AMB Financial Corp.
7880 Wicker Ave.
St. John, Indiana 46373

Financial Report
For the Three and Six Months Ended
June 30, 2026

Note: This report is intended to be read in conjunction with our Annual Report to Stockholders for the year ended December 31, 2025, copies of which are included on this website. This report is dated June 30, 2026, and should not be read to cover any subsequent periods. We specifically disclaim any obligation to update this report even if the contents thereof should become misleading.

This report has not been prepared in accordance with Securities and Exchange Commission rules applicable to public companies and is not intended to comply with such rules.

AMB FINANCIAL CORP.
TABLE OF CONTENTS

AMB Financial Corp. and Subsidiaries
Consolidated Balance Sheets

(dollars in thousands)	June 30, 2026 (unaudited)	December 31, 2025 (audited)
Assets		
Cash and amounts due from depository institutions	$ 2,707	$ 2,648
Interest-bearing deposits	19,700	28,912
Total cash and cash equivalents	22,407	31,560
Investment Securities, available for sale, at fair value	26,446	27,059
Stock in Federal Home Loan Bank of Indianapolis, at cost	2,609	2,634
Loans held for sale	1,046	480
Loans receivable, net of deferred fees and costs	318,106	306,128
Less: allowance for credit losses	(4,085)	(3,413)
Net loans receivable	314,021	302,715
Real estate owned	791	1,051
Accrued interest receivable	1,642	1,611
Office properties and equipment- net	8,696	8,991
Bank owned life insurance	3,204	3,173
Prepaid expenses and other assets	1,576	1,732
Total assets	$ 382,438	$ 381,006
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	$ 340,793	$ 341,069
Borrowed money	-	-
Junior subordinated debentures	3,093	3,093
Other liabilities	2,486	2,639
Total liabilities	$ 346,372	$ 346,801
Stockholders' Equity		
Common Stock, $.01 par value; authorized 1,900,000 shares; 1,683,641 shares issued and 897,339 shares outstanding at June 30, 2026, and 890,659 shares outstanding at December 31, 2025	$ 17	$ 17
Additional paid-in capital	12,097	12,059
Retained earnings	34,286	32,515
Accumulated other comprehensive income (loss), net of tax	(688)	(643)
Treasury stock, at cost (786,302 shares at June 30, 2026 and 792,982 at December 31, 2025)	(9,646)	(9,743)
Total stockholders' equity	$ 36,066	$ 34,205
Total liabilities and stockholders' equity	$ 382,438	$ 381,006

See accompanying notes to unaudited consolidated financial statements.

AMB Financial Corp. and Subsidiaries
Consolidated Statements of Income
(unaudited)

(dollars in thousands)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Interest income				
Interest on loans	4,929	4,407	9,612	8,646
Interest on securities	241	151	481	273
Interest on interest-bearing deposits	102	523	308	1,141
Dividends on Federal Home Loan Bank stock	56	58	111	119
Total interest income	$ 5,328	$ 5,139	$ 10,512	$ 10,179
Interest expense				
Interest on deposits	1,701	2,141	$ 3,485	$ 4,407
Interest on borrow ings	99	47	141	94
Total interest expense	$ 1,800	$ 2,188	$ 3,626	$ 4,501
Net interest income	3,528	2,951	$ 6,886	$ 5,678
(Release of) provision for reserve for credit losses	687	255	683	8
Net interest income after release of reserve for credit losses	$ 2,841	$ 2,696	$ 6,203	$ 5,670
Non-interest income:				
Loan fees and service charges	$ 209	$ 201	$ 323	$ 361
Deposit related fees	83	87	164	177
Other fee income	4	2	13	4
Rental Income	117	93	239	198
(Loss)/gain on sale of REO	0	0	101	0
Gain on sale of loans	191	155	297	207
Increase in cash surrender value of life insurance	16	15	31	29
Other income	132	62	169	112
Total non-interest income	$ 752	$ 615	$ 1,337	$ 1,088
Non-interest expense:				
Staffing costs	$ 1,340	$ 1,313	$ 2,688	$ 2,619
Advertising	102	109	155	181
Occupancy and equipment expense	297	288	618	561
Data processing	310	285	606	596
Professional fees	98	76	234	150
Federal deposit insurance premiums	90	60	182	135
Insurance expense	26	30	49	56
Other operating expenses	176	198	468	408
Total non-interest expense	$ 2,439	$ 2,359	$ 5,000	$ 4,706
Income before income taxes	$ 1,154	$ 952	$ 2,540	$ 2,052
Income tax expense	293	248	644	522
Net income available to common shareholders	$ 861	$ 704	1,896	1,530
Earnings per common share:				
Basic	$ 0.96	$ 0.79	$ 2.13	$ 1.72
Diluted	$ 0.96	$ 0.79	$ 2.12	$ 1.71

See accompanying notes to unaudited consolidated financial statements.

AMB Financial Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
(unaudited)

	Six Months Ended June 30,	
	2026	2025
(dollars in thousands)		
Net income	$ 1,896	$ 1,530
Other comprehensive gain (loss) income, net of tax:		
Unrealized gains on securities		
available for sale--		
Unrealized holding gain (loss) arising during the period	(45)	234
Other comprehensive income (loss), net of tax	(45)	234
Total comprehensive income	$ 1,851	$ 1,764

See accompanying notes to unaudited consolidated financial statements.

