

Local and Statewide Honors



Best of West Virginia

West Virginia Living Magazine

- Best Bank (Winner)
- Best Corporate Citizen (Finalist)



Best of West Virginia

Moorefield Examiner

- Best Bank (Winner)
- Best Customer Service (Winner)
- Best Place to Work (Winner)



Shenandoah Valley Best

Harrisonburg Media Group

- Best Home Mortgage (Winner)
- Best Customer Service (Winner)
- Best AG Lender (Finalist)
- Best Bank (Finalist)



Best of the Valley

Daily News Record

- Best Company to Work For (Winner)
- Best Bank (Finalist)
- Best Mortgage Company (Finalist)



Best of Fayette County

Readers' Choice Awards

The Fayette Tribune

- Best Bank (Winner)
- Best Drive Thru Service (Finalist)



Allegheny Bancshares Inc.



ANNUAL REPORT

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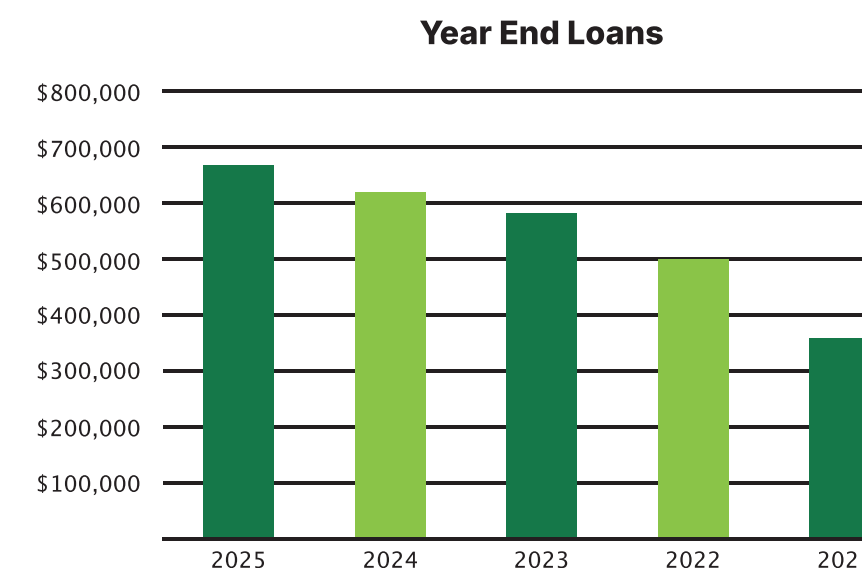
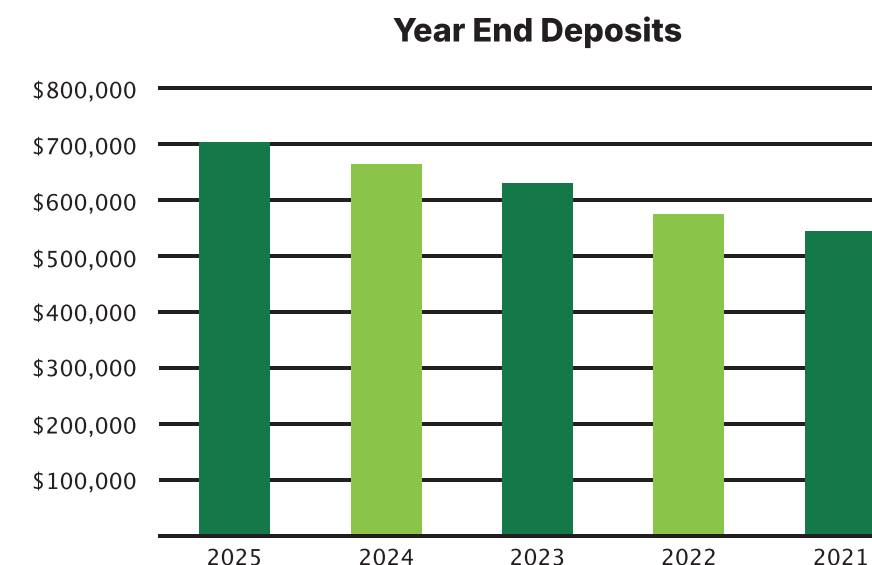
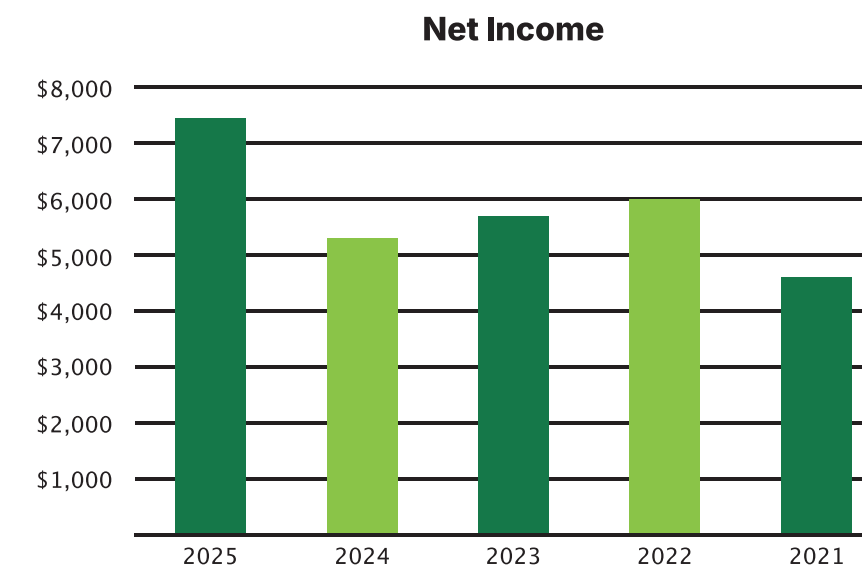
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Financial Highlights

As of and for the years ended December 31

	2025	2024	2023	2022	2021
<i>(Dollars in thousands except per share data)</i>					
Results of Operations					
Interest Income	\$44,679	\$41,495	\$35,268	\$24,471	\$19,974
Interest Expense	(\$14,511)	(\$15,662)	(\$11,369)	(\$2,037)	(\$1,837)
Net Interest Income	\$30,168	\$25,833	\$23,899	\$22,434	\$18,137
Provision for Credit Losses	(\$2,873)	(\$2,035)	(\$1,421)	(\$810)	(\$625)
Noninterest Income	\$4,776	\$4,408	\$4,147	\$4,001	\$3,932
Noninterest Expense	(\$23,297)	(\$22,194)	(\$20,386)	(\$18,052)	(\$15,750)
Income Taxes	(\$1,598)	(\$937)	(\$847)	(\$1,531)	(\$989)
Net Income	\$7,176	\$5,075	\$5,392	\$6,042	\$4,705
Profitability Ratios					
Return on Average Assets	0.90%	0.66%	0.75%	0.94%	0.80%
Return on Average Equity	13.88%	11.04%	13.05%	14.75%	10.31%
Per Common Share					
Net Income	\$8.69	\$6.15	\$6.53	\$7.32	\$5.70
Cash Dividends Declared	\$2.60	\$2.48	\$2.43	\$2.38	\$2.28
Book Value	\$67.03	\$57.40	\$52.69	\$46.88	\$55.37
Last Reported Market Price	\$84.00	\$82.00	\$78.00	\$75.00	\$72.00
At Year End					
Assets	\$814,578	\$778,208	\$734,263	\$658,251	\$627,833
Deposits	\$699,223	\$665,862	\$619,349	\$580,745	\$565,461
Loans, Net	\$676,219	\$622,724	\$585,527	\$504,540	\$369,308
Borrowings	\$48,311	\$54,160	\$62,418	\$28,870	\$11,050
Stockholders' Equity	\$54,977	\$47,080	\$43,189	\$38,425	\$45,385
Equity to Assets Ratio	6.75%	6.05%	5.88%	5.84%	7.23%
Total Capital Risk Weighted Assets Ratio - Bank	11.48%	11.29%	10.67%	10.62%	13.33%
Tier 1 Common Equity Ratio - Bank	10.54%	10.45%	9.87%	9.92%	12.51%





Dear Shareholder,

As I write this letter, I continue to reflect on the many meaningful celebrations held throughout the year to commemorate our 100th anniversary, including the milestone event in Franklin, West Virginia, on October 4, 2025. I hope you were able to visit one of these celebrations. If not, I trust that the accompanying pages of this annual report will convey the spirit of pride and gratitude that defined this special year. I also want to extend my sincere appreciation to our dedicated team members whose hard work made these events possible. Their commitment was instrumental in the year's success.

As we marked a century of service, I was reminded of the board members, team members, and community leaders whose vision and dedication built the foundation for our mission, values, and long-term success. Judge Sharp and H.L. Byers demonstrated remarkable foresight in relocating the bank from Marlinton, West Virginia, to Franklin, West Virginia, in 1937. D.C. Harper steered the organization through its early decades until the leadership of Richard Homan, under whom we expanded from a single office to a multi-branch institution with the opening of our Moorefield, West Virginia location.

Over the years, many individuals have served as Directors and Officers of PCB, and I encourage you to review the historical list of Directors on page 19 of this report. Their contributions were invaluable, and our achievements today stand on the strong foundation they helped create. As I reflect on my own tenure as Chief Executive Officer, I remain deeply grateful to all past and present board members who have shared in our vision, our growth, and our success. From our humble beginnings in Marlinton, we have grown into an independent, community bank operating in two states with 15 full-service financial centers and 150 dedicated team members.

I am pleased to highlight our continued expansion with the opening of our 15th full-service office in Summersville, West Virginia, in early January 2026. This new office will contribute to our overall growth and further strengthen our presence in the Southern Region of West Virginia. During 2025, total assets increased by \$36.4 million (4.67%), reaching \$814.6 million at year-end. We continued to enjoy good loan growth throughout the year with year-end outstandings increasing \$30.0 million (4.78%) over 2024's level, with the resulting increases across all major categories. These figures do not include approximately \$13.6 million in auto finance loans sold and serviced by PCB. Deposit growth was also strong across all regions. Non-interest-bearing deposits increased \$16.0 million, interest-bearing demand/savings accounts grew \$22.2 million, and time deposits decreased \$4.8 million due to the planned reduction of brokered deposits. In total, deposits grew \$33.4 million (5.01%) over year-end 2024.

The yield curve's movement toward more normalized characteristics contributed to an improvement in our net interest margin, which ended the year at 4.03%, an increase of 42 basis points over 2024. This, among other positive drivers, helped propel our financial performance to record levels. Net income for 2025 totaled \$7,175,848 – an

I am extremely pleased to share our full year results, which reflect record earnings for our company.

increase of \$2,101,212 or 41.41%, over the prior year – yielding earnings per common share of \$8.69 compared to \$6.15 in 2024. These results, combined with the additional financial highlights presented throughout this report, reinforce that 2025 was a year of significant achievement and impact.

The banking landscape has changed considerably over the decades, and the pace of change shows no signs of slowing. Embracing innovation has played a critical role in our success, and it will continue to do so as we look ahead. To support this commitment, we recently deployed Interactive Teller Machines (ITMs) at most of our locations. By the time you read this letter, we will have full deployment across all markets. These advanced systems allow customers to interact directly with PCB employees, while offering extended banking service hours, and the opportunity to expand remote service capabilities – strengthening our competitive position. Combined with our online account-opening capabilities, these enhancements align with the evolving expectations of our customers and complement our existing suite of electronic banking channels.

Even as we advance technologically, our commitment to personalized service remains central to who we are. I often remind our team to “remember who brought you to the dance”. We remain firmly committed to delivering a “high tech and high touch” experience – pairing modern convenience with the relationship-driven service that defines PCB's identity. The many accolades featured in this report reflect our ongoing success in balancing tradition with innovation. This philosophy is also embodied in the enhanced logo we are pleased to introduce, which honors our heritage while reflecting our continued forward momentum.

In closing, I extend my deepest appreciation to you, our shareholders. Your confidence, loyalty, and support made this year's celebration possible and will continue to shape our success in the years to come.

Respectfully,

William A. Loving, Jr.
President & CEO, Allegheny Bancshares, Inc.
CEO, Pendleton Community Bank

Celebrating 100 Years

From our humble beginnings in Marlinton, West Virginia, we are incredibly proud of who we are today — an independent, community bank serving two states with 15 full-service financial centers and 150 team members. We extend our gratitude to the numerous board members, team members, and community members who laid the foundation for our mission, vision, and values, and paved the way for our continued success.

To commemorate our 100th anniversary, celebrations were held at each of our financial centers, all leading to a big event in Franklin on October 4, 2025. Each event was well attended, and we appreciate all who joined us to celebrate this milestone!

Upcoming Events

Our customer appreciation days return in 2026! Please, save the date for the following events at each of our financial centers.

- Customer Appreciation Day
Friday, June 12th, 12pm to 4pm
- Christmas Open House
Friday, December 11th, 12pm to 4pm



New Ways to Bank

As our 100th anniversary celebration ends, we embark on a new century — one that brings new ways to bank with PCB.

Interactive Teller Machines (ITMs)

PCB launched Interactive Teller Machines (ITMs) at our Financial Center locations to enhance our customer experience and extend our normal banking hours. Additionally, our Customer Care Team was created to service ITM transactions, but also to answer phone calls and digital banking messages during the following hours:

- Monday through Friday – 8am to 7pm
- Saturday – 8am to 2pm



Online Account Opening

Customers desire the ability to bank anytime, anywhere, which is evident by our digital banking adoption. To help meet that need, PCB also launched online account opening in late 2025. Customers are now able to open and fund any personal deposit account from the comfort of their home, 24/7.



Apply now!



Summersville Financial Center

PCB also continues to grow our physical footprint and opened our 15th financial center in Summersville, West Virginia, on January 5th, 2026. This new location provides a local office to support our existing relationships in that market, while positioning the bank for future growth. We encourage you to visit our Summersville office and meet the team!

- 813 Main Street, Summersville, WV 26651
(681) 355-0301



Helping Our Community

From our humble beginnings in 1925, PCB has always believed in making a difference in the communities we serve. That is why we are dedicated to giving back through contributions, sponsorships, and volunteerism. When our communities succeed, we succeed.

