ENB Financial Corp

# Community Banking REIMAGINED

2025 ANNUAL REPORT



# DEAR SHAREHOLDERS, CUSTOMERS, AND FRIENDS,

As I write this letter and reflect on 2025, I have come to regard it as one of the most extraordinary years in our 145-year existence. As the economic environment remained stable and inflation continued to moderate, the Federal Reserve continued the reduction in interest rates started in 2024. This created a favorable business climate for ENB Financial Corp and our wholly owned subsidiary, Ephrata National Bank.



We were able to replace low-rate legacy loans running off our balance sheet with new ones at higher rates. In addition, interest income generated from securities increased substantially. At the same time, we were able to lower deposit rates and offset higher costs associated with wholesale borrowings. The result was an $11,963,000, or 21.1%, increase in net interest income for the year ended December 31, 2025, compared to 2024.

Although competitive pressures on deposit pricing continued and economic growth forecasts were cautious, we were able to effectively mitigate these with a disciplined approach to balance sheet management, balanced growth, prudent risk management and a continued focus on operational efficiency. Non-interest income also remained stable despite a $365,000 decline in gains (losses) on securities. As a result, I am pleased to report that ENB Financial Corp achieved record earnings in 2025. For the full year ended December 31, 2025, net income was $21,559,000, a 40.8% increase compared to the former record earnings of $15,317,000 we achieved in 2024. Basic and diluted earnings per share also increased significantly to $3.80 in 2025, up from $2.71 in 2024. Asset growth remained stable as the Corporation ended 2025 with $2.26 billion in assets, which was a 1.7% increase from $2.22 billion at the end of 2024. This performance allowed us to increase our dividend payments from $0.69 per share in 2024 to $0.72 per share in 2025.

In addition to extraordinary earnings, the investments we made in our long-term growth were also remarkable. In 2025, ENB Financial Corp successfully executed a bid to acquire Cecil Bancorp, Inc. and its wholly owned subsidiary, Cecil Bank – a transaction that ultimately closed in the first quarter of 2026. This strategic acquisition was the first in our 145-year history and expands our footprint into Cecil County, Maryland, adding four full-service banking offices and significantly broadening our market reach. Geographically, this acquisition aligns with our longstanding strategy of expanding into contiguous and complementary markets while maintaining the relationship-focused community bank model that defines Ephrata National Bank. From a banking perspective, the transaction was structured to be accretive to earnings, contributing to earnings-per-share growth projected in the high teens. This projection comes as an expected result of our upcoming integration, which will deliver operating efficiencies as we integrate our systems, talent, and customer relationships.

We also advanced key growth initiatives to deepen our presence in Lancaster County by opening new offices in Lititz and the City of Lancaster. Our Lititz Office, located at 1 East Main Street, is a full-service community banking office that occupies the original Lititz Springs National Bank office built in 1924. It was with great pride that we took on the renovation of this historic bank building, originally designed by renowned Lancaster architect C. Emlen Urban, and returned it to its former glory as a local architectural landmark. Our office located inside Tec Centro at 57 Laurel Street expands our presence into the City of Lancaster and enables us to meet the banking needs of an underserved segment of Lancaster's population. By offering full banking services in this location, we further demonstrate our commitment to financial inclusion and economic development while positioning the Bank for future growth.

With market expansion comes growth in areas needed to provide operational support and administration. Efforts to expand our downtown Ephrata headquarters made significant progress in 2025 and reinforce our commitment to remaining in Ephrata Borough. Doing so will allow us to support future business growth while consolidating multiple locations in Ephrata to better facilitate collaboration and an enhanced employee experience.

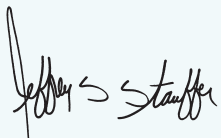
After 44 years of service, I have announced my intention to retire as President and CEO of ENB Financial Corp and Ephrata National Bank effective December 31, 2026. It has been an honor to have been part of the ENB Team for all these years. The journey was very rewarding as we worked together to make a significant impact on our communities, employees, customers, and shareholders. My decision to retire was made with careful consideration and confidence in the strength of our leadership bench. I am proud to share that Rachel Bitner, President and CEO Elect of ENB Financial Corp and Ephrata National Bank, has been named my successor. Rachel brings deep financial expertise, strategic vision, and a commitment to community banking excellence. Throughout 2026, I will be working closely with Rachel to ensure a smooth transition and continued momentum for ENB and our stakeholders.

> **"As I think about my tenure at ENB Financial Corp and our wholly owned subsidiary, Ephrata National Bank, I am both proud and humbled by the resilience, commitment, and strategic progress we delivered for our shareholders, clients, and the communities we serve."**

As I think about my tenure at ENB Financial Corp and our wholly owned subsidiary, Ephrata National Bank, I am both proud and humbled by the resilience, commitment, and strategic progress we delivered for our shareholders, clients and the communities we serve. I remain deeply grateful for the trust you've placed in ENB Financial Corp, our Board of Directors and our dedicated team. The accomplishments of the past year, coupled with clear strategic direction and a strong financial foundation, position us well to create sustained value for shareholders and meaningful impact in the communities we serve for a long time to come.

Thank you for your continued support.

Sincerely,



**Jeffrey S. Stauffer**
Chairman of the Board, President and CEO
ENB Financial Corp

# FINANCIAL HIGHLIGHTS

| **Income Statement** (dollars in thousands) | **2025** | 2024 | 2023 | % Change 2025/2024 | % Change 2024/2023 |
|---|---|---|---|---|---|
| Interest and dividend income | **$106,109** | $ 92,868 | $ 77,877 | 14.26% | 19.25% |
| Interest expense | **37,405** | 36,127 | 23,838 | 3.54% | 51.55% |
| Net interest income | **68,704** | 56,741 | 54,039 | 21.08% | 5.00% |
| Provision for credit losses | **887** | 1,015 | 520 | (12.61)% | 95.19% |
| Other income | **18,037** | 18,130 | 12,699 | (0.51)% | 42.77% |
| Operating expenses | **59,119** | 55,231 | 51,407 | 7.04% | 7.44% |
| Income before income taxes | **26,735** | 18,625 | 14,811 | 43.54% | 25.75% |
| Provision for federal income taxes | **5,176** | 3,308 | 2,436 | 56.47% | 35.80% |
| Net income | **21,559** | 15,317 | 12,375 | 40.75% | 23.77% |

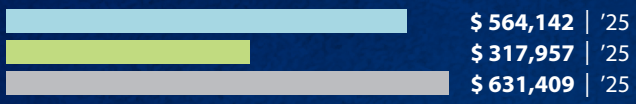
| **Per Share Data** | **2025** | 2024 | 2023 | % Change 2025/2024 | % Change 2024/2023 |
|---|---|---|---|---|---|
| Net income (basic and diluted) | **$ 3.80** | $ 2.71 | $ 2.19 | 40.22% | 23.74% |
| Cash dividends paid | **0.72** | 0.69 | 0.68 | 4.35% | 1.47% |
| Book value at year-end | **28.29** | 23.16 | 21.10 | 22.15% | 9.76% |

| **Balance Sheet Data** (dollars in thousands) | **2025** | 2024 | 2023 | % Change 2025/2024 | % Change 2024/2023 |
|---|---|---|---|---|---|
| Total assets | **$ 2,257,727** | $ 2,219,831 | $ 2,000,824 | 1.71% | 10.95% |
| Total loans | **1,515,745** | 1,427,269 | 1,360,078 | 6.20% | 4.94% |
| Securities | **588,949** | 626,140 | 469,020 | (5.94)% | 33.50% |
| Deposits | **1,873,361** | 1,890,443 | 1,726,798 | (0.90)% | 9.48% |
| Total debt | **209,251** | 183,538 | 140,784 | 14.01% | 30.37% |
| Stockholders' equity | **161,054** | 130,984 | 119,654 | 22.96% | 9.47% |

| **Selected Ratios** | **2025** | 2024 | 2023 | % Change 2025/2024 | % Change 2024/2023 |
|---|---|---|---|---|---|
| Return on average assets | **0.98%** | 0.75% | 0.65% | 30.67% | 15.38% |
| Return on average stockholders' equity | **15.17%** | 12.13% | 12.03% | 25.06% | 0.83% |
| Average equity to average assets ratio | **6.43%** | 6.19% | 5.41% | 3.88% | 14.42% |
| Dividend payout ratio | **18.95%** | 25.46% | 31.05% | (25.58)% | (18.00)% |
| Efficiency ratio | **67.70%** | 73.59% | 74.64% | (8.00)% | (1.41)% |
| Net interest margin | **3.19%** | 2.87% | 2.94% | 11.15% | (2.38)% |

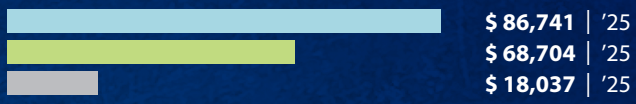
# FIVE-YEAR PERFORMANCE

**Outstanding Loans**
Thousands



| | | |
|---|---|---|
| $ 564,142 | '25 | Consumer Loans |
| $ 317,957 | '25 | Agricultural Loans |
| $ 631,409 | '25 | Commercial Loans |
| $ 639,052 | '24 | |
| $ 289,284 | '24 | |
| $ 497,103 | '24 | |
| $ 611,122 | '23 | |
| $ 257,372 | '23 | |
| $ 489,369 | '23 | |
| $ 526,356 | '22 | |
| $ 248,289 | '22 | |
| $ 413,808 | '22 | |
| $ 409,048 | '21 | |
| $ 224,442 | '21 | |
| $ 285,659 | '21 | |

**Total Revenue**
Thousands



| | | |
|---|---|---|
| $ 86,741 | '25 | Total Revenue |
| $ 68,704 | '25 | Net Interest Income |
| $ 18,037 | '25 | Non-Interest Income |
| $ 74,871 | '24 | |
| $ 56,741 | '24 | |
| $ 18,130 | '24 | |
| $ 66,738 | '23 | |
| $ 54,039 | '23 | |
| $ 12,699 | '23 | |
| $ 64,147 | '22 | |
| $ 50,583 | '22 | |
| $ 13,564 | '22 | |
| $ 58,452 | '21 | |
| $ 40,571 | '21 | |
| $ 17,881 | '21 | |

**Assets**
Millions



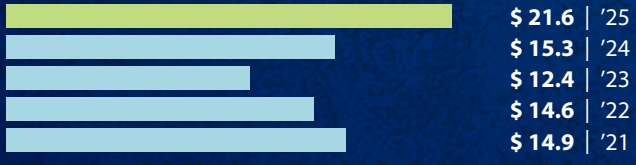
| | |
|---|---|
| $ 2,257.7 | '25 |
| $ 2,219.8 | '24 |
| $ 2,000.8 | '23 |
| $ 1,858.7 | '22 |
| $ 1,717.2 | '21 |

**Deposits**
Millions



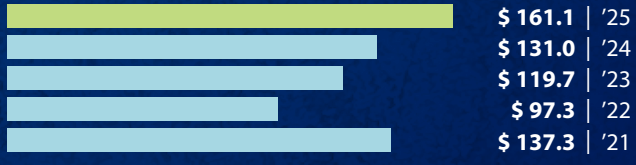
| | |
|---|---|
| $ 1,873.4 | '25 |
| $ 1,890.4 | '24 |
| $ 1,726.8 | '23 |
| $ 1,639.0 | '22 |
| $ 1,512.2 | '21 |

**Net Income**
Millions



| | |
|---|---|
| $ 21.6 | '25 |
| $ 15.3 | '24 |
| $ 12.4 | '23 |
| $ 14.6 | '22 |
| $ 14.9 | '21 |

**Stockholders' Equity**
Millions



| | |
|---|---|
| $ 161.1 | '25 |
| $ 131.0 | '24 |
| $ 119.7 | '23 |
| $ 97.3 | '22 |
| $ 137.3 | '21 |

# Year in REVIEW

As we forged toward our 145th year of community banking in Lancaster County, 2025 provided an opportunity to look to the future in new markets while honoring our roots and doing the work our founders set out to accomplish – building communities. From the City of Lancaster to downtown Lititz to our farming communities in Leola and New Holland, ENB demonstrated its commitment to the people we serve.

Our staff from every area of the bank showcased care and dedication to supporting our partners through banking services, financial education, restoring flagship properties, and supporting our neighbors' shared commitment to improving our communities.

> **As we celebrate our accomplishments over this past year, and reaffirm our commitment to our roots and values, we welcome the opportunities that 145 years of excellence bring.**

Harnessing the tremendous community synergy and success around these projects, ENB also embarked on a historical milestone and step toward the future – preparing for its first acquisition. Noting shared similarities in values and service, Cecil Bank in Cecil County, Maryland, agreed to become part of Ephrata National Bank, with a full conversion to ENB products and services planned for 2026.

As we celebrate our accomplishments over the past year, and reaffirm our commitment to our roots and values, we welcome the opportunities that 145 years of excellence bring. We offer our gratitude and congratulations to Jeff Stauffer, who has announced his intention to deservedly retire his post of six years as President, CEO, and Chairman. Serving Ephrata National Bank for a total of 44 years, Jeff leaves behind a legacy of dedication to the advancement of ENB and the communities we serve. Thank you for demonstrating the values of Ephrata National Bank each day and leaving behind a strong legacy to carry us forward.



**We offer our gratitude and congratulations to Jeff Stauffer, who has announced his intention to deservedly retire his post of six years as President, CEO, and Chairman. Serving Ephrata National Bank for a total of 44 years, Jeff leaves behind a legacy of dedication to the advancement of ENB and the communities we serve.**




## Urban Market Outreach

ENB is well known for serving the heart of rural and suburban Lancaster County. Identifying an opportunity to better serve the needs of the county within Lancaster City, our Urban Banking initiative became a reality in 2025. ENB expanded its presence in Lancaster City with the opening of a Loan and Deposit Production Office (LPO/DPO) inside Tec Centro Lancaster, a workforce development center operated by the Spanish American Civic Association (SACA). Opened on July 31, this innovative location reflects ENB's commitment to growing financial well-being by delivering accessible banking services directly within the communities we serve.

ENB's approach centers on meeting customers at all stages of life by providing relevant advice and tailored financial solutions. By embedding services within Tec Centro, ENB connects financial empowerment with workforce development, supporting individuals as they gain in-demand technical skills and prepare for higher-earning careers.

"This partnership is not just about sharing space; it is about showing up in a meaningful way for the community," said Jose R. Lopez, President & CEO of SACA and Director of Ephrata National Bank. "By bringing financial services directly into Tec Centro, ENB is helping remove barriers and create real pathways to stability and growth. Together, we are strengthening individuals, supporting families, and investing in a more resilient Lancaster community for generations to come."

The Tec Centro office offers consumer, small business, and nonprofit deposit solutions, along with personal lending, credit cards, and digital banking services. Customers benefit from personalized, relationship-based guidance designed to build long-term financial stability. Bilingual support and financial literacy initiatives further enhance ENB's ability to serve Lancaster's diverse and growing population.

## Serving Our Neighbors

In 2025, Ephrata National Bank planned for the expansion of its headquarters in Ephrata. This plan included the building next door, which housed Bethany Childcare's day care center, Wiggles and Giggles. ENB leadership decided that part of our expansion plan should focus on helping identify a long-term solution for the center's facility improvements and growth. The relocation to the former Washington School building provided an opportunity to enhance Wiggles and Giggles' learning and care environment and meet increasing demand for childcare in the community.

Through Pennsylvania's Neighborhood Assistance Program (NAP), ENB contributed $407,097 to support the relocation and expansion of Wiggles & Giggles to its new home in downtown Ephrata. In addition, ENB's Commercial Lending team provided loan financing to support necessary improvements and help ensure a sustainable future.

Beyond direct financial support, ENB's Wealth Solutions team hosted the Wiggles and Giggles fundraising campaign, providing a platform for community members, businesses, and partners to contribute to the project. This effort helped amplify awareness, encourage broad community involvement and reinforce shared ownership in the program's success.

> **"We are grateful to ENB for their visionary gift to jump-start our new Sustainability Fund."**
>
> **Adam D. Heaps**
> Executive Director
> Clinic for Special Children

Together, these efforts reflect ENB's broader commitment to thoughtful downtown revitalization and long-term community investment.

Another neighbor in the south end of our footprint, the Clinic for Special Children (CSC), reached out with a basic request to support a capital campaign; however, a true partnership quickly blossomed throughout 2025. Traveling to their facilities in Gordonville, ENB leadership had the opportunity to learn about the innovative research and specialized medical care CSC offers in the heart of Lancaster County for individuals with rare genetic and complex medical conditions. Afterward, ENB committed to a significant financial gift to support the sustainability of their work for future generations.

Because their work and mission closely align with ENB's mission to strengthen the unique communities we serve, the commitment grew beyond its financial support. ENB proactively pledged to help share their work with the wider community, many of whom were unaware of this community gem. Partnering with our Wealth Solutions team, ENB provided a platform for additional contributions and promoted CSC and the Sustainability Fund through our marketing and community outreach efforts, including customer appreciation events and regional partnerships.

"We are grateful to ENB for their visionary gift to jump-start our new Sustainability Fund," said Adam D. Heaps, Executive Director for the Clinic. "Throughout 2025, ENB repeatedly stepped forward to promote the Clinic in creative ways. We appreciate that ENB wanted to not only support our organization directly but also to partner with us to help raise awareness of our mission to connect us with new supporters."



# Providing Opportunity for Businesses to Grow

As Lancaster County continues to experience robust business growth, ENB remains a reliable and preferred banking partner for businesses of all sizes and across all stages of their development. Our retail and lending teams consistently provide solutions for community businesses to thrive and grow.

### Agriculture Sector

Produce auctions have long been a staple in the Lancaster farming community, and they are a rapidly growing business. They are an essential backbone of the produce/greenhouse industry that enables several thousand small family farms in Lancaster County and beyond to sell their high-quality produce and flowers to markets, garden centers, restaurants and grocery stores. ENB's relationship with these auctions directly impacts the small family farmers – many of whom are also ENB customers. The auctions provide them with access to in-demand markets, which improves their profitability on a small produce farm and allows them to continue farming for generations. Produce auctions also provide consumers in urban areas and cities with access to fresh, locally grown produce that might not be available otherwise.

With the assistance of Ethan Crane, AVP and Agricultural Relationship Manager, both Leola Produce Auction and Weaverland Auction, Inc. were able to make significant expansions and improvements to their businesses. Both auctions also chose to hold their primary checking accounts with ENB.

Weaverland completed an expansion to its auction building that doubled its size in order to handle the increased volume of buyers and over 600 individual sellers. The renovation includes new office space, restrooms, storage rooms, a parking lot, and selling floor.

> **As Lancaster County continues to experience robust business growth, ENB continues to be a reliable and preferred banking partner for businesses of all sizes and across all stages of their development.**

With financing through ENB, Leola Produce Auction also approximately doubled its facility to 137,000 square feet under a roof. An expanded parking lot and new offices were included in the renovations.

### Manufacturing Sector

On the other spectrum of business opportunities, manufacturing is a rising industry in Lancaster County. Melissa Sarnoscinski, Commercial Relationship Manager, won the business of Betts Platinum Group (J-Tech) after receiving a referral from another satisfied business customer, Hoover Building Specialists LLC.

Founded by Scott and Tracey Johnson, J-Tech was dissatisfied with its former bank and was in search of a community bank partner. Scott was impressed by ENB's professional customer service, recognized the parallels between ENB's and J-Tech's core values, and appreciated the longevity and stability of ENB's staff. These elements, combined with offering the right banking solutions and support for future growth, proved successful. "J-Tech moved all our daily banking, borrowing, and cash management needs over to ENB," said Scott. "This first year has proven to be all that we had hoped it would be and solidified J-Tech's decision to move forward with ENB providing financing for J-Tech's construction of its new 100,000 square foot headquarters and eventual move to Honeybrook."

### Small Business Sector

"Small Business" is an endearing term used to describe the heart-and-soul businesses of our communities. ENB's presence throughout our small towns strongly positions our small business team to dedicate personalized service for our customers' unique needs.

After providing initial financing for Lititz Bikeworks LLC, owners Mark and Rebecca Branle's new retail concept in downtown Lititz, Lucia Stahl, Consumer/Small Business Relationship Manager, earned their business for their second location in 2025.

Finding success in their first building purchase downtown and launching Earth to Lititz, the Branles decided to purchase a second building to relocate Lititz Bikeworks and expand their operations in 2025. Lucia worked in partnership with EDC Lancaster County to provide a viable solution for their needs.

Another valued Lititz business, Artisan Millworks, also approached ENB with expansion plans for 2025. Providing a marketplace that brings together over 100 talented artists, makers, and curators under one roof, owner Ian Gantz identified a new location at Rockvale Outlets that would allow for growth. Lucia provided the Gantzes a revolving line of credit that will support the work and livelihood of Lancaster County artisans.

## Community Banking Reimagined

As a familiar architectural and historical building sat vacant in the heart of downtown Lititz, a picture of what was, and what it could be, began to take focus. Located at 1 East Main Street, the former Lititz Springs National Bank constructed in 1924 was a logical fit in location, purpose and historical significance for ENB.

The signature and trademark building designed by C. Emlen Urban – the same architect who designed our Ephrata headquarters a year later in 1925 – is now home to our downtown Lititz Community Banking Office. ENB made a deliberate investment to revitalize the building, both honoring its past while adapting the space to provide a modern, welcoming, and customer-first banking experience.

> **ENB made a deliberate investment to revitalize the building, both honoring its past while adapting the space to provide a modern, welcoming, customer-first banking experience.**

Recognized as "America's Coolest Small Town," Lititz is a natural fit for ENB's philosophy of relationship-based, locally driven banking. Known for its strong sense of community, vibrant small businesses, and generational influence, the town reflects the same values ENB has upheld for more than a century. ENB's investment in Lititz demonstrates a commitment to building community, preserving heritage, and strengthening the places we live and work.






# GIVING BACK

## A core aspect of Ephrata National Bank's mission is its dedication to giving back to the community.

We do this through financial donations, volunteerism, and partnership opportunities with nonprofit organizations that play an essential role in uplifting and sustaining the well-being of our region. These organizations provide vital services in education, healthcare, housing, food security, and financial assistance. By supporting their work, ENB is further investing in the community to improve lives and build a sustainable future for generations to come.

**$1,484,532**

**Total donations in 2025**

## J. Harry Hibshman Scholarship by the Numbers

**$1.6MM**

**Value of scholarships awarded in 2025**

**81**

**Number of scholarships awarded in 2025**

**$35MM**

**Value of scholarships awarded since inception**

**4.7k**

**Number of scholarships awarded since inception**




*2025 Letters to Santa winner, One Luv Outreach. One Luv provides for critical needs within Reading, Pennsylvania, and the surrounding areas through weekly distributions of food, clothing, and other supplies.*

# CORPORATE LEADERSHIP

## 2025 Corporate Leadership Team



**Jeffrey S. Stauffer**
Chairman, President
and CEO



**Nicholas D. Klein**
Vice President and
Corporate Secretary



**Douglas P. Barton**
Principal Financial Officer
and Treasurer

## Board of Directors



**Front row (l to r)**: Mark C. Wagner, Joshua E. Hoffman, MBA, CPA, CMA, CPCU, Judith A. Weaver, Susan Young Nicholas, Esq.

**Back row (l to r)**: Roger L. Zimmerman, Willis R. Lefever, Jeffrey S. Stauffer, Dr. Brian K. Reed, DVM, MBA, Jay S. Martin, CISSP

**Not pictured**: J. Daniel Stoltzfus and Jose R. Lopez

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 000-53297

ENB Financial Corp
(Exact name of registrant as specified in its charter)

| Pennsylvania | 51-0661129 |
|---|---|
| State or other jurisdiction of incorporation or organization | (IRS Employer Identification No.) |
| 31 E. Main St. Ephrata, PA | 17522 |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code (717) 733-4181

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| None | N/A | N/A |

Securities registered pursuant to Section 12(g) of the Act:

Title of each class
Common Stock, Par Value $0.10 Per Share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large Accelerated filer ☐ | Accelerated filer ☐ |
| Non-accelerated filer ☒ | Smaller reporting company ☒ |
| Emerging growth company ☐ | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2025, was approximately $52,979,697.

The number of shares of the registrant's Common Stock outstanding as of March 10, 2026, was 5,692,991.

## DOCUMENTS INCORPORATED BY REFERENCE

The Registrant's Definitive Proxy Statement for its 2026 Annual Meeting of Shareholders to be held on May 5, 2026, is incorporated into Parts III and IV hereof.

ENB FINANCIAL CORP

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## Part I

### Forward-Looking Statements

The U.S. Private Securities Litigation Reform Act of 1995 provides safe harbor in regard to the inclusion of forward-looking statements in this document and documents incorporated by reference. Forward-looking statements pertain to possible or assumed future results that are made using current information. These forward-looking statements are generally identified when terms such as “believe,” “estimate,” “anticipate,” “expect,” “project,” “forecast,” and other similar wordings are used. The readers of this report should take into consideration that these forward-looking statements represent management’s expectations as to future forecasts of financial performance, or the likelihood that certain events will or will not occur. Due to the very nature of estimates or predictions, these forward-looking statements should not be construed to be indicative of actual future results. Additionally, management may change estimates of future performance, or the likelihood of future events, as additional information is obtained. This document may also address targets, guidelines, or strategic goals that management is striving to reach but may not be indicative of actual results.

Readers should note that many factors affect this forward-looking information, some of which are discussed elsewhere in this document and in the documents that are incorporated by reference into this document. These factors include, but are not limited to, the following:

- General local and national economic conditions, including inflation and concerns about liquidity
- Monetary and interest rate policies of the Federal Reserve Board
- Changes in deposit flows, loan demand, or real estate and investment securities values
- Effects of weak market conditions, specifically the effect on loan customers to repay loans
- Possible impacts of the capital and liquidity requirements of Basel III standards and other regulatory pronouncements
- Effects of short- and long-term federal budget and tax negotiations and their effects on economic and business conditions
- Effects of the failure of the Federal government to reach agreement to raise the debt ceiling and the negative effects on economic or business conditions as a result
- Political changes and their impact on new laws and regulations
- Effects of war, acts of terrorism, and international and domestic instabilities
- Competitive forces and how it may impact our community banking strategies
- Changes in accounting principles, policies, or guidelines as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board, and other accounting standards setters
- Ineffective business strategy due to current or future market and competitive conditions
- Diversion of management’s attention from ongoing business operations and opportunities
- Management’s ability to manage credit risk, liquidity risk, interest rate risk, and fair value risk
- Operation, legal, and reputation risk
- The risk that our analyses of these risks and forces could be incorrect and/or that the strategies developed to address them could be unsuccessful
- The impact of new laws and regulations concerning taxes, banking, securities and insurance and their application with which the Corporation and its subsidiaries must comply
- Potential impacts from continually evolving cybersecurity and other technological risks and attacks, including additional costs, reputational damage, regulatory penalties, and financial losses
- Effects of economic conditions particularly with regard to the effects of any pandemic, epidemic, or health-related crisis and government and business responses thereto, specifically the effect on loan customers to repay loans
- Effects of acquisition and integration of acquired businesses

Readers should be aware that if any of the above factors change significantly, the statements regarding future performance could also change materially. The safe harbor provision provides that ENB Financial Corp is not required to publicly update or revise forward-looking statements to reflect events or circumstances that arise after the date of this report. Readers should review any changes in risk factors in documents filed by ENB Financial Corp periodically with the Securities and Exchange Commission, including Item 1A. of this Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K.

## Item 1. Business

ENB Financial Corp ("the Corporation") is a bank holding company that was formed on July 1, 2008. The Corporation's wholly owned subsidiary, Ephrata National Bank ("the Bank"), also referred to as ENB, is a full-service commercial bank organized under the laws of the United States. Presently, no other subsidiaries exist under the bank holding company. The Bank has one subsidiary, ENB Insurance, which is a full-service insurance agency that offers a broad range of insurance products to commercial and personal clients. The Corporation and the Bank are both headquartered in Ephrata, Lancaster County, Pennsylvania. The Bank was incorporated on April 11, 1881, pursuant to The National Bank Act under a charter granted by the Office of the Comptroller of the Currency (OCC). The Federal Deposit Insurance Corporation (FDIC) insures the Bank's deposit accounts up to the maximum extent provided by law. The Corporation's retail, operational, and administrative offices are predominantly located in Lancaster County, southeastern Lebanon County, and southwestern Berks County, Pennsylvania, the "Market Area." Twelve full-service community banking offices are located in Lancaster County with one full-service community banking office in Lebanon County and one full-service community banking office in Berks County, Pennsylvania.

The basic business of the Corporation is to provide a broad range of financial services to individuals and small-to-medium-sized businesses in the Market Area primarily through the Bank. The Bank utilizes funds gathered through deposits from the general public to originate loans. The Bank offers a range of demand accounts, in addition to savings and time deposits. The Bank also offers secured and unsecured commercial, real estate, and consumer loans. Ancillary services that provide added convenience to customers include direct deposit and direct payments of funds through Electronic Funds Transfer, ATMs, telephone banking, MasterCard® debit cards, Visa® or MasterCard credit cards, and safe deposit box facilities. In addition, the Corporation offers internet banking including bill pay and wire transfer capabilities, remote deposit capture, and an ENB Bank on the Go! app for iPhones or Android phones. The Corporation also offers a full complement of trust and investment advisory services through ENB's Wealth Solutions.

Effective February 1, 2026, the Corporation completed its previously-announced acquisition of Cecil Bancorp, Inc. ("Cecil") pursuant to the Agreement and Plan of Stock Acquisition, dated as of August 12, 2025, by and among the Corporation, ENB South Acquisition Subsidiary, Inc. ("Acquisition Subsidiary"), the Bank, Cecil, and Cecil Bank (the "Agreement"). At the effective time of the acquisition, Acquisition Subsidiary merged with and into Cecil, with Cecil surviving the acquisition and becoming the wholly-owned subsidiary of Corporation. Immediately after the acquisition, Cecil's board of directors approved and sole stockholder adopted the complete liquidation and dissolution of Cecil. In addition, immediately thereafter, Cecil Bank, a Maryland state-chartered bank, merged with and into the Bank with the Bank as the survivor, collectively the acquisition. Subject to the terms and conditions of the Agreement and adjustments as provided therein, at the effective time of the acquisition, each outstanding share of Cecil common stock was converted into the right to receive $1.88 in cash. In addition, all outstanding and unexercised options to purchase shares of Cecil common stock were redeemed for cash. As a result of the acquisition, the Corporation paid an aggregate of approximately $31.3 million in cash in the acquisition. Cecil Bank operated four community banking offices in Cecil County, Maryland which were included in the acquisition. As of December 31, 2025, Cecil had total assets of $218,663,000, total loans of $153,484,000 and total deposits of $187,422,000.

As of December 31, 2025, the Corporation employed 315 persons, consisting of 305 full-time, 7 part-time and 3 seasonable employees. Since the prior year, the number of full-time employees decreased by 1 and the number of part-time employees decreased by 2, while we retained 3 seasonal roles to provide support during time periods of higher volume throughout the year. The Corporation expects selectively to modestly add additional personnel to support strategic initiatives in 2026, including the acquisition of Cecil. A collective bargaining agent does not represent the employees and management believes it maintains good relationships with its employees.

### Operating Segments

The Corporation's business is providing financial products and services. These products and services are provided through the Corporation's wholly owned subsidiary, the Bank. The Bank is presently the only subsidiary of the Corporation, and the Bank only has one reportable operating segment, community banking, as described in Note A – Summary of Significant Accounting Policies and Note V – Segment Reporting in the Notes to the Consolidated Financial Statements included in Item 8 of this Report, and is incorporated by reference. Operating segments are aggregated into one segment, as operating results for all segments are similar. Accordingly, all the financial service operations are considered by management to be aggregated in one reportable operating segment, Community Banking.

**Business Operations**

***Products and Services with Reputation Risk***

The Corporation offers a diverse range of financial and banking products and services. In the event one or more customers and/or governmental agencies becomes dissatisfied with or objects to any product or service offered by the Corporation, negative publicity with respect to any such product or service, whether legally justified or not, could have a negative impact on the Corporation's reputation. The discontinuance of any product or service, whether or not any customer or governmental agency has challenged any such product or service, could have a negative impact on the Corporation's reputation.

***Market Area and Competition***

The Corporation's primary market area is Lancaster County, Pennsylvania, where twelve full-service offices are located. The Corporation also has one full-service office in southeastern Lebanon County (Myerstown) and a full-service office in Berks County (Morgantown). The Corporation's greater service area is considered to be Lancaster, Lebanon, and Berks Counties of Pennsylvania. The area served by the Corporation is a mix of rural communities and small to mid-sized towns. The market area has expanded as of February 1, 2026 to include Cecil County, Maryland as a result of the acquisition.

The Corporation's headquarters and main campus are located in downtown Ephrata, Pennsylvania. The Corporation's main office and drive-up are located in downtown Ephrata, while the Cloister office is also located within Ephrata Borough. The Corporation ranks a commanding first in deposit market share in the Ephrata area with 45.7% of deposits as of June 30, 2025, based on data compiled annually by the FDIC, compared to 45.0% at June 30, 2024. The Corporation's very high market share in the Ephrata area has led to the expansion of the Corporation's branch network outside of the Ephrata area but within the Corporation's Market Area, and as of June 30, 2025, the Corporation ranks third in market share in Lancaster County, Pennsylvania with 10.0% of total deposits.

In the course of attracting and retaining deposits and originating loans, the Corporation faces considerable competition. The Corporation competes with other commercial banks, savings and loan institutions, and credit unions for traditional banking products, such as deposits and loans. The Corporation competes with consumer finance companies for loans, mutual funds, and other investment alternatives for deposits. The Corporation competes for deposits based on the ability to provide a range of products, low fees, quality service, competitive rates, and convenient locations and hours. The competition for loan origination generally relates to interest rates offered, products available, quality of service, and loan origination fees charged. Several competitors within the Corporation's primary market have substantially higher legal lending limits that enable them to service larger loans and larger commercial customers.

The Corporation continues to assess the competition and market area to determine the best way to meet the financial needs of the communities it serves. Management also continues to pursue new market opportunities based on the strategic plan to efficiently grow the Corporation, improve earnings performance, and bring the Corporation's products and services to customers currently not being reached. Management strategically addresses growth opportunities versus competitive issues by determining the new products and services to be offered, expansion of existing footprint with new locations, as well as investing in the expertise of staffing for expansion of these services.

***Concentrations and Seasonality***

The Corporation does not have any portion of its businesses dependent on a single or limited number of customers, the loss of which would have a material adverse effect on its businesses' financial condition and results of operations. No substantial portion of loans or investments is concentrated within a single industry or group of related industries, although a significant amount of loans are secured by real estate located in northern Lancaster County, Pennsylvania. The business activities of the Corporation are generally not seasonal in nature. However, the sizable agricultural portfolio has certain specific, limited elements that are predominately seasonal in nature due to typical farming operations. Financial instruments with concentrations of credit risk are described in Note P, Financial Instruments with Concentrations of Credit Risk, of the Notes to Consolidated Financial Statements included in Item 8 of this Report, and is incorporated by reference.

**Supervision and Regulation**

Bank holding companies operate in a highly regulated environment and are routinely examined by federal and state regulatory authorities. The following discussion concerns various federal and state laws and regulations and the potential impact of such laws and regulations on the Corporation and the Bank.

To the extent that the following information describes statutory or regulatory provisions, it is qualified in its entirety by reference to the particular statutory or regulatory provisions themselves. Proposals to change laws and regulations are frequently introduced in Congress, the state legislatures, and before the various bank regulatory agencies. The Corporation cannot determine the likelihood or timing of any such proposals or legislation, or the impact they may have on the Corporation and the Bank. A change in law, regulations, or regulatory policy may have a material effect on the Corporation and the Bank's business.

The operations of the Bank are subject to federal and state statutes applicable to banks chartered under the banking laws of the United States, to members of the Federal Reserve System, and to banks whose deposits are insured by the FDIC. Bank operations are subject to regulations of the OCC, the Consumer Financial Protection Bureau (CFPB), the Board of Governors of the Federal Reserve System, and the FDIC.

**Bank Holding Company Supervision and Regulation**

***The Bank Holding Company Act of 1956***
The Corporation is subject to the provisions of the Bank Holding Company Act of 1956, as amended, and to supervision by the Federal Reserve Board. The following restrictions apply:

*General Supervision by the Federal Reserve Board*
As a bank holding company, the Corporation's activities are limited to the business of banking and activities closely related or incidental to banking. Bank holding companies are required to file periodic reports with and are subject to examination by the Federal Reserve Board. The Federal Reserve Board has adopted a risk-focused supervision program for small shell bank holding companies that is tied to the examination results of the subsidiary bank. The Federal Reserve Board has issued regulations under the Bank Holding Company Act that require a bank holding company to serve as a source of financial and managerial strength to its subsidiary banks. As a result, the Federal Reserve Board may require that the Corporation stand ready to provide adequate capital funds to the Bank during periods of financial stress or adversity.

*Restrictions on Acquiring Control of Other Banks and Companies*
A bank holding company may not:

- acquire direct or indirect control of more than 5% of the outstanding shares of any class of voting stock, or substantially all of the assets of any bank, or
- merge or consolidate with another bank holding company, without prior approval of the Federal Reserve Board.

In addition, a bank holding company may not:

- engage in a non-banking business, or
- acquire ownership or control of more than 5% of the outstanding shares of any class of voting stock of any company engaged in a non-banking business,

unless the Federal Reserve Board determines the business to be so closely related to banking as to be a proper incident to banking. In making this determination, the Federal Reserve Board considers whether these activities offer benefits to the public that outweigh any possible adverse effects.

*Anti-Tie-In Provisions*
A bank holding company and its subsidiaries may not engage in tie-in arrangements in connection with any extension of credit or provision of any property or services. These anti-tie-in provisions state generally that a bank may not:

- extend credit,
- lease or sell property, or
- furnish any service to a customer,

on the condition that the customer provides additional credit or service to a bank or its affiliates, or on the condition that the customer not obtain other credit or service from a competitor of the bank.

