INBANKSHARES, CORP

2025 Annual Report

INBANKSHARES, CORP

To our Shareholders and Friends,

On behalf of our Management Team and our Board of Directors we are pleased to share our 2025 Annual Audited Financial Statements. We are grateful for your ongoing support and hope that you will plan to join us on June 9, 2026 for our annual meeting of shareholders.

Compared to the industry, the Company's performance in 2025 was mixed. We were pleased with our core earnings momentum and improvements in operating leverage, which we expect to carry into 2026. The Company delivered record full year and fourth quarter pre-provision, pre-tax net revenue ("PPNR", non-GAAP) and three consecutive quarters of PPNR growth, reflecting disciplined execution and highlighting the strength of our core franchise. We had significant improvements in net interest margin and core efficiency from 2024 to 2025. Since the recent two year low in Q1-2024, quarterly net interest margin has expanded five of the last seven quarters. Similarly, core efficiency improved in five of the last seven quarters, including the last three quarters of 2025.

However, elevated loan charge-offs and outsized provision expense weighed on our full year results for net income and EPS. An increase in nonperforming assets and internally classified performing loans resulted in higher provision expense to cover the charge-offs and build reserves during the back half of the year.

In 2025, we focused on simplifying our business strategy, serving our existing markets by growing customer relationships, and improving core profitability. We were successful in growing deposits and loans; expanding our net interest margin; improving operating efficiency; and reducing noninterest expenses by renegotiating key vendor contracts, effectively managing headcount, and rationalizing our branch footprint. Below are a few highlights:

- Completed a core contract renegotiation in June 2025 and reduced our recurring information technology spend by over $1.0 million annually.
- Exited our national Small Business Administration ("SBA") origination program to further simplify the organization and mitigate credit risk.
- Reduced our branch footprint by five facilities to further align with our strategic priorities:
    - Sold three branches in Buena Vista, Lamar, and Wiley, Colorado in the fourth quarter of 2025;
    - Consolidated two aging facilities into one newly remodeled branch in Raton, New Mexico, which opened in February 2026; and
    - Consolidated from five branches to four in our Pueblo and Canon City market.

In 2025, the Company's regulatory capital ratios grew to the highest levels since 2021. We were pleased to see positive loan and deposit growth as a result of our investments in our commercial lending teams and our treasury management and card services initiatives. We expect the Company's strong capital and liquidity ratios will support our strategic plans for 2026.

2025 Audited Financial Statements

As reflected in our enclosed 2025 Audited Financial Statements, the following highlight 2025 performance:

Balance Sheet at December 31, 2025:

- Total assets were $1.41 billion, an increase of $97 million, or 7.4% from December 31, 2024.
- Total loans were $980 million, an increase of $66 million, or 7.2% from December 31, 2024.
- Total deposits were $1.14 billion, an increase of $14 million, or 1.3% compared to December 31, 2024. Noninterest-bearing deposits decreased $4 million, or 1.1%, from prior year, and represented 29.4% of total deposits at December 31, 2025.
- Net of $54 million of deposits sold and $35 million of loans sold in the branch sales, total deposits grew 6.3% and total loans grew 11.4% for the full year 2025.
- Total equity was $142 million, tangible common equity (non-GAAP) was $120 million, and tangible book value per share (TBVPS, non-GAAP) was $10.10, with 11,855,073 shares of common stock issued and outstanding. In 2025, TBVPS (non-GAAP) increased $0.90 per share, or 9.8%.
- The Company's tangible common equity to tangible assets ratio was 8.63% at December 31, 2025, up from 8.40% at prior year end.
- InBank's regulatory capital ratios continue to be well above the "well-capitalized" level with a leverage ratio of 10.38% and total capital ratio of 14.12% at December 31, 2025.

Income Statement for full year 2025:

- Net income was $6.3 million, a decrease of $4.0 million, or 39.0%, from 2024.
- Basic EPS was $0.53, a decrease of $0.34, or 39.1%, from $0.87 in 2024.
- Net interest income was $49.4 million, an increase of $4.9 million, or 11.0%, compared to prior year and net interest margin increased 19 basis points from prior year, from 3.60% to 3.79%.
- PPNR increased to $19.8 million, an improvement of $4.1 million, or 26.2%, from prior year.
- Core efficiency (non GAAP) also improved to 64.3% from 69.6% in prior year driven by the increase in net interest income and a decline in noninterest expense of $1.7 million, or 4.2% compared to prior year.

Provision expense and credit metrics:

- 2025 net income was negatively impacted by the Company recording a total provision for credit losses of $12.1 million, an increase of $9.6 million, or 382%.
    - The increase in provision expense was due to elevated charge-offs in the back half of the year and further reserve building for specific reserves and increases to the qualitative factors in our CECL model.
    - Net charge-offs for the year were 0.89% of average loans, up from 0.13% in 2024.
    - The allowance for credit losses ("ACL") and allowance for unfunded commitments combined were $16.5 million, or 1.69% of loans at December 31, 2025.
    - The level of nonperforming assets ("NPAs") to total assets ended the year lower at 0.42% (0.20% net of SBA guarantees), compared to 0.88% at December 31, 2024.

For 2026, we are focused on growing both loans and deposits in our core markets, expanding net interest margin, managing noninterest expenses, and continuing to improve credit quality. As we move forward, we are encouraged by the positive core earnings trajectory and remain confident in our ability to generate sustainable, profitable growth. With a more efficient business model, a more durable earnings profile, and lower provision expense, we are expecting solid earnings per share and tangible book value per share growth. We believe this focus, combined with the benefit of a positively sloping yield curve should have the potential to drive operating leverage in 2026.

We are grateful to have an amazing team of professionals at InBank who are passionate about building relationships and enhancing the communities we serve. We are humbled by how hard they work and their resolute commitment to our mission. Our employees and bank customers are the drivers of our success, and we are fortunate to serve them.

Thank you for your continued support of InBankshares, Corp, InBank, and our Board of Directors.

Respectfully,

Edward G. Francis, Sr.

President and Chief Executive Officer

Kevin Ahern

Chairman of the Board

For more information about our 2025 full year and 2026 first quarter results, please visit the Investor Relation section (*i.e.*, Q4 2025 Earnings Release and Investor Deck) of our website at: www.inbank.com/investor-relations/

Audit Opinion: In 2024, we engaged Plante Moran to perform the audit of our financial statements and audit our internal control over financial reporting (ICFR). In 2025, the FDIC adopted its final rule *Adjusting and Indexing Certain Regulatory Thresholds*, which increases the consolidated asset threshold requirements for an ICFR audit of from $1 billion to $5 billion. With the change in this requirement, the Company elected not to perform the ICFR audit for 2025. Therefore, the December 31, 2025 comparative financial statements include an audit opinion on the 2025 financial statements, as well as audit opinions on both the financial statements and ICFR for 2024. All opinions were unmodified.

Forward-looking statements. Certain of the statements contained herein constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements preceded by, followed by, or that include the words “may,” “could,” “should,” “would,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “projects,” “outlook” or similar expressions. These statements are based upon the current belief and expectations of the Company’s management team and are subject to significant risks and uncertainties that are subject to change based on various factors, many of which are beyond the company’s control. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, we can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should not be construed as a representation by the Company or any other person that the future events, plans, or expectations contemplated by the Company will be achieved.

All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. The company does not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made, except as required by law.

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

INBANKSHARES, CORP AND SUBSIDIARY

December 31, 2025 and 2024

Plante & Moran, PLLC
Suite 600
8181 E. Tufts Avenue
Denver, CO 80237
Tel: 303.740.9400
Fax: 303.740.9009
plantemoran.com

Independent Auditor's Report

To the Board of Directors
InBankshares, Corp and Subsidiary

Opinion

We have audited the consolidated financial statements of InBankshares, Corp and Subsidiary (the "Company"), which comprise the consolidated statement of financial condition as of December 31, 2025 and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cashflows for the year then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

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

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

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

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

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

PRAXITY™
Empowering Business Globally

To the Board of Directors
InBankshares, Corp and Subsidiary

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.

Plante & Moran, PLLC

March 31, 2026

Plante & Moran, PLLC
Suite 600
8181 E. Tufts Avenue
Denver, CO 80237
Tel: 303.740.9400
Fax: 303.740.9009
plantemoran.com

Independent Auditor's Report

To the Board of Directors
InBankshares, Corp and Subsidiary

Opinion

We have audited the consolidated financial statements of InBankshares, Corp and Subsidiary (the "Company"), which comprise the consolidated statement of financial condition as of December 31, 2024 and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cashflows for the year then ended, and the related notes to the consolidated financial statements.

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

We have also audited, in accordance with auditing standards generally accepted in the United States of America, the Company's internal control over financial reporting as of December 31, 2024 based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) relevant to internal reporting objectives for the express purpose of meeting the regulatory requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA) (the “COSO criteria”), and our report dated March 20, 2025 expressed an unmodified opinion.

Basis for Opinion

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

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

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

PRAXITY™
Empowering Business Globally

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

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

In performing an audit 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.
- 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.

March 20, 2025

plante moran

Plante & Moran, PLLC
Suite 600
8181 E. Tufts Avenue
Denver, CO 80237
Tel: 303.740.9400
Fax: 303.740.9009
plantemoran.com

Independent Auditor's Report

To the Audit Committee of the Board of Directors
InBankshares, Corp and Subsidiary

Report on Internal Control Over Financial Reporting

Opinion on Internal Control Over Financial Reporting

We have audited InBankshares, Corp and Subsidiary's (the "Company") internal control over financial reporting as of December 31, 2024 based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) relevant to internal reporting objectives for the express purpose of meeting the regulatory requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA) (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024 based on the COSO criteria.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the consolidated statement of financial condition as of December 31, 2024 and the related consolidated statements of income, comprehensive income, stockholders' equity, and cashflows for the year then ended of InBankshares, Corp and Subsidiary, and our report dated March 20, 2025 expressed an unmodified opinion.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting* section of our report. We are required to be independent of InBankshares, Corp and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting and for its assessment about the effectiveness of internal control over financial reporting, including the accompanying management's report.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

PRAXITY™
Empowering Business Globally

To the Audit Committee of the Board of Directors
InBankshares, Corp and Subsidiary

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA), our audit of the Company's internal control over financial reporting included controls over the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and with the instructions to the Consolidated Financial Statements for Bank Holding Companies (Form FR Y-9SP).

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

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

Restriction on Use

This report is intended solely for the information and use of management, the board of directors, others within the Company, the Federal Deposit Insurance Corporation, the New Mexico Financial Institution Division, and the Federal Reserve Bank and is not intended to be and should not be used by anyone other than these specified parties.

Report on Other Legal and Regulatory Matters

We were not engaged to, and we have not, performed any procedures with respect to management's assertion regarding compliance with laws and regulations included in the accompanying report of management. Accordingly, we do not express any opinion or other form of assurance on management's assertion regarding compliance with laws and regulations.

Plante & Moran, PLLC

Denver, Colorado
March 20, 2025

InBankshares, Corp and Subsidiary

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	December 31,	
	2025	2024
	(in thousands)	
ASSETS		
Cash and due from banks	$ 15,529	$ 15,520
Interest-bearing deposits in banks	97,845	32,896
Total cash and cash equivalents	113,374	48,416
Equity securities, at fair value	74	91
Investment securities held to maturity, net of allowance for credit losses of $-0- (fair value $115,938 and $112,193, respectively)	129,574	129,377
Investment securities available for sale, at fair value	138,683	169,659
Nonmarketable equity investments	6,992	3,900
Loans	980,215	914,508
Less allowance for credit losses	(16,047)	(12,143)
Net loans	964,168	902,365
Accrued interest receivable	5,070	5,584
Real estate held for sale, net	1,275	1,038
Premises and equipment, net	9,490	10,845
Right-of-use asset	2,648	2,585
Deferred tax asset	5,875	5,900
Goodwill	18,660	18,660
Core deposit intangible	2,961	4,847
Company owned life insurance	9,394	9,104
Other assets	4,277	3,148
Total assets	$ 1,412,515	$ 1,315,519
LIABILITIES		
Deposits		
Noninterest-bearing	$ 336,434	$ 340,067
Interest-bearing	807,043	789,142
Total deposits	1,143,477	1,129,209
Short-term borrowings	91,993	19,713
Subordinated debentures, net	24,897	24,786
Accrued interest payable	1,355	1,423
Accrued expenses and other liabilities	6,083	5,493
Lease liability	3,046	2,798
Total liabilities	1,270,851	1,183,422
STOCKHOLDERS' EQUITY		
Preferred stock: 1,000,000 shares authorized, par $0.01/share, none issued or outstanding	-	-
Voting common stock: 50,000,000 shares authorized, par $0.01/share, 11,348,073 and 11,262,194 shares issued and outstanding at December 31, 2025 and 2024, respectively	113	113
Non-voting common stock: 20,000,000 shares authorized, par $0.01/share, 537,000 shares issued and outstanding at both December 31, 2025 and 2024	6	6
Additional paid-in capital	111,588	110,907
Retained earnings	33,038	26,786
Accumulated other comprehensive loss	(3,081)	(5,715)
Total stockholders' equity	141,664	132,097
Total liabilities and stockholders' equity	$ 1,412,515	$ 1,315,519

The accompanying notes are an integral part of these statements.