AMB Financial Corp. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the Six Months Ended June 30, 2026, and 2025
(unaudited)

(dollars in thousands)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at December 31, 2024	$ 17	$ 12,003	$ 29,336	$ (1,018)	$ (9,614)	$ 30,724
Net income	-	-	1,530	-	-	1,530
Other comprehensive income - Net	-	-	-	234	-	234
Cash dividends declared on common shares ($0.13 per share)	-	-	(116)	-	-	(116)
Stock-based compensation expense	-	41	-	-	-	41
Repurchase of 7,500 common shares retired as Treasury stock	-	-	-	-	(152)	(152)
Balance at June 30, 2025	$ 17	$ 12,044	$ 30,750	$ (784)	$ (9,766)	$ 32,261
Balance at December 31, 2025	$ 17	$ 12,059	$ 32,515	$ (643)	$ (9,743)	$ 34,205
Net income	-	-	1,896	-	-	1,896
Other comprehensive loss, Net	-	-	-	(45)	-	(45)
Stock-based compensation expense	-	38	-	-	-	38
Cash dividends declared on common shares ($0.14 per share)	-	-	(125)	-	-	(125)
Execution of Options - 7,380 shares	-	-	-	-	118	118
Repurchase of 700 common shares retired as Treasury stock	-	-	-	-	(21)	(21)
Balance at June 30, 2026	$ 17	$ 12,097	$ 34,286	$ (688)	$ (9,646)	$ 36,066

See accompanying notes to unaudited consolidated financial statements.

AMB Financial Corp. and Subsidiaries

Consolidated Statements of Cash Flows

(unaudited)

(dollars in thousands)	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
	(unaudited)	
Cash flows from operating activities:		
Net income	$ 1,896	$ 1,530
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	255	252
Amortization of premiums and accretion of discounts	26	(10)
Proceeds from sale of loans originated for sale	17,115	12,783
Loans originated for sale	(17,384)	(13,631)
Gain on sale of loans	(297)	(208)
Gain on sale of other real estate owned	(101)	-
(Release of) provision for reserve for credit losses	683	8
Stock based compensation expense	38	41
Net change in:		
Cash surrender value of life insurance	(31)	(29)
Net deferred loan fees	33	31
Prepaid and deferred income taxes	106	73
Accrued interest receivable	(30)	31
Other assets	188	335
Other liabilites	(275)	746
Net cash provided by (for) operating activities	2,222	1,952
Cash flows from investing activities:		
Proceeds from the repayment of investment securities	2,356	1,135
Purchase of securities	(1,831)	(5,977)
Net decrease (increase) in loans	(12,022)	(1,064)
Proceeds from sale of other real estate owned	361	-
Property and equipment expenditures, net	(17)	(108)
Redemption (purchase) of Federal Home Loan Bank stock	25	255
Proceeds from the sale of other assets	56	-
Net cash used for investing activities	(11,072)	(5,759)
Cash flows from financing activities:		
Net increase (decrease) in deposits	(75)	7,992
Net increase in advance payments by borrowers for taxes and insurance	(200)	136
Dividends paid on common stock	(125)	(116)
Cash received in stock option exercise	118	-
Share repurchase program common stock	(21)	(152)
Net cash provided by financing activities	(303)	7,860
Net change in cash and cash equivalents	(9,153)	4,053
Cash and cash equivalents at beginning of period	31,560	56,539
Cash and cash equivalents at end of period	$ 22,407	$ 60,592
Supplemental disclosure of cash flow information:		
Interest paid	$ 3,635	$ 4,418
Income taxes paid	730	490

See accompanying notes to unaudited consolidated financial statements.

AMB Financial Corp. and Subsidiaries
Earnings Per Share
(unaudited)

(dollars in thousands, except per share data)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Net income available to common shareholders	$ 861	$ 704	$ 1,896	$ 1,530
Weighted average common shares outstanding for basic computation	894,156	888,743	892,088	889,282
Basic income per common share	$ 0.96	$ 0.79	$ 2.13	$ 1.72
Weighted average common shares outstanding for basic computation	894,156	888,743	892,088	889,282
Common stock equivalents due to dilutive effect of restricted stock	3,483	4,335	3,483	4,355
Weighted average common shares and equivalents outstanding for diluted computation	897,639	893,078	895,571	893,637
Diluted income per common share	$ 0.96	$ 0.79	$ 2.12	$ 1.71

See accompanying notes to unaudited consolidated financial statements.

Status as Non-Reporting Company. We are not subject to the reporting requirements of Section 13 of the Securities Exchange Act of 1934 and accordingly this report has not been prepared in accordance with applicable Securities Exchange Commission rules. This report is intended to cover the three and six month periods ended June 30, 2026 and should not be read to cover any other periods.

Notes to Consolidated Financial Statements. The accompanying unaudited consolidated financial statements have been prepared based on accounting principles generally accepted in the United States of America and in the opinion of management contain all adjustments (all of which are normal and recurring in nature) necessary for a fair presentation. The results of operations for the six months ended June 30, 2026, are not necessarily indicative of the results expected for the year ending December 31, 2026. The June 30, 2026, consolidated financial statements should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2025, included in the Company's Annual Report. The Company's consolidated statement of condition as of December 31, 2025, has been derived from the Company's audited consolidated statement of condition as of that date.

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that could have a material effect on the carrying value of certain assets and liabilities. These estimates and assumptions affect the amounts reported in the consolidated financial statements and the disclosures provided. The determination of the allowance for credit losses, valuations and impairments of investment securities, and the accounting for income tax expense are highly dependent on management's estimates and assumptions where changes in any of these could have a significant impact on the financial statements.

The consolidated financial statements include the accounts of AMB Financial Corp. (the "Company"), and its wholly owned subsidiary, American Community Bank of Indiana (the "Bank").