Throughout 2025, PCB contributed the following in our communities:

- \$270,000 in financial contributions
- 350 organizations helped
- 5,065 volunteer hours
- 200 events supported

In addition to the above, team members also completed 252 acts of service through volunteerism in an effort to surpass the “100 Acts of Service” challenge to commemorate our 100 year anniversary.

Our Mission, Vision, and Values

Our Mission

PCB, an Independent Community Bank, is dedicated to facilitating financial success for our customers, encouraging professional success for our team members, and stimulating economic growth in our communities, thereby enhancing the value of Your Bank®.

Our Vision

To be a company that focuses on our family – team members, customers, and communities – while maximizing shareholder value.

Our Values

- Utmost Integrity
- Customer Driven
- Team Member Focused
- Community Centered

Board of Directors



William Loving

President & CEO
Allegheny Bancshares, Inc.
CEO, Pendleton
Community Bank



Chad Branson
Chair

Associate Broker
Old Dominion Realty



Dennis Wenger

Owner
Spectrum Excavating LLC



Mike Lively

Retired Commercial
Insurance Agent



Ryan Boggs, CPA

Partner
Beachy Arehart PLLC



Laura Simpson Evick
Vice Chair

Partner
Hoover Penrod, PLC



Dr. William Bosley
Secretary

Owner
Bosley Eye Care, Inc.



T. Ramon Stuart, Ph.D.

President
WVU Institute of Technology



William Beard, Jr.

Farmer



Roger Champ
Director Emeritus

Retired Contractor

PCB Advisory Boards

Harrisonburg-Rockingham County, Virginia Advisory Board

Bernard Hamann
Owner & CMO, Rocktown Realty

Catherine Slusher
Retired OB/GYN

Chris Rooker
Associate Broker, Nest Realty
Shenandoah Valley

Hahns Kanode
Agronomy Consultant, Houff Corporation;
Business Owner

Lewis Horst
President & CEO, Shen-Valley Custom

Mike Miriello
CEO & CMO, TDC Marketing

Troy Suter
President & CEO, LD&B Insurance and Financial
Services

Raleigh-Fayette Counties, West Virginia Advisory Board

Greg Duckworth
Raleigh County Commission

Jimmy Songer
Retired Commercial Insurance Agent

Kenny Howell
Athletic Director, WVU Tech

Kevin Willis
Owner, DTE Repair & Towing,
The Frozen Barn

Marla Sinko
Realtor and Broker, Glade Springs Real Estate

Matt Stanley
President, CEO, Chairman of the Board,
Beckley Water Company

Mike Kessinger
Mayor, City of Mount Hope

Paige Ward
Owner, United Cycle

Scott Underwood
Owner, American Campers

Tiffany Kapp, MBA
President, Compliance WV

Staunton-Augusta County, Virginia Advisory Board

Allen Dahl
Business Partner, Triangle Real Estate Group

Andrew Wiley
Owner, Consumers Auto Warehouse

Brad Bryant
Executive Director, SAW Habitat for Humanity

Butch Smiley
CEO, Frontier Culture Museum

Charlie Bishop
Real Estate Agent, Premier Properties

Jeff Ramsey
Business Entrepreneur

Susan Knupp
COO, Masonry Plus USA LLC



Team Members Years of Service

- Sheldon Arbaugh** – EVP WV Area Executive | 30 Years
- Rhonda Tredway** – VP Business Development | 26 Years
- Bill Loving** – Chief Executive Officer | 25 Years
- Tammy Clutter** – VP Information Security Officer | 24 Years
- Erin Sites** – VP Assistant Chief Financial Officer | 23 Years
- Kathy Parker** – VP Executive Assistant / Investor Relations | 23 Years
- Amanda Smith** – SVP Products & Service Director | 22 Years
- Josh Byers** – EVP Chief Credit Officer | 21 Years
- Joseph Vetter** – VP Market Leader | 14 Years
- Monika Marshall** – SVP Human Resources Director | 13 Years
- Kendall Beverage** – VP Market Leader | 11 Years
- Stephanie Kile** – VP Operations Manager | 9 Years
- Jonah Pence** – EVP VA Area Executive & Chief Banking Officer | 6 Years
- Tammy Kesner** – EVP Chief Financial Officer | 5 Years
- Aaron Green** – EVP Chief Lending Officer | 5 Years
- Sarah Hale** – VP Business Banking Officer | 5 Years
- Neil Hayslett** – President / Chief Operating Officer | 5 Years
- Karen Ewing** – VP Market Leader | 4 Years
- Kelsey Dean** – VP Marketing Director | 4 Years
- Mike Deel** – SVP Chief Information & Technology Officer | 4 Years
- Ryan May** – VP Director of Dealer Finance | 3 Years
- Jordan Dean** – VP Market Leader | 3 Years
- Natalie Strickler** – VP Financial Center Administrator | 1 Year
- Joanie Ours** – VP Business Development Officer | <1 Year

25-30 years

Diana Williams
Tammy Smith
Lori Roberson
Donna Idleman
Margaret Shriver

20-25 years

Leigh Richardson
Trina Whitt
Misty Taylor
Debbie Propst
Nancy Mallow

Evelyn Simmons
Teresa Heavner
Darla Jones
Marc Craun
Tammy Davis

Selina King
Trish Flynn

15-20 years

Brittany Mitters
Kim Fox
Holly Beachler
Sharon Stickley
Katie Sinnett
Susan Payne
Duwan Romage
Julie Pence
Dayne Davis

Linda Walker
Samantha Farley

10-15 years

Yvette Britt-Bogges
Angel Dove
Judy Snyder
Sarah Abraham
Michelle Bickford
Jessica Basagic
Nick Yoder
Christina Branham
Sam Puchany

Laura Roadcap
Steven Gravely

5-10 years

Nicole Marsh
Natasha Simmons
Missy Elliott
Katie Jackson
Clay Richardson
Rebekah Byers
Donna Miller
Casey Goldizen
Kimberly Reyes
Teri Dion
Christopher Mabes
Brionna Hartman

Kelcy Young
Diana Ramirez
Chelsey Simmons
Caleb Elswick
Courtney Martiny
Holly Bailey
Doreen D'Alberty
Darla Ruddle
Barbie Gowl
Crystal Merrick
Allie Sharp

0-5 years

Michael Parker
Hillary Mclaughlin
Pam Atkins
Destiney Shifflett
Melinda Cutlip
Constance Heavenrich
Miranda Foreman
Emily Elliott
Kerry Watkins
Cassie Carter
Michelle Galindo
Heather Porcella

Josh Edmonds
Jared Lively
Vince Harlow
Clayton Justice
Sydney Maldonado
Chelsey Shifflett
Kristin Catterton
Dawn Mallow
Sage Massie
Sean Manning
Haleigh Bulman
Serenity Henry

Caitlin Hise
Chloe Horst
Jessica Orellana
Brandi Cantley
Jordan Branner
Courtney Gilkerson
Lauren Dunbrack
Matt Martin
Lexi Bryant
Tianna Rodgers
Katelyn Turner
Leah Renner

Regina Lehr
Michelle Pickett
Kristie Siron
Alexandria Alexander
Michele Vass
Alma Baltazar
Abigayle Doyle
Patti Yarbrough
Breena Bowers
Emma Hartman
Denise Coniglio
Alexis Girod

Jennifer Hannah
Ciara Harper
Jordan Harper
Melissa Wilson
Anna Helmick
Brayden Lueders
Jessica Rankin
Katie Cobb
Grace Durbin
Rachel Ford
Ellen Lively
Rachael Light

Kristi Martin
Michael Sook
Jordan Marshall
Odaliz Johnson
Sam Thompson
Cole Hamilton
Angela Thomas
Jennifer Sunryder
Lisa Kodger
Brian Bosley
Brandi Baker

Our All In Team Members

All In team members live out PCB's values in the community and lead by example within the organization. Each month, team members are nominated and voted for by their peers. The winner receives a reward, recognition, and PCB makes a charitable donation to a nonprofit selected by our monthly winner.

January – Dave Martin | Pendleton County Public Library

February – Angel Dove | Blessed Sacrament Food Pantry

March – Caitlin Hise | Rockingham-Harrisonburg SPCA

April – Missy Elliott | Cat's Cradle

May – Julie Pence | Village to Village

July – Casey Goldizen | Petersburg Regional Youth Camp

August – Katie Jackson | Stone Haven

September – Jessica Basagic | Warner's Drive In

October – Sage Massie | Special Olympics Virginia – Area 5

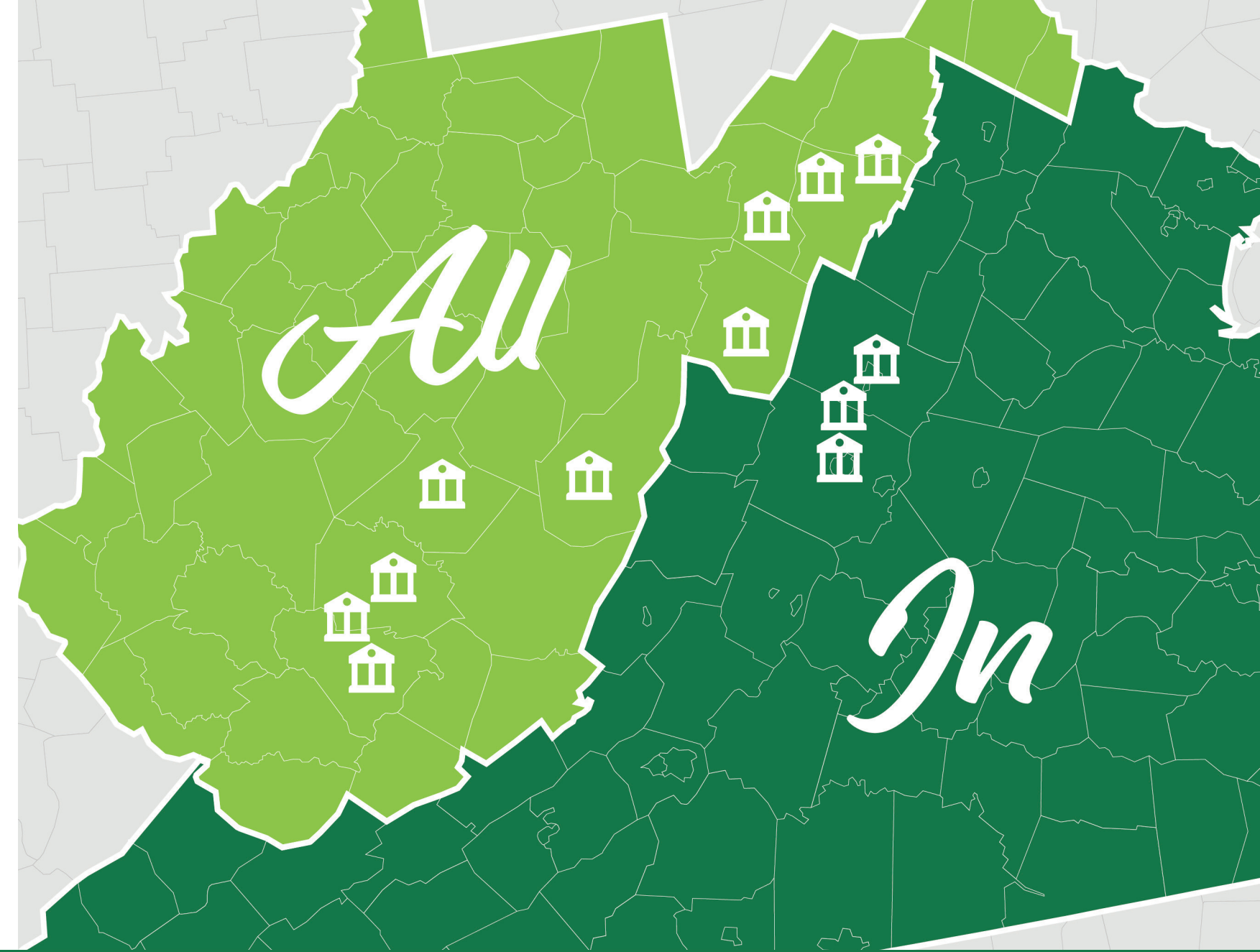
November – Sarah Hale | Rockingham/Harrisonburg Young Life

December – Cassie Carter | Oak Hill Middle School Wrestling Team

All In Team Member of the Year



Caitlin Hise



Our Financial Centers

Virginia Offices

- Bridgewater, VA
- Harrisonburg, VA (Downtown)
- Harrisonburg, VA (South Main)
- Harrisonburg, VA (West)
- Staunton, VA (Frontier)
- Staunton, VA (North Augusta)

West Virginia Offices

- Beckley, WV
- Franklin, WV
- Marlinton, WV
- Moorefield, WV
- Mount Hope, WV
- Oak Hill, WV
- Petersburg, WV
- Summersville, WV
- Wardensville, WV

Please, visit yourbank.bank for a complete list of financial center addresses and phone numbers.