InBankshares, Corp and Subsidiary

CONSOLIDATED STATEMENTS OF INCOME

	Years ended December 31,	
	2025	2024
	(in thousands, except per-share amounts)	
Interest and dividend income		
Interest and fees on loans	$ 60,914	$ 58,049
Interest on taxable debt securities	10,017	9,430
Interest on tax-exempt debt securities	1,796	1,414
Dividends on equity securities	108	409
Interest-bearing cash and cash equivalents	2,635	1,941
Total interest and dividend income	75,470	71,243
Interest expense		
Deposits	23,351	24,065
Short-term borrowings	1,449	1,350
Subordinated debentures	1,248	1,297
Total interest expense	26,048	26,712
Net interest income	49,422	44,531
Provision for credit losses on loans	12,407	2,660
Reverse provision for credit losses on unfunded commitments	(320)	(150)
Total provision for credit loss	12,087	2,510
Net interest income after provision for credit loss	37,335	42,021
Noninterest income		
Service charges on deposit accounts	1,835	1,762
Debit and credit card	2,309	2,306
Factoring service charges	1,097	820
Swap income	662	141
Gain on dispositions of other assets	515	83
Gain on sale of SBA loans	513	3,741
Gain on sale of securities available for sale	39	-
Other noninterest income	1,270	1,857
Total noninterest income	8,240	10,710
Noninterest expense		
Salaries and employee benefits	20,790	22,134
Occupancy and equipment	2,574	2,399
Data processing and software	5,382	5,597
Professional fees	1,857	2,317
Office expenses and supplies	1,148	1,085
Business development	1,077	917
Amortization of core deposit intangible	1,260	1,508
Other noninterest expense	3,810	3,622
Total noninterest expense	37,898	39,579
Income before income taxes	7,677	13,152
Income tax expense	1,425	2,909
Net income	$ 6,252	$ 10,243
Basic earnings per share	$ 0.53	$0.87
Diluted earnings per share	$ 0.52	$0.86

The accompanying notes are an integral part of these statements.

InBankshares, Corp and Subsidiary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years ended December 31,	
	2025	2024
	(in thousands)	
Net income	$ 6,252	$ 10,243
Other comprehensive income (loss)		
Change in unrealized gains and losses on securities available for sale	3,581	1,301
Reclassification adjustment for net gain on sale of securities available for sale realized in net income	(39)	-
Net change in unrealized gains and losses on securities available for sale	3,542	1,301
Tax effect	(884)	(282)
Net of tax	2,658	1,019
Amortization of unrealized gains and losses on securities transferred to held to maturity from available for sale	341	401
Tax effect	(85)	(101)
Net of tax	256	300
Change in unrealized gains and losses on cash flow hedges	(99)	363
Reclassification adjustment on cash flow hedges into net income	(180)	(79)
Net change in unrealized gains on cash flow hedges	(279)	284
Tax effect, cumulative to remaining net unrealized gain	(1)	-
Net of tax	(280)	284
Total other comprehensive income	2,634	1,603
Total comprehensive income	$ 8,886	$ 11,846

The accompanying notes are an integral part of these statements.

InBankshares, Corp and Subsidiary

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years Ended December 31, 2025 and 2024

	Voting common stock		Non-voting common stock		Additional	Retained	Accumulated other comprehensive	
	Shares	Amount	Shares	Amount	paid-in capital	earnings	income (loss)	Total
	(in thousands, except share amounts)							
Balance at December 31, 2023	11,193,313	$ 112	537,000	$ 6	$ 110,121	$ 16,543	$ (7,318)	$ 119,464
Stock issued for Directors' compensation	-	-	-	-	-	-	-	-
Restricted stock units - 87,866 shares vesting, net of shares withheld for recipient tax liabilities	68,881	1	-	-	(157)	-	-	(156)
Net income	-	-	-	-	-	10,243	-	10,243
Other comprehensive loss	-	-	-	-	-	-	1,603	1,603
Stock-based compensation expense	-	-	-	-	943	-	-	943
Balance at December 31, 2024	11,262,194	113	537,000	6	110,907	26,786	(5,715)	132,097
Restricted stock units - 104,271 shares vesting, net of shares withheld for recipient tax liabilities	85,879	-	-	-	(171)	-	-	(171)
Net income	-	-	-	-	-	6,252	-	6,252
Other comprehensive income	-	-	-	-	-	-	2,634	2,634
Stock-based compensation expense	-	-	-	-	852	-	-	852
Balance at December 31, 2025	11,348,073	$ 113	537,000	$ 6	$ 111,588	$ 33,038	$ (3,081)	$ 141,664

The accompanying notes are an integral part of these statements.

InBankshares, Corp and Subsidiary

CONSOLIDATED STATEMENTS OF CASHFLOWS

	Years ended December 31,	
	2025	2024
	(in thousands)	
Cash flows from operating activities		
Net income	$ 6,252	$ 10,243
Adjustments to reconcile net income to net cash and cash equivalents from operating activities		
Provision for credit losses	12,087	2,510
Depreciation and amortization	1,019	1,138
Net accretion on investment securities	(179)	(171)
Stock-based compensation	852	943
Amortization of core deposit intangible	1,260	1,508
Accretion of purchase discount on loans	(755)	(1,331)
Amortization of loan servicing rights	226	85
Amortization of debt issuance costs and acquisition discounts	111	110
Deferred income tax benefit	(945)	(79)
Change in fair value of investment securities at fair value	17	(5)
Stock dividends on nonmarketable equity investments	(94)	(210)
Change in value of nonmarketable equity investments	-	(531)
Earnings on Company owned life insurance	(290)	(269)
Net gain on sale of investment securities available for sale	(39)	-
Net gain on sale of SBA loans	(513)	(3,741)
Net loss on sale of other loans	45	-
Net gain on dispositions of premises and equipment	(145)	(83)
Net (gain) loss on sale of real estate held for sale	(323)	15
Write-downs of real estate held for sale	226	-
Net gain on sale of branches	(415)	-
Principal reduction in operating lease liability	(186)	(227)
Net change in:		
Accrued interest receivable	(209)	359
Accrued interest payable	(36)	402
Accrued expenses and other liabilities	(470)	3,865
Net cash and cash equivalents provided by operating activities	17,496	14,531
Cash flows from investing activities		
Purchase of securities available for sale	(33,382)	(50,093)
Maturities, calls and paydowns of securities available for sale	39,208	30,570
Sale of securities available for sale	29,551	-
Purchase of securities held to maturity	(8,318)	(5,160)
Maturities, calls and paydowns of securities held to maturity	7,821	7,393
Purchase of nonmarketable equity investments	(3,016)	(131)
Redemption of nonmarketable equity investments	18	2,226
Loan originations and principal collections, net	(117,477)	(55,254)
Proceeds from sales of loans	5,874	45,518
Proceeds from sales of real estate held for sale	3,798	17
Capitalized expenses on real estate held for sale	-	(466)
Acquisition of premises, equipment and software	(1,531)	(499)
Proceeds from sale of premises, equipment and software	168	496
Net cash used in sale of branches	(15,263)	-
Net cash and cash equivalents used in investing activities	(92,549)	(25,383)

The accompanying notes are an integral part of these statements.

InBankshares, Corp and Subsidiary

CONSOLIDATED STATEMENTS OF CASHFLOWS - CONTINUED

	Years ended December 31,	
	2025	2024
	(in thousands)	
Cash flows from financing activities		
Net change in deposits	67,902	(28,249)
Net change in short-term borrowings	72,280	8,596
Repayments on other borrowings	-	(20,000)
Withholding taxes paid on vested restricted stock units	(171)	(156)
Net cash and cash equivalents provided by (used in) financing activities	140,011	(39,809)
Change in cash and cash equivalents	64,958	(50,661)
Cash and cash equivalents at beginning of year	48,416	99,077
Cash and cash equivalents at end of year	$ 113,374	$ 48,416
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	$ 25,973	$ 26,200
Cash paid during the year for income taxes	3,291	2,207
Supplemental Disclosures of Non-Cash Transactions		
Loan balances transferred to real estate held for sale	3,938	337
Lease liabilities arising from obtaining right of use assets	434	1,920

The accompanying notes are an integral part of these statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of InBankshares, Corp and Subsidiary conform to U.S. generally accepted accounting principles and to general practice within the banking industry. The following is a summary of the significant accounting and reporting policies:

Nature of Operations

InBankshares, Corp is a bank holding company that was formed in 2017 as a Delaware corporation, under the name FFP Group, Inc., for the purpose of pursuing business opportunities in financial services. In 2018, FFP Group, Inc. formally commenced operations, completed a capital raise, acquired InBank, and changed its name to InBankshares, Corp ("IBC"). IBC owns 100% of the stock of InBank ("the Bank"), whose official name was International Bank until a formal name change in 2020. IBC and the Bank are collectively referred to as "the Company."

The Company provides a full range of banking and mortgage services to individual and business customers. IBC is headquartered in Denver, Colorado and the Bank is chartered in Raton, New Mexico. The Bank operates thirteen branches. Colorado locations include nine branches located in Superior, Canon City, Colorado Springs, Denver, Greenwood Village, Pueblo (3), and Trinidad. New Mexico locations include four branches located in Angel Fire, Cimarron, Raton, and Springer. In 2025, the Company sold three Colorado branches located in Wiley, Lamar and Buena Vista, closed one of its two locations in Raton, New Mexico, and closed one of its four locations in Pueblo, Colorado.

The Company is not a filer with the Securities and Exchange Commission; however, in January 2021 the Company listed its voting common stock on OTC Markets' OTCQX exchange, which trades under the symbol "INBC."

The Company is subject to competition from other financial institutions and other financial services providers for loans, deposit accounts and other banking services. The Company is also subject to regulation by certain governmental agencies and undergoes periodic examinations by those regulatory agencies. IBC's primary regulator is the Federal Reserve, and the Bank's primary regulators are the Federal Deposit Insurance Corporation and the State of New Mexico's Financial Institution Division.

Basis of Consolidation and Reclassifications

The accompanying consolidated financial statements include the consolidated totals of the accounts of IBC and the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain immaterial reclassifications to 2024 amounts have been made to conform to the current year presentation format.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of financial condition and revenues and expenses for the period. Actual results could differ significantly from those estimates.

Significant Group Concentrations of Credit Risk

Most of the Company's activities are with customers located within the Company's areas of operations. A majority of the Company's loans are related to real estate, and borrowers' abilities to honor their loans are dependent upon the continued economic viability of the areas in which the Company lends. Note 6 discusses the types of lending in which the Company engages. Note 4 discusses the securities in which the Company invests.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, transaction accounts at other financial institutions, interest-bearing balances at the Federal Reserve Bank and other correspondent banks, federal funds sold and instruments with original maturities of three months or less.

Balances in accounts at other financial institutions may exceed amounts covered by federal deposit insurance, and federal funds sold are unsecured. Management regularly evaluates the credit risk associated with other financial institutions and believes that the Company is not exposed to any significant credit risks on cash and cash equivalents.

For the Statements of Cash Flows, changes are reported on a net basis for loans, deposits, and short-term borrowings.

Equity Securities at Fair Value

Equity securities at fair value are readily marketable equity securities carried at fair value based on the quoted market price. Unrealized changes in fair value are recorded through earnings in the period of change.

Investment Securities Available for Sale and Held to Maturity

The Company's debt securities are either classified as "available for sale" ("AFS") or "held to maturity" ("HTM"). AFS debt securities are carried at estimated fair value, with changes in the unrealized gains and losses excluded from earnings and reported in other comprehensive income. Management obtains valuations from a third-party pricing and interest rate risk modeling provider in connection with determining fair value. HTM debt securities are carried at amortized cost.

The amortized cost of debt securities AFS and HTM are adjusted for amortization of purchase premiums and accretion of purchase discounts. Premiums and discounts are recognized in interest income using the interest method over the terms of the securities. For mortgage-backed and other asset-backed securities, the term of the security is the expected life of the security given estimated paydowns. For other securities, the term of the security is the final maturity or the earliest call date, if applicable, except in the case of purchase discounts which are accreted to final maturity.

Gains and losses on the sale of securities are determined using the specific identification method.

The accrual of interest on debt securities is discontinued at the time any principal or interest payments become significantly delinquent. Additionally, securities are placed on nonaccrual at an earlier date if collection of principal or interest is considered doubtful. When placing a security on nonaccrual status, interest accrued to date is reversed and is charged against the current year's interest income. Payments received on a security on nonaccrual status are applied against the balance of the security. A security is returned to accrual status when principal and interest are no longer past due and collectability is no longer doubtful.

Allowance For Credit Losses – HTM Securities: The allowance for credit losses on HTM securities is a contra-asset valuation account that is deducted from the amortized cost basis of HTM securities to present management's best estimate of the net amount expected to be collected. HTM securities are charged-off against the allowance when deemed uncollectible by management. Adjustments to the allowance are reported in the income statement as a component of credit loss expense. Management measures expected credit losses on HTM securities on a collective basis by major security type with each type sharing similar risk characteristics and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. Management has made the accounting policy election to exclude accrued interest receivable on HTM securities from the estimate of credit losses.

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

Nonmarketable Equity Investments

The Company, as a member of the Federal Home Loan Bank system, is required to maintain an investment in the capital stock of the Federal Home Loan Bank of Dallas. This stock is not tradeable and may only be redeemed by the Federal Home Loan Bank at the par carrying amount.

The Company has an investment in common stock of Bankers' Bank of the West Bancorp, Inc ("BBW"). This stock is not publicly tradeable and may only be sold to another financial institution that is a member of BBW, or redeemed by BBW. The purchase price is generally based on recent book value of BBW stock; however, it may vary based on negotiations between the parties.

The Company also has other nonmarketable equity investments that have no active markets and no quoted market prices. The Company also has investments in investment companies and they are carried at net asset value as a practical expedient. In 2024, the Company acquired common stock in Lower Holding Company in exchange for preferred stock in Neat Capital as a result of the sale of its business. The Company measured the initial investment in Lower Holding Company at fair value and will evaluate subsequent changes in fair value annually.

These investments are under the caption "nonmarketable equity investments" and annually evaluated for impairment.

Loans Held for Sale and Gain on Sale of Loans

The Company sells certain non-mortgage loans to other entities, including certain SBA loans. The decision to sell is based on circumstances existing at the time of the decision, and at the time of the loan origination the intent to sell has not been determined. Accordingly, the Company has no non-mortgage loans classified as held for sale.