Earnings per Share. Earnings per share for the three and six month periods ended June 30, 2026, and 2025, were determined by dividing net income available to common shareholders for the periods by the weighted average number of both basic and diluted shares of common stock, as well as common stock equivalents outstanding.

Reclassifications. Certain 2025 items or amounts may have been reclassified or restated to conform to the 2026 presentation.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements. The Company and the Bank may from time to time make written or oral "forward-looking statements." These forward-looking statements may be included in this Financial Report, which are made in good faith by us. These forward-looking statements include statements about our beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions, which are subject to significant risks and uncertainties, and are subject to change based on various factors, some of which are beyond our control. The words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan" and similar expressions are intended to identify forward-looking statements. The following factors, among others, could cause our financial performance to differ materially from the plans, objectives, expectations, estimates, and intentions expressed in the forward-looking statements:

- The current condition of the United States economy in general and in our local economy (including unemployment) in which we conduct operations;
- the effects of, and changes in, trade, monetary and fiscal policies, and laws, including interest rate policies of the Federal Reserve Board and the United States Treasury ("UST");
- our ability to manage and reduce our non-performing assets;
- our ability to repay our holding company debt, including our $3 million of trust preferred stock, when due;
- the impact of new laws and regulations on financial institutions, the lending market, and our regulatory agencies;
- the impact of new regulations imposed by the Federal Reserve System, the Federal Deposit Insurance Corporation ("FDIC") and the State of Indiana Department of Financial Institutions;
- future deposit premium levels;
- future loan underwriting and consumer protection requirements including those issued by the Consumer Financial Protection Bureau;
- inflation, interest rate, market and monetary fluctuations and its impact on our interest rate sensitive balance sheet;
- the future financial strength, dividend level and activities of the FHLB of Indianapolis in which we own stock and from which we borrow money;
- the timely development of and acceptance of our new products and services and the perceived overall value of these products and services by users, including the features, pricing and quality thereof compared to competitors' products and services;
- the willingness of users to substitute our products and services for products and services of our competitors;
- our ability to reinvest our cash flows in today's interest rate environment;
- our success in gaining regulatory approval of our products and services, when required;
- the impact of changes in financial services' laws and regulations (including laws concerning taxes, banking, securities, and insurance);
- the impact of technological changes;
- competition from other financial service providers in the Company's market area;
- the success of our executives in managing our business operations;
- the success of our loan restructuring and work out arrangements;
- our ability to accurately estimate the value of our assets and the appropriate level of our allowance for credit losses;
- future changes in consumer spending and saving habits; and
- our ability to lease space in our branch facilities when vacancies occur;

The list of important factors stated above is not exclusive. We do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company or the Bank.

Financial Condition. Total assets of the Company were $382.4 million on June 30, 2026, an increase of $1.4 million or 0.4%, from $381.0 million on December 31, 2025.

Cash and cash equivalents, which consist primarily of interest-earning deposits, totaled $22.4 million on June 30, 2026, a decrease of $9.2 million or 29.0%, from $31.6 million on December 31, 2025. Cash and cash equivalents can fluctuate significantly on a day-to-day basis due to cash demands, customer deposit levels and loan and investment activity.

Investment securities, available for sale, decreased $613.0 thousand or 2.3%, to $26.4 million on June 30, 2026, from $27.1 million on December 31, 2025. The decrease in investment balances was the result of repayments and increased unrealized losses within the portfolio. The Company recorded an unrealized loss on available-for-sale investment securities of $914.0 thousand on June 30, 2026, compared to a $852.0 thousand unrealized loss on December 31, 2025. The change was due to an increase in market interest rates. These amounts are included as part of the carrying cost of investment securities, available for sale, at each respective period.

The Bank is a member of the FHLBI and had a $2.6 million investment in stock of the FHLBI on June 30, 2026 a decrease of $25 thousand or 0.9%, from $2.6 million on December 31, 2025. Members are required to own a certain amount of stock based on the level of borrowings, participation in the FHLBI mortgage purchase program, and other factors. The investment is carried at par value, as there is not an active market for FHLBI stock.

Gross loans receivable totaled $318.1 million on June 30, 2026, an increase of $12.0 million or 3.9%, from the $306.1 million balance on December 31, 2025. Loans held for sale totaled $1 million on June 30, 2026, an increase of $566 thousand or 117.9%, from the $480 thousand balance on December 31, 2025. The Company originated $17.4 million of loans held for sale which were subsequently sold during the six month period ended June 30, 2026, as compared to $13.6 million during the prior year period. The increase in loan sales is primarily due to increased demand during the second quarter. Loans originated for sale are fixed-rate, single-family mortgage loans, which are sold to manage interest rate risk and generate fee income.

The allowance for credit losses (ACL) is an estimate of the expected credit losses on the loans held for investment. Loan losses are charged against the ACL when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the ACL. The ACL methodology consists of measuring loans on a collective (pool) basis when similar characteristics exist. The Company has identified five loan portfolio segments and measures the ACL using the scaled CECL allowance for losses estimator (SCALE) method. The loan portfolios are construction and land real estate, commercial real estate, residential real estate, commercial, and other consumer loans. The SCALE method uses publicly available data from Schedule RI-C of the call report to derive the initial proxy expected lifetime loss rates. These proxy expected lifetime loss rates are then adjusted for bank-specific facts and circumstances to arrive at the final ACL estimate that adequately reflects the Bank's loss history and credit risk within the loan portfolio.

