA 70546</p>	<p>MOSS BLUFF 120 Sam Houston Jones Pkwy. Lake Charles, LA 70611</p>
<p>KINDER 438 N. Ninth St. Kinder, LA 70648</p>	<p>NEW IBERIA 529 N Lewis St. New Iberia, LA 70563</p>
<p>LAFAYETTE – JOHNSTON STREET 3600 Johnston St. Lafayette, LA 70503</p>	<p>OPELOUSAS 1614 S. Union St. Opelousas, LA 70570</p>
<p>LAFAYETTE – VEROT SCHOOL ROAD 300 Verot School Rd. Lafayette, LA 70508</p>	<p>SULPHUR 2905 Maplewood Dr. Sulphur, LA 70663</p>
<p>LAKE ARTHUR 338 Arthur Ave. Lake Arthur, LA 70549</p>	<p>VILLE PLATTE 1311 W. Lasalle Ville Platte, LA 70586</p>
<p>LAKE CHARLES – HWY 14 2726 Gerstner Memorial Dr. Lake Charles, LA 70601</p>	<p>WELSH 101 N. Adams St. Welsh, LA 70591</p>
<p>LAKE CHARLES – KIRBY 535 Kirby St. Lake Charles, LA 70601</p>	<p>WESTLAKE 1511 Sampson St. Westlake, LA 70669</p>

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