Historical Listing of Directors

D. W. Dever	March 29, 1937 – May 20, 1940
S. H. Sharpe	March 29, 1937 – January 15, 1964
C. J. Richardson	March 29, 1937 – January 12, 1942
E. H. Williams	March 29, 1937 – December 12, 1952
Dr. Fred C. Allen	March 29, 1937 – January 13, 1941
T. J. Mason	March 29, 1937 – January 13, 1947
H. M. Widney	March 29, 1937 – January 8, 1940
J. J. Skidmore	January 9, 1939 – August 2, 1954
Otto C. Hevener	September 18, 1939 – May 17, 1949
Dr. V. R. Homan	June 17, 1940 – May 1, 1952
Lester B. Sites	December 2, 1940 – October 21, 1959
D. C. Harper	January 12, 1942 – September 26, 1969
Joseph E. Sites	January 13, 1947 – September 6, 1965
Stanley C. Hevener	January 8, 1951 – September 21, 1982
Richard W. Homan	December 12, 1952 – February 11, 2010 <i>Director Emeritus February 12, 2010 – June 21, 2010</i>
George A. Dyer	December 12, 1952 – February 9, 1970
R. Mahlon Lambert	January 12, 1953 – September 14, 1978
William McCoy, Jr.	October 1, 1954 – April 10, 2006 <i>Director Emeritus April 11, 2006 – June 2, 2008</i>
Roscoe Sponaugle	December 11, 1959 – November 13, 1969
James D. Wilkins	January 16, 1964 – May 29, 1987
Silas Compton	December 3, 1965 – December 22, 1972
Richard C. Phares	November 13, 1969 – May 31, 2018 <i>Director Emeritus July 1, 2018 – February 13, 2020</i>
T. J. Bowman, III	November 13, 1969 – May 19, 2014
Harold L. Miller	April 2, 1970 – April 22, 1994
John D. Heavner	December 10, 1972 – February 2, 2006 <i>Director Emeritus February 3, 2006 – January 23, 2019</i>
John Harman	October 26, 1978 – December 23, 1993
Jerry D. Moore	June 27, 1987 – December 29, 2008
Carole H. Hartman	December 6, 1990 – April 4, 2022
Roger D. Champ	January 6, 1994 – July 11, 2024 <i>Director Emeritus July 11, 2024 – Present</i>
Dr. John E. Glover	August 26, 1999 – September 13, 2020
Dolan Irvine	October 30, 2003 – May 18, 2013
Joseph Brennskag	April 11, 2019 – January 29, 2021



“**The Farmers and Merchants Bank of Marlinton, West Virginia, relocated to Franklin, West Virginia, in 1937 and became Pendleton County Bank. Directors listed as of March 29, 1937, were the incumbent directors during that time. While we do not have complete historical records, we want to acknowledge any board service gaps or unnamed bank leaders who served from 1925 to 1937.**”



**Allegheny
Bancshares
Inc.**



ANNUAL REPORT

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**ALLEGHENY BANCSHARES, INC.
ANNUAL DISCLOSURE STATEMENT**

December 31, 2025

This **ANNUAL DISCLOSURE STATEMENT** is being provided by the management of the bank. The information is the representation of management and is correct in all material respects to the best of management's knowledge.

This statement has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Loving, Jr.", written in a cursive style.

William A. "Bill" Loving, Jr., CLBB
President & CEO

Allegheny Bancshares, Inc.
PO Box 487
Franklin, WV 26807
PH: 304-358-2311
Fax: 304-358-7997



800.464.1976

YHBcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
Allegheny Bancshares, Inc.
Franklin, West Virginia

Opinion

We have audited the consolidated financial statements of Allegheny Bancshares, Inc. and its subsidiary (the Company), which comprise the consolidated statements of financial condition as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, cash flows and changes in stockholders' equity for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

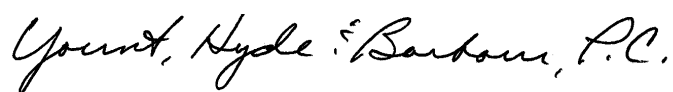
- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 financial statements.
- Conclude whether, in our judgement, 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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the shareholder letter and selected financial data but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Winchester, Virginia
March 12, 2026

ALLEGHENY BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and due from banks	\$ 9,595,445	\$ 9,202,488
Fed funds sold and interest-bearing deposits in banks	73,101	14,590,086
Cash and cash equivalents	9,668,546	23,792,574
Certificates of deposit in other banks	600,000	600,000
Investment securities available for sale, at fair value	83,092,266	87,184,403
Restricted equity securities, at cost	1,816,000	2,146,195
Loans held for investment	682,366,220	627,760,799
Less: allowance for credit losses	(6,146,938)	(5,036,853)
Net loans held for investment	676,219,282	622,723,946
Bank premises and equipment, net	10,941,055	10,067,106
Interest receivable	3,115,735	2,888,735
Goodwill	5,117,001	5,117,001
Core deposit intangible, net	679,612	841,612
Bank owned life insurance	13,047,985	12,719,468
Other assets	10,280,175	10,126,479
Total Assets	<u>\$ 814,577,657</u>	<u>\$ 778,207,519</u>
LIABILITIES		
Deposits		
Noninterest bearing	\$ 169,830,952	\$ 153,832,030
Interest bearing:		
Demand	93,739,221	88,726,901
Savings	252,553,260	235,414,888
Time deposits over \$250,000	37,876,207	39,837,601
Other time deposits	145,223,296	148,050,408
Total Deposits	<u>699,222,936</u>	<u>665,861,828</u>
Securities sold under agreements to repurchase	77,524	85,002
Subordinated debt	14,875,000	14,875,000
Federal Home Loan Bank advances	30,546,912	39,285,088
Other short-term borrowings	2,889,331	---
Accrued expenses and other liabilities	11,989,184	11,020,821
Total Liabilities	<u>759,600,887</u>	<u>731,127,739</u>
STOCKHOLDERS' EQUITY		
Common stock; \$1 par value, 2,000,000 shares		
authorized, 784,554 shares issued in 2025 and 2024	784,554	784,554
Class A Common stock; \$1 par value, 2,000,000 shares		
authorized, 108,872 shares issued in 2025 and 2024	108,872	108,872
Class B Common stock, \$1 par value, 2,000,000 shares		
authorized, 6,574 shares issued in 2025 and 2024	6,574	6,574
Additional paid in capital	910,000	910,000
Retained earnings	62,610,153	57,582,220
Accumulated other comprehensive loss	(4,791,636)	(7,660,693)
Common Treasury stock (at cost, 75,987 shares)	(4,423,627)	(4,423,627)
Class A Treasury stock (at cost, 3,785 shares)	(227,100)	(227,100)
Class B Treasury stock (at cost, 17 shares)	(1,020)	(1,020)
Total Stockholders' Equity	<u>54,976,770</u>	<u>47,079,780</u>
Total Liabilities and Stockholders' Equity	<u>\$ 814,577,657</u>	<u>\$ 778,207,519</u>

See accompanying notes to consolidated financial statements.

ALLEGHENY BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Interest Income:		
Loans and fees	\$ 41,502,356	\$ 38,084,710
Interest bearing deposits in banks	908,481	851,318
Investment securities – taxable	1,881,784	2,179,719
Investment securities – nontaxable	386,775	378,947
Total Interest Income	44,679,396	41,494,694
Interest Expense:		
Interest on deposits	12,297,497	12,718,540
Interest on borrowings	2,213,820	2,942,976
Total Interest Expense	14,511,317	15,661,516
Net Interest Income	30,168,079	25,833,178
Provision for credit losses	2,872,555	2,035,258
Net Interest Income After Provision for Credit Losses	27,295,524	23,797,920
Noninterest Income:		
Service charges, fees and commissions	1,685,581	1,619,491
Increase in cash value of bank owned life insurance	328,517	314,853
Gain on sale of foreclosed assets	21,375	--
Gain on redemption of ICBA stock	28,666	--
Other income	2,711,391	2,473,839
Total Noninterest Income	4,775,530	4,408,183
Noninterest Expense:		
Salaries and benefits	12,484,560	12,606,016
Occupancy expenses	1,389,809	1,256,611
Equipment expenses	2,108,176	1,978,195
Director fees	519,074	456,648
Core deposit intangible amortization	162,000	162,000
Other expenses	6,633,193	5,734,886
Total Noninterest Expenses	23,296,812	22,194,356
Income before Income Taxes	8,774,242	6,011,747
Income Tax Expense	1,598,394	937,111
Net Income	\$ 7,175,848	\$ 5,074,636
Net Income per share of Common, basic and diluted	\$ 8.69	\$ 6.15
Net Income per share of Common Class A, basic and diluted	\$ 9.12	\$ 6.45
Net Income per share of Common Class B, basic and diluted	\$ 9.55	\$ 6.76
Cash dividends paid per share of Common	\$ 2.60	\$ 2.48
Cash dividends paid per share of Common Class A	\$ 2.73	\$ 2.60
Cash dividends paid per share of Common Class B	\$ 2.86	\$ 2.73
Weighted Average Shares Outstanding, Common	708,567	708,124
Weighted Average Shares Outstanding, Common Class A	110,341	110,341
Weighted Average Shares Outstanding, Common Class B	7,213	7,213

See accompanying notes to consolidated financial statements.

ALLEGHENY BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Net Income	\$ 7,175,848	\$ 5,074,636
Other comprehensive income		
Unrealized gains arising during the period on available for sale securities	3,631,718	1,042,849
Adjustment for income tax expense	<u>(762,661)</u>	<u>(218,998)</u>
	<u>2,869,057</u>	<u>823,851</u>
Reclassification adjustment for net losses included in net income	---	400
Adjustment for income tax benefit	<u>---</u>	<u>(84)</u>
	<u>---</u>	<u>316</u>
Total other comprehensive income	<u>2,869,057</u>	<u>824,167</u>
Total comprehensive income	<u>\$ 10,044,905</u>	<u>\$ 5,898,803</u>

See accompanying notes to consolidated financial statements.

ALLEGHENY BANCSHARES, INC.

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

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Net Income	\$ 7,175,848	\$ 5,074,636
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	2,872,555	2,035,258
Depreciation and amortization	795,805	774,039
Core deposit intangible amortization	162,000	162,000
Net amortization of available for sale securities	331,377	334,880
Right of use asset amortization	180,046	170,647
Loss on sale of bank premises and equipment	1,035	2,709
Deferred income tax benefit	(660,498)	(271,043)
Increase in bank owned life insurance	(328,517)	(314,853)
Gain on sale of other real estate owned, net	(21,375)	---
Write down on other real estate owned	(4,100)	---
Gain on redemption of ICBA stock	(28,666)	---
Net change in interest receivable	(227,000)	(7,198)
Net change in other assets	(407,238)	(1,335,427)
Net change in accrued expense and other liabilities	968,363	1,862,625
Net Cash Provided by Operating Activities	<u>10,809,635</u>	<u>8,488,273</u>
Cash Flows from Investing Activities:		
Proceeds from sales, calls and maturities of available for sale securities	9,091,909	7,621,509
Purchase of available for sale securities	(1,699,431)	---
Redemption of restricted equity securities	330,195	387,100
Additions in other real estate owned	(207,500)	---
Proceeds from sale of other real estate owned	232,974	---
Purchase of bank premises and equipment	(1,670,789)	(826,536)
Net changes in loans held for investment	(56,367,891)	(39,232,262)
Maturities of certificates of deposits in other banks	---	1,116,227
Net Cash Used in Investing Activities	<u>(50,290,533)</u>	<u>(30,933,962)</u>
Cash Flows from Financing Activities:		
Net change in demand and savings deposits	38,149,614	21,293,723
Net change in time deposits	(4,788,506)	25,219,558
Net change in securities sold under agreements to repurchase	(7,478)	(63,991)
Proceeds from issuance of subordinated debt	---	4,975,000
Proceeds from Federal Home Loan Bank advances	7,889,331	---
Repayment of Federal Home Loan Bank advances	(13,738,176)	(13,233,039)
Proceeds from sale of treasury stock	---	40,000
Cash dividends paid	(2,147,915)	(2,048,373)
Net Cash Provided by Financing Activities	<u>25,356,870</u>	<u>36,182,878</u>
Cash and Cash Equivalents		
Net increase (decrease) in cash and cash equivalents	(14,124,028)	13,737,189
Cash and cash equivalents, January 1	23,792,574	10,055,385
Cash and cash equivalents, December 31	<u>\$ 9,668,546</u>	<u>\$ 23,792,574</u>
Supplemental Disclosure of Cash Paid During the Year for:		
Interest	\$ 14,734,345	\$ 15,282,137
Income taxes	\$ 1,190,000	\$ 460,000
Supplemental Schedule of Noncash Investing and Financing Activities:		
Unrealized gains on securities available for sale	\$ 3,631,718	\$ 1,043,249
Transfer of foreclosed loans to other real estate owned	262,216	--

See accompanying notes to consolidated financial statements.

ALLEGHENY BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>Total</u>	<u>Common Stock</u>	<u>Class A Common Stock</u>	<u>Class B Common Stock</u>
Balance December 31, 2023	\$ 43,189,350	\$ 784,554	\$ 108,872	\$ 6,574
Net Income	5,074,636	---	---	---
Other Comprehensive Income	824,167	---	---	---
Sale of Treasury Stock	40,000	---	---	---
Dividends Paid	<u>(2,048,373)</u>	<u>---</u>	<u>---</u>	<u>---</u>
Balance December 31, 2024	<u>\$ 47,079,780</u>	<u>\$ 784,554</u>	<u>\$ 108,872</u>	<u>\$ 6,574</u>
Net Income	7,175,848	---	---	---
Other Comprehensive Income	2,869,057	---	---	---
Dividends Paid	<u>(2,147,915)</u>	<u>---</u>	<u>---</u>	<u>---</u>
Balance December 31, 2025	<u>\$ 54,976,770</u>	<u>\$ 784,554</u>	<u>\$ 108,872</u>	<u>\$ 6,574</u>

See accompanying notes to consolidated financial statements.

ALLEGHENY BANCSHARES, INC.

<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Common Treasury Stock</u>	<u>Class A Treasury Stock</u>	<u>Class B Treasury Stock</u>
\$ 900,000	\$ 54,555,957	\$ (8,484,860)	\$ (4,453,627)	\$ (227,100)	\$ (1,020)
---	5,074,636	---	---	---	---
---	---	824,167	---	---	---
10,000	---	---	30,000	---	---
---	(2,048,373)	---	---	---	---
<u>\$ 910,000</u>	<u>\$ 57,582,220</u>	<u>\$ (7,660,693)</u>	<u>\$ (4,423,627)</u>	<u>\$ (227,100)</u>	<u>\$ (1,020)</u>
---	7,175,848	---	---	---	---
---	---	2,869,057	---	---	---
---	(2,147,915)	---	---	---	---
<u>\$ 910,000</u>	<u>\$ 62,610,153</u>	<u>\$ (4,791,636)</u>	<u>\$ (4,423,627)</u>	<u>\$ (227,100)</u>	<u>\$ (1,020)</u>

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Allegheny Bancshares (“Company”) is a bank holding company and operates under a charter issued by the state of West Virginia. The Company owns all of the outstanding stock of Pendleton Community Bank (“Bank”), which operates under a charter issued by the State of West Virginia. The Bank provides commercial banking services to customers and is headquartered in Pendleton County, West Virginia. As a state-chartered bank, the Bank is subject to regulation by the Department of Banking for the State of West Virginia and the Federal Deposit Insurance Corporation. The Bank is engaged in the general commercial banking business offering a full range of banking services focused primarily towards serving individuals, small businesses, the agricultural industry, local government entities, and the professional community.