The qualitative factors considered for application to each loan portfolio consist of the impact of other internal and external qualitative and credit market factors as assessed by management through a detailed loan review, ACL analysis, and credit discussions. These internal and external qualitative and credit market factors include the following:

- Changes in lending policies and procedures, including changes in underwriting standards and collections, charge-offs, and recovery practices;
- Changes in national, regional, and local conditions;

- Changes in the nature and volume of the portfolio and terms of loans;
- Changes in the experience, depth, and ability of lending management;
- Changes in the volume and severity of past-due loans and other similar conditions;
- Changes in the quality of the Bank's loan review system;
- Changes in the value of underlying collateral for collateral-dependent loans;
- The existence and effect of any concentrations of credit and changes in the levels of such concentrations; and
- The effect of other external factors (i.e., competition, legal, and regulatory requirements) on the level of estimated credit

The impact of the above-listed internal and external qualitative and credit market risk factors is assessed within predetermined ranges to adjust the ACL totals calculated. In addition to the pooled analysis performed for the majority of the Company's loan balances, the Company also reviews loans that have collateral dependency or nonperforming status, which requires a specific review of that loan, per the Company's individually analyzed CECL calculations.

The allowance for credit losses totaled $4.1 million on June 30, 2026, an increase of $672 thousand or 19.7%, as compared to $3.4 million on December 31, 2025. The Bank's allowance for credit losses to total loans was 1.28% on June 30, 2026, as compared to 1.11% on December 31, 2025. Management believes that the allowance for credit losses is adequate to meet current expected losses in the portfolio. While management uses available information to recognize losses on loans, future additions to the ACL may be necessary based on changes in peer group information and loan portfolio conditions.

The following table sets forth the activity in the ACL for the six months ended June 30, 2026, and 2025.

The activity in the allowance for credit losses, by loan segment, is summarized below for the six months ended June 30, 2026, and June 30, 2025:

(Dollars in thousands)

June 30, 2026	*Beginning Balance*	*Charge-offs*	*Recoveries*	*Provisions*	*Ending Balance*
Allowance for credit losses:					
Residential real estate.......	$ 925	$ -	$ -	$ (57)	$ 868
Commercial real estate......	1,592	-	-	(17)	1,575
Contruction and land - real estate	349	-	-	45	394
Other consumer................	23	-	-	(6)	17
Commercial business loans	524	-	-	707	1,231
Total............................	$ 3,413	$ -	$ -	$ 672	$ 4,085

June 30, 2025					
Allowance for credit losses:	*Beginning Balance*	*Charge-offs*	*Recoveries*	*Provisions*	*Ending Balance*
Residential real estate.......	$ 853	$ -	$ 14	$ 36	$ 903
Commercial real estate......	1,416	-	-	(23)	1,393
Construction and land - real estate	429	-	-	(83)	346
Other consumer................	26	-	-	(1)	25
Commercial business loans	511	(74)	3	35	475
Total............................	$ 3,235	$ (74)	$ 17	$ (36)	$ 3,142

Loans receivable are summarized as follows at the dates indicated:

(Dollars in thousands)	June 30, 2026	December 31, 2025
Loans receivable:		
Construction and land - real estate	$ 28,968	$ 25,585
Commercial real estate	135,352	133,771
Residential real estate	95,903	97,755
Commercial business	57,005	47,882
Other consumer	878	1,135
Total loans	318,106	306,128
Less:		
Allowance for credit losses (ACL)	4,085	3,413
Loans receivable, net	$ 314,021	$ 302,715
ACL as a percentage of loans	1.28%	1.11%

Criticized and Classified Assets. The following table sets forth the amounts and categories of non-performing assets and other criticized and classified assets, on the dates indicated.

	June 30, 2026	December 31, 2025
Substandard non-accruing loans:		
Construction and land - real estate	$ 871	$ 871
Commercial real estate	2,782	1,399
Residential real estate	2,681	595
Commercial business	1,079	32
Other consumer	13	20
Total substandard non-accruing loans	$ 7,426	$ 2,917
Total loans receivable	$ 318,106	$ 306,128
Total non-accrual / loans receivable	2.33%	0.95%
Total classified loans	$ 7,426	$ 2,917
Total loans receivable	$ 318,106	$ 306,128
Total classified loans / loans receivable	2.33%	0.95%
Substandard other real estate owned:		
One- to four-family	75	74
Non-residential	-	260
Land	716	716
Total substandard other real estate owned	$ 791	$ 1,050
Total classified assets	$ 8,217	$ 3,967
Total assets	$ 382,438	$ 381,006
Total classified assets / total assets	2.15%	1.04%

The table below presents the amortized cost basis and allowance for credit losses ("ACL") allocated for collateral dependent loans in accordance with ASC 326, which are individually evaluated to determine expected credit losses for June 30, 2026, and December 31, 2025:

(Dollars in thousands)			
June 30, 2026	*Real Estate*	*Other*	*ACL Allocated*
Residential real estate	$ 2,681	$ -	$ -
Commercial real estate	2,782	-	-
Construction and land - real estate	871	-	-
Commercial business	-	1,079	643
Other consumer	-	13	-
Total.....	$ 6,334	$ 1,092	$ 643
December 31, 2025	*Real Estate*	*Other*	*ACL Allocated*
Residential real estate	$ 595	$ -	$ -
Commercial real estate	1,399	-	-
Construction and land - real estate	871	-	-
Commercial business	-	32	32
Other consumer	-	20	-
Total.....	$ 2,865	$ 52	$ 32

The Company's age analysis of past due loans is summarized below:

(Dollars in thousands)	30-89 Days Past Due	Greater Than 90 Days Past Due and Accruing	Total Past Due and Accruing	Current	Accruing Loans	Non-accrual Loans	Total Loans Receivable
June 30, 2026							
Residential real estate	$ 1,602	$ -	$ 1,602	$ 91,620	$ 93,222	$ 2,681	$ 95,903
Commercial real estate	983	-	983	131,587	132,570	2,782	135,352
Construction and land - real estate	-	-	-	28,097	28,097	871	28,968
Other consumer	45	-	45	820	865	13	878
Commercial business loans	2,842	-	2,842	53,084	55,926	1,079	57,005
Total	$ 5,472	$ -	$ 5,472	$ 305,208	$ 310,680	$ 7,426	$ 318,106
December 31, 2025							
Residential real estate	$ 1,295	$ 1,800	$ 3,095	$ 94,065	$ 97,160	$ 595	$ 97,755
Commercial real estate	201	1,033	1,234	131,138	132,372	1,399	133,771
Construction and land - real estate	-	-	-	24,714	24,714	871	25,585
Other consumer	-	-	-	1,115	1,115	20	1,135
Commercial business loans	-	1,000	1,000	46,850	47,850	32	47,882
Total	$ 1,496	$ 3,833	$ 5,329	$ 297,882	$ 303,211	$ 2,917	$ 306,128

Risk Classification of Loans. The Company's policies, consistent with regulatory guidelines, provide for the classification of loans and other assets that are of lesser quality as substandard, doubtful, or criticized assets designated as special mention.

A substandard asset is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified must have a well-defined weakness, or weaknesses, which jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. Risk rating guidance clarifies that a loan with a well-defined weakness does not have to present a probability of default for the loan to be rated substandard, and that an individual loan's loss potential does not have to be distinct for the loan to be rated substandard. An asset classified doubtful has all the weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, based on currently existing facts, conditions, and values, highly questionable and improbable. Assets classified as loss are those considered uncollectible and of such little value that their continuance as assets is not warranted; such balances are promptly charged off as required by applicable federal regulations. A special mention asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification.

Based on a review of the Company's classified assets, loans classified substandard as well as other real estate owned increased $4.3 million to $8.2 million on June 30, 2026, as compared to December 31, 2025.

Non-Performing Loans. Non-performing loans, which consist primarily of those nonaccrual loans which are past due ninety days or more as well as loans less than ninety days past due for which the collectability of principal and interest is in doubt, totaled $7.4 million, or 2.33% of total loans receivable at June 30, 2026, compared to $2.9 million, or 0.95% of total loans receivable at December 31, 2025.

Potential Problem Loans. The Company defines potential problem loans as performing loans rated substandard, which do not meet the definition of a non-performing loan. The Company does not necessarily expect to realize losses on potential problem loans but does recognize that potential problem loans carry a higher probability of default and require additional attention by management. As part of its loan review process, the Company evaluates a borrower's financial condition as well as the underlying collateral's cash flows to determine the appropriate loan grade/classification. The Company reviews nonresidential real estate loans, commercial business loans, and multiple non-owner occupied single-family loans made to the same borrower to determine if these loans should be classified. As a result of these reviews, no potential problem loans were classified as performing substandard on June 30, 2026, and December 31, 2025.

The ratio of allowance for credit losses to classified and criticized loans was 55.0% on June 30, 2026, compared to 117.0% on December 31, 2025.

Office properties and equipment totaled $8.7 million on June 30, 2026, a $295 thousand decrease from the balance on December 31, 2025. The decrease represents normal depreciation of $255 thousand and sales of assets of $56 thousand, offset, in part, by additions totaling $17 thousand.

Bank owned life insurance increased $31 thousand to $3.2 million on June 30, 2026. The change represents an increase in the cash surrender value of the life insurance policies. The policies were purchased in connection with deferred compensation plans utilized by directors and officers of the Company.

Prepaid expenses and other assets decreased $156 thousand to $1.6 million on June 30, 2026.

Total deposits decreased by $276.0 thousand to $340.8 million on June 30, 2026. The decrease in deposits during the period was due to a $8.8 million decrease in certificate of deposits, offset, in part by a $3.3 million increase in money market accounts, a $4.7 million increase in checking deposits, a $700 thousand increase in savings accounts. At June 30, 2026, the Bank's core deposits (passbook, checking and money market accounts) comprised $264.2 million, or 77.5% of deposits, compared to $255.5 million, or 74.9% of deposits, on December 31, 2025. Most of the Bank's deposits are derived from core client sources, relating to long-term relationships with local individuals, businesses, and municipal entities. The Company does not utilize brokered deposits.

Borrowed money, which consists of FHLBI advances, totaled $0 thousand on June 30, 2026, as compared to $0.0 thousand on December 31, 2025. During the current period, the Company repaid $0.0 thousand in advances from the FHLBI. At June 30, 2026, based on the level of qualifying collateral available to secure advances, the Company had an unused borrowing capacity of $78.4 million. At June 30, 2026, the Company also had available $10.5 million of unsecured overnight federal funds borrowing capability from third party sources, and a $5.0 million line of credit with the FHLBI.

The Company's trust preferred subordinated debentures remained unchanged totaling $3.1 million on June 30, 2026. The interest rate payable on the debentures adjusts quarterly to the three-month SOFR plus 1.65% and was 5.58% on June 30, 2026. These debentures have a contractual maturity date of June 15, 2037, and the Company has the right to redeem the debentures, in whole or in part, on any interest payment date.

Other liabilities decreased $153 thousand totaling $2.5 million on June 30, 2026, as compared to $2.6 million on December 31, 2025.