In the event of a sale of an SBA loan, gain or loss is recorded based on the difference between the selling price, adjusted for initial loan servicing rates and initial discount on the retained non-guaranteed portion of the loan, and the carrying value of the loans sold. The Company may retain servicing rights on SBA loans sold, in which case a servicing right asset is recorded.

Loan Servicing Rights

When loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in gain on sales of loans. Fair value is based on market prices for comparable servicing contracts when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. Servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans. Servicing rights are carried as a component of other assets.

Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. Impairment is determined by stratifying rights into groupings based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If the Company later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the allowance may be recorded as an increase to income. Changes in valuation allowances are reported within other noninterest income on the income statement. For the years ended December 31, 2025 and 2024, no impairment was recorded. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses.

Servicing fee income, which is reported on the income statement as other noninterest income, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal, or a fixed amount per loa,n and are recorded as income when earned. The amortization of the servicing right is netted against loan servicing fee income.

Loans

The Company grants real estate, commercial and consumer loans to customers. A substantial portion of the loan portfolio is represented by various types of real estate secured loans in the Company's market areas. The ability of the Company's borrowers to honor their contracts is dependent upon the real estate and general economic conditions in these areas.

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 unpaid principal balances adjusted for charge-offs, the allowance for credit losses, deferred fees or costs on originated loans, and purchase discounts. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

Past due loans are any loans for which payments of interest, principal or both have not been received within the timeframes designated by the loan agreements. Loans with payments in arrears but for which borrowers have resumed making scheduled payments are considered past due until arrearages are brought current. Loans that experience insignificant payment delays or payment shortfalls generally are not considered past due. The Company determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

The accrual of interest on any loan is discontinued at the time the loan is 90 days past due unless the loan is well secured and in process of collection. Additionally, loans are placed on nonaccrual at an earlier date if collection of principal or interest is considered doubtful. When placing a loan on nonaccrual status, interest accrued to date is generally reversed and is charged against the current year's interest income. Payments received on a loan on nonaccrual status are applied against the balance of the loan. A loan is returned to accrual status when principal and interest are no longer past due, and collectability is no longer doubtful.

Financial difficulty modifications loans are loans containing concessions in terms as a result of the borrower experiencing financial difficulty. Generally, concessions granted to customers include lower interest rates and modification of the payment stream to lower or defer payments. Interest on financial difficulty modification loans is accrued under the new terms if the loans are performing and full collection of principal and interest is expected. However, interest accruals are discontinued on financial difficulty modification loans that meet the Company's nonaccrual criteria. A loan may be considered a financial difficulty modification loan regardless of whether it is considered a continuation of an existing loan or a new loan that replaces an existing loan.

The quality of the Company's loan portfolio is assessed as a function of the levels of past due loans and nonaccrual loans, and internal credit quality ratings which are updated quarterly by management. The ratings on the Company's internal credit scale are an important part of the Company's overall credit risk management process and are considered in the determination of the allowance for credit losses. The ratings on the Company's internal credit scale are broadly grouped into the categories "non-classified" and "classified", with detailed ratings as follows:

Non-Classified

Pass - Loans with minimal to average identified credit risk. These loans have borrowers considered creditworthy who can repay the debt in the normal course of business. Borrowers have a sound primary and secondary repayment source, with sufficient cash generation to meet ongoing debt service requirements. Loans are typically fully secured with marketable, margined collateral.

Special mention - Loans with potential credit weaknesses which deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of repayment prospects or the Company's credit position at some future date. These loans exhibit characteristics such as declining or stressed financial condition of the borrower and declining or narrow collateral coverage.

Classified

Substandard - Loans inadequately protected by the current financial condition and paying capacity of the borrower or the collateral pledged, if any. These loans have a well-defined weakness or weaknesses that jeopardize the repayment of the debt. These loans are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. In some instances, though not all, the weakness or weaknesses in these loans will necessitate nonaccrual treatment.

Doubtful - Loans in this category have all the weaknesses inherent in those classified as Substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. The probability of loss is extremely high, but because of certain important and reasonably specific factors that may work to the advantage and strengthening of the loans, classification as a loss is deferred until more exact status may be determined. Loans classified as doubtful necessitate nonaccrual treatment.

Loss - Loans considered loss are considered uncollectable and of such little value that their continuance as a bankable asset, even with a valuation allowance, is not warranted. This does not mean the loans have no recovery or salvage value, but rather it is not practical or desirable to defer a charge-off even though a partial recovery may be affected in the future. Loans classified as a loss are charged-off in the period they are deemed uncollectible.

Generally, loans are charged off in whole or in part no later than 120 days after they become past due unless the loan is in the process of restructuring or collection and those efforts are deemed likely to be successful, or management classifies the loan as a loss. Charge off amounts are determined based upon the carrying amount of loans and the amount estimated to be collectible as determined by analyses of expected future cash flows and the liquidation of loan collateral.

Purchased Credit Deteriorated (PCD) Loans

Purchased credit deteriorated loans ("PCD loans") are purchased loans, that, as of the date of acquisition, have experienced a more-than-insignificant deterioration of credit quality since origination, as determined by the Company's assessment. PCD loans are recorded at the amount paid. An allowance for credit losses is determined using the same methodology as other loans held for investment. The initial allowance for credit losses determined on a collective basis is allocated to individual loans The sum of the loan's purchase price and allowance for credit losses becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is accreted or amortized into interest income over the life of the loan. Subsequent changes to the allowance for credit losses are recorded through credit loss expense.

Non-Purchased Credit Deteriorated (Non-PCD) Loans

Non-purchased credit deteriorated loans ("non-PCD loans") are purchased loans, that as of the date of acquisition, have not experienced a significant deterioration in credit quality since origination, as determined by the Company's assessment. An allowance for credit losses is determined using the same methodology as other loans held for investment, and no allowance is established as a 'Day One' fair valuation allowance. The sum of the loan's purchase price becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a discount or premium, which is comprised of an interest component and a credit component, and is accreted or amortized into interest income over the life of the loan.

A subsequent 'Day Two' adjustment on non-PCD loans is recorded to the allowance for credit losses immediately after acquisition, which reflects the future estimated lifetime credit losses on the non-PCD loans, recorded through the provision for credit losses. Subsequent changes to the allowance for credit losses are recorded through credit loss expense.

Allowance for Credit Losses - Loans

The Allowance for Credit Losses ("ACL") on the loan portfolio is a valuation allowance deducted from the recorded balance in loans. The ACL represents principal which is not expected to be collected over the contractual life of the loans. The ACL is increased by a provision for credit losses charged to expense, increased by principal recovered on charged-off balances, and reduced by principal charge-offs. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, using information from internal and external sources, related to past events, current conditions and reasonable and supportable forecasts. Adjustment may also be made for local economic conditions, changes in risk profile, trends, nature and volume of loans, credit concentrations, and changes in credit administration, external loan review and other pertinent factors.

The ACL for loans is separated between a collective reserve evaluation for loans where similar risk characteristics exist, and an individual reserve evaluation for loans without similar risk characteristics. The collective evaluation of loans is performed at the portfolio segment level, using regulatory Call Report classification as the primary segmentation key. Loan classifications and segments are described in Note 6 to the financial statements. For purposes of the specific evaluations, the Bank evaluates loans on nonaccrual status and other loans management determines to have unique risk characteristics. Management assesses estimated future cash flows from borrowers' operations and the liquidation of loan collateral based on loan performance, internal evaluations of borrower credit quality using financial information provided by borrowers, and internal valuations or independent appraisals of the real estate and other loan collateral depending on the significance of the collateral.

Although the allowance is determined through collective evaluation by loan type and through specific evaluation, the entire allowance is available for any loan that, in management's judgment, should be charged off.

The allowance analysis is prepared at least quarterly. Management utilizes a historical loss methodology to estimate losses. The Company utilizes a custom peer group of banks of similar size, geographic area, and loan portfolio concentrations that serve both metropolitan and rural markets. The Company also utilizes a specific lookback period from the first quarter of 2011 (the end of the last recession) forward and evaluates losses over this period for the identified peer group, which includes the Company's losses. The Company applies the historical loss rate experience for the peer group during the look-back period to expected balances over the remaining maturity of each specific loan in the loan pool to determine the expected life-of-loan loss rate. The loss rate is applied to the current amortized cost basis on a loan by loan basis and aggregated by loan type to determine the collective credit loss amount. Each individual loan will have a unique loss level that is based on the remaining life of that instrument, hence, if a loan matures in one year, it will have a lower baseline reserve than a similar loan that matures in five years. The collective credit loss determined using historical losses is adjusted for the effect of various risk factors expected to cause future losses to differ from historical experience. These factors include the projected United States unemployment rate, international, national and regional economic conditions, level and trends in past due loans, volume and severity of adversely classified loans, changes in the nature and volume of the portfolio, concentrations of credit, changes in staffing, credit reviews, regulatory changes, competition and natural disasters and adjusts the allowance accordingly. The resulting allowance amount is added to any credit loss determined on individually evaluated loans.

For individually evaluated loans for which repayment is expected solely from the collateral, the allowance for credit losses is measured based on the fair value of the collateral, less selling costs. For other individually evaluated loans, the allowance for credit losses may be measured based on the fair value of the collateral or expected future cash flows determined through an analysis of the borrower's current and future expected financial condition and other relevant factors. Individually evaluated loans are assessed at least quarterly, though certain underlying information such as collateral appraisals and tax returns could be updated more infrequently depending on particular circumstances of the loan and type of information.

The Company has elected not to estimate an allowance for loan credit losses on accrued interest receivable and record losses against current year interest income when loans are placed on nonaccrual.

Premises and Equipment

Land is carried at cost. Buildings, improvements, furniture and equipment are stated at cost less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets – generally 15 to 40 years for buildings and improvements, and 3 to 7 years for furniture and equipment. Maintenance and repairs, which do not extend the useful lives of premises and equipment, are charged to expense as incurred.

Right of Use Asset and Lease Liability

For leased premises, at lease inception the Company records a lease liability equal to the present value of fixed lease payments not yet paid and also records a corresponding right-of-use asset. Over the lease term, the right-of use asset is amortized and interest on the lease liability is recorded, with amortization and interest charged to rent expense. The lease liability is reduced by the principal component of the fixed lease payments. The combination of amortization on the right-of-use-asset and interest on the lease liability results in straight-line lease expense over the lease term.

Variable lease costs, such as pass-through operating costs of lessors, are expensed as incurred. For leases with terms of under 12 months, no right of use asset or lease liability is recorded and rent expense is recorded when paid.

Real Estate Held for Sale

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value when acquired (less an estimate of cost to sell), establishing a new cost basis. Management performs internal valuations or obtains independent appraisals depending on the significance of the properties to estimate fair value. If fair value declines subsequent to acquisition, a valuation allowance or write-down is recorded through earnings. Operating expenses relative to foreclosed real estate are expensed as incurred, while certain improvements may be capitalized if the expenditures are likely to be recaptured upon disposition of the real estate. Gain or loss on sale, if any, is recognized at the time of sale.

Intangible Assets

Core Deposit Intangible

The core deposit intangible results from business acquisitions, and represents the excess of the fair value of deposits acquired over their book value at the time of acquisition. The core deposit intangible is amortized to expense over a ten year period using an accelerated method. In addition, the core deposit intangible is assessed at least annually for impairment, and any impairment losses are recognized in earnings in the period identified. In 2025, in connection with a sale of three branches, the core deposit intangible was also reduced for the remaining amortization of the intangible asset estimated to be allocable to those branches; this charge was recorded as part of the net gain on sale of the branches rather than as amortization expense.

Goodwill

Goodwill results from business acquisitions, and represents the excess of the purchase price over the fair value of acquired tangible assets and liabilities and identifiable intangible assets. Goodwill is assessed at least annually for impairment, and any impairment losses are recognized in earnings in the period identified.

Company-Owned Life Insurance

The Company has life insurance policies on certain former key executives acquired from business acquisitions. Company-owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for surrender changes or other amounts estimated to be due if the policies were surrendered. The Company is the sole owner and beneficiary of the policies.

Derivative Financial Instruments

The Company occasionally enters into derivative financial instruments as part of its interest rate risk management strategies. These derivative financial instruments consist primarily of interest rate swaps. The Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and whether the Company has elected to designate a derivative as a hedging relationship and apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributed to a particular risk, such as interest rate risk, are considered fair value hedges.

Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

If it is determined that the derivative instrument is not highly effective as a hedge, hedge accounting is discontinued, and the adjustment to fair value of the derivative instrument is recorded in earnings. For a derivative used to hedge changes in cash flows associated with forecasted transactions, the gain or loss on the effective portion of the derivative is deferred and reported as a component of accumulated other comprehensive income, which is a component of stockholders' equity, until such time the hedged transaction affects earnings. For derivative instruments not accounted for as hedges, changes in fair value are recognized in noninterest expense. Counterparty risk with loan customers is managed through loan covenant agreements and, as such, does not have a significant impact on the fair value of the swaps. Counterparty risk with other banks is managed through bilateral collateralization agreements. Deferred gains and losses from derivatives not accounted for as hedges and that are terminated are amortized over the shorter of the original remaining term of the derivative or the remaining life of the underlying asset or liability.