*Restrictions on Extensions of Credit by Banks to their Holding Companies*
Subsidiary banks of a holding company are also subject to restrictions imposed by the Federal Reserve Act on:

- any extensions of credit to the bank holding company or any of its subsidiaries,
- investments in the stock or other securities of the Corporation, and
- taking these stock or securities as collateral for loans to any borrower.

*Risk-Based Capital Guidelines*
Bank holding companies must comply with the Federal Reserve Board's current risk-based capital guidelines, which are amended provisions of the Bank Holding Company Act of 1956. The required minimum ratio of total capital to risk-weighted assets, including some off-balance sheet activities, such as standby letters of credit, is 8%. At least half of the total capital is required to be Tier I Capital, consisting principally of common shareholders' equity, less certain intangible assets. The remainder, Tier II Capital, may consist of:

- some types of preferred stock,
- a limited amount of subordinated debt,
- some hybrid capital instruments,
- other debt securities, and
- a limited amount of the general credit loss allowance.

The risk-based capital guidelines are required to take adequate account of interest rate risk, concentrations of credit risk, and risks of nontraditional activities.

*Capital Leverage Ratio Requirements*
The Federal Reserve Board requires a bank holding company to maintain a leverage ratio of a minimum level of Tier I capital, as determined under the risk-based capital guidelines, equal to 3% of average total consolidated assets for those bank holding companies that have the highest regulatory examination rating and are not contemplating or experiencing significant growth or expansion. All other bank holding companies are required to maintain a ratio of at least 1% to 2% above the stated minimum. The Bank is subject to similar capital requirements pursuant to the Federal Deposit Insurance Act.

*Restrictions on Control Changes*
The Change in Bank Control Act of 1978 requires persons seeking control of a bank or bank holding company to obtain approval from the appropriate federal banking agency before completing the transaction. The law contains a presumption that the power to vote 10% or more of voting stock confers control of a bank or bank holding company. The Federal Reserve Board is responsible for reviewing changes in control of bank holding companies. In doing so, the Federal Reserve Board reviews the financial position, experience and integrity of the acquiring person, and the effect the change of control will have on the financial condition of the Corporation, relevant markets, and federal deposit insurance funds.

***Sarbanes-Oxley Act of 2002***
The Sarbanes-Oxley Act (SOX), also known as the "Public Company Accounting Reform and Investor Protection Act," was established in 2002 and introduced major changes to the regulation of financial practice. SOX was established as a reaction to the outbreak of corporate and accounting scandals, including Enron and WorldCom. SOX represents a comprehensive revision of laws affecting corporate governance, accounting obligations, and corporate reporting. SOX is applicable to all companies with equity or debt securities that are either registered, or file reports under the Securities Exchange Act of 1934 such as the Corporation. SOX includes significant additional disclosure requirements and expanded corporate governance rules, and the SEC has adopted extensive additional disclosures, corporate governance provisions, and other related rules pursuant to it. The Corporation has expanded and will continue to spend considerable time and money in complying with SOX.

**Bank Supervision and Regulation**

***Safety and Soundness***
The primary regulator for the Bank is the OCC. The OCC has authority under the Financial Institutions Supervisory Act and the Federal Deposit Insurance Act to prevent a national bank from engaging in any unsafe or unsound practice in conducting business or from otherwise conducting activities in violation of the law.

Federal and state banking laws and regulations govern, but are not limited to, the following:

- Scope of a bank's business
- Investments a bank may make
- Reserves that must be maintained against certain deposits
- Loans a bank makes and collateral it takes
- Merger and consolidation activities
- Establishment of branches

The Corporation is a member of the Federal Reserve System. Therefore, the policies and regulations of the Federal Reserve Board have a significant impact on many elements of the Corporation's operations, including:

- Loan and deposit growth
- Rate of interest earned and paid
- Types of securities
- Breadth of financial services provided
- Levels of liquidity
- Levels of required capital

Management cannot predict the effect of changes to such policies and regulations upon the Corporation's business model and the corresponding impact they may have on future earnings.

***FDIC Insurance Assessments***
The FDIC imposes a risk-related premium schedule for all insured depository institutions that results in the assessment of premiums based on the Bank's capital and supervisory measures. Under the risk-related premium schedule, the FDIC assigns, on a semi-annual basis, each depository institution to one of three capital groups, the best of these being "Well Capitalized." For purposes of calculating the insurance assessment, the Bank was considered "Well Capitalized" as of December 31, 2025, and December 31, 2024. This designation has benefited the Bank in the past and continues to benefit it in terms of a lower quarterly FDIC rate. The FDIC adjusts the insurance rates when necessary. The total FDIC assessments expensed by the Bank in 2025 were $1,077,000, compared to $930,000 in 2024.

***Community Reinvestment Act***
Under the Community Reinvestment Act (CRA), as amended, the OCC is required to assess all financial institutions that it regulates to determine whether these institutions are meeting the credit needs of the community that they serve. The Act focuses specifically on low- and moderate-income neighborhoods. The OCC takes an institution's CRA record into account in its evaluation of any application made by any such institutions for, among other things:

- Approval of a new branch or other deposit facility
- Closing of a branch or other deposit facility
- An office relocation or a merger
- Any acquisition of bank shares

The CRA, as amended, also requires that the OCC make publicly available the evaluation of a bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods. This evaluation includes a descriptive rating of either outstanding, satisfactory, needs to improve, or substantial noncompliance, along with a statement describing the basis for the rating. These ratings are publicly disclosed. The Bank received a satisfactory rating on the most recent CRA Performance Evaluation.

***The Federal Deposit Insurance Corporation Improvement Act of 1991***

*Capital Adequacy*

Under the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), institutions are classified in one of five defined categories as shown below. In addition, the federal banking agencies implemented Basel III regulatory capital reform in 2013. A summary of the required ratios under FIDICIA and Basel III are shown below:

| Capital Category | Total Capital Ratio | Tier I Capital Ratio | Common Equity Tier 1 Capital Ratio | Leverage Ratio |
|---|---|---|---|---|
| Well Capitalized | ≥ 10.0 | ≥ 8.0 | ≥ 6.5 | ≥ 5.0 |
| Adequately Capitalized | ≥ 8.0 | ≥ 6.0 | ≥ 4.5 | ≥ 4.0* |
| Undercapitalized | < 8.0 | < 6.0 | < 4.5 | < 4.0* |
| Significantly Undercapitalized | < 6.0 | < 4.0 | < 3.5 | < 3.0 |
| Critically Undercapitalized | | | | ≤ 2.0 |

*3.0 for those banks having the highest available regulatory rating.

In addition, the final rules established a common equity tier I capital conservation buffer of 2.5% of risk-weighted assets applicable to all banking organizations. If a banking organization fails to hold capital above the minimum capital ratios and the capital conservation buffer, it will be subject to certain restrictions on capital distributions and discretionary bonus payments.

The consolidated asset limit on small bank holding companies is $3 billion and a company with assets under that limit is not subject to the consolidated capital rules but may disclose capital amounts and ratios. The Corporation falls under the threshold and is deemed a small bank holding company.

The Bank's and Corporation's capital ratios exceed the regulatory requirements to be considered well capitalized for all four ratios at December 31, 2025. The capital ratio table and Consolidated Financial Statement Note M – Regulatory Matters and Restrictions, are incorporated by reference herein, from Item 8, and made a part hereof.

As allowed by the rules, the Bank and Corporation have elected not to include accumulated other comprehensive income (losses) in their Tier 1 and total capital calculations. However, the changes in accumulated other comprehensive income (losses) do impact tangible capital.

*Real Estate Lending Standards*

Pursuant to the FDICIA, federal banking agencies adopted real estate lending guidelines which would set loan-to-value ("LTV") ratios for different types of real estate loans. The LTV ratio is generally defined as the total loan amount divided by the appraised value of the property at the time the loan is originated. If the institution does not hold a first lien position, the total loan amount would be combined with the amount of all junior liens when calculating the ratio. In addition to establishing the LTV ratios, the guidelines require all real estate loans to be based upon proper loan documentation and a recent appraisal or certificate of inspection of the property.

*Prompt Corrective Action*

In the event that an institution's capital deteriorates to the Undercapitalized category or below, FDICIA prescribes an increasing amount of regulatory intervention, including:

- Implementation of a capital restoration plan and a guarantee of the plan by a parent institution
- Placement of a hold on increases in assets, number of branches, or lines of business

If capital reaches the significantly or critically undercapitalized level, further material restrictions can be imposed, including restrictions on interest payable on accounts, dismissal of management, and (in critically undercapitalized situations) appointment of a receiver. For well-capitalized institutions, FDICIA provides authority for regulatory intervention where they deem the institution to be engaging in unsafe or unsound practices, or if the institution receives a less than satisfactory examination report rating for asset quality, management, earnings, liquidity, or sensitivity to market risk.

*Other FDICIA Provisions*
Each depository institution must submit audited financial statements to its primary regulator and the FDIC, whose reports are made publicly available. In addition, the audit committee of each depository institution must consist of outside directors and the audit committee at "large institutions" (as defined by FDIC regulation) must include members with banking or financial management expertise. The audit committee at "large institutions" must also have access to independent outside counsel. In addition, an institution must notify the FDIC and the institution's primary regulator of any change in the institution's independent auditor, and annual management letters must be provided to the FDIC and the depository institution's primary regulator. The regulations, as amended, define a "large institution" as one with over $1 billion in assets, which does include the Bank. Also, under the amended rules, an institution's independent public accountant must examine institution's (with assets over $5 billion in assets) internal controls over financial reporting, and perform agreed-upon procedures to test compliance with laws and regulations concerning safety and soundness.

Under the FDICIA, each federal banking agency must prescribe certain safety and soundness standards for depository institutions and their holding companies. Three types of standards must be prescribed:

- asset quality and earnings
- operational and managerial, and
- compensation

Such standards would include a ratio of classified assets to capital, minimum earnings, and, to the extent feasible, a minimum ratio of market value to book value for publicly traded securities of such institutions and holding companies. Operational and managerial standards must relate to:

- internal controls, information systems and internal audit systems
- loan documentation
- credit underwriting
- interest rate exposure
- asset growth, and
- compensation, fees and benefits

The FDICIA also sets forth Truth in Savings disclosure and advertising requirements applicable to all depository institutions.

***USA PATRIOT Act of 2001/Bank Secrecy Act***
In October 2001, the USA Patriot Act of 2001 (Patriot Act) was enacted in response to the terrorist attacks in New York, Pennsylvania and Washington, D.C., which occurred on September 11, 2001. The Patriot Act is intended to strengthen U.S. law enforcement's and the intelligence communities' abilities to work cohesively to combat terrorism on a variety of fronts. The impact of the Patriot Act on financial institutions of all kinds is significant and wide ranging. The Patriot Act contains sweeping anti-money laundering and financial transparency laws and imposes various regulations, including standards for verifying client identification at account opening, and rules to promote cooperation among financial institutions, regulators, and law enforcement entities in identifying parties that may be involved in terrorism or money laundering.

Under the Bank Secrecy Act (BSA), banks and other financial institutions are required to report to the Internal Revenue Service currency transactions of more than $10,000 or multiple transactions of which a bank is aware in any one day that aggregate in excess of $10,000 and to report suspicious transactions under specified criteria. Civil and criminal penalties are provided under the BSA for failure to file a required report, for failure to supply information required by the BSA, or for filing a false or fraudulent report.

***Loans to Insiders/Regulation O***
Regulation O, also known as Loans to Insiders, governs the permissible lending relationships between a bank and its executive officers, directors, and principal shareholders and their related interests. The primary restriction of Regulation O is that loan terms and conditions, including interest rates and collateral coverage, can be no more favorable to the insider than loans made in comparable transactions to non-covered parties. Additionally, the loan may not involve more than normal risk. The regulation requires quarterly reporting to regulators of the total amount of credit extended to insiders.

Under Regulation O, a bank is not required to obtain approval from the bank's Board of Directors prior to making a loan to an executive officer or Board of Director member as long as a first lien on the executive officer's residence secures the loan. The Corporation's policy requires prior Board of Director approval of any Executive Officer or Director loan that when aggregated with other outstanding extensions of credit to the Insider and their related interests exceeds $500,000. Loans to any Executive Officer or Director with aggregate exposure of under $500,000 must be reported at the next scheduled Board of Director meeting. Further amendments allow bank insiders to take advantage of preferential loan terms that are available to substantially all employees. Regulation O does permit an insider to participate in a plan that provides more favorable credit terms than the bank provides to non-employee customers provided that the plan:

- Is widely available to employees
- Does not give preference to any insider over other employees

The Bank has a policy in place that offers general employees more favorable loan terms than those offered to non-employee customers. The Bank's policy on loans to insiders allows insiders to participate in the same favorable rate and terms offered to all other employees; however, any loan to an insider that does not fall within permissible regulatory exceptions must receive the prior approval of the Bank's Board of Directors.

***Dodd-Frank Wall Street Reform and Consumer Protection Act***

Dodd-Frank Act was enacted in response to the financial crisis of 2007 - 2008. The act reshaped Wall Street and the American banking industry by bringing the most significant changes to financial regulation in the United States since the regulatory reform that followed the Great Depression. The Act's numerous provisions were to be implemented over a period of several years and were intended to decrease various risks in the U.S. financial system. Dodd-Frank created a new Financial Stability Oversight Council to identify systemic risks in the financial system and gave federal regulators new authority to take control of and liquidate financial firms. Dodd-Frank was expected to and did have an impact on the Corporation's business operations as its provisions began to take effect. To date the provisions that did go into effect, or began to phase in, did at a minimum increase the Corporation's operating and compliance costs.

*Holding Company Capital Requirements*

Dodd-Frank requires the Federal Reserve to apply consolidated capital requirements to bank holding companies that are no less stringent than those currently applied to depository institutions. Dodd-Frank additionally requires that bank regulators issue countercyclical capital requirements so that the required amount of capital increases in times of economic expansion and decreases in times of economic contraction, are consistent with safety and soundness. As noted above *The Federal Deposit Insurance Corporation Improvement Act of 1991* above, the holding company qualifies as a small bank holding company and is not subject to the consolidated capital rules and ratios.

*Corporate Governance*

Dodd-Frank requires publicly traded companies to give stockholders a non-binding vote on executive compensation at least every three years, a non-binding vote regarding the frequency of the vote on executive compensation at least every six years, and a non-binding vote on "golden parachute" payments in connection with approvals of mergers and acquisitions unless previously voted on by shareholders. Additionally, Dodd-Frank directs the federal banking regulators to promulgate rules prohibiting excessive compensation paid to executives of depository institutions and their holding companies with assets in excess of $1 billion, regardless of whether the company is publicly traded. Dodd-Frank also gives the SEC authority to prohibit broker discretionary voting on elections of directors and executive compensation matters.

*Consumer Financial Protection Bureau (CFPB)*

Dodd-Frank created a new, independent federal agency called the Consumer Financial Protection Bureau (CFPB), which is granted broad rulemaking, supervisory and enforcement powers under various federal consumer financial protection laws, including the Equal Credit Opportunity Act, Truth in Lending Act, Real Estate Settlement Procedures Act, Fair Credit Reporting Act, Fair Debt Collection Act, the Consumer Financial Privacy Provisions of the Gramm-Leach-Bliley Act, and certain other statutes. The CFPB has examination and primary enforcement authority with respect to depository institutions with $10 billion or more in assets. Smaller institutions are subject to rules promulgated by the CFPB but continue to be examined and supervised by federal banking regulators for consumer compliance purposes. The CFPB has authority to prevent unfair, deceptive, or abusive practices in connection with the offering of consumer financial products.

Dodd-Frank authorized the CFPB to establish certain minimum standards for the origination of residential mortgages including a determination of the borrower's ability to repay. In addition, Dodd-Frank allows borrowers to raise certain defenses to foreclosure if they receive any loan other than a "qualified mortgage" as defined by the CFPB. Dodd-Frank permits states to adopt consumer protection laws and standards that are more stringent than those adopted at the federal level and, in certain circumstances, permits state attorneys general to enforce compliance with both the state and federal laws and regulations.

*Ability-to-Repay and Qualified Mortgage Rule*

Pursuant to the Dodd-Frank Act, the CFPB amended Regulation Z as implemented by the Truth in Lending Act, requiring mortgage lenders to make a reasonable and good faith determination based on verified and documented information that a consumer applying for a mortgage loan has a reasonable ability to repay the loan according to its terms. Mortgage lenders are required to determine consumers' ability to repay in one of two ways. The first alternative requires the mortgage lender to consider the following eight underwriting factors when making the credit decision: (1) current or reasonably expected income or assets; (2) current employment status; (3) the monthly payment on the covered transaction; (4) the monthly payment on any simultaneous loan; (5) the monthly payment for mortgage-related obligations; (6) current debt obligations, alimony, and child support; (7) the monthly debt-to-income ratio or residual income; and (8) credit history. Alternatively, the mortgage lender can originate "qualified mortgages," which are entitled to a presumption that the creditor making the loan satisfied the ability-to-repay requirements. In general, a "qualified mortgage" is a mortgage loan without negative amortization, interest-only payments, balloon payments, or terms exceeding 30 years. In addition, to be a qualified mortgage the points and fees paid by a consumer cannot exceed 3% of the total loan amount. Loans which meet these criteria will be considered qualified mortgages, and as a result generally protect lenders from fines or litigation in the event of foreclosure. Qualified mortgages that are "higher-priced" (e.g., subprime loans) garner a rebuttable presumption of compliance with the ability-to-repay rules, while qualified mortgages that are not "higher-priced" (e.g., Prime loans) are given a safe harbor of compliance. The final rule, as issued, is not expected to have a material impact on the Corporation's lending activities and on the Corporation's Consolidated Financial Statements.

*Interchange Fees*

Under the Durbin Amendment to the Dodd-Frank Act, the Federal Reserve adopted rules establishing standards for assessing whether the interchange fees that may be charged with respect to certain electronic debit transactions are "reasonable and proportional" to the costs incurred by issuers for processing such transactions.

Interchange fees or "swipe" fees, are charges that merchants pay to the Corporation and other card-issuing banks for processing electronic payment transactions. The Federal Reserve Board has ruled that for financial institutions with assets of $10 billion or more the maximum permissible interchange fee for an electronic debit transaction is the sum of 21 cents per transaction and 5 basis points multiplied by the value of the transaction. The Federal Reserve Board also has rules governing routing and exclusivity that require issuers to offer two unaffiliated networks for routing transactions on each debit or prepaid product. While the Corporation's asset size is presently under $10 billion, there is concern that these requirements impacting financial institutions over $10 billion in assets will eventually be pushed down to either financial institutions over $1 billion or to all financial institutions. This would negatively impact the Corporation's non-interest income.

*TILA/RESPA Integrated Disclosure (TRID) Rules*

The TRID rules were mandated by Dodd-Frank to address the problem of the sometimes duplicative and overlapping disclosures required by the Truth in Lending Act (TILA) and Real Estate Settlement Procedures Act (RESPA) involving consumer purpose, closed end loans secured by real property. The CFPB was tasked with developing the new disclosures, defining the regulatory compliance parameters, and implementation. The timing elements built around these new disclosures were established to provide the consumer with ample time to consider the credit transaction and its associated costs. The final rules were implemented by amending the Truth in Lending Act; however, implementation proved to be difficult as this marked the first time in thirty years that these standard disclosures were changed. Much reliance was placed on third party providers to the financial institutions to make all the necessary changes to the disclosures. After one delay, the rules became effective October 3, 2015. The Corporation partnered with its loan document software providers to ensure timely, compliant implementation.

***Department of Defense Military Lending Rule***

In 2015, the U.S. Department of Defense issued a final rule which restricts pricing and terms of certain credit extended to active-duty military personnel and their families. This rule, which was implemented effective October 3, 2016, caps the interest rate on certain credit extensions to an annual percentage rate of 36% and restricts other fees.

The rule requires financial institutions to verify whether customers are military personnel subject to the rule. The impact of this final rule, and any subsequent amendments thereto, on the Corporation's lending activities and the Corporation's statements of income or condition has had little or no impact; however, management will continue to monitor the implementation of the rule for any potential side effects on the Corporation's business.

**Cybersecurity**

In March 2015, federal regulators issued two related statements regarding cybersecurity. One statement instructed financial institutions to design multiple layers of security controls to establish lines of defense and to ensure that their risk management practices cover the risk of compromised customer credentials, including security measures to reliably authenticate customers accessing internet-based services of the financial institution. The other statement indicates that a financial institution's management is expected to maintain sufficient business continuity planning processes to ensure the rapid recovery, resumption and maintenance of the institution's operations after a cyber-attack involving malware. Financial institutions are expected to develop appropriate processes to enable recovery of data and business operations and address the rebuilding of network capabilities and restoring data if the institution or its critical service providers are victim to a cyber-attack. The Corporation could be subject to fines or penalties if it fails to observe this regulatory guidance. See Item 1A. Risk Factors for further discussion of risks related to cybersecurity.

**Ongoing Legislation**

As a consequence of the extensive regulation of the financial services industry and specifically commercial banking activities in the United States, the Corporation's business is particularly susceptible to changes in federal and state legislation and regulations. Over the course of time, various federal and state proposals for legislation could result in additional regulatory and legal requirements for the Corporation. Management cannot predict if any such legislation will be adopted, or if adopted, how it would affect the business of the Corporation. Past history has demonstrated that new legislation or changes to existing legislation usually results in a heavier compliance burden and generally increases the cost of doing business.

It is possible that there will be regulatory proposals which, if implemented, could have a material effect upon our liquidity, capital resources and results of operations. In addition, the general cost of compliance with numerous federal and state laws does have, and in the future may have, a negative impact on our results of operations. As with other banks, the status of the financial services industry can affect the Bank. Consolidations of institutions are expected to continue as the financial services industry seeks greater efficiencies and market share. Bank management believes that such consolidations may enhance the Bank's competitive position as a community bank. See Item 1A. Risk Factors for more information.

**Statistical Data**

The statistical disclosures required by this item are incorporated by reference herein from the Consolidated Statements of Income on page 54 as found in this Form 10-K filing.

**Available Information**

The Corporation maintains a website on the Internet at www.enbfc.com. The Corporation makes available free of charge, on or through its website, its proxy statements, annual reports on From 10-K, quarterly reports on From 10-Q, current reports on Form 8-K, and any amendments to those reports as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission (SEC). This reference to the Corporation's Internet address shall not, under any circumstances, be deemed to incorporate the information available at such Internet address into this Form 10-K or other SEC filings. The information available at the Corporation's Internet address is not part of this Form 10-K or any other report filed by the Corporation with the SEC. The Corporation's SEC filings can also be obtained on the SEC's website on the Internet at www.sec.gov.

**Item 1A. Risk Factors**

An investment in the Corporation's common stock is subject to risks inherent to the banking industry and the equity markets. The material risks and uncertainties that management believes affect the Corporation are described below.

Before making an investment decision, you should carefully consider the risks and uncertainties described below together with all of the other information included or incorporated by reference in this report. The risks and uncertainties described below are not the only ones facing the Corporation. Additional risks and uncertainties that management is not aware of or is not focused on, or currently deems immaterial, may also impair the Corporation's business operations. This report is qualified in its entirety by these risk factors.

If any of the following risks actually occur, the Corporation's financial condition and results of operations could be materially and adversely affected. If this were to happen, the value of the Corporation's common stock could decline significantly, and you could lose all or part of your investment.

**Risks Related to Interest Rates and Investments**

*The Corporation Is Subject to Interest Rate Risk*
The Corporation's earnings and cash flows are largely dependent upon its net interest income. Net interest income is the difference between interest income earned on interest earning assets, such as loans and securities, and interest expense paid on interest bearing liabilities, such as deposits and borrowed funds. Interest rates are highly sensitive to many factors that are beyond the Corporation's control, including general economic conditions and policies of various governmental and regulatory agencies, particularly, the Board of Governors of the Federal Reserve System. Changes in monetary policy, including changes in interest rates, could influence not only the interest the Corporation receives on loans and securities, but also the amount of interest it pays on deposits and borrowings. Changes in interest rates could also affect:

- The Corporation's ability to originate loans and obtain deposits
- The fair value of the Corporation's financial assets and liabilities
- The average duration of the Corporation's assets and liabilities
- The future liquidity of the Corporation

If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other securities, the Corporation's net interest income, and therefore earnings, could be adversely affected. Earnings could also be adversely affected if the interest rates received on loans and other securities fall more quickly than, or do not keep pace with, the interest rates paid on deposits and other borrowings or increases thereon.

Although management believes it has implemented effective asset and liability management strategies to reduce the potential effects of changes in interest rates on the Corporation's results of operations, any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on the Corporation's financial condition and results of operations.

*If The Corporation Concludes That the Decline in Value of Any of Its Debt Securities Is Credit Related, The Corporation is Required to Write Down the Value of That Security Through a Charge to Earnings*
The Corporation reviews the debt securities portfolio at each quarter-end reporting period to determine whether the fair value is below the current carrying value. When the fair value of any of the debt securities has declined below its carrying value, the Corporation is required to assess whether the decline is related to credit deterioration. If it concludes that the decline is credit related, it is required to write down the value of that security through a charge to earnings. In determining whether a credit loss exists, management shall consider the factors in paragraphs 326-30-55-1 through 55-4 of ASU 2016-13, *Financial Instruments – Credit Losses,* and use its best estimate of the present value of cash flows expected to be collected from the debt security. Management must use its best estimate to determine if a credit loss exists. It may develop its best estimate using either a singular best estimate approach or a probability-weighted approach but must apply the chosen approach consistently. Management has elected to use the single best estimate method. If the present value of the best estimate is equal to amortized cost, no credit loss calculation needs to be made. If the present value is below amortized cost, the entity must measure the credit loss using the best estimate of cash flows. Due to the complexity of the calculations and assumptions used in determining whether a credit loss exists, the credit loss, if any, may not accurately reflect the actual credit loss in the future.

**Risks Related to Credit**

*The Corporation Is Subject to Lending Risk*
There are inherent risks associated with the Corporation's lending activities.

These risks include, among other things, the impact of changes in interest rates and changes in the economic conditions in the markets where the Corporation operates, as well as those across the Commonwealth of Pennsylvania and the United States. Increases in interest rates and/or weakening economic conditions could adversely impact the ability of borrowers to repay outstanding loans or the value of the collateral securing these loans. The Corporation is also subject to various laws and regulations that affect its lending activities. Failure to comply with applicable laws and regulations could subject the Corporation to regulatory enforcement action that could result in the assessment of significant civil money penalties against the Corporation.

As of December 31, 2025, 26.0% of the Corporation's loan portfolio consisted of Business Loans. These types of loans are generally viewed as having more risk of default than consumer real estate loans or other consumer loans. These types of loans are also typically larger than consumer real estate loans and other consumer loans. Because the Corporation's loan portfolio contains a significant number of commercial and industrial, construction, and commercial real estate loans with relatively large balances, the deterioration of one or a few of these loans could cause a significant increase in non-performing loans. An increase in non-performing loans could result in a net loss of earnings from these loans, an increase in the provision for possible credit losses, and an increase in loan charge-offs, all of which could have a material adverse effect on the Corporation's financial condition and results of operations.

*The Corporation is subject to commercial real estate volatility that may result in increases in non-performing loans that could have an adverse impact on our financial condition and results of operations.*
The commercial real estate market nationally, regionally, and locally has recently been subject to increased levels of volatility. Many believe that commercial real estate in the commercial office sector is undergoing a fundamental transformation and change that started during the recent pandemic but also continues due to evolving workplace environments. These changes in the marketplace affect the demand for commercial office space which in turn may affect the credit status, profitability, and collectability, of existing and future commercial real estate office sector loans. As explained above in greater detail in the risk factor for Lending Risk, volatility and increases in non-performing loans could have an adverse impact on our financial condition and results of operations.

*The Corporation's Allowance for Credit Losses May Be Insufficient to Cover Actual Losses*
The Corporation maintains an allowance for credit losses, which is a reserve established through a provision for credit losses, charged to expense. The allowance for credit losses represents the Corporation's best estimate of expected losses in our financial assets, which includes loans, leases, and debt securities. The allowance for possible credit losses includes two primary components: (1) an allowance established on financial assets which share similar risk characteristics collectively evaluated for credit losses, and (2) an allowance established on financial assets which do not share similar risk characteristics with any loan segment and is individually evaluated for credit losses. The level of the allowance for possible credit losses includes quantitative and qualitative factors that comprise the Corporation's estimate of expected credit losses, including portfolio mix and segmentation, modeling methodology, historical loss experience, relevant available information from internal and external sources relating to qualitative adjustment factors, and reasonable and supportable forecasts about future economic conditions. Determining the appropriate level of the allowance for possible credit losses understandably involves a high degree of subjectivity and requires the Corporation to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans, and other factors, both within and outside of the Corporation's control, may require an increase in the allowance for possible credit losses. In addition, regulatory agencies periodically review the Corporation's allowance for credit losses and may require an increase in the provision for possible losses or the recognition of further loan charge-offs, based on judgments different than those of management. In addition, if charge-offs in future periods exceed the allowance for possible credit losses, the Corporation will need additional provisions to increase the allowance for possible credit losses. Any increases in the allowance for credit losses will result in a decrease in net income, and may have a material adverse effect on the Corporation's financial condition and results of operations.

*The Corporation Is Subject to Environmental Liability Risk Associated with Lending Activities*
A significant portion of the Corporation's loan portfolio is secured by real property. During the ordinary course of business, the Corporation may foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, the Corporation may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require the Corporation to incur substantial expenses and may materially reduce the affected property's value or limit the Corporation's ability to use or sell the affected property.

In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws, may increase the Corporation's exposure to environmental liability. Although the Corporation has policies and procedures to perform an environmental review before initiating any foreclosure action on real property, these reviews may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on the Corporation's financial condition and results of operations.

**Risks Related to Competition and Business Strategy**

*The Corporation Operates in A Highly Competitive Industry and Market Area*

The Corporation faces substantial competition in all areas of its operations from a variety of different competitors, many of which are larger and may have more financial resources. Such competitors primarily include national, regional, and community banks within the various markets in which the Corporation operates. Additionally, various out-of-state banks have begun to enter or have announced plans to enter the market areas in which the Corporation currently operates. The Corporation also faces competition from many other types of financial institutions, including, without limitation, online banks, savings and loans, credit unions, finance companies, brokerage firms, insurance companies, and other financial intermediaries. The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes, and continued consolidation. Banks, securities firms, and insurance companies can merge under the umbrella of a financial holding company, which can offer virtually any type of financial service, including banking, securities underwriting, insurance (both agency and underwriting), and merchant banking. Also, technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems. Many of the Corporation's competitors have fewer regulatory constraints and may have lower cost structures. Additionally, due to their size, many competitors may be able to achieve economies of scale and, as a result, may offer a broader range of products and services as well as better pricing for those products and services than the Corporation can offer.

The Corporation's ability to compete successfully depends on a number of factors, including, among other things:

- The ability to develop, maintain, and build upon long-term customer relationships based on quality service, high ethical standards, and safe, sound management practices
- The ability to expand the Corporation's market position
- The scope, relevance, and pricing of products and services offered to meet customer needs and demands
- The rate at which the Corporation introduces new products and services relative to its competitors
- Customer satisfaction with the Corporation's level of service
- Industry and general economic trends

Failure to perform in any of these areas could significantly weaken the Corporation's competitive position, which could adversely affect the Corporation's growth and profitability and have a material adverse effect on the Corporation's financial condition and results of operations.

*The Earnings of Financial Services Companies Are Significantly Affected by General Business and Economic Conditions*

The Corporation's operations and profitability are impacted by general business and economic conditions in the United States and abroad. These conditions include short-term and long-term interest rates, inflation, money supply, political issues, legislative and regulatory changes, fluctuations in both debt and equity capital markets, broad trends in industry and finance, and the strength of the U.S. economy and the local economies in which the Corporation operates, all of which are beyond the Corporation's control. Deterioration in economic conditions could result in an increase in loan delinquencies and non-performing assets, decreases in loan collateral values and a decrease in demand for the Corporation's products and services, among other things, any of which could have a material adverse impact on the Corporation's financial condition and results of operations.

*Future Credit Downgrades of The United States Government Due To Issues Relating to Debt and the Deficit May Adversely Affect the Corporation*

As a result of past difficulties of the federal government to reach agreement over federal debt and issues connected with the debt ceiling, certain rating agencies placed the United States Government's long-term sovereign debt rating on their equivalent of negative watch and announced the possibility of a rating downgrade.

The rating agencies, due to constraints related to the rating of the United States, also placed government-sponsored enterprises in which the Corporation invests and receives lines of credit on negative watch and a downgrade of the United States credit rating would trigger a similar downgrade in the credit rating of these government-sponsored enterprises. Furthermore, the credit rating of other entities, such as state and local governments, may also be downgraded should the United States credit rating be downgraded. Credit downgrades often cause a lower valuation of the Corporation's securities.

*The Corporation's Profitability Depends Significantly on Economic Conditions in the Commonwealth of Pennsylvania and Its Market Area*

The Corporation's success depends primarily on the general economic conditions of the Commonwealth of Pennsylvania, and more specifically, the local markets in which the Corporation operates. Unlike larger national or other regional banks that are more geographically diversified, the Corporation provides banking and financial services to customers primarily located in Lancaster County, as well as Berks, Chester, and Lebanon Counties. The local economic conditions in these areas have a significant impact on the demand for the Corporation's products and services as well as the ability of the Corporation's customers to repay loans, the value of the collateral securing loans, and the stability of the Corporation's deposit funding sources. A significant decline in general economic conditions, caused by inflation, recession, acts of terrorism, outbreak of hostilities or other international or domestic occurrences, unemployment, changes in securities markets, or other factors could impact these local economic conditions and, in turn, have a material adverse effect on the Corporation's financial condition and results of operations.

*New Lines of Business or New Products and Services May Subject the Corporation to Additional Risks*

From time to time, the Corporation may implement new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services, the Corporation may invest significant amount of time and resources. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved, and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. Furthermore, any new line of business and/or new product or service could have a significant impact on the effectiveness of the Corporation's system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or new products or services could have a material adverse effect on the Corporation's business, results of operations, and financial condition.

*The Corporation's Controls and Procedures May Fail or Be Circumvented*

Management regularly reviews and updates the Corporation's internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of the Corporation's controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on the Corporation's business, results of operations, and financial condition.

*The Corporation May Not Be Able to Attract and Retain Skilled People*

The Corporation's success highly depends on its ability to attract and retain key people. Competition for the best people in most activities engaged in by the Corporation can be intense and the Corporation may not be able to hire people or to retain them. The unexpected loss of services of one or more of the Corporation's key personnel could have a material adverse impact on the Corporation's business because of their skills, knowledge of the Corporation's market, years of industry experience, and the difficulty of promptly finding qualified replacement personnel.

*The Corporation's Communications, Information and Technology Systems May Experience an Interruption or Breach in Security*

The Corporation relies heavily on communications, information and technology systems to conduct its business. Any failure, interruption, or breach in security of these systems could result in failures or disruptions in the Corporation's customer relationship management, general ledger, deposit, loan, and other systems. While the Corporation has policies and procedures designed to prevent or limit the effect of the failure, interruption, or security breach of its communications, information and technology systems, there can be no assurance that any such failures, interruptions, or security breaches will not occur or, if they do occur, that they will be adequately addressed.

Further, while the Corporation maintains insurance coverage that may, subject to policy terms and conditions including significant self-insured deductibles, cover or ameliorate certain financial aspects of cyber risks, such insurance coverage may be insufficient to cover all losses.

The occurrence of any failures, interruptions, or security breaches of the Corporation's communications, information and technology systems could damage the Corporation's reputation, adversely affecting customer or consumer confidence, result in a loss of customer business, subject the Corporation to additional regulatory scrutiny and possible regulatory penalties, or expose the Corporation to civil litigation and possible financial liability, any of which could have a material adverse effect on the Corporation's financial condition and results of operations.

*The Corporation Continually Encounters Technological Change*

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. The Corporation's future success depends, in part, upon its ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in the Corporation's operations. Many of the Corporation's competitors have substantially greater resources to invest in technological improvements. The Corporation may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to its customers. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse impact on the Corporation's business, financial condition, and results of operations.

*The Corporation's Operations of Its Business, Including Its Interaction with Customers, Are Increasingly Done Via Electronic Means, and this Has Increased Its Risks Related to Cyber Security*

The Corporation is exposed to the risk of cyber-attacks in the normal course of business. In general, cyber incidents can result from deliberate attacks or unintentional events. The Corporation has observed an increased level of attention in the industry focused on cyber-attacks that include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. To combat against these attacks, policies and procedures are in place to prevent or limit the effect on the possible security breach of its information and technology systems. Further, the Corporation may face unknown or contingent liabilities arising from cybersecurity incidents or data breaches that previously occurred at companies it acquires. Such incidents may not have been discovered, disclosed, or if previously discovered fully-remediated before closing, and the acquired company's representations, warranties, and indemnities may be limited in scope, duration, or recoverability. As a result, the Corporation could incur costs or liabilities after an acquisition relating to regulatory investigations, litigation, remediation efforts, reputational harm, or customer and partner claims, which could adversely affect its business, financial condition, and results of operations. While the Corporation maintains insurance coverage that may, subject to policy terms and conditions including significant self-insured deductibles, cover or ameliorate certain financial aspects of cyber risks, such insurance coverage may be insufficient to cover all or a material amount of losses. While the Corporation has not incurred any material losses related to cyber-attacks, nor is it aware of any specific or threatened cyber-incidents as of the date of this report, it may incur substantial costs and suffer other negative consequences if it falls victim to successful cyber-attacks. Such negative consequences could include remediation costs that may include liability for stolen assets or information and repairing system damage that may have been caused; deploying additional personnel and protection technologies, training employees, and engaging third party experts and consultants; lost revenues resulting from unauthorized use of proprietary information or the failure to retain or attract customers following an attack; disruption or failures of physical infrastructure, operating systems or networks that support our business and customers resulting in the loss of customers and business opportunities; additional regulatory scrutiny and possible regulatory penalties; litigation; and reputational damage adversely affecting customer or investor confidence.

