

Consolidated Financial Statements
December 31, 2025 and 2024
WCF Bancorp, Inc.

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Independent Auditor's Report

To the Audit Committee and Board of Directors
WCF Bancorp, Inc.
Webster City, Iowa

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of WCF Bancorp, Inc. and its subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of (loss) income, comprehensive (loss) income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements 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 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 Consolidated Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

Eide Bailly LLP

Des Moines, Iowa
April 16, 2026

WCF Bancorp, Inc.
Consolidated Balance Sheets
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and due from banks	\$ 2,442,845	\$ 2,544,084
Federal funds sold	8,492,000	11,667,000
Cash and cash equivalents	10,934,845	14,211,084
Debt securities, available for sale at fair value (amortized cost 2025 - \$27,305,409, 2024 - \$29,054,448, net of allowance for credit losses 2025 and 2024 - \$0)	26,142,309	26,893,182
Interest-bearing deposits in banks	2,450,000	1,960,000
Restricted stock	1,688,500	1,984,700
Equity securities	684,000	661,500
Loans		
Commercial	8,162,372	7,339,408
Agricultural	11,531,597	14,961,979
Commercial real estate	21,231,569	19,862,476
Agricultural real estate	46,209,467	46,014,404
Residential real estate	79,719,692	72,998,421
Consumer	7,410,165	6,937,770
Total loans	174,264,862	168,114,458
Allowance for credit losses	(1,934,851)	(1,261,586)
Net loans	172,330,011	166,852,872
Premises and equipment, net	6,611,888	6,880,344
Interest receivable	2,759,231	3,000,161
Investment in life insurance contracts	3,841,220	3,742,338
Goodwill	55,148	55,148
Income taxes receivable	70,558	45,469
Deferred income tax	341,178	921,497
Other assets	218,272	156,173
	\$ 228,127,160	\$ 227,364,468

WCF Bancorp, Inc.
Consolidated Balance Sheets
December 31, 2025 and 2024

	2025	2024
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Noninterest bearing	\$ 18,404,096	\$ 17,209,835
Interest bearing	153,572,730	144,462,104
Total deposits	171,976,826	161,671,939
Federal Home Loan Bank advances	34,500,000	41,500,000
Accrued interest payable	1,346,771	1,280,557
Deferred compensation payable	-	97,762
Other liabilities	838,803	570,998
Total liabilities	208,662,400	205,121,256
Stockholders' Equity		
Preferred stock - \$0.01 par value, 10,000,000 shares authorized; issued and outstanding, none	-	-
Common stock - \$0.01 par value, 30,000,000 shares authorized; 1,859,512 and 1,989,123 shares issued and outstanding, respectively	25,615	25,615
Additional paid-in capital	14,611,912	14,543,065
Retained earnings	12,137,084	14,782,660
Treasury stock, at cost, 572,419 and 563,142 shares, respectively	(5,559,360)	(4,535,111)
Unvested stock-based restricted stock and stock options	(57,808)	(76,442)
Unearned Employee Stock Ownership (ESOP) shares	(821,432)	(876,200)
Accumulated other comprehensive loss	(871,251)	(1,620,375)
Total stockholders' equity	19,464,760	22,243,212
	\$ 228,127,160	\$ 227,364,468

WCF Bancorp, Inc.
Consolidated Statements of (Loss) Income
Years Ended December 31, 2025 and 2024

	2025	2024
Interest and Dividend Income		
Loans	\$ 9,897,588	\$ 9,890,173
Debt securities	828,979	709,173
Dividends	156,186	146,076
Federal funds sold and other	212,581	191,868
Total interest and dividend income	11,095,334	10,937,290
Interest Expense		
Deposits	4,856,842	4,986,753
Federal Home Loan Bank advances	1,340,065	1,223,487
Federal funds purchased	2,152	5,246
Total interest expense	6,199,059	6,215,486
Net Interest Income	4,896,275	4,721,804
Provision for Credit Losses	1,591,244	161,144
Net Interest Income After Provision for Credit Losses	3,305,031	4,560,660
Noninterest Income		
ATM and debit card income, net	228,263	218,024
Customer service charges	323,355	339,948
Unrealized gain on equity securities	22,500	34,700
Loan related fees	161,220	193,833
Gain on disposal of property and equipment, net	83,624	9,569
Other	138,911	129,052
Total noninterest income	957,873	925,126
Noninterest Expenses		
Salaries and employee benefits	3,176,437	2,836,542
Equipment	250,322	239,992
Occupancy	574,133	518,028
Computer fees and other service charges	1,344,501	1,098,264
Advertising, public relations and donations	40,686	67,456
FDIC insurance assessments	136,747	95,221
Other	686,174	690,816
Total noninterest expenses	6,209,000	5,546,319

WCF Bancorp, Inc.
Consolidated Statements of (Loss) Income
Years Ended December 31, 2025 and 2024

	2025	2024
Loss Before Income Taxes	(1,946,096)	(60,533)
Income Tax Expense (Benefit)	330,188	(24,320)
Net Loss	\$ (2,276,284)	\$ (36,213)
(Loss) Earnings per Share		
Basic	\$ (1.25)	\$ (0.02)
Diluted	\$ (1.25)	\$ (0.02)

WCF Bancorp, Inc.
Consolidated Statements of Comprehensive (Loss) Income
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Net Loss	<u>\$ (2,276,284)</u>	<u>\$ (36,213)</u>
Other comprehensive income (loss), net of tax Net holding gains (loss) on debt securities	<u>749,124</u>	<u>(5,142)</u>
Comprehensive Loss	<u><u>\$ (1,527,160)</u></u>	<u><u>\$ (41,355)</u></u>

WCF Bancorp, Inc.
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2025 and 2024

	Common Stock		Additional Paid-in Capital	Retained Earnings	Unearned Employee Stock Ownership Plan (ESOP) Shares	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Unvested Stock-Based Restricted Stock and Stock Options	Total
	Number of Shares	Amount							
Balances as of December 31, 2023	1,998,400	\$ 25,615	\$ 14,475,928	\$ 15,195,401	\$ (930,968)	\$ (4,423,526)	\$ (1,615,233)	\$ (118,467)	\$ 22,608,750
Net loss	-	-	-	(36,213)	-	-	-	-	(36,213)
Other comprehensive loss	-	-	-	-	-	-	(5,142)	-	(5,142)
Repurchase of stock, 16,043 shares	(16,043)	-	-	-	-	(111,585)	-	-	(111,585)
Cash dividends declared	-	-	-	(376,528)	-	-	-	-	(376,528)
Restricted stock awards	-	-	22,366	-	-	-	-	(22,366)	-
Forfeiture of stock options and restricted stock awards	-	-	(9,772)	-	-	-	-	9,772	-
Vesting of stock options and restricted stock awards	6,766	-	54,543	-	-	-	-	54,619	109,162
ESOP shares earned	-	-	-	-	54,768	-	-	-	54,768
Balances as of December 31, 2024	1,989,123	25,615	14,543,065	14,782,660	(876,200)	(4,535,111)	(1,620,375)	(76,442)	22,243,212
Net loss	-	-	-	(2,276,284)	-	-	-	-	(2,276,284)
Other comprehensive income	-	-	-	-	-	-	749,124	-	749,124
Repurchase of stock, 135,697 shares	(135,697)	-	-	-	-	(1,024,249)	-	-	(1,024,249)
Cash dividends declared	-	-	-	(369,292)	-	-	-	-	(369,292)
Restricted stock awards	-	-	24,945	-	-	-	-	(24,945)	-
Vesting of stock options and restricted stock awards	6,086	-	43,902	-	-	-	-	43,579	87,481
ESOP shares earned	-	-	-	-	54,768	-	-	-	54,768
Balances as of December 31, 2025	1,859,512	\$ 25,615	\$ 14,611,912	\$ 12,137,084	\$ (821,432)	\$ (5,559,360)	\$ (871,251)	\$ (57,808)	\$ 19,464,760

WCF Bancorp, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Operating Activities		
Net loss	\$ (2,276,284)	\$ (36,213)
Adjustments to reconcile net loss to net cash from (used for) operating activities		
Amortization and accretion, net	(56,732)	8,562
Depreciation	409,797	369,066
Gain on disposal of assets and debt securities	(83,624)	(9,569)
Unrealized gain on equity securities	(22,500)	(34,700)
Bank owned life insurance income	(98,882)	(94,357)
Provision for credit losses	1,591,244	161,144
Deferred income tax expense (benefit)	331,277	(149,667)
Proceeds from the sale of loans held for sale	-	321,000
Originations of loans held for sale	-	(321,000)
Deferred compensation	(97,762)	(89,280)
Stock-based compensation expense	54,768	109,162
ESOP compensation expense	87,481	54,768
Changes in		
Accrued interest receivable	240,930	(940,054)
Income taxes receivable	(25,089)	125,348
Other assets	(24,514)	(10,070)
Accrued interest payable	66,214	119,565
Other liabilities	267,805	79,542
Net adjustments	2,640,413	(300,540)
Net Cash from (used for) Operating Activities	364,129	(336,753)
Investing Activities		
Proceeds from maturities, calls and repayments of debt securities, available for sale	6,052,109	1,482,980
Purchase of debt securities, available for sale	(4,246,338)	(5,330,758)
Net increase in interest-bearing deposits in banks	(490,000)	(980,000)
Net decrease (increase) in restricted stock	296,200	(579,500)
Net increase in loans	(7,199,751)	(21,266,903)
Proceeds from the disposal of property and equipment and other assets	182,000	71,994
Purchase of property and equipment	(145,934)	(1,166,878)
Net Cash used for Investing Activities	(5,551,714)	(27,769,065)

