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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2026

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: 0-11487

LAKELAND FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Indiana	**35-1559596**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
202 East Center Street, Warsaw , Indiana	**46580**
(Address of principal executive offices)	(Zip Code)

(574) 267-6144
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, No par value	LKFN	The NASDAQ Stock Market LLC (Nasdaq Global Select Market)

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 Regulation 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, 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares of common stock outstanding at October 22, 2026: 24,701,150

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ITEM 1. FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS (dollars in thousands, except share data)

	September 30, 2026	December 31, 2025
	(unaudited)	
ASSETS		
Cash and due from banks	**$ 53,830**	$ 57,139
Short-term investments	**61,938**	84,179
Total cash and cash equivalents	**115,768**	141,318
Securities available-for-sale, at fair value	**956,013**	1,052,062
Securities held-to-maturity, at amortized cost (fair value of $103,352 and $117,510, respectively)	**134,434**	133,208
Real estate mortgage loans held-for-sale	**2,268**	2,707
Loans, net of allowance for credit losses of $68,830 and $68,995	**5,611,174**	5,306,354
Land, premises and equipment, net	**72,390**	65,542
Bank owned life insurance	**133,549**	129,978
Federal Reserve and Federal Home Loan Bank stock	**21,420**	21,420
Accrued interest receivable	**30,253**	28,997
Goodwill	**4,970**	4,970
Other assets	**125,688**	103,466
Total assets	**$ 7,207,927**	$ 6,990,022
LIABILITIES		
Noninterest bearing deposits	**$ 1,316,701**	$ 1,221,327
Interest bearing deposits	**4,978,095**	4,752,023
Total deposits	**6,294,796**	5,973,350
Borrowings - Federal Home Loan Bank advances:		
Short-term advance	**100,000**	170,000
Long-term advance	**1,300**	1,200
Other borrowings	**0**	13,000
Total borrowings	**101,300**	184,200
Accrued interest payable	**9,701**	8,868
Other liabilities	**70,036**	61,112
Total liabilities	**6,475,833**	6,227,530
STOCKHOLDERS' EQUITY		
Common stock: 90,000,000 shares authorized, no par value		
26,070,726 shares issued and 24,819,965 outstanding as of September 30, 2026		
26,023,644 shares issued and 25,219,634 outstanding as of December 31, 2025	**142,939**	136,965
Retained earnings	**832,843**	788,345
Accumulated other comprehensive income (loss)	**(181,766)**	(127,137)
Treasury stock at cost (1,250,761 shares as of September 30, 2026, 804,010 shares as of December 31, 2025)	**(62,011)**	(35,770)
Total stockholders' equity	**732,005**	762,403
Noncontrolling interest	**89**	89
Total equity	**732,094**	762,492
Total liabilities and equity	**$ 7,207,927**	$ 6,990,022

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (unaudited - dollars in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
NET INTEREST INCOME				
Interest and fees on loans				
Taxable	**$ 88,383**	$ 85,490	**$ 257,488**	$ 251,648
Tax exempt	**347**	287	**919**	870
Interest and dividends on securities				
Taxable	**3,889**	3,489	**11,494**	10,335
Tax exempt	**3,876**	3,915	**11,666**	11,742
Other interest income	**859**	1,706	**2,922**	5,132
Total interest income	**97,354**	94,887	**284,489**	279,727
Interest on deposits	**36,467**	38,446	**106,277**	114,015
Interest on short-term borrowings	**166**	368	**2,417**	1,888
Total interest expense	**36,633**	38,814	**108,694**	115,903
NET INTEREST INCOME	**60,721**	56,073	**175,795**	163,824
Provision for credit losses	**1,200**	2,000	**4,908**	11,800
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	**59,521**	54,073	**170,887**	152,024
NONINTEREST INCOME				
Wealth advisory fees	**3,153**	2,855	**9,233**	8,389
Investment brokerage fees	**535**	557	**1,570**	1,559
Service charges on deposit accounts	**3,005**	2,921	**8,757**	8,522
Loan and service fees	**3,035**	3,419	**9,302**	9,309
Merchant and interchange fee income	**876**	892	**2,489**	2,568
Bank owned life insurance income	**1,153**	1,567	**3,746**	2,929
Interest rate swap fee income	**0**	0	**701**	20
Mortgage banking income (loss)	**88**	(6)	**297**	67
Other income	**429**	749	**1,684**	2,005
Total noninterest income	**12,274**	12,954	**37,779**	35,368
NONINTEREST EXPENSE				
Salaries and employee benefits	**20,782**	20,414	**61,571**	55,412
Net occupancy expense	**2,153**	1,877	**6,224**	5,604
Equipment costs	**1,432**	1,475	**4,305**	4,294
Data processing fees and supplies	**4,350**	4,116	**12,983**	12,533
Corporate and business development	**1,630**	1,563	**4,365**	4,129
FDIC insurance and other regulatory fees	**910**	878	**2,664**	2,517
Professional fees	**2,123**	1,726	**5,845**	5,812
Other expense	**2,741**	2,916	**7,772**	7,859
Total noninterest expense	**36,121**	34,965	**105,729**	98,160
INCOME BEFORE INCOME TAX EXPENSE	**35,674**	32,062	**102,937**	89,232
Income tax expense	**6,817**	5,658	**19,162**	15,777
NET INCOME	**$ 28,857**	$ 26,404	**$ 83,775**	$ 73,455
BASIC WEIGHTED AVERAGE COMMON SHARES	**25,027,394**	25,703,699	**25,142,662**	25,708,543
BASIC EARNINGS PER COMMON SHARE	**$ 1.15**	$ 1.03	**$ 3.33**	$ 2.86
DILUTED WEIGHTED AVERAGE COMMON SHARES	**25,237,882**	25,821,360	**25,320,493**	25,804,322
DILUTED EARNINGS PER COMMON SHARE	**$ 1.14**	$ 1.03	**$ 3.31**	$ 2.85

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (unaudited - dollars in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Net income	**$ 28,857**	$ 26,404	**$ 83,775**	$ 73,455
Other comprehensive income (loss)				
Change in available-for-sale and transferred securities:				
Unrealized holding gain (loss) on securities available-for-sale arising during the period	**(73,040)**	25,345	**(70,664)**	31,149
Reclassification adjustment for amortization of unrealized losses on securities transferred to held-to-maturity	**489**	489	**1,467**	1,468
Net securities gain (loss) activity during the period	**(72,551)**	25,834	**(69,197)**	32,617
Tax effect	**15,236**	(5,426)	**14,532**	(6,850)
Net of tax amount	**(57,315)**	20,408	**(54,665)**	25,767
Defined benefit pension plans:				
Amortization of net actuarial loss	**16**	14	**48**	40
Net gain activity during the period	**16**	14	**48**	40
Tax effect	**(4)**	(4)	**(12)**	(10)
Net of tax amount	**12**	10	**36**	30
Total other comprehensive income (loss), net of tax	**(57,303)**	20,418	**(54,629)**	25,797
Comprehensive income (loss)	**$ (28,446)**	$ 46,822	**$ 29,146**	$ 99,252

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited - dollars in thousands, except share and per share data)

	Three Months Ended							
	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
	Shares	Stock						
Balance at July 1, 2025	25,525,105	$ 130,664	$ 757,739	$ (161,121)	$ (17,384)	$ 709,898	$ 89	$ 709,987
Comprehensive income:								
Net income			26,404			26,404		26,404
Other comprehensive income, net of tax				20,418		20,418		20,418
Cash dividends declared and paid, $0.50 per share			(12,852)			(12,852)		(12,852)
Treasury shares purchased under deferred directors' plan	(3,523)	224			(224)	0		0
Stock activity under equity compensation plans	7,150	0				0		0
Stock based compensation expense		3,546				3,546		3,546
Balance at September 30, 2025	25,528,732	$ 134,434	$ 771,291	$ (140,703)	$ (17,608)	$ 747,414	$ 89	$ 747,503
Balance at July 1, 2026	**24,858,875**	**$ 140,020**	**$ 817,002**	**$ (124,463)**	**$ (59,274)**	**$ 773,285**	**$ 89**	**$ 773,374**
Comprehensive loss:								
Net income			**28,857**			**28,857**		**28,857**
Other comprehensive income (loss), net of tax				**(57,303)**		**(57,303)**		**(57,303)**
Cash dividends declared and paid, $0.52 per share			**(13,016)**			**(13,016)**		**(13,016)**
Treasury shares purchased under share repurchase plan	**(41,550)**				**(2,457)**	**(2,457)**		**(2,457)**
Treasury shares purchased under deferred directors' plan	**(4,510)**	**280**			**(280)**	**0**		**0**
Stock activity under equity compensation plans	**7,150**	**0**				**0**		**0**
Stock based compensation expense		**2,639**				**2,639**		**2,639**
Balance at September 30, 2026	**24,819,965**	**$ 142,939**	**$ 832,843**	**$ (181,766)**	**$ (62,011)**	**$ 732,005**	**$ 89**	**$ 732,094**

The accompanying notes are an integral part of these consolidated financial statements.

	Nine Months Ended							
	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
	Shares	Stock						
Balance at January 1, 2025	25,509,592	$ 129,664	$ 736,412	$ (166,500)	$ (15,754)	$ 683,822	$ 89	$ 683,911
Comprehensive income:								
Net income			73,455			73,455		73,455
Other comprehensive income, net of tax				25,797		25,797		25,797
Cash dividends declared and paid, $1.50 per share			(38,576)			(38,576)		(38,576)
Treasury shares purchased under share repurchase plan	(30,300)				(1,705)	(1,705)		(1,705)
Treasury shares purchased under deferred directors' plan	(8,117)	524			(524)	0		0
Treasury shares sold and distributed under deferred directors' plan	12,744	(375)			375	0		0
Stock activity under equity compensation plans	44,813	(1,493)				(1,493)		(1,493)
Stock based compensation expense		6,114				6,114		6,114
Balance at September 30, 2025	25,528,732	$ 134,434	$ 771,291	$ (140,703)	$ (17,608)	$ 747,414	$ 89	$ 747,503
Balance at January 1, 2026	**25,219,634**	**$ 136,965**	**$ 788,345**	**$ (127,137)**	**$ (35,770)**	**$ 762,403**	**$ 89**	**$ 762,492**
Comprehensive income:								
Net income			**83,775**			**83,775**		**83,775**
Other comprehensive income (loss), net of tax				**(54,629)**		**(54,629)**		**(54,629)**
Cash dividends declared and paid, $1.56 per share			**(39,277)**			**(39,277)**		**(39,277)**
Treasury shares purchased under share repurchase plan	**(449,276)**				**(25,992)**	**(25,992)**		**(25,992)**
Treasury shares purchased under deferred directors' plan	**(10,015)**	**607**			**(607)**	**0**		**0**
Treasury shares sold and distributed under deferred directors' plan	**12,540**	**(358)**			**358**	**0**		**0**
Stock activity under equity compensation plans	**47,082**	**(1,344)**				**(1,344)**		**(1,344)**
Stock based compensation expense		**7,069**				**7,069**		**7,069**
Balance at September 30, 2026	**24,819,965**	**$ 142,939**	**$ 832,843**	**$ (181,766)**	**$ (62,011)**	**$ 732,005**	**$ 89**	**$ 732,094**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited - dollars in thousands)

Nine Months Ended September 30,	2026	2025
Cash flows from operating activities:		
Net income	**$ 83,775**	$ 73,455
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	**4,641**	4,449
Provision for credit losses	**4,908**	11,800
Amortization of loan servicing rights	**308**	337
Loans originated for sale, including participations	**(12,724)**	(14,891)
Net gain on sales of loans	**(586)**	(425)
Proceeds from sale of loans, including participations	**13,547**	16,165
Net (gain) loss on sales of premises and equipment	**27**	29
Net securities amortization	**2,619**	3,043
Stock based compensation expense	**7,069**	6,114
Earnings on life insurance	**(3,746)**	(2,929)
Gain on life insurance	**(172)**	(219)
Tax expense of stock award issuances	**73**	136
Net change:		
Interest receivable and other assets	**(4,774)**	1,497
Interest payable and other liabilities	**5,761**	(17,397)
Total adjustments	**16,951**	7,709
Net cash from operating activities	**100,726**	81,164
Cash flows from investing activities:		
Proceeds from maturities, calls and principal paydowns of securities available-for-sale	**62,632**	48,135
Purchases of securities available-for-sale	**(39,624)**	(60,304)
Purchase of life insurance	**(248)**	(12,813)
Net (increase) decrease in total loans	**(309,728)**	(160,263)
Proceeds from sales of land, premises and equipment	**2**	1
Purchases of land, premises and equipment	**(11,518)**	(8,918)
Proceeds from life insurance	**524**	0
Net cash from investing activities	**(297,960)**	(194,162)
Cash flows from financing activities:		
Net increase (decrease) in total deposits	**321,446**	123,352
Net increase (decrease) in other borrowings	**(13,000)**	0
Net proceeds from (payments on) short-term FHLB borrowings	**(70,000)**	55,000
Proceeds from long-term FHLB borrowings	**100**	1,200
Common dividends paid	**(39,264)**	(38,563)
Preferred dividends paid	**(13)**	(13)
Payments related to equity incentive plans	**(1,344)**	(1,493)
Purchase of treasury stock	**(26,599)**	(2,229)
Sale of treasury stock	**358**	375
Net cash from financing activities	**171,684**	137,629
Net change in cash and cash equivalents	**(25,550)**	24,631
Cash and cash equivalents at beginning of the period	**141,318**	168,205
Cash and cash equivalents at end of the period	**$ 115,768**	$ 192,836
Cash paid during the period for:		
Interest	**$ 107,861**	$ 122,392
Income taxes	**20,665**	13,986
Supplemental non-cash disclosures:		
Right-of-use assets obtained in exchange for lease liabilities	**0**	926

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1. BASIS OF PRESENTATION

This report is filed for Lakeland Financial Corporation (the "Company"), which has one wholly owned subsidiary, Lake City Bank (the "Bank"). Also included in this report are results for the Bank's wholly owned subsidiary, LCB Investments II, Inc. ("LCB Investments"), which manages the Bank's investment securities portfolio. LCB Investments II, Inc. owns LCB Funding, Inc. ("LCB Funding"), a real estate investment trust. All significant inter-company balances and transactions have been eliminated in consolidation.

The unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions for Form 10-Q. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and are unaudited. In the opinion of management, all adjustments (all of which are normal and recurring in nature) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2026 are not necessarily indicative of the results that may be expected for any subsequent reporting periods, including the year ending December 31, 2026. The Company's 2025 Annual Report on Form 10-K should be read in conjunction with these statements.

Operating Segments

All of the Company's financial results are similar and considered by management to be aggregated into one reportable segment. While the Company has assigned certain management responsibilities by region and business-line, the Company's Chief Operating Decision Maker ("CODM") evaluates financial performance on a Company-wide basis. The majority of the Company's revenue is from the business of banking and the Company's assigned regions have similar economic characteristics, products, services and customers.

Financial performance is reported to the CODM monthly, and the primary measure of performance is consolidated net income. The allocation of resources throughout the Company is determined annually based upon consolidated net income performance. The presentation of financial performance to the CODM is consistent with amounts and financial statement line items shown in the Company's consolidated balance sheets and consolidated statements of income. Additionally, the Company's significant expenses are adequately segmented by category and amount in the consolidated statements of income to include all significant items when considering both qualitative and quantitative factors. Significant expenses of the Company include salaries and employee benefits, net occupancy expense, equipment costs, data processing fees and supplies and professional fees.

Newly Issued But Not Yet Effective Accounting Standards

On October 9, 2023, the FASB issued ASU 2023-06, *"Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative"*, which modified the disclosure or presentation requirements of a variety of Topics in the Codification and was intended to both clarify or improve such requirements and align the requirements with the SEC's regulations. The amendments to Topics of Codification provided in this update apply to all reporting entities within the scope of the affected Topics unless otherwise indicated by the update. Given the variety of Topics amended, a broad range of entities may be affected by one or more of the amendments provided in the update. The Company evaluated the amendments provided in the update and believes certain of the disclosure improvements could be applicable to the Company's interim or annual disclosures.

The effective date for each amendment for entities subject to the SEC's existing disclosure requirements is the effective date of the removal of the related disclosure from Regulation S-X or Regulation S-K, with early adoption prohibited. The amendments in the update are to be applied prospectively. The Company will apply prospectively the provisions provided in the amendments as such provisions become effective, and does not believe the application of these modified disclosure requirements will have a material impact on the consolidated financial statements. If by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment in the update will be removed from the Codification and will not become effective.

On November 8, 2024, the FASB issued ASU 2024-03, *"Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses"*, to improve the disclosures surrounding a public business entity's expenses and address requests from investors for more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) in commonly presented expense captions (such as cost of sales, SG&A, and research and development).

The amendments in this update require disclosure, in the notes to the financial statements, of specified information about certain costs and expenses. The amendments require that at each interim and annual reporting period an entity (1) Disclose the amounts of (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 (DD&A) (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the following expense categories listed in (a)-(e); (2) Include certain amounts that are already required to be disclosed under current GAAP in the same disclosure as other disaggregation requirements; (3) Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively; and (4) Disclose the total amount of selling expenses, and in annual reporting periods, an entity's definition of selling expenses. An entity is not precluded from providing additional voluntarily disclosures that may provide investors with additional decision-useful information.

On January 6, 2025, the FASB issued ASU 2025-01, *"Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date"*, to clarify the effective date of the ASU 2024-03. The update amends the effective date of Update 2024-03 to annual reporting periods beginning after December 15, 2026, and interim periods within annual periods beginning after December 15, 2027. The Company is currently evaluating the impact of this update on its disclosures, however does not expect the adoption of this update to have a material impact on the consolidated financial statements.

On September 18, 2025, the FASB issued ASU 2025-06, *"Intangibles—Goodwill and Other—Internal Use-Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software"*, to modernize the accounting for software costs to better align the guidance with current software development practices. Specifically, many entities have shifted from using a prescriptive and sequential ("linear") development method to using an incremental and iterative ("agile") development method, the latter of which is not contemplated in the current guidance and presents a challenge to stakeholders in determining when to begin capitalizing internal-use software costs.

The amendments in this update remove all references to linear project stages, and instead require an entity to start capitalizing software costs when both of the following occur: (1) Management has authorized and committed to funding the software project and (2) It is probable that the project will be completed and the software will be used to perform the function intended (referred to as the "probable-to-complete recognition threshold"). In evaluating the probable-to-complete recognition threshold, an entity is required to consider whether there is significant uncertainty associated with the development activities of the software (referred to as "significant development uncertainty"). The two factors to consider in determining whether there is significant development uncertainty are whether: (1) The software being developed has technological innovations or novel, unique, or unproven functions or features, and the uncertainty related to those technological innovations, functions, or features, if identified, has not been resolved through coding and testing and (2) The entity has determined what it needs the software to do, including whether the entity has identified or continues to substantially revise the software's significant performance requirements. The amendments in the update specify that internal-use software costs must be disclosed according to applicable property, plant and equipment guidance, regardless of how such costs are presented in the financial statements. Furthermore, the amendments in the update supersede website development costs guidance and incorporate the recognition requirements for website-specific development costs into Subtopic 350-40.

The amendments in this update are effective for all entities for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period. The amendments in the update may be applied using a prospective transition approach, a modified transition approach that is based on the status of the project and whether software costs were capitalized before the date of adoption or a retrospective transition approach. The Company is currently evaluating the impact of this update on its disclosures, however does not expect the adoption of this update to have a material impact on the consolidated financial statements.

On November 12, 2025, the FASB issued ASU 2025-08, *"Financial Instruments - Credit Losses (Topic 326): Purchased Loans"*, to expand the population of acquired financial assets subject to the gross-up approach in Topic 326. In accordance with the amendments in this update, loans (excluding credit cards) acquired without credit deterioration and deemed "seasoned" are *purchased seasoned loans* and are accounted for using the gross-up approach at acquisition. Specifically, after an entity determines that a loan is a non-purchased financial asset with credit deterioration ("PCD") asset based on its assessment of credit deterioration experienced since origination, the entity should apply the guidance described in the amendments to determine whether the loan is seasoned and, therefore, should be accounted for using the gross-up approach. All non-PCD loans (excluding credit cards) that are acquired in a business combination are deemed seasoned. Other non-PCD loans (excluding credit cards) are seasoned if they were purchased at least 90 days after origination and the acquirer was not involved in the origination of the loans.