Total stockholders' equity increased $1.9 million to $36.1 million, or 9.43% of total assets on June 30, 2026, compared to $34.2 million, or 8.98% of total assets, on December 31, 2025. The increase in stockholders' equity was attributable to $1.9 million of net income for the six-month period ended June 30, 2026, a $38 thousand increase in paid-in-capital, cash dividends of $125 thousand paid to common shareholders, a $45 thousand increase in the unrealized loss on available for sale securities, net of tax, and a $97 thousand decrease in treasury stock. The number of common shares outstanding on June 30, 2026, totaled 897,339 as compared to 890,659 at December 31, 2025. During the six month period ended June 30, 2026, the Company repurchased 700 common shares at an average cost of $30.50 per share. The shares were retired as treasury stock. The book value per common share outstanding on June 30, 2026, was $40.1916.

Comparison of the Results of Operations for the Quarter Ended June 30, 2026 and June 30, 2025

General. Net income for the quarter ended June 30, 2026, was $861 thousand, or $0.96 per diluted common share, an increase of $157 thousand or 22.3%, compared to $704 thousand, or $0.79 per diluted common share, for the same period in 2025. The increase in the current quarter net income compared to the prior year quarter was the result of a $577 thousand increase in net interest income and a $137 thousand increase in non-interest income offset, in part, by increased provision expense of $432 thousand, $80 thousand increase in non-interest expense, and a $45 thousand increase in income tax expense.

Analysis of Net Interest Income. Net interest income represents the difference between interest earned on interest-earning assets and interest paid on interest-bearing liabilities. Net interest income is affected by the relative amounts of interest-earning assets and interest-bearing liabilities, and the interest rates earned or paid on them.

The following table presents, for the periods indicated, the total dollar amounts of interest income from average interest-earning assets and the resultant yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates. No tax equivalent adjustments were made. All average balances were calculated using average daily balances and include non-accruing loans.

Yield Analysis

Quarter Ended *(Dollars in thousands)* *(unaudited)*	Average Balances, Interest, and Rates					
	June 30, 2026			June 30, 2025		
	Average Balance	Interest	Rate (%)	Average Balance	Interest	Rate (%)
ASSETS						
Interest bearing deposits in other financial institutions	$ 12,570	$ 102	3.25	$ 48,725	$ 523	4.29
Securities available-for-sale	26,850	241	3.59	17,166	151	3.52
Loans receivable	314,334	4,929	6.27	283,651	4,407	6.21
Federal Home Loan Bank stock	2,536	56	8.83	2,634	58	8.81
Total interest earning assets	356,290	$ 5,328	5.98	352,176	$ 5,139	5.84
Non interest-earning assets	15,064			14,967		
Total assets	$ 371,352			$ 367,143		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing deposits	$ 274,325	$ 1,701	2.48	$ 284,002	$ 2,141	3.02
Borrowed funds	8,807	99	4.50	3,093	47	6.08
Total interest bearing liabilities	283,132	$ 1,800	2.54	287,095	$ 2,188	3.05
Non-interest bearing deposits	48,392			44,545		
Other noninterest bearing liabilities	3,820			3,760		
Total liabilities	335,344			335,400		
Total stockholders' equity	36,008			31,743		
Total liabilities and stockholders' equity	$ 371,352			$ 367,143		
Return on average assets	0.93%			0.77%		
Return on average equity	9.56%			8.87%		
Net interest margin (average earning assets)	3.96%			3.35%		
Net interest spread	3.44%			2.79%		
Ratio of interest-earning assets to interest-bearing liabilities	1.26			1.23		

Net interest income for the three months ended June 30, 2026, was $3.5 million, an increase of $577 thousand (19.6%), compared to $3.0 million for the three months ended June 30, 2025. The weighted average yield on interest-earning assets was 5.98% for the three months ended June 30, 2026, compared to 5.84% for the three months ended June 30, 2025. The weighted average cost of funds for the three months ended June 30, 2026, was 2.54% compared to 3.05% for the three months ended June 30, 2025. The impact of the 5.98% return on interest-earning assets and the 2.54% cost of funds resulted in an interest rate spread of 3.44% for the three months ended June 30, 2026, an increase from the 2.79% spread for the three months ended June 30, 2025. The Company's net interest margin was 3.96% for the three months ended June 30, 2026, compared to 3.35% for the three months ended June 30, 2025.

Provision for (Release of) Reserve for Credit Losses. The Company recorded a $687 thousand provision for reserve for credit losses for the quarter ended June 30, 2026, as compared to a provision for reserve for credit losses of $255 thousand for the prior-year quarter. The provision for (release of) reserve for credit losses is a function of the allowance for credit loss methodology used to determine the appropriate level of the allowance for inherent loan losses after adjusting for loan charge-offs and recoveries. Loan losses are charged-off against the allowance when it is believed that the loan balance, or a portion of the loan balance, is no longer realizable by the paying capacity of the borrower based on an evaluation of available cash resources and collateral value. Recoveries of amounts previously charged-off are credited to the allowance. The Company recorded net charge-offs of $0 thousand for the quarter ended June 30, 2026, compared to net recoveries of $9 thousand for the prior year quarter ended June 30, 2025.

