

2025

ANNUAL
REPORT

PROUDLY SERVING OUR COMMUNITY



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PEOPLES TRUST *Company*

The bank with a *heart*

Balance Sheets

Statements of Income

Statements of Comprehensive Income

Statements of Changes in Shareholders' Equity

Statements of Cash Flows

Notes to Financial Statements

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2025
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A N N U A L
R E P O R T

2025
.....
B R A N C H
L O C A T I O N S



Looking to the future.



Main Office
25 Kingman Street
St. Albans, VT



Enosburg Falls
140 Main Street
Enosburg Falls, VT



Franklin Park West
1 Franklin Park West
St. Albans, VT

PEOPLES TRUST
Company
The bank with a *heart*

PEOPLES TRUST
Company
The bank with a *heart*

2025

BRANCH
LOCATIONS

2025

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Georgia
1127 Ethan Allen Highway
Georgia, VT



Swanton
123 First Street
Swanton, VT

Customer Service

Local:
(802) 524-2196
Online Banking:
www.PTCVT.com
Telephone Banking:
(802) 524-5054
(800) 203-9575

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March 1, 2026

Dear Peoples Trust Company Shareholder,

Enclosed you will find the Peoples Trust Company 2025 Audited Financial Report. I believe you will be pleased with the results on the accompanying pages. This past year was another one of investment in our communities, through lending, deposit gathering and service to our customers, but also through supporting non-profits and filling much needed volunteerism requests. Our employees continue to pride themselves in giving back and making a difference in our marketplace. This connection with the heart of the community has spanned nearly 140 years, and we feel we've strengthened that even more throughout 2025. The same goes for our Board of Directors who selflessly give of their time, not just at PTC, but for the betterment of the community. They continue to set a strong example.

From a financial standpoint, 2025 saw growth in virtually every financial area of the bank, including increases in total assets, loans and deposits. Net income increased and crossed the \$4 million dollar threshold for the first time in the Company's history. Loan delinquency remains low and is well controlled. Your bank's capital position increased this year and we maintain a strong, well-capitalized balance sheet. Below are a few bullet-point-style financial highlights of the year ending December 31, 2025, compared to the year ending December 31, 2024. You will find additional details in the associated pages of this report:

- **Net income increased by \$526,486, or 14.6%, to \$4,143,646.**
- **Total Assets increased by \$14,873,213, or 4.0%, to \$384,275,762.**
- **Deposits increased by \$13,264,542, or 4.1%, to \$339,186,607.**
- **Net Loans in the owned portfolio increased by \$13,502,015, or 4.9%, to \$286,098,044.**
- **Earnings per share increased to \$7.72 per share as of December 31, 2025.**

Enhancing shareholder value remains a key focus area for us. To that extent, at the February 2026 Board meeting, the Board of Directors voted to again increase the annual dividend to shareholders from \$1.25 per share to \$1.30 per share. In addition to another increase in the dividend payment, the bank was able to purchase and retire 10,330 shares of its stock in 2025, increasing the ownership percentage of the remaining shareholders. These actions support our commitment to maintaining long-term value for all our shareholders.

Our Chief Retail Banking Officer, Barbara Toof, will be officially retiring at the end of April of this year. She has been such an integral part of the *Bank with a Heart* for so many years that it is only fitting that I dedicate this year's annual report to her. Barb has always represented the organization with the highest level of integrity, honesty and respect. We will miss her but like any strong leader, she has helped to ensure that the bank's customers will be well served after her retirement, with a thoughtful perpetuation plan.

Please consider yourself invited to our Annual Shareholder meeting, which will be held on Tuesday, April 21st, 2026, at 10:00am in the Boardroom of our Main Office at 25 Kingman Street in St. Albans. I hope to see many of you there!

On behalf of the Board of Directors, staff and all of us that make up the Peoples Trust Company family, thank you for your continued support throughout the year. It is important to us.

Sincerely,



Thomas J. Gallagher
President/CEO
Peoples Trust Company



As she prepares to retire at the end of April, this year's Annual Report is dedicated to
Barbara Toof in recognition of her years of service,
leadership, and unwavering commitment to our community.

When colleagues, customers, and members of the community
were asked to describe Barb, a common theme quickly emerged:

Barb leads with integrity, shows up consistently,
and earns trust through her actions.

She has a way of being present — for colleagues, customers,
and the broader community.