The amendments in this update are effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual periods. The amendments in this update should be applied prospectively to loans that are acquired on or after the initial application date. Early adoption is permitted in an interim or annual reporting period in which the financial statements have not yet been issued or made available for issuance. If an entity adopts the amendments in an interim reporting period, it should apply the amendments as of the beginning of that interim reporting period or the beginning of the annual reporting period that includes that interim reporting period. The Company does not anticipate this standard will have an impact on the Company's financial statements based upon the nature of the Company's current operations.

On December 8, 2025, the FASB issued ASU 2025-11, *"Interim Reporting (Topic 270): Narrow Scope Improvements"*, to improve the guidance in Topic 270, by clarifying interim disclosure requirements and the applicability of Topic 270. The amendments in this update result in a comprehensive list of interim disclosures that are required by GAAP. In developing the list of disclosures required by other Topics, the FASB board focused on identifying the interim disclosures that are currently required under GAAP. The objective of the amendments is to provide clarity about the current requirements, rather than evaluate whether to expand or reduce interim disclosure requirements. The amendments in this update also include a disclosure principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The intent of the disclosure principle, which is modeled after a previous SEC disclosure requirement, is to help entities determine whether disclosures not specified in Topic 270 should be provided in interim reporting periods. The amendments in this update also clarify the applicability of Topic 270, the types of interim reporting, and the form and content of interim financial statements in accordance with GAAP. The FASB board expects these clarifications will enhance consistency in interim financial reporting for all entities and considers the amendments to be necessary to reflect the development of interim reporting over time.

The amendments in this update are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, for public business entities and for interim reporting periods within annual reporting periods beginning after December 15, 2027, for entities other than public business entities. Early adoption is permitted for all entities, and can be applied either (1) prospectively or (2) retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the impact of this update on its financial disclosures, however does not expect the adoption of this update to have a material impact on the consolidated financial statements.

On December 17, 2025, the FASB issued ASU 2025-12, *"Codification Improvements"*. The amendments in this update represent changes that (1) Clarify, (2) Correct errors or (3) Make minor improvements to the Codification. The amendments are intended to make the Codification easier to understand and apply. The amendments in this update are varied in nature and may affect the application of guidance in cases in which the original guidance may have been unclear. The amendments in this update are effective for all entities for annual reporting beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. If an entity adopts the amendments in this update in an interim period, it must adopt them as of the beginning of the annual reporting period that includes the interim period. An entity may elect to early adopt the amendments on an issue-by-issue basis. For example, an entity may decide to early adopt certain amendments and adopt the remaining amendments at the effective date. An entity may also elect the transition method on an issue-by-issue basis. For example, it may apply certain amendments prospectively while applying others retrospectively. The Company is currently evaluating the impact of the update on its financial disclosures, however does not expect the adoption of this update to have a material impact on the consolidated financial statements.

NOTE 2. SECURITIES

Debt securities purchased with the intent and ability to hold to their maturity are classified as held-to-maturity securities. All other investment securities are classified as available-for-sale securities.

Available-for-Sale Securities

Information related to the amortized cost, fair value and allowance for credit losses of securities available-for-sale and the related gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) is provided in the table below.

(dollars in thousands)	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
September 30, 2026					
U.S. Treasury securities	**$ 29,894**	**$ 0**	**$ (486)**	**$ 0**	**$ 29,408**
U.S. government sponsored agencies	**128,374**	**0**	**(24,398)**	**0**	**103,976**
Mortgage-backed securities: residential	**481,247**	**16**	**(70,150)**	**0**	**411,113**
State and municipal securities	**530,417**	**4**	**(118,905)**	**0**	**411,516**
Total	**$ 1,169,932**	**$ 20**	**$ (213,939)**	**$ 0**	**$ 956,013**
December 31, 2025					
U.S. Treasury securities	$ 10,117	$ 2	$ 0	$ 0	$ 10,119
U.S. government sponsored agencies	136,772	82	(21,164)	0	115,690
Mortgage-backed securities: residential	506,734	892	(53,463)	0	454,163
State and municipal securities	541,694	131	(69,735)	0	472,090
Total	$ 1,195,317	$ 1,107	$ (144,362)	$ 0	$ 1,052,062

Held-to-Maturity Securities

Information related to the amortized cost, fair value and allowance for credit losses of securities held-to-maturity and the related gross unrealized gains and losses is presented in the table below.

(dollars in thousands)	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
September 30, 2026					
State and municipal securities	**$ 134,434**	**$ 0**	**$ (31,082)**	**$ 0**	**$ 103,352**
December 31, 2025					
State and municipal securities	$ 133,208	$ 0	$ (15,698)	$ 0	$ 117,510

The Company has the current intent and ability to hold held-to-maturity securities until maturity. All of the Company's securities designated as held-to-maturity were transferred from the available-for-sale classification. The net unrealized gain or loss on the transferred securities was recorded as a component of accumulated other comprehensive income (loss) at the time of the transfer and is amortized over the remaining life of the underlying securities as an adjustment to the yield on those securities. The net amount of the unamortized unrealized loss on the transferred securities included in accumulated other comprehensive income (loss) was $15.5 million ($12.3 million, net of tax) at September 30, 2026.

Information regarding the amortized cost and fair value of available-for-sale and held-to-maturity debt securities by maturity as of September 30, 2026 is presented below. Maturity information is based on contractual maturity for all securities other than mortgage-backed securities. Actual maturities of securities may differ from contractual maturities because borrowers may have the right to prepay the obligation without a prepayment penalty.

	Available-for-Sale		Held-to-Maturity	
(dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 5,681	$ 5,634	$ 0	$ 0
Due after one year through five years	41,966	40,545	0	0
Due after five years through ten years	105,237	88,762	14,210	11,592
Due after ten years	535,801	409,959	120,224	91,760
	688,685	544,900	134,434	103,352
Mortgage-backed securities	481,247	411,113	0	0
Total debt securities	$ 1,169,932	$ 956,013	$ 134,434	$ 103,352

There were no sales of available-for-sale securities during the nine months ended September 30, 2026 and 2025.

Securities with fair values of $483.3 million and $546.8 million were pledged as of September 30, 2026 and December 31, 2025, respectively, as collateral for borrowings from the Federal Home Loan Bank ("FHLB") and Federal Reserve Bank and for other purposes as permitted or required by law.

Unrealized Loss Analysis on Available-for-Sale and Held-to-Maturity Securities

Information regarding available-for-sale securities with unrealized losses as of September 30, 2026 and December 31, 2025 is presented below. The table divides the securities between those with unrealized losses for less than twelve months and those with unrealized losses for twelve months or more.

	Less than 12 months		12 months or more		Total	
(dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2026						
U.S. Treasury securities	$ 29,408	$ 486	$ 0	$ 0	$ 29,408	$ 486
U.S. government sponsored agencies	9,468	431	94,508	23,967	103,976	24,398
Mortgage-backed securities: residential	86,225	4,254	321,352	65,896	407,577	70,150
State and municipal securities	37,827	2,885	368,888	116,020	406,715	118,905
Total available-for-sale	$ 162,928	$ 8,056	$ 784,748	$ 205,883	$ 947,676	$ 213,939
December 31, 2025						
U.S. Treasury securities	$ 5,107	$ 0	$ 0	$ 0	$ 5,107	$ 0
U.S. government sponsored agencies	0	0	105,609	21,164	105,609	21,164
Mortgage-backed securities: residential	14,397	106	374,383	53,357	388,780	53,463
State and municipal securities	13,807	24	440,935	69,711	454,742	69,735
Total available-for-sale	$ 33,311	$ 130	$ 920,927	$ 144,232	$ 954,238	$ 144,362

Information regarding held-to-maturity securities with unrealized losses as of September 30, 2026 and December 31, 2025 is presented on the next page. The table divides the securities between those with unrealized losses for less than twelve months and those with unrealized losses for twelve months or more.

(dollars in thousands)	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2026						
State and municipal securities	**$ 0**	**$ 0**	**$ 103,352**	**$ 31,082**	**$ 103,352**	**$ 31,082**
December 31, 2025						
State and municipal securities	$ 0	$ 0	$ 117,510	$ 15,698	$ 117,510	$ 15,698

The total number of securities with unrealized losses as of September 30, 2026 and December 31, 2025 is presented below.

	Available-for-Sale			Held-to-Maturity		
	Less than 12 months	12 months or more	Total	Less than 12 months	12 months or more	Total
September 30, 2026						
U.S. Treasury securities	**6**	**0**	**6**	**0**	**0**	**0**
U.S. government sponsored agencies	**2**	**17**	**19**	**0**	**0**	**0**
Mortgage-backed securities: residential	**33**	**111**	**144**	**0**	**0**	**0**
State and municipal securities	**56**	**351**	**407**	**0**	**41**	**41**
Total temporarily impaired	**97**	**479**	**576**	**0**	**41**	**41**
December 31, 2025						
U.S. Treasury securities	1	0	1	0	0	0
U.S. government sponsored agencies	0	17	17	0	0	0
Mortgage-backed securities: residential	3	120	123	0	0	0
State and municipal securities	17	378	395	0	41	41
Total temporarily impaired	21	515	536	0	41	41

Available-for-sale debt securities in unrealized loss positions are evaluated for impairment related to credit losses at least quarterly. For available-for-sale debt securities in an unrealized loss position, management first assesses whether it intends to sell, or it is more likely than not that the Company will be required to sell, the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through the consolidated income statement. For available-for-sale debt securities that do not meet the above criteria and for held-to-maturity securities, management evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security and the issuer, among other factors. If this assessment indicates that a credit loss exists, management compares the present value of cash flows expected to be collected from the security with the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis for the security, a credit loss exists and an allowance for credit losses is recorded, limited to the amount that the fair value of the security is less than its amortized cost basis. For available-for-sale debt securities, any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income (loss), net of applicable taxes.

No allowance for credit losses for available-for-sale or held-to-maturity debt securities was recorded at September 30, 2026 or December 31, 2025. Accrued interest receivable on securities totaled $7.0 million and $7.8 million at September 30, 2026 and December 31, 2025, respectively, and is excluded from the estimate of credit losses.

The U.S. Treasury, U.S. government sponsored agencies and mortgage-backed securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major credit rating agencies, and have a long history of no credit losses. Therefore, for those securities, we do not record expected credit losses. State and municipal securities credit losses are benchmarked against highly rated municipal securities of similar duration, as published by Moody's, resulting in an immaterial allowance for credit losses.

NOTE 3. LOANS

(dollars in thousands)	September 30, 2026		December 31, 2025	
Commercial and industrial loans:				
Working capital lines of credit loans	**$ 812,472**	**14.3 %**	$ 711,742	13.2 %
Non-working capital loans	**892,989**	**15.7**	841,947	15.7
Total commercial and industrial loans	**1,705,461**	**30.0**	1,553,689	28.9
Commercial real estate and multi-family residential loans:				
Construction and land development loans	**409,682**	**7.2**	497,239	9.2
Owner occupied loans	**772,098**	**13.6**	807,335	15.0
Nonowner occupied loans	**992,570**	**17.5**	923,708	17.2
Multifamily loans	**598,456**	**10.5**	438,233	8.1
Total commercial real estate and multi-family residential loans	**2,772,806**	**48.8**	2,666,515	49.5
Agri-business and agricultural loans:				
Loans secured by farmland	**189,685**	**3.3**	155,073	2.9
Loans for agricultural production	**158,501**	**2.8**	251,783	4.7
Total agri-business and agricultural loans	**348,186**	**6.1**	406,856	7.6
Other commercial loans	**120,661**	**2.1**	97,381	1.8
Total commercial loans	**4,947,114**	**87.0**	4,724,441	87.8
Consumer 1-4 family mortgage loans:				
Closed end first mortgage loans	**308,959**	**5.5**	267,134	5.0
Open end and junior lien loans	**296,641**	**5.2**	251,185	4.7
Residential construction and land development loans	**11,166**	**0.2**	18,873	0.3
Total consumer 1-4 family mortgage loans	**616,766**	**10.9**	537,192	10.0
Other consumer loans	**119,172**	**2.1**	116,224	2.2
Total consumer loans	**735,938**	**13.0**	653,416	12.2
Subtotal	**5,683,052**	**100.0 %**	5,377,857	100.0 %
Less: Allowance for credit losses	**(68,830)**		(68,995)	
Net deferred loan fees	**(3,048)**		(2,508)	
Loans, net	**$ 5,611,174**		$ 5,306,354	

The recorded investment in loans does not include accrued interest, which totaled $22.8 million and $20.7 million as of September 30, 2026 and December 31, 2025, respectively.

The Company had $2.0 million and $1.5 million in residential real estate loans in the process of foreclosure as of September 30, 2026 and December 31, 2025, respectively.

NOTE 4. ALLOWANCE FOR CREDIT LOSSES AND CREDIT QUALITY

The Company maintains an allowance for credit losses to provide for expected credit losses. Losses are charged against the allowance when management believes that the principal is uncollectible. Subsequent recoveries, if any, are credited to the allowance. Allocations of the allowance are made for specific loans and for pools of similar types of loans, although the entire allowance is available for any loan that, in management's judgment, should be charged against the allowance. A provision for credit losses is taken based on management's ongoing evaluation of the appropriate allowance balance. A formal evaluation of the adequacy of the credit loss allowance is conducted monthly. The ultimate recovery of all loans is susceptible to future market factors beyond the Company's control.

The level of credit loss provision is influenced by growth in the overall loan portfolio, emerging market risk, emerging concentration risk, commercial loan focus and large credit concentration, new industry lending activity, general economic conditions and historical loss analysis. In addition, management gives consideration to changes in the facts and circumstances of watch list credits, which includes the security position of the borrower, in determining the appropriate level of the credit loss provision. Furthermore, management's overall view on credit quality is a factor in the determination of the provision.

The determination of the appropriate allowance is inherently subjective, as it requires significant estimates by management. The Company has an established process to determine the adequacy of the allowance for credit losses that generally includes consideration of changes in the nature and volume of the loan portfolio and overall portfolio quality, along with current and forecasted economic conditions that may affect borrowers' ability to repay. Consideration is not limited to these factors although they represent the most commonly cited factors. To determine the specific allocation levels for individual credits, management considers the current valuation of collateral and the amounts and timing of expected future cash flows as the primary measures. Management also considers trends in adversely classified loans based upon an ongoing review of those credits. With respect to pools of similar loans, an appropriate level of general allowance is determined by portfolio segment using a probability of default-loss given default ("PD/LGD") model, subject to a floor. A default can be triggered by one of several different asset quality factors, including past due status, nonaccrual status, material modification to a borrower experiencing financial difficulty status or if the loan has had a charge-off. This PD is then combined with a LGD derived from historical charge-off data to construct a loss rate. This loss rate is then supplemented with adjustments for reasonable and supportable forecasts of relevant economic indicators, particularly the unemployment rate forecast from the Federal Open Market Committee's Summary of Economic Projections, as well as portfolio trends based on the risks present for each portfolio segment. These environmental factors include consideration of the following: levels of, and trends in, delinquencies and nonperforming loans; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedure, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. It is also possible that these factors could include social, political, economic, and terrorist events or activities. All of these factors are susceptible to change, which may be significant. As a result of this detailed process, the allowance results in two forms of allocations, specific and pooled. These two components represent the total allowance for credit losses deemed adequate to cover expected losses within the loan portfolio.

Commercial loans are subject to a dual standardized grading process administered by the credit administration function. These grade assignments are performed independent of each other and a consensus is reached by credit administration and the loan officer. Individual allowances are established in cases where management has identified significant conditions or circumstances related to a specific credit that indicate it should be analyzed on an individual basis. Considerations with respect to allocations for these individually analyzed credits include, but are not limited to, the following: (a) the sufficiency of the customer's cash flow or net worth to repay the loan; (b) the adequacy of the discounted value of collateral relative to the loan balance; (c) whether the loan has been criticized in a regulatory examination; (d) whether the loan is nonperforming; (e) any other reasons the ultimate collectability of the loan may be in question; or (f) any unique loan characteristics that require special monitoring.

Allocations are also applied to categories of loans considered not to be individually analyzed, but for which the rate of loss is expected to be consistent with or greater than historical averages. Such allocations are based on past loss experience and information about specific borrower situations and estimated collateral values. These general pooled loan allocations are performed for portfolio segments of commercial and industrial; commercial real estate, multi-family, and construction; agri-business and agricultural; other commercial loans; and consumer 1-4 family mortgage and other consumer loans. Pooled allocations of the allowance are determined by a historical loss rate based on the calculation of each pool's probability of default-loss given default, subject to a floor. The length of the historical period for each pool is based on the average life of the pool, which is updated at least annually. The historical loss rates are all supplemented with consideration of economic conditions and portfolio trends.

Due to the imprecise nature of estimating the allowance for credit losses, the Company's allowance for credit losses includes an immaterial unallocated component. The unallocated component of the allowance for credit losses incorporates the Company's judgmental determination of potential expected losses that may not be fully reflected in other allocations. As a practical expedient, the Company has elected to disclose accrued interest separately from loan principal balances on the consolidated balance sheet. Additionally, when a loan is placed on non-accrual, interest payments are reversed through interest income.

For off balance sheet credit exposures outlined in the ASC at 326-20-30-11, it is the Company's position that nearly all of the unfunded amounts on lines of credit are unconditionally cancellable, and therefore not subject to having a liability recorded.

The following tables present the activity in the allowance for credit losses by portfolio segment for the periods shown:

(dollars in thousands)	Commercial and Industrial	Commercial Real Estate and Multifamily Residential	Agri-business and Agricultural	Other Commercial	Consumer 1-4 Family Mortgage	Other Consumer	Unallocated	Total
Three Months Ended September 30, 2026								
Beginning balance, July 1	**$ 28,752**	**$ 30,655**	**$ 3,258**	**$ 1,082**	**$ 4,366**	**$ 1,887**	**$ 598**	**$ 70,598**
Provision for credit losses	**785**	**(314)**	**(27)**	**(9)**	**200**	**268**	**297**	**1,200**
Loans charged-off	**(2,871)**	**0**	**0**	**0**	**(15)**	**(215)**	**0**	**(3,101)**
Recoveries	**35**	**26**	**0**	**0**	**8**	**64**	**0**	**133**
Net loans (charged-off) recovered	**(2,836)**	**26**	**0**	**0**	**(7)**	**(151)**	**0**	**(2,968)**
Ending balance	**$ 26,701**	**$ 30,367**	**$ 3,231**	**$ 1,073**	**$ 4,559**	**$ 2,004**	**$ 895**	**$ 68,830**

(dollars in thousands)	Commercial and Industrial	Commercial Real Estate and Multifamily Residential	Agri-business and Agricultural	Other Commercial	Consumer 1-4 Family Mortgage	Other Consumer	Unallocated	Total
Three Months Ended September 30, 2025								
Beginning balance, July 1	$ 25,882	$ 31,082	$ 3,299	$ 720	$ 3,590	$ 1,579	$ 400	$ 66,552
Provision for credit losses	1,447	(197)	(80)	(29)	460	428	(29)	2,000
Loans charged-off	(222)	0	0	0	(4)	(347)	0	(573)
Recoveries	42	27	0	0	16	104	0	189
Net loans (charged-off) recovered	(180)	27	0	0	12	(243)	0	(384)
Ending balance	$ 27,149	$ 30,912	$ 3,219	$ 691	$ 4,062	$ 1,764	$ 371	$ 68,168

(dollars in thousands)	Commercial and Industrial	Commercial Real Estate and Multifamily Residential	Agri-business and Agricultural	Other Commercial	Consumer 1-4 Family Mortgage	Other Consumer	Unallocated	Total
Nine Months Ended September 30, 2026								
Beginning balance, January 1	**$ 28,436**	**$ 30,163**	**$ 3,315**	**$ 1,041**	**$ 3,996**	**$ 1,719**	**$ 325**	**$ 68,995**
Provision for credit losses	**3,044**	**62**	**(84)**	**32**	**576**	**708**	**570**	**4,908**
Loans charged-off	**(4,951)**	**0**	**0**	**0**	**(127)**	**(650)**	**0**	**(5,728)**
Recoveries	**172**	**142**	**0**	**0**	**114**	**227**	**0**	**655**
Net loans (charged-off) recovered	**(4,779)**	**142**	**0**	**0**	**(13)**	**(423)**	**0**	**(5,073)**
Ending balance	**$ 26,701**	**$ 30,367**	**$ 3,231**	**$ 1,073**	**$ 4,559**	**$ 2,004**	**$ 895**	**$ 68,830**

(dollars in thousands)	Commercial and Industrial	Commercial Real Estate and Multifamily Residential	Agri-business and Agricultural	Other Commercial	Consumer 1-4 Family Mortgage	Other Consumer	Unallocated	Total
Nine Months Ended September 30, 2025								
Beginning balance, January 1	$ 45,539	$ 30,865	$ 3,541	$ 743	$ 3,358	$ 1,531	$ 383	$ 85,960
Provision for credit losses	10,335	(32)	(322)	(52)	878	1,005	(12)	11,800
Loans charged-off	(28,848)	0	0	0	(226)	(1,119)	0	(30,193)
Recoveries	123	79	0	0	52	347	0	601
Net loans (charged-off) recovered	(28,725)	79	0	0	(174)	(772)	0	(29,592)
Ending balance	$ 27,149	$ 30,912	$ 3,219	$ 691	$ 4,062	$ 1,764	$ 371	$ 68,168

Credit Quality Indicators

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information and current economic trends, among other factors. The Company analyzes commercial loans individually by classifying the loans as to credit risk. This analysis is performed on a quarterly basis for Special Mention, Substandard and Doubtful grade loans and annually on Pass grade loans over $250,000.