Non-Interest Income. Non-interest income increased $137 thousand to $752 thousand for the quarter ended June 30, 2026, compared to prior year quarter due to the following changes:

(dollars in thousands)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	QTD $ Change	QTD % Change
Non-interest income:				
Loan fees and service charges	$ 209	$ 201	$ 8	4.0%
Deposit related fees	83	87	(4)	-4.6%
Other fee income	4	2	2	100.0%
Rental Income	117	93	24	25.8%
(Loss)/gain on sale of REO	0	0	0	100.0%
Gain on sale of loans	191	155	36	23.2%
Increase in cash surrender value of life insurance	16	15	1	6.7%
Other income	132	62	70	112.9%
Total non-interest income	$ 752	$ 615	$ 137	22.3%

Non-Interest Expense. Non-interest expense increased $80 thousand to $2.4 million for the quarter ended June 30, 2026, compared to prior year quarter due to the following changes:

(dollars in thousands)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	QTD $ Change	QTD % Change
Non-interest expense:				
Staffing costs	$ 1,340	$ 1,313	$ 27	2.1%
Advertising	102	109	(7)	-6.4%
Occupancy and equipment expense	297	288	9	3.1%
Data processing	310	285	25	8.8%
Professional fees	98	76	22	28.9%
Federal deposit insurance premiums	90	60	30	50.0%
Insurance expense	26	30	(4)	-13.3%
Other operating expenses	176	198	(22)	-11.1%
Total non-interest expense	$ 2,439	$ 2,359	$ 80	3.4%

Income Taxes. The Company recorded income tax expense of $293 thousand for the quarter ended June 30, 2026, resulting in an effective tax rate of 25.4%, compared to income tax expense of $248 thousand, for an effective income tax rate of 26.1%, for the prior year quarter. The increase in the current quarter income tax expense was impacted by a $202 thousand increase in net income before income taxes as compared to the prior year's period.

Comparison of the Results of Operations for the Six Months Ended June 30, 2026, and June 30, 2025

General. Net income for the six months ended June 30, 2026, was $1.9 million, or $2.12 per diluted common share, an increase of $366 thousand or 23.9%, compared to $1.5 million, or $1.71 per diluted common share, for the same period in 2025. The increase in the current six months net income compared to the prior year six months was the result of a $1.2 million increase in net interest income and a $249 thousand increase in non-interest income, offset, in part, by a $675 thousand increase in provision for credit loss expense, a $294 thousand increase in the non-interest expense, and a $122 thousand increase in income tax expense.

Analysis of Net Interest Income. Net interest income represents the difference between interest earned on interest-earning assets and interest paid on interest-bearing liabilities. Net interest income is affected by the relative amounts of interest-earning assets and interest-bearing liabilities, and the interest rates earned or paid on them.

The following table presents, for the periods indicated, the total dollar amounts of interest income from average interest-earning assets and the resultant yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates. No tax equivalent adjustments were made. All average balances were calculated using average daily balances and included non-accruing loans.

Yield Analysis

Year-to-Date *(Dollars in thousands)* *(unaudited)*	Average Balances, Interest, and Rates					
	June 30, 2026			June 30, 2025		
	Average Balance	Interest	Rate (%)	Average Balance	Interest	Rate (%)
ASSETS						
Interest bearing deposits in other financial institutions	$ 18,280	$ 308	3.37	$ 53,344	$ 1,141	4.28
Securities available-for-sale	27,039	481	3.56	16,625	273	3.28
Loans receivable	310,291	9,612	6.20	284,046	8,646	6.09
Federal Home Loan Bank stock	2,584	111	8.59	2,729	119	8.72
Total interest earning assets	358,194	$ 10,512	5.87	356,744	$ 10,179	5.71
Non interest-earning assets	15,286			14,992		
Total assets	$ 373,482			$ 371,736		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing deposits	$ 279,146	$ 3,485	2.50	$ 287,601	$ 4,407	3.06
Borrowed funds	5,966	141	4.73	3,093	94	6.08
Total interest bearing liabilities	285,112	$ 3,626	2.54	290,694	$ 4,501	3.10
Non-interest bearing deposits	49,265			45,809		
Other noninterest bearing liabilities	3,581			3,528		
Total liabilities	337,958			340,031		
Total stockholders' equity	35,524			31,705		
Total liabilities and stockholders' equity	$ 373,482			$ 371,736		
Return on average assets	1.02%			0.82%		
Return on average equity	10.67%			9.65%		
Net interest margin (average earning assets)	3.84%			3.18%		
Net interest spread	3.33%			2.61%		
Ratio of interest-earning assets to interest-bearing liabilities	1.26			1.23		

Net interest income for the six months ended June 30, 2026, was $6.9 million, an increase of $1.2 million (21.3%), compared to $5.7 million for the six months ended June 30, 2025. The weighted average yield on interest-earning assets was 5.87% for the six months ended June 30, 2026, compared to 5.71% for the six months ended June 30, 2025. The weighted average cost of funds for the six months ended June 30, 2026, was 2.54% compared to 3.10% for the six months ended June 30, 2025. The impact of the 5.87% return on interest-earning assets and the 2.54% cost of funds resulted in an interest rate spread of 3.33% for the current six months, an increase from the 2.61% spread for the six months ended June 30, 2025. The Company's net interest margin was 3.84% for the six months ended June 30, 2026, compared to 3.18% for the six months ended June 30, 2025.

Provision for (Release of) Reserve for Credit Losses. The Company recorded a $683 thousand provision for reserve for credit losses for the six months ended June 30, 2026, as compared to a provision for reserve for credit losses of $8 thousand for the prior-year six months. The provision for (release of) reserve for credit losses is a function of the allowance for credit loss methodology used to determine the appropriate level of the allowance for inherent loan losses after adjusting for loan charge-offs and recoveries. Loan losses are charged-off against the allowance when it is believed that the loan balance, or a portion of the loan balance, is no longer realizable by the paying capacity of the borrower based on an evaluation of available cash resources and collateral value. Recoveries of amounts previously charged-off are credited to the allowance. The Company recorded net charge-offs of $0 thousand for the six months ended June 30, 2026, compared to net charge-offs of $57 thousand for the prior year six months ended June 30, 2025.