The Bank’s primary trade area includes the West Virginia localities of Pendleton, Grant, Hardy, Pocahontas, Greenbrier, Fayette, Nicholas, and Raleigh counties, with full service financial centers in the towns of Franklin, Marlinton, Moorefield, Petersburg, Wardensville, Mount Hope, Beckley, Summersville, and Oak Hill. The Bank currently operates six financial centers in the Virginia communities of Harrisonburg, Bridgewater and Staunton, and a loan production office in Harrisonburg.

The accounting and reporting policies of the Company and its subsidiary conform to U.S. generally accepted accounting principles and to accepted practice within the banking industry. A summary of significant accounting policies is as follows:

Classes of Common Stock –The Company has three classes of common stock as follows: Common Stock, Class A Common Stock and Class B Common Stock. Common Stock has full voting rights on any and all matters that come before a vote of the Company’s shareholders.

Class A Common Stock shareholders receive a 5% premium over the dividend paid on Common Stock, and Class A shareholders are only allowed to vote if shareholders are being asked to approve a merger, consolidation, conversion or sale of assets outside the normal course of business. Class A Common Stock will have a liquidation preference over Common Stock and Class B Common Stock.

Class B Common Stock shareholders receive a 10% premium over the dividend paid on Common Stock, and Class B shareholders are only allowed to vote if shareholders are being asked to approve a merger, consolidation, conversion or sale of assets outside the normal course of business. Class B Common Stock will have a liquidation preference over Common Stock, but after Class A Common Stock.

Consolidation Policy – The consolidated financial statements include Allegheny Bancshares, Inc. and Pendleton Community Bank. All significant intercompany balances and transactions have been eliminated.

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

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses and the valuation of real estate in connection with foreclosures or in satisfaction of loans. In connection with the determination of the allowances for credit losses and foreclosed real estate, management obtains independent appraisals for significant properties.

While management uses available information to recognize loan losses, future additions to the allowance may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as a part of their routine examination process, periodically review the Company’s allowance for credit losses. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examinations. Because of these factors, it is reasonably possible that the allowance for credit losses may change materially in the near term.

ALLEGHENY BANCSHARES, INC.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Cash and Cash Equivalents – Cash and cash equivalents as used in the consolidated statement of financial condition and consolidated cash flow statements is defined as cash on hand and noninterest bearing and interest-bearing funds at correspondent institutions.

Investment Securities – Investment securities which the Company intends to hold for indefinite periods of time, including investment securities used as part of the Company’s asset/liability management strategy, are classified as available for sale. These investment securities are carried at fair value.

Interest and dividends on securities and amortization of premiums and accretion of discounts on securities are reported as interest income using the effective interest method. Gains and losses on the sale of investment securities are determined using the specific identification method.

Investment securities available for sale are required to be individually evaluated for impairment. A security is considered impaired if the fair value of the security is less than its amortized cost basis. If management concludes that it does not intend to sell an impaired security, and it is not more likely than not management will be required to sell an impaired security before recovery of its amortized cost basis, the Company would only be required to record the portion of the impairment related to credit losses (if any) in an allowance for credit losses with an offsetting entry to net income. Any portion of the impairment not related to credit losses is recorded through other comprehensive income. The Company holds a subordinated debt note whereby interest payments have not been received as agreed upon; therefore, the security has been placed on nonaccrual and is considered a substandard asset; however, the issuer’s underlying capital levels are considered well capitalized, and, based upon information available at the present time, the Company anticipates receiving full principal and interest.

Loans Held for Investment – Loans are intended to be held until maturity and are shown on the consolidated statement of financial condition net of the allowance for credit losses. Interest is computed by using an effective interest method which generally results in level rates of return on principal. Interest income is generally not recognized on loans classified as nonaccrual loans. Payments received on such loans are applied as a reduction of the loan principal balance. Interest income on other individually evaluated loans is recognized only to the extent of interest payments received. Loans will remain in nonaccrual status until the borrower’s financial condition has improved to a point that the likelihood of further loss is remote.

The accrual of interest on all loans is discontinued when in management’s opinion the borrower may be unable to make payments as they become due. These loans are considered nonaccrual loans, and all interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income.

Loan origination fees and costs are deferred and recognized as an adjustment of the related loan yield using the interest method.

In the normal course of business, to meet the credit needs of its customers, the Company has made commitments to extend credit. These commitments represent a credit risk. The Company uses the same credit policies in making commitments as it does for other loans. Commitments to extend credit are generally made for a period of one year or less. Collateral and other security for the commitments are determined on a case-by-case basis. Since some of the commitments are expected to expire without being drawn upon, the contract or notional amounts do not necessarily represent future cash requirements. See Note 20 for lending commitments as of December 31, 2025 and 2024.

Allowance for Credit Losses – The allowance for credit losses is a valuation account used to present the net amount expected to be collected on loans. The allowance is based on an evaluation of the collectability of loans and is recorded at an amount that management believes will be adequate to absorb expected losses on existing loans that may become uncollectible. The evaluation takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, and review of individually evaluated loans that do not share characteristics with loans collectively evaluated.

The Company is utilizing a third-party model to tabulate its estimate of current expected credit losses, using a vintage methodology. In accordance with ASC 326, the Company has segmented its loan portfolio based on similar risk characteristics which include call report codes. The Company primarily utilizes a Basel II approach with the addition of probability of default and of probability of attrition to facilitate lifetime loss forecasting. To further adjust the allowance

ALLEGHENY BANCSHARES, INC.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

for expected losses not already included within the quantitative component of the calculation, the Company may consider the following qualitative adjustment factors: lending policy, portfolio mix, staff experience, volume of problem loans, loan review changes, and concentrations.

The allowance for credit losses is established as losses are estimated to have occurred through a provision for credit losses charged to earnings. Loan losses are charged against the allowance when management believes the non-collectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The primary tool used in managing and controlling problem loans is a watch list report. The report is a listing of loans, primarily with balances over \$100,000, or commitments that are either demonstrating signs of becoming problematic or currently considered problem loans. Changes to the report are determined by the Chief Credit Officer.

Occurrence of any of the following criteria is a basis for adding a loan to the watch list report.

- Loans classified as substandard, doubtful or loss by Company management, bank examiners, external auditors or loan review consultants based upon financial trends.
- Loans on nonaccrual status.
- Loans more than 90 days delinquent.
- Loans judgmentally selected by executive management or the Board of Directors, due to unexpected changes or events which could have a potentially adverse effect on the borrower's ability to repay.

The following guidance has been given as an aid to loan officers in detecting problem loans.

- Financial Statement Analysis – As customer financial statements are received, they should be immediately analyzed to see if there are any significant changes in financial position or operating results.
- Delayed Financial Statements – If we are having difficulty getting financial statements from a customer, a problem may be developing.
- Delinquent Principal or Interest – Delinquencies are often the first indication of a problem. We carefully review each loan as soon as it becomes past due.
- Lack of Cooperation – It is in the borrower's best interest to cooperate with the Bank. We suspect a problem if the customer becomes uncooperative.
- Other Red Flags – The following are additional red flags which could mean a problem situation is developing: more than two extension payments within the past 12 months; illness or death of a principal or key employee; overdrafts; unexpected renewals or unanticipated new borrowing; deteriorating financial ratios; irresponsible behavior on the part of a borrower or cancellation of insurance.

The allowance consists of specific and general components. The specific component relates to nonhomogeneous loans that are classified as either doubtful or substandard or loans exceeding 90 days past due or on non-accrual that exceed \$250,000. For such loans, that are also classified as individually evaluated, an allowance is established when the collateral value less estimated costs to sell, or observable market price (or discounted cash flows) of the individually evaluated loan is lower than the carrying value of that loan. The general component covers pools of loans that share common risk characteristics.

The Bank utilizes a risk grading matrix to assign a risk grade to each of its loans. Credits are graded on a scale of 1 to 8. A description of the general characteristics of the 8 risk grades is as follows:

Risk Grades 1 through 4 (Pass): There are five different risk grades considered to be "Pass" grades. The first four grades are considered those performing credits that presently are considered lesser risk to the Bank. Credits in the Risk Grade 1 category exhibit a combination of superior credit, low debt to income and reduced loan to value (if secured) or are secured by deposit accounts held by the Bank. As such these loans are of very low risk. The repayment program is well-defined and achievable and repayment sources are numerous. Risk Grade 2 is reserved for loans secured by readily marketable collateral, or loans that are better than average credit risks due to the financial strength of the borrower and or the abundance of collateral. A Risk Grade of 3 is reserved for the Bank's loans that are considered average credit risk, with no apparent weakness. These loans have no significant identifiable risk of collection. Generally, loans assigned this grade have documented historical cash flow that meets or exceeds required minimum Bank guidelines or that can be supplemented with verifiable cash flow from other sources as well as adequate secondary sources to liquidate debt.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Finally, debts with a Risk Grade of 4 are loans considered to exhibit slightly more than average credit risk. They meet the credit guidelines; however, they have certain characteristics which call into question the borrower's financial well-being. It may be elevated debt to income ratio, high loan to value ratio, balance sheet weakness or a cash flow weakness that is deemed to be temporary in nature. These are credits that may require more frequent monitoring.

Risk Grade 5 – Special Mention: The fifth and lowest pass grade is given to this level of risk. These loans have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in the deterioration of the repayment prospects for the asset or in the Bank's credit position at some future date. These loans are not adversely classified and do not expose the Bank to a sufficient risk to warrant adverse classification. Failure to properly monitor such loans or to correct deficiencies could result in greater credit risk in the future.

Risk Grade 6 – Substandard: A substandard loan is inadequately protected by the current sound net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified as substandard must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt; they are characterized by the possibility that the Bank may sustain some loss if the deficiencies are not corrected. Loans in this category are characterized by deterioration in the quality exhibited by any number of well-defined weaknesses requiring corrective action.

Such loans are no longer considered to be adequately protected due to the borrower's declining net worth, lack of earnings capacity, declining collateral margins, and/or unperfected collateral positions. The possibility of loss of a portion of the loan balance cannot be ruled out. The repayment ability of the borrower is marginal or weak, and the loan may have exhibited excessive overdue status or extensions and renewals.

Risk Grade 7 – Doubtful: Loans classified Doubtful have all the weaknesses inherent in loans classified Substandard, plus the added characteristic that the weaknesses make collection or liquidation in full on the basis of current existing facts, conditions, and values highly questionable and improbable. However, these loans are not yet rated as a loss because certain events may occur which would salvage the debt.

The ability of the borrower to service the debt is extremely weak, overdue status is constant, the debt has been placed on non-accrual status, and no definite repayment schedule exists. Doubtful is a temporary grade where a loss is expected but is presently not quantified with any degree of accuracy. Once the loss position is determined, the amount is charged off.

Risk Grade 8 – Loss: Loans classified Loss are considered uncollectible and of such little value that their continuance as bankable assets are not warranted.

All classes of loans are considered individually evaluated when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as individually evaluated. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all 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. Specific allowances on individually evaluated loans are measured on a loan-by-loan basis for commercial real estate, residential real estate, and construction loans by either the fair value of the collateral less estimated costs to sell, or present value of expected future cash flows discounted at the loan's effective interest rate.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Bank does not generally identify loans for individual evaluation unless such loans are in excess of \$250,000.

ALLEGHENY BANCSHARES, INC.

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Charge-off consideration shall be given to loans evaluated in connection with the Bank's loan review policy and procedures and loans identified for repossession or foreclosure. In any event, it shall be the policy of the Bank to charge-off amounts deemed uncollectible in the periods when identified. All charge-off amounts are approved by the Board of Directors.

Transfers of Financial Assets – Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank – put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Other Real Estate Owned – Assets acquired through, or in lieu of, loan foreclosures are held for sale and are initially recorded at fair value, less estimated costs to sell at the date of foreclosure, establishing a new cost basis. Any required write down at the time of foreclosure is charged to the allowance for credit losses. Physical possession of residential real estate collateralizing a consumer mortgage loan occurs when legal title is obtained upon completion of a foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar loan agreement. Subsequent to foreclosure, management periodically performs valuations, and the assets are carried at the lower of carrying amount or fair value less estimated costs to sell. Revenue and expenses from operations and changes in valuation allowance are included in noninterest expenses. The Company did not hold any Other Real Estate Owned as of December 31, 2025 and 2024.

Bank Premises and Equipment – Land is carried at cost. Bank premises and equipment are stated at cost less accumulated depreciation. Depreciation is charged to income over the estimated useful lives of the assets principally on a straight-line method.

For buildings and improvements, the estimated useful lives are between 10 and 50 years. The estimated lives for furniture and equipment are 5 to 10 years. Leasehold improvements are amortized over the shorter of the useful life of the improvements or the term of the lease.

Bank Owned Life Insurance – The Company has purchased life insurance policies on certain key employees. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the statement of financial condition date, which is the cash surrender value adjusted for other amounts due that are probable at settlement. Increases in the cash surrender value are recognized as noninterest income.

Goodwill – Goodwill arises from business combinations and is determined as the excess of the fair value of the consideration transferred, plus the fair value of noncontrolling interests of the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill is required to be tested at least annually for impairment or more often if certain impairment conditions exist. The Goodwill resulted from a financial center acquisition in 2009, the acquisition of Mount Hope Bankshares in 2019, and a 3 financial center acquisition in 2021.

Income Taxes – Deferred income tax assets and liabilities are determined using the balance sheet method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefits that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for uncertain tax positions in the accompanying consolidated statement of financial condition along with any associated interest and penalties that would be payable to the taxing

ALLEGHENY BANCSHARES, INC.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

authorities upon examination. Interest and penalties associated with the uncertain tax positions are classified as additional income taxes in the Consolidated Statements of Income. As of December 31, 2025 and 2024, the Company has not identified and recorded any uncertain tax positions. With few exceptions, the Company is no longer subject to federal and state tax examinations by tax authorities for years prior to 2022.