The Company uses the following definitions for risk ratings:

Special Mention. Loans classified as Special Mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Company's credit position at some future date.

Substandard. Loans classified as Substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful. Loans classified as Doubtful have all the weaknesses inherent in those classified as Substandard, with the added characteristics that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loans are considered to be "Pass" rated when they are reviewed as part of the previously described process and do not meet the criteria above, which are evaluated and listed with Substandard commercial grade loans and consumer nonaccrual loans, which are evaluated individually and listed with "Not Rated" loans. Loans listed as Not Rated are consumer loans or commercial loans with consumer characteristics included in groups of homogenous loans which are analyzed for credit quality indicators utilizing delinquency status.

The following table summarizes the risk category of loans by loan segment and year of origination as of September 30, 2026:

(dollars in thousands)	2026	2025	2024	2023	2022	Prior	Term Total	Revolving	Total
Commercial and industrial loans:									
Working capital lines of credit loans:									
Pass	$ 807	$ 194	$ 295	$ 0	$ 0	$ 131	$ 1,427	$ 734,911	$ 736,338
Special Mention	0	0	0	0	0	0	0	31,424	31,424
Substandard	0	300	94	1,019	38	188	1,639	40,926	42,565
Doubtful	0	0	0	0	921	0	921	959	1,880
Total	807	494	389	1,019	959	319	3,987	808,220	812,207
Working capital lines of credit loans:									
Current period gross write offs	0	1,975	0	0	0	50	2,025	0	2,025
Non-working capital loans:									
Pass	198,310	196,729	71,954	77,506	80,606	25,820	650,925	203,525	854,450
Special Mention	601	1,538	1,945	2,251	8,152	3,211	17,698	6,529	24,227
Substandard	2,875	1,814	377	1,635	1,979	1,180	9,860	767	10,627
Doubtful	0	0	0	0	0	1,129	1,129	0	1,129
Not Rated	94	922	185	432	266	126	2,025	0	2,025
Total	201,880	201,003	74,461	81,824	91,003	31,466	681,637	210,821	892,458
Non-working capital loans:									
Current period gross write offs	650	0	0	0	25	2,205	2,880	46	2,926
Commercial real estate and multi-family residential loans:									
Construction and land development loans:									
Pass	24,000	12,285	20,071	803	132	0	57,291	338,201	395,492
Special Mention	0	0	0	0	0	0	0	12,002	12,002
Total	24,000	12,285	20,071	803	132	0	57,291	350,203	407,494
Construction and land development loans:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Owner occupied loans:									
Pass	117,709	128,737	93,099	79,532	89,323	197,235	705,635	30,178	735,813
Special Mention	0	2,412	528	419	13,578	12,498	29,435	0	29,435
Substandard	108	1,272	297	1,390	388	2,973	6,428	0	6,428
Total	117,817	132,421	93,924	81,341	103,289	212,706	741,498	30,178	771,676
Owner occupied loans:									
Current period gross write offs	0	0	0	0	0	0	0	0	0

(dollars in thousands)	2026	2025	2024	2023	2022	Prior	Term Total	Revolving	Total
Nonowner occupied loans (continued):									
Pass	234,166	128,504	84,689	110,717	121,376	177,791	857,243	121,566	978,809
Special Mention	0	0	0	11,031	57	0	11,088	0	11,088
Substandard	0	0	0	0	0	0	0	1,958	1,958
Total	234,166	128,504	84,689	121,748	121,433	177,791	868,331	123,524	991,855
Nonowner occupied loans:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Multifamily loans:									
Pass	120,164	130,609	5,367	140,199	4,943	35,389	436,671	150,023	586,694
Special Mention	0	0	0	0	11,228	0	11,228	0	11,228
Total	120,164	130,609	5,367	140,199	16,171	35,389	447,899	150,023	597,922
Multifamily loans:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Agri-business and agricultural loans:									
Loans secured by farmland:									
Pass	58,753	25,326	10,210	14,172	32,504	33,988	174,953	12,007	186,960
Special Mention	0	1,956	0	180	0	0	2,136	0	2,136
Substandard	0	0	109	0	0	178	287	316	603
Total	58,753	27,282	10,319	14,352	32,504	34,166	177,376	12,323	189,699
Loans secured by farmland:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Loans for agricultural production:									
Pass	4,353	2,757	9,390	4,174	16,292	11,254	48,220	100,582	148,802
Special Mention	1,483	0	0	1,084	236	0	2,803	4,623	7,426
Substandard	0	0	0	0	0	0	0	2,374	2,374
Total	5,836	2,757	9,390	5,258	16,528	11,254	51,023	107,579	158,602
Loans for agricultural production:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Other commercial loans:									
Pass	3,175	9,547	990	11,958	23,398	12,593	61,661	58,779	120,440
Total	3,175	9,547	990	11,958	23,398	12,593	61,661	58,779	120,440
Other commercial loans:									
Current period gross write offs	0	0	0	0	0	0	0	0	0

(dollars in thousands)	2026	2025	2024	2023	2022	Prior	Term Total	Revolving	Total
Consumer 1-4 family mortgage loans (continued):									
Closed end first mortgage loans:									
Pass	23,328	11,854	9,009	5,478	6,356	9,292	65,317	4,356	69,673
Special Mention	0	186	0	207	149	0	542	0	542
Substandard	182	332	0	350	416	633	1,913	0	1,913
Not Rated	49,782	33,340	20,542	42,813	38,653	51,307	236,437	0	236,437
Total	73,292	45,712	29,551	48,848	45,574	61,232	304,209	4,356	308,565
Closed end first mortgage loans:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Open end and junior lien loans:									
Pass	192	804	452	373	0	0	1,821	11,134	12,955
Substandard	0	1,775	0	114	65	21	1,975	583	2,558
Not Rated	42,180	17,282	8,341	6,624	6,682	1,662	82,771	200,755	283,526
Total	42,372	19,861	8,793	7,111	6,747	1,683	86,567	212,472	299,039
Open end and junior lien loans:									
Current period gross write offs	0	0	38	0	0	8	46	81	127
Residential construction loans:									
Not Rated	3,506	1,668	1,634	535	1,503	2,233	11,079	0	11,079
Total	3,506	1,668	1,634	535	1,503	2,233	11,079	0	11,079
Residential construction loans:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Other consumer loans:									
Pass	0	333	0	913	70	1	1,317	42,885	44,202
Substandard	13	197	18	236	131	54	649	0	649
Not Rated	16,681	13,354	11,389	9,501	4,712	5,600	61,237	12,880	74,117
Total	16,694	13,884	11,407	10,650	4,913	5,655	63,203	55,765	118,968
Other consumer loans:									
Current period gross write offs	13	103	76	102	51	0	345	305	650
Total Loans	$ 902,462	$ 726,027	$ 350,985	$ 525,646	$ 464,154	$ 586,487	$ 3,555,761	$ 2,124,243	$ 5,680,004
Total period gross write offs	$ 663	$ 2,078	$ 114	$ 102	$ 76	$ 2,263	$ 5,296	$ 432	$ 5,728

The following table summarizes the risk category of loans by loan segment and year of origination as of December 31, 2025:

(dollars in thousands)	2025	2024	2023	2022	2021	Prior	Term Total	Revolving	Total
Commercial and industrial loans:									
Working capital lines of credit loans:									
Pass	$ 5,863	$ 1,405	$ 19	$ 63	$ 1,066	$ 334	$ 8,750	$ 633,270	$ 642,020
Special Mention	0	0	0	0	0	0	0	38,014	38,014
Substandard	300	0	2,057	924	211	230	3,722	27,759	31,481
Total	6,163	1,405	2,076	987	1,277	564	12,472	699,043	711,515
Working capital lines of credit loans:									
Current period gross write offs	0	0	0	28,607	0	12	28,619	45	28,664
Non-working capital loans:									
Pass	210,230	109,036	101,984	114,735	32,420	20,755	589,160	204,275	793,435
Special Mention	5,819	2,671	154	8,359	7,024	5,060	29,087	7,493	36,580
Substandard	314	327	1,998	1,543	105	3,913	8,200	391	8,591
Doubtful	0	0	0	0	0	74	74	0	74
Not Rated	939	322	767	558	107	173	2,866	0	2,866
Total	217,302	112,356	104,903	125,195	39,656	29,975	629,387	212,159	841,546
Non-working capital loans:									
Current period gross write offs	1	2	0	0	0	0	3	201	204
Commercial real estate and multi-family residential loans:									
Construction and land development loans:									
Pass	20,946	25,430	11,990	20,692	720	0	79,778	414,386	494,164
Special Mention	1,242	0	0	0	0	0	1,242	0	1,242
Total	22,188	25,430	11,990	20,692	720	0	81,020	414,386	495,406
Construction and land development loans:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Owner occupied loans:									
Pass	151,944	106,040	89,724	118,976	128,712	143,199	738,595	31,378	769,973
Special Mention	3,083	163	1,810	14,683	0	13,069	32,808	550	33,358
Substandard	0	306	284	0	1,520	1,442	3,552	0	3,552
Total	155,027	106,509	91,818	133,659	130,232	157,710	774,955	31,928	806,883
Owner occupied loans:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Nonowner occupied loans:									
Pass	184,183	114,323	108,411	128,867	93,880	154,390	784,054	125,655	909,709

(dollars in thousands)	2025	2024	2023	2022	2021	Prior	Term Total	Revolving	Total
Nonowner occupied loans (continued):									
Special Mention	0	0	11,321	59	0	0	11,380	0	11,380
Substandard	0	0	0	0	0	0	0	1,957	1,957
Total	184,183	114,323	119,732	128,926	93,880	154,390	795,434	127,612	923,046
Nonowner occupied loans:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Multifamily loans:									
Pass	191,399	21,552	63,810	21,472	8,485	32,995	339,713	97,877	437,590
Special Mention	0	0	0	291	0	0	291	0	291
Total	191,399	21,552	63,810	21,763	8,485	32,995	340,004	97,877	437,881
Multifamily loans:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Agri-business and agricultural loans:									
Loans secured by farmland:									
Pass	28,600	13,595	15,258	31,324	19,915	30,669	139,361	13,202	152,563
Special Mention	1,987	118	193	0	25	148	2,471	0	2,471
Substandard	0	0	0	0	0	49	49	0	49
Total	30,587	13,713	15,451	31,324	19,940	30,866	141,881	13,202	155,083
Loans secured by farmland:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Loans for agricultural production:									
Pass	5,560	13,158	21,355	18,848	21,215	12,502	92,638	151,443	244,081
Special Mention	0	0	654	258	0	1	913	6,891	7,804
Total	5,560	13,158	22,009	19,106	21,215	12,503	93,551	158,334	251,885
Loans for agricultural production:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Other commercial loans:									
Pass	11,178	1,199	13,637	24,506	2,504	11,665	64,689	30,722	95,411
Special Mention	0	0	0	0	0	1,754	1,754	0	1,754
Total	11,178	1,199	13,637	24,506	2,504	13,419	66,443	30,722	97,165
Other commercial loans:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Consumer 1-4 family mortgage loans:									
Closed end first mortgage loans:									
Pass	14,058	9,978	6,465	6,793	10,248	5,525	53,067	2,427	55,494

(dollars in thousands)	2025	2024	2023	2022	2021	Prior	Term Total	Revolving	Total
Closed end first mortgage loans (continued):									
Special Mention	189	119	215	156	61	0	740	0	740
Substandard	55	305	232	436	0	755	1,783	0	1,783
Not Rated	36,511	23,578	50,011	42,657	24,998	31,020	208,775	0	208,775
Total	50,813	33,980	56,923	50,042	35,307	37,300	264,365	2,427	266,792
Closed end first mortgage loans:									
Current period gross write offs	0	0	0	0	0	24	24	0	24
Open end and junior lien loans:									
Pass	665	487	684	0	190	4	2,030	8,477	10,507
Special Mention	286	0	0	0	0	0	286	0	286
Substandard	1,728	38	99	0	3	0	1,868	317	2,185
Not Rated	28,327	13,016	9,566	10,347	1,849	1,138	64,243	176,160	240,403
Total	31,006	13,541	10,349	10,347	2,042	1,142	68,427	184,954	253,381
Open end and junior lien loans:									
Current period gross write offs	0	0	0	29	2	22	53	149	202
Residential construction loans:									
Not Rated	6,684	6,852	575	1,680	1,189	1,798	18,778	0	18,778
Total	6,684	6,852	575	1,680	1,189	1,798	18,778	0	18,778
Residential construction loans:									
Current period gross write offs	0	0	0	0	0	0	0	0	0
Other consumer loans:									
Pass	384	0	939	120	22	0	1,465	37,683	39,148
Substandard	0	35	273	91	6	11	416	0	416
Not Rated	19,055	15,982	13,837	7,631	4,301	3,349	64,155	12,269	76,424
Total	19,439	16,017	15,049	7,842	4,329	3,360	66,036	49,952	115,988
Other consumer loans:									
Current period gross write offs	4	187	306	161	58	0	716	604	1,320
Total loans	$ 931,529	$ 480,035	$ 528,322	$ 576,069	$ 360,776	$ 476,022	$ 3,352,753	$ 2,022,596	$ 5,375,349
Total current period gross write offs	$ 5	$ 189	$ 306	$ 28,797	$ 60	$ 58	$ 29,415	$ 999	$ 30,414

Nonaccrual and Past Due Loans:

The Company does not record interest on nonaccrual loans until principal is recovered. For all loan classes, a loan is generally placed on nonaccrual status when principal or interest becomes 90 days past due unless it is well secured and in the process of collection, or earlier when concern exists as to the ultimate collectability of principal or interest. Interest accrued but not received is reversed against earnings. Cash interest received on these loans is applied to the principal balance until the principal is recovered or until the loan returns to accrual status. Loans may be returned to accrual status when all the principal and interest amounts contractually due are brought current, remain current for a prescribed period, and future payments are reasonably assured.

The following table presents the aging of the amortized cost basis in past due loans as of September 30, 2026 by class of loans and loans past due 90 days or more and still accruing by class of loan:

(dollars in thousands)	Loans Not Past Due	30-89 Days Past Due	Greater than 89 Days Past Due and Accruing	Total Accruing	Total Nonaccrual	Nonaccrual With No Allowance For Credit Loss	Total
Commercial and industrial loans:							
Working capital lines of credit loans	$ 808,245	$ 0	$ 0	$ 808,245	$ 3,962	$ 531	$ 812,207
Non-working capital loans	887,233	0	0	887,233	5,225	86	892,458
Commercial real estate and multi-family residential loans:							
Construction and land development loans	407,494	0	0	407,494	0	0	407,494
Owner occupied loans	769,843	0	0	769,843	1,833	395	771,676
Nonowner occupied loans	989,897	0	0	989,897	1,958	0	991,855
Multifamily loans	597,922	0	0	597,922	0	0	597,922
Agri-business and agricultural loans:							
Loans secured by farmland	189,657	0	0	189,657	42	0	189,699
Loans for agricultural production	158,138	464	0	158,602	0	0	158,602
Other commercial loans	120,440	0	0	120,440	0	0	120,440
Consumer 1-4 family mortgage loans:							
Closed end first mortgage loans	306,479	345	6	306,830	1,735	770	308,565
Open end and junior lien loans	295,799	682	0	296,481	2,558	434	299,039
Residential construction loans	11,079	0	0	11,079	0	0	11,079
Other consumer loans	117,663	656	0	118,319	649	61	118,968
Total	$ 5,659,889	$ 2,147	$ 6	$ 5,662,042	$ 17,962	$ 2,277	$ 5,680,004

An insignificant amount of interest income was recognized on nonaccrual loans during the three and nine month periods ended September 30, 2026.

The following table presents the aging of the amortized cost basis in past due loans as of December 31, 2025 by class of loans and loans past due 90 days or more and still accruing by class of loan:

(dollars in thousands)	Loans Not Past Due	30-89 Days Past Due	Greater than 89 Days Past Due and Accruing	Total Accruing	Total Nonaccrual	Nonaccrual With No Allowance For Credit Loss	Total
Commercial and industrial loans:							
Working capital lines of credit loans	$ 706,317	$ 0	$ 0	$ 706,317	$ 5,198	$ 1,434	$ 711,515
Non-working capital loans	834,134	0	0	834,134	7,412	86	841,546
Commercial real estate and multi-family residential loans:							
Construction and land development loans	495,406	0	0	495,406	0	0	495,406
Owner occupied loans	804,986	0	0	804,986	1,897	170	806,883
Nonowner occupied loans	921,089	0	0	921,089	1,957	0	923,046
Multifamily loans	437,881	0	0	437,881	0	0	437,881
Agri-business and agricultural loans:							
Loans secured by farmland	155,035	0	0	155,035	48	0	155,083
Loans for agricultural production	251,885	0	0	251,885	0	0	251,885
Other commercial loans	97,165	0	0	97,165	0	0	97,165
Consumer 1-4 family mortgage loans:							
Closed end first mortgage loans	263,385	1,617	7	265,009	1,783	690	266,792
Open end and junior lien loans	251,009	186	0	251,195	2,186	405	253,381
Residential construction loans	18,778	0	0	18,778	0	0	18,778
Other consumer loans	115,046	526	0	115,572	416	6	115,988
Total	$ 5,352,116	$ 2,329	$ 7	$ 5,354,452	$ 20,897	$ 2,791	$ 5,375,349

An insignificant amount of interest income was recognized on nonaccrual loans during the year ended December 31, 2025.

When management determines that foreclosure is probable, expected credit losses for collateral dependent loans are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. A loan is considered collateral dependent when the borrower is experiencing financial difficulty and the loan is expected to be repaid substantially through the operation or sale of the collateral. The class of loan represents the primary collateral type associated with the loan. Significant quarter over quarter changes are reflective of changes in nonaccrual status and not necessarily associated with credit quality indicators like appraisal value.