WCF Bancorp, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Financing Activities		
Net increase in deposits	10,304,887	19,042,556
Payments on Federal Home Loan Bank advances	(50,000,000)	(15,550,000)
Federal Home Loan Bank advances	43,000,000	27,950,000
Purchases of treasury stock	(1,024,249)	(111,585)
Payment of dividends	(369,292)	(376,528)
	1,911,346	30,954,443
Net Cash from Financing Activities	1,911,346	30,954,443
Net Change in Cash and Cash Equivalents	(3,276,239)	2,848,625
Cash and Cash Equivalents, Beginning of Year	14,211,084	11,362,459
Cash and Cash Equivalents, End of Year	\$ 10,934,845	\$ 14,211,084
Supplemental Cash Flow Information		
Cash payments for		
Interest	\$ 6,132,845	\$ 6,095,921
Income taxes	\$ 24,000	\$ -
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Foreclosed real estate and other properties acquired in settlement of loans	\$ 131,368	\$ 57,592
Fair value adjustments		
Gains (losses) on available for sale securities	998,166	(6,852)
Deferred income tax (expense) benefit	(249,042)	1,710
	749,124	(5,142)
Net Increase (Decrease) in Stockholders' Equity	\$ 749,124	\$ (5,142)

Note 1 - Significant Accounting Policies

Nature of Operations

WCF Bancorp, Inc. is a bank holding company which owns 100% of WCF Financial Bank (the Bank), Webster City, Iowa, collectively (the Company). The Bank owns 100% of WCF Financial Services Corp (the Service Corp) which is currently inactive.

The Bank is a state-chartered non-member bank and regulated by the Federal Deposit Insurance Corporation (FDIC) and the Iowa Division of Banking and has deposit insurance through the FDIC. The Bank has full-service offices in Webster City, Independence and Tama, Iowa. The Bank provides banking services to its local respective markets.

The accounting and financial reporting policies of the Company conform with generally accepted accounting principles and prevailing practices within the banking industry. The following is a description of significant accounting policies.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and the Bank. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant changes in the near term relate to the determination of the allowance for credit losses.

Significant Group Concentrations of Credit Risk

The Company grants residential loans of which a significant portion is dependent on real estate values and general economic conditions in their lending areas. Residential real estate loans totaled approximately \$79,720,000 and \$72,998,000, respectively, which represented approximately 46% and 43% of loans at December 31, 2025 and 2024, respectively. The ability of the Company's debtors to honor their real estate mortgages is dependent on the local real estate and general economic conditions. Management is monitoring these concentrations on an on-going basis.

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks and federal funds sold, all of which have original maturities of 90 days or less.

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

Interest-Bearing Deposits in Banks

Interest-bearing deposits in banks are carried at cost.

Debt Securities

The Company classifies its debt securities as available-for-sale. Securities classified as available-for-sale are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in comprehensive (loss) income.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Allowance for Credit Losses – Available-for-Sale Securities

The Company measures the allowance for credit losses on available-for-sale debt securities by first assessing whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost. If it is determined that the Company intends or will be required to sell the security, it is written down to its fair value through income. For securities issued by government agencies that do not meet the aforementioned criteria, there are no expected credit losses as they are guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. For other debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses on available-for-sale investments is recorded and is limited to the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded though an allowance for credit losses is recognized in other comprehensive (loss) income.

Changes in the allowance for credit losses are recorded as provision for or (reversal) of credit losses. Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale debt security is confirmed or when the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on available-for-sale debt securities totaling \$217,961 and \$168,391 at December 31, 2025 and 2024, respectively, is included in interest receivable on the consolidated balance sheets and is excluded from the estimate of credit losses.

Equity Securities

The Bankers' Bank equity security represents an equity security for which observable market transactions exist and the Company has utilized the observable market transaction prices to record this equity security at fair value. Changes in fair value are recognized in the consolidated statement of income.

Restricted Stock

The Company is a member of the Federal Home Loan Bank (FHLB) system. Members are required to own a certain amount of stock based on the level of borrowings and other factors and may invest additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Fair Value Measurements

The Company determined the fair value of certain assets in accordance with the provisions of FASB Accounting Standards Codification Topic Accounting Standards Codification 820, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles.

Fair value is defined as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. It is required that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The Standard also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value in aggregate. An estimate of fair value is obtained from prospective buyer bid prices based on the terms of the loans held. Net unrealized losses are recognized through a valuation allowance by charges to income.

Loans

Loans are reported at their outstanding unpaid principal balance adjusted for the allowance for credit losses and any deferred fees and costs on originated loans.

Interest income is accrued on the unpaid principal balance. The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in process of collection. Past due status is based on contractual terms of the loan. Loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on non-accrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Accrued interest receivable on loans totaling \$2,541,270 and \$2,831,770 at December 31, 2025 and 2024, respectively, is included in interest receivable on the consolidated balance sheets and is excluded from the estimate of credit losses.

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

Allowance for Credit Losses (ACL) – Loans

The ACL for loans is a valuation allowance for the current expected credit losses in the Company's loan portfolio that is deducted from the loan's amortized cost basis to present the net amount expected to be collected. Loans are charged-off against the allowance when management believes the collectability of the loan balance is unlikely. Subsequent recoveries, if any, are credited to the ACL.

Management estimates the allowance over the loan's entire contractual term, adjusted for expected prepayments when appropriate. The allowance estimate considers relevant, available information from internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for qualitative or environmental factors that cause the estimate for expected losses as of the evaluation date to differ from historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions, changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the collateral valuations; concentrations of credit; the effect of other external factors such as competition and legal and regulatory requirements; and other relevant factors determined by management.

The ACL is measured on a collective (pool) basis when similar risk characteristics exist and on an individual basis when management determines that the loan does not share similar risk characteristics with other loans. The Company has identified the following loan pools: commercial, agricultural, agricultural real estate, commercial real estate, residential real estate and consumer loans. Relevant risk characteristics for agricultural, commercial, agricultural real estate and commercial real estate loan pools include debt service coverage, loan-to-value ratios and financial performance. Relevant risk characteristics for residential real estate and consumer loan pools include credit scores, debt-to income ratios, collateral type and loan-to-value ratios. The Bank uses the SCALE method to measure the ACL. This method utilizes external peer lifetime loss rates adjusted for qualitative factors. These loss rates consider a loan pool's risk characteristics, historical loss experience, and reasonable and supportable future economic forecasts to project lifetime losses over the contractual maturity of the loan pool, adjusted for expected prepayments. Future and supportable economic forecasts are based on various economic conditions over a period of up to two years followed by a reversion back to historical losses.

Loans that do not share similar risk characteristics to their loan pool are evaluated on an individual basis and are excluded from the collective measurement. Loans can be identified for individual evaluation for various reasons including delinquency, nonaccrual status, risk rating and loan modifications. A loan is considered collateral dependent when management determines that foreclosure is probable or when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The ACL on collateral dependent loans is measured using the amortized cost basis of the financial asset less the fair value of the underlying collateral, adjusted for costs to sell, when applicable. If the value of the underlying collateral is determined to be less than the recorded amount of the loan, a specific reserve for that loan is recorded. If the Company determines that the loss represented by the specific reserve is uncollectible it records a charge-off for the uncollectible portion.

Allowance for Credit Losses (ACL) – Unfunded Commitments

The Company establishes a liability for estimated expected credit losses on unfunded commitments to originate or fund loans and standby letters of credit, excluding commitments that are unconditionally cancellable. The estimate is included in other liabilities on the consolidated balance sheets. Expected credit losses are estimated over the contractual period in which the Company is exposed to credit risk through the commitment adjusted for anticipated prepayments when appropriate. The estimate of the liability also considers the likelihood that funding will occur. The ACL on unfunded commitments is adjusted through provision for credit losses on consolidated statements of income. The underwriting process and risks associated with unfunded commitments and standby letters of credit are essentially the same as loans and therefore the Company uses the same ACL process as loans to estimate the liability.