On November 25, 2025, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2025-09, Derivatives and Hedging (Topic 815): *Hedge Accounting Improvements*. The objective of this Update is to clarify and improve the hedge accounting guidance in Topic 815 and to address implementation issues identified following the issuance of ASU 2017-12. The amendments in ASU 2025-09 address five discrete issues and are intended to better reflect hedging strategies in financial reporting by enabling entities to achieve and maintain hedge accounting for highly effective economic hedges. ASU 2025-09 is effective for public business entities for fiscal years beginning after December 15, 2026, and for other entities for fiscal years beginning after December 15, 2027. Early adoption in interim periods is permitted. The amendments in this Update apply to any entity that elects to apply hedge accounting in accordance with Topic 815 and generally are to be adopted on a prospective basis, with an election available to apply the guidance to existing hedging relationships as of the adoption date. While the Company continues to assess all potential impacts of the standard, the Company currently expects adoption to have an immaterial impact on the consolidated financial statements.

Income Taxes

Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities (excluding deferred tax assets and liabilities related to other comprehensive income). Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. Realization of deferred tax assets is dependent upon the generation of a sufficient level of future taxable income and recoverable taxes paid in prior years. Management periodically assesses the deferred tax asset, and a valuation allowance is recorded if the full amount is not expected to be realized.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination presumed to occur. Tax benefits recognized are the amount of the benefit that is greater than 50% likely of being realized upon examination. No tax benefits are recognized if they do not meet the "more likely than not" test.

The Company files a consolidated income tax return inclusive of IBC and the Bank; however, income tax expense is allocated to the entities on a separate return basis. The Company's tax returns are open for examination by taxing authorities for the years 2022 through 2025.

In December 2023, the FASB issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. Among other things, these amendments require that public business entities on an annual basis disclose additional information in specified categories with respect to the reconciliation of the effective tax rate to the statutory rate for federal, state, and foreign income taxes. It also requires greater detail about individual reconciling items in the rate reconciliation to the extent the impact of those items exceeds a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income (loss) by the applicable statutory income tax rate). In addition, the ASU requires information pertaining to taxes paid (net of refunds received) to be disaggregated for federal, state, and foreign taxes and further disaggregated for specific jurisdictions to the extent the related amounts are equal to or greater than 5 percent of total income taxes paid (net of refunds received). The amendments in this ASU are effective for annual periods beginning after December 15, 2024. The adoption of this guidance on January 1, 2025 did not have a material impact on the consolidated financial statements.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. As of December 31, 2025, accumulated other comprehensive income (loss) consists of the following: (i) unrealized losses on available for sale securities of $2,438,000; net of the tax effect of the unrealized losses on securities of $638,000; (ii) unrealized losses on securities transferred from available for sale to held to maturity of $1,712,000; net of the tax effect of the unrealized losses on securities transferred to held to maturity of $428,000; and (iii) unrealized gain on cash flow hedges of $4,000; net of the tax effect of the unrealized gain of $1,000. As of December 31, 2024, accumulated other comprehensive income (loss) consists of the following: (i) unrealized losses on available for sale securities of $5,981,000; (net of the tax effect of the unrealized losses on securities of $1,522,000; (ii) unrealized losses on securities transferred from available for sale to held to maturity of $2,053,000; net of the tax effect of the unrealized losses on securities transferred to held to maturity of $513,000; and (iii) unrealized gain on cash flow hedges of $284,000; with no related tax effect.

Noninterest Income

All of the Company's revenue from contracts with customers that is within the scope of Accounting Standards Codification Topic 606 is recognized within Noninterest Income. The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time at which the Company fulfills the customer's request. Account maintenance fees, which related primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Charges for deposit accounts continuously overdrawn are equivalent to interest and included as a component of interest and fees on loans. Service charges on deposits are withdrawn from the customer's account balance. The Company earns interchange fees from debit and credit cardholder transactions conducted through the Visa and MasterCard networks. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. The Company recognizes service charge income related to factoring services for customer receivables. The Company recognizes this income daily as receivables are processed.

Earnings Per Share

Basic earnings per share is computed by dividing net income or loss by the weighted average number of shares outstanding. Diluted earnings per share is calculated using the weighted average number of shares determined for basic earnings per share, plus the effect of dilutive instruments using the treasury stock method. Unvested performance based shares are excluded from dilutive instruments.

Stock-Based Compensation

The cost of stock-based compensation for time-based awards is the grant-date fair value of the instruments issued and is recorded as expense over the vesting period of the award. The cost of stock-based compensation for performance-based awards is the grant-date fair value of the instruments issued and is recorded as expense over the period that it is probable the performance conditions will be met. Forfeitures are accounted at the time they occur.

Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Company enters into off-balance-sheet financial instruments consisting of commitments to extend credit, unused lines of credit, standby letters of credit and undisbursed loans in process. These financial instruments are recorded in the financial statements when they are funded.

The Company is exposed to credit loss from certain off-balance sheet commitments such as unused commitments for revolving lines of credit, construction loans, commercial loan, and letters of credit. Because the available funds have not yet been disbursed on these commitments the estimated losses are not included in the calculation of the allowance for credit losses on the loan portfolio. The Company's ACL on unfunded loan commitments represents expected credit losses over the contractual life of commitments not identified as unconditionally cancellable by the Company. The ACL for unfunded commitments is estimated using the same reserve methodology calculated on collectively evaluated loans following the application of a funding rate on the amount of the unfunded commitment. The funding rate represents management's estimate of the amount of the current unfunded commitment that will be funded over the remaining contractual life of the commitment and is based on historical data. The ACL on unfunded commitments is classified in accrued expenses and other liabilities while any related provision expense is recorded to provision for credit loss expense.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been relinquished and, for loan participations sold, incoming cash flows on the base loan are allocated to all participants on a pro-rata basis. Control over transferred assets is deemed to be relinquished when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable, and an amount or range of loss can be reasonably estimated. Management does not believe there are currently any such matters that will have a material effect on the financial statements.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, excluding transaction costs. When measuring fair value, entities should maximize the use of observable inputs and minimize the use of unobservable inputs. The following describes the three levels of inputs that may be used to measure fair value:

- *Level 1 Inputs* - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- *Level 2 Inputs* - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- *Level 3 Inputs* - Unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Subsequent Events

Management evaluates events occurring subsequent to the balance sheet date, through the date the financial statements are eligible to be issued, to determine whether the events are material and require recognition or disclosure in the financial statements. With respect to the December 31, 2025 financial statements, Management has considered subsequent events through March 31, 2026.

NOTE 2 – EARNINGS PER SHARE

The factors used in the earnings per share computation follow:

	Years ended December 31,	
	2025	2024
	(in thousands, except per share data)	
Basic		
Net income	$ 6,252	$ 10,243
Weighted average common shares outstanding	11,856,652	11,771,945
Basic earnings per common share	$ 0.53	$ 0.87
Diluted		
Net income	$ 6,252	$ 10,243
Weighted average common shares outstanding for basic earnings per common share	11,856,652	11,771,945
Add: Dilutive effects of unvested RSU awards	109,153	206,611
Average shares and dilutive potential common shares	11,965,805	11,978,556
Diluted earnings per common share	$ 0.52	$ 0.86

RSU awards for 178,898 and 100,194 shares were not considered in computing the diluted earnings per common share for 2025 and 2024, respectively, because they were contingently issuable.

NOTE 3 – EQUITY SECURITIES AT FAIR VALUE

At December 31, 2025 and 2024, equity securities at fair value is comprised entirely of common stock in Farmer Mac with a carrying value of $74,000 and $91,000, respectively. During 2025 and 2024, the fair value of the stock decreased $17,000 and increased $5,000, respectively, and the change was recorded through other noninterest income.

NOTE 4 - INVESTMENT SECURITIES

The amortized cost and fair value of investment securities available for sale and held to maturity, with gross unrealized gains and losses, follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2025		(in thousands)		
Available for sale debt securities				
Residential mortgage-backed	$ 71,267	$ 352	$ (1,011)	$ 70,608
Commercial mortgage-backed	27,459	17	(453)	27,023
Student loan pools	22,591	1	(316)	22,276
SBA loan pools	975	7	(20)	962
Corporate	17,346	72	(1,089)	16,329
State and municipal	1,483	5	(3)	1,485
Total	$ 141,121	$ 454	$ (2,892)	$ 138,683
Held to maturity debt securities				
Residential mortgage-backed	$ 44,356	$ -	$ (4,704)	$ 39,652
Commercial mortgage-backed	21,158	-	(2,084)	19,074
State and municipal	64,060	299	(7,147)	57,212
Total	$ 129,574	$ 299	$ (13,935)	$ 115,938
December 31, 2024				
Available for sale debt securities				
Residential mortgage-backed	$ 66,828	$ 6	$ (2,258)	$ 64,576
Commercial mortgage-backed	31,120	-	(1,068)	30,052
Student loan pools	27,468	-	(335)	27,133
SBA loan pools	1,625	13	(28)	1,610
Corporate	42,086	47	(2,115)	40,018
State and municipal	6,513	1	(244)	6,270
Total	$ 175,640	$ 67	$ (6,048)	$ 169,659
Held to maturity debt securities				
Residential mortgage-backed	$ 50,958	$ -	$ (6,900)	$ 44,058
Commercial mortgage-backed	21,615	-	(3,033)	18,582
State and municipal	56,804	-	(7,251)	49,553
Total	$ 129,377	$ -	$ (17,184)	$ 112,193

At December 31, 2025 and 2024, there are no credit loss allowances on investment securities, no securities on nonaccrual status, and no securities for which principal or interest is past due.

Residential mortgage-backed securities are primarily comprised of U.S. agency mortgage-backed bonds and collateralized mortgage obligations ("CMOs") issued by Freddie Mac, Fannie Mae and Ginnie Mae, and also include non-agency CMOs with a carrying amount of $31,071,000 and $31,240,000 as of December 31, 2025 and 2024, respectively. The residential mortgage-backed non-agency CMOs are generally unrated. Commercial mortgage-backed securities ("CMBS") are comprised of mortgage-back securities and CMOs issued by Freddie Mac, Fannie Mae and Ginnie Mae, and other non-agency issuers. The carrying amount of non-agency CMBS balances were $22,361,000 and $22,559,000 as of December 31, 2025 and 2024, respectively, and are generally unrated. The student loan pools are issued by Sallie Mae and various organizations, and are all rated investment grade by one or more nationally recognized statistical rating organizations as of December 31, 2025 and 2024. State and municipal securities are comprised of bonds issued by various states and municipalities. All state and municipal securities are rated investment grade by one or more nationally recognized statistical rating organizations as of December 31, 2025 and 2024, except for unrated bonds with a carrying value of $20,233,000 and $12,737,000, respectively. Corporate securities are comprised entirely of subordinated debentures and other bonds issued by bank and financial holding companies, and are generally unrated.

The amortized cost and fair value of debt securities at December 31, 2025, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because obligors may have the right to call or prepay obligations, and for mortgage-backed and asset-backed securities the repayment of the securities occurs on a monthly basis based on the repayment of the loans underlying the securities. Amortized cost and fair value is also presented on an average-life basis which estimates cashflows using the earliest call date for bullet bonds purchased at a premium, final maturity for bonds purchased at a discount, and the three-month constant paydown speed (CPR) for mortgage-backed and asset-backed securities:

	Contractual Maturity		Average Life	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available for Sale	(in thousands)			
Due in one year or less	$ 765	$ 765	$ 5,390	$ 5,405
Due after one through five years	31,310	31,282	84,731	84,254
Due after five years through ten years	14,950	14,609	43,379	42,183
Due after ten years	94,096	92,027	7,621	6,841
Total	$ 141,121	$ 138,683	$ 141,121	$ 138,683
Held to Maturity				
Due in one year or less	$ -	$ -	$ -	$ -
Due after one through five years	7,227	7,150	45,611	43,782
Due after five years through ten years	23,603	21,461	38,842	35,344
Due after ten years	98,744	87,327	45,121	36,812
Total	$ 129,574	$ 115,938	$ 129,574	$ 115,938

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

	December 31, 2025					
	Less than 12 months			Over 12 months		
	Number of Securities	Gross Unrealized Losses	Fair Value	Number of Securities	Gross Unrealized Losses	Fair Value
			(dollars in thousands)			
Available for Sale						
Residential mortgage-backed	4	$ (31)	$ 10,631	23	$ (980)	$ 24,230
Commercial mortgage-backed	2	(48)	7,948	11	(405)	10,656
Student loan pools	2	(24)	5,572	7	(292)	15,534
SBA loans pools	1	(1)	3	6	(19)	779
Corporate	1	(61)	1,005	9	(1,028)	9,961
State and municipal	1	(3)	520	-	-	-
Total	11	$ (168)	$ 25,679	56	$ (2,724)	$ 61,160
Held to Maturity						
Residential mortgage-backed	-	$ -	$ -	18	$ (4,704)	$ 39,652
Commercial mortgage-backed	-	-	-	8	(2,084)	19,074
State and municipal	-	-	-	16	(7,147)	35,510
Total	-	$ -	$ -	42	$ (13,935)	$ 94,236

	December 31, 2024					
	Less than 12 months			Over 12 months		
	Number of Securities	Gross Unrealized Losses	Fair Value	Number of Securities	Gross Unrealized Losses	Fair Value
			(dollars in thousands)			
Available for Sale						
Residential mortgage-backed	12	$ (475)	$ 30,696	29	$ (1,783)	$ 28,521
Commercial mortgage-backed	6	(167)	11,806	17	(901)	18,246
Student loan pools	4	(49)	12,731	6	(286)	14,402
SBA loan pools	1	(1)	261	5	(27)	893
Corporate	2	(33)	1,924	31	(2,082)	35,652
State and municipal	9	(190)	4,769	3	(54)	1,252
Total	34	(915)	62,187	91	(5,133)	98,966
Held to Maturity						
Residential mortgage-backed	2	$ (146)	$ 3,925	16	$ (6,754)	$ 40,133
Commercial mortgage-backed	-	-	-	8	(3,033)	18,582
State and municipal	4	(226)	14,115	14	(7,025)	35,438
Total	6	$ (372)	$ 18,040	38	$ (16,812)	$ 94,153

Unrealized losses are due to differences in market yields as compared to yields available at the time securities were purchased. Management has performed analyses of investment credit quality and cash flows and has determined that no allowances for credit losses are necessary on securities available for sale or held to maturity. The Company has the ability and intent to hold investment securities for a period sufficient for recovery of cost, and fair value is expected to recover as bonds approach maturity.