Net Income per Share – Basic earnings per common share represent income available to common shareholders divided by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share reflect additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. The Company had no dilutive potential common shares during the calendar years 2025 and 2024. Earnings per common share is computed using the two-class method. The Class A Common shares carry a 5% dividend preference over common shares, and Class B shares carry a 10% dividend preference over Common shares.

Fair Value of Financial Instruments – Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully discussed in Note 18. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumption or in market conditions significantly affect the estimates.

Advertising – The Company follows the policy of charging the costs of advertising to expenses as incurred. Total advertising expenses incurred for 2025 and 2024 were \$741,159 and \$613,354, respectively.

Comprehensive Income – Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the consolidated statement of financial condition, such items, along with net income, are components of comprehensive income (loss).

Lease Accounting – The Company accounts for leases in accordance with ASC 842. As such, the consolidated statement of financial condition includes both a lease liability and a right-of-use asset. The lease liability is the Company’s obligation to make lease payments arising from a lease, measured on a discounted basis. The right-of-use asset is an asset that represents the Company’s right to use, or control the use of, a specified asset for the lease term.

Recent Accounting Pronouncements

In November 2025, the Financial Accounting Standards Board (FASB) issued ASU 2025-08, “Financial Instruments—Credit Losses (Topic 326): Purchased Loans.” The amendments in this ASU expand the population of acquired financial assets accounted for using the gross-up approach. Acquired loans (excluding credit cards) are deemed purchased seasoned loans and accounted for using the gross-up approach upon acquisition if criteria established by the new guidance are met. This change aims to enhance comparability, consistency, and better reflect the economics of acquiring financial assets. This ASU is effective for annual reporting periods beginning after December 15, 2026, and for interim reporting periods within those annual reporting periods. Early adoption is permitted in an interim or annual reporting period in which financial statements have not yet been issued or made available for issuance. If an entity adopts this ASU in an interim reporting period, it should apply it as of the beginning of that interim reporting period or the beginning of the annual reporting period that includes that interim reporting period. The Company, at present, does not expect the adoption of ASU 2025-08 to have a material impact on its consolidated financial statements.

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” The amendments in this ASU require an entity to disclose the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes and the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions that are equal to or greater than five percent of total income taxes paid (net of refunds received). Additionally, the amendments in this ASU require an entity to disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and income tax expense (or benefit) from continuing operations disaggregated by federal, state, and foreign. This ASU is effective for annual periods beginning after December 15, 2025. Early adoption is permitted. The amendments should be applied on a prospective basis; however, retrospective application is permitted. The Company does not expect the adoption of ASU 2023-09 to have a material impact on its consolidated financial statements.

ALLEGHENY BANCSHARES, INC.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Subsequent Events:

The Company evaluated subsequent events that have occurred after the statement of financial condition date, but before the financial statements are issued. There are two types of subsequent events (1) recognized, or those that provide additional evidence about conditions that existed at the date of the statement of financial condition, including the estimates inherent in the process of preparing financial statements, and (2) non-recognized, or those that provide evidence about conditions that did not exist at the date of the statement of financial condition but arose after that date.

Subsequent events have been considered through March 12, 2026; the date financial statements were available to be issued. Based on the evaluation, the Company identified no subsequent events.

NOTE 2 INVESTMENT SECURITIES:

The amortized cost and fair values of securities are as follows (in thousands):

December 31, 2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale:				
U.S. Treasury securities	\$ 7,097	\$ ---	\$ 349	\$ 6,748
Mortgage-backed obligations of federal agencies	16,119	---	961	15,158
Corporate securities	11,925	---	1,007	10,918
Government sponsored enterprises	13,721	---	863	12,858
SBA guaranteed loan pool certificates	328	---	3	325
Obligations of states and political subdivisions	39,967	---	2,882	37,085
Total	\$ 89,157	\$ ---	\$ 6,065	\$ 83,092
December 31, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale:				
U.S. Treasury securities	\$ 11,133	\$ ---	\$ 684	\$ 10,449
Mortgage-backed obligations of federal agencies	17,617	---	1,413	16,204
Corporate securities	12,425	---	1,531	10,894
Government sponsored enterprises	13,706	---	1,509	12,197
SBA guaranteed loan pool certificates	617	---	4	613
Obligations of states and political subdivisions	41,381	---	4,554	36,827
Total	\$ 96,879	\$ ---	\$ 9,695	\$ 87,184

For the year ended December 31, 2025, proceeds from the sales of securities available for sale totaled \$500,000. For the year ended December 31, 2024, there were no proceeds from sales of securities available for sale. There were no gross gains or losses on sale of available for sale securities in 2025 or 2024. Redemptions of restricted investments totaled \$330,195 for the year ended December 31, 2025. Redemptions of restricted investments totaled \$387,100 for the year ended December 31, 2024.

The following table shows the gross unrealized losses and fair value of the Company's investment securities with unrealized losses (in thousands), aggregated by investment category and length of time that individual securities have been in a continuous, unrealized loss position as of December 31. The Company has not recorded an allowance for credit losses on its investment securities available for sale as management does not intend to sell, and it is unlikely management will be required to sell, the securities prior to their anticipated recovery. Additionally, the unrealized losses on the Company's investment securities were caused primarily by an increase in interest rates, and the Company feels that no material impairment of value is due to the deteriorating financial condition of the issuers. The contractual terms of those

ALLEGHENY BANCSHARES, INC.

NOTE 2 INVESTMENT SECURITIES (CONTINUED):

investments do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. The Company has 129 investments that have unrealized losses as of December 31, 2025, and considers them to be temporarily impaired.

December 31, 2025	Less than 12 Months		12 Months or Greater	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities:				
U.S. Treasury securities	\$ ---	\$ ---	\$ 6,748	\$ 349
Mortgage-backed obligations of federal agencies	530	1	14,628	960
Corporate securities	---	---	10,418	1,007
Government sponsored enterprises	---	---	12,858	863
SBA guaranteed loan pool certificates	---	---	325	3
Obligations of states and political subdivisions	2,494	143	31,737	2,739
Total	\$ 3,024	\$ 144	\$ 76,714	\$ 5,921

December 31, 2024	Less than 12 Months		12 Months or Greater	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities:				
U.S. Treasury securities	\$ ---	\$ ---	\$ 10,449	\$ 684
Mortgage-backed obligations of federal agencies	985	2	14,612	1,411
Corporate securities	768	12	9,626	1,519
Government sponsored enterprises	---	---	12,197	1,509
SBA guaranteed loan pool certificates	57	---	556	4
Obligations of states and political subdivisions	479	22	35,746	4,532
Total	\$ 2,289	\$ 36	\$ 83,186	\$ 9,659

A maturity schedule of securities in thousands as of December 31, 2025, by contractual maturity, is shown below. Actual maturities may differ because borrowers may have the right to call or prepay obligations.

Securities Available for Sale:	Amortized Cost	Fair Value
In one year or less	\$ 2,851	\$ 2,817
After one year through five years	35,858	34,098
After five years through ten years	32,414	29,675
Over ten years	18,034	16,502
Total available for sale	\$ 89,157	\$ 83,092

The carrying value of securities pledged by the Company to secure deposits, repurchase agreements and for other purposes amounted to \$30,980,542 and \$56,904,745 as of December 31, 2025 and 2024, respectively.

NOTE 3 RESTRICTED EQUITY SECURITIES:

Restricted equity securities are considered restricted due to lack of marketability. They consist of stock in the Federal Home Loan Bank (FHLB), stock in Federal Agricultural Mortgage Corporation (Farmer Mac) and stock in ICBA Reinsurance Company, LTD. Investment in the FHLB stock is determined by the level of the Bank's participation with FHLB's various products and is collateral against outstanding borrowings from that institution. The FHLB stock is carried

ALLEGHENY BANCSHARES, INC.

NOTE 3 RESTRICTED EQUITY SECURITIES (CONTINUED):

at cost of \$1,802,000 and \$2,129,700 as of December 31, 2025 and 2024, respectively. The Farmer Mac stock is the level of stock required to participate in their programs and has a carrying value of \$14,000 as of December 31, 2025 and 2024.

During 2025, ICBA Reinsurance Company dissolved, and the company booked a gain of \$28,666 related to the investment being dissolved. Management evaluates these restricted securities for impairment on an annual basis, and more often when conditions warrant.

NOTE 4 LOANS HELD FOR INVESTMENT:

Loans receivable outstanding as of December 31, 2025 and 2024 are summarized in the table below (in thousands):

	2025	2024
Commercial Real Estate:		
Construction and land development	\$ 29,981	\$ 49,089
Agriculture	26,759	27,144
Other commercial	131,551	106,060
Residential Real Estate:		
Construction	19,943	20,784
Consumer residential	248,488	232,263
Non-Real Estate:		
Commercial and industrial	40,409	41,126
Consumer	146,174	136,355
Nonprofit and tax-exempt	14,447	14,940
Other loans	24,614	---
Total Loans	682,366	627,761
Less: Allowance for credit losses	6,147	5,037
Loans Held for Investment	\$ 676,219	\$ 622,724

Demand deposit accounts that are overdrawn have been reclassified as loans since they represent an amount owed to the Bank. Overdrawn deposit accounts included in the non-real estate consumer loan balance above are \$346,164 and \$586,497 as of December 31, 2025 and 2024, respectively.

Substantially all of our 1-4 family mortgages, as well as our multi-family residential mortgages, are pledged under a blanket lien with the Federal Home Loan Bank for borrowings.

Loans on a nonaccrual basis were \$4,023,390 and \$2,540,064 as of December 31, 2025 and 2024 (0.58% and 0.40% of total loans), respectively. Accruing loans which are contractually past due 90 days or more as to principal or interest totaled \$420,866 and \$2,469,892 as of December 31, 2025 and 2024 (0.06% and 0.39% of total loans, respectively). Past due status is determined based on the contractual terms of the loan agreement.

Other loans at December 31, 2025, were comprised solely of loans to non-depository financial institutions and represent the Bank's participation with another institution providing interim financing to mortgage originators who originate mortgage loans for sale in the secondary market. Each advance is secured by the underlying mortgage note between the originator and their mortgage customer. These loans carry risks associated with the successful delivery of the mortgage loans by the originators to their secondary market investors; however, sale commitments are in place at origination which limit these risks. Loan advances are generally funded and repaid within 30 days of origination. The outstanding balance of loans can fluctuate significantly due to the timing of funding and repayments, which varies based on mortgage origination volumes. There were no balances outstanding in this category of loans at December 31, 2024.

ALLEGHENY BANCSHARES, INC.

NOTE 4 LOANS HELD FOR INVESTMENT (CONTINUED):

The past due status of loans as of December 31, 2025 were as follows (in thousands):

	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans	Recorded investment 90+ Days and Accruing
Commercial Real Estate:							
Construction and land development	\$ ---	\$ 74	\$ 682	\$ 756	\$ 29,225	\$ 29,981	\$ 152
Agriculture	18	---	---	18	26,741	26,759	---
Other commercial	---	---	197	197	131,354	131,551	---
Residential Real Estate:							
Construction	---	---	---	---	19,943	19,943	---
Consumer residential	1,150	495	152	1,797	246,691	248,488	152
Non-Real Estate:							
Commercial and industrial	271	31	360	662	39,747	40,409	---
Consumer	2,016	606	627	3,249	142,925	146,174	117
Nonprofit and tax-exempt	---	---	---	---	14,447	14,447	---
Other loans	---	---	---	---	24,614	24,614	---
Total	\$ 3,455	\$ 1,206	\$ 2,018	\$ 6,679	\$ 675,687	\$ 682,366	\$ 421

The past due status of loans as of December 31, 2024 were as follows (in thousands):

	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans	Recorded investment 90+ Days and Accruing
Commercial Real Estate:							
Construction and land development	\$ 185	\$ ---	\$ 3,014	\$ 3,199	\$ 45,890	\$ 49,089	\$ 1,095
Agriculture	---	---	---	---	27,144	27,144	---
Other commercial	---	364	625	989	105,071	106,060	625
Residential Real Estate:							
Construction	---	---	344	344	20,440	20,784	344
Consumer residential	432	872	31	1,335	230,928	232,263	31
Non-Real Estate:							
Commercial and industrial	666	314	98	1,078	40,048	41,126	---
Consumer	2,153	887	695	3,735	132,620	136,355	375
Nonprofit and tax-exempt	---	---	---	---	14,940	14,940	---
Other loans	---	---	---	---	---	---	---
Total	\$ 3,436	\$ 2,437	\$ 4,807	\$ 10,680	\$ 617,081	\$ 627,761	\$ 2,470

ALLEGHENY BANCSHARES, INC.