Credit Related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit, including commitments under lending arrangements and standby letters of credit. Such financial instruments are recorded when they are funded.

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 Company – 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 Company 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.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Buildings and related components are depreciated using the straight-line method with useful lives ranging from 10 to 31 years. Furniture, fixtures and equipment are depreciated using the straight-line or accelerated method with useful lives ranging from 3-5 years for computer equipment and software and 5-7 years for furniture, fixtures and equipment.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less estimated cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets.

Bank-Owned Life Insurance

The carrying amount of bank-owned life insurance consists of the premiums paid plus the increase in cash value. Earnings on contracts are generally exempt from income taxes and are based upon the earnings on the cash surrender value less mortality costs.

Goodwill

Goodwill represents the excess of purchase price over the fair value of net assets of the businesses acquired, including other identifiable intangible assets.

Goodwill is not amortized, rather potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate that the amount of goodwill is greater than its fair value. As of December 31, 2025 and 2024, the carrying value of the Company's goodwill was not considered impaired.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of allowance for credit losses, property and equipment, intangible assets, and accrued expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2025 and 2024, the unrecognized tax benefit accrual was \$858,000 and \$17,000, respectively. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Deferred Compensation

Benefits under deferred compensation contracts are accrued over the period of the employee's active employment from the time the contract is signed to the employee's full eligibility date.

Stock-Based Compensation

Stock-based compensation expense reflects the fair value of stock-based option and restricted awards measured at the grant date and recognized over the relevant vesting period. The Company estimates the fair value of each stock-based option award on the measurement date using the Black-Scholes option valuation model which incorporates assumptions as to stock price volatility, the expected life of the options, risk-free interest rate and dividend yield. Restricted stock awards are based on the fair value at the grant date.

Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. The Company's accounting policy is to recognize forfeitures as they occur.

Employee Stock Ownership Plan

The cost of shares issued to the ESOP, but not yet allocated to participants, is shown as a reduction of stockholders' equity. Compensation expense is based on the market price of shares as they are committed to be released to participant accounts. Dividends on allocated ESOP shares reduce retained earnings, dividends on unearned ESOP shares reduce debt and accrued interest.

Advertising Costs

Advertising costs are recognized as a charge to expense when incurred. Such costs approximated \$41,000 and \$67,000, respectively, for the years ended December 31, 2025 and 2024.

Earnings per Common Share

Basic earnings (loss) per common share is net income (loss) divided by the weighted average number of common shares outstanding during the period. The weighted average shares outstanding for December 31, 2025 and 2024, were 1,815,822 and 1,869,354, respectively. ESOP shares are considered outstanding for this calculation unless unearned. All outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends are considered participating securities for this calculation. Diluted earnings (loss) per common share includes the dilutive effect of additional potential common shares issuable under stock options and restricted stock. Earnings (loss) and dividends per share are restated for all stock splits and stock dividends through the date of issuance of the financial statements.

Revenue Recognition - FASB Accounting Standards Codification Topic 606

The majority of the Bank's revenues come from interest income from loans, debt securities and other investments that are outside the scope of Topic 606. Approximately 93 percent of the Bank's revenues are derived from sources outside the scope of Topic 606. The Bank's services that fall within the scope of Topic 606 are presented in noninterest income and are recognized as revenue of the Bank as it has satisfied its obligation to the customer. Services within the scope of Topic 606 include ATM and debit card income, customer service charges, and gains (losses) on the sale of foreclosed assets.

These revenue streams are discussed below.

Customer Service Charges: The Company earns fees from its deposit customers for transaction-based, account-maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which related primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

ATM and Debit Card Income, Net: The Company earns interchange fees from debit and ATM cardholder transactions conducted through the cardholder payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. ATM and debit card income are presented net of payment network expenses and the cost of card issuance.

Gains (Losses) on Sales of Foreclosed Assets: The Bank records a gain or loss from the sale of foreclosed assets when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Bank finances the sale of foreclosed asset to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the foreclosed asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Bank adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

Comprehensive (Loss) Income

Comprehensive (loss) income consists of net (loss) income and other comprehensive (loss) income. Other comprehensive (loss) income includes unrealized gains or losses on securities available-for-sale.

Operating Segments

While the chief decision-makers monitor the revenue streams of the various products and services, operations are managed, and financial performance is evaluated on a Company-wide basis. Discrete operating results are not reviewed by senior management to make resource allocation or performance decisions. Accordingly, all of the financial service operations are considered by management to be aggregated in one reportable operating segment.

The Company's reportable segments are determined by the Chief Executive Officer, who is the designated chief operating decision maker (CODM), based upon information provided about the Company's products and services offered, primarily banking operations. The segment is also distinguished by the level of information provided to the CODM, who uses such information to review performance of various components of the business, which are then aggregated if operating performance, products/services, and customers are similar. The CODM will evaluate the financial performance of the Company's business components such as by evaluating revenue streams, significant expenses, and budget to actual results in assessing the Company's segment and in the determination of allocating resources. The CODM uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The CODM uses net income to benchmark the Company against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessing performance and in establishing compensation. Loans, investments and deposits provide the revenues in the banking operation. Interest expense, provisions for credit losses and payroll provide the significant expenses in the banking operation. All operations are domestic.

Mutual/Stock Conversion Liquidation Accounts

The Conversion was conducted pursuant to the MHC's Plan of Conversion which provided for the establishment, upon the completion of the Conversion, of liquidation accounts for the benefit of certain depositors of the Bank. The initial amount of the liquidation accounts was equal to the MHC's ownership interest in the stockholders' equity of Webster City Federal Bancorp, the Bank's former mid-tier holding company, plus the MHC's net assets (excluding its ownership of Webster City Federal Bancorp). According to the Plan of Conversion, the Company and the Bank will not be permitted to pay dividends on their capital stock if the stockholders' equity of WCF Bancorp, or the stockholder's equity of the Bank, would be reduced below the amount of the liquidation accounts. The liquidation accounts are reduced annually to the extent that eligible account holders have reduced their qualifying deposits. Subsequent increases will not restore an eligible account holder's interest in the liquidation accounts.

Adoption of Accounting Standards

Effective January 1, 2025, the Company adopted Accounting Standards Update (ASU) 2023-09, *Income taxes (Topic 740): Improvements to Income Tax Disclosures*. The implementation of this standard establishes a requirement to disclose differences between the statutory tax rate and the effective tax rate by jurisdiction and disaggregated information about income taxes paid, (loss) income from continuing operations before income tax expense (or benefit) and income tax expense (or benefit) from continuing operations. Management has determined that this standard is preferable in that the reporting will provide users with more useful information and greater transparency about how the Company's operations and related tax risks affect its tax rate and cash flows. The amendments related to the ASU were applied retrospectively to the beginning of the earliest year presented.

Effective January 1, 2024, the Company adopted Accounting Standards Update (ASU) 2023-07 *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The ASU requires that public entities (including those with a single reportable segment) make all existing segment disclosures required by Topic 280 Segment Reporting on both an annual and interim basis. Significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss and other segment items must also be disclosed. The CODM's title and position is also required to be disclosed as well as how the CODM uses each reported measure to assess segment performance and in deciding how to allocate resources. The ASU does not change how a public entity determines its reportable segments.

The amendments related to the ASU were applied retrospectively to the segment information disclosed for all prior periods presented in the accompanying consolidated financial statements. Adoption of the amendments of the ASU did not impact any of the amounts presented in the consolidated financial statements.

Segment performance is evaluated using consolidated net income. Information reported internally for performance assessment by the CODM is included within the consolidated statements of (loss) income.

Subsequent Events

The Company has evaluated subsequent events through April 16, 2026, the date which the consolidated financial statements were available to be issued.

Note 2 - Restrictions on Cash and Cash Equivalents

Based on the type and amount of deposits received, the Bank must maintain an appropriate cash reserve in accordance with Federal Reserve Bank reserve requirements.

Effective March 26, 2020, the Federal Reserve announced the reduction of the reserve requirement ratio to zero percent across all deposit tiers. Depository institutions that were required to maintain deposits in a Federal Reserve Bank account to satisfy reserve requirements will no longer be required to do so and can use the additional liquidity to lend to individuals and businesses. It is our understanding that the Federal Reserve currently has no current plans to reinstate the reserve requirement. However, the Federal Reserve may adjust reserve requirement ratios in the future if conditions warrant.

Note 3 - Interest-Bearing Deposits in Banks

Interest-bearing deposits in other financial institutions are federally insured deposits. Interest-bearing deposits in banks of \$2,450,000 and \$1,960,000 at December 31, 2025 and 2024, respectively, are carried at cost and are intended to be held to maturity. Interest rates earned on interest bearing deposits outstanding at December 31, 2025, varied from 3.75% to 4.05% with maturities from 2026 to 2030.