*The Corporation Uses Artificial Intelligence (AI) In Its Business, And Challenges with Properly Managing Its Use Could Result in Disruption of the Corporation's Internal Operations, Reputational Harm, Competitive Harm, Legal Liability and Adversely Affect Our Results of Operations and Stock Price.*

The Corporation incorporates AI solutions into platforms that deliver products and services to our customers, including solutions developed by third parties whose AI is integrated into our products and services. Our business could be harmed and we may be exposed to legal liability and reputational risk if the AI we use is or is alleged to be deficient, inaccurate, or biased because the AI algorithms are flawed, insufficient, of poor quality, or reflect unwanted forms of bias, particularly if third party AI integrated with our platforms produces false or "hallucinatory" inferences.

Data practices by us or others that result in controversy could impair the acceptance of AI, which could undermine the decisions, predictions, or analysis that AI applications produce. Our customers and potential customers may express adverse opinions concerning our use of AI and machine learning that could result in brand or reputational harm, competitive harm, or legal liability. If the Corporation adopts the use of Generative AI, its content creation may require additional investment as testing for bias, accuracy and unintended, harmful impact is often complex and may be costly. As a result, the Corporation may need to increase the cost of our products and services, which may make us less competitive, particularly if our competitors incorporate AI more quickly or successfully.

Governmental bodies have implemented laws and are considering further regulation of AI (including machine learning), which could negatively impact our ability to use and develop AI. The Corporation is unable to predict how application of existing laws, including federal and state privacy and data protection laws, and adoption of new laws and regulations applicable to AI will affect us but it is likely that compliance with such laws and regulations will increase our compliance costs and such increase may be substantial and adversely affect our results of operations. Furthermore, our use of Generative AI and other forms of AI may expose us to risks relating to intellectual property ownership and licensing rights, including copyright of Generative AI and other AI output as these issues have not been fully interpreted by federal courts or been fully addressed by federal or state legislation or regulations.

*The Increasing Use of Social Media Platforms Presents Risks and Challenges and Our Inability or Failure to Recognize, Respond to and Effectively Manage the Accelerated Impact of Social Media Could Materially Adversely Impact Our Business*

The use of social media platforms, including weblogs (blogs), social media websites, and other forms of Internet-based communications allows individuals access to a broad audience of consumers and other interested persons. Social media practices in the banking industry are continually evolving, which creates uncertainty and risk of noncompliance with regulations applicable to our business. Consumers value readily available information concerning businesses and their goods and services and often act on such information without further investigation and without regard to its accuracy. Many social media platforms immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. Information posted on such platforms at any time may be adverse to our interests and/or may be inaccurate. The dissemination of information online could harm our business, prospects, financial condition, and results of operations, regardless of the information's accuracy. The harm may be immediate without affording us an opportunity for redress or correction.

Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about our business, exposure of personally identifiable information, fraud, out-of-date information, and improper use by employees and customers. The inappropriate use of social media by our customers or employees could result in negative consequences including remediation costs including training for employees, additional regulatory scrutiny and possible regulatory penalties, litigation or negative publicity that could damage our reputation adversely affecting customer or investor confidence.

*The Corporation Is Subject to Claims and Litigation Pertaining to Fiduciary Responsibility*

From time to time, customers make claims and take legal action pertaining to the Corporation's performance of its fiduciary responsibilities. Whether customer claims and legal action related to the Corporation's performance of its fiduciary responsibilities are founded or unfounded, if such claims and legal actions are not resolved in a manner favorable to the Corporation, they may result in significant financial liability and/or adversely affect the market perception of the Corporation and its products and services as well as impact customer demand for those products and services. Any financial liability or reputation damage could have a material adverse effect on the Corporation's business, financial condition, and results of operations.

*Financial Services Companies Depend on the Accuracy and Completeness of Information About Customers and Counterparties*

In deciding whether to extend credit or enter into other transactions, the Corporation may rely on information furnished by, or on behalf of, customers and counterparties, including financial statements, credit reports, and other financial information. The Corporation may also rely on representations of those customers, counterparties, or other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate or misleading financial statements, credit reports, or other financial information could have a material adverse impact on the Corporation's business and, in turn, the Corporation's financial condition and results of operations.

*Consumers May Decide Not to Use Banks to Complete Their Financial Transactions*
Technology and other changes are allowing parties to complete financial transactions that historically have involved banks through alternative methods. For example, consumers can now maintain funds that would have historically been held as bank deposits in brokerage accounts or mutual funds. Consumers can also complete transactions such as paying bills and/or transferring funds directly without the assistance of banks. The process of eliminating banks as intermediaries, known as "disintermediation," could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower cost deposits as a source of funds could have a material adverse effect on the Corporation's financial condition and results of operations.

*A Change in Control of the United States Government and Issues Relating to Debt and the Deficit May Adversely Affect the Corporation*
The outcome of future elections could result in changes in control of the federal government and bring significant changes (or uncertainty) in governmental policies, regulatory environments, spending sentiment and many other factors and conditions, some of which could adversely impact the Corporation's business, financial condition and results of operations.

*Negative Developments Affecting the Banking Industry, Including Bank Failures or Concerns Regarding Liquidity, Have Eroded Customer Confidence in the Banking System and May Have a Material Adverse Effect on the Corporation*
Events impacting the banking industry, including the high-profile failure or instability of certain banking institutions, have resulted and may continue to result in general uncertainty and eroded confidence in the safety, soundness, and financial strength of the financial services sector. In particular, the bank failures highlighted the potential serious impact of a financial institution unable to meet withdrawal requests by depositors. This has resulted in a growing concern about liquidity in the banking industry, access to and volatile capital markets and reduced stock valuations for certain financial institutions. Similar future events, including additional bank failures or bank instability, could directly or indirectly adversely impact our own liquidity, access to capital markets, stock price, financial condition and results of operations. Further, these events may also result in: greater regulatory scrutiny and enforcement; additional and more stringent laws and regulations for the financial services industry; increased FDIC deposit insurance premiums or special FDIC assessments; and higher capital ratio requirements, which as a result could have a material negative impact and adverse effect on our business, financial condition and results of operations.

*Natural Disasters, Acts of War or Terrorism, Domestic and International Instability, Pandemics, and Other External Events Could Significantly Impact the Corporation's Business*
Severe weather, natural disasters, acts of war or terrorism, domestic and international instability, pandemics, and other adverse external events could have a significant impact on the Corporation's ability to conduct business. Such events could affect the stability of the Corporation's deposit base; impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue, and/or cause the Corporation to incur additional expenses. Severe weather or natural disasters, acts of war or terrorism, pandemics, or other adverse external events, may occur in the future. Although management has established disaster recovery policies and procedures, the occurrence of any such event could have a material adverse effect on the Corporation's business, financial condition, and results of operations.

*Changes to trade policies and tariffs can have an adverse impact on the Corporation's business and its customers*
Changes in trade policies, including the imposition of tariffs or the escalation of a trade war, could negatively impact the economic conditions in the markets the Corporation serves. The Corporation's customers-particularly local businesses engaged in agriculture, manufacturing, and retail-may face higher costs for imported goods and materials, reduced export demand, and supply chain disruptions due to increased tariffs. These challenges could lead to lower revenues, reduced profitability, and potential layoffs, all of which may impair the Corporation's customers' ability to meet their financial obligations. Furthermore, prolonged trade tensions and economic uncertainty could lead to market volatility, declining asset values, and weakened consumer confidence. If its customers experience financial stress, the Corporation could see an increase in loan delinquencies and credit losses, negatively affecting its asset quality and overall financial performance. Additionally, any decline in local economic activity could reduce loan demand, deposit growth, and fee income, which are critical to the Corporation's long-term success. While it actively monitors economic and policy developments, the Corporation cannot predict the outcome of trade negotiations or the full impact of tariffs and trade restrictions on its business, customers, and the broader economy.

Any adverse effects from tariffs or a trade war could materially and negatively impact its financial condition, results of operations, and future growth prospects.

**Risks Related to Regulatory Compliance and Legal Matters**

*The Basel III Capital Requirements or Other Regulatory Standards May Require Us to Maintain Higher Levels of Capital, Which Could Reduce Our Profitability*

Basel III targets higher levels of base capital, certain capital buffers, and a migration toward common equity as the key source of regulatory capital. Although the new capital requirements are phased in over the next decade, Basel III signals a growing effort by domestic and international bank regulatory agencies to require financial institutions, including depository institutions, to maintain higher levels of capital. As Basel III is implemented, regulatory viewpoints could change and require additional capital to support our business risk profile. If the Corporation and the Bank are required to maintain higher levels of capital, the Corporation and the Bank may have fewer opportunities to invest capital into interest-earning assets, which could limit the profitable business operations available to the Corporation and the Bank and adversely impact our financial condition and results of operations.

*The Corporation is Subject to Extensive Government Regulation and Supervision*

The Corporation is subject to extensive federal and state regulation and supervision. Banking regulations are primarily intended to protect depositors' funds, federal deposit insurance funds, and the banking system as a whole, not shareholders. These regulations affect the Corporation's lending practices, capital structure, investment practices, dividend policy, and growth, among other things. Congress and federal regulatory agencies continually review banking laws, regulations, and policies for possible changes. Changes to statutes, regulations, or regulatory policies, including changes in interpretation or implementation of statutes, regulations, or policies, could affect the Corporation in substantial and unpredictable ways. Such changes could subject the Corporation to additional costs, limit the types of financial services and products the Corporation may offer, and/or increase the ability of non-banks to offer competing financial services and products, among other things. Failure to comply with laws, regulations, or policies could result in sanctions by regulatory agencies, civil money penalties, and/or reputation damage, which could have a material adverse effect on the Corporation's business, financial condition, and results of operations. While the Corporation has policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur.

*Future Governmental Regulation and Legislation Could Limit the Corporation's Future Growth*

The Corporation is a registered bank holding company, and its subsidiary bank is a depository institution whose deposits are insured by the FDIC. As a result, the Corporation is subject to various regulations and examinations by various regulatory authorities. In general, statutes establish corporate governance and eligible business activities for the Corporation, certain acquisition and merger restrictions, limitations on inter-company transactions such as loans and dividends, capital adequacy requirements, requirements for anti-money laundering programs and other compliance matters, among other regulations. The Corporation is extensively regulated under federal and state banking laws and regulations that are intended primarily for the protection of depositors, federal deposit insurance funds and the banking system as a whole. Compliance with these statutes and regulations is important to the Corporation's ability to engage in new activities and consummate additional acquisitions. In addition, the Corporation is subject to changes in federal and state tax laws as well as changes in banking and credit regulations, accounting principles, and governmental economic and monetary policies. The Corporation cannot predict whether any of these changes may adversely and materially affect it. Federal and state banking regulators also possess broad powers to take supervisory actions as they deem appropriate. These supervisory actions may result in higher capital requirements, higher insurance premiums and limitations on the Corporation's activities that could have a material adverse effect on its business and profitability. While these statutes are generally designed to minimize potential loss to depositors and the FDIC insurance funds, they do not eliminate risk, and compliance with such statutes increases the Corporation's expense, requires management's attention and can be a disadvantage from a competitive standpoint with respect to non-regulated competitors.

*The Corporation's Banking Subsidiary May Be Required to Pay Higher FDIC Insurance Premiums or Special Assessments Which May Adversely Affect Its Earnings*

Future bank failures may prompt the FDIC to increase its premiums above the current levels or to issue special assessments. The Corporation generally is unable to control the amount of premiums or special assessments that its subsidiary is required to pay for FDIC insurance.

Any future changes in the calculation or assessment of FDIC insurance premiums may have a material adverse effect on the Corporation's results of operations, financial condition, and the ability to continue to pay dividends on common stock at the current rate or at all.

**Risks Related to Mergers and Acquisitions**

On February 1, 2026, we completed the acquisition of Cecil Bancorp, Inc. and its wholly-owned subsidiary, Cecil Bank.

*Growing by acquisition involves risks*
We intend to pursue a growth plan consistent with our business strategy, including growth by acquisition, as well as leveraging our existing branch network and adding new branch locations in current and future markets we choose to serve. Our ability to manage growth successfully depends on our ability to attract qualified personnel and maintain cost controls and asset quality while attracting additional loans and deposits on favorable terms, as well as on factors beyond our control, such as economic conditions and competition. If we grow too quickly and are not able to attract qualified personnel, control costs and maintain asset quality, this continued growth could materially adversely affect our financial performance.

*Goodwill incurred in the acquisition of Cecil may negatively affect our financial condition*
To the extent that the acquisition consideration, consisting of the cash issued in the acquisition of Cecil exceeds the fair value of the net assets acquired, including identifiable intangibles, that amount will be reported as goodwill by us. In accordance with current accounting guidance, goodwill will not be amortized but will be evaluated for impairment annually or more frequently if events or circumstances warrant. A failure to realize expected benefits of the acquisition could adversely impact the carrying value of the goodwill recognized in the acquisition and, in turn, negatively affect our financial results. The goodwill that results from the transaction will also negatively impact tangible and regulatory capital ratios.

*We may be unable to successfully integrate Cecil's operations*
The acquisition of Cecil and Cecil Bank involve the integration of companies that previously operated independently of the Corporation. The difficulties of combining the companies' operations include:

- integrating personnel with diverse business backgrounds.
- integrating departments, systems, operating procedures, and information technologies.
- combining different corporate cultures; retaining existing customers and attracting new customers.
- and retaining key employees.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of the combined company's businesses and the loss of key personnel. The diversion of management's attention and any delays or difficulties encountered in connection with the acquisition and the integration of the two companies' operations could have a material adverse effect on the business and results of operations of the combined company.

The success of the acquisition will depend, in part, on our ability to realize the anticipated benefits and cost savings from combining the business of the Corporation and Cecil. If we are unable to successfully integrate, the anticipated benefits and cost savings of the acquisition may not be realized fully or may take longer to realize than expected. For example, we may fail to realize the anticipated increase in earnings and cost savings anticipated to be derived from the acquisition. In addition, with regard to any acquisition, a significant change in interest rates or economic conditions or decline in asset valuations may also cause us not to realize expected benefits and result in the acquisition not being as accretive as expected.

*Unanticipated costs relating to the acquisition could reduce our future earnings per share*
We believe that we have reasonably estimated the likely costs of integrating the operations of the Corporation and Cecil, and the incremental costs of operating as a combined company. However, it is possible that we could incur unexpected transaction costs such as taxes, fees or professional expenses or unexpected future operating expenses such as increased personnel costs or increased taxes, which could result in the acquisition not being as accretive as expected or having a dilutive effect on the combined company's earnings per share.

*The market price of our common stock after the acquisition may be affected by factors different from those affecting our shares currently*

The businesses of the Corporation and Cecil and, accordingly, the results of operations of the combined company and the market price of the combined company's shares of common stock may be affected by factors different from those currently affecting the independent results of operations and market prices of common stock of each of us. The market value of our common stock fluctuates based upon various factors, including changes in our business, operations or prospects, market assessments of the acquisition, regulatory considerations, market and economic considerations, and other factors. Further, the market price of our common stock after the acquisition may be affected by factors different from those currently affecting our common stock.

**Risks Associated with the Corporation's Common Stock**

*The Corporation's Stock Price Can Be Volatile*

Stock price volatility may make it more difficult for shareholders to resell their shares of common stock when they desire and at prices, they find attractive. The Corporation's stock price can fluctuate significantly in response to a variety of factors including, among other things:

- Actual or anticipated variations in quarterly results of operations
- Recommendations by securities analysts
- Operating and stock price performance of other companies that investors deem comparable to the Corporation
- News reports relating to trends, concerns, and other issues in the financial services industry
- Perceptions in the marketplace regarding the Corporation and/or its competitors
- New technology used, or services offered, by competitors
- Significant acquisitions or business combinations, strategic partnerships, joint ventures, or capital commitments by, or involving, the Corporation or its competitors
- Changes in government regulations
- Geopolitical conditions such as acts or threats of terrorism or military conflicts

General market fluctuations, industry factors, and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes, or credit loss trends, could also cause the Corporation's stock price to decrease regardless of operating results.

*The Trading Volume in The Corporation's Common Stock Is Less Than That of Other Larger Financial Services Companies*

The Corporation's common stock is listed for trading on the OTCQX Best Market (OTCQX) under the symbol ENBP. The trading volume in its common stock is a fraction of that of other larger financial services companies. A public trading market having the desired characteristics of depth, liquidity, and orderliness depends on the presence in the marketplace of willing buyers and sellers of the Corporation's common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which the Corporation has no control. Given the lower trading volume of the Corporation's common stock, significant sales of the Corporation's common stock, or the expectation of these sales, could cause the Corporation's stock price to fall.

*The Corporation's Ability to Pay Dividends Depends on Earnings and is Subject to Regulatory Limits*

The Corporation's ability to pay dividends is also subject to its profitability, financial condition, capital expenditures, and other cash flow requirements. Dividend payments are subject to legal and regulatory limitations, generally based on net profits and retained earnings, imposed by the various banking regulatory agencies. There is no assurance that the Corporation will have sufficient earnings to be able to pay dividends or generate adequate cash flow to pay dividends in the future. The Corporation's failure to pay dividends on its common stock could have a material adverse effect on the market price of its common stock.

*The Corporation May Need to Or Be Required to Raise Additional Capital in the Future, And Capital May Not Be Available When Needed and on Terms Favorable to Current Shareholders*

Federal banking regulators require the Corporation and its subsidiary bank to maintain adequate levels of capital to support their operations. These capital levels are determined and dictated by law, regulation, and banking regulatory agencies. In addition, capital levels are also determined by the Corporation's management and board of directors based on capital levels that they believe are necessary to support the Corporation's business operations.

If the Corporation raises capital through the issuance of additional shares of its common stock or other securities, it will likely dilute the ownership interests of current investors and could dilute the per share book value and earnings per share of its common stock. Furthermore, a capital raise through issuance of additional shares may have an adverse impact on the Corporation's stock price. New investors also may have rights, preferences, and privileges senior to the Corporation's current shareholders, which may adversely impact its current shareholders. The Corporation's ability to raise additional capital will depend on conditions in the capital markets at that time, which are outside of its control, and on its financial performance. Accordingly, the Corporation cannot be certain of its ability to raise additional capital on acceptable terms and acceptable time frames or to raise additional capital at all. If the Corporation cannot raise additional capital in sufficient amounts when needed, its ability to comply with regulatory capital requirements could be materially impaired. Additionally, the inability to raise capital in sufficient amounts may adversely affect the Corporation's financial condition and results of operations.

*An Investment in The Corporation's Common Stock Is Not an Insured Deposit*

The Corporation's common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC, any other deposit insurance fund, or by any other public or private entity. Investment in the Corporation's common stock is inherently risky for the reasons described in this "Risk Factors" section and elsewhere in this report and is subject to the same market forces that affect the price of common stock in any company. As a result, an investor in the Corporation's common stock may lose some or all of their investment.

*The Corporation's Articles of Incorporation and Bylaws, As Well As Certain Banking Laws, May Have an Anti-Takeover Effect*

Provisions of the Corporation's articles of incorporation and bylaws, federal banking laws, including regulatory approval requirements, and the Corporation's stock purchase rights plan, could make it more difficult for a third party to acquire the Corporation, even if doing so would be perceived to be beneficial to the Corporation's shareholders. The combination of these provisions effectively inhibits a non-negotiated merger or other business combination that could adversely affect the market price of the Corporation's common stock.

**Item 1B. Unresolved Staff Comments**

None

**Item 1C. Cybersecurity**

Cybersecurity, data privacy, and data protection are critical to our business. In the ordinary course of operations, we collect and store confidential information, including personal data relating to depositors, borrowers, employees, contractors, vendors, and suppliers. We rely extensively on the secure processing, storage, and transmission of sensitive financial, personal, and proprietary information within our computer systems and networks.

The Corporation maintains a comprehensive Information Security Program aligned with the National Institute of Standards and Technology Cybersecurity Framework (NIST-CSF), applicable regulatory guidance, and recognized industry standards. Core components of this program include a risk assessment framework to identify, evaluate, and mitigate cybersecurity risks; a vendor management program addressing third-party risk; a business continuity program designed to support operational resilience; and an incident response program establishing protocols for cybersecurity incident management and notification.

The Chief Information Security Officer (CISO) oversees these programs and reports regularly to management committees, including the Senior Leadership Committee, ERM Governance Committee, and Operational Risk Committees. The CISO operates within the risk management function and reports directly to the Chief Risk Officer, who reports to the Board of Directors. With more than twenty-five years of relevant professional experience and multiple industry certifications, the CISO provides periodic updates to the Board, including a comprehensive annual report. The Information Security, Vendor Management, Business Continuity, and Incident Response Programs are reviewed and approved by the Board annually.

The CISO maintains risk assessments for critical information systems, vendors, and processes. A third-party risk assessment platform, together with the NIST CSF 2.0 framework, is used annually to evaluate risk. Third parties are assessed based on service type and associated compliance, financial, operational, and security risks. The scope of due diligence and ongoing monitoring is commensurate with the level of risk identified.

All employees and directors receive cybersecurity awareness training upon hire and at least annually thereafter. In addition, simulated phishing exercises are conducted regularly to assess awareness and provide supplemental training when needed. The Corporation employs data loss prevention and web filtering technologies to help prevent unauthorized data exfiltration and block malicious content. Regular penetration testing and vulnerability scanning are performed to assess control effectiveness. Our cybersecurity strategy follows a layered defense-in-depth approach that integrates people, processes, and technology to monitor, detect, and respond to suspicious activity, including potential advanced persistent threats.

Access to data and systems is granted solely on a need-to-know basis aligned with job responsibilities. The Information Security Department approves all access changes, and critical system access rights are reviewed at least annually.

The Corporation maintains a cross-functional Incident Response Team trained to respond to cybersecurity events. The team conducts annual tabletop exercises and is responsible for ensuring required notifications are made in accordance with applicable laws, regulations, and internal policies.

For the year ended December 31, 2025, the Corporation did not experience any cybersecurity incidents that materially affected, or are reasonably likely to materially affect, its operations, financial condition, or results.

**Item 2. Properties**

As of December 31, 2025, ENB Financial Corp and Ephrata National Bank owned and leased buildings in the normal course of business. The headquarters of ENB Financial Corp and main office of Ephrata National Bank is at 31 East Main Street, Ephrata, Pennsylvania. As of December 31, 2025, the Bank owned twenty (20) properties and leased seven (7) properties. These properties are adequate for their intended and present utilization.

For more information concerning the amounts recorded for premises and equipment and commitments under current leasing agreements, see Notes D and Q of the Notes to Consolidated Financial Statements included in Item 8. “Financial Statements and Supplementary Data” of this report on Form 10-K.

**Item 3. Legal Proceedings**

The nature of the Corporation’s business generates a certain amount of litigation involving matters arising in the ordinary course of business; however, in the opinion of management, there are no material proceedings pending to which the Corporation is a party to, or which would be material in relation to the Corporation’s financial condition. There are no proceedings pending other than ordinary routine litigation incident to the business of the Corporation. In addition, no material proceedings are pending, known to be threatened, or contemplated against the Corporation by governmental authorities.

**Item 4. Mine Safety Disclosures – Not Applicable**

## Part II

**Item 5. Market for Registrant’s Common Equity, Related Shareholder Matters, and Issuer Purchases of Equity Securities**

The Corporation has only one class of stock authorized, issued, and outstanding, which consists of common stock with a par value of $0.10 per share. As of December 31, 2025, there were 24,000,000 shares of common stock authorized with 5,739,114 shares issued, and 5,692,991 shares outstanding to approximately 850 shareholders.

The Corporation's common stock is traded on a limited basis on the OTCQX Best Market under the symbol "ENBP." Prices presented in the table below reflect high and low prices of actual transactions known to management. Prices and dividends per share are adjusted for stock splits. Market quotations reflect inter-dealer prices, without retail markup, markdown, or commission and may not reflect actual transactions.

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | High | Low | Dividend | High | Low | Dividend |
| First quarter | **$ 18.00** | **$ 15.88** | **$ 0.18** | $ 15.50 | $ 14.05 | $ 0.17 |
| Second quarter | **17.50** | **15.50** | **0.18** | 15.24 | 14.21 | 0.17 |
| Third quarter | **20.05** | **16.75** | **0.18** | 17.05 | 14.50 | 0.17 |
| Fourth quarter | **23.22** | **19.63** | **0.18** | 20.00 | 16.46 | 0.18 |

Dividends

The Corporation, and before it the Bank, since 1973 has generally paid quarterly cash dividends on or around March 15, June 15, September 15, and December 15 of each year. The Corporation currently expects to continue the practice of paying regular quarterly cash dividends to its shareholders for the foreseeable future. However, future dividends are dependent upon future earnings and legal restrictions. The dividend payments reflected above amount to a dividend payout ratio between 25.5% and 18.9% for 2024 and 2025. The dividend payout ratio is only one element of management's plan for managing capital. Certain laws restrict the amount of dividends that may be paid to shareholders in any given year. Under Pennsylvania corporate law, the Corporation may not pay a dividend if, after issuing the dividend (1) the Corporation would be unable to pay its debts as they become due, or (2) the Corporation's total assets would be less than its total liabilities plus the amount needed to satisfy any preferential rights of shareholders. In addition, as declared by the Board of Directors, Ephrata National Bank's dividend restrictions apply indirectly to ENB Financial Corp because cash available for dividend distributions will initially and historically have come from dividends Ephrata National Bank pays to ENB Financial Corp. See Note M to the consolidated financial statements in this Form 10-K filing, for information that discusses and quantifies this regulatory restriction.

ENB Financial Corp offers its shareholders the convenience of a Dividend Reinvestment Plan (DRP) and the direct deposit of cash dividends. The DRP gives shareholders registered with the Corporation the opportunity to have their quarterly dividends invested automatically in additional shares of the Corporation's common stock. Shareholders who prefer a cash dividend may have their quarterly dividends deposited directly into a checking or savings account at their financial institution. For additional information on either program, contact the Corporation's stock registrar and dividend paying agent, Computershare Shareholder Services, P.O. Box 505000, Louisville, KY 40233-5000.

Purchases

The following table details the Corporation's purchase of its own common stock during the three months ended December 31, 2025.

**Issuer Purchase of Equity Securites**

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans * | Maximum Number of Shares that May Yet be Purchased Under the Plan * |
|---|---|---|---|---|
| October 2025 | **-** | **$ -** | **-** | **200,000** |
| November 2025 | **15,000** | **22.10** | **15,000** | **185,000** |
| December 2025 | **-** | **-** | **-** | **185,000** |
| Total | **15,000** | | | |

* On October 16, 2024, the Board of Directors of the Corporation approved a plan to repurchase, in the open market and privately renegotiated transactions, up to 200,000 shares of its outstanding common stock. This plan replaces the 2020 plan. As of December 31, 2025, 15,000 shares had been purchased under this plan.

Recent Sales of Unregistered Securities and Equity Compensation Plan

The Corporation does not have an equity compensation plan and has not sold any unregistered securities.

**Item 6. [Reserved]**

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis represents management's view of the financial condition and results of operations of the Corporation. This discussion and analysis should be read in conjunction with the consolidated financial statements and other financial schedules included in this annual report. The financial condition and results of operations presented are not indicative of future performance.

### Strategic Overview

ENB Financial Corp (the "Corporation") and its wholly owned subsidiary, Ephrata National Bank (the "Bank"), are committed to remaining an independent community bank serving its market area. The Corporation's roots date back to the April 11, 1881 charter granted to Ephrata National Bank by the Office of the Comptroller of the Currency. The Bank's growth has been entirely organic over 144 years of existence until February 1, 2026 when it effected the Acquisition. The Board and Management are committed to the principles and values that have served the Corporation well over its history and the desire is to produce strong financial results that will engender trust from the Bank's customers and favorable returns to the shareholders.

### Results of Operations

### Overview

The Corporation's net income of $21,559,000 for the year ended December 31, 2025, a $6,242,000, or 40.8% increase over the year ended December 31, 2024. Earnings per share, basic and diluted, were $3.80 in 2025, compared to $2.71 in 2024. A number of items positively impacted net income and led to record earnings.

Net interest income (NII) increased by $11,963,000, or 21.1%, for the year ended December 31, 2025 compared to 2024. Growth in interest-earning assets coupled with actively managing costs of deposits resulted in increased NII, and improvement in net interest margin by 32 basis points, from 2.87% for the year ended December 31, 2024 to 3.19% in 2025.

The Corporation recorded an $887,000 provision for credit losses in 2025, compared to $1,015,000 in 2024. The lower provision in 2025 was primarily caused by favorable credit conditions.

Other income totaled $18,037,000 for the year ended December 31, 2025, a decrease of $93,000 from 2024. Excluding the impact of debt and equity securities gains of $159,000 in 2024 compared to securities losses of $206,000 for the year ended December 31, 2025, other income increased 1.5%.

Operating expenses, which included $698,000 of acquisition-related expenses pertaining to the Corporation's acquisition of Cecil Bancorp, Inc. in February 2026, totaled $59,119,000 for the year ended December 31, 2025, an increase of 7.0% from 2024. Other operating expenses outside of salaries and benefits increased due to expanded investments and initiatives in technology, increased occupancy costs with the opening of a new branch, and acquisition-related expenses.

The financial services industry uses two primary performance measurements to gauge performance: return on average assets (ROA) and return on average equity (ROE). ROA measures how efficiently a bank generates income based on the amount of assets or size of a company. ROE measures the efficiency of a company in generating income based on the amount of equity or capital utilized. These ratios for the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|---|---|---|
| Return on Average Assets | **0.98%** | 0.75% |
| Return on Average Equity | **15.17%** | 12.13% |

The results of the Corporation's operations are best explained by addressing in further detail the five major sections of the income statement, which are as follows:

- Net interest income
- Provision for credit losses
- Other income
- Operating expenses
- Income taxes

The following discussion analyzes each of these five components.

**Net Interest Income (NII)**

NII represents the largest portion of the Corporation's operating income. In 2025, NII generated 79.2% of the Corporation's revenue stream, which consists of NII and non-interest income, compared to 75.8% in 2024. This increase is a result of higher levels of interest income in 2025 compared to the prior year. The overall performance of the Corporation is highly dependent on the changes in NII since it comprises such a significant portion of operating income.

The following table shows a summary analysis of NII on a fully taxable equivalent (FTE) basis (in thousands). For analytical purposes and throughout this discussion, yields, rates, and measurements such as NII, net interest spread, and net yield on interest earning assets are presented on an FTE basis assuming a 21% tax rate, less impact of interest expense disallowance. The FTE NII shown in both tables below will exceed the NII reported on the consolidated statements of income, which is not shown on an FTE basis.

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Total interest income | **106,109** | 92,868 |
| Total interest expense | **37,405** | 36,127 |
| Net interest income | **68,704** | 56,741 |
| Tax equivalent adjustment | **411** | 343 |
| Net interest income (fully taxable equivalent) | **69,115** | 57,084 |

NII is the difference between interest income earned on interest-earnings assets and interest expense incurred on interest-bearing liabilities. Two factors impact NII:

- The rates charged on interest earning assets and paid on interest bearing liabilities
- The average balance of interest earning assets and interest-bearing liabilities

NII is impacted by yields earned on assets and rates paid on liabilities. As the Federal Reserve began lowering overnight rates in 2024 and 2025, asset yields did not decline as quickly and the Corporation managed liability rates well, moderating the negative impact on net interest margin.

The Corporation's NII on a taxable equivalent basis increased by $12,031,000, or 21.1%, for the year ended December 31, 2025 compared to 2024. The improvement in NII resulted in net interest margin increasing from 2.87% for the year ended December 31, 2024 to 3.19% in 2025. Interest-earning assets increased $174,324,000 from December 31, 2024 to December 31, 2025, as the Corporation was able to grow both average loans and securities due to strong growth combined with the successful strategy of leveraging the balance sheet with derivatives. The Corporation's ability to actively manage its deposit costs also contributed to the improvement in net interest income.

Interest income on a taxable equivalent basis totaled $106,520,000 for the year ended December 31, 2025, an increase of $13,309,000, or 14.3%. Interest income on loans was the primary reason for the increase, as strong loan production combined with improvements on rates earned led to the increase.

Interest income on securities also improved, as the 2024 leverage strategy implemented in the last half of the year was in effect for the entire year in 2025 and benefited from the higher yielding securities purchased. The yield earned on interest earning assets improved from 4.69% for the year ended December 31, 2024 to 4.92% in 2025.

The Corporation's overall cost of funds for the year ended December 31, 2025 was 2.61%, an improvement from 2.78% in 2024. The Corporation was able to actively manage its deposit costs downward as interest rates were lowered in 2025 and contributed to the lower deposit costs. In connection with the Corporation's leverage and derivative strategy, short-term borrowings were utilized to partially fund the strategy and resulted in higher average balances and interest expense for the year ended December 31, 2025 compared to 2024. Interest expense on long-term borrowings declined principally due to a $15,984,000 advance that matured in 2025. Interest expense and the average rate paid on subordinated debt increased, as the Corporation issued $42,500,000 of debentures in December 2025, with higher rates than the first two issuances.

The following table provides an analysis of year-to-year changes in net interest income by distinguishing what changes were a result of average balance increases or decreases and what changes were a result of interest rate increases or decreases (in thousands).

| | 2025 vs. 2024 | | |
|---|---|---|---|
| | Increase (Decrease) Due To Change In | | |
| | Average Balances | Interest Rates | Net Increase (Decrease) |
| | $ | $ | $ |
| INTEREST INCOME | | | |
| Interest on deposits at other banks | **(343)** | **(857)** | **(1,200)** |
| Securities available for sale: | | | |
| Taxable | **4,650** | **1,686** | **6,336** |
| Tax-exempt | **(208)** | **(8)** | **(216)** |
| Total securities | **4,442** | **1,678** | **6,120** |
| Loans | **4,024** | **4,213** | **8,237** |
| Regulatory stock | **164** | **(12)** | **152** |
| Total interest income | **8,287** | **5,022** | **13,309** |
| INTEREST EXPENSE | | | |
| Deposits: | | | |
| Demand deposits | **1,033** | **(2,051)** | **(1,018)** |
| Savings deposits | **(3)** | **(36)** | **(39)** |
| Time deposits | **2,390** | **(1,957)** | **433** |
| Total deposits | **3,420** | **(4,044)** | **(624)** |
| Borrowings: | | | |
| Short-term borrowings | **2,114** | **(9)** | **2,105** |
| Long-term debt | **(688)** | **328** | **(360)** |
| Subordinated debt | **95** | **62** | **157** |
| Total borrowings | **1,521** | **381** | **1,902** |
| Total interest expense | **4,941** | **(3,663)** | **1,278** |
| NET INTEREST INCOME | **3,346** | **8,685** | **12,031** |

The following table shows a more detailed analysis of net interest income on an FTE basis shown with all the major elements of the Corporation's balance sheet, which consists of interest earning and non-interest earning assets and interest bearing and non-interest bearing liabilities. Additionally, the analysis provides the net interest spread and the net yield on interest earning assets. The net interest spread is the difference between the yield on interest earning assets and the interest rate paid on interest bearing liabilities. The net interest spread has the deficiency of not giving credit for the non-interest bearing funds and capital used to fund a portion of the total interest earning assets. For this reason, management emphasizes the net yield on interest earning assets, also referred to as the net interest margin (NIM). The NIM is calculated by dividing net interest income on an FTE basis into total average interest earning assets. The NIM is generally the benchmark used by analysts to measure how efficiently a bank generates NII.

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Average Balance $ | Interest (e) $ | Yield/ Rate (e) % | Average Balance $ | Interest (e) $ | Yield/ Rate (e) % |
| **ASSETS** | | | | | | |
| Interest earning assets: | | | | | | |
| Federal funds sold and deposits at other banks | **41,304** | **983** | **2.38** | 50,416 | 2,183 | 4.33 |
| Securities available for sale: | | | | | | |
| Taxable | **502,362** | **20,380** | **4.06** | 384,625 | 14,044 | 3.65 |
| Tax-exempt | **139,895** | **2,701** | **1.93** | 150,659 | 2,917 | 1.94 |
| Total securities (d) | **642,257** | **23,081** | **3.59** | 535,284 | 16,961 | 3.17 |
| Loans (a) | **1,468,948** | **81,545** | **5.55** | 1,394,437 | 73,308 | 5.26 |
| Regulatory stock | **10,870** | **911** | **8.38** | 8,918 | 759 | 8.51 |
| Total interest earning assets | **2,163,379** | **106,520** | **4.92** | 1,989,055 | 93,211 | 4.69 |
| Non-interest earning assets (d) | **47,500** | | | 52,515 | | |
| Total assets | **2,210,879** | | | 2,041,570 | | |
| **LIABILITIES & STOCKHOLDERS' EQUITY** | | | | | | |
| Interest bearing liabilities: | | | | | | |
| Demand deposits | **539,226** | **13,121** | **2.43** | 500,739 | 14,139 | 2.82 |
| Savings accounts | **285,134** | **248** | **0.09** | 287,709 | 287 | 0.10 |
| Time deposits | **431,684** | **16,421** | **3.80** | 372,087 | 15,988 | 4.30 |
| Total deposits | **1,256,044** | **29,790** | **2.37** | 1,160,535 | 30,414 | 2.62 |
| Short-term borrowings | **60,729** | **2,499** | **4.12** | 9,347 | 394 | 4.22 |
| Long-term debt | **74,423** | **3,009** | **4.04** | 92,034 | 3,369 | 3.66 |
| Subordinated debt | **41,536** | **2,107** | **5.07** | 39,637 | 1,950 | 4.92 |
| Total interest bearing liabilities | **1,432,732** | **37,405** | **2.61** | 1,301,553 | 36,127 | 2.78 |
| Non-interest bearing liabilities: | | | | | | |
| Demand deposits | **622,098** | | | 600,567 | | |
| Other | **13,949** | | | 13,164 | | |
| Total liabilities | **2,068,779** | | | 1,915,284 | | |
| Stockholders' equity | **142,100** | | | 126,286 | | |
| Total liabilities & stockholders' equity | **2,210,879** | | | 2,041,570 | | |
| Net interest income (FTE) | | **69,115** | | | 57,084 | |
| Net interest spread (b) | | | **2.31** | | | 1.91 |
| Effect of non-interest bearing funds | | | **0.88** | | | 0.96 |
| Net yield on interest earning assets (c) | | | **3.19** | | | 2.87 |

(a) Includes balances of non-accrual loans and the recognition of any related interest income. Average balances also include net deferred loan costs of $1,866,000 in 2025 and $2,000,000 in 2024. Such fees recognized through income and included in the interest amounts totaled ($245,000) in 2025 and ($115,000) in 2024.