The following tables present the amortized cost basis of collateral dependent loans by class of loan as of:

	September 30, 2026			
(dollars in thousands)	Real Estate	General Business Assets	Other	Total
Commercial and industrial loans:				
Working capital lines of credit loans	**$ 2,268**	**$ 37,022**	**$ 536**	**$ 39,826**
Non-working capital loans	**324**	**13,037**	**36**	**13,397**
Commercial real estate and multi-family residential loans:				
Owner occupied loans	**936**	**1,694**	**0**	**2,630**
Nonowner occupied loans	**1,958**	**0**	**0**	**1,958**
Agri-business and agricultural loans:				
Loans secured by farmland	**0**	**42**	**0**	**42**
Consumer 1-4 family mortgage loans:				
Closed end first mortgage loans	**1,735**	**0**	**0**	**1,735**
Open end and junior lien loans	**2,558**	**0**	**0**	**2,558**
Other consumer loans	**0**	**0**	**649**	**649**
Total	**$ 9,779**	**$ 51,795**	**$ 1,221**	**$ 62,795**

	December 31, 2025			
(dollars in thousands)	Real Estate	General Business Assets	Other	Total
Commercial and industrial loans:				
Working capital lines of credit loans	$ 2,388	$ 23,827	$ 673	$ 26,888
Non-working capital loans	464	3,715	49	4,228
Commercial real estate and multi-family residential loans:				
Owner occupied loans	476	1,726	0	2,202
Nonowner occupied loans	1,958	0	0	1,958
Agri-business and agricultural loans:				
Loans secured by farmland	0	49	0	49
Consumer 1-4 family mortgage loans:				
Closed end first mortgage loans	1,725	0	0	1,725
Open end and junior lien loans	2,186	0	0	2,186
Other consumer loans	0	0	416	416
Total	$ 9,197	$ 29,317	$ 1,138	$ 39,652

Loan Modifications Made to Borrowers Experiencing Financial Difficulty

The allowance for credit losses incorporates an estimate of lifetime expected credit losses using historical loss information. The Company uses a probability of default/loss given default model to determine an estimate which is recorded for each asset upon origination. Occasionally, the Company has reason to modify certain terms of loans for borrowers experiencing financial distress by providing the following forms of relief: forgiveness of loan principal, extension of repayment terms, interest rate reduction or an other than insignificant payment delay. The Company can make any or all of these types of concessions as part of such modifications. Since an estimate for historical losses is already included as a component of the allowance for credit losses, a change to the allowance for credit losses is generally not recorded at the time of such

modifications unless the loan is individually analyzed and the modification changes the specific reserve allocation. In the event forgiveness of principal is provided, the amount of the forgiveness is charged off against the allowance for credit losses.

During the three and nine months ended September 30, 2026, no modifications were made to loans for borrowers experiencing financial difficulty.

The following table presents the amortized cost basis at the end of the reporting period of loans that were experiencing financial difficulty and received a modification of terms during the three and nine months ended September 30, 2025, by class and type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivables at the end of the reporting period is also presented below:

(dollars in thousands)	Combination Principal Forgiveness and Interest Rate Reduction	Total Modifications	Total Class of Financing Receivable
Three and Nine Months Ended September 30, 2025			
Consumer 1-4 family mortgage loans:			
Open end and junior lien loans	$ 1,994	1,994	0.82 %
Total consumer 1-4 family mortgage loans	1,994	1,994	0.37 %
Total consumer loans	1,994	1,994	0.31 %
Total loan modifications made to borrowers experiencing financial difficulty	$ 1,994	$ 1,994	0.04 %

The Company had no material commitments to lend additional funds to borrowers included in the previous table, as of September 30, 2025.

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty:

(dollars in thousands)	Principal Forgiveness	Weighted Average Interest Rate Reduction
Three and Nine Months Ended September 30, 2025		
Commercial and industrial loans:		
Working capital lines of credit loans (1)	$ 28,607	7.00 %
Total commercial and industrial loans	28,607	7.00 %
Total commercial loans	28,607	7.00 %
Total financial effect of loan modifications made to borrowers experiencing financial difficulty	$ 28,607	7.00 %

(1) Principal forgiveness of $28.6 million represents one $30.6 million working capital line of credit loan, of which $28.6 million was charged off. The remaining $2.0 million was financed into an open end and junior lien loan with a personal guarantor of the forgiven loan. The modified note is collateralized by several of the guarantor's commercial and residential real estate properties.

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty by reviewing the delinquency and payment default status of such loans to understand the effectiveness of its relief efforts.

At September 30, 2026, no loans receiving a modification due to borrower financial difficulty within the previous twelve months were greater than 30 days or more past due or had experienced a payment default.

Upon the Company's determination that a modified loan (or portion thereof) has subsequently been deemed uncollectible, the loan (or a portion thereof) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

NOTE 5. BORROWINGS

For the periods ended below, advances from the Federal Home Loan Bank of Indianapolis ("FHLBI") were as follows:

(dollars in thousands)	September 30, 2026	December 31, 2025
Short-term advance	**$ 100,000**	$ 170,000
Long-term Rate Buydown Advances ("RBA's")		
Housing Supply RBA, 1.00% due August 13, 2032	**100**	0
Community Development Financial Institution RBA, 0.00%, due March 12, 2035	**1,200**	1,200
Total long-term advances	**1,300**	1,200
Total borrowings	**$ 101,300**	$ 171,200

For the period ended September 30, 2026, the Company had advances outstanding from the FHLBI of $101.3 million. The short-term advance of $100.0 million was a floating rate advance due December 29, 2026 and had an interest rate of 4.03%. The $100,000 long-term advance is a fixed rate-subsidized Housing Supply Rate Buydown Advance that funded a low cost loan to fund a Community Development loan in the program's region. The $1.2 million long-term advance is a fixed rate-subsidized Community Development Financial Institution ("CDFI") Rate Buydown Advance that funded a low cost loan to a qualifying CDFI. For the period ended December 31, 2025, the Company had advances outstanding with the FHLBI of $171.2 million. The $170.0 million short-term FHLBI advance was repaid on January 8, 2026. There were no Federal Funds purchased outstanding at September 30, 2026 and December 31, 2025.

On October 10, 2026, the Company renewed an unsecured revolving credit agreement with a financial institution allowing the Company to borrow up to $30.0 million. The credit agreement has a one year term which may be amended, extended, modified or renewed. Funds provided under the agreement can be used to repurchase shares of the Company’s common stock under the share repurchase program, which was reauthorized by the Company’s board of directors on April 8, 2025, amended on March 5, 2026, and expires on April 30, 2027, and for general operations. The credit agreement includes a negative pledge agreement whereby the Company agrees not to pledge or otherwise encumber the stock of the Bank. There was no outstanding balance on the credit agreement at September 30, 2026 and $13.0 million outstanding at December 31, 2025.

NOTE 6. FAIR VALUE DISCLOSURES

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. There are three levels of inputs that may be used to measure fair values:

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

Level 2 Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

Securities: Securities available-for-sale are valued primarily by a third party pricing service. The fair values of securities available-for-sale are determined on a recurring basis by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or pricing models which utilize significant observable inputs such as matrix pricing. This is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). These models utilize the market approach with standard inputs that include, but are not limited to benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. For certain municipal securities that are not rated and observable inputs about the specific issuer are not available, fair values are estimated using observable data from other municipal securities presumed to be similar or other market data on other non-rated municipal securities (Level 3 inputs).

The Company's Finance Department, which is responsible for all accounting and SEC disclosure compliance, and the Company's Treasury Department, which is responsible for investment portfolio management and asset/liability modeling, are the two areas that determine the Company's valuation policies and procedures. Both of these areas report directly to the Executive Vice President and Chief Financial Officer of the Company. For assets or liabilities that may be considered for Level 3 fair value measurement on a recurring basis, these two departments and the Executive Vice President and Chief Financial Officer determine the appropriate level of the assets or liabilities under consideration. If there are new assets or liabilities that are determined to be Level 3 by this group, the Risk Management Committee of the Company and the Audit Committee of the Board are made aware of such assets at their next scheduled meeting.

Securities pricing is obtained from a third party pricing service and all security prices are tested annually against prices from another third party provider and reviewed with a market value price tolerance variance that varies by sector: municipal securities +/-5%, government MBS/CMO +/-3% and U.S. treasuries +/-1%. If any securities fall outside the tolerance threshold and have a variance of $100,000 or more, a determination of materiality is made for the amount over the threshold. Any security that would have a material threshold difference would be further investigated to determine why the variance exists and if any action is needed concerning the security pricing for that individual security. Changes in market value are reviewed monthly in aggregate by security type and any material changes are reviewed to determine why they exist. At least annually, the pricing methodology of the pricing service is received and reviewed to support the fair value levels used by the Company. A detailed pricing evaluation is requested and reviewed on any security determined to be fair valued using unobservable inputs by the pricing service.

Mortgage banking derivative: The fair values of mortgage banking derivatives are based on observable market data as of the measurement date (Level 2).

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

services. The fair value of interest rate swap derivatives is determined by pricing or valuation models using observable market data as of the measurement date (Level 2).

Collateral dependent loans: Collateral dependent loans with specific allocations of the allowance for credit losses are generally based on the fair value of the underlying collateral when repayment is expected solely from the collateral. Fair value is determined using several methods. Generally, the fair value of real estate is based on appraisals by qualified third party appraisers. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and result in a Level 3 classification of the inputs for determining fair value. In addition, the Company's management routinely applies internal discount factors to the value of appraisals used in the fair value evaluation of collateral dependent loans. The deductions to the appraisals take into account changing business factors and market conditions, as well as value impairment in cases where the appraisal date predates a likely change in market conditions. Commercial real estate is generally discounted from its appraised value by 30-50% with the higher discounts applied to real estate that is determined to have a thin trading market or to be specialized collateral. In addition to real estate, the Company's management evaluates other types of collateral as follows: (a) raw materials inventory is discounted from its cost or book value by 40-60%, depending on the marketability of the goods; (b) finished goods are generally discounted by 40-60%, depending on the ease of marketability, cost of transportation or scope of use of the finished good; (c) work in process inventory is typically discounted by 60%-100%, depending on the length of manufacturing time, types of components used in the completion process, and the breadth of the user base; (d) equipment is valued at a percentage of depreciated book value or recent appraised value, if available, and is typically discounted at 20-50% after various considerations including age and condition of the equipment, marketability, breadth of use, and whether the equipment includes unique components or add-ons; and (e) marketable securities are discounted by 10%-30%, depending on the type of investment, age of valuation report and general market conditions. This methodology is based on a market approach and typically results in a Level 3 classification of the inputs for determining fair value.

Mortgage servicing rights: As of September 30, 2026, the value of the Company's Level 3 servicing assets for residential mortgage loans ("MSRs") was $1.5 million, carried at amortized cost and an immaterial valuation reserve. These residential mortgage loans have a weighted average interest rate of 4.1%, a weighted average maturity of 20 years and are secured by homes generally within the Company's market area of Northern Indiana and Indianapolis. A third-party valuation is used to estimate fair value by stratifying the portfolios on the basis of certain risk characteristics, including loan type and interest rate. Impairment is estimated based on an income approach. The inputs used include estimates of prepayment speeds, discount rate, cost to service, escrow account earnings, contractual servicing fee income, ancillary income, late fees and float income. The most significant assumption used to value MSRs is prepayment rate. Prepayment rates are estimated based on published industry consensus prepayment rates. The most significant unobservable assumption is the discount rate. At September 30, 2026, the constant prepayment speed ("PSA") used was 161 and used a discount rate of 9.5%. At December 31, 2025, the PSA used was 168 and the discount rate used was 9.5%.

Other real estate owned: Nonrecurring adjustments to certain commercial and residential real estate properties, classified as other real estate owned, are measured at the lower of carrying amount or fair value less costs to sell. Fair values are generally based on third party appraisals of the property and are reviewed by the Company's internal appraisal officer. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable properties used to determine value. Such adjustments are usually significant and result in a Level 3 classification. In addition, the Company's management may apply discount factors to the appraisals to take into account changing business factors and market conditions, as well as value impairment in cases where the appraisal date predates a likely change in market conditions. In cases where the carrying amount exceeds the fair value, less costs to sell, an impairment loss is recognized.

Real estate mortgage loans held-for-sale: Real estate mortgage loans held-for-sale are carried at the lower of cost or fair value, as determined by outstanding commitments, from third party investors, and result in a Level 2 classification.

The tables below present the balances of assets measured at fair value on a recurring basis:

(dollars in thousands)	September 30, 2026 Fair Value Measurements Using Level 1	Level 2	Level 3	Assets at Fair Value
Assets:				
U.S. Treasury securities	**$ 29,408**	**$ 0**	**$ 0**	**$ 29,408**
U.S. government sponsored agency securities	**0**	**103,976**	**0**	**103,976**
Mortgage-backed securities: residential	**0**	**411,113**	**0**	**411,113**
State and municipal securities	**0**	**407,370**	**4,146**	**411,516**
Total securities available-for-sale	**29,408**	**922,459**	**4,146**	**956,013**
Mortgage banking derivative	**0**	**126**	**0**	**126**
Interest rate swap derivative	**0**	**18,998**	**0**	**18,998**
Total assets	**$ 29,408**	**$ 941,583**	**$ 4,146**	**$ 975,137**
Liabilities:				
Interest rate swap derivative	**$ 0**	**$ 18,998**	**$ 0**	**$ 18,998**
Total liabilities	**$ 0**	**$ 18,998**	**$ 0**	**$ 18,998**

(dollars in thousands)	December 31, 2025 Fair Value Measurements Using Level 1	Level 2	Level 3	Assets at Fair Value
Assets:				
U.S. Treasury securities	$ 10,119	$ 0	$ 0	$ 10,119
U.S. government sponsored agency securities	0	115,690	0	115,690
Mortgage-backed securities: residential	0	454,163	0	454,163
State and municipal securities	0	467,589	4,501	472,090
Total securities available-for-sale	10,119	1,037,442	4,501	1,052,062
Mortgage banking derivative	0	115	0	115
Interest rate swap derivative	0	14,634	0	14,634
Total assets	$ 10,119	$ 1,052,191	$ 4,501	$ 1,066,811
Liabilities:				
Mortgage banking derivative	$ 0	$ 8	$ 0	$ 8
Interest rate swap derivative	0	14,634	0	14,634
Total liabilities	$ 0	$ 14,642	$ 0	$ 14,642

The fair value of Level 3 available-for-sale securities was immaterial and thus did not require additional recurring fair value disclosure.

The tables below present the balances of assets measured at fair value on a nonrecurring basis:

(dollars in thousands)	September 30, 2026			
	Fair Value Measurements Using			Assets at Fair Value
	Level 1	Level 2	Level 3	
Assets				
Collateral dependent loans:				
Commercial and industrial loans:				
Working capital lines of credit loans	**$ 0**	**$ 0**	**$ 1,671**	**$ 1,671**
Non-working capital loans	**0**	**0**	**1,551**	**1,551**
Commercial real estate and multi-family residential loans:				
Owner occupied loans	**0**	**0**	**800**	**800**
Nonowner occupied loans	**0**	**0**	**1,519**	**1,519**
Agri-business and agricultural loans:				
Loans secured by farmland	**0**	**0**	**23**	**23**
Consumer 1-4 family mortgage loans:				
Open end and junior lien loans	**0**	**0**	**1,534**	**1,534**
Total collateral dependent loans	**0**	**0**	**7,098**	**7,098**
Total assets	**$ 0**	**$ 0**	**$ 7,098**	**$ 7,098**

(dollars in thousands)	December 31, 2025			
	Fair Value Measurements Using			Assets at Fair Value
	Level 1	Level 2	Level 3	
Assets				
Collateral dependent loans:				
Commercial and industrial loans:				
Working capital lines of credit loans	$ 0	$ 0	$ 1,719	$ 1,719
Non-working capital loans	0	0	1,672	1,672
Commercial real estate and multi-family residential loans:				
Owner occupied loans	0	0	811	811
Nonowner occupied loans	0	0	1,543	1,543
Agri-business and agricultural loans:				
Loans secured by farmland	0	0	18	18
Consumer 1-4 family mortgage loans:				
Open end and junior lien loans	0	0	1,523	1,523
Total collateral dependent loans	0	0	7,286	7,286
Total assets	$ 0	$ 0	$ 7,286	$ 7,286

The following table presents the valuation methodology and unobservable inputs for Level 3 assets measured at fair value on a non-recurring basis at September 30, 2026:

(dollars in thousands)	Fair Value	Valuation Methodology	Unobservable Inputs	Average	Range of Inputs
Collateral dependent loans:					
Commercial and industrial	**$ 3,222**	**Collateral based measurements**	**Discount to reflect current market conditions and ultimate collectability**	**54 %**	**6%-99%**
Collateral dependent loans:					
Commercial real estate and multi-family residential loans	**2,319**	**Collateral based measurements**	**Discount to reflect current market conditions and ultimate collectability**	**33 %**	**22%-44%**
Collateral dependent loans:					
Agri-business and agricultural	**23**	**Collateral based measurements**	**Discount to reflect current market conditions and ultimate collectability**	**44 %**	
Collateral dependent loans:					
Consumer 1-4 family mortgage	**1,534**	**Collateral based measurements**	**Discount to reflect current market conditions and ultimate collectability**	**8 %**	

The following table presents the valuation methodology and unobservable inputs for Level 3 assets measured at fair value on a non-recurring basis at December 31, 2025:

(dollars in thousands)	Fair Value	Valuation Methodology	Unobservable Inputs	Average	Range of Inputs
Collateral dependent loans:					
Commercial and industrial	$ 3,391	Collateral based measurements	Discount to reflect current market conditions and ultimate collectability	52 %	6%-99%
Collateral dependent loans:					
Commercial real estate and multi-family residential loans	2,354	Collateral based measurements	Discount to reflect current market conditions and ultimate collectability	28 %	7%-62%
Collateral dependent loans:					
Agri-business and agricultural	18	Collateral based measurements	Discount to reflect current market conditions and ultimate collectability	62 %	
Collateral dependent loans:					
Consumer 1-4 family mortgage	1,523	Collateral based measurements	Discount to reflect current market conditions and ultimate collectability	12 %	

The following tables contain the estimated fair values and the related carrying values of the Company's financial instruments. Items that are not financial instruments are not included.

	September 30, 2026				
	Carrying Value	Estimated Fair Value			
(dollars in thousands)		Level 1	Level 2	Level 3	Total
Financial Assets:					
Cash and cash equivalents	$ 115,768	$ 115,768	$ 0	$ 0	$ 115,768
Securities available-for-sale	956,013	29,408	922,459	4,146	956,013
Securities held-to-maturity	134,434	0	103,352	0	103,352
Real estate mortgages held-for-sale	2,268	0	2,299	0	2,299
Loans, net	5,611,174	0	0	5,538,917	5,538,917
Mortgage banking derivative	126	0	126	0	126
Interest rate swap derivative	18,998	0	18,998	0	18,998
Federal Reserve and Federal Home Loan Bank Stock	21,420	N/A	N/A	N/A	N/A
Accrued interest receivable	30,253	0	7,467	22,786	30,253
Financial Liabilities:					
Certificates of deposit	$ 947,435	$ 0	$ 941,600	$ 0	$ 941,600
All other deposits	5,347,361	5,347,361	0	0	5,347,361
Federal Home Loan Bank advances:					
Short-term advance	100,000	100,000	0	0	100,000
Long-term advances	1,300	0	832	0	832
Interest rate swap derivative	18,998	0	18,998	0	18,998
Standby letters of credit	227	0	0	227	227
Accrued interest payable	9,701	389	9,312	0	9,701

(dollars in thousands)	December 31, 2025				
	Carrying Value	Estimated Fair Value			
		Level 1	Level 2	Level 3	Total
Financial Assets:					
Cash and cash equivalents	$ 141,318	$ 141,318	$ 0	$ 0	$ 141,318
Securities available-for-sale	1,052,062	10,119	1,037,442	4,501	1,052,062
Securities held-to-maturity	133,208	0	117,510	0	117,510
Real estate mortgages held-for-sale	2,707	0	2,753	0	2,753
Loans, net	5,306,354	0	0	5,257,552	5,257,552
Mortgage banking derivative	115	0	115	0	115
Interest rate swap derivative	14,634	0	14,634	0	14,634
Federal Reserve and Federal Home Loan Bank Stock	21,420	N/A	N/A	N/A	N/A
Accrued interest receivable	28,997	0	8,306	20,691	28,997
Financial Liabilities:					
Certificates of deposit	$ 750,726	$ 0	$ 748,798	$ 0	$ 748,798
All other deposits	5,222,624	5,222,624	0	0	5,222,624
Federal Home Loan Bank advances:					
Short-term advance	170,000	169,998	0	0	169,998
Long-term advance	1,200	0	792	0	792
Other borrowings	13,000	0	12,997	0	12,997
Mortgage banking derivative	8	0	8	0	8
Interest rate swap derivative	14,634	0	14,634	0	14,634
Standby letters of credit	296	0	0	296	296
Accrued interest payable	8,868	410	8,458	0	8,868

NOTE 7. OFFSETTING ASSETS AND LIABILITIES

The following tables summarize gross and net information about financial instruments and derivative instruments that are offset in the statement of financial position or that are subject to an enforceable master netting arrangement at September 30, 2026 and December 31, 2025.