Note 4 - Debt Securities

The following summarizes the amortized cost, gross unrealized gain, gross unrealized losses, fair value and allowance for credit losses of available-for-sale debt securities at December 31, 2025 and 2024:

	December 31, 2025				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Securities available-for-sale					
U.S. Treasury	\$ 1,997,814	\$ 909	\$ (21,708)	\$ -	\$ 1,977,015
U.S. government agencies	2,328,999	30	(186,922)	-	2,142,107
U.S. government agency mortgage backed securities	6,797,735	46,736	(348,626)	-	6,495,845
States and municipalities	15,930,861	82,210	(724,291)	-	15,288,780
Corporate bonds	250,000	-	(11,438)	-	238,562
	<u>\$ 27,305,409</u>	<u>\$ 129,885</u>	<u>\$ (1,292,985)</u>	<u>\$ -</u>	<u>\$ 26,142,309</u>
	December 31, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Securities available-for-sale					
U.S. Treasury	\$ 3,934,651	\$ 1,060	\$ (45,366)	\$ -	\$ 3,890,345
U.S. government agencies	2,328,752	-	(283,253)	-	2,045,499
U.S. government agency mortgage backed securities	6,962,530	1,456	(639,595)	-	6,324,391
States and municipalities	15,578,515	74	(1,171,942)	-	14,406,647
Corporate bonds	250,000	-	(23,700)	-	226,300
	<u>\$ 29,054,448</u>	<u>\$ 2,590</u>	<u>\$ (2,163,856)</u>	<u>\$ -</u>	<u>\$ 26,893,182</u>

The following tables show the gross unrealized losses and fair value of the Company's available-for-sale securities with unrealized losses for which an allowance for credit losses has not been recorded, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position. Securities at December 31, 2025, are as follows:

	Less than 12 months		Over 12 months		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
U.S. Treasuries	\$ -	\$ -	\$ 473,770	\$ (21,708)	\$ 473,770	\$ (21,708)
U.S. government agencies	-	-	1,642,077	(186,922)	1,642,077	(186,922)
U.S. government agency mortgage backed securities	-	-	3,523,792	(348,626)	3,523,792	(348,626)
State and political subdivisions	246,090	(3,081)	10,783,500	(721,210)	11,029,590	(724,291)
Corporate bonds	-	-	238,563	(11,438)	238,563	(11,438)
Total	\$ 246,090	\$ (3,081)	\$ 16,661,702	\$ (1,289,904)	\$ 16,907,792	\$ (1,292,985)

Securities at December 31, 2024, are as follows:

	Less than 12 months		Over 12 months		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
U.S. Treasuries	\$ 2,941,010	\$ (2,326)	\$ 450,000	\$ (43,040)	\$ 3,391,010	\$ (45,366)
U.S. government agencies	-	-	2,045,499	(283,253)	2,045,499	(283,253)
U.S. government agency mortgage backed securities	1,744,268	(35,527)	4,112,738	(604,068)	5,857,006	(639,595)
State and political subdivisions	855,360	(24,751)	11,321,487	(1,147,191)	12,176,847	(1,171,942)
Corporate bonds	-	-	226,300	(23,700)	226,300	(23,700)
Total	\$ 5,540,638	\$ (62,604)	\$ 18,156,024	\$ (2,101,252)	\$ 23,696,662	\$ (2,163,856)

At December 31, 2025 and 2024, no ACL was established for available-for-sale securities. Unrealized losses at December 31, 2025 and 2024, are a result of expected fluctuations in the bond market primarily driven by changes in market interest rates.

There were 59 debt securities in a continuous loss position for 12 months or more as of December 31, 2025. At December 31, 2025, 43% of the unrealized losses on available-for-sale securities are composed of securities that are directly or implicitly guaranteed by the U.S. government and are highly rated by major rating agencies with a history of no credit losses. Timely payments of principal and interest are expected. The remaining unrealized losses are related to obligations of states and political subdivisions which are of high credit quality, with no below investment grade holdings. All issuers continue to make timely principal and interest payments and financial statements are periodically reviewed as part of post-purchase analysis. The decline in value in any of these securities is deemed to be temporary and not attributable to credit losses.

Furthermore, the Company does not intend to sell, and it is likely that management will not be required to sell, these securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions.

The amortized cost and fair value of debt securities by contractual maturity at December 31, 2025, follows:

	Amortized Cost	Estimated Fair Value
Within one year	\$ 2,551,508	\$ 2,547,224
After one through five years	8,835,042	8,565,615
After five through ten years	3,113,775	2,835,291
After ten years	<u>6,007,349</u>	<u>5,698,334</u>
Subtotal	20,507,674	19,646,464
Mortgage backed securities	<u>6,797,735</u>	<u>6,495,845</u>
Total	<u>\$ 27,305,409</u>	<u>\$ 26,142,309</u>

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

Securities with a carrying value of approximately \$19,752,000 and \$16,248,000 as of December 31, 2025 and 2024, were pledged to secure public deposits.

Note 5 - Equity Securities and Restricted Stock

Equity securities and restricted stock as of December 31, 2025 and 2024, were as follows:

	2025	2024
Federal Home Loan Bank	\$ 1,688,500	\$ 1,984,700
Bankers' Bank	684,000	661,500
Total	\$ 2,372,500	\$ 2,646,200

Note 6 - Loans and Allowance for Credit Losses (“ACL”)

Loan portfolio segments:

Commercial loans are primarily made for business working capital needs and are underwritten based on the identified or projected cash flows of the borrower and/or the underlying collateral provided by the borrower. The primary repayment risks of C&I loans are that the cash flows of the borrower may be unpredictable, and the collateral securing these loans may fluctuate in value. Collateral for these loans generally includes the business assets financed, accounts receivable, inventory, and equipment. The collateral securing these loans may depreciate over time, may be difficult to appraise, and may fluctuate in value based on the success of the business. These loans may incorporate a corporate or personal guarantee.

Agricultural operating loans are generally comprised of loans to fund farm operations and the purchase of equipment and livestock. Operating lines are typically written for one year and secured by the crop and other farm assets or business assets, as considered appropriate. Repayment of agricultural loans depends on the successful operation or management of the farm property securing the loan or for which an operating loan is utilized. The ability of the borrower to repay may be affected by many factors outside of the borrower’s control including adverse weather conditions, loss of livestock due to disease or other factors, declines in market prices for agricultural products and the impact of government regulations. Agricultural real estate loans are primarily comprised of loans for the purchase of farmland. Loan-to-value ratios on loans secured by farmland generally do not exceed 75%.

Commercial real estate loans are offered to commercial customers for the acquisition of real estate used in their businesses, such as offices, warehouses and production facilities, and to real estate investors for the acquisition of apartment buildings, retail centers, office buildings and other commercial buildings. Commercial real estate loans are underwritten after evaluating and understanding the borrower's ability to operate profitably and prudently expand its business. Management examines current and projected cash flows to determine the ability of the borrower to repay its obligations as agreed. Commercial real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally dependent on sufficient income from the properties securing the loans to cover operating expenses and debt service. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy.

Residential real estate loans are collateralized by primary and secondary positions on 1-4 family real estate and are underwritten primarily based on borrower's documented income, credit scores, and collateral values. Repayment of these loans is largely dependent on the borrower's financial stability and may be impacted by adverse personal circumstances. Credit risk is minimized within the residential mortgage portfolio due to relatively smaller loan balances spread across many individual borrowers.

Consumer installment loans are comprised of term loans secured primarily by automobiles, boats and recreational vehicles and other consumer loans secured primarily by other personal assets. Consumer loan underwriting terms are dependent on the collateral type, debt to income ratio and the borrower's creditworthiness as evidenced by their credit score. In the event of a consumer installment loan default, collateral value alone may not provide an adequate source of repayment of the outstanding loan balance. This shortage is a result of the nature of the collateral securing the loan.

Overdraft deposits of \$107,176 and \$50,047, as of December 31, 2025 and 2024, have been reclassified from deposits and included in consumer loans.