(b) Net interest spread is the arithmetic difference between the yield on interest earning assets and the rate paid on interest bearing liabilities.

(c) Net yield, also referred to as net interest margin, is computed by dividing net interest income (FTE) by total interest earning assets.

(d) Securities recorded at amortized cost. Unrealized holding gains and losses are included in non-interest earning assets.

(e) Yields and interest income on tax-exempt assets have been computed on a tax-equivalent basis assuming a 21% tax rate, adjusted for interest expense disallowance.

**Provision for Credit Losses**

The provision for credit losses includes a provision for losses on loans, available-for-sale debt securities, and unfunded loan commitments. The provision provides for losses inherent in the financial assets as determined by a quarterly analysis and calculation of various factors related to the financial assets. The amount of the provision reflects the adjustment management determines necessary to ensure the Allowance for Credit Losses (ACL) is adequate to cover any losses inherent in the financial assets. The Corporation recorded a provision expense of $856,000 for credit losses related to loans, a provision of $31,000 related to unfunded commitments, and $0 related to available-for-sale debt securities for the year ended December 31, 2025, compared to $1,017,000 expense related to loans, $2,000 release for unfunded commitments, and $0 related to available-for-sale debt securities for the year ended December 31, 2024. The provision expense was lower in 2025 due to favorable credit conditions. As of December 31, 2025, the allowance as a percentage of total loans was 1.11%, compared to 1.13% at December 31, 2024.

Management continues to evaluate the allowance for credit losses in relation to the growth or decline of the loan portfolio and its associated credit risk and believes the provision and the allowance for credit losses are adequate to provide for future losses. For further discussion, see the "Allowance for Credit Losses" section in Management's Discussion and Analysis.

**Other Income**

Other income for 2025 was $18,037,000, a decrease of $93,000, or 0.5%, compared to the $18,130,000 earned in 2024. The following table details the categories that comprise other income (dollars in thousands).

| | | | 2025 vs. 2024 | |
|---|---|---|---|---|
| | 2025 | 2024 | Increase (Decrease) | |
| | $ | $ | $ | % |
| Trust and investment services | **3,603** | 3,665 | **(62)** | **(1.7)** |
| Service fees | **5,709** | 5,864 | **(155)** | **(2.6)** |
| Commissions | **4,123** | 4,076 | **47** | **1.2** |
| Net (losses) gains on debt and equity securities | **(206)** | 159 | **(365)** | **(229.6)** |
| Gains on sale of mortgages | **1,878** | 1,826 | **52** | **2.8** |
| Earnings on bank-owned life insurance | **1,144** | 1,259 | **(115)** | **(9.1)** |
| Other miscellaneous income | **1,786** | 1,281 | **505** | **39.4** |
| Total other income | **18,037** | 18,130 | **(93)** | **(0.5)** |

Service charges on deposit accounts totaled $5,709,000 for the year ended December 31, 2025, a decrease of $155,000, or 2.6%, compared to the prior year, primarily as a result of lower fees on an off-balance sheet sweep product. The Corporation recorded $206,000 in losses on debt and equity securities for the year ended December 31, 2025, compared to gains of $159,000 in 2024. Sales of securities in both years were driven by asset liability management strategies to fund higher yield assets. Mortgage gains were higher in 2025, by $52,000, or 2.8%, due to favorable market conditions which led to increased profit margins on loans sold. Earnings on bank-owned life insurance (BOLI) decreased by $115,000, or 9.1%, for the year ended December 31, 2025 compared to 2024, primarily attributed to a BOLI death benefit recorded during 2024. Other miscellaneous income increased by $505,000, or 39.4%, for the year ended December 31, 2025 compared to 2024 primarily the result of sales tax refunds.

**Operating Expenses**

Operating expenses for the year ended December 31, 2025 were $59,119,000, an increase of $3,888,000, or 7.0%, compared to $55,231,000 in 2024. The following table provides details of the Corporation's operating expenses for the last two years along with the percentage increase or decrease compared to the previous year (dollars in thousands).

| | 2025 | 2024 | 2025 vs. 2024 Increase (decrease) | |
|---|---|---|---|---|
| | $ | $ | $ | % |
| Salaries and employee benefits | **34,671** | 34,043 | **628** | **1.8** |
| Occupancy | **3,606** | 3,333 | **273** | **8.2** |
| Equipment | **1,637** | 1,298 | **339** | **26.1** |
| Advertising & marketing | **1,387** | 1,152 | **235** | **20.4** |
| Computer software & data processing | **7,339** | 6,264 | **1,075** | **17.2** |
| Shares tax | **1,538** | 1,376 | **162** | **11.8** |
| Professional services | **3,434** | 3,277 | **157** | **4.8** |
| Merger related expenses | **698** | - | **698** | **-** |
| Other expenses | **4,809** | 4,488 | **321** | **7.2** |
| Total operating expenses | **59,119** | 55,231 | **3,888** | **7.0** |

Salaries and employee benefits are the largest category of operating expenses. For the year ended December 31, 2025, salaries and benefits increased $628,000, or 1.8%, compared to 2024. The increase in salary costs was primarily due to merit increases and increased cost of health insurance, partially offset by lower levels of incentive compensation. Occupancy expenses increased $273,000, or 8.2% for the year ended December 31, 2025 compared to 2024 due to inflationary pressures combined with the opening of the downtown Lititz branch in June 2025. Equipment, computer software and data processing on a combined basis have increased 18.7% from $7,562,000 for the year ended December 31, 2024 to $8,976,000 for 2025 as a result of residual core conversion costs, evolution of products and services to meet customer needs, increased costs associated with greater transactions, and outsourcing the servicing and balancing of our ATMs. Advertising and marketing expenses increased by $235,000, or 20.4% for the year ended December 31, 2025 compared to 2024, as there was greater emphasis on media advertising and sponsorships of community activities. Shares tax expense is based on the Bank's level of shareholders' equity, and as a result of the increase in shareholders' equity, the charge of $1,538,000 for the year ended December 31, 2025 increased $162,000, or 11.8%, over 2024. Acquisition-related expenses of $698,000 were recorded related to the previously announced Cecil Bank Acquisition, which closed on February 1, 2026. Other expenses totaled $4,809,000 for the year ended December 31, 2025, an increase of $321,000, or 7.2%, over 2024 primarily as a result of higher insurance assessments, increased fraud related charges and higher levels of charitable contributions.

**Income Taxes**

Nearly all of the Corporation's income is taxed at the federal statutory corporate rate of 21%. The holding company is also subject to Pennsylvania Corporate Net Income Tax; however, very limited taxable activity is conducted at the holding company level. The Corporation's wholly owned subsidiary, Ephrata National Bank, is currently subject to the minimal state income tax in an adjacent state with nexus and also is subject to Pennsylvania Bank Shares Tax. The Bank Shares Tax expense appears on the Corporation's Consolidated Statements of Income under operating expenses.

Income tax expense totaled $5,176,000 and $3,308,000 for the years ended December 31, 2025 and 2024. The effective tax rate for 2025 was 19.4% compared to 17.8% in 2024. Generally, the Corporation's effective tax rate is less than the 21% federal statutory rate due to tax-exempt income, including interest earned on tax-exempt investment securities and loans, and income from life insurance policies, partially offset by disallowed interest expense and acquisition-related expenses. The increase in the effective tax rate is the result of higher levels of income before taxes subject to the statutory tax rate, combined with non-deductible acquisition-related expenses.

## Financial Condition

### Balance Sheet Overview and Liquidity

The Corporation maintains liquid assets at adequate levels in order to meet the needs of our balance sheet. Our primary source of liquidity is core deposits and our available-for-sale investment portfolio, both of which provide more than enough liquidity to fund loans to customers and any other funding needs.

A portion of our liquidity consists of cash and cash equivalents and borrowings. At December 31, 2025, cash and cash equivalents amounted to $60,573,000, a decrease of $8,336,000, or 12.1%, from balances at December 31, 2024. Our primary sources of cash are principal repayments on loans, proceeds from the sales, calls, and maturities of investment securities, principal repayments of mortgage-backed securities and asset-backed securities, and increases in deposit accounts. As of December 31, 2025, we had outstanding borrowings from the FHLB of $127,838,000 and subordinated debt of $81,413,000.

At December 31, 2025, the Corporation had $603,034,000 in outstanding loan commitments, which included $68,145,000 in firm loan commitments, $507,785,000 in unused lines of credit, and open letters of credit of $27,104,000. Certificates of deposit due within one year totaled $332,212,000, or 82.6% of certificates of deposit. The Corporation believes, based on past experience, that a significant portion of certificates of deposit will remain at the Corporation upon maturity and ample liquidity exists outside of these funds. We have the ability to attract and retain deposits by adjusting the interest rates offered.

As reported in the Consolidated Statements of Cash Flows, our cash flows are classified for financial reporting purposes as operating, investing, or financing cash flows. Net cash provided by operating activities was $25,116,000 and $15,815,000 for the years ended December 31, 2025 and 2024, respectively. Net cash used for investing activities was $38,367,000 and $237,881,000 in fiscal years 2025 and 2024, respectively, reflecting our loan and investment security activities in the respective periods. Cash provided by financing activities amounted to $4,915,000 and $201,979,000 for years ended December 31, 2025 and 2024. Financing activities in 2024 were influenced by brokered deposits and short term borrowings that were used to fund investment growth and increase net interest income.

### Investment Securities

The Corporation classifies all of its debt securities as available for sale and reports the portfolio at fair market value. As of December 31, 2025, the Corporation had $588,949,000 of debt and equity securities, compared to $626,140,000 at December 31, 2024.

In the third quarter of 2024, the Corporation adopted an investment strategy to add $200 million of investments, both agency and non-agency collateralized mortgage obligations consistent with investment policy credit quality parameters, in order to protect interest income in a rising rate environment. The goal of this strategy was to reduce the interest rate risk that management believes was necessary to address the Corporation's long-term fixed rate assets. The Corporation paired the investments with off-balance sheet pay-fixed interest rate swaps to mitigate the identified rates-up risk. The leverage strategy was funded primarily by callable brokered certificates of deposit and a small portion of short-term FHLB borrowings. The funding was chosen to allow for maximum flexibility to protect against rates-down risk. With this strategy, the Corporation has the ability to call the brokered CDs and replace them at lower market rates or unwind the swaps and offset with gains on the investments.

Outside of the strategy discussed above, the largest movements within the securities portfolio were shaped by market factors, such as:

- slope of the U.S. Treasury curve and projected forward rates
- interest spread versus U.S. Treasury rates on the various securities
- pricing of the instruments, including supply and demand for the product
- structure of the instruments, including duration and average life
- portfolio weightings versus policy guidelines
- prepayment speeds on mortgage-backed securities and collateralized mortgage obligations
- credit risk of each instrument and risk-based capital considerations
- Federal income tax considerations with regard to obligations of tax-free states and political subdivisions.

The Corporation's U.S. Treasury sector and U.S. government agency sectors stayed relatively flat since December 31, 2024. U.S. Treasuries represent a safe credit at a market appropriate yield which added some diversity to the portfolio. These bonds pay monthly principal and interest, and the Corporation has invested into this sector in conjunction with the strategy discussed above. The Corporation began investing in non-agency MBS and CMO instruments in 2022 as a way to achieve a higher yield with bonds that are well protected from a credit standpoint. As of December 31, 2025, this sector stood at $143.5 million, a decrease of $1.7 million year over year. There were no concentrations of issuers greater than 10% of the securities portfolio.

The Corporation's asset-backed securities (ABS) decreased since December 31, 2024, by $6.3 million, or 11.0%. ABS are floating rate student loan pools which are instruments that perform well in a rates-up environment and offset the interest rate risk of the longer fixed-rate municipal bonds. These securities provide a variable rate return above the overnight Federal funds rate in a safe investment with a risk rating very similar to that of U.S. Agency bonds. The asset-backed securities generally provide monthly principal and interest payments to complement the Corporation's ongoing cash flows. Management views the ABS sector as a safe, higher yielding option than cash, with the qualities of cash in a rates-up environment.

Obligations of states and political subdivisions, or municipal bonds, consist of both tax-free and taxable securities. They carry the longest duration on average of any instrument in the securities portfolio but have a higher yield because of the longer interest rate risk. These instruments also experience significant fair market value gains and losses when interest rates decrease and increase. The Corporation sold some municipal bonds early in 2025 recognizing that the earn-back period would be within the same calendar year due to the higher yield of the replacement assets. As a result, the portfolio declined by $6.6 million, or 3.7% from December 31, 2024, to December 31, 2025. Municipal bonds represented 29.7% of the debt securities portfolio as of December 31, 2025, compared to 29.0% as of December 31, 2024. The largest geographical concentrations as of December 31, 2025, were obligations of states and political subdivisions located in the states of Pennsylvania and California.

As of December 31, 2025, the Corporation's corporate bonds decreased by $7.9 million, or 15.0%, from balances at December 31, 2024, as certain corporate bonds were called and redeemed as they converted from fixed to floating rates of interest. Corporate bonds add diversity to the portfolio and provide strong yields for short maturities; however, by their very nature, corporate bonds carry a higher level of credit risk should the entity experience financial difficulties. The fair value of corporate bonds decreased primarily as a result of maturing bonds during 2025.

The following table presents investment securities at December 31, 2025 by expected maturity, including scheduled repayments, and the weighted average yield for each maturity presented. Actual maturities may differ from expected maturities because of differences in assumptions on prepayment or call options embedded in the securities. The yields presented are calculated using tax-equivalent interest and the amortized cost (dollars in thousands).

| | Within 1 Year | | 1 - 5 Years | | 5 - 10 Years | | Over 10 Years | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $ | % Yield | $ | % Yield | $ | % Yield | $ | % Yield | $ | % Yield |
| U.S. Treasuries | - | - | 14,927 | 1.40 | - | - | - | - | 14,927 | 1.40 |
| U.S. government agencies | 2,500 | 0.74 | 13,900 | 0.80 | - | - | - | - | 16,400 | 0.79 |
| U.S. agency mortgage-backed securities | 199 | 2.36 | 27,308 | 2.41 | 5,524 | 2.71 | 255 | 2.96 | 33,286 | 2.46 |
| U.S. agency collateralized mortgage obligations | 79 | 2.72 | 17,889 | 2.13 | 80,635 | 4.52 | 8,989 | 3.57 | 107,592 | 4.04 |
| Non Agency MBS/CMO | 5,872 | 6.30 | 25,152 | 5.62 | 39,654 | 4.57 | 74,209 | 4.55 | 144,887 | 4.81 |
| Asset-backed securities | 2,186 | 5.48 | 30,531 | 5.07 | 18,589 | 5.09 | - | - | 51,306 | 5.09 |
| Corporate bonds | 4,013 | 1.56 | 28,702 | 1.75 | 14,650 | 3.89 | - | - | 47,365 | 2.39 |
| Obligations of states and political subdivisions | 2,018 | 3.02 | 54,025 | 1.82 | 58,060 | 2.14 | 77,327 | 1.98 | 191,430 | 1.99 |
| Total securities available for sale | 16,867 | 3.79 | 212,434 | 2.73 | 217,112 | 3.85 | 160,780 | 3.26 | 607,193 | 3.30 |

**Loans**

Net loans outstanding totaled $1,515,745,000 at December 31, 2025, an increase of $88,476,000, or 6.2%, from $1,427,269,000 at December 31, 2024. Strong sales efforts led to an increase in balance across most categories of loans. The Corporation's strategic plan specifically focused on managed loan growth while maintaining quality of credit standards.

Agriculture loans increased to $317,957,000 at December 31, 2025, from $289,284,000 at December 31, 2024. Business loans increased by $33,753,000 during the year ended December 31, 2025 from $360,805,000 at December 31, 2024.

Consumer loans not secured by real estate represent a very small portion of the Corporation's loan portfolio, at $5,703,000 as of December 31, 2025, and $6,603,000 as of December 31, 2024. These loans consist of personal loans, automobile loans, and other consumer-related loans. Home equity loans increased by $23,040,000 during 2025 from $118,329,000 million at December 31, 2024.

Non-owner occupied CRE loans increased by $33,286,000 during 2025, from $136,298,000 at December 31, 2024 to $169,584,000 at December 31, 2025. The non-owner occupied CRE loans are further segmented by property type with the largest concentration in multi-family representing 20.1% of total non-owner occupied CRE loans outstanding at December 31, 2025. Office space loans represent only 4.2% of total non-owner occupied CRE loans outstanding and retail center loans represent 6.1% of total non-owner occupied CRE loans outstanding. There is no significant single concentration in this category of loans. Total non-owner occupied CRE represents 71.0% of total risk-based capital at December 31, 2025.

The residential real estate category represents the largest group of loans for the Corporation. The residential real estate category of total loans decreased from $514,120,000 on December 31, 2024, to $484,337,000 on December 31, 2025. This category includes closed-end fixed rate or adjustable-rate residential real estate loans secured by 1-4 family residential properties, including first and junior liens, and construction loans. The decline in the residential real estate category is the result of less construction loans at December 31, 2025 than the prior year, and as individual residential loans moved to permanent financing they were sold on the secondary market. Additionally, some other residential projects were completed and moved to other loan categories. The Corporation strategically generated more fixed-rate mortgages during 2025 that were sold on the secondary market resulting in higher levels of gains on mortgages sold.

The following tables show the maturities for the loan portfolio as of December 31, 2025, by time frame for the major categories, and also the loans, which are floating or fixed, maturing after one year (in thousands):

| | Due in One Year or Less $ | Due After One Year Through Five Years $ | Due After Five Years Through 15 Years $ | Due After 15 Years $ | Total $ |
|---|---|---|---|---|---|
| Agriculture | **2,937** | **50,951** | **89,375** | **174,694** | **317,957** |
| Business Loans | **5,691** | **109,230** | **147,006** | **132,631** | **394,558** |
| Consumer | **232** | **4,190** | **342** | **939** | **5,703** |
| Home Equity | **193** | **4,339** | **23,034** | **113,803** | **141,369** |
| Non-Owner Occupied CRE | **26,385** | **33,597** | **51,672** | **57,930** | **169,584** |
| Residential Real Estate | **1,354** | **7,620** | **40,439** | **434,924** | **484,337** |
| Total amount due | **36,792** | **209,927** | **351,868** | **914,921** | **1,513,508** |

The breakdown of loans due after one year, broken down between fixed and floating or adjustable rates is as follows (in thousands):

| | Fixed Rates $ | Floating or Adjustable Rates $ | Total $ |
|---|---|---|---|
| Agriculture | **19,852** | **295,168** | **315,020** |
| Business Loans | **72,057** | **316,810** | **388,867** |
| Consumer Loans | **2,902** | **2,569** | **5,471** |
| Home Equity | **23,519** | **117,657** | **141,176** |
| Non-Owner Occupied CRE | **29,029** | **114,170** | **143,199** |
| Residential Real Estate | **158,971** | **324,012** | **482,983** |
| Total amount due | **306,330** | **1,170,386** | **1,476,716** |

The majority of the Corporation's fixed-rate loans have a maturity date longer than five years. The primary reason for the longevity of the portfolio is the high percentage of real estate loans, which typically have maturities of 15 or 20 years. Out of all the loans due after one year, $306,330,000, or 20.7%, are fixed-rate loans as of December 31, 2025. These loans will not reprice to a higher or lower interest rate unless they mature or are refinanced by the borrower. The remaining $1,170,386,000, or 79.3% of loans due after one year, are made up of loans that are floating rates of interest or loans that will reprice at a predetermined time in the amortization of the loan. True floating rate loans that would immediately reprice according to changes in the prime or LIBOR rates are favorable in reducing the Corporation's total exposure to interest rate risk and fair value risk should interest rates increase.

For more details regarding how the length of the loan portfolio and its repricing affects interest rate risk, please see Item 7A - Quantitative and Qualitative Disclosures about Market Risk.

**Non-Performing Assets**

Non-performing assets (dollars in thousands) include:

- Non-accrual loans
- Loans past due 90 days or more and still accruing
- Other real estate owned

| | December 31, | |
|---|---|---|
| | 2025 $ | 2024 $ |
| Non-accrual loans | **9,336** | 11,887 |
| Loans past due 90 days or more and still accruing | **-** | - |
| Total non-performing loans | **9,336** | 11,887 |
| Other real estate owned | **-** | - |
| Total non-performing assets | **9,336** | 11,887 |
| Non-accrual loans to total loans | **0.62%** | 0.83% |
| Non-performing loans to total loans | **0.62%** | 0.83% |
| Allowance for credit losses to total loans | **1.11%** | 1.13% |
| Allowance for credit losses to non-accrual loans | **180.87%** | 135.63% |
| Allowance for credit losses to non-performing loans | **180.87%** | 135.63% |

Non-performing assets decreased by $2,551,000, or 21.5%, from December 31, 2024, to December 31, 2025, primarily due to the payoff of two unrelated agricultural loans with two separate borrowers that were experiencing payment defaults and a real estate loan that was taken by the Corporation through sheriff sale and later sold.
Management continues to monitor delinquency trends and the level of non-performing loans as a leading indicator of future credit risk. At this time, management believes that the potential for material losses related to non-performing loans remains low but is likely to trend higher in recessionary periods. The level of the Corporation's non-performing loans remains low relative to the size of the portfolio and relative to peers.

As of December 31, 2025 and 2024, the Corporation had no properties classified as other real estate owned (OREO). Expenses related to OREO are included in other operating expenses and gains or losses on the sale of OREO are included in other income on the Consolidated Statements of Income.

**Allowance for Credit Losses**

The allowance for credit losses is established to cover any losses inherent in the loan portfolio. Management reviews the adequacy of the allowance each quarter based upon a detailed analysis and calculation of the allowance for credit losses. This calculation is based upon a systematic methodology for determining the allowance for credit losses in accordance with U.S. generally accepted accounting principles. The calculation includes estimates and is based upon losses inherent in the loan portfolio.

The calculation, and detailed analysis supporting it, emphasizes the level of delinquent, non-performing and classified loans. The allowance calculation includes specific provisions for non-performing loans and general allocations to cover anticipated losses on all loan types based on historical losses. Based on the quarterly credit loss calculation, management will adjust the allowance for credit losses through the provision, as necessary. Changes to the allowance for credit losses during the year are primarily affected by three events:

- Charge off of loans considered not recoverable
- Recovery of loans previously charged off
- Provision for credit losses

The Corporation's strong credit and collateral policies have been instrumental in producing a favorable history of loan losses. In recent years, the Corporation has primarily recorded provision expenses in order to account for the growth in the loan portfolio as well as adjustments for asset quality trends.

The Net Charge-Off table below shows the net charge-offs for each segment of the Corporation's loan portfolio as of December 31, 2025 and December 31, 2024 (in thousands):

| | 2025 $ | 2024 $ |
|---|---|---|
| Loans charged-off: | | |
| Agriculture | **-** | 25 |
| Consumer Loans | **69** | 73 |
| Home Equity | **3** | - |
| Residential Real Estate | **84** | - |
| Total loans charged-off | **156** | 98 |
| Recoveries of loans previously charged-off | | |
| Agriculture | **25** | - |
| Business Loans | **6** | 6 |
| Consumer Loans | **33** | 21 |
| Total recoveries | **64** | 27 |
| Net charge-offs (recoveries) | | |
| Agriculture | **(25)** | 25 |
| Business Loans | **(6)** | (6) |
| Consumer Loans | **36** | 52 |
| Home Equity | **3** | - |
| Residential Real Estate | **84** | - |
| Total net charge-offs (recoveries) | **92** | 71 |
| Average loans outstanding | | |
| Agriculture | **299,362** | 269,693 |
| Business Loans | **370,027** | 361,303 |
| Consumer Loans | **6,186** | 6,415 |
| Home Equity | **131,282** | 112,985 |
| Non-Owner Occupied CRE | **158,518** | 132,524 |
| Residential Real Estate | **500,359** | 508,795 |
| Total average loans outstanding | **1,465,734** | 1,391,715 |
| Net charge-offs (recoveries) as a % of average loans outstanding | | |
| Agriculture | **(0.01%)** | 0.01% |
| Business Loans | **0.00%** | 0.00% |
| Consumer Loans | **0.58%** | 0.81% |
| Home Equity | **0.00%** | 0.00% |
| Non-Owner Occupied CRE | **0.00%** | 0.00% |
| Residential Real Estate | **0.02%** | 0.00% |
| Total net charge-offs as a % of average loans outstanding | **0.01%** | 0.01% |

The following table provides the allocation of the Corporation's allowance for credit losses by major loan classifications. The percentage of allowance indicates the percentage of the total allowance, and the percentage of loans indicates the percentage of the loan portfolio represented by the indicated loan type as of December 31, 2025 and December 31, 2024 (in thousands):

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | $ | % of Allowance | % of Loans | $ | % of Allowance | % of Loans |
| Agriculture | **4,352** | **25.8** | **21.0** | 3,303 | 20.5 | 20.3 |
| Business Loans | **3,248** | **19.2** | **26.1** | 3,234 | 20.1 | 25.3 |
| Consumer Loans | **365** | **2.2** | **0.4** | 327 | 2.0 | 0.5 |
| Home Equity | **2,785** | **16.5** | **9.3** | 2,644 | 16.4 | 8.3 |
| Non-Owner Occupied CRE | **1,342** | **7.9** | **11.2** | 933 | 5.8 | 9.5 |
| Residential Real Estate | **4,794** | **28.4** | **32.0** | 5,681 | 35.2 | 36.1 |
| Total allowance for credit losses | **16,886** | **100.0** | **100.0** | 16,122 | 100.0 | 100.0 |

The movement within the classifications is consistent with the individual categories' end-of-year balances.

**Deposits**

The Corporation's total ending deposits at December 31, 2025 of $1,873,361,000 decreased by $17,082,000, or 0.9%, from December 31, 2024. Customer deposits are the Corporation's primary source of funding for loans and securities. During 2025, the Corporation grew core deposits at a slower pace due to the rapidly rising rate environment and the financial/product options available to customers. Also, 2024 included brokered deposit growth for the Corporation's leverage strategy, which was not replicated in 2025.

The Deposits by Major Classification table, shown below, provides the average balances of each category for December 31, 2025 and December 31, 2024 (in thousands):

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | $ | % | $ | % |
| Non-interest bearing demand | **622,098** | **-** | 600,567 | - |
| Interest-bearing demand | **371,787** | **2.75** | 342,043 | 3.22 |
| Money market deposit accounts | **167,439** | **1.74** | 158,696 | 1.96 |
| Savings accounts | **285,134** | **0.09** | 287,709 | 0.10 |
| Time deposits | **431,684** | **3.80** | 372,087 | 4.30 |
| Total deposits | **1,878,142** | | 1,761,102 | |

The average balance of the Corporation's core deposits (total deposits less time deposits), increased by 4.1%, or $57,442,000 from December 31, 2024, to December 31, 2025. Average non-interest-bearing demand accounts increased by $21,531,000, or 3.6%, and are the Corporation's cheapest source of funding for balance sheet growth. Average interest-bearing demand accounts grew by $29,743,000, or 8.7%. Average money market account balances increased by $8,743,000, or 5.5%, and average savings accounts decreased by $2,575,000, or 0.9%, from December 31, 2024 to December 31, 2025. The growth in average balances in demand and money market accounts is due to competitive interest rates and deepening retail and commercial customer relationships.

Time deposits are typically a more rate-sensitive product, making them a less reliable source of funding. Time deposits fluctuate as consumers search for the best rates in the market, with less allegiance to any particular financial institution. In 2025, average time deposits increased $59,598,000, or 16.0%, compared to average balances during 2024, due to a full year of the derivative strategy that funded investment growth primarily with callable brokered CDs, compared to a partial year in 2024.

As of December 31, 2025, time deposits of $250,000 or more made up 17.1% of the total time deposits. This compares to 15.4% on December 31, 2024. The total dollar amount of time deposits of $250,000 or more increased $2,666,000, or 4.0%, from December 31, 2024 to December 31, 2025. Since time deposits of $250,000 or more are made up of relatively few customers with large dollar accounts, management monitors these accounts closely due to the potential for these deposits to rapidly increase or decrease.

The following table provides the total amount of time deposits of $250,000 or more and related uninsured amounts for the past two years by maturity distribution (in thousands).

| | December 31, | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | Total | Uninsured | Total | Uninsured |
| | **$** | **$** | $ | **$** |
| Three months or less | **18,854** | **7,104** | 39,025 | 16,025 |
| Over three months through six months | **24,920** | **11,169** | 14,014 | 4,514 |
| Over six months through twelve months | **25,115** | **10,116** | 12,907 | 5,407 |
| Over twelve months | **-** | **-** | 288 | 38 |
| Total | **68,889** | **28,389** | 66,234 | 25,984 |

As of December 31, 2025 and 2024, the total uninsured deposits of the Corporation were approximately $258,136,000 and $227,993,000, or 13.8% and 12.1% of total deposits, respectively. Total uninsured deposits is calculated based on regulatory reporting requirements and reflects the portion of any deposit of a customer at an insured depository institution that exceeds the applicable FDIC insurance coverage for that depositor at that institution and amounts in any other uninsured investment or deposit accounts that are classified as deposits and not subject to any federal or state deposit insurance regime. Certain deposits over $250,000 are also secured by pledged investment securities.

**Borrowings**

Total borrowings were $209,251,000 and $183,538,000 at December 31, 2025 and 2024. Short-term borrowings with the Federal Home Loan Bank (FHLB) remained at $60,000,000 at December 31, 2025 and December 31, 2024. Long-term borrowings with the Federal Home Loan Bank (FHLB) decreased to $67,838,000 at December 31, 2025 from $83,822,000 at December 31, 2024. These borrowings are used as a secondary source of funding and to mitigate interest rate risk. The increase in total borrowing balances during the year was related to an issuance of $41,500,000, net of costs, in subordinated debt. As of December 31, 2025, all the borrowings of FHLB were fixed-rate loans. The Corporation continues to be well under the FHLB maximum borrowing capacity which is $731.4 million as of December 31, 2025.

In addition to the long-term advances funded through the FHLB, the Corporation has completed three separate subordinated debt offerings in 2020, 2022 and 2025. Total subordinated debt outstanding at December 31, 2025 and 2024 is $81,413,000 and $39,716,000. The purpose of the subordinated debt offerings was to fund Bank growth, as the proceeds raised are considered Tier 2 capital for the Corporation, and portions of the cash proceeds were contributed as capital to the Bank, which is considered Tier 1 capital. Each of the notes has a fixed rate of interest for the first five years and then converts to a floating rate of interest for the last five years. After the fixed rate period, the Corporation can redeem the notes at par. In January 2026, $20,000,000 subordinated debt, representing the entire 2020 issuance, was redeemed at par with proceeds raised from the 2025 subordinated debt issuance.

For additional information on borrowings, refer to Note G, "Short Term Borrowings," and Note H – "Other Borrowed Funds" included in Part II, Item 8, "Financial Statements and Supplementary Data."

**Stockholders' Equity**

*Capital Resources.* The management of capital in a regulated financial services industry must balance return on equity to its stockholders while maintaining sufficient levels of capital and related risk-based regulatory capital ratios to satisfy statutory regulatory requirements. The Corporation's capital management strategies have historically been to provide an attractive rate of return to investors from both dividend payments and stock appreciation, while maintaining a "well capitalized" position of regulatory strength.

Total stockholders' equity increased $30,070,000 from $130,984,000 at December 31, 2024 to $161,054,000 at December 31, 2025. The primary reason for the increase in stockholders' equity was net income of $21,559,000 less dividends declared of $4,084,000. In addition, market conditions led to $12,006,000 of other comprehensive income for the year, primarily in appreciation in securities available for sale.

*Capital Adequacy*. Federal regulatory authorities require banks to meet minimum capital levels. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material impact on the Corporation's and Bank's financial statements. The Corporation, as well as the Bank, maintains capital ratios above those minimum levels.

Quantitative measures established by regulators to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total and Tier 1 capital (as defined in regulations) to risk-weighted assets (as defined), common equity Tier 1capital (as defined) to risk weighted assets, and of Tier 1 capital to average assets (as defined). Regulatory guidelines determine the risk-weighted assets by assigning assets to defined specific risk-weighted categories. The Bank and Corporation have elected not to include accumulated other comprehensive income (loss) in their Tier 1 and total capital calculations. However, the changes in investment unrealized gains and losses do impact tangible capital on the balance sheet and was adversely impacted by the dramatic increase in market interest rates during years prior to 2024. The primary difference between Tier 1 and total capital is the inclusion of the allowance for credit and off-balance sheet losses, and in the case of the Corporation, eligible subordinated debt.

The consolidated asset limit on small bank holding companies is $3 billion and a corporation with assets under that limit is not subject to the consolidated capital rules but may disclose capital amounts and ratios. The Corporation has elected to disclose those amounts and ratios. The differences between the Bank's and Corporation's Tier 1 capital and ratios is the manner in which subordinated debt is treated. At the Corporation it is treated as Tier 2 capital. The Corporation uses a portion of the cash proceeds of subordinated debt and contributes it as additional capital to the Bank, which qualifies as Tier I capital.

Tables presenting the Corporation and Bank's capital amounts and regulatory capital ratios at December 31, 2025 and 2024 are included in Note M, Regulatory Matters and Restrictions, to the Consolidated Financial Statements appearing in Part II, Item 8, "Financial Statements and Supplementary Data". The Corporation considers the capital ratios of the Bank to be the relevant measurement of capital adequacy. The Bank's capital ratios at December 31, 2025 and 2024 are as follows:

| | 2025 | 2024 | To be Well Capitalied Under Prompt Corrective Action Regulations |
|---|---|---|---|
| Tier 1 leverage (to average assets) ratio | **9.8%** | 9.1% | 5.0% |
| Common Tier 1 capital (to risk-weighted assets) ratio | **13.9%** | 13.2% | 6.5% |
| Tier 1 risk-based capital (to risk-weighted assets) ratio | **13.9%** | 13.2% | 8.0% |
| Total risk-based capital (to risk-weighted assets) ratio | **15.0%** | 14.4% | 10.0% |

On February 1, 2026, the Corporation completed its Acquisition of Cecil Bancorp, Inc. in an all-cash transaction. The additional assets and risk-weighted assets that Cecil will contribute to combined assets will lower the Corporation and Bank's capital ratios as no additional capital was issued in connection with the transaction.

**Contractual Cash Obligations**

The Corporation has a number of contractual obligations that arise from the normal course of business to fund loan growth, for asset/liability management purposes, to meet required capital needs and for other corporate purposes.

The following table summarizes the contractual cash obligations of the Corporation as of December 31, 2025 (in thousands) and shows the future periods in which settlement of the obligations is expected. The contractual obligation numbers below do not include accrued interest. Refer to Note O to the Consolidated Financial Statements referenced in the table for additional details regarding these obligations.

| | Less than 1 year $ | 1-3 years $ | 4-5 years $ | More than 5 years $ | Total $ |
|---|---|---|---|---|---|
| Time deposits (Note F) | **332,212** | **8,066** | **62,133** | **-** | **402,411** |
| Short-term borrowings (Note G) | **60,000** | **-** | **-** | **-** | **60,000** |
| Long-term FHLB advances (Note H) | **28,158** | **39,680** | **-** | **-** | **67,838** |
| Subordinated debt (Note H) | **-** | **-** | **20,000** | **61,413** | **81,413** |
| Operating leases (Note Q) | **542** | **698** | **305** | **1,375** | **2,920** |
| Total contractual obligations | **420,912** | **48,444** | **82,438** | **62,788** | **614,582** |

Actual settlement of these obligations may occur prior to settlement date, as the Corporation has the ability to call the brokered deposits and subordinated debt, and payoff borrowings.

**Off-Balance Sheet Arrangements**

The Corporation is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and, to a lesser extent, standby letters of credit. At December 31, 2025, the Corporation had unfunded outstanding commitments to extend credit of $575,930,000 and outstanding standby letters of credit of $27,104,000. Because these commitments generally have fixed expiration dates and many will expire without being drawn upon, the total commitment level does not necessarily represent future cash requirements. Please refer to Note O – "Commitments and Contingencies" in the Notes to the Consolidated Financial Statements for a discussion of nature, business purpose, and importance of the Corporation's off-balance sheet arrangements.

**Critical Accounting Policies**

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect many of the reported amounts and disclosures. Actual results could differ from these estimates.

***Allowance for Credit Losses***

A material estimate that is particularly susceptible to significant change is the determination of the allowance for credit losses. Management believes that the allowance for credit losses is adequate and reasonable. The Corporation's methodology for determining the allowance for credit losses is described in an earlier section of Management's Discussion and Analysis. Given the very subjective nature of identifying and valuing credit losses, it is likely that well-informed individuals could make materially different assumptions and, therefore, calculate a materially different allowance amount. Management uses available information to recognize losses on loans; however, changes in economic conditions may necessitate revisions. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Corporation's allowance for credit losses. Such agencies may require the Corporation to recognize adjustments to the allowance based on their judgments of information available to them at the time of their examination.