In 2022, the Company transferred various municipal, residential mortgage-backed and commercial mortgage-backed securities with an aggregate fair value of $135,712,000 from available for sale to held to maturity. The unrealized loss on these securities at the time of transfer was $3,146,000 and became part of the amortized cost basis of the securities and is amortized into interest income over the remaining terms of the securities. The related accumulated other comprehensive loss of $2,359,000 remained in equity, and the related $787,000 tax effect remained in the deferred tax asset, and are also amortized into interest income over the remaining terms of the securities, offsetting the asset amortization such that the transfer between security categories has no net effect on interest income.

The Company realized $169,000 in gains and $130,000 in losses on the sale and early redemption of investment securities available for sale in 2025. The Company realized no gains or losses on sales and early redemptions of investment securities available for sale in 2024.

Investment securities available for sale with a carrying amount of $-0- and $53,916,000 at December 31, 2025 and 2024, respectively, were pledged as collateral on public deposits, to secure borrowing facilities or for other purposes. Investment securities held to maturity with a carrying amount of $126,248,000 and $123,210,000 at December 31, 2025 and 2024, respectively, were pledged as collateral on public deposits, to secure borrowing facilities or for other purposes.

NOTE 5 – NONMARKETABLE EQUITY INVESTMENTS

Nonmarketable equity investments are comprised of the following:

	December 31,	
	2025	2024
	(in thousands)	
Federal Home Loan Bank of Dallas - common stock	$ 4,521	$ 1,799
Lower Holding Company - common stock	485	485
Bankers' Bank of the West Bancorp - common stock	386	386
Investment in Lightspring Capital	690	708
Investment in Castle Creek Launchpad Fund I, LP	690	522
Investment in One Bow River	220	-
Total	$ 6,992	$ 3,900

The Federal Home Loan Bank of Dallas and Bankers' Bank of the West (a wholly owned subsidiary of Bankers' Bank of the West Bancorp) are correspondent banks to the Company.

Lower Holding Company ("Lower") is a multi-channel, digital home finance company. The Company received common shares in Lower in exchange for preferred shares it held in Neat Capital, a prior investee of the Company that sold to Lower and which the Company had used for mortgage banking services discontinued in years prior to 2024.

The investment in Lightspring Capital ("Lightspring") is a limited partnership investment in Lightspring Capital I, a partnership operating as a small business investment company under the SBIC Act. The Company has committed to invest $1,000,000 in Lightspring, with $402,000 of that commitment unfunded at December 31, 2025.

The investment in Castle Creek Launchpad Fund I, LP ("Launchpad") is a limited partnership investment in a fintech focused fund for the benefit of community banks. The Company has committed to invest $1,000,000 in Launchpad, with $245,000 of that commitment unfunded at December 31, 2025.

One Bow River National Defense Fund, LP ("Bow River") is a limited partnership operating as a small business investment company under the SBIC Act. The Company has committed to invest $1,000,000 in Bow River, with $780,000 of that commitment unfunded at December 31, 2025.

NOTE 6 – LOANS AND ALLOWANCE FOR CREDIT LOSSES

Major classifications of loans are as follows:

	December 31,	
	2025	2024
	(in thousands)	
Real Estate		
Commercial	$ 553,539	$ 464,305
Construction and land	52,844	58,462
Residential 1-4 family	69,022	75,930
Multifamily	26,739	48,981
Farmland	8,124	28,313
	710,268	675,991
Commercial - non real estate	245,533	202,864
Agricultural production	4,803	19,582
Consumer and other	20,647	18,560
	981,251	916,997
Less allowance for credit losses	(16,047)	(12,143)
Less net unearned loan fees	(1,036)	(2,489)
Total	$ 964,168	$ 902,365

In the ordinary course of business, the Company may grant loans to its executive officers, significant shareholders, directors, and parties affiliated with those persons (collectively, "related parties"). At December 31, 2025, the Company has $1,630,000 in loan commitments to related parties, of which $1,610,000 is outstanding. At December 31, 2024, the Company has $1,980,000 in loan commitments to related parties, of which $1,970,000 is outstanding.

At December 31, 2025 and 2024, various real estate, commercial non real estate, agricultural production, and consumer loans totaling $979,514,000 and $897,709,000, respectively, are pledged to secure borrowing facilities at the Federal Home Loan Bank of Dallas under a blanket lien agreement.

The Company's activity in the allowance for credit losses, by loan segment, is summarized below:

	Years Ended December 31, 2025 and 2024						
	Real Estate						
	Commercial	Construction and land	Residential 1-4 family	All other real estate	Commercial - non real estate	All other non real estate	Total
	(in thousands)						
Balance at January 1, 2024	$ 5,163	$ 1,136	$ 1,649	$ 1,037	$ 1,381	$ 358	$ 10,724
Provision for loan losses	439	(392)	(655)	681	2,339	248	2,660
(Charge-offs)	(1,085)	-	(134)	-	(33)	(33)	(1,285)
Recoveries	19	-	11	-	12	2	44
Net (charge-offs) recoveries	(1,066)	-	(123)	-	(21)	(31)	(1,241)
Balance at December 31, 2024	4,536	744	871	1,718	3,699	575	12,143
Provision (credit) for loan losses	1,444	102	410	(270)	9,785	936	12,407
(Charge-offs)	-	(524)	(399)	-	(7,591)	(8)	(8,522)
Recoveries	-	-	7	-	8	4	19
Net (charge-offs) recoveries	-	(524)	(392)	-	(7,583)	(4)	(8,503)
Balance at December 31, 2025	$ 5,980	$ 322	$ 889	$ 1,448	$ 5,901	$ 1,507	$ 16,047

The carrying amounts of loans by past due status are as follows:

	December 31, 2025				
	Current	30-59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due	Total Loans
	(in thousands)				
Real Estate					
Commercial	$ 551,699	$ 664	$ 218	$ 958	$ 553,539
Construction and land	52,686	-	-	158	52,844
Residential 1-4 family	68,595	325	-	102	69,022
Multifamily	26,739	-	-	-	26,739
Farmland	8,094	30	-	-	8,124
Commercial - non real estate	242,332	284	267	2,650	245,533
Agricultural production	4,803	-	-	-	4,803
Consumer and other	20,642	5	-	-	20,647
	$ 975,590	$ 1,308	$ 485	$ 3,868	$ 981,251

	December 31, 2024				
	Current	30-59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due	Total Loans
			(in thousands)		
Real Estate					
Commercial	$ 457,964	$ 247	$ 799	$ 5,295	$464,305
Construction and land	58,302	160	-	-	58,462
Residential 1-4 family	74,178	833	601	318	75,930
Multifamily	48,981	-	-	-	48,981
Farmland	28,313	-	-	-	28,313
Commercial - non real estate	202,859	5	-	-	202,864
Agricultural production	19,582	-	-	-	19,582
Consumer and other	18,554	6	-		18,560
	$ 908,733	$ 1,251	$ 1,400	$ 5,613	$916,997

At December 31, 2025 and 2024, the Company has no loans past due 90 days or more that are accruing.

Information relative to nonaccrual loans, all of which the Company deems collateral dependent, follows:

	With no allowance for credit loss	With an allowance for credit loss	Total	Loans Past Due 90+ Accruing
		(in thousands)		
December 31, 2025				
Real Estate				
Commercial	$ 218	$ 958	$ 1,176	$ -
Construction and land	158	-	158	-
Residential 1-4 family	648	-	648	-
Commercial - non real estate	2,650	-	2,650	-
	$ 3,674	$ 958	$ 4,632	$ -
December 31, 2024				
Real Estate				
Commercial	$ 799	$ 5,295	$ 6,094	$ -
Construction and land	-	3,443	3,443	-
Residential 1-4 family	701	77	778	-
Commercial - non real estate	223	-	223	-
	$ 1,723	$ 8,815	$ 10,538	$ -

Non-accrual loans totaled $1,646,000 as of January 1, 2024.

Interest income recognized on nonaccrual loans in 2025 and 2024 is approximately $27,000 and $416,000, respectively. Commitments to extend credit on nonaccrual loans total $-0- at both December 31, 2025 and 2024.

The carrying amount of loans by credit quality indicator are as follows:

	December 31, 2025							
	Term Loans Amortized Cost Basis by Origination Year							
	2025	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Total Loans
Real Estate				(in thousands)				
Commercial								
Pass	$ 151,877	$ 56,668	$ 14,642	$ 95,443	$ 60,389	$ 99,980	$ 859	$ 479,858
Special Mention	-	612	2,181	11,109	11,259	18,874	960	44,995
Substandard	-	629	386	5,364	1,128	21,179	-	28,686
Total	$ 151,877	$ 57,909	$ 17,209	$ 111,916	$ 72,776	$ 140,033	$ 1,819	$ 553,539
Commercial								
Current period gross write off:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Construction and land								
Pass	$ 25,290	$ 1,413	$ 7,043	$ 7,584	$ 1,190	$ 1,347	$ -	$ 43,867
Special Mention	-	-	-	-	-	7,100	-	7,100
Substandard	-	-	-	591	1,286	-	-	1,877
Total	$ 25,290	$ 1,413	$ 7,043	$ 8,175	$ 2,476	$ 8,447	$ -	$ 52,844
Construction and land								
Current period gross write off:	$ -	$ -	$ -	$ 152	$ -	$ 372	$ -	$ 524
Residential 1-4 family								
Pass	$ 4,491	$ 1,943	$ 1,990	$ 8,624	$ 16,501	$ 11,307	$ 19,161	$ 64,017
Special Mention	-	50	-	220	587	553	496	1,906
Substandard	322	42	397	1,050	92	993	203	3,099
Total	$ 4,813	$ 2,035	$ 2,387	$ 9,894	$ 17,180	$ 12,853	$ 19,860	$ 69,022
Residential 1-4 family								
Current period gross write off:	$ -	$ 35	$ 355	$ -	$ -	$ 9	$ -	$ 399
Multifamily								
Pass	$ -	$ 1,074	$ 18,494	$ 5,334	$ -	$ 1,627	$ 210	$ 26,739
Total	$ -	$ 1,074	$ 18,494	$ 5,334	$ -	$ 1,627	$ 210	$ 26,739
Multifamily								
Current period gross write off:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Farmland								
Pass	$ -	$ -	$ 205	$ -	$ 3,968	$ 1,979	$ -	$ 6,152
Substandard	325	-	-	-	-	1,647	-	1,972
Total	$ 325	$ -	$ 205	$ -	$ 3,968	$ 3,626	$ -	$ 8,124
Farmland								
Current period gross write off:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial - non real estate								
Pass	$ 42,714	$ 18,499	$ 11,241	$ 24,554	$ 9,677	$ 1,360	$ 103,904	$ 211,949
Special Mention	880	2,241	401	4,384	1,183	376	2,273	11,738
Substandard	267	4,153	15	5,441	87	60	11,823	21,846
Total	$ 43,861	$ 24,893	$ 11,657	$ 34,379	$ 10,947	$ 1,796	$ 118,000	$ 245,533
Commercial - non real estate								
Current period gross write off:	$ -	$ 1,778	$ 1,099	$ 12	$ -	$ 4	$ 4,698	$ 7,591
Agricultural production								
Pass	$ 106	$ 575	$ 173	$ 92	$ 356	$ 465	$ 131	$ 1,898
Substandard	-	84	52	-	-	553	2,216	2,905
Total	$ 106	$ 659	$ 225	$ 92	$ 356	$ 1,018	$ 2,347	$ 4,803
Agricultural production								
Current period gross write off:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Consumer and other								
Pass	$ 10,813	$ 342	$ 187	$ 6,837	$ 21	$ 1,681	$ 763	$ 20,644
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	2	-	-	1	3
Total	$ 10,813	$ 342	$ 187	$ 6,839	$ 21	$ 1,681	$ 764	$ 20,647
Consumer and other								
Current period gross write off:	$ -	$ 6	$ 1	$ -	$ -	$ -	$ 1	$ 8
	$ 237,085	$ 88,325	$ 57,407	$ 176,629	$ 107,724	$ 171,081	$ 143,000	$ 981,251