The following tables present the activity in the ACL by portfolio segment for the years ended December 31, 2025 and 2024:

	December 31, 2025						Total
	Commercial	Commercial Real Estate	Agricultural	Agricultural Real Estate	Residential Real Estate	Consumer	
Allowance for credit losses							
Balance at beginning of period	\$ 75,487	\$ 187,770	\$ 160,723	\$ 334,825	\$ 386,658	\$ 116,123	\$ 1,261,586
Charge-offs	(35,000)	-	-	(189,077)	(3,388)	(692,058)	(919,523)
Recoveries	-	-	-	-	-	1,544	1,544
Provision for credit losses	42,026	45,301	81,065	448,814	296,838	677,200	1,591,244
Balance at end of period	<u>\$ 82,513</u>	<u>\$ 233,071</u>	<u>\$ 241,788</u>	<u>\$ 594,562</u>	<u>\$ 680,108</u>	<u>\$ 102,809</u>	<u>\$ 1,934,851</u>
	December 31, 2024						
	Commercial	Commercial Real Estate	Agricultural	Agricultural Real Estate	Residential Real Estate	Consumer	Total
Allowance for credit losses							
Balance at beginning of period	\$ 96,721	\$ 136,541	\$ 217,697	\$ 264,448	\$ 307,303	\$ 78,569	\$ 1,101,279
Charge-offs	-	-	-	-	-	(2,308)	(2,308)
Recoveries	-	-	-	-	-	10,615	10,615
Provision for credit losses	(21,234)	51,229	(56,974)	70,377	79,355	29,247	152,000
Balance at end of period	<u>\$ 75,487</u>	<u>\$ 187,770</u>	<u>\$ 160,723</u>	<u>\$ 334,825</u>	<u>\$ 386,658</u>	<u>\$ 116,123</u>	<u>\$ 1,261,586</u>

In addition to the ACL on loans, the Company has established an ACL on off-balance sheet exposures of \$45,379 at December 31, 2025 and 2024. These amounts are included in other liabilities on the balance sheet. The following table presents the activity in the ACL on off-balance sheet exposures for the year ended December 31, 2025 and 2024.

	2025	2024
Balance at beginning of period	\$ 45,379	\$ -
Additions to ACL recorded as provision for credit losses	-	45,379
Balance at end of period	\$ 45,379	\$ 45,379

Credit Quality Indicators

The Company categorizes loans into risk categories based on relevant information about the ability of borrower to service their debt such as: current financial information, historical payment experience, collateral adequacy, credit documentation, public information and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis typically includes larger, nonhomogeneous loans such as commercial real estate, commercial, and agricultural loans. This analysis is performed on an ongoing basis as new information is obtained. The Bank uses the following definitions for risk ratings:

Pass – Loans classified as pass represent loans that are evaluated and are performing under the stated terms. Pass rated assets are analyzed by the paying capacity, the current net worth, and the value of the loan collateral of the obligor.

Watch – Loans classified as watch possess potential weaknesses that require management attention, but do not yet warrant adverse classification. While the status of a loan put on this list may not technically trigger their classification as substandard or doubtful, it is considered a proactive way to identify potential issues and address them before the situation deteriorates further and does result in a loss for the Company.

Substandard – Loans classified as substandard are inadequately protected by the current net worth, paying capacity of the obligor, or by the collateral pledged. Substandard loans must have a well-defined weakness or weaknesses that jeopardize the repayment of the debt as originally contracted. They are characterized by the distinct possibility that the Company will sustain a loss if the deficiencies are not corrected.

Doubtful – Loans classified as doubtful have the weaknesses of those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.

Based on the most recent analysis performed, the risk category of loans by class of loans and origination year as of December 31, 2025, was as follows:

	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2025	2024	2023	2022	2021	Prior		
Commercial								
Pass	\$ 2,331,105	\$ 852,070	\$ 521,334	\$ 1,002,725	\$ 153,039	\$ -	\$ 1,079,989	\$ 5,940,262
Watch	207,948	24,300	-	-	-	-	-	232,248
Substandard	-	-	-	-	-	-	1,989,862	1,989,862
Total commercial loans	\$ 2,539,053	\$ 876,370	\$ 521,334	\$ 1,002,725	\$ 153,039	\$ -	\$ 3,069,851	\$ 8,162,372
Current period gross charge-offs	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000
Agricultural								
Pass	\$ 1,002,776	\$ 756,850	\$ 275,248	\$ 99,895	\$ 338,164	\$ -	\$ 7,171,262	\$ 9,644,195
Watch	-	-	-	-	-	-	-	-
Substandard	-	-	624,018	-	-	-	1,263,384	1,887,402
Total agricultural loans	\$ 1,002,776	\$ 756,850	\$ 899,266	\$ 99,895	\$ 338,164	\$ -	\$ 8,434,646	\$ 11,531,597
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial real estate								
Pass	\$ 5,666,884	\$ 4,605,218	\$ 3,866,004	\$ 1,189,561	\$ 1,205,847	\$ 1,105,098	\$ 3,158,674	\$ 20,797,286
Watch	150,480	215,068	43,661	-	-	6,655	18,419	434,283
Substandard	-	-	-	-	-	-	-	-
Total commercial real estate loans	\$ 5,817,364	\$ 4,820,286	\$ 3,909,665	\$ 1,189,561	\$ 1,205,847	\$ 1,111,753	\$ 3,177,093	\$ 21,231,569
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agricultural real estate								
Pass	\$ 16,542,946	\$ 7,190,827	\$ 4,133,483	\$ 6,736,842	\$ 4,391,968	\$ 1,335,189	\$ 442,411	\$ 40,773,666
Watch	1,199,101	236,700	-	-	-	-	-	1,435,801
Substandard	4,000,000	-	-	-	-	-	-	4,000,000
Total agricultural real estate loans	\$ 21,742,047	\$ 7,427,527	\$ 4,133,483	\$ 6,736,842	\$ 4,391,968	\$ 1,335,189	\$ 442,411	\$ 46,209,467
Current period gross charge-offs	\$ -	\$ 189,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,077
Residential real estate								
Pass	\$ 15,440,831	\$ 14,539,570	\$ 12,664,353	\$ 9,383,980	\$ 7,527,823	\$ 13,859,292	\$ 2,149,812	\$ 75,565,661
Watch	626,578	576,578	400,957	327,814	80,723	443,355	350,000	2,806,005
Substandard	136,987	-	503,400	-	291,766	415,873	-	1,348,026
Total residential real estate loans	\$ 16,204,396	\$ 15,116,148	\$ 13,568,710	\$ 9,711,794	\$ 7,900,312	\$ 14,718,520	\$ 2,499,812	\$ 79,719,692
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,388	\$ -	\$ 3,388
Consumer								
Pass	\$ 3,968,368	\$ 1,817,679	\$ 967,929	\$ 232,924	\$ 68,464	\$ 25,310	\$ -	\$ 7,080,674
Watch	104,501	70,548	5,465	27,336	5,837	-	-	213,687
Substandard	23,961	5,414	31,780	-	-	54,649	-	115,804
Total consumer loans	\$ 4,096,830	\$ 1,893,641	\$ 1,005,174	\$ 260,260	\$ 74,301	\$ 79,959	\$ -	\$ 7,410,165
Current period gross charge-offs	\$ 586,481	\$ 105,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 692,058

WCF Bancorp, Inc.
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Based on the most recent analysis performed, the risk category of loans by class of loans and origination year as of December 31, 2024, was as follows:

	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Converted to Cost Basis	Total
	2024	2023	2022	2021	2020	Prior		
Commercial								
Pass	\$ 1,937,277	\$ 670,918	\$ 1,174,842	\$ 211,700	\$ 12,834	\$ -	\$ 1,165,965	\$ 5,173,536
Watch	176,010	-	-	-	-	-	1,989,862	2,165,872
Substandard	-	-	-	-	-	-	-	-
Total commercial loans	\$ 2,113,287	\$ 670,918	\$ 1,174,842	\$ 211,700	\$ 12,834	\$ -	\$ 3,155,827	\$ 7,339,408
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agricultural								
Pass	\$ 2,676,421	\$ 585,053	\$ 161,785	\$ 522,947	\$ 177,491	\$ -	\$ 9,815,634	\$ 13,939,331
Watch	-	470,298	-	-	-	-	552,350	1,022,648
Substandard	-	-	-	-	-	-	-	-
Total agricultural loans	\$ 2,676,421	\$ 1,055,351	\$ 161,785	\$ 522,947	\$ 177,491	\$ -	\$ 10,367,984	\$ 14,961,979
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial real estate								
Pass	\$ 6,811,737	\$ 4,503,347	\$ 1,431,733	\$ 1,332,794	\$ 1,918,913	\$ 1,186,108	\$ 2,564,471	\$ 19,749,103
Watch	-	-	-	-	-	-	113,373	113,373
Substandard	-	-	-	-	-	-	-	-
Total commercial real estate loans	\$ 6,811,737	\$ 4,503,347	\$ 1,431,733	\$ 1,332,794	\$ 1,918,913	\$ 1,186,108	\$ 2,677,844	\$ 19,862,476
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agricultural real estate								
Pass	\$ 17,787,705	\$ 5,020,990	\$ 12,351,964	\$ 4,649,754	\$ 5,834,802	\$ -	\$ 72,813	\$ 45,718,028
Watch	-	-	296,376	-	-	-	-	296,376
Substandard	-	-	-	-	-	-	-	-
Total agricultural real estate loans	\$ 17,787,705	\$ 5,020,990	\$ 12,648,340	\$ 4,649,754	\$ 5,834,802	\$ -	\$ 72,813	\$ 46,014,404
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential real estate								
Pass	\$ 18,767,161	\$ 14,925,374	\$ 10,545,241	\$ 8,253,455	\$ 2,336,215	\$ 13,828,417	\$ 1,314,385	\$ 69,970,248
Watch	-	390,146	537,871	512,133	74,440	523,046	-	2,037,636
Substandard	-	-	8,052	264,511	-	717,973	-	990,536
Total residential real estate loans	\$ 18,767,161	\$ 15,315,520	\$ 11,091,164	\$ 9,030,099	\$ 2,410,655	\$ 15,069,436	\$ 1,314,385	\$ 72,998,420
Current period gross charge-offs	\$ -	\$ 2,308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,308
Consumer								
Pass	\$ 4,037,322	\$ 1,731,893	\$ 585,153	\$ 219,700	\$ 68,486	\$ 46,694	\$ -	\$ 6,689,248
Watch	21,134	69,589	13,500	24,745	-	-	-	128,968
Substandard	18,075	42,477	11,685	2,663	-	57,888	-	132,788
Total consumer loans	\$ 4,076,531	\$ 1,843,959	\$ 610,338	\$ 247,108	\$ 68,486	\$ 104,582	\$ -	\$ 6,951,004
Current period gross charge-offs	\$ -	\$ 2,308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,308