Sensitivity Analysis

The table below indicates the impact to the allowance for credit losses on loans if the factors described below were adjusted in the Corporation's CECL model as of December 31, 2025. Scenario 1 (S1) models 10% chance the realized economy will be better than the baseline, whereas Scenario 3 (S3) models a moderate recession. Management's best estimate at December 31, 2025 is the baseline scenario, however.

| | Increase/(Decrease) ($) | Adjustment Factor |
|---|---|---|
| Economic Forecast | (2,454) | If the S1 scenarios were used instead of the Baseline scenario |
| Economic Forecast | 1,200 | If 80% Baseline, 10% S1, and 10% S3 weighted scenarios were used instead of the Baseline scenario |
| Economic Forecast | 3,598 | If 40% Baseline, 30% S1, and 30% S3 weighted scenarios were used instead of the Baseline scenario |
| Economic Forecast | 14,448 | If S3 scenario was used instead of Baseline scenario |

**Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

As a financial institution, the Corporation is subject to four primary market risks: Credit risk, liquidity risk, interest rate risk, and fair value risk. The Board of Directors has established an Asset Liability Management Committee (ALCO) to measure, monitor, and manage these four primary market risks. The Asset Liability Policy has instituted guidelines for all of these primary risks, as well as other financial performance measurements with target ranges. The Asset Liability goals and guidelines are consistent with the Corporation's Strategic Plan goals.

For discussion on credit risk, refer to the sections on non-performing assets, allowance for credit losses, Note C, and Note P to the Consolidated Financial Statements.

**Liquidity**

Liquidity refers to having an adequate supply of cash available to meet business needs. Financial institutions must ensure that there is adequate liquidity to meet a variety of funding needs, at an advantageous cost. Funding new loans and covering deposit withdrawals are the primary liquidity needs of the Corporation. The Corporation uses a variety of funding sources to meet liquidity needs, such as: Deposits, loan repayments, paydowns, maturities, and sales of investment securities, borrowings, and current earnings.

One of the measurements used in liquidity planning is the Maturity Gap Analysis. The Maturity Gap Analysis below measures the amount of assets maturing within various time frames versus liabilities maturing in those same periods. These time frames are referred to as gaps and are reported on a cumulative basis. For instance, the one-year gap shows all assets maturing one year or less from a specific date versus the total liabilities maturing in the same time period. The gap is then expressed as a percentage of assets over liabilities. Mismatches between assets and liabilities maturing are identified and assist management in determining potential liquidity issues.

The maturity gap analysis does not include non-interest earning assets and non-interest bearing liabilities, with the exception of non-interest bearing demand deposit accounts. The non-interest bearing demand deposits are considered additional deposit liabilities with no associated interest expense, which acts to lower the overall interest rate paid on total deposits.

Gap ratios have been relatively stable for the Corporation throughout 2025. The Corporation's assets are fairly long, with relatively low levels of cash and cash equivalents. Meanwhile the Corporation's core deposit liabilities continue to model as long liabilities, with the complement of shorter-term time deposits increasing significantly during 2024 and 2025.

The size and length of the Corporation's core deposit liabilities provide the most extension in terms of lengthening the liabilities on the balance sheet. The length of the core deposits is significantly longer than the Corporation's longest-term deposits and wholesale borrowings. As of December 31, 2025, the Corporation had lower cash levels than at December 31, 2024. In a falling rate environment, having more liabilities maturing than assets is beneficial because those liabilities can be repriced at lower yields.

The table below shows the six-month, one-year, three-year, and five-year cumulative gaps as of December 31, 2025, for the Bank (in thousands). For the purposes of this analysis, core deposits without a specific maturity date are spread across all time periods based on historical behavior.

MATURITY GAP ANALYSIS

| Maturity Gap | Less than 6 months | More than 6 months to 1 year | More than 1 year to 3 years | More than 3 years to 5 years | More than 5 years |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Assets maturing | **262,271** | **179,456** | **520,717** | **354,008** | **953,987** |
| Liabilities maturing | **522,889** | **225,615** | **158,388** | **71,267** | **1,078,525** |
| Maturity gap | **(260,618)** | **(46,159)** | **362,329** | **282,741** | **(124,538)** |
| Cumulative maturity gap | **(260,618)** | **(306,777)** | **55,552** | **338,293** | **213,755** |
| Maturity gap % | **50.2%** | **79.5%** | **328.8%** | **496.7%** | **88.5%** |
| Cumulative maturity gap % | **50.2%** | **59.0%** | **106.1%** | **134.6%** | **110.4%** |

As of December 31, 2025, cumulative maturity gap ratios were on the low side for up to a year indicating that there are more liabilities maturing in the short time frames than assets. For the six-month time frame, the gap ratio was 50.2% and for the one-year cumulative gap, the ratio was 59.0%. For one year to three years, the cumulative gap was 106.1%, representing a higher level of asset maturities versus liabilities. For the three to five-year time frame, the cumulative gap was 134.6%, and for the over five-year time frame, the cumulative gap was 110.4%. In a rising rate environment, higher gap ratios are beneficial as assets can reprice to the higher rates; conversely, in a falling rate environment, lower gap ratios are beneficial as liabilities can reprice to lower market rates. Lower gap ratios are harmful in a rising rate environment as liabilities would potentially be repricing to higher rates faster than assets. Management anticipates stable deposit and borrowings costs with potential savings on the liability side in 2026 should the Federal Reserve move rates down. Stable to lower liability costs will result primarily from deposits continuing to reprice down. Management will continue to monitor all gap ratios to ensure proper positioning for future interest rate cycles. Management believes the probability of future Federal Reserve rate decreases is possible in 2026, driven by economic factors, although this probability is lower than a few months ago due to uncertainties around many political and economic issues and the potential to payoff brokered deposits and borrowings.

Management utilizes a number of other important liquidity measurements that management believes have advantages over, and give better clarity to, the Corporation's present and projected liquidity. These measurements are evaluated quarterly through the ALCO process. There are a number of key ratios measured that involve liquidity, non-core funding sources, and contingency funding with each ratio assigned a risk level of low, moderate, or high.

As of December 31, 2025, the Corporation was in the low-risk range for all of the above measurements except for one ratio that fell in the moderate-risk range: investment securities as a percentage of total assets. The investment securities as a percentage of total assets has decreased or improved year over year. While this measurement falls in management's moderate risk level, it is related to a specific leverage strategy and was measured and documented risk that was accepted as part of a derivative strategy that enhanced net interest income.

The Corporation's liquidity measurements are tracked and reported quarterly by management to both observe trends and ensure the measurements stay within desired ranges. Management is confident that a sufficient amount of internal and external liquidity exists to provide for unanticipated liquidity needs.

**Interest Rate Risk and Fair Value Risk**

Identifying the interest rate risk of the Corporation's interest earning assets and interest-bearing liabilities is essential to managing net interest margin and net interest income. In addition to the impact on earnings, management is also concerned about how much the value of the Corporation's assets might fall or rise given an increasing or decreasing interest rate environment. Interest rate sensitivity analysis (IRSA) measures the impact of a change in interest rates on the net interest income and net interest margin of the Corporation, while net portfolio value (NPV) analysis measures the change in the Corporation's capital fair value, given interest rate fluctuations. Therefore, the two primary approaches to measuring the impact of interest rate changes on the Corporation's earnings and fair value are referred to as:

- Changes in net interest income
- Changes in net portfolio value

The Corporation's asset liability model is able to perform dynamic forecasting based on a wide range of assumptions provided. The model is flexible and can be used for many types of financial projections. The Corporation uses financial modeling to forecast balance sheet growth and earnings. The results obtained through the use of forecasting models are based on a variety of factors. Both earnings and balance sheet forecasts make use of maturity and repricing schedules to determine the changes to the Corporation's balance sheet over the course of time.

Additionally, there are many assumptions that factor into the results. These assumptions include, but are not limited to:

- Projected interest rates
- Timing of interest rate changes
- Slope of the U.S. Treasury curve
- Spreads available on securities over the U.S. Treasury curve
- Prepayment speeds on loans held and mortgage-backed securities

- Anticipated calls on securities with call options
- Deposit and loan balance fluctuations
- Competitive pressures affecting loan and deposit rates
- Economic conditions
- Consumer reaction to interest rate changes

For the interest rate sensitivity analysis and net portfolio value analysis shown below, results are based on a static balance sheet reflecting no projected growth from balances as of December 31, 2025, and December 31, 2024. While it is unlikely that the balance sheet will not grow at all, management considers a static analysis of this sort to be the most conservative and most accurate means to evaluate fair value and future interest rate risk. The static balance sheet approach is used to reduce the number of variables in calculating the model's accuracy in predicting future net interest income. It is appropriate to pull out various balance sheet growth scenarios, which could be utilized to compensate for a declining margin. By testing the model using a base model assuming no growth, this variable is eliminated and management can focus on predicted net interest income based on the current existing balance sheet.

As a result of the many assumptions, this information should not be relied upon to predict future results. Additionally, both of the analyses shown below do not consider any action that management could take to minimize or offset the negative effect of changes in interest rates. These tools are used to assist management in identifying possible areas of risk in order to address them before a greater risk is posed.

**Changes in Net Interest Income**

The changes in net interest income reflect how much the Corporation's net interest income would be expected to increase or decrease given a change in market interest rates. The changes in net interest income shown are measured over a one-year time horizon and assume an immediate rate change on the rate sensitive assets and liabilities. This is considered the more important measure of interest rate sensitivity due to the immediate effect that rate changes may have on the overall performance of the Corporation. The following table takes into consideration when financial instruments would most likely reprice and the duration of the pricing change. It is important to emphasize that the information shown in the table is an estimate based on hypothetical changes in market interest rates.

| | 2025 Percentage Change | 2024 Percentage Change | Policy Guidelines % |
|---|---|---|---|
| 400 basis point rise | **2.9** | 1.1 | (24.00) |
| 300 basis point rise | **2.4** | 1.4 | (20.00) |
| 200 basis point rise | **1.7** | 1.6 | (16.00) |
| 100 basis point rise | **0.3** | 1.5 | (12.00) |
| Base rate scenario | **-** | - | - |
| 100 basis point decline | **(4.1)** | (1.9) | (12.00) |
| 200 basis point decline | **(9.7)** | (5.0) | (16.00) |
| 300 basis point decline | **(15.0)** | (10.0) | (20.00) |
| 400 basis point decline | **(19.1)** | (15.4) | (24.00) |

This table shows the effect of an immediate interest rate shock over a one-year period on the Corporation's net interest income. Base rate is the Prime rate.

As of December 31, 2025, the above analysis shows a negative impact to the Corporation's net interest income in all down rate scenarios and positive impact in all up rate scenarios. The Federal Funds rate has fluctuated over the past two years, with the Fed raising rates in 2023 to combat inflation and then cutting rates in 2024 and 2025 as inflation slowed. The Corporation is now experiencing a reduction in the cost of funds on the liability side in pricing its deposits. Net interest income would decrease if rates were lower with the repricing of variable rate loans and securities moving immediately as Prime moves. The Corporation is asset sensitive in the short-term and in the long-term. The analysis above focuses on immediate rate movements, referred to as rate shocks, and measured over the course of one year.

In most of the up rates scenarios, modeled levels of net interest income improved compared to the results as of December 31, 2024. When rates do go up, most assets with the ability to reprice off a key benchmark rate will generally reprice by the full amount of the Federal Reserve's rate movement. In the current environment, deposit rate changes have been slow and steady as the Fed has decreased rates slowly. Asset yields, however, decline at a faster pace which has resulted in the pressure on net interest income shown above. The analysis above assumes no growth of the Corporation's balance sheet and no change in the mix of earning assets.

The assumptions and analysis of interest rate risk are based on historical experience during varied economic cycles. Management believes these assumptions to be appropriate; however, actual results could vary significantly. Management uses this analysis to identify trends in interest rate sensitivity and determine if action is necessary to mitigate asset liability risk.

**Changes in Net Portfolio Value (NPV)**

The change in NPV gives a long-term view of the exposure to changes in interest rates. The NPV is calculated by discounting the future cash flows to the present value based on current market rates. The NPV is the mathematical equivalent of the present value of assets minus the present value of liabilities.

The table below indicates the changes in the Corporation's NPV as of December 31, 2025 and December 31, 2024. As part of the Asset Liability Policy, the Board of Directors has established risk measurement guidelines to protect the Corporation against decreases in the NPV and net interest income in the event of the interest rate changes described below.

As of December 31, 2025, the Corporation was within guidelines for all up-rate scenarios but was outside of guidelines for the down-300 and down-400 basis point rate scenarios. The positive impact of higher rates on both loans and securities was up from December 31, 2024. On the liability side of the Corporation's balance sheet, the value of non-interest bearing deposit accounts only becomes more and more valuable as interest rates rise, which is reflected in NPV as a decrease in liabilities. These deposits have always been highly favorable in a rising rate environment as these balances are more valuable to the Corporation. However, with higher rates on interest bearing checking, NOW, and money market accounts, the benefit of these deposits in a rising rate environment has declined. As interest rates increase, the discount rate used to value the Corporation's interest bearing accounts increases, causing a lower net present value. This improves the modeling of the Corporation's fair value risk as the liability amounts decrease, causing the net present value or fair value of the Corporation's balance sheet to increase. In 2024, deposit growth was stronger and deposit pricing was stablized resulting in an increase in the benefit in all the rate scenarios. In 2025, deposit growth was relatively flat; however, deposit pricing was lowered throughout the year to maximize profit margins. This reduction in deposit costs resulted in an improvement in the net portfolio value in all the down rate scenarios. The much higher complement of long modeling deposits caused the changes in net portfolio value to be more exaggerated in both the up and down-rate scnenarios as of December 31, 2025 and 2024.

CHANGES IN NET PORTFOLIO VALUE

| | 2025 Percentage Change | 2024 Percentage Change | Policy Guidelines % |
|---|---|---|---|
| 400 basis point rise | **6.9** | 8.1 | (35.00) |
| 300 basis point rise | **7.4** | 8.7 | (30.00) |
| 200 basis point rise | **6.8** | 8.1 | (25.00) |
| 100 basis point rise | **4.5** | 5.5 | (20.00) |
| Base rate scenario | **-** | - | - |
| 100 basis point decline | **(7.9)** | (8.3) | (20.00) |
| 200 basis point decline | **(20.4)** | (21.7) | (25.00) |
| 300 basis point decline | **(38.8)** | (41.5) | (30.00) |
| 400 basis point decline | **(61.5)** | (70.2) | (35.00) |

This table shows the effect of an immediate interest rate shock on the net portfolio value of the Corporation's assets and liabilities. Base rate is the Prime rate.

The results as of December 31, 2025, indicate that the Corporation's net portfolio value would experience valuation gains in all up-rate scenarios with a gain of 6.9% in the rates-up 400 basis point scenario, and gains of 7.4%, 6.8% and 4.5%, in the rates-up 300, rates-up 200 and 100 basis point scenarios, respectively. A valuation gain indicates that the value of the Corporation's assets is declining at a slower pace than the decrease in the value of the Corporation's liabilities. Even though the Corporation has some longer-term assets such as residential mortgages and municipal securities which show declines in value as interest rates increase further, the large balances of core deposits more than offsets this fair value exposure of the longer-term assets.

The changes in net portfolio value do show exposure in the down-rate scenarios with the 300 and 400 rate scenarios that are outside of policy guidelines. A valuation loss indicates that the value of the Corporation's assets is declining at a faster pace than the decrease in the value of the Corporation's liabilities. Even outside of the interest rate environment, the Corporation's exposure to valuation changes could change going forward if the mix of the Corporation's deposits change, which would impact the average life of those deposits. The Board of Directors monitors this policy exception on a quarterly basis, and measures the risk against expected market conditions at the time, including the likelihood of rates decreasing 300 or 400 basis points in a short period of time.

**Item 8. Financial Statements and Supplementary Data**

The following audited consolidated financial statements are set forth in this Annual Report of Form 10-K on the following pages:


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| Report of Independent Registered Public Accounting Firm (PCAOB ID 74) | 50 |
| Consolidated Balance Sheets | 53 |
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SNODGRASS
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of ENB Financial Corp

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of ENB Financial Corp and subsidiaries (the "Company") as of December 31, 2025 and 2024; the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended; and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the 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 its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent, with respect to the Company, in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.



**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the Audit Committee and that: (1) relate to accounts or disclosures that are material to the financial statements; and (2) involve our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter, in any way, our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

**Allowance for Credit Losses (ACL) – Qualitative Factors**

*Description of the Matter*
The Company's loan portfolio totaled $1.5 billion as of December 31, 2025, and the associated ACL was $16.9 million. As discussed in Notes A and C to the financial statements, estimating an appropriate allowance for credit losses requires management to make certain assumptions about expected losses on loans in the loan portfolio over their remaining contractual life as of the balance sheet date. The allowance for credit losses is measured on a collective pool basis when similar risk characteristics exist. Loans that do not share similar risk characteristics are evaluated on an individual basis, at the balance sheet date. The measurement of expected credit losses on collectively evaluated loans is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the amortized cost basis. Management applies qualitative adjustments to reflect the inherent losses that exist in the loan portfolio at the balance sheet date that are not reflected in the historical loss experience. Qualitative adjustments are made based upon changes in lending policies and procedures, terms and volume of the loan portfolio, experience, ability, and depth of management, volume and severity of problem credits, changes in the underlying value of collateral, and concentrations of credit.

We identified these qualitative adjustments within the ACL as critical audit matters because they involve a high degree of subjectivity. While the determination of these qualitative adjustments includes analysis of observable data over the historical loss period, the judgments required to assess the directionality and magnitude of adjustments is highly subjective. Auditing these complex judgments and assumptions involved especially challenging auditor judgment due to the nature of audit evidence and the nature and extent of effort required to address these matters.

*How We Addressed the Matter in Our Audit*

The primary procedures we performed to address this critical audit matter included:

- Testing the design, implementation, and operating effectiveness of internal controls over the calculation of the allowance for credit losses, including the qualitative factor adjustments.

**Allowance for Credit Losses (ACL) – Qualitative Factors (Continued)**

*How We Addressed the Matter in Our Audit* (Continued)

- Testing the completeness and accuracy of the data inputs used by management as a basis for the qualitative factors by agreeing them to internal and external data sources.
- Testing management's process and evaluating the reasonableness of their inputs and assumptions by evaluating the reasonableness of the qualitative factor adjustments, including the magnitude and directional consistency of the adjustments.

We have served as the Company's auditor since 2005.

S. R. Snodgrass, P.C.

S.R. Snodgrass, P.C.
Conshohocken, Pennsylvania
March 20, 2026

## CONSOLIDATED BALANCE SHEETS

(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

| | December 31, 2025 $ | December 31, 2024 $ |
|---|---|---|
| **ASSETS** | | |
| Cash and due from banks | **6,630** | 7,794 |
| Interest-bearing deposits in other banks | **53,943** | 61,115 |
| Total cash and cash equivalents | **60,573** | 68,909 |
| Securities available for sale (at fair value, net of allowance for credit losses of $0) | **579,468** | 616,430 |
| Equity securities (at fair value) | **9,481** | 9,710 |
| Loans held for sale | **2,588** | 3,996 |
| Loans (net of unearned income) | **1,515,745** | 1,427,269 |
| Less: Allowance for credit losses | **16,886** | 16,122 |
| Net loans | **1,498,859** | 1,411,147 |
| Premises and equipment | **31,987** | 27,897 |
| Regulatory stock | **10,870** | 10,789 |
| Bank owned life insurance | **37,019** | 36,014 |
| Other assets | **26,882** | 34,939 |
| **Total assets** | **2,257,727** | 2,219,831 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Liabilities:** | | |
| Deposits: | | |
| Noninterest-bearing | **649,090** | 631,711 |
| Interest-bearing | **1,224,271** | 1,258,732 |
| Total deposits | **1,873,361** | 1,890,443 |
| Short-term borrowings | **60,000** | 60,000 |
| Long-term debt | **67,838** | 83,822 |
| Subordinated debt | **81,413** | 39,716 |
| Other liabilities | **14,061** | 14,866 |
| **Total liabilities** | **2,096,673** | 2,088,847 |
| **Stockholders' equity:** | | |
| Common stock, par value $0.10 | | |
| Shares: Authorized 24,000,000 | | |
| Issued 5,739,114 and Outstanding 5,692,991 as of 12/31/25, | | |
| 5,655,270 as of 12/31/24 | **574** | 574 |
| Capital surplus | **3,979** | 3,957 |
| Retained earnings | **179,481** | 162,006 |
| Accumulated other comprehensive loss, net of tax | **(22,137)** | (34,143) |
| Less: Treasury stock cost on 46,123 shares as of 12/31/25 and | | |
| 83,844 shares as of 12/31/24 | **(843)** | (1,410) |
| **Total stockholders' equity** | **161,054** | 130,984 |
| **Total liabilities and stockholders' equity** | **2,257,727** | 2,219,831 |

See Notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENTS OF INCOME

**(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)**

| | Year Ended December 31, | |
|---|---|---|
| | **2025** | 2024 |
| | **$** | $ |
| **Interest and dividend income:** | | |
| Interest and fees on loans | **81,234** | 73,057 |
| Interest on securities available for sale: | | |
| Taxable | **19,902** | 13,490 |
| Tax-exempt | **2,600** | 2,824 |
| Interest on deposits at other banks | **983** | 2,183 |
| Dividend income | **1,390** | 1,314 |
| **Total interest and dividend income** | **106,109** | 92,868 |
| **Interest expense:** | | |
| Interest on deposits | **29,790** | 30,414 |
| Interest on borrowings | **7,615** | 5,713 |
| **Total interest expense** | **37,405** | 36,127 |
| Net interest income | **68,704** | 56,741 |
| Provision for credit losses | **887** | 1,015 |
| Net interest income after provision for credit losses | **67,817** | 55,726 |
| **Other income:** | | |
| Trust and investment services income | **3,603** | 3,665 |
| Service fees | **5,709** | 5,864 |
| Commissions | **4,123** | 4,076 |
| Losses on sale of debt securities, net | **(312)** | (97) |
| Gains on equity securities, net | **106** | 256 |
| Gains on sale of mortgages | **1,878** | 1,826 |
| Earnings on bank owned life insurance | **1,144** | 1,259 |
| Other income | **1,786** | 1,281 |
| **Total other income** | **18,037** | 18,130 |
| **Operating expenses:** | | |
| Salaries and employee benefits | **34,671** | 34,043 |
| Occupancy | **3,606** | 3,333 |
| Equipment | **1,637** | 1,298 |
| Advertising & marketing | **1,387** | 1,152 |
| Computer software & data processing | **7,339** | 6,264 |
| Shares tax | **1,538** | 1,376 |
| Professional services | **3,434** | 3,277 |
| Merger related expenses | **698** | - |
| Other expenses | **4,809** | 4,488 |
| **Total operating expenses** | **59,119** | 55,231 |
| Income before income taxes | **26,735** | 18,625 |
| Provision for income taxes | **5,176** | 3,308 |
| **Net income** | **21,559** | 15,317 |
| **Per share information:** | | |
| Basic and diluted earnings per share | **3.80** | 2.71 |
| Dividends per share | **0.72** | 0.69 |

See Notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

**(DOLLARS IN THOUSANDS)**

| | Year ended December 31, | |
|---|---|---|
| | **2025** | 2024 |
| | **$** | $ |
| **Net income** | **21,559** | 15,317 |
| **Other comprehensive income (loss), net of tax:** | | |
| Securities available for sale not other-than-temporarily impaired: | | |
| Unrealized gains (losses) arising during the period | **16,489** | 364 |
| Reclassification adjustment for losses included in net income on securities available for sale | **312** | 97 |
| Reclassification adjustment for (gains) realized in net income on fair value hedge | **(1,126)** | (464) |
| Net unrealized gains | **15,675** | (3) |
| Income tax effect | **(3,345)** | 54 |
| Net of tax amount | **12,330** | 51 |
| Cash flow hedge: | | |
| Changes in unrealized (losses) gains on cash flow hedge | **(150)** | 277 |
| Reclassification amount for amounts included in net income | **(260)** | (73) |
| Income tax effect | **86** | (43) |
| Net of tax amount | **(324)** | 161 |
| Total other comprehensive income | **12,006** | 212 |
| Total Comprehensive Income | **$ 33,565** | $ 15,529 |

See Notes to the Consolidated Financial Statements

# CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

| | Common Stock $ | Capital Surplus $ | Retained Earnings $ | Accumulated Other Comprehensive Income (Loss) $ | Treasury Stock $ | Total Stockholders' Equity $ |
|---|---|---|---|---|---|---|
| Balances, January 1, 2024 | 574 | 4,072 | 150,596 | (34,355) | (1,233) | 119,654 |
| Net income | - | - | 15,317 | - | - | 15,317 |
| Other comprehensive income, net of tax | - | - | - | 212 | - | 212 |
| Stock-based compensation expense | - | 61 | - | - | - | 61 |
| Treasury stock purchased - 82,169 shares | - | - | - | - | (1,318) | (1,318) |
| Treasury stock issued - 67,385 shares | - | (176) | - | - | 1,141 | 965 |
| Cash dividends paid, $0.69 per share | - | - | (3,907) | - | - | (3,907) |
| Balances, December 31, 2024 | 574 | 3,957 | 162,006 | (34,143) | (1,410) | 130,984 |
| **Net income** | **-** | **-** | **21,559** | **-** | **-** | **21,559** |
| **Other comprehensive income, net of tax** | **-** | **-** | **-** | **12,006** | **-** | **12,006** |
| **Stock-based compensation expense** | **-** | **55** | **-** | **-** | **-** | **55** |
| **Treasury stock purchased - 15,000 shares** | **-** | **-** | **-** | **-** | **(332)** | **(332)** |
| **Treasury stock issued - 52,721 shares** | **-** | **(33)** | **-** | **-** | **899** | **866** |
| **Cash dividends paid, $0.72 per share** | **-** | **-** | **(4,084)** | **-** | **-** | **(4,084)** |
| **Balances, December 31, 2025** | **574** | **3,979** | **179,481** | **(22,137)** | **(843)** | **161,054** |

See Notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(DOLLARS IN THOUSANDS)

| | Year Ended December 31, | |
|---|---|---|
| | **2025** | 2024 |
| | **$** | $ |
| **Cash flows from operating activities:** | | |
| Net income | **21,559** | 15,317 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Net amortization of securities premiums and discounts and loan fees | **165** | 3,537 |
| Decrease (increase) in interest receivable | **199** | (1,608) |
| (Decrease) increase in interest payable | **(574)** | 966 |
| Provision for credit losses | **887** | 1,015 |
| Losses on the sale of debt securities, net | **312** | 97 |
| Gains on equity securities, net | **(106)** | (256) |
| Gains on sale of mortgages | **(1,878)** | (1,826) |
| Loans originated for sale | **(49,405)** | (62,957) |
| Proceeds from sales of loans | **52,691** | 61,139 |
| Earnings on bank-owned life insurance | **(1,144)** | (1,259) |
| Gain on sale of other real estate owned | **(101)** | - |
| Depreciation of premises and equipment and amortization of software | **2,259** | 2,089 |
| Deferred income tax | **1,324** | 272 |
| Amortization of deferred fees on subordinated debt | **166** | 160 |
| Stock-based compensation expense | **55** | 61 |
| Other assets and other liabilities, net | **(1,293)** | (932) |
| **Net cash provided by operating activities** | **25,116** | 15,815 |
| **Cash flows from investing activities:** | | |
| Securities available for sale: | | |
| Proceeds from maturities, calls, and repayments | **63,510** | 47,871 |
| Proceeds from sales | **12,246** | 5,019 |
| Purchases | **(19,993)** | (217,030) |
| Equity securities: | | |
| Proceeds from sales | **777** | 781 |
| Purchases | **(442)** | (783) |
| Proceeds from sale of other real estate owned | **1,090** | - |
| Purchase of regulatory bank stock | **(843)** | (3,077) |
| Redemptions of regulatory bank stock | **762** | 828 |
| Proceeds from bank-owned life insurance | **-** | 741 |
| Purchase of bank-owned life insurance | **(5)** | - |
| Net increase in loans | **(89,343)** | (67,375) |
| Purchases of premises and equipment, net | **(5,941)** | (4,305) |
| Purchase of computer software | **(185)** | (551) |
| **Net cash used for investing activities** | **(38,367)** | (237,881) |
| **Cash flows from financing activities:** | | |
| Net increase in demand and savings accounts | **11,962** | 65,890 |
| Net (decrease) increase in time deposits | **(29,044)** | 97,755 |
| Net proceeds from short-term borrowings, net | **-** | 60,000 |
| Repayments of long-term debt | **(15,984)** | (17,406) |
| Proceeds from issuance of subordinated debt | **41,531** | - |
| Dividends paid | **(4,084)** | (3,907) |
| Proceeds from issuance of treasury stock | **866** | 965 |
| Treasury stock purchased | **(332)** | (1,318) |
| **Net cash provided by financing activities** | **4,915** | 201,979 |
| (Decrease) in cash and cash equivalents | **(8,336)** | (20,087) |
| Cash and cash equivalents at beginning of period | **68,909** | 88,996 |
| Cash and cash equivalents at end of period | **60,573** | 68,909 |
| Supplemental disclosures of cash flow information: | | |
| Interest paid | **37,979** | 35,161 |
| Income taxes paid | **3,922** | 3,200 |
| Supplemental disclosure of non-cash investing and financing activities: | | |
| Fair value adjustments for securities available for sale | **19,523** | (3,760) |
| Recognition of lease operating right-of-use assets | **519** | - |
| Recognition of operating lease liabilities | **519** | - |
| OREO acquired in settlement of loans | **989** | - |

See Notes to the Consolidated Financial Statements

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations**
ENB Financial Corp, ("the Corporation") through its wholly owned subsidiary, Ephrata National Bank, provides financial services to Northern Lancaster County and surrounding communities. ENB Financial Corp, a bank holding company, was formed on July 1, 2008, to become the parent company of Ephrata National Bank, which existed as a stand-alone national bank since its formation on April 11, 1881. The Corporation's wholly owned subsidiary, Ephrata National Bank, offers a full array of banking services including loan and deposit products for both personal and commercial customers, as well as trust and investment services, through fourteen full-service office locations. The Bank has one subsidiary, ENB Insurance, which is a full-service insurance agency that offers a broad range of insurance products to commercial and personal clients. ENB Insurance is managed separately from the banking and related financial services that the Corporation offers.

**Basis of Presentation**
The consolidated financial statements of ENB Financial Corp and its subsidiary, Ephrata National Bank, (collectively "the Corporation") conform to U.S. generally accepted accounting principles (GAAP). The preparation of these statements requires that management make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Material estimates of the Corporation, including the allowance for credit losses, are evaluated regularly by management. Actual results could differ from the reported estimates given different conditions or assumptions.

The accounting and reporting policies followed by the Corporation conform with U.S. GAAP and to general practices within the banking industry. All significant intercompany transactions have been eliminated in consolidation.

The Corporation's management has evaluated all activity of the Corporation and concluded that subsequent events are properly reflected in the Corporation's consolidated financial statements and notes as required by GAAP.

**Accounting Pronouncements Adopted in 2025**

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which provides for improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This guidance is effective for 2025 annual financial statement. Those matters that impacted the Corporation have been included in Note L – Income Taxes.

**Cash Flows**
For purposes of reporting cash flows, cash and cash equivalents are identified as cash and due from banks and include cash on hand, collection items, amounts due from banks, and interest-bearing deposits in other banks with maturities of less than 90 days. Net cash flows are reported for customer loan deposit transactions, redemption (purchases) of restricted investments in back stocks and short-term borrowings.

**Investment Securities**
Management classifies its debt securities at the time of purchase as available for sale (AFS) or held to maturity (HTM). At December 31, 2025 and 2024, all debt securities were classified as AFS, meaning that the Corporation intends to hold them for an indefinite period of time, but not necessarily to maturity. AFS debt securities are stated at estimated fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax. Interest income includes amortization of purchase premium or accretion of purchased discounts. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

**Allowance for Credit Losses- Available for Sale Securities**
The Corporation is required to conduct a credit loss evaluation on AFS securities to determine whether the Corporation has the intent to sell the security or it is more likely than not that it will be required to sell the security before recovery. If these situations apply, the guidance requires the Corporation to reduce the security's amortized cost basis down to its fair value through earnings. The Corporation also evaluates the unrealized losses on AFS securities to determine if a security's decline in fair value below its amortized cost basis is due to credit factors. The evaluation is based upon factors such as the creditworthiness of the underlying borrowers, performance of the underlying collateral, if applicable, and the level of credit support in the security structure.

Management also evaluates other factors and circumstances that may be indicative of a decline in the fair value of the security due to a credit factor.

This includes, but is not limited to, an evaluation of the type of security, and extent to which the fair value has been less than amortized cost, and near-term prospects of the issuer. If this assessment indicates that a credit loss exists, the present value of the expected cash flows of the security is compared to the amortized cost basis of the security. Under ASC 326, if the present value of the cash flows expected to be collected is less than the amortized cost, an allowance for credit losses (ACL) is recorded, which is limited by the amount that the fair value is less than the amortized cost. Any additional amount of loss would be due to non-credit factors and is recorded in accumulated other comprehensive income (AOCI), net of tax. If a credit loss is recognized in earnings, subsequent improvements to the expectation of collectability will be recognized through the ACL. If the fair value of the security increases above its amortized cost, the unrealized gain will be recorded in AOCI, net of tax, on the consolidated statements of financial condition.

**Equity Securities**
Equity securities include common stocks of public companies and a Community Reinvestment Act qualified mutual fund that the Corporation has the intent and ability to hold for an indeterminate amount of time. Such securities are reported at fair value with changes in unrealized holding gains and losses recognized through earnings on a monthly basis.

**Loans Held for Investment**
Loans receivable, that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, generally are reported at the outstanding principal balances, reduced by any charge-offs and net of any deferred loan origination fees or costs. Net loan origination fees and costs are deferred and recognized as an adjustment of yield over the contractual life of the loan.

Interest accrues daily on outstanding loan balances. Generally, the accrual of interest discontinues when the ability to collect the loan becomes doubtful or when a loan becomes more than 90 days past due as to principal and interest. These loans are referred to as non-accrual loans. Management may elect to continue the accrual of interest based on the expectation of future payments and/or the sufficiency of the underlying collateral.

**Loans Held for Sale**
Loans originated and intended for sale on the secondary market are carried at the lower of cost or fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. In general, fixed-rate residential mortgage loans originated by the Corporation and held for sale are carried in the aggregate at the lower of cost or market. The Corporation originates loans for immediate sale with servicing retained and servicing released to several investors. However, the vast majority of the sold mortgages are sold to the Federal Home Loan Bank of Pittsburgh (FHLB) and Fannie Mae, with servicing retained. As a result, the Corporation has a growing portfolio of mortgages that are serviced on behalf of FHLB and Fannie Mae. In addition, the Corporation originates FHA, VA, and USDA mortgages which are originated for immediate sale to various investors on a service-released basis.

**Allowance for Credit Losses-Loans**
The allowance for credit losses (ACL) is a valuation reserve established and maintained by charges against income and is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans, or portions thereof, are charged off against the ACL when they are deemed uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

The ACL is an estimate of expected credit losses, measured over the contractual life of a loan, that considers historical loss experience, current conditions, and forecasts of future economic conditions. Determination of an appropriate ACL is inherently subjective and may have significant changes from period to period.

The methodology for determining the ACL has two main components: evaluation of expected credit losses for certain groups of homogeneous loans that share similar risk characteristics and evaluation of loans that do not share risk characteristics with other loans.

The ACL is measured on a collective (pool) basis when similar risk characteristics exist. The Corporation measures the ACL using the following methods. Historical credit loss experience is the basis for the estimation of expected credit losses. The Corporation applies historical loss rates to pools of loans with similar risk characteristics.

After consideration of the historic loss calculation, management applies qualitative adjustments to reflect the current conditions and reasonable and supportable forecasts not already reflected in the historical loss information at the balance sheet date. Reasonable and supportable forecast adjustment is based on the unemployment forecast, BBB Rated Corporate Bond Spread, GDP Growth, Retail Sales, Asset Prices, and Management Judgement. The reasonable and supportable period is the life of the loan as credit loss models used produce reasonable estimates of losses over the life of the loan. The qualitative adjustments for current conditions are based upon changes in lending policies and procedures, loan portfolio trends, lending management experience, asset quality, loan review, underlying collateral, credit concentrations, and external factors. These modified historical loss rates are multiplied by the outstanding principal balance of each loan to calculate a required reserve.

The Corporation has elected to exclude accrued interest receivable from the measurement of its ACL. When a loan is placed on non-accrual status, any outstanding accrued interest is reversed against interest income.

The ACL for individual loans begins with the use of normal credit review procedures to identify whether a loan no longer shares similar risk characteristics with other pooled loans and therefore, should be individually assessed. We evaluate all commercial loans that meet the following criteria: 1) when it is determined that foreclosure is probable, 2) substandard, doubtful and nonperforming loans when repayment is expected to be provided substantially through the operation or sale of the collateral, 3) when it is determined by management that a loan does not share similar risk characteristics with other loans. Specific reserves are established based on the following three acceptable methods for measuring the ACL: 1) the present value of expected future cash flows discounted at the loan's original effective interest rate; 2) the loan's observable market price; or 3) the fair value of the collateral when the loan is collateral dependent. Our individual loan evaluations consist primarily of the fair value of collateral method because most of our loans are collateral dependent. Collateral values are discounted to consider disposition costs when appropriate. A specific reserve is established or a charge-off is taken if the fair value of the loan is less than the loan balance.

In terms of the Corporation's loan portfolio, Consumer loans are deemed to have the most risk and therefore carry a higher qualitative adjustment than other portfolio segments. These loans are highly dependent on their financial condition and therefore are more dependent on economic conditions. Business loans are considered to have more risk than the Agriculture, Home Equity, and Residential Real Estate loans as these loans have accounted for higher levels of historical charge-offs. The Corporation's Non-Owner Occupied CRE portfolio has performed well historically with no losses in the look-back period. Overall, the Corporation has historically experienced very low levels of delinquencies, non-accrual loans, and charge-offs. Qualitative factors are set and adjusted accordingly.