NOTE 4 LOANS HELD FOR INVESTMENT (CONTINUED):

Loans by credit quality indicators as of December 31, 2025 were as follows (in thousands):

	Pass	Special Mention	Substandard	Doubtful	Total
Commercial Real Estate:					
Construction and land development	\$ 26,503	\$ 2,322	\$ 1,156	\$ ---	\$ 29,981
Agriculture	26,149	610	---	---	26,759
Other commercial	121,244	6,976	3,331	---	131,551
Residential Real Estate:					
Construction	19,539	404	---	---	19,943
Consumer residential	246,459	1,501	528	---	248,488
Non-Real Estate:					
Commercial and industrial	39,190	517	702	---	40,409
Consumer	142,657	2,409	1,097	11	146,174
Non-Profit and tax-exempt	14,447	---	---	---	14,447
Other loans	24,614	---	---	---	24,614
Total	<u>\$ 660,802</u>	<u>\$ 14,739</u>	<u>\$ 6,814</u>	<u>\$ 11</u>	<u>\$ 682,366</u>

Loans by credit quality indicators as of December 31, 2024 were as follows (in thousands):

	Pass	Special Mention	Substandard	Doubtful	Total
Commercial Real Estate:					
Construction and land development	\$ 45,103	\$ 1,478	\$ 2,508	\$ ---	\$ 49,089
Agriculture	26,531	613	---	---	27,144
Other commercial	98,145	6,731	1,184	---	106,060
Residential Real Estate:					
Construction	19,696	843	245	---	20,784
Consumer residential	227,988	3,857	418	---	232,263
Non-Real Estate:					
Commercial and industrial	39,928	382	816	---	41,126
Consumer	133,190	2,560	605	---	136,355
Non-Profit and tax-exempt	14,940	---	---	---	14,940
Other loans	---	---	---	---	---
Total	<u>\$ 605,521</u>	<u>\$ 16,464</u>	<u>\$ 5,776</u>	<u>\$ ---</u>	<u>\$ 627,761</u>

The following table presents nonaccrual loans as of December 31, 2025 and 2024 (in thousands):

	December 31, 2025		December 31, 2024	
	Total Non-Accrual	With a Specific Allowance	Total Non-Accrual	With a Specific Allowance
Commercial Real Estate:				
Construction and land development	\$ 1,097	\$ 12	\$ 1,919	\$ ---
Agriculture	---	---	---	---
Other commercial	1,490	---	---	---
Residential Real Estate:				
Construction	---	---	---	---
Consumer residential	---	---	---	---
Non-Real Estate:				
Commercial and industrial	679	---	164	---
Consumer	758	---	457	---
Non-Profit and tax-exempt	---	---	---	---
Other loans	---	---	---	---
Total	<u>\$ 4,024</u>	<u>\$ 12</u>	<u>\$ 2,540</u>	<u>\$ ---</u>

ALLEGHENY BANCSHARES, INC.

NOTE 4 LOANS HELD FOR INVESTMENT (CONTINUED):

From time to time, we may modify certain loans to borrowers who are experiencing financial difficulty. In some cases, these modifications may result in new loans. Loan modifications to borrowers who experience financial difficulty may be in the form of a principal forgiveness, an interest rate reduction or other-than-insignificant payment delay, a term extension, or a combination thereof, among other situations. The Company modified 7 loans to borrowers experiencing financial distress during the year ended December 31, 2025 and 6 loans for the year ended December 31, 2024. There were no commitments to lend additional funds to these borrowers at December 31, 2025. The period-end balance of loan modifications, segregated by type of modification, to borrowers experiencing financial difficulty during 2025 and 2024, regardless of whether such modifications resulted in a new loan, are set forth in the table below (in thousands).

December 31, 2025	Term Extension	Percent of Total Class of Loans	Payment Delay & Term Extension	Percent of Total Class of Loans
Commercial Real Estate:				
Construction and land development	\$ 1,845	6.15%	\$ 567	1.89 %
Agriculture	---	0.00%	---	0.00%
Other commercial	---	0.00%	1,161	0.88%
Residential Real Estate:				
Construction	---	0.00%	---	0.00%
Consumer residential	298	0.12%	---	0.00%
Non-Real Estate:				
Commercial and industrial	---	0.00%	265	0.66%
Consumer	---	0.00%	---	0.00%
Non-Profit and tax-exempt	---	0.00%	---	0.00%
Other loans	---	0.00%	---	0.00%
Total	\$ 2,143	0.31%	\$ 1,993	0.29%

December 31, 2024	Term Extension	Percent of Total Class of Loans	Payment Delay & Term Extension	Percent of Total Class of Loans
Commercial Real Estate:				
Construction and land development	\$ 1,756	3.58%	\$ ---	0.00%
Agriculture	---	0.00%	---	0.00%
Other commercial	---	0.00%	---	0.00%
Residential Real Estate:				
Construction	572	2.75%	---	0.00%
Consumer residential	560	0.24%	484	0.21%
Non-Real Estate:				
Commercial and industrial	95	0.23%	---	0.00%
Consumer	---	0.00%	---	0.00%
Non-Profit and tax-exempt	---	0.00%	---	0.00%
Other loans	---	0.00%	---	0.00%
Total	\$ 2,983	0.48%	\$ 484	0.08%

ALLEGHENY BANCSHARES, INC.

NOTE 4 LOANS HELD FOR INVESTMENT (CONTINUED):

The following table details the collateral dependent loans that were evaluated for expected credit losses on an individual basis and the related specific allocations by loan portfolio segment as of December 31, 2025 and 2024 (in thousands):

	<u>December 31, 2025</u>	<u>Specific Allowance</u>	<u>December 31, 2024</u>	<u>Specific Allowance</u>
Commercial Real Estate:				
Construction and land development	\$ 1,018	\$ 12	\$ 3,352	\$ ---
Agriculture	---	---	---	---
Other commercial	2,941	---	1,743	---
Residential Real Estate:				
Construction	---	---	---	---
Consumer residential	290	---	293	---
Non-Real Estate:				
Commercial and industrial	265	---	---	---
Consumer	---	---	---	---
Non-profit and tax-exempt	---	---	---	---
Other loans	---	---	---	---
Total	<u>\$ 4,514</u>	<u>\$ 12</u>	<u>\$ 5,388</u>	<u>\$ ---</u>

Allowance For Credit Losses - Loans. The allowance for credit losses on loans is a contra-asset valuation account, calculated in accordance with ASC 326, that is deducted from the amortized cost basis of loans to present the net amount expected to be collected. The amount of the allowance represents management's best estimate of current expected credit losses on loans considering available information, from internal and external sources, relevant to assessing collectability over the loans' contractual terms, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals and modifications unless (i) management has a reasonable expectation that a loan to an individual borrower that is experiencing financial difficulty will be modified or (ii) such extension or renewal options are not unconditionally cancellable by us and, in such cases, the borrower is likely to meet applicable conditions and likely to request extension or renewal. Relevant available information includes historical credit loss experience, current conditions and reasonable and supportable forecasts. While historical credit loss experience provides the basis for the estimation of expected credit losses, adjustments to historical loss information may be made for differences in current portfolio-specific risk characteristics, environmental conditions or other relevant factors. The allowance for credit losses is measured on a collective basis for portfolios of loans when similar risk characteristics exist. Loans that do not share risk characteristics are evaluated for expected credit losses on an individual basis and excluded from the collective evaluation. Expected credit losses for collateral dependent loans, including loans where the borrower is experiencing financial difficulty, but foreclosure is not probable, are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Credit loss expense related to loans reflects the totality of actions taken on all loans for a particular period including any necessary increases or decreases in the allowance related to changes in credit loss expectations associated with specific loans or pools of loans. Portions of the allowance may be allocated for specific credits; however, the entire allowance is available for any credit that, in management's judgment, should be charged off. While management utilizes its best judgment and information available, the ultimate appropriateness of the allowance is dependent upon a variety of factors beyond our control, including the performance of our loan portfolio, the economy, changes in interest rates and the view of the regulatory authorities toward loan classifications.

In calculating the allowance for credit losses, most loans are segmented into pools based upon similar characteristics and risk profiles. Common characteristics and risk profiles include the type/purpose of loan, underlying collateral, geographical similarity and historical/expected credit loss patterns. In developing these loan pools for the purposes of modeling expected credit losses, we also analyzed the degree of correlation in how loans within each portfolio respond when subjected to varying economic conditions and scenarios as well as other portfolio stress factors. We periodically reassess each pool to ensure the loans within the pool continue to share similar characteristics and risk profiles and to determine whether further segmentation is necessary.

ALLEGHENY BANCSHARES, INC.

NOTE 4 LOANS HELD FOR INVESTMENT (CONTINUED):

The Company is utilizing the Vintage Model for the calculation. The model estimates lifetime gross credit losses for all outstanding loans aggregated by origination vintage and segment. Vintage is a multi-horizon, age-period-cohort model that considers both probability of default (PD) and probability of attrition (PA) in a competing risks approach necessary to determine the life of the loan. Vintage refers to the time of the loan originations for each loan product. Due to changing underwriting standards over time, loans originated in similar time periods may experience similar loss expectations throughout a product's lifecycle. The lifecycle for each loan product sets the base expectations of loss in the vintage model. The actual performance of each vintage up through the current month is then used to adjust future loss expectations either up or down throughout the remaining portion of the lifecycle. Loss rates are correlated to changes in economic conditions. The relationship between economic indexes and losses are applied to the forecasted time horizon. Lags and windows are applied as changes in economic index rates do not immediately impact loan losses. The Company utilizes a third party to perform the calculation as well as calculating qualitative factors and individually evaluating impaired loans internally. The total of the 3 individual components comprises the contra account shown on the balance sheet.

The Company maintains an allowance for credit losses on off-balance sheet credit exposures such as unfunded balances for existing lines of credit, commitments to extend future credit, as well as both standby and commercial letters of credit when there is a contractual obligation to extend credit and when this extension of credit is not unconditionally cancellable (i.e. commitment cannot be canceled at any time). The allowance for credit losses on off-balance sheet credit exposures is adjusted as a provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur, which is based on a historical funding analysis derived from internal information, and an estimate of expected credit losses on commitments expected to be funded over its estimated life, which are the same loss rates that are used in computing the allowance for credit losses on loans. The allowance for credit losses for off-balance sheet credit exposure of \$5,343 at December 31, 2025 and \$8,588 at December 31, 2024 is classified on the balance sheet within Accrued Expenses and Other Liabilities.

The following tables summarize the activity in the allowance for credit losses on loans by loan class for the years ended December 31, 2025 and 2024 (in thousands).

	2025									
	Real Estate Secured					Non-Real Estate				
	Commercial			Residential		Commercial & Industrial			Non-Profit & Tax Exempt	
	Construction & Land Development	Agricultural	Other Commercial	Construction	Consumer Residential	Commercial & Industrial	Consumer	Non-Profit & Tax Exempt	Other loans	Total
Beginning										
Balance	\$ 95	\$ 61	\$ 197	\$ 6	\$ 944	\$ 175	\$ 3,471	\$ 88	\$ ---	\$ 5,037
Charge-offs	(4)	---	---	(53)	(51)	---	(1,896)	---	---	(2,004)
Recoveries	4	---	---	---	---	9	225	---	---	238
Provision	(21)	3	3	50	62	23	2,754	2	---	2,876
Ending Balance	\$ 74	\$ 64	\$ 200	\$ 3	\$ 955	\$ 207	\$ 4,554	\$ 90	\$ ---	\$ 6,147
Ending Balance individually evaluated for impairment	\$ 12	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 12
Ending balance collectively evaluated for impairment	\$ 62	\$ 64	\$ 200	\$ 3	\$ 955	\$ 207	\$ 4,554	\$ 90	\$ --	\$ 6,135

ALLEGHENY BANCSHARES, INC.

NOTE 4 LOANS HELD FOR INVESTMENT (CONTINUED):

Loans:											
Ending Balance individually evaluated for impairment	\$ 1,018	\$ ---	\$ 2,941	\$ ---	\$ 290	\$ 265	\$ ---	\$ ---	\$ ---	\$ 4,514	
Ending balance collectively evaluated for impairment	\$ 28,963	\$ 26,759	\$ 128,610	\$ 19,943	\$ 248,198	\$ 40,144	\$ 146,174	\$ 14,447	\$ 24,614	\$ 677,852	
Total Loans	\$ 29,981	\$ 26,759	\$ 131,551	\$ 19,943	\$ 248,488	\$ 40,409	\$ 146,174	\$ 14,447	\$ 24,614	\$ 682,366	

	2024										
	Real Estate Secured					Non-Real Estate					
	Commercial			Residential		Commercial & Industrial			Consumer		Total
	Construction & Land Development	Agricultural	Other Commercial	Construction	Consumer Residential	Commercial & Industrial	Consumer	Non-Profit & Tax Exempt	Other loans		
Beginning Balance	\$ 272	\$ 53	\$ 769	\$ 7	\$ 1,072	\$ 151	\$ 1,932	\$ 73	\$ ---	\$ 4,329	
Charge-offs	---	---	(81)	---	(50)	(32)	(1,557)	---	---	(1,720)	
Recoveries	---	---	2	---	---	---	230	---	---	232	
Provision	(177)	8	(493)	(1)	(78)	56	2,866	15	---	2,196	
Ending Balance	\$ 95	\$ 61	\$ 197	\$ 6	\$ 944	\$ 175	\$ 3,471	\$ 88	\$ ---	\$ 5,037	
Ending Balance individually valued for impairment	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	
Ending balance collectively evaluated for impairment	\$ 95	\$ 61	\$ 197	\$ 6	\$ 944	\$ 175	\$ 3,471	\$ 88	\$ ---	\$ 5,037	
Loans:											
Ending Balance individually evaluated for impairment	\$ 3,352	\$ ---	\$ 1,743	\$ --	\$ 293	\$ ---	\$ ---	\$ ---	\$ ---	\$ 5,388	
Ending balance collectively evaluated for impairment	\$ 45,737	\$ 27,144	\$ 104,317	\$ 20,784	\$ 231,970	\$ 41,126	\$ 136,355	\$ 14,940	\$ ---	\$ 622,373	
Total Loans	\$ 49,089	\$ 27,144	\$ 106,060	\$ 20,784	\$ 232,263	\$ 41,126	\$ 136,355	\$ 14,940	\$ ---	\$ 627,761	

The following table presents the balance and activity in the allowance for credit losses for off-balance sheet credit exposure for the years ended December 31, 2025 and 2024 (in thousands):

Balance, December 31, 2024	\$ 8
Recovery of off-balance sheet credit losses, net	(3)
Balance, December 31, 2025	<u>\$ 5</u>
Balance, December 31, 2023	\$ 169
Recovery of off-balance sheet credit losses, net	(161)
Balance, December 31, 2024	<u>\$ 8</u>

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NOTE 5 OTHER REAL ESTATE OWNED:

During the year ended December 31, 2025, two loans were foreclosed on, and the collateral was moved to other real estate owned; however, all collateral was subsequently sold during 2025, and the company booked a gain of \$21,375 related to the sale of the properties. At year end 2025 and 2024, the Company did not own any other real estate owned.