Residential real estate and consumer loans are risk rated at origination, however, the risk ratings are generally not adjusted and are shown in the pass loan category unless they become delinquent at which time management reassess the risk rating.

The following tables summarize the aging of the past due loans by loan class within the portfolio segments as of December 31, 2025 and 2024:

	December 31, 2025				
	30-89 Days Past Due	Over 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
Commercial	\$ 607,323	\$ 209,040	\$ 816,363	\$ 7,346,009	\$ 8,162,372
Agricultural	-	-	-	11,531,597	11,531,597
Commercial real estate	6,655	-	6,655	21,224,914	21,231,569
Agricultural real estate	236,700	-	236,700	45,972,767	46,209,467
Residential real estate	4,415,171	-	4,415,171	75,304,521	79,719,692
Consumer	164,086	-	164,086	7,246,079	7,410,165
Total	\$ 5,429,935	\$ 209,040	\$ 5,638,975	\$ 168,625,887	\$ 174,264,862

	December 31, 2024				
	30-89 Days Past Due	Over 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
Commercial	\$ 169,476	\$ -	\$ 169,476	\$ 7,169,932	\$ 7,339,408
Agricultural	220,000	406,527	626,527	14,335,452	14,961,979
Commercial real estate	93,373	-	93,373	19,769,103	19,862,476
Agricultural real estate	-	-	-	46,014,404	46,014,404
Residential real estate	2,896,318	723,256	3,619,574	69,378,847	72,998,421
Consumer	237,359	68,233	305,592	6,632,178	6,937,770
Total	\$ 3,616,526	\$ 1,198,016	\$ 4,814,542	\$ 163,299,916	\$ 168,114,458

The following tables present the amortized cost basis of loans on nonaccrual status and loans past due over 89 days still accruing as of December 31, 2025 and 2024.

	December 31, 2025		
	Nonaccrual With Allowance for Credit Loss	Nonaccrual With No Allowance for Credit Loss	Loans Past Due Over 89 Days Still Accruing
Commercial	\$ 74,250	\$ 1,989,862	\$ 209,040
Agricultural	112,405	1,700,747	-
Agricultural real estate	-	3,988,000	-
Residential real estate	-	1,085,436	-
Consumer	-	55,516	-
Total	<u>\$ 186,655</u>	<u>\$ 8,819,561</u>	<u>\$ 209,040</u>
	December 31, 2024		
	Nonaccrual With Allowance for Credit Loss	Nonaccrual With No Allowance for Credit Loss	Loans Past Due Over 89 Days Still Accruing
Commercial	\$ -	\$ 100,000	\$ -
Agricultural	-	-	406,527
Residential real estate	-	676,407	-
Consumer	5,030	24,985	-
Total	<u>\$ 5,030</u>	<u>\$ 801,392</u>	<u>\$ 406,527</u>

The following tables present the amortized cost basis of collateral dependent loans, by the primary collateral type, which are individually evaluated to determine expected credit losses, and the related ACL allocated to these loans as of December 31, 2025 and 2024.

	December 31, 2025			
	Collateral Type			ACL
	Real Estate	Other	Total	
Commercial	\$ -	\$ 1,989,862	\$ 1,989,862	\$ 74,250
Agricultural	-	1,887,402	1,887,402	112,405
Agricultural real estate	3,988,000	-	3,988,000	-
Residential real estate	1,328,454	-	1,328,454	-
Consumer	-	104,214	104,214	-
Total	\$ 5,316,454	\$ 3,981,478	\$ 9,297,932	\$ 186,655

	December 31, 2024			
	Collateral Type			ACL
	Real Estate	Other	Total	
Residential real estate	\$ 1,000,563	\$ -	\$ 1,000,563	\$ -
Consumer	-	122,761	122,761	5,030
Total	\$ 1,000,563	\$ 122,761	\$ 1,123,324	\$ 5,030

Occasionally, the Company modifies loans to borrowers experiencing financial difficulty by providing certain loan modifications. During the years ended December 31, 2025 and 2024, the Company had no modifications to borrowers experiencing financial difficulty.

The recorded investment in residential consumer mortgage loans secured by residential real estate property that are in the process of foreclosure was zero at December 31, 2025 and 2024.

For the years ended December 31, 2025 and 2024, proceeds paid for purchases of loans were \$4,605,000 and \$5,221,000 and proceeds received for sales of loans were \$643,000 and \$981,000, respectively. This loan activity primarily includes purchases or sales of loan participation interests whereby the Company receives or transfers a portion of a loan after origination and do not include residential real estate loans originated and intended for sale in the secondary market.

Note 7 - Premises and Equipment

The components of premises and equipment as of December 31, 2025 and 2024, are as follows:

	2025	2024
Land and improvements	\$ 927,072	\$ 927,072
Buildings and improvements	7,530,600	7,451,570
Furniture and equipment	1,000,140	991,768
	9,457,812	9,370,410
Accumulated depreciation	(2,845,924)	(2,490,066)
Total property and equipment, net	\$ 6,611,888	\$ 6,880,344

Depreciation expense totaled \$409,797 and \$369,066 for the years ended December 31, 2025 and 2024, respectively.

Note 8 - Bank Owned Life Insurance

The Company is the owner and the beneficiary of life insurance policies on certain current and former management members of the Company, with aggregate death benefits of approximately \$9,845,000 and \$9,850,000 as of December 31, 2025 and 2024, respectively. The cash surrender value on the policies amounted to approximately \$3,841,000 and \$3,742,000 as of December 31, 2025 and 2024, respectively.

Note 9 - Goodwill

At December 31, 2025 and 2024, goodwill was \$55,148 and accumulated amortization was none. No impairment losses to goodwill were recognized in 2025 and 2024.

Note 10 - Deposits

A summary of deposits is as follows:

	2025	2024
Demand	\$ 18,404,096	\$ 17,209,835
Now accounts	12,791,979	11,876,828
Savings and money market accounts	29,605,912	28,826,101
Certificates of deposit, \$250,000 and over	46,465,304	40,782,322
Other certificates of deposit	64,709,535	62,976,853
	\$ 171,976,826	\$ 161,671,939

As of December 31, 2025, the scheduled maturities of certificates of deposit included in the balance sheet with interest bearing deposits are as follows:

2026	\$ 106,876,987
2027	3,226,210
2028	520,342
2029	149,161
2030	402,139
	\$ 111,174,839

As of December 31, 2025 and 2024, the Bank had no brokered deposits outstanding.

Note 11 - Federal Home Loan Bank Advances

The Bank has entered into various financing arrangements with the Federal Home Loan Bank of Des Moines. The advances bear fixed rates of interest ranging from 2.44 percent to 4.70 percent and have various maturities ranging from January 2026, through June 2027. Repayment terms are principal due at maturity and interest payable monthly. The advances are subject to the terms and conditions of the Federal Home Loan Bank Credit Policy and Agreement for Advances, Pledge and Security Agreement. Under the agreement, the Bank has pledged its investment in Federal Home Loan Bank stock of \$1,688,500, and residential and agricultural real estate mortgage loans with an advance equivalent of approximately \$54,017,000 and \$51,074,000 as of December 31, 2025 and 2024, respectively.

Maturities of the advances outstanding as of December 31, 2025, based on contractual maturity dates are as follows:

Year	Contractual Maturities	Weighted Average Interest Rate
2026	\$ 29,500,000	4.18%
2027	5,000,000	4.29%
	\$ 34,500,000	

Note 12 - Related Party Transactions

In the ordinary course of business, the Bank has granted loans to its principal officers, directors, principal stockholders, and their affiliates. The aggregate amount of loans to such related parties was approximately \$191,000 and \$173,000 as of December 31, 2025 and 2024.