	September 30, 2026					
	Gross Amounts of Recognized Assets/ Liabilities	**Gross Amounts Offset in the Statement of Financial Position**	**Net Amounts presented in the Statement of Financial Position**	**Gross Amounts Not Offset in the Statement of Financial Position**		
(dollars in thousands)				**Financial Instruments**	**Cash Collateral Position**	**Net Amount**
Assets						
Interest Rate Swap Derivatives	**$ 18,998**	**$ 0**	**$ 18,998**	**$ 0**	**$ (16,065)**	**$ 2,933**
Total Assets	**$ 18,998**	**$ 0**	**$ 18,998**	**$ 0**	**$ (16,065)**	**$ 2,933**
Liabilities						
Interest Rate Swap Derivatives	**$ 18,998**	**$ 0**	**$ 18,998**	**$ 0**	**$ 0**	**$ 18,998**
Total Liabilities	**$ 18,998**	**$ 0**	**$ 18,998**	**$ 0**	**$ 0**	**$ 18,998**

	December 31, 2025					
	Gross Amounts of Recognized Assets/ Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position		
(dollars in thousands)				Financial Instruments	Cash Collateral Position	Net Amount
Assets						
Interest Rate Swap Derivatives	$ 14,634	$ 0	$ 14,634	$ 0	$ (13,075)	$ 1,559
Total Assets	$ 14,634	$ 0	$ 14,634	$ 0	$ (13,075)	$ 1,559
Liabilities						
Interest Rate Swap Derivatives	$ 14,634	$ 0	$ 14,634	$ 0	$ 0	$ 14,634
Total Liabilities	$ 14,634	$ 0	$ 14,634	$ 0	$ 0	$ 14,634

If an event of default occurs causing an early termination of an interest rate swap derivative, any early termination amount payable to one party by the other party may be set-off against any other amount payable by the one party to the other party.

NOTE 8. LEASES

The Company leases certain office facilities under long-term operating lease agreements. The leases expire at various dates through 2044 and some include renewal options. Many of these leases require the payment of property taxes, insurance premiums, maintenance, utilities and other costs. In many cases, rentals are subject to increase in relation to a cost-of-living index. The Company accounts for lease and non-lease components together as a single lease component. The Company determines if an arrangement is a lease at inception. Operating leases are recorded as a right-of-use ("ROU") lease asset and are included in other assets on the consolidated balance sheet. The Company's corresponding lease obligations are included in other liabilities on the consolidated balance sheet. ROU lease assets represent the Company's right to use an underlying asset for the lease term and lease obligations represent the Company's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

Lease expense for lease payments is recognized on a straight-line basis over the lease term. Short-term leases are leases having a term of twelve months or less. The Company recognizes short-term leases on a straight-line basis and does not record a related lease asset or liability for such leases, as allowed as a practical expedient of the standard.

The following is a maturity analysis of operating lease obligations as of September 30, 2026:

Years ending December 31, (in thousands)	Operating Lease Obligation
2026	$ 226
2027	913
2028	869
2029	743
2030	661
2031 and thereafter	5,191
Total undiscounted lease payments	8,603
Less imputed interest	(2,088)
Lease liability	$ 6,515
Right-of-use asset	$ 6,515

The lease liability and right-of-use asset were $7.1 million and $7.1 million, respectively, at December 31, 2025.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2026	2025	2026	2025
Lease cost				
Operating lease cost	$ 230	$ 233	$ 713	$ 630
Short-term lease cost	1	1	3	3
Total lease cost	$ 231	$ 234	$ 716	$ 633
Other information				
Operating cash outflows from operating leases	$ 230	$ 233	$ 713	$ 630
Weighted-average remaining lease term - operating leases	6.5 years	6.8 years	6.5 years	6.8 years
Weighted average discount rate - operating leases	3.9 %	3.8 %	3.9 %	3.8 %

NOTE 9. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables summarize the changes within each classification of accumulated other comprehensive income (loss) for the three months ended September 30, 2026 and 2025, all shown net of tax:

(dollars in thousands)	Unrealized Gains and Losses on Available-for-Sales Securities	Defined Benefit Pension Items	Total
Balance at July 1, 2026	$ (123,959)	$ (504)	$ (124,463)
Other comprehensive income (loss) before reclassification	(57,702)	0	(57,702)
Amounts reclassified from accumulated other comprehensive income (loss)	387	12	399
Net current period other comprehensive income (loss)	(57,315)	12	(57,303)
Balance at September 30, 2026	$ (181,274)	$ (492)	$ (181,766)

(dollars in thousands)	Unrealized Gains and Losses on Available-for-Sales Securities	Defined Benefit Pension Items	Total
Balance at July 1, 2025	$ (160,573)	$ (548)	$ (161,121)
Other comprehensive income (loss) before reclassification	20,023	0	20,023
Amounts reclassified from accumulated other comprehensive income (loss)	385	10	395
Net current period other comprehensive income (loss)	20,408	10	20,418
Balance at September 30, 2025	$ (140,165)	$ (538)	$ (140,703)

The following tables summarize the changes within each classification of accumulated other comprehensive income (loss) for the nine months ended September 30, 2026 and 2025, all shown net of tax:

(dollars in thousands)	**Unrealized Gains and Losses on Available-for-Sale Securities**	**Defined Benefit Pension Items**	**Total**
Balance at January 1, 2026	**$ (126,609)**	**$ (528)**	**$ (127,137)**
Other comprehensive income (loss) before reclassification	**(55,825)**	**0**	**(55,825)**
Amounts reclassified from accumulated other comprehensive income (loss)	**1,160**	**36**	**1,196**
Net current period other comprehensive income (loss)	**(54,665)**	**36**	**(54,629)**
Balance at September 30, 2026	**$ (181,274)**	**$ (492)**	**$ (181,766)**

(dollars in thousands)	Unrealized Gains and Losses on Available-for-Sale Securities	Defined Benefit Pension Items	Total
Balance at January 1, 2025	$ (165,932)	$ (568)	$ (166,500)
Other comprehensive income (loss) before reclassification	24,608	0	24,608
Amounts reclassified from accumulated other comprehensive income (loss)	1,159	30	1,189
Net current period other comprehensive income (loss)	25,767	30	25,797
Balance at September 30, 2025	$ (140,165)	$ (538)	$ (140,703)

Reclassifications out of accumulated other comprehensive income (loss) for the three months ended September 30, 2026 are as follows:

Details about Accumulated Other Comprehensive Income (Loss) Components	**Amount Reclassified From Accumulated Other Comprehensive Income (Loss)**	**Affected Line Item in the Statement Where Net Income is Presented**
(dollars in thousands)		
Amortization of unrealized losses on held-to-maturity securities	**$ (489)**	Interest income
Tax effect	**102**	Income tax expense
	(387)	Net of tax
Amortization of defined benefit pension items	**(16)**	Other expense
Tax effect	**4**	Income tax expense
	(12)	Net of tax
Total reclassifications for the period	**$ (399)**	Net income

Reclassifications out of accumulated other comprehensive income (loss) for the three months ended September 30, 2025 are as follows:

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified From Accumulated Other Comprehensive Income (Loss)	Affected Line Item in the Statement Where Net Income is Presented
(dollars in thousands)		
Amortization of unrealized losses on held-to-maturity securities	$ (489)	Interest income
Tax effect	104	Income tax expense
	(385)	Net of tax
Amortization of defined benefit pension items	(14)	Other expense
Tax effect	4	Income tax expense
	(10)	Net of tax
Total reclassifications for the period	$ (395)	Net income

Reclassifications out of accumulated other comprehensive income (loss) for the nine months ended September 30, 2026 are as follows:

Details about Accumulated Other Comprehensive Income (Loss) Components	**Amount Reclassified From Accumulated Other Comprehensive Income (Loss)**	**Affected Line Item in the Statement Where Net Income is Presented**
(dollars in thousands)		
Amortization of unrealized losses on held-to-maturity securities	**$ (1,467)**	Interest income
Tax effect	**307**	Income tax expense
	(1,160)	Net of tax
Amortization of defined benefit pension items	**(48)**	Other expense
Tax effect	**12**	Income tax expense
	(36)	Net of tax
Total reclassifications for the period	**$ (1,196)**	Net income

Reclassifications out of accumulated other comprehensive income (loss) for the nine months ended September 30, 2025 are as follows:

Details about Accumulated Other Comprehensive Income (Loss) Components	**Amount Reclassified From Accumulated Other Comprehensive Income (Loss)**	**Affected Line Item in the Statement Where Net Income is Presented**
(dollars in thousands)		
Amortization of unrealized losses on held-to-maturity securities	$ (1,468)	Interest income
Tax effect	309	Income tax expense
	(1,159)	Net of tax
Amortization of defined benefit pension items	(40)	Other expense
Tax effect	10	Income tax expense
	(30)	Net of tax
Total reclassifications for the period	$ (1,189)	Net income

NOTE 10. EARNINGS PER SHARE

Basic earnings per common share is net income divided by the weighted average number of common shares outstanding during the period, which includes shares held in treasury on behalf of participants in the Company's Directors Fee Deferral Plan, and share repurchases. Diluted earnings per common share includes the dilutive effect of additional potential common shares issuable under stock based awards, none of which were antidilutive.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
Weighted average shares outstanding for basic earnings per common share	**25,027,394**	25,703,699	**25,142,662**	25,708,543
Dilutive effect of stock based awards	**210,488**	117,661	**177,831**	95,779
Weighted average shares outstanding for diluted earnings per common share	**25,237,882**	25,821,360	**25,320,493**	25,804,322
Basic earnings per common share	**$ 1.15**	$ 1.03	**$ 3.33**	$ 2.86
Diluted earnings per common share	**$ 1.14**	$ 1.03	**$ 3.31**	$ 2.85

NOTE 11. INCOME TAXES

Pretax income is entirely related to domestic activities. The Company did not have any foreign operations or foreign tax expense for the period presented below. Income tax expense for the nine months ended September 30, 2026 consisted of the following:

(dollars in thousands)	2026
Current federal	**$ 17,927**
Deferred federal	**426**
Current state	**181**
Deferred state	**628**
Total income tax expense	**$ 19,162**

For the year ended December 31, 2025, the Company adopted ASU 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*" on a prospective basis. Differences between financial statement tax expense and amounts computed by applying the statutory federal income tax rate of 21% to income before income taxes for the nine months ended September 30, 2026 were as follows:

(dollars in thousands)	2026	
Federal statutory rate	**$ 21,617**	**21.0 %**
Effect of:		
State and local income taxes, net of federal benefits	**639**	**0.6**
Tax credits, net of amortization and losses	**45**	**0.0**
Nontaxable or nondeductible items:		
Tax exempt income	**(2,616)**	**(2.5)**
Bank owned life insurance	**(808)**	**(0.8)**
Long-term incentive plan and deferred compensation	**0**	**0.0**
Nondeductible compensation expense	**100**	**0.1**
Other nondeductible expenses	**228**	**0.2**
Other	**(43)**	**0.0**
Total income tax expense	**$ 19,162**	**18.6 %**

During the nine months ended September 30, 2026, the Company paid $20.5 million in federal income taxes and state income taxes.

The net deferred tax asset recorded in the consolidated balance sheet at September 30, 2026 and December 31, 2025 consisted of the following:

(dollars in thousands)	**September 30, 2026**	December 31, 2025
Deferred tax assets:		
Bad debts	**$ 17,531**	$ 17,574
Pension and deferred compensation liability	**2,624**	2,430
Nonaccrual loan interest	**574**	1,403
Long-term incentive plan	**3,300**	2,685
Lease liability	**2,872**	2,370
Deferred loan fees	**655**	540
Net operating loss carryforward	**1,176**	1,900
Other	**927**	733
	29,659	29,635
Deferred tax liabilities:		
Depreciation	**5,922**	5,333
Loan servicing rights	**410**	433
State taxes	**962**	1,096
Intangible assets	**1,266**	1,266
REIT spillover dividend	**1,750**	1,750
Prepaid expenses	**1,273**	1,155
Lease right of use	**2,872**	2,370
Other	**273**	247
	14,728	13,650
Valuation allowance	**0**	0
Net deferred tax asset	**$ 14,931**	$ 15,985

The Company has Indiana net operating loss carryforwards of approximately $24.0 million at September 30, 2026 that will expire in 2039 if not used. Management has concluded that the state net operating losses will be fully utilized and therefore no valuation allowance is necessary on the state operating loss.

In addition to the net deferred tax assets included above, the deferred income tax asset (liability) allocated to the unrealized gain (loss) on securities available for sale was $48.2 million and $33.7 million for September 30, 2026 and December 31, 2025, respectively. The deferred income tax asset allocated to the pension plan and SERP included in equity was $163,000 and $175,000 at September 30, 2026 and December 31, 2025, respectively.

The Company evaluated its deferred tax asset at year end 2025 and has concluded that it is more likely than not that it will be realized. The Company expects to have taxable income in the future such that the deferred tax asset will be realized. Therefore, no valuation allowance is required.

Unrecognized Tax Benefits

The Company did not have any unrecognized tax benefits at September 30, 2026 and December 31, 2025.

No interest or penalties were recorded in the income statement and no amount was accrued for interest and penalties for the nine months ended September 30, 2026. Should the accrual of any interest or penalties relative to unrecognized tax benefits be necessary, it is the Company's policy to record such accruals in its income taxes accounts.

The Company and its subsidiaries file a consolidated U.S. federal tax return and a combined unitary return in the State of Indiana. These returns are subject to examinations by authorities for all years after 2022.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Net income in the first nine months of 2026 was $83.8 million, which increased $10.3 million, or 14.0%, from $73.5 million for the comparable period of 2025. Diluted earnings per common share were $3.31 in the first nine months of 2026, an increase of 16.1% from $2.85 in the comparable period of 2025. The increase in net income for 2026 was primarily due to an increase to net interest income of $12.0 million, or 7.3%, an increase in noninterest income of $2.4 million, or 6.8%, and a decrease in the provision for credit losses of $6.9 million, or 58.4%. Offsetting these positive contributions to the increase in net income was an increase in noninterest expense of $7.6 million, or 7.7%, and an increase to income tax expense of $3.4 million, or 21.5%. Pretax pre-provision earnings, a non-GAAP measure calculated by adding net interest income to noninterest income and subtracting noninterest expense, were $107.8 million in the first nine months of 2026, an increase of $6.8 million, or 6.7%, compared to $101.0 million for the comparable period of 2025.

Return on average total equity was 14.59% in the first nine months of 2026 versus 13.96% in the comparable period of 2025. Return on average total assets was 1.57% in the first nine months of 2026 versus 1.44% for the comparable period of 2025. The Company's average equity to average assets ratio was 10.72% in the first nine months of 2026 versus 10.29% in the comparable period of 2025.

Net income in the third quarter of 2026 was $28.9 million, an increase of $2.5 million, or 9.3%, from $26.4 million for the comparable period of 2025. Diluted earnings per common share were $1.14 in the third quarter of 2026, an increase of 10.7% from $1.03 in the comparable period of 2025. The increase was driven primarily by an increase in net interest income of $4.6 million, or 8.3%, and a decrease in provision for credit losses of $800,000, or 40.0%. Offsetting these positive contributions to the increase in net income was an increase in noninterest expense of $1.2 million, or 3.3%, an increase in income tax expense of $1.2 million, or 20.5%, and a decrease in noninterest income of $680,000, or 5.2%. Pretax pre-provision earnings in the third quarter of 2026 were $36.9 million, an increase of $2.8 million, or 8.3%, compared to $34.1 million for the comparable period of 2025.

Return on average total equity was 14.88% in the third quarter of 2026 versus 14.60% in the comparable period of 2025. Return on average total assets was 1.59% in the third quarter of 2026 versus 1.53% in the comparable period of 2025. The average equity to average assets ratio was 10.69% in the third quarter of 2026 versus 10.47% in the comparable period of 2025.

The Company's tangible common equity to tangible assets ratio, which is a non-GAAP financial measure, was 10.11% at September 30, 2026, compared to 10.79% at September 30, 2025 and 10.86% at December 31, 2025. Unrealized losses from available-for-sale investment securities were $213.9 million at September 30, 2026, compared to $159.9 million at September 30, 2025 and $143.3 million at December 31, 2025. When excluding the impact of accumulated other comprehensive income (loss) ("AOCI") on tangible common equity and tangible assets, the Company's adjusted tangible common equity to adjusted tangible assets ratio, which is a non-GAAP financial measure, was 12.32% at September 30, 2026, compared to 12.57% at September 30, 2025 and 12.45% at December 31, 2025.

Total assets were $7.208 billion as of September 30, 2026 versus $6.990 billion as of December 31, 2025, an increase of $217.9 million, or 3.1%. Balance sheet expansion was driven by loan growth with total loans, net of the allowance for credit losses, increasing by $304.8 million, or 5.7%. The increase in loans was offset by a decrease in available-for-sale securities of $96.0 million, or 9.1%, and a decrease in cash and cash equivalents of $25.6 million, or 18.1%. The balance sheet expansion from December 31, 2025 to September 30, 2026 was funded by an increase in total deposits of $321.4 million, or 5.4%, and was offset by a decrease in borrowings of $82.9 million, or 45.0%. Total equity decreased $30.4 million, or 4.0%, from $762.5 million at December 31, 2025 to $732.1 million at September 30, 2026. Driving the decrease in total equity was a decrease in accumulated other comprehensive income (loss) of $54.6 million, driven by a decline in available-for-sale market valuations, and an increase in treasury stock, which increased by $26.2 million, or 73.4%, from the Company's utilization of its share repurchase program. Offsetting these items was an increase in retained earnings of $44.5 million, or 5.6%, primarily as a result of net income of $83.8 million less dividends declared and paid of $39.3 million. The combined effect of the repurchase activity under the share repurchase program and dividends paid during the first nine months of 2026 represented a total return of capital to Company shareholders of $65.3 million.

CRITICAL ACCOUNTING POLICIES

The Company's accounting policies are described in Note 1 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025.

Certain of the Company's accounting policies are important to the portrayal of the Company's financial condition, since they require management to make difficult, complex or subjective judgments, some of which may relate to matters that are inherently uncertain. Estimates associated with these policies are susceptible to material changes as a result of changes in facts and circumstances. Some of the facts and circumstances which could affect these judgments include changes in interest rates, in the performance of the economy or in the financial condition of borrowers. Management believes that its critical accounting policies include determining the allowance for credit losses. See "Note 4 – Allowance for Credit Losses and Credit Quality" for more information on this critical accounting policy.