Non-Interest Income. Non-interest income increased $249 thousand to $1.3 million for the six months ended June 30, 2026, compared to the prior year six months due to the following changes:

(dollars in thousands)	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	YTD $ Change	YTD % Change
Non-interest income:				
Loan fees and service charges	$ 323	$ 361	$ (38)	-10.5%
Deposit related fees	164	177	(13)	-7.3%
Other fee income	13	4	9	225.0%
Rental Income	239	198	41	20.7%
(Loss)/gain on sale of REO	101	0	101	0.0%
Gain on sale of loans	297	207	90	43.5%
Increase in cash surrender value of life insurance	31	29	2	6.9%
Other income	169	112	57	50.9%
Total non-interest income	$ 1,337	$ 1,088	$ 249	22.9%

Non-Interest Expense. Non-interest expense increased $294 thousand to $5.0 million for the six months ended June 30, 2026, compared to the prior year six months due to the following changes:

(dollars in thousands)	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	YTD $ Change	YTD % Change
Non-interest expense:				
Staffing costs	$ 2,688	$ 2,619	$ 69	2.6%
Advertising	155	181	(26)	-14.4%
Occupancy and equipment expense	618	561	57	10.2%
Data processing	606	596	10	1.7%
Professional fees	234	150	84	56.0%
Federal deposit insurance premiums	182	135	47	34.8%
Insurance expense	49	56	(7)	-12.5%
Other operating expenses	468	408	60	14.7%
Total non-interest expense	$ 5,000	$ 4,706	$ 294	6.2%

Income Taxes. The Company recorded income tax expense of $644 thousand for the six months ended June 30, 2026, resulting in an effective tax rate of 25.4%, compared to income tax expense of $522 thousand, for an effective income tax rate of 25.4%, for the prior year six months. The increase in the current six months income tax expense was impacted by a $488 thousand increase in net income before income taxes as compared to the prior year's period.

Capital Standards.

As a state chartered commercial bank, the Bank's deposits are insured up to the applicable limits by the Federal Deposit Insurance Corporation ("FDIC"). The Bank is a member of the Federal Home Loan Bank ("FHLB") of Indianapolis, which is one of the twelve regional banks comprising the FHLB system. The Bank is regulated by the FDIC and the State of Indiana Department of Financial Institutions. The Holding Company is regulated and examined by the Board of Governors of the Federal Reserve System ("FRB"). Such regulation and supervision establish a comprehensive framework of activities in which an institution can engage and is intended primarily for the protection of the insurance fund and depositors. The regulatory structure also gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities. Any change in such regulation, whether by the FDIC, State of Indiana Department of Financial Institutions, the FRB or Congress could have a material impact on the Company and its operations.

In July 2013, federal bank regulatory agencies issued a final rule that revised the leverage and risk-based capital requirements and the method for calculating risk-weighted assets to make them consistent with agreements that were reached by the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act. Among other things, the rule establishes a Tier 1 leverage adequately capitalized ratio of 4.0% (well capitalized ratio of 5.00%), a risked-based common equity Tier 1 adequately capitalized ratio requirement of 4.50% (well capitalized ratio of 6.50%), a risked-based Tier 1 adequately capitalized capital ratio requirement of 6.00% (well capitalized ratio of 8.00%) and a risk-based total capital adequately capitalized ratio of 8.00% (well capitalized ratio of 10.00%). The final rule also required unrealized gains and losses on certain "available-for-sale" securities holdings to be included for purposes of calculating regulatory capital requirements unless a one-time opt-in or opt-out is exercised. The Bank elected to opt-out regarding the aforementioned. The rule limits a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" consisting of 2.5% of common equity Tier 1 capital to risk-weighted assets in addition to the amount necessary to meet its minimum risk-based capital requirements.

This final rule became effective for the Bank on January 1, 2015, and continues to maintain the exemption of consolidated capital requirements for bank holding companies, such as the Company.

At June 30, 2026, the Bank was in compliance with all of its capital requirements as follows:

	June 30, 2026		
Well Capitalized Capital Requirement:		Amount	Ratio
Tier 1 Leverage Ratio:			
Average Total Assets	$	372,103	
Common Equity Tier 1 Capital	$	36,580	9.83%
Common Equity Tier 1 Capital Requirement		18,605	5.00%
Excess	$	17,975	4.83%
Risk-Based Common Equity Tier 1 Capital Ratio:			
Risk-Weighted Assets	$	333,380	
Common Equity Tier 1 Capital	$	36,580	10.97%
Common Equity Tier 1 Capital Requirement		21,670	6.50%
Excess	$	14,910	4.47%
Risk-Based Tier 1 Capital Ratio:			
Risk-Weighted Assets	$	333,380	
Common Equity Tier 1 Capital	$	36,580	10.97%
Common Equity Tier 1 Capital Requirement		26,670	8.00%
Excess	$	9,910	2.97%
Risk-Based Total Capital Ratio:			
Risk-Weighted Assets	$	333,380	
Common Equity Tier 1 Capital	$	36,580	
Includable Allowance for Loan Losses		4,170	
Total Risk-Based Capital	$	40,750	12.22%
Total Risk-Based Capital Requirement		33,338	10.00%
Excess	$	7,412	2.22%
Capital Conservation Buffer Calc:			
Capital Conservation Buffer - Actual			4.22%
Capital Conservation Buffer - Required			2.50%

Banks must hold a buffer of 2.5 percent of CET1 capital in addition to their minimum riskbased capital requirements to avoid restrictions on capital distributions and discretionary bonus payments to executive officers.

Legal Proceedings. On June 30, 2026, we were not involved in any legal proceedings or lawsuits that are not routine and incidental to our business.