**Non-Accrual Loans**
Management will place a business or commercial loan on non-accrual status when it is determined that the loan is impaired, or when the loan is 90 days past due. Consumer loans over 90 days delinquent are generally charged off, or in the case of residential real estate loans the Corporation will seek to bring the customer current or pursue foreclosure options. When the borrower is on non-accrual, the Corporation will reverse any accrued interest on the books and will discontinue recognizing any interest income until the borrower is placed back on accrual status or fully pays off the loan balance plus any accrued interest. Payments received by the customer while the loan is on non-accrual are fully applied against principal. The Corporation maintains records of the full amount of interest that is owed by the borrower. A non-accrual loan will generally only be placed back on accrual status after the borrower has become current and has demonstrated six consecutive months of non-delinquency.

**Allowance for Off-Balance Sheet Extensions of Credit**
The Corporation maintains an allowance for off-balance sheet extensions of credit, which would include any unadvanced amount on lines of credit and any letters of credit provided to borrowers. The allowance is carried as a liability and is included in other liabilities on the Corporation's Consolidated Balance Sheets. The liability was $1,354,000 as of December 31, 2025, and $1,323,000 as of December 31, 2024.

Management follows the same methodology as the allowance for credit losses when calculating the allowance for off-balance sheet extensions of credit. The unadvanced amounts for each loan segment are broken down by credit classification. A historical loss ratio and qualitative factors are calculated for each credit classification by loan type.

The historical loss ratio and qualitative factor are combined to produce an adjusted loss ratio, which is multiplied by the amount at risk for each credit classification within each loan segment to arrive at an allocation. The allocations are summed to arrive at the total allowance for off-balance sheet extensions of credit.

**Other Real Estate Owned (OREO)**
OREO represents properties acquired through customer loan defaults. These properties are recorded at the lower of cost or fair value less projected disposal costs at acquisition date. Fair value is determined by current appraisals. Costs associated with holding OREO are charged to operational expense. OREO is a component of other assets on the Corporation's Consolidated Balance Sheets. The Corporation had no OREO as of December 31, 2025, or December 31, 2024.

**Mortgage Servicing Rights (MSRs)**
The Corporation has agreements for the express purpose of servicing residential mortgage loans that were sold on the secondary market, referred to as mortgage servicing rights. The Corporation maintains all servicing rights for loans currently sold through FHLB and Fannie Mae. The Corporation had $2,597,000 of MSRs as of December 31, 2025, compared to $2,364,000 as of December 31, 2024. The value of newly originated MSRs is determined by estimating the life of the mortgage and how long the Corporation will have access to the servicing income stream to determine the relative fair value. The Corporation utilizes a third party that calculates the MSR valuation on a quarterly basis.

A longer estimated life would increase the MSR valuation, while a shorter estimated life would decrease the value of the MSR. Management records the MSR value based on the third-party reporting. Ultimately the value of the MSRs would be at what level a willing buyer and seller would exchange the MSRs. MSRs are amortized in proportion to the estimated servicing income over the estimated life of the servicing portfolio. Impairment is evaluated based on the fair value of the rights, portfolio interest rates, and prepayment characteristics. MSRs are a component of other assets on the Consolidated Balance Sheets.

The following chart provides the activity of the Corporation's mortgage servicing rights for the years ended December 31, 2025 and 2024 (in thousands):

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Beginning Balance | **2,364** | 2,151 |
| Additions | **555** | 584 |
| Amortization | **(233)** | (294) |
| Disposals | **(89)** | (77) |
| Ending Balance | **2,597** | 2,364 |

**Premises and Equipment**
Land is carried at cost. Premises and equipment are carried at cost, less accumulated depreciation. Book depreciation is computed using straight-line methods over the estimated useful lives of generally fifteen to thirty-nine years for buildings and improvements and four to ten years for furniture and equipment. Maintenance and repairs of property and equipment are charged to operational expense as incurred, while major improvements are capitalized. Net gains or losses upon disposition are included in other income or operational expense, as applicable.

**Transfer of 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 Corporation, (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 Corporation does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

**Bank-Owned Life Insurance (BOLI)**
BOLI is carried by the Corporation at the cash surrender value of the underlying policies. Income earned on the policies is based on any increase in cash surrender value less the cost of the insurance, which varies according to age and health of the insured. The life insurance policies owned by the Corporation had a cash surrender value of $37,019,000 and $36,014,000 as of December 31, 2025, and 2024.

**Leases**
The Corporation has operating leases for several branch locations and office space. Generally, the underlying lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Corporation may also lease certain office equipment under operating leases. Many of the Corporation's leases include both lease (e.g., minimum rent payments) and non-lease components (e.g., common-area or other maintenance costs). The Corporation accounts for each component separately based on the standalone price of each component. In addition, there are several operating leases with lease terms of less than one year and therefore, we have elected the practical expedient to exclude these short-term leases from our right of use assets and lease liabilities.

Most leases include one or more options to renew. The exercise of lease renewal options is typically at the sole discretion of management and is based on whether the extension options are reasonably certain to be exercised after giving proper consideration to all facts and circumstances of the lease. If management determines that the Corporation is reasonably certain to exercise the extension option(s), the additional term is included in the calculation of the lease liability.

**Advertising Costs**
The Corporation expenses advertising costs as incurred.

**Income Taxes**
Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary difference between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces the deferred tax assets to the amount expected to be realized. The Corporation recognizes interest and penalties related to income tax matters in income tax expense.

An asset and liability approach is followed for financial accounting and reporting for income taxes. Accordingly, a net deferred tax asset or liability is recorded in the consolidated financial statements for the tax effects of temporary differences, which are items of income and expense reported in different periods for income tax and financial reporting purposes. Deferred tax expense is determined by the change in the assets or liabilities related to deferred income taxes. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

**Earnings per Share**
Basic earnings per share represents income available to common stockholders divided by the weighted average number of common shares outstanding during the period less any unvested restricted shares. Diluted earnings per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Corporation relate solely to restricted stock units and are determined using the treasury stock method. Treasury shares are not deemed outstanding for earnings per share calculations.

**Comprehensive Income (Loss)**
Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available-for-sale and unrealized gains and losses on cash flow and fair value hedges which are recognized as separate components of equity.

**Segment Disclosure**
While the chief decision makers of the Corporation monitor the revenue streams of various business lines and their products and services, operations are managed, and financial performance is evaluated on an entity-wide basis. Operating business lines are aggregated into one segment, as operating results for business lines are similar and dependent on each other. Accordingly, all the financial service operations are considered by management to be aggregated in one reportable operating segment, Community Banking.

**Retirement Plans**
The Corporation provides an optional 401(k) plan, in which employees may elect to defer pre-tax salary dollars, subject to the maximum annual Internal Revenue Service contribution amounts. The Corporation will match 50% of employee contributions up to 5%, limiting the match to 2.5%.

As part of the 401(k) Plan, the Corporation also has a noncontributory Profit Sharing Plan which covers substantially all employees. The Corporation provides a 3% non-elective contribution to all employees and contributes a 2% elective contribution to all employees aged 21 or older who work 1,000 or greater hours in a calendar year and have completed at least one full year of employment.

**Trust Assets and Income**
Assets held by ENB's Wealth Solutions Group in a fiduciary or agency capacity for customers are not included in the Corporation's Consolidated Balance Sheets since these items are not assets of the Corporation. Trust income is reported in the Corporation's Consolidated Statements of Income under other income.

**Revenue from Contracts with Customers**
The Corporation records revenue from contracts with customers in accordance with Accounting Standards Topic 606, *Revenue from Contracts with Customers (Topic 606).* Under Topic 606, the Corporation must identify contracts with customers, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when the Corporation satisfies a performance obligation. Significant revenue has not been recognized in the current reporting period that results from performance obligations satisfied in previous periods.

The Corporation's primary sources of revenue are derived from interest and dividends earned on loans, investment securities, and other financial instruments that are not within the scope of Topic 606. The Corporation has evaluated the nature of its contracts with customers and determined that further disaggregation of revenue from contracts with customers into more granular categories beyond what is presented in the Consolidated Statements of Income was not necessary. The Corporation generally fully satisfies its performance obligations on its contracts with customers as services are rendered and the transaction prices are typically fixed; charged either on a periodic basis or based on activity. Because performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgment involved in applying Topic 606 that significantly affects the determination of the amount and timing of revenue from contracts with customers.

**Reclassification of Comparative Amounts**
Certain comparative amounts for the prior year have been reclassified to conform to current-year classifications. Such reclassifications had no material effect on net income or stockholders' equity.

**Recently Issued Accounting Standards**

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures.* This ASU requires disclosure in the notes to financial statements of specified information about certain costs and expenses. Specific disclosures are required for (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas producing activities. The amendments in this Update do not change or remove current expense disclosure requirements. However, the amendments affect where this information appears in the notes to financial statements because entities are required to include certain current disclosures in the same tabular format disclosure as the other disaggregation requirements in the amendments. The amendments in ASU 2024-03 apply only to public business entities and are effective for fiscal years beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Corporation is currently evaluating the impact of this new guidance on its financial statements.

In November 2025, the FASB issued ASU 2025-08, *Financial Instruments – Credit Losses (Topic 326)*. This ASU requires that loans acquired without credit deterioration and deemed "seasoned" will be considered purchased seasoned loans and accounted for using the gross-up approach at acquisition (i.e., record the loan at its purchase price and separately record an allowance for expected credit losses). Seasoned loans include all loans acquired in a business combination, which do not have "more-than-insignificant" deterioration of credit quality since origination, as well as loans purchased at least 90 days after origination, where the purchaser was not involved in the origination of the loans.

The amendments in ASU 2025-08 are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods, with early adoption permitted. This ASU should be applied prospectively to loans that are acquired on or after the initial application date. The Company intends to early adopt ASU 2025-08 prospectively, effective January 1, 2026. Management is currently evaluating the impact that ASU 2025-08 will have on our 2026 consolidated financial statements.

**NOTE B - SECURITIES**

**DEBT SECURITIES**

The amortized cost, gross unrealized gains and losses, estimated fair value, and allowance for credit losses of investment securities available for sale at December 31, 2025 and 2024 are as follows (in thousands):

| | Amortized Cost $ | Gross Unrealized Gains $ | Gross Unrealized Losses $ | Allowance for Credit Losses $ | Fair Value $ |
|---|---|---|---|---|---|
| **December 31, 2025** | | | | | |
| U. S. Treasuries | **14,927** | **-** | **(764)** | **-** | **14,163** |
| U.S. government agencies | **16,400** | **-** | **(578)** | **-** | **15,822** |
| U.S. agency mortgage-backed securities | **33,286** | **73** | **(1,746)** | **-** | **31,613** |
| U.S. agency collateralized mortgage obligations | **107,592** | **433** | **(1,633)** | **-** | **106,392** |
| Non-agency MBS/CMO | **144,887** | **536** | **(1,912)** | **-** | **143,511** |
| Asset-backed securities | **51,306** | **52** | **(396)** | **-** | **50,962** |
| Corporate bonds | **47,365** | **15** | **(2,245)** | **-** | **45,135** |
| Obligations of states and political subdivisions | **191,430** | **-** | **(19,560)** | **-** | **171,870** |
| Total securities available for sale | **607,193** | **1,109** | **(28,834)** | **-** | **579,468** |
| | | | | | |
| **Decmber 31, 2024** | | | | | |
| U. S. Treasuries | 19,900 | - | (1,438) | - | 18,462 |
| U.S. government agencies | 19,400 | - | (1,333) | - | 18,067 |
| U.S. agency mortgage-backed securities | 38,000 | - | (3,120) | - | 34,880 |
| U.S. agency collateralized mortgage obligations | 116,272 | - | (5,277) | - | 110,995 |
| Non-agency MBS/CMO | 152,096 | 16 | (6,901) | - | 145,211 |
| Asset-backed securities | 57,543 | 123 | (398) | - | 57,268 |
| Corporate bonds | 57,423 | - | (4,351) | - | 53,072 |
| Obligations of states and political subdivisions | 203,044 | - | (24,569) | - | 178,475 |
| Total securities available for sale | 663,678 | 139 | (47,387) | - | 616,430 |

The amortized cost and fair value of debt securities available for sale at December 31, 2025, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities due to certain call or prepayment provisions (in thousands).

| | Amortized Cost $ | Fair Value $ |
|---|---|---|
| Due in one year or less | **6,513** | **6,403** |
| Due after one year through five years | **61,972** | **59,380** |
| Due after five years through ten years | **58,004** | **51,601** |
| Due after ten years | **143,633** | **129,606** |
| U.S. agency mortgage-backed securities | **33,286** | **31,613** |
| U.S. agency colleraralized mortgage obligations | **107,592** | **106,392** |
| Non-agency MBS/CMO | **144,887** | **143,511** |
| Asset-backed securities | **51,306** | **50,962** |
| Total debt securities | **607,193** | **579,468** |

Securities available for sale with a par value of $127,026,000 and $110,232,000 at December 31, 2025 and 2024 were pledged or restricted for public funds, borrowings, or other purposes as required by law. The fair market value of these pledged securities was $117,817,000 and $102,957,000 at December 31, 2025 and 2024.

Proceeds from sales and calls of debt securities available for sale with gains or losses, along with the associated gross realized gains and gross realized losses, are shown below. Realized gains and losses are computed on the basis of specific identification (in thousands).

| | 2025 $ | 2024 $ |
|---|---|---|
| Proceeds from sales and calls with losses | **12,396** | 5,019 |
| Gross realized gains | **-** | - |
| Gross realized losses | **312** | 97 |

Information pertaining to securities with gross unrealized losses for which an allowance for credit losses has not been recorded at December 31, 2025, and December 31, 2024, aggregated by investment category and length of time that individual securities have been in a continuous loss position follows (in thousands):

| | Less than 12 months | | More than 12 months | | Total | |
|---|---|---|---|---|---|---|
| | Fair Value $ | Gross Unrealized Losses $ | Fair Value $ | Gross Unrealized Losses $ | Fair Value $ | Gross Unrealized Losses $ |
| **As of December 31, 2025** | | | | | | |
| U.S. Treasuries | **-** | **-** | **14,163** | **(764)** | **14,163** | **(764)** |
| U.S. government agencies | **-** | **-** | **15,822** | **(578)** | **15,822** | **(578)** |
| U.S. agency mortgage-backed securities | **-** | **-** | **23,117** | **(1,746)** | **23,117** | **(1,746)** |
| U.S. agency collateralized mortgage obligations | **8,963** | **(30)** | **61,133** | **(1,603)** | **70,096** | **(1,633)** |
| Non-Agency MBS/CMO | **44,873** | **(326)** | **46,260** | **(1,586)** | **91,133** | **(1,912)** |
| Asset-backed securities | **14,043** | **(110)** | **21,686** | **(286)** | **35,729** | **(396)** |
| Corporate bonds | **-** | **-** | **44,620** | **(2,245)** | **44,620** | **(2,245)** |
| Obligations of states & political subdivisions | **-** | **-** | **171,840** | **(19,560)** | **171,840** | **(19,560)** |
| Total unrealized losses | **67,879** | **(466)** | **398,641** | **(28,368)** | **466,520** | **(28,834)** |
| **As of December 31, 2024** | | | | | | |
| U.S. Treasuries | - | - | 18,462 | (1,438) | 18,462 | (1,438) |
| U.S. government agencies | - | - | 18,067 | (1,333) | 18,067 | (1,333) |
| U.S. agency mortgage-backed securities | - | - | 34,880 | (3,120) | 34,880 | (3,120) |
| U.S. agency collateralized mortgage obligations | 93,239 | (3,584) | 17,756 | (1,693) | 110,995 | (5,277) |
| Non-Agency MBS/CMO | 107,316 | (4,930) | 33,606 | (1,971) | 140,922 | (6,901) |
| Asset-backed securities | 4,938 | (39) | 26,376 | (359) | 31,314 | (398) |
| Corporate bonds | - | - | 53,072 | (4,351) | 53,072 | (4,351) |
| Obligations of states & political subdivisions | 1,639 | (400) | 176,806 | (24,169) | 178,445 | (24,569) |
| Total unrealized losses | 207,132 | (8,953) | 379,025 | (38,434) | 586,157 | (47,387) |

In the debt security portfolio, there are 288 and 318 positions carrying unrealized losses as of December 31, 2025 and 2024.

The Corporation evaluates fixed income positions for an allowance for credit losses at least on a quarterly basis, and more frequently when economic and market concerns warrant such evaluation. The Corporation does not intend to sell the securities in an unrealized loss position and is unlikely to be required to sell these securities before a recovery of fair value, which may be maturity. The Corporation concluded that the decline in fair value of these securities was not indicative of a credit loss. No securities in the portfolio required an allowance for credit losses to be recorded during the year ended December 31, 2025 or 2024.

**EQUITY SECURITIES**

The following tables summarize the amortized cost, cumulative gross realized gains and losses recognized in earnings, and fair value of equity securities held at December 31, 2025 and 2024 (in thousands):

| | Amortized Cost $ | Gross Realized Gains $ | Gross Realized Losses $ | Fair Value $ |
|---|---|---|---|---|
| **December 31, 2025** | | | | |
| CRA-qualified mutual funds | **8,960** | **-** | **-** | **8,960** |
| Bank stocks | **580** | **1** | **(60)** | **521** |
| Total equity securities | **9,540** | **1** | **(60)** | **9,481** |
| | | | | |
| **December 31, 2024** | | | | |
| CRA-qualified mutual funds | 8,517 | - | - | 8,517 |
| Bank stocks | 1,233 | 101 | (141) | 1,193 |
| Total equity securities | 9,750 | 101 | (141) | 9,710 |

The following table presents the net gains and losses on the Corporation's equity investments recognized in earnings during the years ended December 31, 2025 and 2024 (in thousands).

| | 2025 $ | 2024 $ |
|---|---|---|
| Net gains realized on the sale of equity securities during the period | **125** | 259 |
| Less: Losses recognized on equity securities held at reporting date | **(19)** | (3) |
| Net gains recognized on equity securities during the period | **106** | 256 |

## NOTE C - LOANS AND ALLOWANCE FOR CREDIT LOSSES

The following table presents the Corporation's loan portfolio by category of loans as of December 31, 2025 and 2024 (in thousands):

| | December 31, 2025 $ | December 31, 2024 $ |
|---|---|---|
| Agriculture | **317,957** | 289,284 |
| Business Loans | **394,558** | 360,805 |
| Consumer | **5,703** | 6,603 |
| Home Equity | **141,369** | 118,329 |
| Non-Owner Occupied Commercial Real Estate | **169,584** | 136,298 |
| Residential Real Estate (a) | **484,337** | 514,120 |
| Gross loans prior to deferred costs | **1,513,508** | 1,425,439 |
| Deferred loan costs, net | **2,237** | 1,830 |
| Allowance for credit losses | **(16,886)** | (16,122) |
| Total net loans | **1,498,859** | 1,411,147 |

(a) Real estate loans serviced for others, which are not included in the Consolidated Balance Sheets, totaled $376,287,000 and $342,640,000 as of December 31, 2025 and 2024.

Credit Quality Indicators

The Corporation grades commercial credits differently than consumer credits. The following tables represent all of the Corporation's commercial credit exposures by internally assigned grades as of December 31, 2025 and 2024. The grading analysis estimates the capability of the borrower to repay the contractual obligations under the loan agreements as scheduled or at all. The Corporation's internal commercial credit risk grading system is based on experiences with similarly graded loans.

The Corporation's internally assigned grades for commercial credits are as follows:

- Pass – loans which are protected by the current net worth and paying capacity of the obligor or by the value of the underlying collateral.
- Special Mention – loans where a potential weakness or risk exists, which could cause a more serious problem if not corrected.
- Substandard – loans that have a well-defined weakness based on objective evidence and characterized by the distinct possibility that the Corporation will sustain some loss if the deficiencies are not corrected.
- Doubtful – loans classified as doubtful have all the weaknesses inherent in a substandard asset. In addition, these weaknesses make collection or liquidation in full highly questionable and improbable, based on existing circumstances.
- Loss – loans classified as a loss are considered uncollectible, or of such value that continuance as an asset is not warranted.

Based on the most recent analysis performed, the following table presents the recorded investment by internal risk rating system for Commercial Credit exposure as of December 31, 2025 in accordance with ASC 326 (in thousands):

| | Term Loans Amortized Costs Basis by Origination Year | | | | | | Revolving Loans Amortized Cost Basis | Revolving Loans Converted to Term | |
|---|---|---|---|---|---|---|---|---|---|
| **December 31, 2025** | 2025 | 2024 | 2023 | 2022 | 2021 | Prior | | | Total |
| **Agriculture** | | | | | | | | | |
| Risk Rating | | | | | | | | | |
| Pass | $ 57,538 | $ 24,033 | $ 41,437 | $ 31,048 | $ 39,917 | $ 61,578 | $ 29,209 | $ - | $ 284,760 |
| Special Mention | 496 | 495 | 3,677 | 2,891 | 4 | 3,001 | 896 | - | 11,460 |
| Substandard | 3,278 | 854 | 2,795 | 2,596 | 7,364 | 2,664 | 2,186 | - | 21,737 |
| Doubtful | - | - | - | - | - | - | - | - | - |
| Total | $ 61,312 | $ 25,382 | $ 47,909 | $ 36,535 | $ 47,285 | $ 67,243 | $ 32,291 | $ - | $ 317,957 |
| **Agriculture** | | | | | | | | | |
| Current period gross charge-offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Business Loans** | | | | | | | | | |
| Risk Rating | | | | | | | | | |
| Pass | $ 86,999 | $ 45,954 | $ 40,947 | $ 64,396 | $ 42,648 | $ 50,764 | $ 49,020 | $ - | $ 380,728 |
| Special Mention | - | - | - | 984 | 175 | 1,067 | 183 | - | 2,409 |
| Substandard | - | - | 2,815 | 6,978 | 87 | 461 | 1,080 | - | 11,421 |
| Doubtful | - | - | - | - | - | - | - | - | - |
| Total | $ 86,999 | $ 45,954 | $ 43,762 | $ 72,358 | $ 42,910 | $ 52,292 | $ 50,283 | $ - | $ 394,558 |
| **Business Loans** | | | | | | | | | |
| Current period gross charge-offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Non-Owner Occupied CRE** | | | | | | | | | |
| Risk Rating | | | | | | | | | |
| Pass | $ 26,560 | $ 10,839 | $ 33,024 | $ 36,021 | $ 26,833 | $ 28,860 | $ 3,487 | $ - | $ 165,624 |
| Special Mention | - | - | - | - | 1,321 | 688 | - | - | 2,009 |
| Substandard | - | - | 369 | - | - | 1,194 | 388 | - | 1,951 |
| Doubtful | - | - | - | - | - | - | - | - | - |
| Total | $ 26,560 | $ 10,839 | $ 33,393 | $ 36,021 | $ 28,154 | $ 30,742 | $ 3,875 | $ - | $ 169,584 |
| **Non-Owner Occupied CRE** | | | | | | | | | |
| Current period gross charge-offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Total** | | | | | | | | | |
| Risk Rating | | | | | | | | | |
| Pass | $ 171,097 | $ 80,826 | $ 115,408 | $ 131,465 | $ 109,398 | $ 141,202 | $ 81,716 | $ - | $ 831,112 |
| Special Mention | 496 | 495 | 3,677 | 3,875 | 1,500 | 4,756 | 1,079 | - | 15,878 |
| Substandard | 3,278 | 854 | 5,979 | 9,574 | 7,451 | 4,319 | 3,654 | - | 35,109 |
| Doubtful | - | - | - | - | - | - | - | - | - |
| Total | $ 174,871 | $ 82,175 | $ 125,064 | $ 144,914 | $ 118,349 | $ 150,277 | $ 86,449 | $ - | $ 882,099 |

Based on the most recent analysis performed, the following table presents the recorded investment by internal risk rating system for Commercial Credit exposure as of December 31, 2024 in accordance with ASC 326 (in thousands):

| | Term Loans Amortized Costs Basis by Origination Year | | | | | | Revolving Loans Amortized Cost Basis | Revolving Loans Converted to Term | |
|---|---|---|---|---|---|---|---|---|---|
| **December 31, 2024** | 2024 | 2023 | 2022 | 2021 | 2020 | Prior | | | Total |
| **Agriculture** | | | | | | | | | |
| Risk Rating | | | | | | | | | |
| Pass | $ 30,261 | $ 49,814 | $ 38,824 | $ 44,513 | $ 17,156 | $ 63,007 | $ 24,359 | $ - | $ 267,934 |
| Special Mention | 1,033 | 174 | 17 | 6,411 | - | 1,555 | 1,714 | - | 10,904 |
| Substandard | 413 | 1,904 | 1,522 | 1,679 | 1,287 | 3,275 | 366 | - | 10,446 |
| Doubtful | - | - | - | - | - | - | - | - | - |
| Total | $ 31,707 | $ 51,892 | $ 40,363 | $ 52,603 | $ 18,443 | $ 67,837 | $ 26,439 | $ - | $ 289,284 |
| **Agriculture** | | | | | | | | | |
| Current period gross charge-offs | $ - | $ - | $ - | $ - | $ - | $ 25 | $ - | $ - | $ 25 |
| **Business Loans** | | | | | | | | | |
| Risk Rating | | | | | | | | | |
| Pass | $ 61,110 | $ 38,875 | $ 86,326 | $ 53,149 | $ 29,095 | $ 44,956 | $ 37,440 | $ - | $ 350,951 |
| Special Mention | - | - | - | 409 | - | 258 | - | - | 667 |
| Substandard | - | 2,816 | 2,030 | - | - | 875 | 3,466 | - | 9,187 |
| Doubtful | - | - | - | - | - | - | - | - | - |
| Total | $ 61,110 | $ 41,691 | $ 88,356 | $ 53,558 | $ 29,095 | $ 46,089 | $ 40,906 | $ - | $ 360,805 |
| **Business Loans** | | | | | | | | | |
| Current period gross charge-offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Non-Owner Occupied CRE** | | | | | | | | | |
| Risk Rating | | | | | | | | | |
| Pass | $ 3,971 | $ 36,562 | $ 33,912 | $ 26,695 | $ 14,729 | $ 16,986 | $ - | $ - | $ 132,855 |
| Special Mention | - | - | - | - | - | | - | - | - |
| Substandard | - | 382 | - | - | - | 3,061 | - | - | 3,443 |
| Doubtful | - | - | - | - | - | - | - | - | - |
| Total | $ 3,971 | $ 36,944 | $ 33,912 | $ 26,695 | $ 14,729 | $ 20,047 | $ - | $ - | $ 136,298 |
| **Non-Owner Occupied CRE** | | | | | | | | | |
| Current period gross charge-offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Total** | | | | | | | | | |
| Risk Rating | | | | | | | | | |
| Pass | $ 95,342 | $ 125,251 | $ 159,062 | $ 124,357 | $ 60,980 | $ 124,949 | $ 61,799 | $ - | $ 751,740 |
| Special Mention | 1,033 | 174 | 17 | 6,820 | - | 1,813 | 1,714 | - | 11,571 |
| Substandard | 413 | 5,102 | 3,552 | 1,679 | 1,287 | 7,211 | 3,832 | - | 23,076 |
| Doubtful | - | - | - | - | - | - | - | - | - |
| Total | $ 96,788 | $ 130,527 | $ 162,631 | $ 132,856 | $ 62,267 | $ 133,973 | $ 67,345 | $ - | $ 786,387 |

The following table presents the balances of consumer loans by classes of the loan portfolio based on payment performance as of December 31, 2025 in accordance with ASC 326 (in thousands):

| | Term Loans Amortized Costs Basis by Origination Year | | | | | | Revolving Loans Amortized Cost Basis | Revolving Loans Converted to Term | Total |
|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | Prior | | | |
| **Consumer** | | | | | | | | | |
| Payment Performance | | | | | | | | | |
| Performing | $ 2,757 | $ 901 | $ 337 | $ 122 | $ 14 | $ - | $ 1,572 | $ - | $ 5,703 |
| Nonperforming | - | - | - | - | - | - | - | - | - |
| Total | $ 2,757 | $ 901 | $ 337 | $ 122 | $ 14 | $ - | $ 1,572 | $ - | $ 5,703 |
| **Consumer** | | | | | | | | | |
| Current period gross charge-offs | $ 7 | $ 31 | $ 15 | $ 6 | $ - | $ 10 | $ - | $ - | $ 69 |
| **Home equity** | | | | | - | | | | |
| Payment Performance | | | | | | | | | |
| Performing | $ 2,480 | $ 1,518 | $ 5,327 | $ 11,796 | $ 755 | $ 1,237 | $ 117,665 | 233 | $ 141,011 |
| Nonperforming | - | - | 52 | 117 | - | 189 | - | - | 358 |
| Total | $ 2,480 | $ 1,518 | $ 5,379 | $ 11,913 | $ 755 | $ 1,426 | $ 117,665 | $ 233 | $ 141,369 |
| **Home equity** | | | | | | | | | |
| Current period gross charge-offs | $ - | $ - | $ - | $ - | $ - | $ 3 | $ - | $ - | $ 3 |
| **Residential Real Estate** | | | | | - | | | | |
| Payment Performance | | | | | | | | | |
| Performing | $ 36,611 | $ 41,145 | $ 93,055 | $ 130,643 | $ 90,881 | $ 90,399 | $ - | $ - | $ 482,734 |
| Nonperforming | - | - | - | 569 | 530 | 504 | - | - | 1,603 |
| Total | $ 36,611 | $ 41,145 | $ 93,055 | $ 131,212 | $ 91,411 | $ 90,903 | $ - | $ - | $ 484,337 |
| **Residential Real Estate** | | | | | | | | | |
| Current period gross charge-offs | $ - | $ - | $ 84 | $ - | $ - | $ - | $ - | $ - | $ 84 |
| **Total** | | | | | | | | | |
| Payment Performance | | | | | | | | | |
| Performing | $ 41,848 | $ 43,564 | $ 98,719 | $ 142,561 | $ 91,650 | $ 91,636 | $ 119,237 | $ 233 | $ 629,448 |
| Nonperforming | - | - | 52 | 686 | 530 | 693 | - | - | 1,961 |
| Total | $ 41,848 | $ 43,564 | $ 98,771 | $ 143,247 | $ 92,180 | $ 92,329 | $ 119,237 | $ 233 | $ 631,409 |

The following table presents the balances of consumer loans by classes of the loan portfolio based on payment performance as of December 31, 2024 in accordance with ASC 326 (in thousands):

| | Term Loans Amortized Costs Basis by Origination Year | | | | | | Revolving Loans Amortized Cost Basis | Revolving Loans Converted to Term | Total |
|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | Prior | | | |
| **Consumer** | | | | | | | | | |
| Payment Performance | | | | | | | | | |
| Performing | $ 3,564 | $ 967 | $ 391 | $ 105 | $ 46 | $ 5 | $ 1,515 | $ - | $ 6,593 |
| Nonperforming | - | 10 | - | - | - | - | - | - | 10 |
| Total | $ 3,564 | $ 977 | $ 391 | $ 105 | $ 46 | $ 5 | $ 1,515 | $ - | $ 6,603 |
| **Consumer** | | | | | | | | | |
| Current period gross charge-offs | $ - | $ 16 | $ 43 | $ 6 | $ - | $ 8 | $ - | $ - | $ 73 |
| **Home equity** | | | | | - | | | | |
| Payment Performance | | | | | | | | | |
| Performing | $ 1,899 | $ 6,778 | $ 14,700 | $ 903 | $ 497 | $ 1,560 | $ 91,167 | 432 | $ 117,936 |
| Nonperforming | - | - | - | - | - | 3 | 390 | - | 393 |
| Total | $ 1,899 | $ 6,778 | $ 14,700 | $ 903 | $ 497 | $ 1,563 | $ 91,557 | $ 432 | $ 118,329 |
| **Home equity** | | | | | | | | | |
| Current period gross charge-offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Residential Real Estate** | | | | | - | | | | |
| Payment Performance | | | | | | | | | |
| Performing | $ 67,526 | $ 102,522 | $ 138,668 | $ 98,116 | $ 39,926 | $ 63,412 | $ - | $ - | $ 510,170 |
| Nonperforming | - | 1,073 | 1,879 | 712 | - | 286 | - | - | 3,950 |
| Total | $ 67,526 | $ 103,595 | $ 140,547 | $ 98,828 | $ 39,926 | $ 63,698 | $ - | $ - | $ 514,120 |
| **Residential Real Estate** | | | | | | | | | |
| Current period gross charge-offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Total** | | | | | | | | | |
| Payment Performance | | | | | | | | | |
| Performing | $ 72,989 | $ 110,267 | $ 153,759 | $ 99,124 | $ 40,469 | $ 64,977 | $ 92,682 | $ 432 | $ 634,699 |
| Nonperforming | - | 1,083 | 1,879 | 712 | - | 289 | 390 | - | 4,353 |
| Total | $ 72,989 | $ 111,350 | $ 155,638 | $ 99,836 | $ 40,469 | $ 65,266 | $ 93,072 | $ 432 | $ 639,052 |

Age Analysis of Past Due Loans Receivable

The following tables present an age analysis of the Corporation's past due loans, segregated by loan portfolio class, as of December 31, 2025 and 2024 (in thousands):

| | Current | 31-60 Days Past Due | 61-90 Days Past Due | Greater Than 90 Days Past Due | Total Past Due | Total Loans |
|---|---|---|---|---|---|---|
| **December 31, 2025** | | | | | | |
| Agriculture | **$ 316,116** | **$ 50** | **$ 212** | **$ 1,579** | **$ 1,841** | **$ 317,957** |
| Business Loans | **388,462** | **3,449** | **2,620** | **27** | **6,096** | **394,558** |
| Consumer | **5,661** | **31** | **11** | **-** | **42** | **5,703** |
| Home Equity | **140,818** | **394** | **38** | **119** | **551** | **141,369** |
| Non-Owner Occupied CRE | **168,836** | **-** | **-** | **748** | **748** | **169,584** |
| Residential Real Estate | **482,830** | **842** | **65** | **600** | **1,507** | **484,337** |
| Total | **$ 1,502,723** | **$ 4,766** | **$ 2,946** | **$ 3,073** | **$ 10,785** | **$ 1,513,508** |
| **December 31, 2024** | | | | | | |
| Agriculture | $ 288,970 | $ - | $ 314 | $ - | $ 314 | $ 289,284 |
| Business Loans | 358,207 | 2,531 | - | 67 | 2,598 | 360,805 |
| Consumer | 6,571 | 23 | - | 9 | 32 | 6,603 |
| Home Equity | 117,451 | 102 | 578 | 198 | 878 | 118,329 |
| Non-Owner Occupied CRE | 135,541 | - | - | 757 | 757 | 136,298 |
| Residential Real Estate | 510,882 | 808 | 23 | 2,407 | 3,238 | 514,120 |
| Total | $ 1,417,622 | $ 3,464 | $ 915 | $ 3,438 | $ 7,817 | $ 1,425,439 |

Nonperforming Loans

The following table presents the amortized cost basis of loans on nonaccrual status and loans past due over 90 days still accruing interest as of December 31, 2025 and 2024 (in thousands):

| | Nonaccrual with no ACL | Nonaccrual with ACL | Total Nonaccrual | Loans Past Due Over 90 Days Still Accruing | Total Nonperforming |
|---|---|---|---|---|---|
| **December 31, 2025** | | | | | |
| Agriculture | **$ 2,598** | **$ 503** | **$ 3,101** | **$ -** | **$ 3,101** |
| Business Loans | **3,267** | **-** | **3,267** | **-** | **3,267** |
| Consumer Loans | **-** | **-** | **-** | **-** | **-** |
| Home Equity | **189** | **169** | **358** | **-** | **358** |
| Non-Owner Occupied CRE | **1,007** | **-** | **1,007** | **-** | **1,007** |
| Residential Real Estate | **1,308** | **295** | **1,603** | **-** | **1,603** |
| Total | **$ 8,369** | **$ 967** | **$ 9,336** | **$ -** | **$ 9,336** |
| **December 31, 2024** | | | | | |
| Agriculture | $ 1,481 | $ - | $ 1,481 | $ - | $ 1,481 |
| Business Loans | 5,084 | 969 | 6,053 | - | 6,053 |
| Consumer Loans | - | 10 | 10 | - | 10 |
| Home Equity | 393 | - | 393 | - | 393 |
| Non-Owner Occupied CRE | - | - | - | - | - |
| Residential Real Estate | 1,806 | 2,144 | 3,950 | - | 3,950 |
| Total | $ 8,764 | $ 3,123 | $ 11,887 | $ - | $ 11,887 |

The following table presents, by class of loans, the collateral-dependent nonaccrual loans and type of collateral as of December 31, 2025 and 2024 (in thousands):

| | Real Estate | Other | None | Total |
|---|---|---|---|---|
| **December 31, 2025** | | | | |
| Agriculture | **$ 2,634** | **$ 467** | **$ -** | **$ 3,101** |
| Business Loans | **2,743** | **523** | **-** | **3,266** |
| Consumer Loans | **-** | **-** | **-** | **-** |
| Home Equity | **359** | **-** | **-** | **359** |
| Non-Owner Occupied | **1,007** | **-** | **-** | **1,007** |
| Residential Real Estate | **1,603** | **-** | **-** | **1,603** |
| Total | **$ 8,346** | **$ 990** | **$ -** | **$ 9,336** |
| **December 31, 2024** | | | | |
| Agriculture | $ 1,481 | $ - | $ - | $ 1,481 |
| Business Loans | 5,085 | 968 | - | 6,053 |
| Consumer Loans | - | - | 10 | 10 |
| Home Equity | 393 | - | - | 393 |
| Non-Owner Occupied | - | - | - | - |
| Residential Real Estate | 3,950 | - | - | 3,950 |
| Total | $ 10,909 | $ 968 | $ 10 | $ 11,887 |

The following table presents the balance in the allowance for credit losses and the recorded investment in loans receivable by portfolio segment based on the estimation method as of December 31, 2025 (in thousands):

ALLOWANCE FOR CREDIT LOSSES AND RECORDED INVESTMENT IN LOANS RECEIVABLE

| | Agriculture $ | Business Loans $ | Consumer Loans $ | Home Equity $ | Non-Owner Occupied CRE $ | Residential Real Estate $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Allowance for credit losses:** | | | | | | | |
| Ending balance: individually evaluated | **107** | **-** | **-** | **53** | **-** | **28** | **188** |
| Ending balance: collectively evaluated | **4,245** | **3,248** | **365** | **2,732** | **1,342** | **4,765** | **16,697** |
| **Loans receivable:** | | | | | | | |
| Ending balance | **317,957** | **394,558** | **5,703** | **141,369** | **169,584** | **484,337** | **1,513,508** |
| Ending balance: individually evaluated | **3,101** | **3,266** | **-** | **359** | **1,007** | **1,603** | **9,336** |
| Ending balance: collectively evaluated | **314,856** | **391,292** | **5,703** | **141,010** | **168,577** | **482,734** | **1,504,172** |

The following table presents the balance in the allowance for credit losses and the recorded investment in loans receivable by portfolio segment based on estimation method as of December 31, 2024 (in thousands):

ALLOWANCE FOR CREDIT LOSSES AND RECORDED INVESTMENT IN LOANS RECEIVABLE

| | Agriculture $ | Business Loans $ | Consumer $ | Home Equity $ | Non-Owner Occupied CRE $ | Residential Real Estate $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Allowance for credit losses:** | | | | | | | |
| Ending balance: individually evaluated | - | 250 | - | - | 186 | 337 | 773 |
| Ending balance: collectively evaluated | 3,303 | 2,984 | 317 | 2,644 | 747 | 5,344 | 15,339 |
| **Loans receivable:** | | | | | | | |
| Ending balance | 289,284 | 360,805 | 6,603 | 118,329 | 136,298 | 514,120 | 1,425,439 |
| Ending balance: individually evaluated | 1,481 | 6,053 | 10 | 393 | 2,089 | 3,950 | 13,976 |
| Ending balance: collectively evaluated | 287,803 | 354,752 | 6,593 | 117,936 | 134,209 | 510,170 | 1,411,463 |

Modifications to Borrowers Experiencing Financial Difficulty

The Corporation may grant a modification to borrowers in financial distress by providing a temporary reduction in interest rate, or an extension of a loan's stated maturity date. Loan modifications are intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral.