RESULTS OF OPERATIONS

Overview

Selected income statement information for the three and nine months ended September 30, 2026 and 2025 is presented in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	**2026**	2025	**2026**	2025
Income Statement Summary:				
Net interest income (A)	**$ 60,721**	56,073	**$ 175,795**	$ 163,824
Provision for credit losses	**1,200**	2,000	**4,908**	11,800
Noninterest income (B)	**12,274**	12,954	**37,779**	35,368
Noninterest expense (C)	**36,121**	34,965	**105,729**	98,160
Other Data:				
Efficiency ratio (1)	**49.48 %**	50.65 %	**49.50 %**	49.28 %
Diluted EPS	**$ 1.14**	$ 1.03	**$ 3.31**	$ 2.85
Average Equity/Average Assets	**10.69 %**	10.47 %	**10.72 %**	10.29 %
Tangible capital ratio (2)	**10.11**	10.79	**10.11**	10.79
Adjusted tangible capital ratio (3)	**12.32**	12.57	**12.32**	12.57
Net charge-offs to average loans	**0.21**	0.03	**0.12**	0.76
Net interest margin	**3.58**	3.50	**3.52**	3.44
Noninterest income to total revenue	**16.81**	18.77	**17.69**	17.76
Pretax pre-provision earnings (4)	**$ 36,874**	$ 34,062	**$ 107,845**	$ 101,032

(1) Noninterest expense (C) / (Net interest income (A) + Noninterest income (B)) = Efficiency Ratio

(2) Non-GAAP financial measure. Calculated by subtracting intangible assets, net of deferred tax, from total assets and total equity. Management believes this is an important measure because it is useful for planning and forecasting purposes. See reconciliation on the following pages.

(3) Non-GAAP financial measure. Calculated by removing the fair market value adjustment impact of the available-for-sale investment securities portfolio included in accumulated other comprehensive income (loss) ("AOCI") from tangible equity and tangible assets. Management believes this is an important measure because it provides better comparability to periods preceding the cycle of monetary policy tightening from 2022 and 2023 and demonstrates the Company's longer-term trend in capital strength. See reconciliation on the following pages.

(4) Non-GAAP financial measure. Pretax pre-provision earnings is calculated by adding net interest income to noninterest income and subtracting noninterest expense. Management believes this is an important measure because it may enable investors to identify the trends in the Company's earnings exclusive of the effects of tax and provision expense, which may vary significantly from period to period. See reconciliation on the following pages.

The Company believes that providing non-GAAP financial measures provides investors with information useful to understanding the Company's financial performance.

Tangible common equity, adjusted tangible common equity, tangible assets, adjusted tangible assets, tangible book value per common share, tangible common equity to tangible assets, adjusted tangible common equity to adjusted tangible assets, and pretax pre-provision earnings are non-GAAP financial measures calculated based on GAAP amounts. Tangible common equity is calculated by excluding the balance of goodwill and other intangible assets from the calculation of equity, net of deferred tax. Tangible assets are calculated by excluding the balance of goodwill and other intangible assets from the calculation of total assets, net of deferred tax. Adjusted tangible assets and adjusted tangible common equity remove the fair market value adjustment impact of the available-for-sale investment securities portfolio in AOCI. Tangible book value per common share is calculated by dividing tangible common equity by the number of shares outstanding less true treasury stock. Pretax pre-provision earnings is calculated by adding net interest income to noninterest income and subtracting noninterest expense. Because not all companies use the same calculation of tangible common equity and tangible assets, this presentation may not be comparable to other similarly titled measures calculated by other companies. However, management considers these measures of the Company's value meaningful to understanding of the Company's financial information and performance.

A reconciliation of these non-GAAP financial measures is provided below.

	As of and For The Three Months Ended September 30,		**As of and For The Nine Months Ended September 30,**	
(dollars in thousands, except per share data)	**2026**	2025	**2026**	2025
Total Equity	**$ 732,094**	$ 747,503	**$ 732,094**	$ 747,503
Less: Goodwill	**(4,970)**	(4,970)	**(4,970)**	(4,970)
Plus: Deferred Tax Assets Related to Goodwill	**1,167**	1,167	**1,167**	1,167
Tangible Common Equity (A)	**728,291**	743,700	**728,291**	743,700
Market Value Adjustment in AOCI	**181,273**	140,165	**181,273**	140,165
Adjusted Tangible Common Equity (C)	**909,564**	883,865	**909,564**	883,865
Total Assets	**$ 7,207,927**	$ 6,895,028	**$ 7,207,927**	$ 6,895,028
Less: Goodwill	**(4,970)**	(4,970)	**(4,970)**	(4,970)
Plus: Deferred Tax Assets Related to Goodwill	**1,167**	1,167	**1,167**	1,167
Tangible Assets (B)	**7,204,124**	6,891,225	**7,204,124**	6,891,225
Market Value Adjustment in AOCI	**181,273**	140,165	**181,273**	140,165
Adjusted Tangible Assets (D)	**7,385,397**	7,031,390	**7,385,397**	7,031,390
Ending Common Shares Issued (E)	**24,994,459**	25,704,243	**24,994,459**	25,704,243
Tangible Book Value per Common Share (A/E)	**$ 29.14**	$ 28.93	**$ 29.14**	$ 28.93
Tangible Capital Ratio (A/B)	**10.11 %**	10.79 %	**10.11 %**	10.79 %
Adjusted Tangible Capital Ratio (C/D)	**12.32 %**	12.57 %	**12.32 %**	12.57 %
Net Interest Income	**$ 60,721**	$ 56,073	**$ 175,795**	$ 163,824
Plus: Noninterest Income	**12,274**	12,954	**37,779**	35,368
Minus: Noninterest Expense	**(36,121)**	(34,965)	**(105,729)**	(98,160)
Pretax Pre-Provision Earnings	**$ 36,874**	$ 34,062	**$ 107,845**	$ 101,032

Net Income

Net income was $83.8 million in the first nine months of 2026, which increased $10.3 million, or 14.0%, from $73.5 million for the comparable period of 2025. Diluted earnings per common share were $3.31 in the first nine months of 2026, an increase of 16.1% from $2.85 in the comparable period of 2025. The increase in net income for the first nine months of 2026 was primarily due to an increase to net interest income of $12.0 million, or 7.3%, an increase to noninterest income of $2.4 million, or 6.8%, and a decrease in the provision for credit losses of $6.9 million, or 58.4%. Offsetting these positive contributions to the increase in net income was an increase in noninterest expense of $7.6 million, or 7.7%, and an increase to income tax expense of $3.4 million, or 21.5%.

Net income during the third quarter of 2026 was $28.9 million, an increase of 9.3% from $26.4 million for the comparable period of 2025. Diluted earnings per common share were $1.14 in the third quarter of 2026, an increase of 10.7% from $1.03 in the comparable period of 2025. The increase was driven primarily by an increase in net interest income of $4.6 million, or 8.3%, and a decrease in the provision for credit losses of $800,000, or 40.0%. Offsetting these positive contributions to the increase in net income was an increase in noninterest expense of $1.2 million, or 3.3%, an increase to income tax expense of $1.2 million, or 20.5%, and a decrease in noninterest income of $680,000, or 5.2%.

Net Interest Income

The following tables set forth consolidated information regarding average balances and rates:

	Nine Months Ended September 30,					
	2026			2025		
(fully tax equivalent basis, dollars in thousands)	Average Balance	Interest Income	Yield (1)/ Rate	Average Balance	Interest Income	Yield (1)/ Rate
Earning Assets						
Loans:						
Taxable (2)(3)	$ 5,495,446	$ 257,488	6.26 %	$ 5,181,704	$ 251,648	6.49 %
Tax exempt (1)	25,080	1,141	6.08	25,501	1,074	5.63
Investments:						
Securities (1)	1,167,769	26,261	3.01	1,129,664	25,199	2.98
Short-term investments	3,230	76	3.15	2,863	83	3.88
Interest bearing deposits	108,828	2,846	3.50	158,511	5,049	4.26
Total earning assets	$ 6,800,353	$ 287,812	5.66 %	$ 6,498,243	$ 283,053	5.82 %
Less: Allowance for credit losses	(69,798)			(82,671)		
Nonearning Assets						
Cash and due from banks	63,683			66,766		
Premises and equipment	69,192			62,079		
Other nonearning assets	293,420			295,345		
Total assets	$ 7,156,850			$ 6,839,762		
Interest Bearing Liabilities						
Savings deposits	$ 285,318	$ 121	0.06 %	$ 284,797	$ 127	0.06 %
Interest bearing checking accounts	3,791,936	82,370	2.90	3,662,917	90,955	3.32
Time deposits:						
In denominations under $100,000	201,130	4,679	3.11	208,872	5,255	3.36
In denominations over $100,000	705,902	19,107	3.62	595,367	17,678	3.97
Short-term borrowings	81,616	2,417	3.96	54,706	1,888	4.61
Long-term borrowings	1,216	0	0.00	888	0	0.00
Total interest bearing liabilities	$ 5,067,118	$ 108,694	2.87 %	$ 4,807,547	$ 115,903	3.22 %
Noninterest Bearing Liabilities						
Demand deposits	1,252,184			1,248,876		
Other liabilities	70,024			79,775		
Stockholders' Equity	767,524			703,564		
Total liabilities and stockholders' equity	$ 7,156,850			$ 6,839,762		
Interest Margin Recap						
Interest income/average earning assets		287,812	5.66 %		283,053	5.82 %
Interest expense/average earning assets		108,694	2.14		115,903	2.38
Net interest income and margin		$ 179,118	3.52 %		$ 167,150	3.44 %

(1) Tax exempt income was converted to a fully tax equivalent basis at a 21 percent tax rate. The tax equivalent rate for tax exempt loans and tax exempt securities acquired after January 1, 1983 included the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") adjustment applicable to nondeductible interest expenses. Tax equivalent basis adjustment was $3.3 million for the nine-month periods ended September 30, 2026 and 2025.

(2) Loan fees, which are immaterial in relation to total taxable loan interest income for the nine months ended September 30, 2026 and 2025, are included as taxable loan interest income.

(3) Nonaccrual loans are included in the average balance of taxable loans.

(fully tax equivalent basis, dollars in thousands)	Three Months Ended September 30, 2026 Average Balance	2026 Interest Income	2026 Yield (1)/ Rate	2025 Average Balance	2025 Interest Income	2025 Yield (1)/ Rate
Earning Assets						
Loans:						
Taxable (2)(3)	**$ 5,560,289**	**$ 88,383**	**6.31 %**	$ 5,180,847	$ 85,490	6.55 %
Tax exempt (1)	**27,455**	**431**	**6.23**	24,986	354	5.62
Investments:						
Securities (1)	**1,151,647**	**8,796**	**3.03**	1,127,094	8,444	2.97
Short-term investments	**3,414**	**27**	**3.14**	2,795	27	3.83
Interest bearing deposits	**94,965**	**832**	**3.48**	156,918	1,679	4.25
Total earning assets	**$ 6,837,770**	**98,469**	**5.71 %**	$ 6,492,640	95,994	5.87 %
Less: Allowance for credit losses	**(70,473)**			(67,115)		
Nonearning Assets						
Cash and due from banks	**59,654**			62,671		
Premises and equipment	**72,013**			64,391		
Other nonearning assets	**297,457**			298,084		
Total assets	**$ 7,196,421**			$ 6,850,671		
Interest Bearing Liabilities						
Savings deposits	**$ 280,866**	**$ 39**	**0.06 %**	$ 284,553	$ 41	0.06 %
Interest bearing checking accounts	**3,820,281**	**28,076**	**2.92**	3,731,706	31,382	3.34
Time deposits:						
In denominations under $100,000	**199,739**	**1,555**	**3.09**	204,997	1,678	3.25
In denominations over $100,000	**743,563**	**6,797**	**3.63**	563,920	5,345	3.76
Short-term borrowings	**16,957**	**166**	**3.88**	31,739	368	4.60
Long-term borrowings	**1,249**	**0**	**0.00**	1,200	0	0.00
Total interest bearing liabilities	**$ 5,062,655**	**$ 36,633**	**2.87 %**	$ 4,818,115	$ 38,814	3.20 %
Noninterest Bearing Liabilities						
Demand deposits	**1,293,641**			1,244,381		
Other liabilities	**70,992**			70,747		
Stockholders' Equity	**769,133**			717,428		
Total liabilities and stockholders' equity	**$ 7,196,421**			$ 6,850,671		
Interest Margin Recap						
Interest income/average earning assets		**98,469**	**5.71 %**		95,994	5.87 %
Interest expense/average earning assets		**36,633**	**2.13**		38,814	2.37
Net interest income and margin		**$ 61,836**	**3.58 %**		$ 57,180	3.50 %

(1) Tax exempt income was converted to a fully tax equivalent basis at a 21 percent tax rate. The tax equivalent rate for tax exempt loans and tax exempt securities acquired after January 1, 1983 included the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") adjustment applicable to nondeductible interest expenses. Tax equivalent basis adjustments were $1.1 million for the three-month periods ended September 30, 2026 and September 30, 2025.

(2) Loan fees, which are immaterial in relation to total taxable loan interest income for the three months ended September 30, 2026 and 2025, are included as taxable loan interest income.

(3) Nonaccrual loans are included in the average balance of taxable loans.

Net interest income, on a fully tax equivalent basis, increased $12.0 million, or 7.2%, to $179.1 million for the nine months ended September 30, 2026, compared to $167.2 million for the first nine months of 2025. The increase in net interest income on a fully tax equivalent basis was driven by a decrease in deposit interest expense of $7.7 million, or 6.8%, from $114.0 million to $106.3 million. Contributing further to the increase in fully tax equivalent net interest income was an increase in loan interest income of $5.9 million, or 2.3%, from $252.7 million to $258.6 million, and an increase in securities interest income of $1.1 million, or 4.2%, from $25.2 million to $26.3 million. Offsetting these items was an increase in borrowings expense of $529,000, or 28.0%, from $1.9 million to $2.4 million.

Average earning assets were $6.800 billion for the nine months ended September 30, 2026, an increase of $302.1 million, or 4.6%, compared to $6.498 billion for the nine months ended September 30, 2025. Average loans outstanding drove the increase to average earning assets, increasing $313.3 million, or 6.0%, to $5.521 billion from $5.207 billion for the nine months ended September 30, 2026 and 2025, respectively. Average investment securities increased $38.1 million, or 3.4%, to $1.168 billion from $1.130 billion between the respective periods. Average interest bearing liabilities were $5.067 billion for the nine months ended September 30, 2026, an increase of $259.6 million, or 5.4%, from $4.808 billion for the nine months ended September 30, 2025. This increase was driven by growth in average interest bearing deposits of $232.3 million, or 4.9%, from $4.752 billion for the nine months ended September 30, 2025 to $4.984 billion for the nine months ended September 30, 2026. Average short-term borrowings increased by $26.9 million, or 49.2%, between the respective periods. Noninterest bearing demand deposits increased $3.3 million, or 0.3%, to $1.252 billion from $1.249 billion between the two periods.

The fully tax equivalent net interest margin was 3.52% for the nine months ended September 30, 2026, compared to 3.44% during the first nine months of 2025, representing an 8 basis point expansion between the two periods. The net interest margin increase was primarily driven by a decrease to interest expense as a percentage of average earning assets, which decreased to 2.14% for the nine months ended September 30, 2026, down from 2.38% for the comparable period of 2025, or a decrease of 24 basis points. This decline was attributable to a decrease in the rate for total interest bearing liabilities of 35 basis points from 3.22% to 2.87% between the respective periods. These decreases were driven by reduced costs associated with the repricing of the Company's interest bearing deposits and borrowings from the effects of monetary policy easing from the Federal Reserve Bank in late 2025. The average rate for interest bearing deposits declined 36 basis points from 3.21% to 2.85% between the two periods. Contributing further to the reduction in the rate for interest bearing liabilities was a reduction in the average borrowings rate, which declined 64 basis points from 4.54% to 3.90%. The improvement in interest expense as a percentage of average earning assets was offset by a 16 basis point reduction in interest income as a percentage of average earning assets, which declined from 5.82% to 5.66%. This decrease was primarily attributable to a decline in average loan yields, which decreased 23 basis points to 6.26% for the nine months ended September 30, 2026, down from 6.49% for the comparable period of 2025. Investment securities yields improved by 3 basis points from 2.98% to 3.01% between the two periods.

Net interest income, on a fully tax equivalent basis, increased by $4.7 million, or 8.1%, to $61.8 million for the three months ended September 30, 2026 as compared to $57.2 million for the three months ended September 30, 2025. The increase in net interest income on a fully tax equivalent basis was driven by an increase in loan interest income of $3.0 million, or 3.5%, from $85.8 million to $88.8 million, a decrease in deposit interest expense of $2.0 million, or 5.1%, from $38.4 million to $36.5 million, and an increase to securities interest income of $352,000, or 4.2%, from $8.4 million to $8.8 million. Additionally, borrowings expense decreased $202,000, or 54.9%, from $368,000 to $166,000.

Average earning assets were $6.838 billion for the third quarter of 2026, an increase of $345.1 million, or 5.3%, compared to $6.493 billion for the third quarter of 2025. The increase in average earning assets was driven by an increase in average loans of $381.9 million, or 7.3%, from $5.206 billion for the third quarter of 2025 to $5.588 billion for the third quarter of 2026. Average investment securities increased $24.6 million, or 2.2%, from $1.127 billion for the third quarter of 2025 to $1.152 billion for the third quarter of 2026. Average interest bearing liabilities were $5.063 billion for the third quarter of 2026, an increase of $244.5 million, or 5.1%, from $4.818 billion for the third quarter of 2025. This increase was driven by growth in interest bearing deposits of $259.3 million, or 5.4%, from $4.785 billion for the third quarter of 2025 to $5.044 billion for the third quarter of 2026. Average short-term borrowings decreased $14.8 million, or 46.6%, from $31.7 million to $17.0 million. Noninterest bearing demand deposits increased $49.3 million, or 4.0%, to $1.294 billion for the third quarter of 2026 from $1.244 billion for the third quarter of 2025.

The fully tax equivalent net interest margin expanded by 8 basis points to 3.58% for the third quarter of 2026, compared to 3.50% for the third quarter of 2025. The net interest margin expansion was primarily driven by a decrease in interest expense as a percentage of average earning assets, which decreased to 2.13% for the third quarter of 2026, down from 2.37% for the comparable period of 2025, or 24 basis points. This decrease was attributable to a decrease in the rate for total interest bearing liabilities of 33 basis points from 3.20% to 2.87% between the respective periods. This decrease was driven by reduced costs associated with the repricing of the Company's interest bearing deposits and borrowings. The average rate for interest bearing deposits declined 32 basis points from 3.19% to 2.87%. Contributing further to the reduction in the rate for interest bearing liabilities was a reduction in the average borrowings rate, which declined 80 basis points from 4.43% to 3.63%. The improvement in interest expense as a percentage of average earning assets was offset by a 16 basis point reduction in interest income as a percentage of average earning assets, which declined from 5.87% for the third quarter of 2025 to 5.71% for the third quarter of 2026. This decrease was primarily attributable to a decrease in loan yields, which decreased 23 basis points from 6.54% to 6.31% between the two periods. Investment securities yields increased 6 basis points to 3.03% from 2.97%.

Provision for Credit Losses

The Company recorded provision for credit losses expense of $4.9 million for the nine months ended September 30, 2026, compared to provision expense of $11.8 million during the comparable period of 2025, a decrease of $6.9 million, or 58.4%. The decrease in provision expense between the respective periods was attributable to the allocation of reserves to a previously disclosed nonperforming credit during the first quarter of 2025. Net charge-offs were $5.1 million during the nine month period ended September 30, 2026, compared to $29.6 million during the comparable period of 2025 for a decrease of $24.5 million, or 82.9%. Net charge-offs for the first nine months of 2026 were primarily driven by a $2.0 million charge off to one commercial credit during the first quarter and a $2.8 million partial charge off of a separate, unrelated commercial credit during the third quarter of 2026. The decrease in charge offs between the respective periods was attributable to the partial charge off of the previously disclosed nonperforming credit during the second quarter of 2025.

The Company recorded provision expense of $1.2 million during the third quarter of 2026, compared to $2.0 million during the third quarter of 2025. Net charge-offs were $3.0 million during the third quarter of 2026 compared to $384,000 during the third quarter of 2025.

Additional factors considered by management in determining provision expense included key loan quality metrics, reserve coverage of nonperforming loans, economic conditions in the Company's markets, and changes in the facts and circumstances of watch list credits, which includes the security position of the borrower. Management's overall view on current credit quality was also a factor in the determination of the provision for credit losses. The Company's management continues to monitor the adequacy of the provision based on loan levels, asset quality, economic conditions and other factors that may influence the assessment of the collectability of loans.