	December 31, 2024						
	Term Loans Amortized Cost Basis by Origination Year						
	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Total Loans
				(in thousands)			
Real Estate							
Commercial							
Pass	$ 58,819	$ 17,924	$ 114,931	$ 75,211	$ 129,407	$ 9,760	$ 406,052
Special Mention	-	1,073	7,193	8,782	10,625	-	27,673
Substandard	-	1,187	3,790	3,664	21,939	-	30,580
Total	$ 58,819	$ 20,184	$ 125,914	$ 87,657	$ 161,971	$ 9,760	$ 464,305
Commercial							
Current period gross write off:	$ -	$ -	$ -	$ 964	$ 121	$ -	$ 1,085
Construction and land							
Pass	$ 10,094	$ 8,788	$ 15,793	$ 1,409	$ 3,527	$ 1,230	$ 40,841
Special Mention	-	-	2,385	-	7,100	-	9,485
Substandard	-	395	2,970	1,328	-	3,443	8,136
Total	$ 10,094	$ 9,183	$ 21,148	$ 2,737	$ 10,627	$ 4,673	$ 58,462
Construction and land							
Current period gross write off:	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Residential 1-4 family							
Pass	$ 2,336	$ 3,506	$ 9,616	$ 17,984	$ 14,907	$ 20,024	$ 68,373
Special Mention	-	-	-	214	656	496	1,366
Substandard	317	12	2,492	1,709	1,120	541	6,191
Total	$ 2,653	$ 3,518	$ 12,108	$ 19,907	$ 16,683	$ 21,061	$ 75,930
Residential 1-4 family							
Current period gross write off:	$ -	$ -	$ -	$ -	$ 130	$ 4	$ 134
Multifamily							
Pass	$ 781	$ 18,902	$ 6,198	$ 12,292	$ 10,626	$ 182	$ 48,981
Total	$ 781	$ 18,902	$ 6,198	$ 12,292	$ 10,626	$ 182	$ 48,981
Multifamily							
Current period gross write off:	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Farmland							
Pass	$ 388	$ 2,341	$ 932	$ 5,741	$ 11,693	$ -	$ 21,095
Special Mention	-	93	1,880	61	5,184	-	7,218
Total	$ 388	$ 2,434	$ 2,812	$ 5,802	$ 16,877	$ -	$ 28,313
Farmland							
Current period gross write off:	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial - non real estate							
Pass	$ 21,394	$ 14,318	$ 29,025	$ 26,966	$ 4,665	$ 75,913	$ 172,281
Special Mention	756	814	1,307	21	735	5,703	9,336
Substandard	1,490	1,542	10,658	2,118	833	4,606	21,247
Total	$ 23,640	$ 16,674	$ 40,990	$ 29,105	$ 6,233	$ 86,222	$ 202,864
Commercial - non real estate							
Current period gross write off:	$ -	$ -	$ -	$ 19	$ 14	$ -	$ 33
Agricultural production							
Pass	$ 2,612	$ 1,559	$ 823	$ 2,002	$ 1,826	$ 6,467	$ 15,289
Special Mention	200	96	26	12	1,516	2,443	4,293
Total	$ 2,812	$ 1,655	$ 849	$ 2,014	$ 3,342	$ 8,910	$ 19,582
Agricultural production							
Current period gross write off:	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Consumer and other							
Pass	$ 942	$ 352	$ 7,589	$ 87	$ 1,927	$ 7,645	$ 18,542
Special Mention	-	1	-	-	-	-	1
Substandard	-	-	7	-	8	2	17
Total	$ 942	$ 353	$ 7,596	$ 87	$ 1,935	$ 7,647	$ 18,560
Consumer and other							
Current period gross write off:	$ 9	$ 11	$ 8	$ 3	$ 2	$ -	$ 33
	$ 100,129	$ 72,903	$ 217,615	$ 159,601	$ 228,294	$ 138,455	$ 916,997

The carrying amount of financial difficulty modification loans, by type of modification, are as follows:

	December 31, 2025 for Loans Modified in 2025					
	Rate and Payment Modification	Term Modification	Payment and Term Modification	Rate and Term Modification	Rate Modification	Total Percentage of Loan Class
	(in thousands)					
Real Estate						
Commercial	$ -	$ -	$ -	$ 288	$ -	0.1%
Commercial - non real estate	-	528	-	-	-	0.2%
Total	$ -	$ 528	$ -	$ 288	$ -	0.1%

	December 31, 2024 for Loans Modified in 2024					
	Rate and Payment Modification	Term Modification	Payment and Term Modification	Rate and Term Modification	Rate Modification	Total Percentage of Loan Class
	(in thousands)					
Real Estate						
Residential 1-4 family	-	138	278	-	-	0.5%
Total	$ -	$ 138	$ 278	$ -	$ -	0.0%

Commitments to extend credit on modified loans are $-0- at both December 31, 2025 and 2024.

In 2025, no financial difficulty modification loans defaulted within twelve months of the modification. In 2024, $5,573,000 of financial difficulty modification loans defaulted within twelve month months of the modification

At December 31, 2025 and 2024, loans in process of foreclosure were $293,000 and $1,116,000, respectively.

Note 22 discusses the transfer of certain loans in connection with the sale of three branches in 2025.

NOTE 7 – PREMISES AND EQUIPMENT

Premises and equipment are as follows:

	December 31,	
	2025	2024
	(in thousands)	
Land	$ 1,719	$ 2,453
Buildings and improvements	6,875	8,136
Furniture and equipment	2,758	2,901
Construction in process	1,067	-
	12,419	13,490
Less accumulated depreciation and amortization	(2,929)	(2,645)
	$ 9,490	$ 10,845

In 2025, the Company sold one of its Raton, New Mexico facilities and purchased and began renovating a new facility in Raton. Note 22 discusses this sale and the transfer of certain other premises and equipment in 2025 in connection with a sale of three branches.

NOTE 8 – LEASES

The Company leases various facilities under long term operating lease agreements expiring in years through 2035. Total rent expense included in occupancy and equipment expenses on the statement of income for these leases in 2025 and 2024 was $1,083,000 and $778,000, respectively, which includes base rent and the Company's share of the lessors' variable operating costs.

Future annual base rent commitments under these leases, excluding costs for optional renewal periods available at expiration, are as follows as of December 31, 2025:

Year ending December 31,	(in thousands)
2026	$ 615
2027	556
2028	529
2029	497
2030	363
Thereafter	1,592
Total lease payments	4,152
Less: imputed interest	(1,106)
Net lease liability	$ 3,046

The weighted average lease term for long term leases in effect at December 31, 2025 and 2024, was 8.1 years and 9.1 years, respectively. The weighted average discount rate for leases in effect as of December 31, 2025 and 2024, was 7.61% and 7.35%, respectively.

The Company leases a facilty in Raton, New Mexico, under an immaterial short term lease. The Company will vacate this facility and move operations to the new owned facility once renovations are complete.

In 2024, the Company established a full-service branch in the River North Art District of Denver, Colorado. This facility also serves as the Company's headquarters.

NOTE 9 – REAL ESTATE HELD FOR SALE

Activity in real estate held for sale is as follows:

	Year ended December 31,	
	2025	2024
	(in thousands)	
Balance, beginning of year	$ 1,038	$ 267
Transfers from loans	3,938	337
Capitalized improvements	-	466
Write-downs	(226)	-
Dispositions during the year	(3,475)	(32)
Balance, end of year	$ 1,275	$ 1,038

Net income (expense) from real estate held for sale in 2025 and 2024 was $8,000 and $(50,000), respectively. This is includes gains or losses on sales, write-downs, operating income and operating expense related to the properties. Net income (expense) from real estate held for sale is classified in other noninterest expense.

NOTE 10 – INTANGIBLE ASSETS

Intangible assets related to business acquisitions follows:

	December 31, 2025	December 31, 2024
	(in thousands)	
Goodwill	$ 18,660	$ 18,660
Core deposit intangible	11,407	12,033
Less accumulated amortization	(8,446)	(7,186)
Core deposit intangible, net	2,961	4,847
Total intangible assets from business acquisitions	$ 21,621	$ 23,507

Note 22 discusses the disposition of a portion of the core deposit intangible in connection with the sale of three branches in 2025.

Future annual amortization of the core deposit intangible asset is as follows at December 31, 2025:

Year Ending December 31,	(in thousands)
2026	$ 908
2027	716
2028	523
2029	370
2030	259
Thereafter	185
Total	$ 2,961

The Company carries a servicing right asset related to serviced SBA loans as component of other assets. The balance of the servicing right asset is $666,000 and $779,000 at December 31, 2025 and 2024, respectively. Servicing income totaled $287,000 and $224,000 for the years ended December 31, 2025 and 2024, respectively. These amounts include $20,000 and $24,000, respectively, related to the servicing of a legacy portfolio of residential mortgage loans, with the remainder related to SBA loans. Servicing activities are not considered material.

NOTE 11 – DEPOSITS

Deposits are comprised of the following:

	December 31,	
	2025	2024
	(in thousands)	
Noninterest-bearing	$ 336,434	$ 340,067
Interest-bearing checking accounts	160,970	170,430
Money market accounts	334,047	302,410
Savings accounts	51,493	57,280
Time certificates of deposit	260,533	259,022
Total deposits	$ 1,143,477	$ 1,129,209
Time deposits more than $250,000	$ 64,714	$ 66,587
Non-maturity deposits more than $250,000	446,572	485,953
Total deposits more than $250,000	$ 511,286	$ 552,540
Brokered time certificates of deposit	$ 106,354	$ 101,070

Annual maturities of time deposits at December 31, 2025 are as follows:

Year Ending December 31,	(in thousands)
2026	$ 214,494
2027	43,128
2028	911
2029	1,751
2030	249
Total	$ 260,533

In the ordinary course of business, the Company may accept deposits from its executive officers, significant shareholders, directors, and parties affiliated with those persons (collectively, "related parties"). At December 31, 2025 and 2024, the Company has approximately $13,841,000 and $19,063,000, respectively, in deposits from related parties.

Note 22 discusses the transfer of certain deposits in connection with the sale of three branches in 2025.

NOTE 12 – SHORT-TERM BORROWINGS

Short-term borrowings are as follows:

	December 31,	
	2025	2024
	(in thousands)	
Repurchase agreements	$ 443	$ 6,863
Bankers' Bank of the West line of credit	2,550	2,850
Federal Home Loan Bank overnight borrowing	69,000	-
Federal Home Loan Bank term borrowing	20,000	10,000
Total	$ 91,993	$ 19,713

All short-term borrowings outstanding as of December 31, 2025 mature in 2026.

Repurchase Agreements

The Company sells certain investment securities under agreements to repurchase. The agreements are treated as collateralized financing transactions and the obligations to repurchase securities sold are recorded as a liability at the amount of cash received in connection with the transaction, and the dollar amount of the securities underlying the agreements remains in the asset accounts. Repurchase agreements typically mature on an overnight basis through one year. The Company may be required to provide additional collateral based on the fair value of the underlying securities. The fair value of securities pledged to secure repurchase agreements may decline. The Company manages this risk by pledging securities valued at 5% or more above the gross outstanding balance of obligations to repurchase. Repurchase agreements may bear interest at fixed or variable rates depending on the particular agreements established. For the years ending December 31, 2025 and 2024, the average balance of repurchase agreements was $5,638,000 and $6,581,000, respectively.

Bankers' Bank of the West Line of Credit

In 2022, the Company obtained a $5,000,000 revolving line of credit from Bankers' Bank of the West. At December, 31, 2025, the outstanding balance was $2,550,000. Interest accrues at the prime rate published by the Wall Street Journal plus 0.25% and is due quarterly. The interest rate on the line was 7.00% and 7.75% as of December 31, 2025 and 2024, respectively. The loan matured in April 2024 and was extended to August 2024, at which time the loan was modified to extend the maturity date to September 2025 and require quarterly principal payments. The note was renewed again under the same terms for another year in September 2025 with a new maturity date of September 2026.

The line is collateralized by all the common stock of the Bank and contains various covenants with respect to financial condition and results of operations. At both December 31, 2025 and 2024, the Company was out of compliance with one of the loan covenants, and as a result the Company is restricted from making any draws on the line until the loan covenant is within compliance. The line agreement also requires IBC to maintain $1,000,000 of cash at its holding level level, and contains a provision that allows the Company to convert the balance to a ten-year fully amortizing term note.

Federal Home Loan Bank Borrowings

The Company is eligible to borrow from the Federal Home Loan Bank of Dallas on an overnight, short-term and long-term basis, with a maximum credit limit of $422,281,000 at December 31, 2025 ($333,281,000 available after factoring outstanding borrowings). Federal Home Loan Bank borrowings are secured by a blanket pledge of certain loans. At December 31, 2025, there was a $20,000,000 short-term borrowing outstanding with with fixed rate of 3.787% which matures in 2026, and a $69,000,000 overnight borrowing with a rate of 3.62%. Overnight borrowings bear interest at a variable daily rate. At December 31, 2024, there was a $10,000,000 term borrowing outstanding with with fixed rate of 4.516%. At December 31, 2025, the company has a $30 million letter of credit from the Federal Home Loan Bank of Dallas to collateralize municipal deposits.

Federal Funds Purchased

The Company has unsecured federal funds lines at three of its correspondent banks with a maximum combined credit limit of $40,800,000 at December 31, 2025. The federal funds lines are uncommitted, and funding requests made by the Company are subject to the lending institutions' approval and funding availability at the time of request. Federal funds bear interest at variable daily rates established by the correspondent. No federal fund borrowings are outstanding at December 31, 2025 or 2024.

Federal Reserve Borrowings

The Company is eligible to borrow from the Federal Reserve Bank discount window with a maximum credit limit of $1,781,000 at December 31, 2025. Federal Reserve Bank borrowings are secured by investment securities. No Federal Reserve borrowings are outstanding at December 31, 2025 or 2024.

NOTE 13 – SUBORDINATED DEBENTURES

The Company has a statutory business trust (the Trust) created for the purpose of providing trust preferred financing. In trust preferred financing, the Trust issues preferred securities to investors and common securities to the Company, and the Trust invests the proceeds in junior subordinated debentures issued by the Company. The Company is not considered the primary beneficiary of this Trust (variable interest entity), therefore the Trust is not consolidated in the Company's financial statements, but rather the Company reports the $5,160,000 of subordinated debentures payable to the Trust as a liability and the $160,000 of common securities as an asset. Interest expense from the debentures and interest income from the common securities is recorded in the consolidated statements of income.

The subordinated debentures, preferred and common securities have a variable interest rate equal to three-month Secured Overnight Financing Rate ("SOFR) plus 2.90%, which was 7.163% as of December 31, 2025, and adjusts quarterly. Interest payments on the debentures by the Company, and distributions on the common securities and the preferred securities by the Trust, are coterminous and payable quarterly. However, the Company has a continual right, subject to events of default, to defer payment of interest on the debentures. The deferral period may not exceed five consecutive years or extend beyond the maturity date of the debentures. In the event of deferral, interest payments on the debentures and distributions on the common securities and preferred securities are cumulative.