NOTE 6 BANK PREMISES AND EQUIPMENT:

Bank premises and equipment as of December 31, 2025 and December 31, 2024 are summarized as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Bank buildings and improvements	\$ 13,642	\$ 12,825
Furniture and equipment	6,790	6,103
Total Cost	20,432	18,928
Less accumulated depreciation	9,491	8,861
Bank premises and equipment	<u>\$ 10,941</u>	<u>\$ 10,067</u>

Depreciation expense on these premises and equipment totaled \$795,805 and \$774,039 for the years ended December 31, 2025 and 2024, respectively.

NOTE 7 LEASES:

Lease liabilities represent the Company's obligation to make lease payments and are presented at each reporting date as the net present value of the remaining contractual cash flows. Cash flows are discounted at the Company's incremental borrowing rate in effect at the commencement date of the lease if the rate implicit in the lease is unattainable. Right-of-use assets represent the Company's right to use the underlying asset for the lease term and are calculated as the sum of the lease liability and if applicable, prepaid rent, initial direct costs and any incentives received from the lessor.

The Company's long-term lease agreements are classified as operating leases. Certain of these leases offer the option to extend the lease term and the Company has included such extensions in its calculation of the lease liabilities to the extent the options are reasonably assured of being exercised. The lease agreements do not provide for residual value guarantees and have no restrictions or covenants that would impact dividends or require incurring additional financial obligations. The right-of-use asset and lease liability are included in other assets and accrued expenses and other liabilities, respectively, in the consolidated statement of financial condition.

The following tables present information about the Company's leases (in thousands):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Lease Liabilities	\$ 1,235	\$ 1,131
Right-of-use Assets	1,248	1,146
Weighted average remaining lease term	8.70 years	6.37 years
Weighted average discount rate	3.07%	2.34%

A maturity analysis of operating lease liabilities and reconciliation of the undiscounted cash flows to the total of operating lease liabilities is as follows (in thousands):

Lease Payments Due	<u>As of December 31, 2025</u>	
Twelve months ending December 31, 2026	\$	204
Twelve months ending December 31, 2027		207
Twelve months ending December 31, 2028		179
Twelve months ending December 31, 2029		179
Twelve months ending December 31, 2030		179
Thereafter		548
Total undiscounted cash flows	\$	1,496
Discount		(261)
Lease Liabilities	<u>\$</u>	<u>1,235</u>

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NOTE 7 LEASES (CONTINUED):

The aggregate rental and lease expense was \$214,180 and \$201,722 for the years ending December 31, 2025 and 2024, respectively.

NOTE 8 GOODWILL AND OTHER INTANGIBLES:

With the purchase in 2009 of two Citizens National Bank branches there was \$1,086,732 of goodwill recorded. The acquisition of Bank of Mount Hope in 2019 resulted in an additional \$3,393,091 of goodwill. The acquisition of three branches from Carter Bank & Trust in 2021 resulted in additional goodwill in the amount of \$637,178. Goodwill was evaluated for impairment as of December 31, 2025, and it was determined that no impairment existed.

Core deposit intangibles of \$293,000 were recorded as a result of the purchase of branches from Citizens National Bank and are fully amortized. Core deposit intangibles of \$1,180,000 resulting from the Bank of Mount Hope acquisition in October of 2019 are being amortized over 10 years. Additional core deposit intangibles were recorded in the amount of \$440,000 with the acquisition of the three Carter Bank & Trust branches and are being amortized over 10 years.

The changes in the carrying amount of goodwill and intangibles for the twelve months ended December 31, 2025, are as follows (dollars in thousands):

	<u>Goodwill</u>	<u>Intangibles</u>
Balance December 31, 2024	\$ 5,117	\$ 842
Additions	---	---
Amortization	---	(162)
Impairment	---	---
Balance, December 31, 2025	<u>\$ 5,117</u>	<u>\$ 680</u>

Goodwill and intangible assets as of December 31, 2025 and December 31, 2024 are as follows (in thousands):

<u>December 31, 2025</u>	<u>Gross Carrying Value</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>
Core deposit intangibles	\$ 1,913	\$ (1,233)	\$ 680
Goodwill	5,117	---	5,117
December 31, 2024			
Core deposit intangibles	\$ 1,913	\$ (1,071)	\$ 842
Goodwill	5,117	---	5,117

Amortization expense of core deposit intangibles for the years ended December 31, 2025 and 2024 was \$162,000. As of December 31, 2025, the estimated future amortization expense of core deposit intangibles is as follows (in thousands):

<u>Year</u>	<u>Amount</u>
2026	\$ 162
2027	162
2028	162
2029	133
2030	44
Thereafter	17
Total	<u>\$ 680</u>

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NOTE 9 **BANK OWNED LIFE INSURANCE:**

The Bank purchased split-dollar life insurance on select employees. The cash surrender value of these life insurance policies was \$13,047,985 and \$12,719,468 at December 31, 2025 and 2024, respectively, and has been recorded as an asset on the consolidated statements of financial condition. The Bank is the owner of all policies. The employee can name a beneficiary; however, upon realization of the death benefit, the Bank recoups its investment (cash surrender value), with a set amount of the death benefit paid to the employee's beneficiary. Earnings recorded on the investments during the years ended December 31, 2025 and 2024 were \$328,517 and \$314,853, respectively.

NOTE 10 **TIME DEPOSITS:**

As of December 31, 2025, the scheduled maturities of time deposits are as follows (in thousands):

<u>Year</u>	<u>Amount</u>
2026	\$ 172,006
2027	3,850
2028	2,723
2029	2,347
2030	1,788
Thereafter	386
Total	<u>\$ 183,100</u>

NOTE 11 **SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE:**

Securities sold under agreements to repurchase generally mature within one day from the transaction date, unless classified as a term repurchase agreement. Securities sold under agreements to repurchase are reflected at the amount of cash received in connection with the transaction. The Company may be required to provide additional collateral based on the fair value of the underlying securities. The Company has a total of \$167,172 and \$265,028 as of December 31, 2025 and 2024, respectively, in fair value of securities pledged to secure these agreements. The weighted average interest rate on these agreements was 0.40% during 2025 and 1.87% during 2024. The highest month end balance during 2025 was \$86,547. For 2024, the highest month end balance was \$87,546.

NOTE 12 **LINES OF CREDIT:**

The Bank has lines of credit with correspondent banks totaling \$29,000,000. As of December 31, 2025, the Bank had overnight borrowings with correspondent banks totaling \$2,889,331. As of December 31, 2024, the Bank had no outstanding balances on these lines. These lines of credit are unsecured. The lenders may withdraw these lines at their discretion and without notice. The Company also utilizes Federal Home Loan Bank's (FHLB) Letter of Credit program to collateralize public funds. As of December 31, 2025 and 2024, the Company had FHLB letters of credit totaling \$37,775,000 and \$16,100,000, respectively. As of December 31, 2025, the Bank had a line of credit with the Federal Reserve Bank totaling \$1,000,000 that is collateralized with a bond. There was no outstanding balance on this line of credit as of December 31, 2025.

NOTE 13 **BORROWINGS:**

The Company has borrowings from the Federal Home Loan Bank of Pittsburgh (FHLB). As of December 31, 2025 and 2024, respectively, \$30,546,912 and \$39,285,088 of the FHLB advances were considered long-term notes payable. The interest rates on all of the term notes payable as of December 31, 2025 and December 31, 2024 were fixed at the time of the advance and ranged from 3.94% to 5.61%. At December 31, 2025, \$5,000,000 of the borrowings of the FHLB advances were considered short-term notes. The FHLB notes are secured by FHLB Stock, as well as eligible loans. The weighted average interest rate is 4.50% as of December 31, 2025. The Company has additional available borrowing capacity from the FHLB of \$201,349,215.

The Company borrowed \$6,000,000 during 2019 to facilitate the acquisition of the Bank of Mount Hope. This subordinated debt is payable to two different banks, interest rate is fixed at 5.75% and will be paid back with quarterly payments of interest. During 2022, the Company extended the maturity of the \$6,000,000 principal balance from September 2026 to September 2029. The principal of \$6,000,000 is due September 2029. The Company borrowed an additional \$3,500,000 during 2021 to facilitate the acquisition of the three branches of Carter Bank & Trust. The 10-year

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NOTE 13 BORROWINGS (CONTINUED):

note with quarterly interest payments is at the rate of 5.00% until May 19, 2026, and thereafter is the 90-day term Secured Overnight Financing rate plus 4.9875% until paid in full. The principal of \$3,500,000 is due on or before May 19, 2031.

During 2023 and 2024, the company raised \$400,000 and \$4,975,000, respectively of subordinated debt through a private offering. The 5-year notes have an interest rate of 8.0%. This debt is subordinated to all “Senior Indebtedness” which means obligations to its general creditors or other indebtedness of the Company for money borrowed arising from off-balance sheet guarantees and obligations associated with derivative products such as interest rate contracts.

Some repayments of debt are due monthly, and some are due at maturity. Interest expense of \$2,211,581 and \$2,939,515 was incurred on these debts in 2025 and 2024, respectively. The maturities of debt as of December 31, 2025 are as follows:

Year	FHLB	Subordinated Debt	Total
2026	\$ 15,639,018	\$ ---	\$ 15,639,018
2027	13,915,947	---	13,915,947
2028	694,012	400,000	1,094,012
2029	297,935	10,975,000	11,272,935
2030	---	---	---
Thereafter	---	3,500,000	3,500,000
Total	\$ 30,546,912	\$ 14,875,000	\$ 45,421,912

NOTE 14 DIVIDEND LIMITATIONS:

The principal source of funds for Allegheny Bancshares, Inc., is dividends paid by its subsidiary bank. The Code of West Virginia imposes certain restrictions on dividends paid by a state bank. A state bank cannot pay dividends (without the consent of state banking authorities) in excess of the total net profits of the current year and the combined retained profits of the previous two years. As of January 1, 2026, the Bank could pay dividends of up to \$14,680,722 without permission of the authorities. Dividends paid by the Bank to the Company totaled \$2,050,000 in 2025 and \$800,000 in 2024.

NOTE 15 INCOME TAXES:

The current and deferred components of income tax expense for the years ended December 31, 2025 and December 31, 2024 are as follows (in thousands):

	2025	2024
Current component of income tax expense	\$ 2,258	\$ 1,208
Deferred income tax benefit	(660)	(271)
Income tax expense	\$ 1,598	\$ 937

A reconciliation between the amount computed by multiplying income by the statutory federal income tax rate and income tax expense is as follows (in thousands):

	2025	2024
Income taxes computed at the applicable		
Federal income tax rate	\$ 1,843	\$ 1,262
Increase (decrease) resulting from:		
Tax exempt income	(282)	(332)
Low-income housing and rehabilitation tax credits	(256)	(118)
Non-deductible interest expense	22	29
State tax expense, net of federal tax effect	202	---
Other	69	96
Income tax expense	\$ 1,598	\$ 937

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NOTE 15 INCOME TAXES (CONTINUED):

The net deferred tax asset arising from temporary differences as of December 31 is summarized as follows (in thousands):

	2025	2024
Deferred Tax Assets:		
Provision for credit losses	\$ 1,422	\$ 1,258
Accrued expenses on long term benefits	935	906
Interest on nonaccrual loans	125	110
State tax credit carryforwards	423	---
Lease liabilities	289	282
Unrealized loss on securities available for sale	1,274	2,036
Other	35	55
Total Assets	\$ 4,503	\$ 4,647
Deferred Tax Liabilities:		
Depreciation	\$ 811	\$ 806
Right-of-use Asset	292	286
Intangible amortization	382	436
Other	47	46
Total Liabilities	\$ 1,532	\$ 1,574
Net Deferred Tax Asset	\$ 2,971	\$ 3,073

NOTE 16 EMPLOYEE BENEFITS:

Defined Contribution Plan: The Bank has a defined contribution plan with 401(k) provisions that is funded with discretionary contributions by the Bank that covers substantially all full-time employees at the Bank. There is a one year waiting period prior to admission to the plan. Contributions to the plan are based on a percentage of each employee's eligible compensation plus matching contributions. Investment of employee balances is done through the direction of each employee. Plan contributions by the employer will be vested based upon years of service shown in the vesting schedule. Contributions by the Company into employees' accounts in the plan were \$591,827 and \$601,337 for the years ending December 31, 2025 and 2024, respectively.

Supplemental Retirement Agreement: The Bank entered into supplemental employee retirement plan agreements with select executive officers. The plan is a non-qualified defined benefit plan where participants are 100% vested at either age 70 (CEO) or age 65 (all other participants). The agreements specify fixed payments for 15 years after retirement or certain other events that meet separation of service criteria. At December 31, 2025 and 2024, a liability has been established for the present value of future payments of \$1,936,567 and \$1,716,682, respectively, using discount rates of 6.25% (CEO) and 4.00% (all other participants). The Company has incurred an employee benefit expense of \$219,885 and \$210,726 during 2025 and 2024, respectively for this plan. The plan is unfunded; however, life insurance has been acquired on the life of the participants in amounts sufficient to discharge the obligations of this agreement.

Director Deferred Fee Plan: The Bank adopted a Deferred Fee Plan (DFP) for its directors beginning February 13, 2013. This plan allows the directors to defer any or all of their director fees into this DFP where it will earn interest at a rate as set forth in the plan document. Currently this rate is 6%. In addition to the amounts contributed by the directors, the Bank can also contribute each year on behalf of the directors. The total expense for the Bank including discretionary contributions and accrued interest on the deferred account balances totaled \$141,683 and \$140,923 for 2025 and 2024, respectively. The liability recorded for this plan totaled \$1,852,950 and \$1,676,356 at December 31, 2025 and 2024, respectively and is included in accrued expenses and other liabilities on the Consolidated Statements of Financial Condition.

Survivor Income Plan: The Bank adopted a Survivor Income Agreement with certain key management employees. The Bank will provide death benefits to the employee's beneficiary in amounts ranging from \$150,000 to \$550,000 for pre-separation of duty death benefit and an amount half of that for post separation of duty death benefit. There is a vesting schedule based upon employees reaching normal retirement age (age 62 or 65, depending upon when the employee entered the plan) combined with ten 10 years of service. Expense to the Bank totaled \$19,204 and \$10,714 for 2025 and 2024,

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NOTE 16 **EMPLOYEE BENEFITS (CONTINUED):**

respectively. The liability recorded for this plan totaled \$254,344 and \$235,140 at December 31, 2025 and 2024, respectively and is included in accrued expenses and other liabilities on the Consolidated Statements of Financial Condition.