Noninterest Income

Noninterest income categories for the three and nine months ended September 30, 2026 and 2025 are shown in the following tables:

	Nine Months Ended September 30,			
(dollars in thousands)	**2026**	2025	Dollar Change	Percent Change
Wealth advisory fees	**$ 9,233**	$ 8,389	$ 844	10.1 %
Investment brokerage fees	**1,570**	1,559	11	0.7
Service charges on deposit accounts	**8,757**	8,522	235	2.8
Loan and service fees	**9,302**	9,309	(7)	(0.1)
Merchant and interchange fee income	**2,489**	2,568	(79)	(3.1)
Bank owned life insurance income	**3,746**	2,929	817	27.9
Interest rate swap fee income	**701**	20	681	3,405.0
Mortgage banking income	**297**	67	230	343.3
Other income	**1,684**	2,005	(321)	(16.0)
Total noninterest income	**$37,779**	$ 35,368	$ 2,411	6.8 %
Noninterest income to total revenue	**17.69 %**	17.76 %		

(dollars in thousands)	Three Months Ended September 30, 2026	2025	Dollar Change	Percent Change
Wealth advisory fees	**$ 3,153**	$ 2,855	$ 298	10.4 %
Investment brokerage fees	**535**	557	(22)	(3.9)
Service charges on deposit accounts	**3,005**	2,921	84	2.9
Loan and service fees	**3,035**	3,419	(384)	(11.2)
Merchant and interchange fee income	**876**	892	(16)	(1.8)
Bank owned life insurance income	**1,153**	1,567	(414)	(26.4)
Mortgage banking income (loss)	**88**	(6)	94	(1,566.7)
Other income	**429**	749	(320)	(42.7)
Total noninterest income	**$12,274**	$ 12,954	$ (680)	(5.2)%
Noninterest income to total revenue	**16.81 %**	18.77 %		

The Company's noninterest income increased by $2.4 million, or 6.8%, to $37.8 million for the nine months ended September 30, 2026, compared to $35.4 million for the prior year period. Increases in fee-based revenue streams contributed to the increase to noninterest income, with wealth advisory fees improving by $844,000, or 10.1%, and service charges on deposit accounts improving by $235,000, or 2.8%. Conversely, merchant and interchange fee income declined $79,000, or 3.1%. Bank owned life insurance income improved by $817,000, or 27.9%, from improved market performance from variable bank owned life insurance policies, which reflect returns in the equity markets, and incremental income from general account policies purchased in 2025. Interest rate swap fee income improved by $681,000 and mortgage banking income improved $230,000, or 343.3%, from increased volume.

Noninterest income decreased $680,000, or 5.2%, to $12.3 million for the third quarter of 2026, compared to $13.0 million for the third quarter of 2025. Wealth advisory fees increased $298,000, or 10.4%. Mortgage banking income increased $94,000 from increased pipeline volume. Service charges on deposit accounts increased by $84,000, or 2.9%. Equity market declines negatively impacted the performance of the bank's variable owned life insurance policies, which declined by $476,000 during the third quarter of 2026 as compared to the prior quarter. Loan and service fees decreased $384,000, or 11.2%, from reduced commercial loan fees. Other income decreased by $320,000, or 42.7%, from a reduction in limited partnership investment income.

Noninterest Expense

Noninterest expense categories for the three and nine months ended September 30, 2026 and 2025 are shown in the following tables:

(dollars in thousands)	Nine Months Ended September 30, 2026	2025	Dollar Change	Percent Change
Salaries and employee benefits	**$ 61,571**	$ 55,412	$ 6,159	11.1 %
Net occupancy expense	**6,224**	5,604	620	11.1
Equipment costs	**4,305**	4,294	11	0.3
Data processing fees and supplies	**12,983**	12,533	450	3.6
Corporate and business development	**4,365**	4,129	236	5.7
FDIC insurance and other regulatory fees	**2,664**	2,517	147	5.8
Professional fees	**5,845**	5,812	33	0.6
Other expense	**7,772**	7,859	(87)	(1.1)
Total noninterest expense	**$105,729**	$ 98,160	$ 7,569	7.7 %
Efficiency ratio	**49.50 %**	49.28 %		

(dollars in thousands)	Three Months Ended September 30, 2026	2025	Dollar Change	Percent Change
Salaries and employee benefits	**$ 20,782**	$ 20,414	$ 368	1.8 %
Net occupancy expense	**2,153**	1,877	276	14.7
Equipment costs	**1,432**	1,475	(43)	(2.9)
Data processing fees and supplies	**4,350**	4,116	234	5.7
Corporate and business development	**1,630**	1,563	67	4.3
FDIC insurance and other regulatory fees	**910**	878	32	3.6
Professional fees	**2,123**	1,726	397	23.0
Other expense	**2,741**	2,916	(175)	(6.0)
Total noninterest expense	**$ 36,121**	$ 34,965	$ 1,156	3.3 %
Efficiency ratio	**49.48 %**	50.65 %		

The Company's noninterest expense increased by $7.6 million, or 7.7%, for the nine months ended September 30, 2026, to $105.7 million compared to $98.2 million for the comparable period of 2025. Salaries and employee benefits expense increased $6.2 million, or 11.1%, primarily due to increased salaries and wages of $2.9 million, performance-based incentive compensation accruals of $1.6 million, health insurance expense of $1.3 million, and variable deferred compensation expense of $370,000. Net occupancy expense increased $620,000, or 11.1%, from investing in our retail branch and operational infrastructure, including the completion of construction and opening of the Innovation and Technology Center at the Company's downtown Warsaw headquarters. Data processing fees and supplies expense increased $450,000, or 3.6%, from continued investment in customer-facing and operational technology solutions. Corporate and business development expense increased $236,000, or 5.7%, from increased advertising and corporate development expenses. FDIC insurance and other regulatory fees increased $147,000, or 5.8%, from increased FDIC insurance premium accruals due to balance sheet growth.

Noninterest expense increased $1.2 million, or 3.3%, to $36.1 million for the third quarter of 2026, compared to $35.0 million during the third quarter of 2025. Salaries and employee benefits expense increased by $368,000, or 1.8%, primarily the result of increased salaries and wages and benefits expense, and was offset by reduced performance-based incentive compensation accruals. Full-time equivalent staff increased by 31 persons at September 30, 2026 compared to the same period in the prior year, or 4.7%. The growth in staff reflects the organic growth plans with an increase of 18 revenue generating personnel and 13 support staff over the past year. Professional fees increased $397,000, or 23.0%, from increased technology implementation fees and other professional expenses. Net occupancy expense increased $276,000, or 14.7%, from the company's continued expansion and reinvestment into its physical branch and operational infrastructure. Data processing fees and supplies increased $234,000, or 5.7%, from continued investment in customer-facing and operational technology solutions, including artificial intelligence capabilities. Offsetting these increases was a decrease in other expense of $175,000, or 6.0%. The reduction in other expense was driven by reduced office supplies and telecommunications expenses.

The Company's income tax expense increased $3.4 million, or 21.5%, to $19.2 million in the nine months ended September 30, 2026, compared to $15.8 million for the same period in 2025. The effective tax rate was 18.6% in the nine months ended September 30, 2026, compared to 17.7% for the comparable period of 2025, driven by higher earnings and lower tax-exempt income. Income tax expense increased $1.2 million, or 20.5%, to $6.8 million for the third quarter of 2026 compared to $5.7 million for the third quarter of 2025. The effective tax rate for the third quarter of 2026 was 19.1%, compared to 17.6% for the prior year period.

FINANCIAL CONDITION

Overview

Total assets were $7.208 billion as of September 30, 2026 versus $6.990 billion as of December 31, 2025, an increase of $217.9 million, or 3.1%. Balance sheet expansion was driven by loan growth with total loans, net of the allowance for credit losses, increasing by $304.8 million, or 5.7%. The increase in loans was offset by a decrease in available-for-sale securities of $96.0 million, or 9.1%, and a decrease in cash and cash equivalents of $25.6 million, or 18.1%. The balance sheet expansion from December 31, 2025 to September 30, 2026 was funded by an increase in total deposits of $321.4 million, or 5.4%, and was offset by a decrease in borrowings of $82.9 million, or 45.0%. Total equity decreased $30.4 million, or 4.0%, from $762.5 million at December 31, 2025 to $732.1 million at September 30, 2026. Driving the decrease in total equity was a decrease in accumulated other comprehensive income (loss) of $54.6 million, driven by a decline in available-for-sale market valuations, and an increase in treasury stock, which increased by $26.2 million, or 73.4%, from the Company's utilization of its share repurchase program. Offsetting these items was an increase in retained earnings of $44.5 million, or 5.6%, primarily as a result of net income of $83.8 million less dividends declared and paid of $39.3 million. The combined effect of the repurchase activity under the share repurchase program and dividends paid during the first nine months of 2026 represented a total return of capital to Company shareholders of $65.3 million.

Uses of Funds

Total Cash and Cash Equivalents

Total cash and cash equivalents decreased by $25.6 million, or 18.1%, to $115.8 million at September 30, 2026, from $141.3 million at December 31, 2025. Cash and cash equivalents include short-term investments. The fluctuation in cash and cash equivalents at September 30, 2026 was driven by a decrease in cash and due from banks of $3.3 million, or 5.8%, and a decrease in interest bearing short-term investment accounts of $22.2 million, or 26.4%, which were deposited primarily at the Federal Reserve Bank of Chicago.

Investment Portfolio

The amortized cost and the fair value of securities as of September 30, 2026 and December 31, 2025 were as follows:

	September 30, 2026		December 31, 2025	
(dollars in thousands)	**Amortized Cost**	**Fair Value**	Amortized Cost	Fair Value
Available-for-Sale				
U.S Treasury securities	**$ 29,894**	**$ 29,408**	$ 10,117	$ 10,119
U.S government sponsored agencies	**128,374**	**103,976**	136,772	115,690
Mortgage-backed securities: residential	**481,247**	**411,113**	506,734	454,163
State and municipal securities	**530,417**	**411,516**	541,694	472,090
Total available-for-sale	**$ 1,169,932**	**$ 956,013**	$ 1,195,317	$ 1,052,062
Held-to-Maturity				
State and municipal securities	**$ 134,434**	**$ 103,352**	$ 133,208	$ 117,510
Total Investment Portfolio	**$ 1,304,366**	**$ 1,059,365**	$ 1,328,525	$ 1,169,572

At September 30, 2026 and December 31, 2025, there were no holdings of securities of any one issuer, other than the U.S. government agencies and government sponsored entities, in an amount greater than 10% of stockholders' equity. Management is aware that the directional change in the fair value of the available-for-sale investment securities portfolio is inversely related to the directional movement of the interest rate environment, with the resulting impact being reflected in the unrealized gain (loss) of the available-for-sale investment securities portfolio. Since the majority of the bonds in the investment portfolio are fixed-rate, with only a few adjustable-rate bonds, we expect our investment portfolio to follow this market value pattern. This is taken into consideration when evaluating the gain or loss of investment securities in the portfolio and the potential for an allowance for credit losses.

Purchases of available-for-sale securities were $39.6 million in the first nine months of 2026. Investment securities represented 15.1% of total assets on September 30, 2026, compared to 17.0% of total assets on December 31, 2025. The Company anticipates receiving principal and interest cash flows of approximately $24.1 million during the remainder of 2026 from the investment securities portfolio and plans to use that liquidity to fund loan growth as well as to fund reinvestments to the investment securities portfolio. Tax equivalent adjusted effective duration for the investment securities portfolio was 5.6 years at September 30, 2026 and 5.9 years at December 31, 2025. Paydowns from prepayments and scheduled payments of $62.6 million were received in the first nine months of 2026, and the amortization of premiums, net of the accretion of discounts, was $2.6 million. There were no sales of available-for-sale investment securities in the first nine months of 2026. No allowance for credit losses was recognized for available-for-sale or held-to-maturity securities as of September 30, 2026 and December 31, 2025.

The fair value of the available-for-sale investment securities portfolio as of September 30, 2026 included net unrealized losses of $213.9 million, compared to net unrealized losses of $143.3 million as of December 31, 2025. Unrealized losses in the available-for-sale investment securities portfolio are generally attributable to market value declines experienced during the rate tightening cycle of 2022 and 2023 and more recently to the rapid increase in longer-dated US Treasury yields during the third quarter of 2026.

The investment portfolio is managed by a third-party firm to provide for an appropriate balance between liquidity, credit risk, interest rate risk management and investment return and to limit the Company's exposure to credit risk in the investment securities portfolio. The Company does not trade or invest in or sponsor certain unregistered investment companies defined as hedge funds and private equity funds under what is commonly referred to as the "Volcker Rule" of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Real Estate Mortgage Loans Held-for-Sale

Real estate mortgage loans held-for-sale decreased by $439,000, or 16.2%, to $2.3 million at September 30, 2026, from $2.7 million at December 31, 2025. The balance of this asset category is subject to a high degree of variability depending on, among other factors, recent mortgage loan rates and the timing of loan sales into the secondary market. The Company generally sells conforming qualifying mortgage loans it originates on the secondary market. Proceeds from sales of residential mortgages totaled $13.5 million in the first nine months of 2026, compared to $16.2 million in the first nine months of 2025. Management expects the volume of loans originated for sale in the secondary market to increase if long-term interest rates decline from current levels. Demand for mortgage loans has been impacted by elevated interest rates, limited housing inventory and existing home owners locked in at historically low rates. Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of loans serviced for others were $284.0 million and $294.5 million, as of September 30, 2026 and December 31, 2025, respectively.

Loan Portfolio

The loan portfolio by portfolio segment as of September 30, 2026 and December 31, 2025 is summarized as follows:

(dollars in thousands)	September 30, 2026		December 31, 2025		Current Period Change
Commercial and industrial loans	**$ 1,705,461**	**30.0 %**	$ 1,553,689	28.9 %	$ 151,772
Commercial real estate and multi-family residential loans	**2,772,806**	**48.8**	2,666,515	49.5	106,291
Agri-business and agricultural loans	**348,186**	**6.1**	406,856	7.6	(58,670)
Other commercial loans	**120,661**	**2.1**	97,381	1.8	23,280
Consumer 1-4 family mortgage loans	**616,766**	**10.9**	537,192	10.0	79,574
Other consumer loans	**119,172**	**2.1**	116,224	2.2	2,948
Subtotal, gross loans	**5,683,052**	**100.0 %**	5,377,857	100.0 %	305,195
Less: Allowance for credit losses	**(68,830)**		(68,995)		165
Net deferred loan fees	**(3,048)**		(2,508)		(540)
Loans, net	**$ 5,611,174**		$ 5,306,354		$ 304,820

Total net loans, excluding real estate mortgage loans held-for-sale, increased by $304.8 million, or 5.7%, to $5.611 billion at September 30, 2026 from $5.306 billion at December 31, 2025. The increase was primarily driven by originations of loans concentrated in the commercial and industrial loans, commercial real estate and multi-family residential loans, other commercial loans, and consumer 1-4 family mortgage loans categories and was offset by paydowns in the agri-business and agricultural loans segment, which traditionally experiences seasonal fluctuations in activity.

The following table summarizes the Company's non-performing assets, excluding deferred fees and costs, as of September 30, 2026 and December 31, 2025:

(dollars in thousands)	**September 30, 2026**	December 31, 2025
Nonaccrual loans	**$ 17,927**	$ 20,872
Loans past due over 90 days and still accruing	**6**	7
Total nonperforming loans	**17,933**	20,879
Other real estate owned	**0**	0
Repossessions	**24**	47
Total nonperforming assets	**$ 17,957**	$ 20,926
Individually analyzed loans	**$ 65,869**	$ 43,024
Nonperforming loans to total loans	**0.32 %**	0.39 %
Nonperforming assets to total assets	**0.25 %**	0.30 %

Total nonperforming assets decreased by $3.0 million, or 14.2%, from $20.9 million at December 31, 2025 to $18.0 million at September 30, 2026. The ratio of nonperforming assets to total assets declined to 0.25% at September 30, 2026, down from 0.30% as of December 31, 2025.

A loan is individually analyzed when full payment under the original loan terms is not expected. The analysis for smaller loans that are similar in nature and which are not in nonaccrual or modified status, such as residential mortgage, consumer, and credit card loans, is determined based on the class of loans. If a loan is individually analyzed, a portion of the allowance may be allocated so that the loan is reported, net, at the present value of estimated future cash flows or at the fair value of collateral if repayment is expected solely from the collateral. Total individually analyzed loans increased by $22.8 million, or 53.1%, to $65.9 million at September 30, 2026 from $43.0 million at December 31, 2025. The increase in individually analyzed loans during the first nine months of 2026 was primarily driven by migration within the watchlist as three unrelated relationships with an aggregate balance of approximately $24.7 million were moved from the pooled watch list to individually analyzed status during the second quarter of 2026.

Loans are charged against the allowance for credit losses when management believes that the principal is uncollectible. Subsequent recoveries, if any, are credited to the allowance. The allowance is an amount that management believes will be adequate to absorb current expected credit losses relating to specifically identified loans based on an evaluation of the loans by management, as well as other current expected losses in the loan portfolio. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans and current economic conditions that may affect the borrower's ability to repay. Management also considers trends in adversely classified loans based upon a monthly review of those credits. General allowance is determined after considering the following factors: application of loss percentages using a probability of default/loss given default approach subject to a floor, emerging market risk, commercial loan focus and large credit concentrations, new industry lending activity and current economic conditions. Federal regulations require insured institutions to classify their own assets on a regular basis. The regulations provide for three categories of classified loans: Substandard, Doubtful and Loss. The regulations also contain a Special Mention category. Special Mention applies to loans that do not currently expose an insured institution to a sufficient degree of risk to warrant classification as Substandard, Doubtful or Loss but do possess credit deficiencies or potential weaknesses deserving management's close attention. The Company's policy is to evaluate for a specific allowance for credit losses for any assets where management has identified conditions or circumstances that indicate an asset is nonperforming. If an asset or portion thereof is classified as a loss, the Company's policy is to either establish specified allowances for credit losses in the amount of 100% of the portion of the asset classified loss or charge-off such amount.

At September 30, 2026, the allowance for credit losses was 1.21% of total loans, a decrease of 7 basis points from 1.28% at December 31, 2025. At September 30, 2026, management believed the allowance for credit losses was at a level commensurate with the overall risk exposure of the loan portfolio. However, if economic conditions deteriorate, certain borrowers may experience difficulty and the level of nonperforming loans, charge-offs and delinquencies could rise and require increases in the allowance for credit losses. The process of identifying credit losses is a subjective process.

The Company has a relatively high percentage of commercial and commercial real estate loans, which are extended to businesses with a broad range of revenue and within a wide variety of industries. Traditionally, this type of lending may have more credit risk than other types of lending because of the size and diversity of the credits. The Company manages this risk by utilizing relatively conservative credit structures, by adjusting its pricing to the perceived risk of each individual credit and by diversifying the portfolio by customer, product, industry and market area. The Company has limited exposure to commercial office space borrowers, all of which are located in the Bank's Indiana markets. Loans totaling $117.4 million for this sector represented 2.1% of total loans at September 30, 2026. Additionally, commercial real estate loans secured by multi-family residential properties and secured by non-farm non-residential properties were approximately 227.1% of the Bank's risk-based capital at September 30, 2026. The Company continues to monitor the impact of tariffs on its borrowers.

As of September 30, 2026, based on management’s review of the loan portfolio, the Company had 116 credit relationships with principal balances totaling $202.0 million on the classified loan list versus 96 credit relationships with principal balances totaling $184.0 million on the classified loan list as of December 31, 2025. As of September 30, 2026, the Company had $129.3 million of assets classified as Special Mention, $69.6 million classified as Substandard, $3.0 million classified as Doubtful and $0 classified as Loss as compared to $134.0 million, $50.0 million, $74,000 and $0, respectively, at December 31, 2025. The amounts by grade in "Note 4 - Allowance for Credit Losses and Credit Quality" are reported at amortized cost and include deferred fees and costs. Watch list loans as a percentage of total loans were 3.56% as of September 30, 2026, up 14 basis points from 3.42% at December 31, 2025.