There were approximately \$849,000 and \$979,000 of deposit balances to principal officers, directors, principal stockholders, and their affiliates held with the bank as of December 31, 2025 and 2024.

Note 13 - Income Taxes

Income tax expense for the years ended December 31, 2025 and 2024, is as follows:

	2025		
	Federal	State	Total
Current	\$ -	\$ -	\$ -
Deferred	(523,696)	12,884	(510,812)
Change in valuation allowance	841,000	-	841,000
	<u>\$ 317,304</u>	<u>\$ 12,884</u>	<u>\$ 330,188</u>
	2024		
	Federal	State	Total
Current	\$ 126,491	\$ (1,144)	\$ 125,347
Deferred	(140,608)	(9,059)	(149,667)
	<u>\$ (14,117)</u>	<u>\$ (10,203)</u>	<u>\$ (24,320)</u>

A reconciliation of the effective income tax rate and the federal statutory rate for the years ended December 31, 2025 and 2024, is as follows:

	2025		2024	
	Tax	Rate	Tax	Rate
Statutory income taxes	\$ (408,680)	21.0%	\$ (12,712)	21.0%
Increase (decrease) from				
Tax exempt interest	(34,657)	1.8%	(36,163)	59.7%
State taxes, net of federal benefit	(10,178)	0.5%	(8,060)	13.3%
Increase in cash surrender value of life insurance	(20,765)	1.1%	(19,815)	32.7%
Valuation allowance	841,000	-43.2%	(4,000)	6.6%
Expired tax refund claim	-	0.0%	97,694	-161.4%
Other	(36,532)	1.9%	(41,264)	68.2%
Total	<u>\$ 330,188</u>	<u>-16.9%</u>	<u>\$ (24,320)</u>	<u>40.1%</u>

The composition of the Company's deferred taxes as of December 31, 2025 and 2024, respectively, are as follows:

	2025	2024
Deferred tax asset		
Allowance for loan losses	\$ 473,000	\$ 299,000
Deferred and accrued compensation	61,000	59,000
Net operating loss carryforward	909,000	724,000
Charitable contribution carryforward	16,000	13,000
Employee stock ownership plan	53,000	46,000
Professional fees	-	16,000
Other	-	7,217
Net unrealized holding losses on investment securities available for sale	290,237	539,280
Gross deferred tax assets	1,802,237	1,703,497
Valuation allowance	(858,000)	(17,000)
	\$ 944,237	\$ 1,686,497
Deferred tax liabilities		
Prepaid expenses	\$ (36,059)	\$ (24,000)
Cash to accrual	(152,000)	(297,000)
Federal Home Loan Bank stock dividends	(24,000)	(25,000)
Fixed assets	(262,000)	(281,000)
Intangible assets	(1,000)	(13,000)
Unrealized gain on equity securities	(128,000)	(125,000)
	(603,059)	(765,000)
Net deferred tax asset	\$ 341,178	\$ 921,497

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of temporary differences, projected future taxable income and tax planning strategies in making this assessment.

As of December 31, 2025, the Company had approximately \$3,600,000 of federal net operating loss carryforwards available to offset future taxable income. If not utilized, the pre-2018 federal net operating loss carryforwards of approximately \$342,000 will expire in 2037. The remaining federal net operating losses generated after 2018 do not expire and may be carried forward indefinitely.

Based on the Company's historical and anticipated future taxable income, management has determined a valuation allowance was necessary for the years ended December 31, 2025 and 2024. The valuation allowance has been established against deferred tax assets related to the uncertainty of net operating loss carryforwards.

Federal income taxes paid (net of refunds received) during the years ended December 31, 2025 and 2024 were approximately \$24,000 and \$26,000, respectively. There were no state or foreign taxes paid during 2025 and 2024.

Note 14 - Employee Benefit Plans

Employee Stock Ownership Plan

The Company sponsors a leveraged employee stock ownership plan (ESOP) for those employees who meet the eligibility requirements of the plan. During 2016, the Company established the ESOP in connection with its common stock offering and borrowed \$1.4 million from the Bank at a variable rate equal to Prime Rate to fund the purchase of 171,138 shares at \$8.00 per share. Repayment of the loan is on a prorated basis in 25 substantially equal annual installments. The collateral for the loan is the common stock of the Company purchased by the ESOP.

The shares of the stock purchased by the ESOP are held as unallocated until they are released for allocation among participants. The shares are to be released annually from the suspense account and the released shares are allocated to participants on the basis of each participant's compensation for the year of allocation. Committed to be released shares are considered outstanding for earnings-per-share purposes. The shares not released are reported as unearned ESOP shares in the stockholders' equity section on the consolidated balance sheets. At December 31, 2025 and 2024, there were 68,459 and 61,613 allocated shares and 102,679 and 109,525 unallocated shares, respectively. The fair value of unallocated ESOP shares as of December 31, 2025 and 2024, was \$750,000 and \$835,000, respectively, based on fair values per share of \$7.30 and \$7.62 per share as of December 31, 2025 and 2024, respectively.

Director Deferred Compensation

The Company has deferred compensation agreements with certain directors. Participating directors have elected to defer directors' fees on an annual basis. The deferred compensation plan provides for a lump sum payout or fixed payments over a specified period, elected by the participant, upon reaching a specified age. The plan provides interest on deferred amounts at Prime Rate plus 1.00%, determined each year based on Prime Rate at December 31. The interest rate for 2025, as determined at December 31, 2024, was 8.75%.

At December 31, 2025 and 2024, accrued deferred compensation was zero and \$97,762, respectively. There were no deferrals under the plan during the years ended 2025 and 2024. Payments to retired directors totaled \$106,072 and \$107,049 in 2025 and 2024, respectively. Interest of \$8,310 and \$17,769 was accrued in 2025 and 2024, respectively. The deferred compensation agreements were paid in full in 2025.

Stock Based Compensation

The Company has approved and adopted the 2017 Equity Incentive Plan, which permits the grant of stock options and restricted stock awards to employees and directors for a discretionary number of shares of common stock. Stock option awards are granted with an exercise price equal to the market price of the Company's stock at the date of grant; those options generally vest based on three years of continuous service and have ten-year contractual terms. Restricted stock awards are granted with an exercise price equal to the market price of the Company's stock at the date of grant; those options generally vest based on three years of continuous service. Certain option and share awards provide for accelerated vesting if there is a change in control, as defined in the plan.

Compensation cost charged to operations for the plan was \$43,579 and \$54,619 for the years ended December 31, 2025 and 2024, respectively. The total income tax benefit recognized in the statements of income for stock-based compensation arrangements was \$10,700 and \$13,600 for the years ended December 31, 2025 and 2024, respectively.

The fair value of each option award is estimated on the date of grant using a Black Scholes option-pricing model. The Company uses historical option exercise and termination data to estimate the expected term the options are expected to be outstanding. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected dividend yield is calculated using historical dividend amounts and the stock price at the option issue date.

	2025	2024
Expected volatility	32.45%	27.11%
Expected dividends	2.65%	2.55%
Expected term	6	6
Risk-free rate	4.55%	4.10%

A summary of option activity under the plan as of December 31, 2025, and changes during the year then ended are as follows:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding at January 1, 2025	114,669	\$ 8.10	
Granted	4,117	6.81	
Exercised	-	-	
Forfeited or expired	-	-	
	118,786	\$ 7.79	6.29
Outstanding at December 31, 2025	118,786	\$ 7.79	6.29
Exercisable at December 31, 2025	93,105	\$ 8.06	5.87

The weighted-average grant-date fair value of options granted during the years ended December 31, 2025 and 2024, was \$24,945 and \$22,366, respectively. There were no options exercised during the years ended December 31, 2025 and 2024.

A summary of the status of the Company's nonvested shares as of December 31, 2025, and changes during the year ended December 31, 2025, is presented below:

<u>Non-Vested Shares</u>	<u>Shares</u>	<u>Weighted Average Grant-Date Fair Value</u>
Outstanding at January 1, 2025	9,698	\$ 7.89
Granted	3,663	6.81
Vested	(6,086)	(8.09)
Forfeited	-	-
Outstanding at December 31, 2025	<u>7,275</u>	<u>\$ 7.28</u>

As of December 31, 2025 and 2024, there was \$57,808 and \$76,442, respectively, of total unrecognized compensation costs related to nonvested restricted share-based compensation arrangements granted under the plan. That cost is expected to be recognized over a weighted-average period of 2.10 years. The total fair value of shares vested during the years ended December 31, 2025 and 2024, was \$43,579 and \$54,619 for restricted stock-based compensation, respectively.