NOTE 17 **RELATED PARTY TRANSACTIONS:**

During the year, officers, directors, principal stockholders, and their affiliates (related parties) were customers of and had transactions with the Company in the ordinary course of business. In management's opinion, these transactions were made on substantially the same terms as those prevailing for other customers for comparable transactions and did not involve more than normal risks.

Deposits of related parties including directors, executive officers, and their related interests of the Company totaled \$5,021,660 and \$4,768,005 as of December 31, 2025 and 2024, respectively.

Changes to balances of loans to related parties during the years ended December 31, 2025 and 2024 is as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Beginning of Year	\$ 3,435	\$ 4,384
Additional Borrowings	337	893
Repayments	(2,066)	(1,842)
End of Year	<u>\$ 1,706</u>	<u>\$ 3,435</u>

In addition to the outstanding balances listed above, directors, executive officers, and their related interests of the Company had \$1,024,983 in unused loans committed but not funded as of December 31, 2025, and \$3,237,112 in unused loans committed but not funded as of December 31, 2024.

NOTE 18 **FAIR VALUE:**

FASB ASC 820-10, *Fair Value Measurements*, provides a definition of fair value for accounting purposes, establishes a framework for measuring fair value and expands related financial disclosures. Accounting standards specify a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. This accounting standard establishes a hierarchy that prioritizes the use of fair value inputs used in valuation methodologies into the following three levels.

Level 1 – Valuation is based on quoted prices for identical instruments traded in active markets.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is based upon significant inputs that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

As of December 31, 2025, and 2024, the Company had no liabilities subject to fair value. The following is a description of valuation methodologies used for assets recorded at fair values.

Investment securities available for sale: Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, when available. If quoted prices are not available, fair values are measured using independent pricing models. Level 1 securities include those traded by dealers or brokers in an active market.

The Company had no Level 1 securities as of December 31, 2025 or 2024. For the Company, our Level 2 securities include securities issued by government sponsored entities, mortgage-backed securities issued by government sponsored entities, municipal bonds, and corporate debt securities.

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NOTE 18 FAIR VALUE (CONTINUED):

Collateral dependent loans: The Company does not record loans at fair value on a recurring basis. However, from time to time, a loan is considered collateral dependent, and a specific allowance for credit loss is established. If a loan is considered collateral dependent, an allowance for credit loss is established, by utilizing market price (if available), or at the fair value of the loans' collateral less selling costs. The fair value is determined by the measurement of the fair value of the underlying collateral less estimated costs to sell.

Typically, the collateral value is determined by applying a discount to an appraisal that was performed at or about the date of the loan. Due to the age of appraisals, the age of the related comparative property sales used for appraisals and the changing market conditions of real estate, the Company considers its collateral dependent loans to be Level 3 assets which are measured on a nonrecurring basis. There were no collateral dependent loans recorded at fair value at December 31, 2024.

The following table presents the recorded amount of assets measured at fair value at December 31 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Balance 2025</u>
Assets recorded at fair value on a recurring basis:				
U.S. treasury securities	\$ ---	\$ 6,748	\$ ---	\$ 6,748
Mortgage-backed obligations of federal agencies	---	15,158	---	15,158
Corporate securities	---	10,918	---	10,918
Government sponsored enterprises	---	12,858	---	12,858
SBA guaranteed loan pool certificates	---	325	---	325
Obligations of states and political subdivisions	---	37,085	---	37,085
Total	<u>\$ ---</u>	<u>\$ 83,092</u>	<u>\$ ---</u>	<u>\$ 83,092</u>
Assets recorded at fair value on a nonrecurring basis:				
Collateral dependent loans	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 518</u>	<u>\$ 518</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Balance 2024</u>
Assets recorded at fair value on a recurring basis:				
U.S. treasury securities	\$ ---	\$ 10,449	\$ ---	\$ 10,449
Mortgage-backed obligations of federal agencies	---	16,204	---	16,204
Corporate securities	---	10,894	---	10,894
Government sponsored enterprises	---	12,197	---	12,197
SBA guaranteed loan pool certificates	---	613	---	613
Obligations of states and political subdivisions	---	36,827	---	36,827
Total	<u>\$ ---</u>	<u>\$ 87,184</u>	<u>\$ ---</u>	<u>\$ 87,184</u>

Qualitative Information About Level 3 Fair Value Measurements for December 31, 2025

(in thousands)

	<u>Fair Value</u>	<u>Valuation Technique(s)</u>	<u>Unobservable Input</u>	<u>Range (Weighted Average)</u>
Assets				
Collateral dependent loans	\$ 518	Discounted appraised value	Selling Cost	5%-10% (6%)
			Discount for lack of marketability and age of appraisal	10%-40% (14%)

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NOTE 19 REGULATORY MATTERS:

In August 2018, the Federal Reserve updated the Small Bank Holding Company Policy Statement (“the Statement”), in compliance with The Economic Growth, Regulatory Relief and Consumer Protection Act of 2018 (“EGRRCPA”). The Statement, among other things, exempts bank holding companies that fall below a certain asset threshold from reporting consolidated regulatory capital ratios and from minimum regulatory capital requirements. The interim final rule expands the exemption to bank holding companies with consolidated total assets of less than \$3 billion. As a result, the Company qualifies as a small bank holding company and is not subject to regulatory capital requirements on a consolidated basis.

The Bank continues to be subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company’s and the Bank’s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by regulators about components, risk weightings, and other factors.

The Basel III Capital Rules, a comprehensive capital framework for U.S. banking organizations, became effective on January 1, 2015 (subject to a phase-in period continuing through January 1, 2019 for certain provisions). Basel III Capital Rules established quantitative measures to ensure capital adequacy. The rules set forth minimum amounts and ratios for Common Equity Tier 1 capital (“CET1”), Tier 1 capital and Total capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to adjusted quarterly average assets (as defined). Management believes as of December 31, 2025, the Bank met all capital adequacy requirements to which it was subject.

The Basel III final rules require the Bank to comply with the following minimum capital ratios: (i) a common equity Tier 1 capital ratio of 4.5% of risk-weighted assets; (ii) a Tier 1 capital ratio of 6.0% of risk-weighted assets; (iii) a total capital ratio of 8.0% of risk-weighted assets; and (iv) a leverage ratio of 4.0% of total assets. The Basel III Final Rules establish a capital conservation buffer of 2.5%, which is added to the 4.5% CET1 to risk-weighted assets to increase the ratio to at least 7.0%. The Basel III Final Rules also establish risk weightings that apply to many classes of assets held by community banks applying higher risk weighting to certain commercial real estate loans.

The actual and required capital amounts and ratios of the Bank as of December 31, 2025 and 2024 are shown in the table below (in thousands):

	Actual		Minimum for Capital Adequacy Purposes Including Capital Conservation Buffer		Minimum to be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2025						
Total Capital (Risk Weighted Assets)	\$ 75,001	11.48%	\$ 68,598	10.50%	\$ 65,332	10.00%
Tier I Capital (Risk Weighted Assets)	68,849	10.54%	55,523	8.50%	52,257	8.00%
Tier I Common Equity (Risk Weighted Assets)	68,849	10.54%	45,725	7.00%	42,459	6.50%
Tier I Capital (Average Assets)	68,849	8.43%	32,669	4.00%	40,836	5.00%
As of December 31, 2024						
Total Capital (Risk Weighted Assets)	\$ 67,792	11.29%	\$ 63,067	10.50%	\$ 60,064	10.00%
Tier I Capital (Risk Weighted Assets)	62,746	10.45%	51,055	8.50%	48,051	8.00%
Tier I Common Equity (Risk Weighted Assets)	62,746	10.45%	42,045	7.00%	39,042	6.50%
Tier I Capital (Average Assets)	62,746	7.96%	31,516	4.00%	39,395	5.00%

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NOTE 20 FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK:

The Company makes commitments to extend credit in the normal course of business and issues standby letters of credit to meet the financing needs of their customers. The amount of commitments represents the Company's exposure to credit loss that is not included in the consolidated statement of financial condition.

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

The following commitments were outstanding as of December 31, 2025 and 2024 (in thousands):

	<u>2025</u>	<u>2024</u>
Home equity lines of credit	\$ 42,391	\$ 35,129
Commitments to fund commercial real estate and construction	34,904	31,007
Other unused commitments	53,605	48,031
Performance standby letters of credit	<u>1,589</u>	<u>997</u>
Total	<u>\$ 132,489</u>	<u>\$ 115,164</u>

NOTE 21 CONCENTRATIONS:

The Bank operates as a community bank in the areas it serves. As such, the loan portfolio consists of commercial, residential real estate and consumer loans to individuals and businesses located primarily in the areas surrounding our financial centers. The collateral for loans is secured primarily by real estate and personal property located in our area.

NOTE 22 TAX CREDIT PROJECTS:

As of December 31, 2025 the Bank had investments in five low-income housing and historic equity partnerships with a carrying basis totaling \$4,437,389. As of December 31, 2024, the Bank had investments in four low-income housing and historic equity partnerships with a carrying basis totaling \$4,085,085. The interests have limited transferability. At December 31, 2025 and 2024, the Company was committed to invest an additional \$2,641,009 and \$2,126,587, respectively, in these projects. These funds will be paid as requested by the general partner to complete the projects. This additional investment has been reflected in the above carrying basis and in accrued expenses and other liabilities on the consolidated statement of financial condition. The Bank has accounted for these projects using the proportional amortization method, whereby the net effect of amortization of the investments, tax credits, and income (loss) on the projects has been captured as a component of income tax expense.

NOTE 23 LEGAL CONTINGENCY:

The Company is a defendant in a class action claim that was initially brought against an institution acquired by the Company. Although management believes the claim has no merit, the Company recorded a liability and related expense of \$360,418 during the year ended December 31, 2025 and \$341,769 during the year ended December 31, 2024, with respect to this litigation. In management's opinion, it is prudent to settle the claim rather than expend resources to defend the claim. A settlement amount has been reached and will be paid during 2026. Management believes the liability recorded as of December 31, 2025, will substantially satisfy any eventual settlement.

ALLEGHENY BANCSHARES, INC.

NOTE 24 PARENT CORPORATION ONLY FINANCIAL STATEMENTS:

ALLEGHENY BANCSHARES, INC. STATEMENT OF FINANCIAL CONDITION

	December 31,	
	2025	2024
ASSETS		
Cash	\$ 135,584	\$ 1,103,866
Investment in subsidiary	69,854,492	61,044,395
Other assets	69,651	14,618
Total Assets	\$ 70,059,727	\$ 62,162,879
LIABILITIES		
Other liabilities	\$ 207,957	\$ 208,099
Subordinated debt	14,875,000	14,875,000
Total Liabilities	\$ 15,082,957	\$ 15,083,099
STOCKHOLDERS' EQUITY		
Total Liabilities and Stockholders' Equity	\$ 70,059,727	\$ 62,162,879

ALLEGHENY BANCSHARES, INC. STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
INCOME		
Dividends from subsidiary	\$ 2,050,000	\$ 800,000
Interest bearing deposits in banks	---	7,828
Total Income	2,050,000	807,828
EXPENSES		
Professional fees	75,330	83,582
Annual shareholder meeting	34,520	16,363
Interest expense	950,000	806,679
Other expenses	683	652
Total Expenses	1,060,533	907,276
INCOME (LOSS) BEFORE INCOME TAX BENEFIT AND UNDISTRIBUTED INCOME OF SUBSIDIARY	989,466	(99,448)
Income tax benefit	(245,342)	(208,377)
UNDISTRIBUTED INCOME OF SUBSIDIARY	5,941,039	4,965,707
NET INCOME	\$ 7,175,848	\$ 5,074,636
COMPREHENSIVE INCOME	\$ 10,044,905	\$ 5,898,803

ALLEGHENY BANCSHARES, INC.

NOTE 24 PARENT CORPORATION ONLY FINANCIAL STATEMENTS (CONTINUED):

ALLEGHENY BANCSHARES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Net income	\$ 7,175,848	\$ 5,074,636
Adjustments:		
Undistributed subsidiary income	(5,941,039)	(4,965,707)
(Decrease) increase in other liabilities	(142)	108,210
(Increase) decrease in other assets	(55,033)	11,784
Net Cash Provided by Operating Activities	<u>1,179,633</u>	<u>228,923</u>
INVESTING ACTIVITIES		
Capital invested in subsidiary bank	---	(2,150,000)
Net Used in Investing Activities	<u>---</u>	<u>(2,150,000)</u>
FINANCING ACTIVITIES		
Proceeds from sale of treasury stock	---	40,000
Proceeds of issuance of subordinated debt	---	4,975,000
Cash dividends paid	(2,147,915)	(2,048,373)
Net Cash Provided by (Used in) Financing Activities	<u>(2,147,915)</u>	<u>2,966,627</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(968,282)	1,045,550
Cash and equivalents, January 1	<u>1,103,866</u>	<u>58,316</u>
Cash and equivalents, December 31	<u>\$ 135,584</u>	<u>\$ 1,103,866</u>

Local and Statewide Honors



Best of West Virginia

West Virginia Living Magazine

- Best Bank (*Winner*)
- Best Corporate Citizen (*Finalist*)



Best Of Awards

Moorefield Examiner

- Best Bank (*Winner*)
- Best Customer Service (*Winner*)
- Best Place to Work (*Winner*)



Shenandoah Valley Best

Harrisonburg Media Group

- Best Home Mortgage (*Winner*)
- Best Customer Service (*Winner*)
- Best AG Lender (*Finalist*)
- Best Bank (*Finalist*)



Best of the Valley

Daily News Record

- Best Company to Work For (*Winner*)
- Best Bank (*Finalist*)
- Best Mortgage Company (*Finalist*)



Best of Fayette County

Readers' Choice Awards

The Fayette Tribune

- Best Bank (*Winner*)
- Best Drive Thru Service (*Finalist*)