The debentures mature in 2033; however, the Company may redeem the debentures at any time. The common securities and preferred securities are subject to mandatory redemption upon repayment of the debentures. The Company also has the right to terminate the Trust and cause the debentures to be distributed to the holders of the common securities and preferred securities in liquidation of the Trust. Regulatory approval may be required for early redemption or liquidation. The Company guarantees payments on the preferred securities, but only to the extent the Trust has sufficient funds on hand to make such payments. The Trust's sole source of income is interest from the debentures. In accordance with current tax law and

banking regulations, interest expense on the debentures is tax deductible and the debentures qualify as capital for regulatory purposes.

An acquisition discount of $343,000 is amortized to interest expense using the straight-line method over the remaining term of the debentures. Amortization in 2025 and 2024 was $23,000 and $22,000, respectively.

Additionally, the Company has $20,000,000 of fixed-to-floating rate subordinated notes due 2031, which it issued on October 1, 2021. The notes will mature on October 31, 2031 and will initially bear interest at a rate equal to 3.75% per annum from and including October 1, 2021 to, but excluding, October 31, 2026, payable quarterly. Thereafter, the notes will bear interest at a floating rate per annum equal to a benchmark rate, which is expected to be Three-Month Term Secured Overnight Financing Rate, plus a spread of 293 basis points, payable quarterly. After five years, the Company at its option may redeem the notes in whole or in part, on any interest payment date, at an amount equal to one hundred percent (100%) of the outstanding principal amount being redeemed plus accrued but unpaid interest, to but excluding the redemption date. The notes are intended to qualify as capital for regulatory purposes.

Offering costs on the subordinated notes of $464,000 are recorded as a discount and are amortized to interest expense using the straight-line method over the five-year redemption period. Amortization in both 2025 and 2024 was $88,000.

The following summarizes the Company's subordinated debentures:

	December 31,	
	2025	2024
	(in thousands)	
Contractual balance of debentures payable to Trust	$ 5,160	$ 5,160
Less unamortized purchase discount	(174)	(197)
Carrying amount	4,986	4,963
Contractual balance of subordinated notes	20,000	20,000
Less unamortized offering costs	(89)	(177)
Carrying amount	19,911	19,823
Total subordinated debentures	$ 24,897	$ 24,786
Common securities, included in other assets	$ 160	$ 160

NOTE 14 – INCOME TAXES

The Company's income tax expense is comprised of the following:

	Years Ended December 31,	
	2025	2024
	(in thousands)	
Current federal expense	$ 1,922	$ 2,430
Current state expense - Colorado	404	515
Current state expense - New Mexico	42	43
Current state expense - other states	2	-
Total current expense	2,370	2,988
Deferred federal benefit	(811)	(68)
Deferred state benefit	(134)	(11)
Total deferred benefit	(945)	(79)
Total tax expense	$ 1,425	$ 2,909

The following table reconciles the Company's income tax expense at the statutory federal rate to the expense amount recorded in the consolidated financial statements:

	Years Ended December 31,			
	2025		2024	
	Amount	Percent	Amount	Percent
	(dollars in thousands)			
Taxes at statutory 21% federal rate	$ 1,612	21.0	$ 2,762	21.0
Increase (decrease) in tax resulting from:				
Nontaxable municipal interest income	(566)	(7.4)	(459)	(3.5)
Disallowed interest expense to carry tax exempt assets	205	2.7	188	1.4
Other nontaxable income	(64)	(0.8)	(60)	(0.5)
Stock-based compensation	(17)	(0.2)	3	-
Other	35	0.4	43	0.4
State income taxes, net of 21% federal effect - approximately 95% attributable to Colorado	220	2.9	432	3.3
Income tax expense	$ 1,425	18.6	$ 2,909	22.1

Income tax payments by major tax jurisdiction are as follows:

	Years Ended December 31,	
	2025	2024
	(in thousands)	
Net taxes paid (refunded) - federal	$ 2,670	$ 1,773
Net taxes paid (refunded) - Colorado	573	418
Net taxes paid (refunded) - New Mexico	48	16
Net taxes paid (refunded) - other states	2	-
Total taxes paid	$ 3,293	$ 2,207

The Company's net deferred tax asset is comprised of the following:

	December 31, 2025	December 31, 2024
	(in thousands)	
Deferred tax assets		
Loan purchase discount	$ 199	$ 384
Investment purchase discount	477	891
Allowances for credit losses	4,045	3,168
Premises and equipment	121	251
Real estate held for sale	55	-
Stock-based compensation	229	236
Loan servicing rights	278	73
Net unrealized loss on securities available for sale	638	1,522
Net unamortized loss on securities transferred from available for sale to held to maturity	428	513
Equity security write-downs	371	371
Other	208	172
Total deferred tax assets	7,049	7,581
Deferred tax liabilities		
Core deposit intangible	(725)	(1,186)
Purchase discount on subordinated debentures	(43)	(48)
Net unrealized gain on investment securities at fair value	(15)	(19)
Net unrealized gain on cashflow hedges	(1)	-
Other	(23)	(61)
Total deferred tax liabilities	(807)	(1,314)
Deferred tax asset before valuation allowance	$ 6,242	$ 6,267
Valuation allowance	(367)	(367)
Net deferred tax asset	$ 5,875	$ 5,900

The Company has recorded a valuation allowance against a portion of its equity security write-downs due to the uncertainty that the capital losses, if realized, would be deductible.

NOTE 15 – STOCKHOLDERS' EQUITY

Preferred Stock

The Company's Board of Directors has the continual authority to create one or more series of preferred stock from the 1,000,000 authorized shares, including designations, powers, preferences, rights, qualifications, limitations and restrictions. This includes voting rights, dividend and conversion rates, redemption prices and liquidation preferences. No preferred stock was issued or outstanding in 2025 and 2024.

Non-Voting Common Stock

The Company's Board of Directors has the continual authority to create one or more series of non-voting common stock from the 20,000,000 authorized shares, including designations, powers, preferences, rights, qualifications, limitations and restrictions. This includes voting rights, dividend and conversion rates, redemption prices and liquidation preferences.

In 2018, the Company designated 3,000,000 shares of non-voting common stock as Series A Non-Voting Common Stock, ranking *pari-passu* with voting common stock with respect to dividends and liquidation. The Series A Non-Voting Common Stock is convertible into voting common stock at any time or from time to time, at the direction of either the holder or the Company, provided that the holder will not own or control in the aggregate more than 9.9% of the voting common stock or of any class of voting securities issued by the Company. In the event of a voting common stock split or reverse-split, or similar reclassification or substitution of share class, the Series A Non-Voting Common Stock and/or conversion terms will be adjusted proportionately. During 2025 and 2024, only Series A Non-Voting Common Stock was issued and outstanding. The Company is required to maintain at all times a sufficient number of authorized but unissued shares of voting common stock to affect the conversion of all outstanding Series A Non-Voting Common Stock.

Restrictions on Dividends

Various restrictions limit the extent to which dividends may be paid by the Bank to IBC. Generally, regulatory approval is required for the Bank to pay dividends in any calendar year that exceed the Bank's net profit for that year combined with its retained profits for the preceding two years. In addition, dividends paid by the Bank would be prohibited if the effect thereof would cause the Bank's capital to be reduced below applicable minimum capital requirements. The Bank paid IBC $2,000,000 and $2,100,000 in 2025 and 2024, respectively.

NOTE 16 – 401(k) RETIREMENT PLANS

The Company previously provided the InBank 401(k) Retirement Plan ("Plan"). Employees could participate in the Plan after meeting certain minimum service requirements. The Plan allowed employees to make salary deferrals subject to certain limitations based on federal tax law, and required the Company to make safe-harbor matching contributions up to 4% of employees' eligible compensation. In March 2024, the Company adopted a pooled employer plan, the Advantage Pooled Employer Plan, an Argent Solution ("Pooled Plan"), and merged the Plan into the Pooled Plan.

The Pooled Plan allows employees to make salary deferrals subject to certain limitations based on federal tax law, and requires the Company to make safe-harbor matching contributions up to 4% of employees' eligible compensation. The Pooled Plan also allows the Company to make discretionary profit-sharing contributions. Employees are immediately 100% vested in the Company's safe harbor matching contributions, while other Company contributions vest to participants pro-rata over a four-year period.

For 2025 and 2024, expense attributable to retirement plans totaled $649,000 and $601,000, respectively.

NOTE 17 – EQUITY INCENTIVE PLAN AND STOCK-BASED COMPENSATION

The Company's 2018 Equity Incentive Plan, as amended ("Plan") allows for the Board of Directors or a designated committee of the Board to grant stock options, restricted stock, restricted stock units ("RSUs"), and other equity awards to selected employees, non-employee directors, and certain other individuals. The nature of awards - including Plan participants, terms, conditions and timing - are at the discretion of the Board or its designated committee, subject to certain limitations specified in the Plan.

The maximum number of shares that may be awarded under the Plan is 1,200,000, as amended in 2024, subject to proportional adjustments for stock splits, reverse-splits and similar substitutions or reclassifications in capitalization. Additionally, subject to certain limitations in the Plan, awards previously granted that expire unexercised or are forfeited are again available for issuance under the Plan. All equity awards issued pursuant to the Plan are subject to certain restrictions on transferability set forth in Plan, and are also subject to certain claw-back provisions for detrimental activity as set forth and defined in the Plan. The Plan automatically terminates in August 2028, unless sooner terminated by the Board.

Restricted Stock Units

In 2025 and 2024 the Company has only RSUs outstanding under the Plan. For directors, the RSUs are generally time-based and cliff vest one year from the date of the grant though some cliff vest over two to four years from the date of grant based on performance metrics. For employees, the vesting terms vary. For time-based awards the RSUs vest over two to five years from the date of grant, and either cliff vest or vest annually using a straight-line method. For performance-based awards the RSUs vest over three to four years from the date of grant, and either cliff vest or vest annually using a straight-line method, if certain performance criteria are met. The employee performance criteria is based on achievement of tangible book value per share targets over a three year period. At December 31, 2025, the Company believes that the performance criteria will be met. The Company had 178,898 and 100,194 performance based RSUs unvested and outstanding at December 31, 2025 and 2024, respectively. Shares of Company common stock are issued for RSUs when applicable time and performance criteria are satisfied.

Expense attributable to RSUs for 2025 and 2024 was $852,000 and $943,000, respectively, with the grant-date fair value of the awards determined from stock offering or appraised prices, as applicable to the times at which awards were granted.

The following presents information related to RSU activity in the Plan:

	Number of Shares	Weighted average grant date fair value per share
Unvested RSUs outstanding, January 1, 2024	278,540	
Granted to employees	104,250	$ 8.37
Granted to directors	34,502	$ 8.26
Vested, gross of withholding	(87,866)	
Forfeited	(52,859)	
Unvested RSUs outstanding, December 31, 2024	276,567	
Granted to employees	125,004	$ 9.59
Granted to directors	51,260	$ 9.52
Vested, gross of withholding	(104,271)	
Forfeited	(78,561)	
Unvested RSUs outstanding, December 31, 2025	269,999	
Total shares available for issuance under the Plan at December 31, 2025	394,868	

At December 31, 2025 future compensation expense attributable to the outstanding RSUs granted under the Plan is $1,561,000 presuming no shares are forfeited, and is recognizable in years 2026 through 2029.

NOTE 18 – FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and letters of credit. The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amounts of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

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

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

The following unfunded loan commitments were outstanding whose contract amounts represent risk:

	December 31,	
	2025	2024
	(in thousands)	
Commitments to extend credit	$ 251,905	$ 258,613
Standby letters of credit	4,142	8,126
	$ 256,047	$ 266,739

At December 31, 2025 and 2024, the Company had a $480,000 and a $800,000 allowance for credit losses on unfunded loan commitments included as a component of Accrued Expenses and Other Liabilities, respectively. The reverse provision for credit losses on unfunded loan commitments was $320,000 and $150,000 in 2025 and 2024, respectively.

NOTE 19 – REGULATORY MATTERS

Banks and bank holding companies are subject to various regulatory capital requirements administered by state and federal banking agencies. Capital adequacy guidelines, and additionally for banks prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weighting and other factors. Failure to meet capital requirements can initiate regulatory action. The net unrealized loss on available-for-sale securities, unrealized loss on held-to-maturity securities transferred from available-for-sale, and the unrealized gain on cash flow hedges are not included in computing regulatory capital. Management believes as of December 31, 2025 and 2024, the Bank met all capital adequacy requirements to which it is subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2025 and 2024, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since those notifications that management believes have changed the Bank's category.

The following table presents the Bank's actual and required capital ratios as of December 31, 2025 and 2024 under the Basel III Capital Rules. Capital levels required to be considered well capitalized under prompt corrective action regulations, as amended to reflect changes under the Basel III Capital Rules, are also presented:

	Actual		Minimum required for capital adequacy purposes		Required to be considered well capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(dollars in thousands)			
As of December 31, 2025						
Total capital (to risk weighted assets)	$160,297	14.12%	$119,235	10.50%	$113,557	10.00%
Tier 1 capital (to risk weighted assets)	146,074	12.86%	96,523	8.50%	90,846	8.00%
Common equity tier 1 capital (to risk weighted assets)	146,074	12.86%	79,490	7.00%	73,812	6.50%
Tier 1 capital (to average assets)	146,074	10.38%	56,308	4.00%	70,385	5.00%
As of December 31, 2024						
Total capital (to risk weighted assets)	$151,107	13.79%	$115,020	10.50%	$109,543	10.00%
Tier 1 capital (to risk weighted assets)	138,164	12.61%	93,112	8.50%	87,634	8.00%
Common equity tier 1 capital (to risk weighted assets)	138,164	12.61%	76,680	7.00%	71,203	6.50%
Tier 1 capital (to average assets)	138,164	10.60%	52,156	4.00%	65,195	5.00%

NOTE 20 – DERIVATIVES AND HEDGING ACTIVITIES

The Company utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

Interest rate swaps with notional amounts totaling $20,000,000 as of both December 31, 2025 and 2024, were designated as cash flow hedges of certain Federal Home Loan Bank advances and brokered time deposits and were determined to be effective during all periods presented. The Company assesses the effectiveness of the instruments at each reporting date.