Note 15 - Accumulated Other Comprehensive Loss

A reconciliation of the components of accumulated other comprehensive loss as of December 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Investment securities, available-for-sale		
Gross unrealized gains	\$ 129,885	\$ 2,590
Gross unrealized losses	<u>(1,292,985)</u>	<u>(2,163,856)</u>
Net pretax unrealized losses	(1,163,100)	(2,161,266)
Deferred income tax asset	<u>291,849</u>	<u>540,891</u>
Total accumulated other comprehensive loss	<u>\$ (871,251)</u>	<u>\$ (1,620,375)</u>

Note 16 - Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the Federal and State banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have direct material effect on the Bank and the consolidated 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 U.S. GAAP, the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory reporting requirements and regulatory capital standards. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of Common Equity Tier 1 Capital ("CET1"), Tier 1 Capital, Total Capital and leverage ratio of Tier 1 Capital as follows:

- 4.5% based upon CET1
- 6.0% based upon tier 1 capital
- 8.0% based on total capital
- Leverage ratio of Tier 1 Capital assets equal to 4%

As of December 31, 2025 and 2024, management believes the Bank met all capital adequacy requirements to which it is subject. As of December 31, 2025, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since the notification that management believes have changed the Bank category.

The Parent Company's and the Bank's actual capital amounts and ratios are presented in the following table as of December 31, 2025.

	Actual		For Capital Adequacy		To Be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Risk-Based Capital WCF Financial Bank	\$ 20,286,000	12.52%	\$ 12,962,000	≥ 8%	\$ 16,202,000	≥ 10%
Common Equity Tier 1 Capital WCF Financial Bank	\$ 18,306,000	11.30%	\$ 7,291,000	≥ 4.5%	\$ 10,531,000	≥ 6.5%
Tier I Risk-Based Capital WCF Financial Bank	\$ 18,306,000	11.30%	\$ 9,721,000	≥ 6%	\$ 12,962,000	≥ 8%
Tier I Leverage Capital WCF Financial Bank	\$ 18,306,000	8.06%	\$ 9,083,000	≥ 4%	\$ 11,354,000	≥ 5%

The Parent Company's and the Bank's actual capital amounts and ratios are presented in the following table as of December 31, 2024.

	Actual		For Capital Adequacy		To Be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Risk-Based Capital						
WCF Financial Bank	\$ 23,011,000	14.50%	\$ 12,694,000	≥ 8%	\$ 15,867,000	≥ 10%
Common Equity Tier 1 Capital						
WCF Financial Bank	\$ 21,704,000	13.68%	\$ 7,140,105	≥ 4.5%	\$ 10,313,000	≥ 6.5%
Tier I Risk-Based Capital						
WCF Financial Bank	\$ 21,704,000	13.68%	\$ 9,520,000	≥ 6%	\$ 12,694,000	≥ 8%
Tier I Leverage Capital						
WCF Financial Bank	\$ 21,704,000	10.14%	\$ 8,559,000	≥ 4%	\$ 10,699,000	≥ 5%

Note 17 - Off Balance Sheet Financial Instruments

As a financial institution, the Bank engages in off-balance sheet activities to meet financing needs of customers located within its trade areas. Such activities consist principally of commitments to extend credit. These financial instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the consolidated balance sheet.

The contractual commitments to extend credit under these financial instruments at December 31, 2025, are as follows:

Commitments to extend credit	\$ 6,778,000
------------------------------	--------------

Contractual commitments to extend credit are legally binding agreements to lend money to customers at predetermined interest rates for a specific period of time. Such commitments may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

In order to make commitments to extend credit, collateral may be obtained if deemed necessary by management's credit evaluation and underwriting criteria. Collateral held varies, but may include receivables, inventory, equipment, or real estate.

Exposure to credit losses is represented by the contractual amounts of the commitments to extend credit, and credit losses may be incurred when a customer fails to perform in accordance with the contractual terms. The Bank uses the same credit underwriting standards in making commitments as they do for on-balance sheet lending activities, and periodically reassess the credit worthiness of customers through ongoing credit reviews.

Note 18 - Fair Value of Assets and Liabilities

The Company uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. These techniques are significantly affected by the assumptions used, including the discount rate and estimate of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

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

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

- Level 1: Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2: Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3: Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities may include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table sets forth assets and liabilities measured at fair value on a recurring basis at December 31, 2025:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Securities available-for-sale				
U.S. Treasuries	\$ 1,977,015	\$ 1,977,015	\$ -	\$ -
U.S. government agencies	2,142,107	-	2,142,107	-
U.S. government agency mortgage backed securities	6,495,845	-	6,495,845	-
State and political subdivisions	15,288,780	-	15,288,780	-
Corporate bonds	238,562	-	238,562	-
Equity securities	684,000	-	684,000	-
	<u>\$ 26,826,309</u>	<u>\$ 1,977,015</u>	<u>\$ 24,849,294</u>	<u>\$ -</u>

The following table sets forth assets and liabilities measured at fair value on a recurring basis at December 31, 2024:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Securities available-for-sale				
U.S. Treasuries	\$ 3,890,345	\$ 3,890,345	\$ -	\$ -
U.S. government agencies	2,045,499	-	2,045,499	-
U.S. government agency mortgage backed securities	6,324,391	-	6,324,391	-
State and political subdivisions	14,406,647	-	14,406,647	-
Corporate bonds	226,300	-	226,300	-
Equity securities	661,500	-	661,500	-
	<u>\$ 27,554,682</u>	<u>\$ 3,890,345</u>	<u>\$ 23,664,337</u>	<u>\$ -</u>

Fair values for securities available-for-sale and equity securities are based on quoted market prices, if available, and are classified within Level 1 of the valuation hierarchy. For those securities available-for-sale and equity securities where quoted prices are unavailable, fair values are calculated based on market prices of similar securities and, therefore, are classified as Level 2 within the valuation hierarchy.

Certain assets are measured at fair value on a nonrecurring basis. These assets are subject to fair value adjustments in certain circumstances, which generally is when there is evidence of impairment. These assets are described in the following.

Collateral Dependent Loans

Collateral dependent loans are evaluated and valued at the time the loan is identified as collateral dependent. Fair value adjustments are made to reflect the value of the collateral securing the loan.

The following table presents the balances of assets measured at fair value on a nonrecurring basis in 2025 and 2024, that were still held in the balance sheet at year end showing the level of valuation assumptions used to determine each adjustment.

	2025			
	Total	Level 1	Level 2	Level 3
Collateral dependent loans (1)	\$ 9,111,277	\$ -	\$ -	\$ 9,111,277
	2024			
	Total	Level 1	Level 2	Level 3
Collateral dependent loans (1)	\$ 1,118,294	\$ -	\$ -	\$ 1,118,294

(1) Represents the carrying value of collateral dependent, net of the associated valuation allowance of \$186,655 and \$5,030 as of December 31, 2025 and 2024, respectively.

The estimated fair values, and related carrying amounts, of the Company's financial instruments as of December 31, 2025, are as follows:

	Carrying Amount	December 31, 2025			
		Total	(Level 1)	(Level 2)	(Level 3)
Financial assets					
Cash and due from banks	\$ 2,442,845	\$ 2,442,845	\$ 2,442,845	\$ -	\$ -
Federal funds sold	8,492,000	8,492,000	8,492,000	-	-
Interest bearing deposits in banks	2,450,000	2,459,000	-	2,459,000	-
Debt securities	26,142,309	26,142,309	1,977,015	24,165,294	-
Equity securities	684,000	684,000	-	684,000	-
Restricted stock	1,688,500	1,688,500	1,688,500	-	-
Loans, net	172,330,011	173,819,000	-	164,707,723	9,111,277
Interest receivable	2,759,231	2,759,231	-	2,759,231	-
Financial liabilities					
Deposits	171,976,826	163,272,000	-	163,272,000	-
Federal Home Loan Bank advances	34,500,000	34,585,000	-	34,585,000	-
Interest payable	1,346,771	1,346,771	-	1,346,771	-

The estimated fair values, and related carrying amounts, of the Company's financial instruments as of December 31, 2024, are as follows:

	Carrying Amount	December 31, 2024			
		Total	(Level 1)	(Level 2)	(Level 3)
Financial assets					
Cash and due from banks	\$ 2,544,084	\$ 2,544,084	\$ 2,544,084	\$ -	\$ -
Federal funds sold	11,667,000	11,667,000	11,667,000	-	-
Interest bearing deposits in banks	1,960,000	1,960,000	-	1,960,000	-
Debt securities	26,893,182	26,893,182	3,890,345	23,002,837	-
Equity securities	661,500	661,500	-	661,500	-
Restricted stock	1,984,700	1,984,700	1,984,700	-	-
Loans, net	166,852,872	165,540,000	-	164,421,706	1,118,294
Interest receivable	3,000,161	3,000,161	-	3,000,161	-
Financial liabilities					
Deposits	161,671,939	150,237,000	-	150,237,000	-
Federal Home Loan Bank advances	41,500,000	41,503,000	-	41,503,000	-
Interest payable	1,280,557	1,280,557	-	1,280,557	-