The Corporation identifies loans for potential restructure primarily through direct communication with the borrower and evaluation of the borrower's financial statements, revenue projections, tax returns, and credit reports. Even if the borrower is not presently in default, management will consider the likelihood that cash flow shortages, adverse economic conditions, and negative trends may result in a payment default in the near future. There was a modification to a borrower experiencing financial difficulty on one Business loan in the amount of $27,000, on one Home Equity loan in the amount of $52,000 and on two unrelated Residential loans in the amount of $302,000 during the year ended December 31, 2025 and one modification of a Non-Owner Occupied CRE loan to a borrower experiencing financial difficulty in the amount of $2,099,000 during the year ended December 31, 2024. All of the modifications in 2025 were due to payment restructuring. The modification in 2024 was a maturity extension.

There were no payment defaults for loans granted modifications due to a borrower experiencing financial difficulty within twelve months of the modification date, during the years ended December 31, 2025 and 2024.

The following table details activity in the allowance for credit losses by portfolio segment for the years ended December 31, 2025 and 2024 (in thousands):

| | Beginning Balance | Charge-offs | Recoveries | Provisions (Reductions) | Ending Balance |
|---|---|---|---|---|---|
| **December 31, 2025** | | | | | |
| Allowance for credit losses: | | | | | |
| Agriculture | $ **3,303** | $ **-** | $ **25** | $ **1,024** | $ **4,352** |
| Business Loans | **3,234** | **-** | **6** | **8** | **3,248** |
| Consumer Loans | **327** | **(69)** | **33** | **74** | **365** |
| Home Equity | **2,644** | **(3)** | **-** | **144** | **2,785** |
| Non-Owner Occupied CRE | **933** | **-** | **-** | **409** | **1,342** |
| Residential Real Estate | **5,681** | **(84)** | **-** | **(803)** | **4,794** |
| Total | $ **16,122** | $ **(156)** | $ **64** | $ **856** | $ **16,886** |
| **December 31, 2024** | | | | | |
| Allowance for credit losses: | | | | | |
| Agriculture | $ 3,106 | $ (25) | $ - | $ 222 | $ 3,303 |
| Business Loans | 2,684 | - | 6 | 544 | 3,234 |
| Consumer Loans | 355 | (73) | 21 | 24 | 327 |
| Home Equity | 2,341 | - | - | 303 | 2,644 |
| Non-Owner Occupied CRE | 818 | - | - | 115 | 933 |
| Residential Real Estate | 5,872 | - | - | (191) | 5,681 |
| Total | $ 15,176 | $ (98) | $ 27 | $ 1,017 | $ 16,122 |

In addition to the provisions for credit losses related to loans, provision (reduction) for off balance sheet credit exposure was $31,000 and ($2,000) for the years ended December 31, 2025 and 2024, resulting in total provision for credit losses of $887,000 and $1,015,000 for the years then ended.

The ACL is maintained at a level determined to be adequate to absorb estimated expected credit losses within the loan portfolio over the contractual life of an instrument that considers historical loss experience, current conditions, and forecasts of future economic conditions as of the balance sheet date. The Corporation develops and documents a systematic ACL methodology based on the following portfolio segments: Agriculture, Business Loans, Consumer Loans, Home Equity, Non-Owner Occupied CRE, and Residential Real Estate. The following are key risks within each portfolio segment:

***Agriculture –*** Loans made to individuals or operating companies within the Agricultural industry. These loans are generally secured by a first lien mortgage on agricultural land. The primary source of repayment is the income and assets of the borrower. The condition of the agriculture industry as well as the condition of the national economy is an important indicator of risk for this segment.

***Business Loans*** —Loans made to operating companies or manufacturers for the purpose of production, operating capacity, accounts receivable, inventory or equipment financing. The primary source of repayment for these loans is cash flow from the operations of the corporation. The condition of the national economy is an important indicator of risk, but there are also more specific risks depending on the industry of the corporation. This segment also includes loans made to finance construction of buildings or other structures, as well as to finance the acquisition and development of raw land for various purposes. While the risk of these loans is generally confined to the construction period, if there are problems, the project may not be completed, and as such, may not provide sufficient cash flow on its own to service the debt or have sufficient value in a liquidation to cover the outstanding principal. The condition of the national economy is an important indicator of risk, but there are also more specific risks depending on the type of project and the experience and resources of the developer.

***Consumer -*** Loans made to individuals that may be secured by assets other than 1-4 family residences, as well as unsecured loans. This segment includes personal loans and lines of credit that may be secured or unsecured. The primary source of repayment for these loans is the income and assets of the borrower. The condition of the national economy, in particular the unemployment rate, is an important indicator of risk for this segment. The value of the collateral, if there is any, is less likely to be a source of repayment due to less certain collateral values.

***Home Equity–*** This segment generally includes lines of credit and term loans secured by the equity in the borrower's residence. The primary source of repayment for these facilities is the income and assets of the borrower. The condition of the national economy, in particular the unemployment rate, is an important indicator of risk for this segment. The state of the national housing market can also have a significant impact on this segment because low demand and/or declining home values can limit the ability of borrowers to sell a property and satisfy the debt.

***Non-Owner Occupied CRE -*** Loans secured by commercial purpose real estate for various purposes such as hotels, retail, multifamily and health care. The primary sources of repayment for these loans are the operations of the individual projects and global cash flows of the debtors. The condition of the national economy is an important indicator of risk, but there are also more specific risks depending on the collateral type and the business prospects of the lessee.

***Residential Real Estate***—Loans secured by first liens on 1-4 family residential mortgages. The primary source of repayment for these loans is the income and assets of the borrower. The condition of the national economy, in particular the unemployment rate, is an important indicator of risk for this segment. The state of the national housing market can also have a significant impact on this segment because low demand and/or declining home values can limit the ability of borrowers to sell a property and satisfy the debt.

**NOTE D – PREMISES AND EQUIPMENT**

The major classes of the Corporation's premises and equipment and accumulated depreciation at December 31, 2025 and 2024 are as follows (in thousands):

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Land | **8,486** | 8,486 |
| Buildings and improvements | **34,510** | 32,522 |
| Furniture and equipment | **14,493** | 11,828 |
| Construction in process | **1,573** | 319 |
| Total | **59,062** | 53,155 |
| Less accumulated depreciation | **(27,075)** | (25,258) |
| Premises and equipment | **31,987** | 27,897 |

Depreciation expense, which is included in operating expenses, amounted to $1,851,000 and $1,692,000 for the years ended December 31, 2025 and 2024. The construction in process category represents expenditures for ongoing projects. When construction is finished or a project completed, these amounts will be reclassified into buildings and improvements or furniture and equipment. Depreciation begins once the project or asset is placed into service.

**NOTE E – REGULATORY STOCK**

The Bank is a member of the Federal Home Loan Bank (FHLB) of Pittsburgh, which is one of 11 regional Federal Home Loan Banks. Each FHLB serves as a reserve or central bank for its members within its assigned region. As a member, the Bank is required to purchase and maintain stock in the FHLB in an amount equal to 0.10% of its asset value plus an additional 4% of its outstanding advances from the FHLB and mortgage partnership finance loans sold to the FHLB. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Stock dividends are reported as income. The Bank held $9,687,000 and $9,607,000 in FHLB stock at December 31, 2025 and 2024.

The Bank is also a member of the regional Federal Reserve Bank (FRB). FRB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Stock dividends are reported as income. The Bank held $1,146,000 and $1,145,000 of FRB stock at December 31, 2025 and 2024.

The Bank also held stock of Atlantic Community Bancshares, Inc. This stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Stock dividends are reported as income. The Bank held $37,000 of this stock at December 31, 2025 and December 31, 2024.

**NOTE F – DEPOSITS**

Deposits by major classifications are summarized as follows at December 31, 2025 and 2024 (in thousands):

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Non-interest bearing demand | **649,090** | 631,711 |
| Interest-bearing demand | **375,938** | 384,236 |
| Money market deposit accounts | **162,715** | 162,514 |
| Savings accounts | **283,207** | 280,526 |
| Time deposits under $250,000 | **333,522** | 365,222 |
| Time deposits of $250,000 or more | **68,889** | 66,234 |
| Total deposits | **1,873,361** | 1,890,443 |

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

| | |
|---|---|
| 2026 | **332,212** |
| 2027 | **6,393** |
| 2028 | **1,673** |
| 2029 | **60,313** |
| 2030 | **1,820** |
| Total | **402,411** |

At December 31, 2025, the Bank held $68,042,000 in brokered time deposits compared to $97,272,000 as of December 31, 2024. The brokered time deposits may be called by the Corporation with no penalty, other than the acceleration of the recognition of the premium recorded on them, which totaled $330,000 at December 31, 2025, and $568,000 at December 31, 2024.

## NOTE G – SHORT TERM BORROWINGS

Short-term borrowings consist of Federal funds purchased that mature one business day from the transaction date, overnight borrowings from the Federal Reserve Discount Window, and Federal Home Loan Bank (FHLB) advances with a term of less than one year.

A summary of short-term borrowings for the years ended December 31, 2025 and 2024 is as follows (in thousands):

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Total short-term borrowings outstanding at year end | **60,000** | 60,000 |
| Average interest rate at year end | **4.04%** | 4.86% |
| Maximum outstanding at any month end | **60,000** | 60,000 |
| Average amount outstanding for the year | **60,729** | 9,344 |
| Weighted-average interest rate for the year | **4.54%** | 5.01% |

As of December 31, 2025, the Corporation had approved unsecured Federal funds lines of $50,000,000. The Corporation also has the ability to borrow from the Federal Reserve through the Discount Window Program. The amount of borrowing available through the Discount Window was $78,692,000 as of December 31, 2025. For further information on borrowings from the FHLB see Note H.

## NOTE H – OTHER BORROWED FUNDS

### FHLB Borrowings

Maturities of FHLB borrowings at December 31, 2025 and 2024 are summarized as follows (in thousands):

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Amount<br>$ | Weighted-Average Rate<br>% | Amount<br>$ | Weighted-Average Rate<br>% |
| FHLB fixed rate loans | | | | |
| 2025 | **-** | | 15,984 | 2.16 |
| 2026 | **28,158** | **4.47** | 28,158 | 4.47 |
| 2027 | **16,833** | **4.11** | 16,833 | 4.11 |
| 2028 | **22,847** | **3.81** | 22,847 | 3.81 |
| Total other borrowings | **67,838** | **4.16** | 83,822 | 3.78 |

As a member of the FHLB of Pittsburgh, the Corporation has access to significant credit facilities. Each advance is payable at its maturity date, with a prepayment penalty for fixed rate advances. The advances are collateralized by $1,051,046,000 of first mortgage loans under a blanket arrangement at December 31, 2025. At December 31, 2025, the Corporation had an FHLB maximum borrowing capacity of $731,390,000 with remaining borrowing capacity of $598,810,000. The borrowing arrangement with the FHLB is subject to annual renewal. The maximum borrowing capacity is recalculated quarterly.

**Subordinated Debt**

At December 31, 2025 and 2024, the holding company has subordinated notes payable which qualified for Tier 2 capital subject to the regulatory capital phase out limitations. The notes are recorded on the consolidated balance sheets net of remaining debt issuance costs totaling $1,087,000 and $284,000 at December 31, 2025 and 2024 which are being amortized to call date. The notes bear interest at a fixed rate of interest for their first five years, then the interest will reset quarterly at a variable rate equal to the three-month term secured overnight financing rate ("SOFR") plus a spread. The holding company may, at its option, redeem the notes, in whole, or part, at any time at 100% of the principal balance at certain times after its initial fixed interest rate period. At December 31, 2025, the Corporation was in compliance with covenants contained in the subordinated notes payable agreements. The following shows the carrying amount and other details of the subordinated notes at December 31, 2025 and 2024 (in thousands):

| | 2025 $ | 2024 $ | Note Amount $ | Fixed Rate | Floating Rate After 5 years |
|---|---|---|---|---|---|
| **Subordinated notes issued:** | | | | | |
| December 30, 2020, maturing in 2030 | **20,000** | 19,920 | 20,000 | 4.00% | SOFR plus 3.74% |
| July 22, 2022, maturing in 2032 | **19,875** | 19,796 | 20,000 | 5.75% | SOFR plus 2.99% |
| December 17, 2025, maturing in 2035 | **41,538** | - | 42,500 | 6.50% | SOFR plus 3.06% |
| | **81,413** | 39,716 | | | |

In the first quarter of 2026, the holding company redeemed the December 30, 2020 issuance at par value.

**NOTE I – CAPITAL TRANSACTIONS**

On October 16, 2024, the Board of Directors of the Corporation approved a plan to repurchase, in open market and privately negotiated transactions, up to 200,000 shares of its outstanding common stock. As of December 31, 2025, 15,000 shares had been repurchased at a total cost of $332,000, for an average cost per share of $22.10. The 2024 repurchase plan replaced a 2020 plan, in which 161,658 shares were repurchased at a total cost of $2,675,0000 for an average cost per share of $16.55 for the duration of the plan. Shares repurchased under these plans are held as treasury shares and can be utilized in connection with the Corporation's three stock purchase plans.

Currently, the following three stock purchase plans are in place:

- a nondiscriminatory compensatory employee stock purchase plan (ESPP), which allows employees to purchase shares at a 15% discount from the stock's fair market value at the lesser of the offering date or the purchase date, at the end of each quarter,
- a dividend reinvestment plan (DRP), and
- a directors' stock purchase plan (DSPP).

The ESPP was started in 2001 and is the largest of the three plans. There were 31,542 shares issued through the ESPP in 2025 with 423,228 shares issued since existence. The total compensation expense recognized on the ESPP plan was $80,000 and $92,000 for the years ended December 31, 2025 and 2024. The DRP was started in 2005 with 14,822 shares issued in 2025 and 295,446 total shares issued since existence. Lastly, the DSPP was started in 2010 as an additional option for board compensation. This plan is limited to outside directors. A total of 3,109 shares were issued in connection with this plan in 2025 and 57,318 since existence. In 2024, there were 41,800 shares issued through the ESPP, 17,580 shares issued through the DRP, and 4,284 shares issued through the DSPP. The plans are beneficial to the Corporation as all reissued shares increase capital and since dividends are paid out in the form of additional shares, the plans act as a source of funds. The total amount of shares issued from Treasury for these plans collectively in 2025 and 2024 was 49,473 and 63,664, respectively.

The Corporation entered into employment agreements with a number of its key personnel. The initial term of each employment agreement is three (3) years. Each employment agreement shall automatically renew for additional three (3) year terms at the end of the initial three (3) year term and at the end of each three (3) year renewal of the employment agreement unless notice to terminate is given by either party at least one hundred eighty (180) days prior to the expiration of the initial term or any renewal term of the employment agreement. If proper notice to terminate is not given, each employment agreement shall renew for an additional three (3) years. Further, in consideration of entering into the employment agreements, the employees each received restricted stock units.

Each restricted stock unit represents a contingent right to receive one share of Corporation common stock. The restricted stock units vest at a rate of 33 1/3% on each anniversary of the date of grant. The product of the number of shares granted and the grant date market price of the Corporation's common stock determines the fair value of the restricted shares which is expensed over the vesting period. During the years ended December 31, 2025 and 2024, the Corporation recorded $55,000 and $61,000 of stock-based compensation expense.

The following is a summary of the status of the Corporation's nonvested restricted stock as of December 31, 2025, and changes therein during the year then ended:

| | Number of Restricted Stock Units | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Nonvested at January 1, 2025 | **4,204** | **$ 16.31** |
| Granted | **3,751** | **18.09** |
| Vested | **(3,248)** | **16.37** |
| Forfeited | **(477)** | **16.80** |
| Nonvested at December 31, 2025 | **4,230** | **$ 17.61** |

As of December 31, 2025, there was $59,000 of total unrecognized compensation cost related to nonvested shares granted under the plan. The cost is expected to be recognized over a weighted-average period of 2.4 years. The total fair value of shares vesting during the years ended December 31, 2025 and 2024 were $72,000 and $63,000.

**NOTE J – RETIREMENT PLANS**

The Corporation has a 401(k) Savings Plan under which the Corporation makes an employer matching contribution, a non-elective safe harbor contribution and a discretionary non-elective profit sharing contribution. The employer matching contribution is made on the compensation of all eligible employees, up to a maximum of 2.5% of an eligible employee's compensation, at $0.50 for every $1.00 of employee contribution up to 5% of an eligible employee's salary. The Corporation's cost for this 401(k) match was $509,000 and $428,000 for the years ended December 31, 2025 and 2024. The Corporation's 401(k) Savings Plan is fully funded as all obligations are funded monthly.

The employer non-elective safe harbor contribution is 3% of all employee compensation for the year. Based on the performance of the Corporation the Compensation Committee determined the discretionary non-elective profit sharing contribution would be 2% of all eligible employee compensation. For the Corporation, the expense of the 401(k) matching contribution will be smaller than the non-elective safe harbor and the discretionary non-elective profit sharing expenses as the Corporation is matching a maximum of up to 2.5% of salary, depending on employee contributions, compared to contributing up to 5.0% of eligible employee's salaries in the safe harbor and discretionary profit sharing contributions. Total expenses of the plan were $1,105,000 and $1,046,000, for 2025 and 2024, respectively.

**NOTE K – EARNINGS PER SHARE**

The following table presents earnings per share for the years ended December 31, 2025 and 2024 (dollars in thousands, except share data):

| | **2025** | 2024 |
|---|---|---|
| Net income ($) | **21,559** | 15,317 |
| Weighted average shares outstanding - basic | **5,675,338** | 5,658,146 |
| Diluted effect of share-based compensation | **718** | 149 |
| Weighted average shares outstanding - diluted | **5,676,056** | 5,658,295 |
| | | |
| Per share information: | | |
| Basic earnings per share ($) | **3.80** | 2.71 |
| Diluted earnings per share ($) | **3.80** | 2.71 |

For the years ended December 31, 2025 and 2024, there were average outstanding restricted stock awards totaling 42 and 5,163 and excluded from the computation of earnings per share because the effect was antidilutive, as the grant price exceeded the average market price.

**NOTE L - INCOME TAXES**

The Corporation files income tax returns in the U.S. federal jurisdiction, the Commonwealth of Pennsylvania, and the State of New Jersey. Income taxes paid for federal were $3,920,000 and $3,200,000 for the years ended December 31, 2025 and 2024, and $2,000 for the state of New Jersey for the year ended December 31, 2025.

Federal income tax expense as reported differs from the amount computed by applying the statutory Federal income tax rate to income before taxes. A reconciliation of the differences by dollar amount (in thousands) and percent for the years ended December 31, 2025 and 2024 is as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | $ | % | $ | % |
| Income tax at statutory rate | **5,615** | **21.0** | 3,911 | 21.0 |
| State income tax, net of federal benefit | **2** | **0.0** | - | - |
| Tax-exempt interest income | **(827)** | **(3.1)** | (908) | (4.9) |
| Non-deductible interest expense | **497** | **1.9** | 527 | 2.8 |
| Bank-owned life insurance | **(210)** | **(0.8)** | (236) | (1.3) |
| Merger-related expenses | **82** | **0.3** | - | - |
| Other | **17** | **0.1** | 14 | 0.1 |
| Income tax expense | **5,176** | **19.4** | 3,308 | 17.7 |

The ability to realize the benefit of deferred tax assets is dependent upon a number of factors, including the generation of future taxable income, the ability to carry back losses to recover taxes paid in previous years, the ability to offset capital losses with capital gains, the reversal of deferred tax liabilities, and certain tax planning strategies.

U.S. generally accepted accounting principles prescribe a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met.

Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met.

There is currently no liability for uncertain tax positions and no known unrecognized tax benefits. The Corporation recognizes, when applicable, interest and penalties related to unrecognized tax benefits in the provision for income taxes in the Consolidated Statements of Income. With few exceptions, the Corporation is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2022.

Income tax expense for the years ended December 31, 2025 and 2024 was as follows (in thousands):

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Current: | | |
| Federal | **3,850** | 3,036 |
| State | **2** | - |
| Total current | **3,852** | 3,036 |
| Deferred tax expense | **1,324** | 272 |
| Income tax expense | **5,176** | 3,308 |

Components of the Corporation's net deferred tax position at December 31, 2025 and 2024 are as follows (in thousands):

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Deferred tax assets | | |
| Allowance for credit losses | **3,546** | 3,386 |
| Allowance for off-balance sheet extensions of credit | **284** | 278 |
| Net unrealized losses on securities available for sale | **5,823** | 9,922 |
| Net unrealized losses on derivatives | **62** | - |
| Interest on non-accrual loans | **189** | 70 |
| Other | **577** | 470 |
| Total deferred tax assets | **10,481** | 14,126 |
| | | |
| Deferred tax liabilities | | |
| Premises and equipment | **(2,104)** | (1,350) |
| Mortgage servicing rights | **(671)** | (551) |
| Discount on investment securities | **(1,326)** | (527) |
| Net unrealized gains on derivatives | **-** | (778) |
| Other | **(536)** | (493) |
| Total deferred tax liabilities | **(4,637)** | (3,699) |
| Net deferred tax assets | **5,844** | 10,427 |

## NOTE M – REGULATORY MATTERS AND RESTRICTIONS

The Corporation and the Bank are subject to various regulatory capital requirements administered by the Federal banking agencies. Failure to meet the minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Corporation’s consolidated financial statements.

The consolidated asset limit on small bank holding companies is $3 billion and a company with assets under that limit is not subject to the consolidated capital rules but may disclose capital amounts and ratios. The Corporation has elected to disclose those amounts and ratios.

Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

The quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth below) of tier 1 capital to average assets, and common equity tier 1 capital, tier 1 capital, and total capital to risk-weighted assets. Failure to meet capital requirements can initiate regulatory actions. The Corporation and the Bank have elected not to include unrealized gains or losses included in accumulated other comprehensive income in computing regulatory capital.

As of December 31, 2025 and 2024, the Bank was categorized as "well capitalized" under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category. The following chart details the Corporation's and the Bank's capital levels as of December 31, 2025 and 2024, compared to regulatory levels dollars (dollars in thousands).

| | Actual | | For Capital Adequacy Purposes | | To Be Well Capitalized Under Prompt Corrective Action Provision | |
|---|---|---|---|---|---|---|
| | $ | % | $ | % | $ | % |
| **As of December 31, 2025** | | | | | | |
| Total Capital to Risk-Weighted Assets | | | | | | |
| Consolidated | **282,773** | **17.8** | **N/A** | **N/A** | **N/A** | **N/A** |
| Bank | **238,945** | **15.0** | **127,295** | **8.0** | **159,118** | **10.0** |
| Tier I Capital to Risk-Weighted Assets | | | | | | |
| Consolidated | **183,120** | **11.5** | **N/A** | **N/A** | **N/A** | **N/A** |
| Bank | **220,706** | **13.9** | **95,471** | **6.0** | **127,295** | **8.0** |
| Common Equity Tier I Capital to Risk-Weighted Assets | | | | | | |
| Consolidated | **183,120** | **11.5** | **N/A** | **N/A** | **N/A** | **N/A** |
| Bank | **220,706** | **13.9** | **71,603** | **4.5** | **103,427** | **6.5** |
| Tier I Capital to Average Assets | | | | | | |
| Consolidated | **183,120** | **8.1** | **N/A** | **N/A** | **N/A** | **N/A** |
| Bank | **220,706** | **9.8** | **90,275** | **4.0** | **112,843** | **5.0** |
| **As of December 31, 2024** | | | | | | |
| Total Capital to Risk-Weighted Assets | | | | | | |
| Consolidated | 222,127 | 14.6 | N/A | N/A | N/A | N/A |
| Bank | 218,123 | 14.4 | 121,445 | 8.0 | 151,807 | 10.0 |
| Tier I Capital to Risk-Weighted Assets | | | | | | |
| Consolidated | 164,966 | 10.9 | N/A | N/A | N/A | N/A |
| Bank | 200,678 | 13.2 | 91,084 | 6.0 | 121,445 | 8.0 |
| Common Equity Tier I Capital to Risk-Weighted Assets | | | | | | |
| Consolidated | 164,966 | 10.9 | N/A | N/A | N/A | N/A |
| Bank | 200,678 | 13.2 | 68,313 | 4.5 | 98,674 | 6.5 |
| Tier I Capital to Average Assets | | | | | | |
| Consolidated | 164,966 | 7.5 | N/A | N/A | N/A | N/A |
| Bank | 200,678 | 9.1 | 88,018 | 4.0 | 110,022 | 5.0 |

The Corporation's principal source of funds for dividend payments is dividends it receives from the Bank. The approval of the OCC is required if the total of all dividends declared by the Bank in any year exceeds the total of its net income for that year combined with retained net income of the preceding two years. Under this restriction, the Bank could declare dividends in 2026, without the approval of the OCC, of approximately $32,871,000, plus an additional amount equal to the Bank net income for 2026, up to the date of any such dividend declaration.

## NOTE N – TRANSACTIONS WITH DIRECTORS AND OFFICERS

The following table presents activity in the amounts due from directors, executive officers, immediate family, and affiliated companies. An analysis of the activity with respect to such aggregate loans to related parties for the years ended December 31, 2025 and 2024 is shown below (in thousands):

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Balance, beginning of year | **940** | 1,968 |
| Advances | **1,192** | 344 |
| Repayments | **(1,443)** | (1,372) |
| Balance, end of year | **689** | 940 |

Deposits from the insiders totaled $1,638,000 and $1,798,000 as of December 31, 2025 and 2024.

## NOTE O - COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Corporation makes various commitments that are not reflected in the accompanying consolidated financial statements. These are commonly referred to as off-balance sheet commitments and include firm commitments to extend credit, unused lines of credit, and open letters of credit. On December 31, 2025, firm loan commitments totaled approximately $68,145,000; unused lines of credit totaled $507,785,000; and open letters of credit totaled $27,104,000. The sum of these commitments, $603,034,000. Commitments to extend credit on December 31, 2024, totaled $591,817,000, representing firm loan commitments of $64,945,000; unused lines of credit of $510,508,000; and open letters of credit totaling $16,364,000.

Firm commitments to extend credit and unused lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each customer’s creditworthiness is evaluated on an individual basis. The amount of collateral obtained, if deemed necessary by the extension of credit, is based on management’s credit evaluation of the customer. These commitments are supported by various types of collateral, where it is determined that collateral is required.

Open letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. Most guarantees expire within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. While various assets of the customer act as collateral for these letters of credit, real estate is the primary collateral held for these potential obligations.

Off-balance sheet commitments represent exposure to credit losses in the event of nonperformance by customers with respect to these financial instruments; however, the vast majority of these commitments are typically not drawn upon. The same credit policies for on-balance sheet instruments apply for making commitments and conditional obligations and the actual credit losses that could arise from the exercise of these commitments is expected to compare favorably with the credit loss experience on the loan portfolio taken as a whole. The Corporation maintains a reserve on its off-balance sheet credit exposures, which totaled $1,354,000 and $1,323,000 at December 31, 2025 and 2024 and is recorded in other liabilities on the consolidated balance sheets. The reserve is based on management's estimate of expected losses in its off-balance sheet credit exposures and is determined by applying assumptions based on historical experience and applying the expected loss rates by loan class. The provision for off-balance sheet credit losses, included in provision for credit losses in the Consolidated Statements of Income, totaled $31,000 and ($2,000) for the years ended December 31, 2025 and 2024.

## NOTE P - FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Corporation determines concentrations of credit risk by reviewing loans by borrower, geographical area, and loan purpose. The amount of credit extended to a single borrower or group of borrowers is capped by the legal lending limit, which is defined as 15% of the Bank's risk-based capital, less the allowance for credit losses. The Corporation's lending policy further restricts the amount to 75% of the legal lending limit. As of December 31, 2025, the Corporation's legal lending limit was $35,842,000, and the Corporation's lending policy internal limit was $26,881,000. This compared to a legal lending limit of $32,718,000, and lending policy limit of $24,539,000 as of December 31, 2024. As of December 31, 2025 and 2024, no lending relationships exceeded the Corporation's internal lending policy limit.

Geographically, the primary lending area for the Corporation is defined as its market area, with the vast majority of the loans made in Lancaster County. The ability of debtors to honor their loan agreements is impacted by the health of the local economy. The Corporation's immediate market area benefits from a diverse economy, which has resulted in a diverse loan portfolio. As a community bank, the largest amount of loans outstanding consists of personal mortgages, residential rental loans, and personal loans secured by real estate. Beyond personal lending, the Corporation's business and commercial lending includes loans for agricultural, construction, specialized manufacturing, service industries, many types of small businesses, and loans to governmental units and non-profit entities.

Management evaluates concentrations of credit based on loan purpose on a quarterly basis. The Corporation's greatest concentration of loans by purpose is residential real estate including home equity loans, which comprises $625,706,000, or 41.3%, of the gross loans outstanding as of December 31, 2025. This compares to $632,400,000, or 44.4%, of gross loans outstanding as of December 31, 2024.

The Corporation remains focused on agricultural purpose loans, of which the vast majority are real estate secured. Agricultural mortgages made up 21.0% of gross loans as of December 31, 2025, compared to 20.3% as of December 31, 2024; these agricultural mortgages are spread over several broader types of agricultural purpose loans. More specifically within these larger purpose categories, management monitors on a quarterly basis the largest concentrations of non-consumer credit based on the North American Industrial Classification System (NAICS). As of December 31, 2025, the largest specific industry type categories were non-residential real estate investment loans of $126,097,000, or 8.4% of gross loans, residential real estate investment loans of $117,584,000, or 7.8% of gross loans, and dairy cattle and milk production loans with a balance of $90,507,000, or 6.0% of gross loans.

To evaluate risk for the securities portfolio, the Corporation reviews both geographical concentration and credit ratings. The largest geographical concentrations as of December 31, 2025, were obligations of states and political subdivisions located in the states of California and Pennsylvania. Based on fair market value, the Corporation had 19% of its portfolio invested in Pennsylvania municipals and 21% in California. As of December 31, 2025, there was one municipal bond that was not rated and no other municipal bonds rated below an A credit rating.

The Corporation held $47,365,000 of domestic corporate bonds based on amortized cost as of December 31, 2025. In addition, $25,002,000, or 50.7%, of the corporate bonds held are invested in national banks, bank holding companies, or brokerage firms.

By internal policy, at time of purchase, all corporate bonds must carry a credit rating of at least A3 by Moody's or A- by S&P, and at all times corporate bonds are to be investment grade, which is defined as Baa3 for Moody's and BBB- for S&P, or above. As of December 31, 2025, all of the Corporation's corporate bonds carried at least one single A credit rating of A3 by Moody's or A- by S&P. All were considered investment grade.

## NOTE Q – LEASES

A lease is defined as a contract, or part of a contract, which conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation enters into leases in the normal course of business primarily for branches, back-office operations, and loan production facilities. All of the Corporation's leases are considered operating leases in accordance with *ASC 842 – Leases*. Including renewal options, the Corporation's remaining lease terms range from one to 16 years. Operating lease right-of-use assets (ROU) are included in other assets and operating lease liabilities are included in other liabilities in the Corporation's consolidated balance sheet.

The calculated amount of the ROU assets and lease liabilities are impacted by the length of the lease term and the discount rate used to determine the present value of the minimum lease payments. The Corporation's lease agreements often include one or more options to renew at the Corporation's discretion. If at lease inception, the Corporation considers the exercising of a renewal option to be reasonably certain, the Corporation will include the extended term in the calculation of the ROU asset and lease liability. The Corporation uses its incremental borrowing rate, on a collateralized basis, over a similar term to determine the present value of leases payments, as the rate implicit in the leases is not readily determinable.

The following summarizes the Corporation's operating leases at December 31, 2025 and 2024 (dollars in thousands):

| | 2025 | 2024 |
|---|---|---|
| Operating lease right-of use assets | **$ 2,455** | $ 2,347 |
| Operating lease liabilties | **2,493** | 2,405 |
| Weighted aveage remaining lease term (in years) | **10.6** | 12.3 |
| Weighted average discount rate | **3.37%** | 2.88% |

The Corporation has elected not to separate lease and non-lease payments and accounts for them as a single lease payment. The variable lease costs consist of common area maintenance and utilities. ROU amortization, interest on lease liabilities and variable lease costs are included in occupancy expense in the Corporation's consolidated statements of income. Total rent expense for all operating leases was $522,000 and $496,000 for the years ended December 31, 2025 and 2024. Cash paid on operating leases was $515,000 and $457,000 for the years ended December 31, 2025 and 2024.

Future minimum payments for operating leases with initial or remaining terms of one year or more as of December 31, 2025 were as follows (in thousands):

| | $ |
|---|---|
| Twelve Months Ending: | |
| December 31, 2026 | **542** |
| December 31, 2027 | **525** |
| December 31, 2028 | **173** |
| December 31, 2029 | **151** |
| December 31, 2030 | **154** |
| Thereafter | **1,375** |
| Total Future Minimum Lease Payments | **2,920** |
| Amounts Representing Interests | **(427)** |
| Present Value of Net Future Minimum Lease Payments | **2,493** |

**NOTE R - FAIR VALUE MEASUREMENTS**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Certain financial instruments and all non-financial instruments are excluded from disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Corporation.

The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels as follows:

Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access at the measurement date.

Level 2 – significant other observable inputs other than Level 1 prices such as prices for similar assets and liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active or other inputs that are observable or can be corroborated by observable market data.

Level 3 – at least one significant unobservable input that reflects a Corporation's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In instances in which multiple levels of inputs are used to measure fair value, hierarchy classification is based on the lowest level input that is significant to the fair value measurement in its entirety. The Corporation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The Corporation used the following methods and significant assumptions to estimate fair value for instruments measured on a recurring basis:

Investment securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quote prices are not available, fair values are calculated based on market prices of similar level securities (Level 2), using matrix pricing. Matrix pricing is a technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quotes prices (Level 2 inputs). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). The Corporation has no securities that are Level 3.

Derivatives and hedging activities: The fair value of derivatives are determined using models that incorporate readily observable market data into a market standard methodology. This methodology nets the discounted future cash receipts and the discounted expected cash payments. The discounted variable cash receipts and payments are based on expectations of future interest rates derived from observable market interest rate curves. These assets and liabilities are classified as Level 2 fair values, based upon the lowest level of input that is significant to the fair value measurements.

The following table provides the fair value for assets and liabilities required to be measured and reported at fair value on a recurring basis as of December 31, 2025 and 2024, but level within the fair value hierarchy (in thousands):

| | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ | Total<br>$ |
|---|---|---|---|---|
| **December 31, 2025:** | | | | |
| **Assets** | | | | |
| U.S. Treasuries | **14,163** | **-** | **-** | **14,163** |
| U.S. government agencies | **-** | **15,822** | **-** | **15,822** |
| U.S. agency mortgage-backed securities | **-** | **31,613** | **-** | **31,613** |
| U. S. agency collateralized mortgage obligations | **-** | **106,392** | **-** | **106,392** |
| Non-agency MBS/CMO | **-** | **143,511** | | **143,511** |
| Asset-backed securities | **-** | **50,962** | **-** | **50,962** |
| Corporate bonds | **-** | **45,135** | **-** | **45,135** |
| Obligations of states and political subdivisions | **-** | **171,870** | **-** | **171,870** |
| Marketable equity securities | **9,481** | **-** | **-** | **9,481** |
| Total securities | **23,644** | **565,305** | **-** | **588,949** |
| Derivatives and hedging activities | **-** | **811** | **-** | **811** |
| **Liabilities** | | | | |
| Derivatives and hedging activities | **-** | **1,058** | **-** | **1,058** |

| | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| **December 31, 2024** | | | | |
| **Assets** | | | | |
| U.S. Treasuries | 18,462 | - | - | 18,462 |
| U.S. government agencies | - | 18,067 | - | 18,067 |
| U.S. agency mortgage-backed securities | - | 34,880 | - | 34,880 |
| U. S. agency collateralized mortgage obligations | - | 110,995 | - | 110,995 |
| Non-agency MBS/CMO | - | 145,211 | | 145,211 |
| Asset-backed securities | - | 57,268 | - | 57,268 |
| Corporate bonds | - | 53,072 | - | 53,072 |
| Obligations of states and political subdivisions | - | 178,475 | - | 178,475 |
| Marketable equity securities | 9,710 | - | - | 9,710 |
| Total securities | 28,172 | 597,968 | - | 626140 |
| Derivatives and hedging activities | - | 3,929 | - | 3,929 |
| | | | | |
| **Liabilities** | | | | |
| Derivatives and hedging activities | - | - | - | - |

Individually Evaluated Loans: Loans individually evaluated for current expected credit losses include nonaccrual loans and other loans that do not share similar risk characteristics to loans in ACL loan pools, which have been classified as Level 3. Individually evaluated loans with an allocation to the ACL are measured at fair value on a nonrecurring basis. Any fair value adjustments are recorded in the period incurred as provision for credit losses on the consolidated statements of operations. The measurement of loss associated with loans evaluated individually for all loan classes was based on either the observable market price of the loan, the fair value of the collateral or discounted cash flows. For collateral-dependent loans, fair value was measured based on the value of the collateral securing the loan, less estimated costs to sell. Collateral may be in the form of real estate or business assets including equipment, inventory and accounts receivable. The value of the real estate collateral is determined utilizing an income or market valuation approach based on an appraisal conducted by an independent, licensed appraiser outside of the Corporation using observable market data. However, if the collateral is a house or building in the process of construction or if management adjusts the appraisal value, then the fair value is considered Level 3. The value of business equipment is based upon an outside appraisal, if deemed significant, or the net book value on the applicable business' financial statements if not considered significant using observable market data.