The Company also enters into interest rate swaps with its loan customers. The notional amounts of interest rate swaps with its loan customers as of December 31, 2025 and 2024 were $63,267,000 and $15,395,000, respectively. The Company enters into corresponding offsetting derivatives with third parties. While these derivatives represent economic hedges, they do not quality as hedges for accounting purposes. During 2025 and 2024, the increase (decrease) in swap value recorded through earnings was $26,000 and $(1,000), respectively. Thee amounts are classified with swap fees on the consolidated income statements, with that category also including the fees charged to loan customers to facilitate the swaps.

The Company presents derivative financial instruments as well as their classification on the Balance Sheet:

	December 31, 2025		December 31, 2024	
	Notional Amount	Fair Value	Notional Amount	Fair Value
	(in thousands)			
Included in other assets				
Derivatives designated as hedging instruments				
Interest rate swaps related to FHLB borrowings and brokered CDs	$ 20,000	$ 4	$ 20,000	$ 284
Derivatives not designated as hedging instruments				
Interest rate swaps related to customer loans	63,267	1,047	15,395	179
Total included in other assets		$ 1,051		$ 463
Included in other liabilities				
Derivatives not designated as hedging instruments				
Interest rate swaps related to customer loans	$ 63,267	1,021	$ 15,395	180
Total included in other liabilities		$ 1,021		$ 180

NOTE 21 – FAIR VALUE MEASUREMENTS

The following is a description of the Company's valuation methodologies for assets and liabilities recorded at fair value:

Investment Securities – Equity securities and securities available for sale are reported at fair value based upon measurements obtained from an independent pricing service. The fair value measurements for securities are determined by quoted market prices, if available (Level 1), or consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, market consensus prepayment speeds, credit information and the securities' terms and conditions, among other things (Level 2). The fair value of certain securities is based on management's evaluation of the issuer's financial condition (Level 3).

Loans Held for Sale – The Company does not record loans held for sale at fair value on a recurring basis. However, from time to time, fair value adjustments are recorded on these loans to reflect declines in value based on commitments in hand from investors or prevailing investor yield requirements (Level 2).

Collateral-dependent Loans - The Company does not record loans at fair value on a recurring basis. However, from time to time, valuation allowances are recorded on these loans to reflect the current appraised or market-quoted value of the underlying collateral. In some cases, the properties for which market quotes or appraised values have been obtained are located in areas where comparable sales data is limited, outdated, or unavailable. Fair value estimates for collateral-dependent loans are obtained from independent appraisers or other third-party consultants (Level 3).

Real Estate Held for Sale - The Company does not record properties at fair value on a recurring basis. However, from time to time, valuation allowances are recorded on these properties to reflect the current appraised value of the properties. In some cases, the properties for which market quotes or appraised values have been obtained are located in areas where comparable sales data is limited, outdated, or unavailable. Fair value estimates for properties are obtained from independent appraisers or other third-party consultants (Level 3).

Derivatives – The fair value of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). Our derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

The following table provides the hierarchy and fair value for each major category of assets and liabilities recorded at fair value on a recurring basis:

	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount
		(in thousands)		
December 31, 2025				
Investment Securities at Fair Value				
Farmer Mac common stock	$ 74	$ -	$ -	$ 74
Debt Securities Available for Sale				
Residential mortgage-backed	$ -	$ 70,608	$ -	$ 70,608
Commercial mortgage-backed	-	27,023	-	27,023
Student loan pools	-	22,276	-	22,276
SBA loan pools	-	962	-	962
Corporate	-	14,419	1,910	16,329
State and municipal	-	1,485	-	1,485
	$ -	$ 136,773	$ 1,910	$ 138,683
Derivatives				
Assets	$ -	$ 1,051	$ -	$ 1,051
Liabilities	-	(1,021)	-	(1,021)
	$ -	$ 30	$ -	$ 30
December 31, 2024				
Investment Securities at Fair Value				
Farmer Mac common stock	$ 91	$ -	$ -	$ 91
Debt Securities Available for Sale				
Residential mortgage-backed	-	64,576	-	64,576
Commercial mortgage-backed	-	30,052	-	30,052
Student loan pools	-	27,133	-	27,133
Student loan pools	-	1,610	-	1,610
Corporate	-	38,088	1,930	40,018
State and municipal	-	6,270	-	6,270
	$ -	$ 167,729	$ 1,930	$ 169,659
Derivatives				
Assets	$ -	$ 463	$ -	$ 463
Liabilities	-	(180)	-	(180)
	$ -	$ 283	$ -	$ 283

All Level 3 assets in the table above were acquired during 2021, and there were no additions or dispositions in Level 3 assets or liabilities recorded at fair value on a recurring basis in 2025 or 2024. The change in all Level 3 amounts is solely due to valuation changes.

The following table provides the hierarchy and fair value for each major category of assets and liabilities recorded at fair value on a non-recurring basis:

	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount
		(in thousands)		
December 31, 2025				
Collateral-dependent loans	$ -	$ -	$ 822	$ 822
Real estate held for sale	-	-	1,275	1,275
December 31, 2024				
Collateral-dependent loans	$ -	$ -	$ 7,993	$ 7,993
Real estate held for sale	-	-	1,038	1,038

At December 31, 2025, there were $4,632,000 of collateral-dependent loans, $958,000 of which have a $136,000 valuation allowance for a net carrying amount of $822,000. At December 31, 2024, there were $10,538,000 of collateral-dependent loans, $8,815,000 of which have a $822,000 valuation allowance for a net carrying amount of $7,993,000. Collateral-dependent loans without valuation allowances are not included in the preceding table as they are not carried at the fair value of the collateral.

At December 31, 2025, real estate held for sale with an initial fair value amount of $1,501,000 established at acquisition has a valuation allowance of $226,000 for a net carrying amount of $1,275,000. At December 31, 2024, there are no valuation allowances on real estate held for sale and the assets are carried at the fair value amount established at acquisition.

The Company has no loans held for sale at December 31, 2025 and 2024.

The following tables, which do not include the partnership investments which are valued at NAV as a practical expedient and are carried as a component of nonmarketable equity investments as it is impractical to estimate a fair value for these partnerships, present the estimated fair value and carrying amount of the Company's financial instruments:

	December 31, 2025				
	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value	Carrying amount
			(in thousands)		
Financial Assets					
Cash and cash equivalents	$ 113,374	$ -	$ -	$ 113,374	$ 113,374
Equity securities	74	-	-	74	74
Investment securities available for sale	-	136,773	1,910	138,683	138,683
Investment securities held to maturity	-	115,938	-	115,938	129,574
Nonmarketable equity investments[1]	4,521	386	485	5,392	5,392
Company owned life insurance	-	9,394	-	9,394	9,394
Loans, net of allowance for credit losses	-	-	963,866	963,866	964,168
Accrued interest receivable	-	5,070	-	5,070	5,070
Derivatives	-	1,051	-	1,051	1,051
Financial Liabilities					
Noninterest-bearing deposits	-	336,434	-	336,434	336,434
Interest-bearing deposits (non-maturity)	-	546,510	-	546,510	546,510
Interest-bearing deposits (time deposits)	-	260,380	-	260,380	260,533
Short-term borrowings	-	91,993	-	91,993	91,993
Subordinated debentures	-	24,897	-	24,897	24,897
Accrued interest payable	-	1,355	-	1,355	1,355
Derivatives	-	1,021	-	1,021	1,021

	December 31, 2024				
Financial Assets					
Cash and cash equivalents	$ 48,416	$ -	$ -	$ 48,416	$ 48,416
Equity securities	91	-	-	91	91
Investment securities available for sale	-	167,729	1,930	169,659	169,659
Investment securities held to maturity	-	112,193	-	112,193	129,377
Nonmarketable equity investments[1]	1,799	386	485	2,670	2,670
Company owned life insurance	-	9,104	-	9,104	9,104
Loans, net of allowance for credit losses	-	-	894,970	894,970	902,365
Accrued interest receivable	-	5,584	-	5,584	5,584
Derivatives	-	463	-	463	463
Financial Liabilities					
Noninterest-bearing deposits	-	340,067	-	340,067	340,067
Interest-bearing deposits (non-maturity)	-	530,120	-	530,120	530,120
Interest-bearing deposits (time deposits)	-	257,774	-	257,774	259,022
Short-term borrowings	-	19,713	-	19,713	19,713
Subordinated debentures	-	23,103	-	23,103	24,786
Accrued interest payable	-	1,423	-	1,423	1,423
Derivatives	-	180	-	180	180

[1] Excludes $1,600,000 and $1,230,000 as of December 31, 2025 and 2024, respectively, of partnership investments which carried as a component of nonmarketable equity investments.

NOTE 22 – BRANCH SALE AND GAIN ON SALE OF OTHER ASSETS

In 2025 the Company sold its Buena Vista, Lamar, and Wiley, Colorado branches to another financial institution in a purchase and assumption agreement. The following summarizes the gain realized on the sale, which is included as a component of gain on sale of other assets (in thousands):

Cash transferred	$	438
Loans and accrued interest transferred		35,287
Premises and equipment transferred		2,200
Other assets transferred		3
Total assets transferred		37,928
Deposit liabilities and accrued interest transferred		53,666
Other liabilities transferred		128
Cash paid		(14,586)
Total consideration		39,208
Gross gain on sale		1,280
Legal and other transaction expenses		(239)
Write-off of related core deposit intangibles		(626)
Net gain on sale	$	415

From time to time the Company also sells and disposes of premises and equipment, including in 2025 the sale of certain premises in Raton, New Mexico, as the Company purchased and is renovating a new facility in Raton.

From time to time the Company may sell individual loans based on the circumstances particular to those loans.

NOTE 23 – SEGMENT INFORMATION

The Company operates as a single segment entity for financial reporting purposes. The Company's reportable segment is determined by the Executive Leadership Team, who is the designated Chief Operating Decision Maker ("CODM"), based upon information provided about the Company's products and services offered, primarily banking operations. The CODM allocates resources and assesses performance of the Company based on the consolidated performance of the Company and its wholly owned subsidiary and does not significantly utilize disaggregated segment financial information for decision making and resource allocation. Based on this assessment the Company's financial statement disclosures fully comply with ASC 2023-07, and no additional qualitative segment disclosures are necessary. The CODM uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The CODM uses consolidated net income to benchmark the Company against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessments of Company performance and in establishing compensation. Loans, investments, and deposits provide the revenues for the Company. Interest expenses, provisions for credit losses, and compensation and benefits expense comprise the significant expenses. All operations are domestic.

NOTE 24 – PARENT COMPANY FINANCIAL INFORMATION

Following is financial information on IBC, presented on a parent company only basis:

InBankshares, Corp
Balance Sheet - Parent Company Only Basis

	December 31, 2025	December 31, 2024
	(in thousands)	
Assets		
Cash at InBank	$ 2,553	$ 2,201
Investment in wholly owned subsidiary - InBank		
Equity in net assets of subsidiary	164,374	155,328
Investment in Lower Mortgage	485	485
Investment in Castle Creek Launchpad	690	522
Common securities of capital trust	160	160
Other assets	950	1,139
Total assets	$ 169,212	$ 159,835
Liabilities		
Accrued expenses payable	$ 57	$ 61
Deferred tax liability	44	41
Bankers' Bank of the West borrowing	2,550	2,850
Subordinated debentures	24,897	24,786
Total liabilities	27,548	27,738
Stockholders' equity		
Preferred stock	-	-
Voting common stock	113	113
Non-voting common stock	6	6
Additional paid-in capital	111,588	110,907
Retained earnings	33,038	26,786
Accumulated other comprehensive loss	(3,081)	(5,715)
Total stockholders' equity	141,664	132,097
Total liabilities and stockholders equity	$ 169,212	$ 159,835

InBankshares, Corp
Statement of Income - Parent Company Only Basis

	Years ended December 31,	
	2025	2024
	(in thousands)	
Revenues		
Distributions from capital trust	$ 12	$ 14
Dividend from InBank	2,000	2,100
Other	30	449
Total revenues	2,042	2,563
Expenses		
Interest on subordinated debentures	1,248	1,297
Interest on Bankers' Bank of the West borrowing	211	260
Professional fees	62	60
Franchise taxes	200	200
Other	53	50
Total expenses	1,774	1,867
Income before income taxes and equity in earnings of InBank	268	696
Income tax benefit	(424)	(344)
Equity in undistributed earnings of InBank	5,560	9,203
Net income	$ 6,252	$ 10,243

InBankshares, Corp
Statement of Cash Flows - Parent Company Only Basis

	Years Ended December 31,	
	2025	2024
Cash flows from operating activities		
Net income	$ 6,252	$ 10,243
Adjustments to reconcile net income to net cash from operating activities:		
Deferred tax expense	3	110
Amortization of purchase discount and offering costs on subordinated debentures	111	111
Undistributed earnings of InBank	(5,560)	(9,203)
Change in other assets and liabilities	185	(199)
Change in value of equity investments	-	(420)
Net cash provided by operating activities	991	642
Cash flows from investing activities		
Investment in Castle Creek Launchpad	(168)	(132)
Net cash used in investing activities	(168)	(132)
Cash flows from financing activities		
Payments on Bankers' Bank of the West borrowing	(300)	(150)
Withholding taxes paid on vested restricted stock units	(171)	(156)
Net cash used in financing activities	(471)	(306)
Net change in cash	352	204
Cash at beginning of year	2,201	1,997
Cash at end of year	$ 2,553	$ 2,201
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	$ 1,348	$ 1,454
Cash received during the year for income taxes	1,112	-