Allowance estimates are developed by management after taking into account actual loss experience adjusted for current economic conditions and a reasonably supportable forecast period. The Company has annual discussions regarding this methodology with regulatory authorities. Allowance estimates are considered a prudent measurement of the risk in the Company’s loan portfolio based upon loan segment. In accordance with applicable accounting guidance, the allowance is based on information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. For a more thorough discussion of the allowance for credit losses methodology see the "Critical Accounting Policies" section of this Item 2.

The allowance for credit losses decreased $165,000, or 0.2%, from $69.0 million at December 31, 2025 to $68.8 million at September 30, 2026. The decrease was primarily driven by provision for credit losses of $4.9 million and offset by net charge offs of $5.1 million. Net charge offs for the nine months ended September 30, 2026 were primarily driven by a $2.0 million charge off to a commercial credit during the first quarter and a partial charge off of $2.8 million of a separate, unrelated credit in the third quarter of 2026. As the bulk of the Company’s lending activity is concentrated in the commercial loan portfolio, which can result in overall asset quality being influenced by a small number of credits, management has historically considered growth and portfolio composition when determining credit loss allocations.

Sources of Funds

The Company's sources of funds include a diversified deposit base gathered throughout the Company's footprint and includes a growing mix of commercial, retail and public funds deposit accounts. While the traditional base of core deposits represents the primary source of funding for the Company, the Company has access to a robust array of other liquidity sources, including secured borrowings available from the Federal Home Loan Bank and the Federal Reserve Bank Discount Window. In addition, the Company has access to unsecured borrowing capacity through long established relationships within the brokered deposit markets, Federal Funds lines from correspondent bank partners and Insured Cash Sweep (ICS) one-way buy funds available from the Intrafi network. As of September 30, 2026, the Company had access to $3.565 billion in unused liquidity available from these aggregate sources as compared to $3.526 billion at December 31, 2025.

The average daily deposits and borrowings together with average rates paid on those deposits and borrowings for the nine months ended September 30, 2026 and 2025 are summarized in the following table:

	Nine months ended September 30,			
	2026		2025	
(dollars in thousands)	Balance	Rate	Balance	Rate
Noninterest bearing demand deposits	$ 1,252,184	0.00 %	$ 1,248,876	0.00 %
Savings and transaction accounts:				
Savings deposits	285,318	0.06	284,797	0.06
Interest bearing demand deposits	3,791,936	2.90	3,662,917	3.32
Time deposits:				
Deposits of $100,000 or more	705,902	3.62	595,367	3.97
Other time deposits	201,130	3.11	208,872	3.36
Total deposits	$ 6,236,470	2.28 %	$ 6,000,829	2.54 %
FHLB advances and other borrowings	82,832	3.90 %	55,594	4.54 %
Total funding sources	$ 6,319,302	2.30 %	$ 6,056,423	2.56 %

Average total deposits were $6.236 billion for the nine months ended September 30, 2026, an increase of $235.6 million, or 3.9%, from the comparable period in 2025. Average total borrowings were $82.8 million for the nine months ended September 30, 2026, an increase of $27.2 million, or 49.0%, from the comparable period in 2025. Total average deposit costs decreased 26 basis points from 2.54% for the nine months ended September 30, 2025, to 2.28% for the nine months ended September 30, 2026. Total average borrowing costs decreased 64 basis points from 4.54% for the nine months ended September 30, 2025 to 3.90% for the nine months ended September 30, 2026. As a result, the total cost of funding sources decreased by 26 basis points from 2.56% for the nine months ended September 30, 2025, to 2.30% for the nine months ended September 30, 2026. The decrease in the cost of funding sources between the two periods was attributable to easing of monetary policy by the Federal Reserve Bank in late 2025 which allowed deposit costs to reprice to lower levels and reduced average rates for borrowings.

Deposits and Borrowings

As of September 30, 2026, total deposits increased by $321.4 million, or 5.4%, from December 31, 2025. Core deposits, which excludes brokered deposits, increased by $130.2 million, or 2.2%, to $6.053 billion as of September 30, 2026 from $5.923 billion as of December 31, 2025. Total brokered deposits were $241.8 million at September 30, 2026, compared to $50.6 million at December 31, 2025, an increase of $191.3 million, or 378.2%.

The following table summarizes deposit composition at September 30, 2026 and December 31, 2025:

(dollars in thousands)	September 30, 2026	Percentage of Total	December 31, 2025	Percentage of Total	Current Period Change
Retail	$ 1,817,961	28.9 %	$ 1,763,452	29.5 %	$ 54,509
Commercial	2,210,358	35.1	2,179,999	36.5	30,359
Public funds	2,024,628	32.2	1,979,327	33.2	45,301
Core deposits	$ 6,052,947	96.2 %	$ 5,922,778	99.2 %	$ 130,169
Brokered deposits	241,849	3.8	50,572	0.8	191,277
Total deposits	$ 6,294,796	100.0 %	$ 5,973,350	100.0 %	$ 321,446

On September 30, 2026, commercial deposits represented 35.1% of total deposits versus 36.5% at December 31, 2025. Retail deposits represented 28.9% at September 30, 2026 versus 29.5% at December 31, 2025. Public Funds deposits represented 32.2% at September 30, 2026 versus 33.2% at December 31, 2025. Brokered deposits represented 3.8% of total deposits at September 30, 2026 versus 0.8% at December 31, 2025. Public funds deposits expanded $45.3 million, or 2.3%, from $1.979 billion at December 31, 2025 to $2.025 billion at September 30, 2026; retail deposits expanded $54.5 million, or 3.1%, from $1.763 billion at December 31, 2025 to $1.818 billion at September 30, 2026; and commercial deposits expanded $30.4 million, or 1.4%, from $2.180 billion at December 31, 2025 to $2.210 billion at September 30, 2026.

Deposits not covered by FDIC deposit insurance were 57.7% as of September 30, 2026, versus 59.1% at December 31, 2025. Deposits not covered by FDIC deposit insurance or the Indiana Public Deposit Insurance Fund, which insures public fund deposits in Indiana, were 26.0% of total deposits as of September 30, 2026 and December 31, 2025. As of September 30, 2026 and December 31, 2025, 97.8% and 97.9% of deposit accounts had deposit balances less than $250,000, respectively.

Capital

As of September 30, 2026, total equity was $732.1 million, a decrease of $30.4 million, or 4.0%, from $762.5 million at December 31, 2025. Driving the decrease was a decrease to accumulated other comprehensive income (loss) of $54.6 million from a decline in available-for-sale investment securities market valuations. Additionally, treasury stock increased by $26.2 million, or 73.4%, driven by the Company's utilization of its share repurchase program, which further contributed to the decrease in total equity. Offsetting these items was an increase in retained earnings of $44.5 million, or 5.6%, primarily as a result of net income of $83.8 million less dividends declared and paid of $39.3 million. The combined effect of the repurchase activity under the share repurchase program and dividends paid during the first nine months of 2026 represented a total return of capital to Company shareholders of $65.3 million.

The impact on equity for other comprehensive income (loss) is not included in regulatory capital. The banking regulators have established guidelines for leverage capital requirements, expressed in terms of Tier 1, or core capital, as a percentage of average assets, to measure the soundness of a financial institution. In addition, banking regulators have established risk-based capital guidelines for U.S. banking organizations. As of September 30, 2026, the Company's capital levels remained characterized as “well-capitalized”.

The actual capital amounts and ratios of the Company and the Bank as of September 30, 2026 and December 31, 2025, are presented in the table below. Capital ratios for September 30, 2026 are preliminary until the Call Report and FR Y-9C are filed.

	Actual		Minimum Required For Capital Adequacy Purposes		For Capital Adequacy Purposes Plus Capital Conservation Buffer		Minimum Required to Be Well Capitalized Under Prompt Corrective Action Regulations	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of September 30, 2026:								
Total Capital (to Risk Weighted Assets)								
Consolidated	**$ 977,719**	**15.56 %**	**$ 502,785**	**8.00 %**	**$ 659,906**	**N/A**	**N/A**	**N/A**
Bank	**$ 956,603**	**15.24 %**	**$ 502,166**	**8.00 %**	**$ 659,093**	**10.50 %**	**$ 627,708**	**10.00 %**
Tier I Capital (to Risk Weighted Assets)								
Consolidated	**$ 908,800**	**14.46 %**	**$ 377,089**	**6.00 %**	**$ 534,210**	**N/A**	**N/A**	**N/A**
Bank	**$ 887,684**	**14.14 %**	**$ 376,625**	**6.00 %**	**$ 533,552**	**8.50 %**	**$ 502,166**	**8.00 %**
Common Equity Tier 1 (CET1)								
Consolidated	**$ 908,800**	**14.46 %**	**$ 282,817**	**4.50 %**	**$ 439,937**	**N/A**	**N/A**	**N/A**
Bank	**$ 887,684**	**14.14 %**	**$ 282,469**	**4.50 %**	**$ 439,396**	**7.00 %**	**$ 408,010**	**6.50 %**
Tier I Capital (to Average Assets)								
Consolidated	**$ 908,800**	**12.36 %**	**$ 294,029**	**4.00 %**	**$ 294,029**	**N/A**	**N/A**	**N/A**
Bank	**$ 887,684**	**12.09 %**	**$ 293,754**	**4.00 %**	**$ 293,754**	**4.00 %**	**$ 367,193**	**5.00 %**
As of December 31, 2025:								
Total Capital (to Risk Weighted Assets)								
Consolidated	$ 953,653	15.92 %	$ 479,188	8.00 %	$ 628,934	N/A	N/A	N/A
Bank	$ 960,393	16.05 %	$ 478,735	8.00 %	$ 628,339	10.50 %	$ 598,419	10.00 %
Tier I Capital (to Risk Weighted Assets)								
Consolidated	$ 884,569	14.77 %	$ 359,391	6.00 %	$ 509,137	N/A	N/A	N/A
Bank	$ 891,310	14.89 %	$ 359,051	6.00 %	$ 508,656	8.50 %	$ 478,735	8.00 %
Common Equity Tier 1 (CET1)								
Consolidated	$ 884,569	14.77 %	$ 269,543	4.50 %	$ 419,289	N/A	N/A	N/A
Bank	$ 891,310	14.89 %	$ 269,288	4.50 %	$ 418,893	7.00 %	$ 388,972	6.50 %
Tier I Capital (to Average Assets)								
Consolidated	$ 884,569	12.39 %	$ 285,531	4.00 %	$ 285,531	N/A	N/A	N/A
Bank	$ 891,310	12.50 %	$ 285,290	4.00 %	$ 285,290	4.00 %	$ 356,612	5.00 %

FORWARD-LOOKING STATEMENTS

This document (including information incorporated by reference) contains, and future oral and written statements of the Company and its management may contain, forward-looking statements, within the meaning of such term in the federal securities law. Forward-looking statements are not historical facts and are generally identifiable by the use of words such as "believe," "expect," "anticipate," "project," "possible," "continue," "plan," "intend," "estimate," "may," "will," "would," "could," "should" or other similar expressions. Additionally, all statements in this document, including forward-looking statements, speak only as of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events.

The Company's ability to predict results or the actual effect of future plans or strategies is inherently uncertain and, accordingly, the reader is cautioned not to place undue reliance on any forward-looking statement made by the Company. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors, including, without limitation:

- the effects of future economic, business and market conditions and changes, particularly in but not limited to our Indiana market area, including prevailing interest rates, the rate of inflation, and energy price volatility;
- governmental foreign, trade, monetary, tax and fiscal policies, including the policy decisions of the Federal Reserve;
- the risks of changes in interest rates on the levels, composition and costs of deposits, loan demand and the values and liquidity of loan collateral, securities and other interest sensitive assets and liabilities;
- changes in borrowers' credit risks and payment behaviors;
- the failure of assumptions and estimates used in our reviews of our loan portfolio, underlying the establishment of reserves for possible credit losses, our analysis of our capital position and other estimates;
- the performance of our commercial real estate loan portfolio, including the effects of the elevated interest rate environment and the strength of the commercial real estate market in our Indiana markets;
- risk of cybersecurity attacks that could result in damage to the Company's or third-party service providers' networks or data;
- technological changes implemented by us and other parties, including our third-party vendors, which may have unforeseen consequences to us and our customers, including the development and implementation of tools incorporating artificial intelligence;
- the timing and scope of any legislative and regulatory changes, including changes in banking, securities and tax laws and regulations and their application by our regulators;
- the effects of war, geopolitical conflicts, acts of terrorism, or other catastrophic events, including storms, droughts, tornados and flooding, that may affect general economic conditions, including agricultural production and demand and prices for agricultural inputs, goods and land used for agricultural purposes, generally and in our markets;
- increased competition in the financial services sector, including from non-bank competitors such as credit unions and fintech companies, and the inability to attract new customers;
- the effects of fraud by or affecting employees, customers or third parties;
- the effects of disruption and volatility in capital markets on the value of our investment portfolio;
- changes in the prices, values and sales volumes of residential real estate;
- changes in the scope and cost of FDIC insurance, the state of Indiana's Public Deposit Insurance Fund and other coverages;
- the impact of litigation and other claims we may be subject to from time to time;
- changes in the availability and cost of credit and capital in the financial markets;
- the loss of key executives and employees, talent shortages and employee turnover;
- changes in technology or products that may be more difficult or costly to implement, or less effective than anticipated;
- changes in accounting policies, rules and practices;

- the risks related to mergers, acquisitions and divestitures, including, without limitation, the related time and costs of implementing such transactions, integrating operations as part of these transactions and possible failures to achieve expected gains, revenue growth and/or expense savings from such transactions; and
- the risks noted in the Risk Factors discussed under Item 1A of Part 1 of our Annual Report on Form 10-K for the year ended December 31, 2025, as well as other risks and uncertainties set forth from time to time in the Company's other filings with the Securities and Exchange Commission.

These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk represents the Company's primary market risk exposure. The Company does not have a material exposure to foreign currency exchange risk, does not have a material amount of derivative financial instruments on a net basis and does not maintain a trading portfolio. The use of financial derivatives is limited to the back-to-back swap program for borrowers. The Corporate Risk Committee of the Board of Directors annually reviews and approves the policy used to manage interest rate risk. The policy was last reviewed and approved in July 2026. The policy sets guidelines for balance sheet structure, which are designed to protect the Company from the impact that interest rate changes could have on net income but do not necessarily indicate the effect on future net interest income. The Company, through the Bank's Asset and Liability Committee, manages interest rate risk by monitoring the computer simulated earnings impact of various rate scenarios and general market conditions. The Company then modifies its long-term risk parameters by attempting to generate the types of loans, investments, and deposits that currently fit the Company's needs, as determined by the Asset and Liability Committee. This computer simulation analysis measures the net interest income impact of various interest rate scenario changes during the next twelve months. The Company continually evaluates the assumptions used in the model. The current balance sheet structure is considered to be within acceptable risk levels.

Interest rate scenarios for the base, falling 300 basis points, falling 200 basis points, falling 100 basis points, falling 50 basis points, falling 25 basis points, rising 25 basis points, rising 50 basis points, rising 100 basis points, rising 200 basis points and rising 300 basis points are listed below based upon the Company's rate sensitive assets and liabilities at September 30, 2026. The net interest income shown represents cumulative net interest income over a twelve-month time horizon. Balance sheet assumptions used for the base scenario are the same for the rising and falling simulations.

The base scenario is an annual calculation that is highly dependent on numerous assumptions embedded in the model. While the base sensitivity analysis incorporates management's best estimate of interest rate and balance sheet dynamics under various market rate movements, the actual behavior and resulting earnings impact will likely differ from that projected. For certain assets, the base simulation model captures the expected prepayment behavior under changing interest rate environments. Assumptions and methodologies regarding the interest rate or balance behavior of indeterminate maturity core deposit products, such as savings, money market, NOW and demand deposits reflect management's best estimate of expected future behavior.

(dollars in thousands)	Base	Falling (300 Basis Points)	Falling (200 Basis Points)	Falling (100 Basis Points)	Falling (50 Basis Points)	Falling (25 Basis Points)	Rising (25 Basis Points)	Rising (50 Basis Points)	Rising (100 Basis Points)	Rising (200 Basis Points)	Rising (300 Basis Points)
Net interest income	$ 255,587	$ 234,711	$ 242,664	$ 249,521	$ 252,691	$ 254,185	$ 256,924	$ 258,184	$ 260,609	$ 265,384	$ 270,276
Variance from Base		$ (20,876)	$ (12,923)	$ (6,066)	$ (2,896)	$ (1,402)	$ 1,337	$ 2,597	$ 5,022	$ 9,797	$ 14,689
Percent of change from Base		(8.17)%	(5.06)%	(2.37)%	(1.13)%	(0.55)%	0.52 %	1.02 %	1.96 %	3.83 %	5.75 %

ITEM 4 – CONTROLS AND PROCEDURES

As required by Rules 13a-15(b) and 15d-15(b) under the Securities Exchange Act of 1934, management has evaluated, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective as of September 30, 2026. Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. These disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

During the quarter ended September 30, 2026, there were no changes to the Company's internal control over financial reporting that have materially affected or are reasonably likely to materially affect its internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There are no material pending legal proceedings to which the Company or its subsidiaries is a party other than ordinary, routine litigation incidental to their respective businesses.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in Item 1A of Part I of the Company's Form 10-K for the year ended December 31, 2025. Please refer to that section of the Company's Form 10-K for disclosures regarding the risks and uncertainties related to the Company's business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On April 8, 2025, and as amended on March 5, 2026, the Company's board of directors reauthorized and extended a share repurchase program through April 30, 2027, under which the Company is authorized to repurchase, from time to time as the Company deems appropriate, shares of the Company's common stock with an aggregate purchase price of up to $60.0 million. Repurchases may be made in the open market, through block trades or otherwise, and in privately negotiated transactions. The repurchase program does not obligate the Company to repurchase any dollar amount or number of shares, and the program may be extended, modified, suspended or discontinued at any time. During the third quarter of 2026, a total of 41,550 shares were repurchased at a weighted average purchase price of $58.45 for an aggregate purchase price of $2.4 million. Under the current program, a total of 787,166 shares have been repurchased at a weighted average purchase price per share of $57.62 as of September 30, 2026.

The following table provides information as of September 30, 2026 with respect to shares of common stock repurchased by the Company during the quarter then ended:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Appropriate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (b)
July 1 - 31	8,185	$ 59.93	5,100	$ 16,770,451
August 1 - 31	2,775	61.08	1,350	16,691,088
September 1 - 30	35,100	58.37	35,100	14,642,445
Total	46,060	$ 58.81	41,550	$ 14,642,445

(a) A total of 4,510 of the shares purchased during July and August were credited to the deferred share accounts of non-employee directors under the Company's directors' deferred compensation plan. The shares were purchased at a weighted average price per share of $62.09. These shares are held in treasury stock of the Company and were purchased in the ordinary course of business and consistent with past practice.

(b) The maximum dollar value of remaining aggregate repurchase authority under the current program is $14.6 million. Total repurchases under the current program are $45.4 million.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

N/A

Item 5. Other Information

During the three months ended September 30, 2026, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a)
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a)
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Interactive Data File Interactive data files pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheets as of September 30, 2026 and December 31, 2025; (ii) Consolidated Statements of Income for the three and nine months ended September 30, 2026 and September 30, 2025; (iii) Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2026 and September 30, 2025; (iv) Consolidated Statements of Changes in Stockholders' Equity for the three and nine months ended September 30, 2026 and September 30, 2025; (v) Consolidated Statements of Cash Flows for the nine months ended September 30, 2026 and September 30, 2025; and (vi) Notes to Unaudited Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements 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.

LAKELAND FINANCIAL CORPORATION
(Registrant)

Date: October 28, 2026	/s/ David M. Findlay
	David M. Findlay – Chairman and Chief Executive Officer
Date: October 28, 2026	/s/ Lisa M. O'Neill
	Lisa M. O'Neill – Executive Vice President and Chief Financial Officer (principal financial officer)
Date: October 28, 2026	/s/ Brok A. Lahrman
	Brok A. Lahrman – Senior Vice President and Chief Accounting Officer (principal accounting officer)