Mortgage Servicing Rights (MSR): MSRs are evaluated for impairment by comparing the carrying value to the fair value, which is determined through a discounted cash flow (DCF) valuation. To the extent the amortized cost of the MSRs exceeds their estimated fair values, a valuation allowance is established for such impairment. Fair value adjustments on the MSRs only occurs if there is an impairment charge. At December 31, 2025, the fair value of the MSRs was $3,104,000, which exceeded the carrying value of $2,597,000. At December 31, 2024, the fair value of the MSRs was $3,179,000 which exceeded the carrying value of $2,364,000. There was no valuation allowance at December 31, 2025 or 2024.

The following table provides the fair value for each class of assets to be measured and reported at fair value on a nonrecurring basis at December 31, 2025 and 2024, by level within the fair value hierarchy (in thousands):

| | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| **December 31, 2025** | | | | |
| Assets: | | | | |
| Individually analyzed loans | - | **-** | **9,148** | **9,148** |
| | | | | |
| **December 31, 2024** | | | | |
| Assets: | | | | |
| Individually analyzed loans | - | - | 13,203 | 13,203 |

The Corporation had a total of $9,336,000 of individually analyzed loans with $188,000 specific allocation against these loans as of December 31, 2025. As of December 31, 2024, the Corporation had a total of $13,976,000 of individually analyzed loans with $773,000 specific allocation against these loans. The value of individually analyzed loans is generally determined through independent appraisals of the underlying collateral.

The following table presents additional quantitative information about assets measured at fair value on a nonrecurring basis for which the Corporation has utilized level 3 inputs to determine fair value:

| | Fair Value Estimate | Valuation Techniques | Unobservable Input | Range (Weighted Avg) |
|---|---|---|---|---|
| **December 31, 2025** | | | | |
| Individually analyzed loans | **9,148** | Appraisal of collateral (1) | Appraisal adjustments (2) | **0% to -20% (-20%)** |
| | | | Liquidation expenses (2) | **0% to -10% (-10%)** |
| December 31, 2024 | | | | |
| Individually analyzed loans | 13,203 | Appraisal of collateral (1) | Appraisal adjustments (2) | 0% to -20% (-20%) |
| | | | Liquidation expenses (2) | 0% to -10% (-10%) |

(1) Fair value is generally determined through independent appraisals of the underlying collateral, which generally includes various level 3 inputs which are not identifiable.

(2) Appraisals may be adjusted by management for qualitative factors such as economic conditions and estimated liquidation expenses. The range and weighted average of liquidation expenses and other appraisal adjustments are presented as a percent of the appraisal.

## NOTE S - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables provide the carrying amount for each class of assets and liabilities and the fair value for certain financial instruments that are not required to be measured or reported at fair value on the Corporation's Consolidated Balance Sheets as of December 31, 2025 and 2024 (in thousands):

| | Carrying Amount $ | Fair Value $ | Quoted Prices in Active Markets for Identical Assets (Level 1) $ | Significant Other Observable Inputs (Level 2) $ | Significant Unobservable Inputs (Level 3) $ |
|---|---|---|---|---|---|
| **December 31, 2025** | | | | | |
| Financial Assets: | | | | | |
| Cash and cash equivalents | **60,573** | **60,573** | **60,573** | **-** | **-** |
| Regulatory stock | **10,870** | **10,870** | **10,870** | **-** | **-** |
| Loans held for sale | **2,588** | **2,588** | **2,588** | **-** | **-** |
| Loans, net of allowance | **1,498,859** | **1,493,899** | **-** | **-** | **1,493,899** |
| Accrued interest receivable | **8,424** | **8,424** | **59** | **3,306** | **5,059** |
| Financial Liabilities: | | | | | |
| Demand deposits | **649,090** | **649,090** | **649,090** | **-** | **-** |
| Interest-bearing demand deposits | **375,938** | **375,938** | **375,938** | **-** | **-** |
| Money market deposit accounts | **162,715** | **162,715** | **162,715** | **-** | **-** |
| Savings accounts | **283,207** | **283,207** | **283,207** | **-** | **-** |
| Time deposits | **402,411** | **401,917** | **-** | **-** | **401,917** |
| Total deposits | **1,873,361** | **1,872,867** | **1,470,950** | **-** | **401,917** |
| Short-term debt | **60,000** | **60,000** | **60,000** | **-** | **-** |
| Long-term debt | **67,838** | **68,507** | **-** | **-** | **68,507** |
| Subordinated debt | **81,413** | **80,311** | **-** | **-** | **80,311** |
| Accrued interest payable | **2,595** | **2,595** | **444** | **6** | **2,145** |

| | Carrying Amount $ | Fair Value $ | Quoted Prices in Active Markets for Identical Assets (Level 1) $ | Significant Other Observable Inputs (Level 2) $ | Significant Unobservable Inputs (Level 3) $ |
|---|---|---|---|---|---|
| **December 31, 2024:** | | | | | |
| Financial Assets: | | | | | |
| Cash and cash equivalents | 68,909 | 68,909 | 68,909 | - | - |
| Regulatory stock | 10,789 | 10,789 | 10,789 | - | - |
| Loans held for sale | 3,996 | 3,996 | 3,996 | - | - |
| Loans, net of allowance | 1,411,147 | 1,374,663 | - | - | 1,374,663 |
| Accrued interest receivable | 8,624 | 8,624 | 78 | 3,789 | 4,757 |
| Financial Liabilities: | | | | | |
| Demand deposits | 631,711 | 631,711 | 631,711 | - | - |
| Interest-bearing demand deposits | 384,236 | 384,236 | 384,236 | - | - |
| Money market deposit accounts | 162,514 | 162,514 | 162,514 | - | - |
| Savings accounts | 280,526 | 280,526 | 280,526 | - | - |
| Time deposits | 431,456 | 432,958 | - | - | 432,958 |
| Total deposits | 1,890,443 | 1,891,945 | 1,458,987 | - | 432,958 |
| Short-term debt | 60,000 | 60,000 | 60,000 | - | - |
| Long-term debt | 83,822 | 83,841 | - | - | 83,841 |
| Subordinated debt | 39,716 | 35,593 | - | - | 35,593 |
| Accrued interest payable | 3,169 | 3,169 | 593 | - | 2,576 |

## NOTE T – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The activity in accumulated other comprehensive income (loss) for the years ended December 31, 2025 and 2024 is as follows (in thousands):

| | Unrealized Gains (Losses) on Securities Available-for-sale, net of Fair Value Hedge (1) (2) | Unrealized Gains (Losses) on Cash Flow Hedges (2) | Total |
|---|---|---|---|
| | $ | $ | $ |
| Balance, January 1, 2024 | (34,355) | - | (34,355) |
| Other comprehensive (losses) before reclassification adjustments | 288 | 219 | 527 |
| Amounts reclassified from accumulated comprehensive loss | (237) | (58) | (315) |
| Period change | 51 | 161 | 212 |
| Balance, December 31, 2024 | **(34,304)** | **161** | **(34,143)** |
| Other comprehensive (losses) before reclassification adjustments | **13,027** | **(118)** | **12,909** |
| Amounts reclassified from accumulated comprehensive loss, net of tax | **(697)** | **(206)** | **(903)** |
| Period change | **12,330** | **(324)** | **12,006** |
| Balance, December 31, 2025 | **(21,974)** | **(163)** | **(22,137)** |

(1) Amounts include fair value hedge
(2) All amounts are net of tax, at the federal income tax rate of 21%

## NOTE U – DERIVATIVES AND HEDGING ACTIVITIES

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

Cash Flow Hedges: Two interest rate swaps with notional amounts totaling $60,000,000 at December 31, 2025 and 2024 were designated as cash flow hedges of certain short-term FHLB advances and were determined to be effective for the periods presented. The Corporation expects the hedges to remain effective during the remaining terms of the swaps. These cash flow hedges are pay-fixed rate hedges for the purpose of hedging variable cash flows associated with the Corporation's short-term borrowings.

Fair Value Hedges: Thirteen interest rate swaps with notional amounts totaling $175,775,000 and $199,075,000 at December 31, 2025 and 2024 were designated as portfolio hedges of individual fixed rate mortgage-backed securities included in securities available for sale. The hedges were determined to be effective for the periods presented. These fair value hedges are pay-fixed rate hedges designed as a hedge of the exposure to changes in the fair value of securities available for sale.

The following table summarizes the notional amounts and fair value of the Corporation's derivative instruments at December 31, 2025 and 2024 (in thousands):

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| Line Item in the Balance Sheet Which the Hedged Item is Included | Notional / Contract Amount $ | Asset Fair Value (a) $ | Liability Fair Value (b) $ | Notional / Contract Amount $ | Asset Fair Value (a) $ | Liability Fair Value (b) $ |
| **Derivatives used for hedging instruments:** | | | | | | |
| Interest rate swap contracts : | | | | | | |
| Securities available for sale (fair value hedges) | **70,081** | **811** | **-** | 199,075 | 3,725 | - |
| Securities available for sale (fair value hedges) | **105,694** | **-** | **851** | - | - | - |
| Short-term borrowings (cash flow hedges) | **60,000** | **-** | **207** | 60,000 | 204 | - |
| Total derivatives designated for hedging | **235,775** | **811** | **1,058** | 259,075 | 3,929 | - |

(a) Included in Other assets on the Consolidated Balance Sheet.
(b) Included in Other liabilities on the Consolidated Balance Sheet.

The following table is a summary of components for interest rate swaps designed as hedging instruments at December 31, 2025 and 2024:

| | Weighted Average Pay Rate | Weighted Average Receive Rate | Weighted Average Maturity (In Years) |
|---|---|---|---|
| **December 31, 2025** | | | |
| Cash flow hedge designation | | | |
| Interest rate swaps-short term borrowings | **3.84%** | **3.98%** | **0.9** |
| Fair value hedge designation | | | |
| Interest rate swaps - available for sale securities | **3.65%** | **3.82%** | **12.6** |
| | | | |
| **December 31, 2024** | | | |
| Cash flow hedge designation | | | |
| Interest rate swaps-short term borrowings | 3.84% | 4.51% | 1.9 |
| Fair value hedge designation | | | |
| Interest rate swaps - available for sale securities | 3.65% | 4.52% | 13.6 |

The following table summarizes the effect of the Corporation's derivative financial instruments on OCI and net income for the years ended December 31, 2025 and 2024 (in thousands):

| | 2025 $ | 2024 $ | Location of Gains Recognized from AOCI into Income |
|---|---|---|---|
| Derivatives Used for hedging instruments: | | | |
| Fair value hedges | **1,126** | 464 | Interest income - securities |
| Cash flow hedges | **(260)** | (73) | Interest expense - short term borrowings |

| | 2025 $ | 2024 $ | Location of Gains (losses) recognized in Income |
|---|---|---|---|
| Derivatives Used for hedging instruments: | | | |
| Fair value hedges | **83** | (33) | Interest income - securities |

The amounts recognized from accumulated other comprehensive income into condensed statement of income represent the amount of cash settlements between the Corporation and the counterparty. The amount recognized directly as interest income on fair value hedges relates to the adjustments required for periodic remeasurements.

The Corporation has agreements with its derivative counterparty that contains a provision where, if the Corporation defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender on its cash flow hedges, then the Corporation could also be declared in default on its derivative obligations. In addition, the Corporation also has agreements with its derivative counterparty that contains a provision where, if the Corporation fails to maintain its status as a well / adequately-capitalized institution, then the counterparty could terminate the derivative positions and the Corporation would be required to settle its obligations under the agreements. As of December 31, 2025, the Corporation had $3,000,000 held by its counterparty as collateral for its derivative agreements.

**NOTE V – SEGMENT REPORTING**

The Corporation's reportable segment is determined by the Chief Executive Officer, who is the designated chief decision maker ("CDM"), based upon information provided by the Corporation's products and services offered, primarily banking operations. The segment is also distinguished by the level of information provided to the CDM, who uses such information to review performance of various components of the business, including branches and service offerings, which are then aggregated as operating performance, products, services, and customers are similar and dependent on each other.

The CDM will evaluate the financial performance of the Corporation's business components such as evaluating revenue streams, significant expenses, and budget-to-actual results in assessing the Corporation's segment and in the determination of allocating resources. The CDM uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate profitability measurements. The CDM uses consolidated net income to benchmark the Company against its competitors. The benchmarking analysis coupled with monitoring budget-to-actual results are used in performance and in establishing compensation. Loans, investments, deposits, and wealth management provide the revenues in the banking operation. Interest expense, provision for credit losses, payroll, occupancy, and data processing charges provide significant expenses in the banking operation. All operations are in Lancaster, Lebanon and Berks counties, Pennsylvania.

## NOTE W –PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

Condensed financial information of the Corporation as of December 31, 2025 and 2024 and for the years then ended, is as follows (in thousands):

| **Condensed Balance Sheets** | 2025<br>$ | 2024<br>$ |
|---|---|---|
| **Assets** | | |
| Cash | **41,317** | 1,218 |
| Equity securities | **521** | 1,193 |
| Equity in bank subsidiary | **198,640** | 166,696 |
| Other assets | **2,153** | 1,616 |
| **Total assets** | **242,631** | 170,723 |
| **Liabilities** | | |
| Subordinated debt | **81,413** | 39,716 |
| Other liabilities | **164** | 23 |
| **Total Liabilities** | **81,577** | 39,739 |
| **Stockholders' Equity** | | |
| Common stock | **574** | 574 |
| Capital surplus | **3,979** | 3,957 |
| Retained earnings | **179,481** | 162,006 |
| Accumulated other comprehensive loss, net of tax | **(22,137)** | (34,143) |
| Treasury stock | **(843)** | (1,410) |
| **Total stockholders' equity** | **161,054** | 130,984 |
| **Total liabilities and stockholders' equity** | **242,631** | 170,723 |

| **Condensed Statements of Comprehensive Income** | 2025<br>$ | 2024<br>$ |
|---|---|---|
| **Income** | | |
| Dividend income - investment securities | **52** | 74 |
| Gains on equity securities, net | **106** | 256 |
| Dividend income | **4,085** | 3,906 |
| **Total income** | **4,243** | 4,236 |
| **Expense** | | |
| Subordinated debt interest expense | **2,107** | 1,950 |
| Shareholder expenses | **186** | 178 |
| Acquisition expenses | **647** | - |
| Other expenses | **170** | 209 |
| **Total expense** | **3,110** | 2,337 |
| **Income before income taxes and undistributed income of bank subsidiary** | **1,133** | 1,899 |
| Income tax benefit | **543** | 429 |
| Undistributed earnings of bank subsidiary | **19,883** | 12,989 |
| **Net Income** | **21,559** | 15,317 |
| **Comprehensive Income** | **33,565** | 15,529 |

**Condensed Statements of Cash Flows**

| | 2025 | 2024 |
|---|---|---|
| **Cash Flows from Operating Activities:** | $ | $ |
| Net income | **21,559** | 15,317 |
| Equity in undistributed earnings of subsidiaries | **(19,883)** | (12,989) |
| Gains on equity securities, net | **(106)** | (256) |
| Net amortization of subordinated debt fees | **166** | 160 |
| Net (increase) decrease in other assets | **(537)** | 945 |
| Net increase (decrease) in other liabilities | **141** | (1,449) |
| Net cash provided by operating activities | **1,340** | 1,728 |
| **Cash Flows from Investing Activities:** | | |
| Proceeds from sales of equity securities | **778** | 781 |
| Purchases of equity securities | **-** | - |
| Net cash provided by investing activities | **778** | 781 |
| **Cash Flows from Financing Activities:** | | |
| Proceeds from sale of treasury stock | **866** | 965 |
| Treasury stock purchased | **(332)** | (1,318) |
| Proceeds from issuance of subordinated debt | **41,531** | - |
| Dividends paid | **(4,084)** | (3,907) |
| Net cash provided by (used for) financing activities | **37,981** | (4,260) |
| **Cash and Cash Equivalents:** | | |
| Net increase (decrease) in cash and cash equivalents | **40,099** | (1,751) |
| Cash and cash equivalents at beginning of period | **1,218** | 2,969 |
| Cash and cash equivalents at end of period | **41,317** | 1,218 |

**Note X - Recent Acquisition**

Effective February 1, 2026, the Corporation completed its previously announced acquisition of Cecil Bancorp, Inc. ("Cecil") pursuant to an Agreement and Plan of Stock Acquisition, by and among the Corporation, ENB South Acquisition Subsidiary, Inc. ("Acquisition Subsidiary"), The Ephrata National Bank, Cecil, and Cecil Bank (the "Agreement"). At the effective time of the Acquisition, Acquisition Subsidiary merged with and into Cecil, with Cecil surviving the merger and becoming the wholly-owned subsidiary of the Corporation. Immediately after the merger, Cecil's board of directors approved and sole stockholder adopted the complete liquidation and dissolution of Cecil. Immediately thereafter that, Cecil Bank, merged with and into The Ephrata National Bank, a national banking association and the Corporation's wholly-owned subsidiary, with The Ephrata National Bank as the surviving bank collectively, the Acquisition. Subject to the terms and conditions of the Agreement, as adjusted, each outstanding share of Cecil Common stock was converted into the right to receive $1.88 in cash. In addition, all outstanding and unexercised options to purchase shares of stock of Cecil common stock were redeemed for cash. The transaction was valued at $31,329,000. In connection with this transaction, The Ephrata National Bank paid a dividend of $16,300,000 to the Corporation.

Cecil operated four community banking offices in Cecil County, Maryland which were included in the Acquisition. As of December 31, 2025 and 2024, Cecil had total assets of $218,663,000 and $223,518,000, total loans of $153,484,000 and $166,726,000, and total deposits of $187,422,000 and $190,928,000. The Corporation is currently finalizing the accounting for this transaction and expects to complete the preliminary allocation of the purchase consideration to the assets acquired and liabilities assumed by the end of the first quarter of 2026.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None

**Item 9A. Controls and Procedures**

(a) Evaluation of Disclosure Controls and Procedures.

Management carried out an evaluation, under the supervision and with the participation of the Chief Executive Officer (Principal Executive Officer) and Treasurer (Principal Financial Officer), of the effectiveness of the design and the operation of the Corporation's disclosure controls and procedures (as such term as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2025, pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer (Principal Executive Officer) along with the Treasurer (Principal Financial Officer) concluded that the Corporation's disclosure controls and procedures as of December 31, 2025, are effective in timely alerting them to material information relating to the Corporation required to be in the Corporation's periodic filings under the Exchange Act.

(b) Changes in Internal Controls.

There have been no changes in the Corporation's internal controls over financial reporting that occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

(c) Report on Management's Assessment of Internal Control over Financial Reporting

The Corporation is responsible for the preparation, integrity, and fair presentation of the financial statements included in this annual report. The financial statements and notes included in this annual report have been prepared in conformity with United States generally accepted accounting principles and necessarily include some amounts that are based on management's best estimates and judgments.

Management of the Corporation is responsible for establishing and maintaining effective internal control over financial reporting that is designed to produce reliable financial statements in conformity with United States generally accepted accounting principles. The system of internal control over financial reporting as it relates to the financial statements is evaluated for effectiveness by management and tested for reliability through a program of internal audits. Actions are taken to correct potential deficiencies as they are identified. Any system of internal control, no matter how well designed, has inherent limitations, including the possibility that a control can be circumvented or overridden and misstatements due to error or fraud may occur and not be detected. Also, because of changes in conditions, internal control effectiveness may vary over time. Accordingly, even an effective system of internal control will provide only reasonable assurance with respect to financial statement preparation.

Management assessed the Corporation's system of internal control over financial reporting as of December 31, 2025, in relation to criteria for effective internal control over financial reporting as described in "Internal Control - Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concludes that, as of December 31, 2025, its system of internal control over financial reporting is effective and meets the criteria of the "Internal Control – Integrated Framework."

This annual report does not include an attestation report of the Corporation's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Corporation's registered public accounting firm pursuant to the Dodd-Frank Act exemption rules of the SEC that permit the Corporation to provide only Management's report in this annual report.

/s/ Jeffrey S. Stauffer
Jeffrey S. Stauffer
Chairman of the Board
Chief Executive Officer and President
(Principal Executive Officer)

/s/ Douglas P. Barton
Douglas P. Barton
Executive Vice President,
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Ephrata, PA
March 20, 2026

**Item 9B. Other Information**

During the three months ended December 31, 2025, no director or officer of the Corporation adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

**Item 9C. Disclosures Regarding Foreign Jurisdictions that Prevent Inspections**

Not Applicable

## Part III

### Item 10. Directors, Executive Officers, and Corporate Governance

The information required by this Item, relating to directors, executive officers, and control persons is set forth under the captions, "Election of Directors," "Information and Qualifications of Nominees for Director and Continuing Directors," "Meetings and Committees of the Board of Directors – Audit Committee," "Executive Officers," "Audit Committee Report," "Delinquent Section 16(a) Reports," and "Insider Trading Policies and Procedures" of the Corporation's definitive Proxy Statement to be used in connection with the Annual Meeting of Shareholders, to be held on May 5, 2026, which is incorporated herein by reference.

The Corporation has adopted a Code of Ethics that applies to directors, officers, and employees of the Corporation and the Bank. The Code of Ethics is attached as Exhibit 14 to this Form 10-K.

The Corporation has adopted an Insider Trading Policy that applies to directors, officers, and employees of the Corporation and the Bank. The Insider Trading Policy is attached as Exhibit 19 to this Form 10-K.

There were no material changes to the procedures by which security holders may recommend nominees to the Corporation's Board of Directors during the fourth quarter of 2025.

### Item 11. Executive Compensation

The information required by this Item, relating to executive compensation, is set forth under the captions, "Board Compensation and Plan Information," "Executive Compensation," "Retirement Plans," and "Potential Payments Upon Termination or Change in Control," in the Summary Compensation Table, Defined Contribution Profit Sharing Plan Table, and the 401(k) Savings Plan – Match Data Table of the Corporation's definitive Proxy Statement to be used in connection with the Annual Meeting of Shareholders, to be held on May 5, 2026, which is incorporated herein by reference.

### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item, related to beneficial ownership of the Corporation's common stock, is set forth under the caption, "Share Ownership" of the Corporation's definitive Proxy Statement to be used in connection with the Annual Meeting of Shareholders to be held on May 5, 2026, which is incorporated herein by reference.

### Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item related to transactions with management and others, certain business relationships, and indebtedness of management, is set forth under the caption, "Transactions with Related Persons," and "Governance of the Company" of the Corporation's definitive Proxy Statement to be used in connection with the Annual Meeting of Shareholders to be held on May 5, 2026, which is incorporated herein by reference.

### Item 14. Principal Accountant Fees and Services

The information required by this Item related to fees and the audit committees' pre-approved policies are set forth under the captions, "Audit Committee Report" and "Proposal No. 2: To Ratify the Selection of Independent Registered Public Accounting Firm" of the Corporation's definitive Proxy Statement to be used in connection with the Annual Meeting of Shareholders to be held on May 5, 2026, which is incorporated herein by reference.

## Part IV

### Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements.

The following financial statements are included by reference in Part II, Item 8 hereof:

- Report of Independent Registered Accounting Firm
- Consolidated Balance Sheets
- Consolidated Statements of Income
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Stockholders' Equity
- Consolidated Statements of Cash Flows
- Notes to Consolidated Financial Statements

2. The financial statement schedules required by this Item are omitted because the information is either inapplicable, not required, or is shown in the respective consolidated financial statements or the notes thereto.

3. The Exhibits filed herewith or incorporated by reference as a part of this Annual Report, are set forth in (b), below.

(b) EXHIBITS

| | |
|---|---|
| 2 (i) | Agreement and Plan of Stock Acquisition by and among ENB Financial Corp, ENB South Acquisition Subsidiary, Inc., The Ephrata National Bank, Cecil Bancorp, Inc., and Cecil Bank dated as of August 12, 2025 (Incorporated by reference to Exhibit 2.1 of the Corporation's Form 8-K filed with the SEC on August 13, 2025.) |
| 3 (i) | Articles of Incorporation of the Registrant, as amended. (Incorporated herein by reference to Exhibit 3.1 of the Corporation's Form 8-K filed with the SEC on June 7, 2019.) |
| 3 (ii) | Bylaws of the Registrant, as amended. (Incorporated herein by reference to Exhibit 3.2 of the Corporation's Form 8-K filed with the SEC on July 21, 2021.) |
| 4.1 | Form of 4.00% Fixed to Floating Rate Subordinated Note due December 31, 2030 (included as Exhibit A to the Form of Subordinated Note Purchase Agreement 4.00% Fixed to Floating Rate Subordinated Note due December 31, 2030 filed as Exhibit 10.1 thereto) (Incorporated herein by reference to Exhibit 4.1 of the Corporation's Form 8-K filed with the SEC on December 30, 2020.) |
| 4.2 | Form of 5.75% Fixed to Floating Rate Subordinated Note due September 30, 2032 (included as Exhibit A to the Form of Subordinated Note Purchase Agreement 5.75% Fixed to Floating Rate Subordinated Note due September 30, 2032 filed as Exhibit 10.1 thereto) (Incorporated herein by reference to Exhibit 4.1 of the Corporation's Form 8-K filed with the SEC on July 22, 2022.) |
| 4.3 | Form of 6.50% Fixed to Floating Rate Subordinated Note due December 31, 2035 (included as Exhibit A to the Form of Subordinated Note Purchase Agreement 6.50% Fixed to Floating Rate Subordinated Note due December 31, 2035 filed as Exhibit 10.1 thereto) (Incorporated herein by reference to Exhibit 4.1 of the Corporation's Form 8-K filed with the SEC on December 18, 2025.) |
| 10.1 | Form of Deferred Income Agreement. (Incorporated herein by reference to Exhibit 10.1 of the Corporation's Form 10-Q, filed with the SEC on August 13, 2008.) |
| 10.2 | 2022 Employee Stock Purchase Plan (incorporated herein by reference to Appendix A to the Corporation's Definitive Proxy Statement, filed with the SEC on April 4, 2022.) |

| | |
|---|---|
| 10.3 | 2020 Non-Employee Directors' Stock Plan (Incorporated herein by reference to Exhibit 99.1 of the Corporation's Form S-8 filed with the SEC on June 3, 2020.) |
| 10.4 | Employment Agreement by and among ENB Financial Corp, The Ephrata National Bank and Jeffrey S. Stauffer dated as of October 28, 2022. (Incorporated herein by reference to Exhibit 10.2 of the Corporation's Form 8-K filed with the SEC on November 1, 2022.) |
| 10.5 | Employment Agreement by and among ENB Financial Corp, The Ephrata National Bank and Rachel G. Bitner dated as of October 28, 2022. (Incorporated herein by reference to Exhibit 10.4 of the Corporation's Form 8-K filed with the SEC on November 1, 2022.) |
| 10.6 | Amendment to Employment Agreement by and among ENB Financial Corp, The Ephrata National Bank and Rachel G. Bitner effective August 24, 2025. (Incorporated herein by reference to Exhibit 10.1 of the Corporation's Form 8-K filed with the SEC on August 27, 2025.) |
| 10.7 | Employment Agreement by and among ENB Financial Corp, The Ephrata National Bank and Joselyn D. Strohm dated as of June 5, 2023. (Incorporated herein by reference to Exhibit 10.1 of the Corporation's Form 8-K filed with the SEC on June 7, 2023.) |
| 10.8 | Employment Agreement by and among ENB Financial Corp, The Ephrata National Bank and Douglas P. Barton dated as of December 15, 2025. (Incorporated herein by reference to Exhibit 10.1 of the Corporation's Form 8-K filed with the SEC on December 16, 2025.) |
| 10.9 | Employment Agreement by and among ENB Financial Corp, The Ephrata National Bank and William Kitsch dated as of October 28, 2022. (Incorporated herein by reference to Exhibit 10.1 of the Corporation's Form 8-K filed with the SEC on April 28, 2025.) |
| 10.10 | Amendment to the Employment Agreement by and among ENB Financial Corp, The Ephrata National Bank and William Kitsch dated as of October 28, 2022. (Incorporated herein by reference to Exhibit 10.1 of the Corporation's Form 8-K filed with the SEC on April 28, 2025.) |
| 14 | Code of Ethics Policy is posted on the Corporation's investor relations website under Governance Documents. |
| 19 | Insider Trading Policy is posted on the Corporation's investor relations website under Governance Documents. |
| 21 | Subsidiaries of the Registrant |
| 23 | Consent of Independent Registered Public Accounting Firm |
| 31.1 | Section 302 Chief Executive Officer Certification (Required by Rule 13a-14(a)/15a-14(a)). |
| 31.2 | Section 302 Principal Financial Officer Certification (Required by Rule 13a-14(a)/15a-14(a)). |
| 32.1 | Section 1350 Chief Executive Officer Certification (Required by Rule 13a-14(b)). |
| 32.2 | Section 1350 Principal Financial Officer Certification (Required by Rule 13a-14(b)). |
| 101 | Interactive Data File |

(c) NOT APPLICABLE.

**Item 16. Form 10-K Summary**

None

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENB FINANCIAL CORP

By: /s/ Jeffrey S. Stauffer
Jeffrey S. Stauffer, Chairman of the Board, Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| | | |
|---|---|---|
| /s/ Jeffrey S. Stauffer<br>(Jeffrey S. Stauffer) | Chairman of the Board,<br>Chief Executive Officer and President<br>(Principal Executive Officer) | March 20, 2026 |
| /s/ Rachel G. Bitner<br>(Rachel G. Bitner) | Director, President and<br>Chief Executive Officer Elect | March 20, 2026 |
| /s/ Douglas P. Barton<br>(Douglas P. Barton) | Executive Vice President,<br>Chief Financial Officer and Treasurer<br>(Principal Financial Officer) | March 20, 2026 |
| /s/ Joshua E. Hoffman<br>(Joshua E. Hoffman) | Director | March 20, 2026 |
| /s/ Willis R. Lefever<br>(Willis R. Lefever) | Director | March 20, 2026 |
| /s/ Jose R. Lopez<br>(Jose R. Lopez) | Director | March 20, 2026 |
| /s/ Jay S. Martin<br>(Jay S. Martin) | Director | March 20, 2026 |
| /s/ Susan Young Nicholas, Esq.<br>(Susan Young Nicholas) | Director | March 20, 2026 |
| /s/ Dr. Brian K. Reed<br>(Dr. Brian K. Reed) | Director | March 20, 2026 |
| /s/ J. Daniel Stoltzfus<br>(J. Daniel Stoltzfus) | Director | March 20, 2026 |
| /s/ Mark C. Wagner<br>(Mark C. Wagner) | Director | March 20, 2026 |
| /s/ Judith A. Weaver<br>(Judith A. Weaver) | Director | March 20, 2026 |
| /s/ Roger L. Zimmerman<br>(Roger L. Zimmerman) | Director | March 20, 2026 |

**Exhibit 21**

## Subsidiaries of ENB Financial Corp

| Subsidiary | Incorporation |
|---|---|
| Ephrata National Bank | National Banking Association |

SNODGRASS
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements File No. 333-265147, File No. 333-182412, File No. 333-238920, and File No. 333-249211 on Form S-8 and Registration Statement File No. 333-152211 on Form S-3 of ENB Financial Corp of our report dated March 20, 2026, relating to our audit of the consolidated financial statements, which appears in the Annual Report to Stockholders, which is incorporated in this Annual Report on Form 10-K of ENB Financial Corp for the year ended December 31, 2025.

S. R. Snodgrass, P.C.

S. R. Snodgrass, P.C.
Conshohocken, Pennsylvania
March 20, 2026

**Exhibit 31.1**

**CERTIFICATION**

I, **Jeffrey S. Stauffer**, certify that:

1. I have reviewed this annual report on Form 10-K of **ENB Financial Corp**;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 20, 2026

By: /s/ Jeffrey S. Stauffer
**Jeffrey S. Stauffer**
**Chairman of the Board**
**Chief Executive Officer and President**
**(Principal Executive Officer)**

**Exhibit 31.2**

**CERTIFICATION**

I, **Douglas P. Barton,** certify that:

1. I have reviewed this annual report on Form 10-K of **ENB Financial Corp**;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure control and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 20, 2026

By: /s/ Douglas P. Barton
**Douglas P. Barton**
**Treasurer**
**(Principal Financial Officer)**

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**
**AS ADDED BY**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of ENB Financial Corp (the "Corporation") for the year ended December 31, 2025, as filed with the Securities and Exchange Commission (the "Report"), I, Jeffrey S. Stauffer, Chief Executive Officer and President (Principal Executive Officer), of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation as of and for the period covered by the Report.

Date: March 20, 2026

By: /s/ Jeffrey S. Stauffer
Jeffrey S. Stauffer
Chairman of the Board
Chief Executive Officer and President
(Principal Executive Officer)

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**
**AS ADDED BY**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of ENB Financial Corp (the "Corporation") for the year ended December 31, 2025, as filed with the Securities and Exchange Commission (the "Report"), I, Douglas P. Barton, Treasurer (Principal Financial Officer), of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation as of and for the period covered by the Report.

Date: March 20, 2026

By: /s/ Douglas P. Barton
Douglas P. Barton
Treasurer
(Principal Financial Officer)

# SHAREHOLDER INFORMATION

## Market Information

The price of the Corporation's common stock ranged from $15.50 to $23.22 in 2025 and $14.05 to $20.00 in 2024. In 2025, the Corporation paid cash dividends of $0.72 per share, compared to $0.69 paid in 2024. The following table presents the quarterly high and low prices of the Corporation's common stock for the years ended December 31, 2025 and 2024, along with the quarterly dividend amount.

| Quarter | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **High $** | **Low $** | **Dividend $** | High $ | Low $ | Dividend $ |
| First Quarter | **18.00** | **15.88** | **0.18** | 15.50 | 14.05 | 0.17 |
| Second Quarter | **17.50** | **15.50** | **0.18** | 15.24 | 14.21 | 0.17 |
| Third Quarter | **20.05** | **16.75** | **0.18** | 17.05 | 14.50 | 0.17 |
| Fourth Quarter | **23.22** | **19.63** | **0.18** | 20.00 | 16.46 | 0.18 |

## Investor Information

The Corporation's common stock is traded on the OTCQX Best Market under the symbol ENBP. The following brokerage firms trade our stock on a recurring basis:

**Brean Capital**
Philadelphia, PA
(610) 766-0015

**Morgan Stanley**
Lancaster, PA
(800) 237-1700
(717) 730-1800

**Hazlett, Burt & Watson, Inc.**
Lancaster, PA
(800) 657-9944
(717) 397-5988

**Stifel Nicolaus & Co., Inc.**
Florham Park, NJ
(866) 220-4216
(610) 567-1900

**RBC Wealth Management**
Lancaster, PA
(866) 237-9851
(717) 519-5931

## Transfer Agent and Stock Registrar

**Computershare Shareholder Services**
P.O. Box 43078
Providence, RI 02940-3078
www-us.computershare.com/investor
(800) 368-5948

## Dividend Reinvestment and Direct Deposit

ENB Financial Corp offers its shareholders the convenience of the direct deposit of cash dividends in the Dividend Reinvestment Plan that gives shareholders registered with the Corporation the opportunity to have their quarterly dividends invested automatically in additional shares of the Corporation's Common Stock. Shareholders who prefer a cash dividend may have their quarterly dividends deposited directly into a checking or savings account at their financial institution. For additional information for either program, contact ENB Financial Corp's Transfer Agent, Computershare Shareholder Services.

## Form 10-K

A copy of the Corporation's Annual Report on Form 10-K filed with the United States Securities and Exchange Commission may be obtained without charge to shareholders by writing to: Nicholas D. Klein, Vice President and Corporate Secretary, ENB Financial Corp, 31 East Main Street, PO Box 457, Ephrata, PA 17522-0457.

## Annual Meeting

The Annual Meeting of Shareholders will be held on Tuesday, May 5, 2026, at 1 p.m. Eastern Time, at the **Brossman Business Complex, 5th Floor, 124 East Main Street, Ephrata, Pennsylvania. Shareholders who attend are asked to bring the Admission Ticket, which is provided on each shareholder proxy card.** Those unable to attend the meeting are urged to exercise their right to vote by returning the proxy form sent to them by mail. All inquiries regarding the annual meeting should be mailed to Nicholas D. Klein, Vice President and Corporate Secretary, ENB Financial Corp, 31 East Main Street, PO Box 457, Ephrata, PA 17522-0457 or by phone at (717) 738-5496.




ENB Financial Corp

31 East Main Street
PO Box 457
Ephrata, Pennsylvania 17522

**enbfc.com**