She doesn't seek recognition, yet her impact is felt everywhere she serves.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Peoples Trust Company of St. Albans

Opinion

We have audited the accompanying financial statements of Peoples Trust Company of St. Albans (the Bank), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peoples Trust Company of St. Albans as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Peoples Trust Company of St. Albans

FINANCIAL STATEMENTS

December 31, 2025 and 2024
With Independent Auditor's Report

Balance Sheets

December 31, 2025 and 2024

In performing an audit in accordance with U.S. GAAS, we:

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

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

BMP Assurance, LLP

Manchester, New Hampshire
February 18, 2026
Vermont Registration No. 192-0134133

ASSETS		
	<u>2025</u>	<u>2024</u>
Cash and due from banks	\$ 5,227,804	\$ 6,843,873
Federal funds sold	13,024,000	1,484,000
Total cash and cash equivalents	<u>18,251,804</u>	8,327,873
Interest bearing deposits with banks	3,111,543	7,560,037
Securities available-for-sale	57,287,556	62,444,455
Nonmarketable equity securities	323,700	323,700
Loans held for sale	1,647,829	-
Loans receivable, net of allowance for credit losses	286,098,044	272,596,029
Bank premises and equipment, net	4,795,839	5,153,868
Accrued interest receivable	1,295,023	1,263,902
Bank owned life insurance	7,561,473	7,346,580
Other assets	3,902,951	4,386,105
Total assets	<u>\$ 384,275,762</u>	<u>\$ 369,402,549</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Demand deposits	\$ 100,424,704	\$ 105,801,512
Savings, NOW, and money market deposits	160,778,615	152,653,835
Time deposits \$250,000 and over	20,910,798	14,647,200
Other time deposits	57,072,490	52,819,518
Total deposits	<u>339,186,607</u>	325,922,065
Repurchase agreements	-	3,250,000
Accrued interest payable and other liabilities	2,753,603	2,400,177
Total liabilities	<u>341,940,210</u>	331,572,242
Stockholders' equity		
Common stock, \$0.50 par value; 2,000,000 shares authorized, 532,108 and 542,438 shares issued and outstanding in 2025 and 2024, respectively	266,054	271,219
Additional paid-in capital	8,381,685	8,381,685
Retained earnings	35,979,708	33,130,602
Accumulated other comprehensive loss	(2,291,895)	(3,953,199)
Total stockholders' equity	<u>42,335,552</u>	37,830,307
Total liabilities and stockholders' equity	<u>\$ 384,275,762</u>	<u>\$ 369,402,549</u>

The accompanying notes are an integral part to these financial statements.

PEOPLES TRUST COMPANY OF ST. ALBANS

Statements of Income

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Interest and dividend income		
Loans	\$ 15,954,689	\$ 13,762,911
Investment securities	1,973,714	1,896,661
Federal funds sold and other interest bearing deposits	<u>587,858</u>	<u>1,158,422</u>
Total interest income	<u>18,516,261</u>	<u>16,817,994</u>
Interest expense		
Deposits	3,179,347	2,658,548
Repurchase agreements	<u>7,461</u>	<u>11,363</u>
Total interest expense	<u>3,186,808</u>	<u>2,669,911</u>
Net interest income	15,329,453	14,148,083
Credit loss expense (reversal) – loans	137,500	(128,026)
Credit loss expense – off-balance sheet credit exposures	<u>198,500</u>	<u>308,026</u>
Total net credit loss expense	<u>336,000</u>	<u>180,000</u>
Net interest income after credit net loss expense	<u>14,993,453</u>	<u>13,968,083</u>
Other income		
Service charges on deposit accounts	659,464	678,744
Other service charges and fees	359,616	316,517
Interchange fees	1,030,842	1,038,027
Gain on sale of loans	342,709	255,336
Loss on sale of securities available-for-sale	(114,803)	(375,709)
Other income	<u>611,946</u>	<u>749,242</u>
Total other income	<u>2,889,774</u>	<u>2,662,157</u>
Other expenses		
Salaries and employee benefits	7,710,795	7,302,973
Occupancy and equipment expense	1,114,817	1,079,208
Software maintenance	991,156	742,862
Interchange expense	573,295	534,893
State franchise tax	372,435	365,212
Other expense	<u>2,403,847</u>	<u>2,263,742</u>
Total other expenses	<u>13,166,345</u>	<u>12,288,890</u>
Income before income taxes	4,716,882	4,341,350
Income tax expense	<u>573,236</u>	<u>724,190</u>
Net income	<u>\$ 4,143,646</u>	<u>\$ 3,617,160</u>
Earnings per common share	<u>\$ 7.72</u>	<u>\$ 6.83</u>

The accompanying notes are an integral part to these financial statements.

PEOPLES TRUST COMPANY OF ST. ALBANS

Statements of Comprehensive Income

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Net income	\$ 4,143,646	\$ 3,617,160
Other comprehensive income (loss), net of tax		
Unrealized gain (loss) on securities available-for-sale		
Unrealized holding gains (losses) arising during period	1,988,113	(734,466)
Less: reclassification adjustment for losses included in net income	<u>114,803</u>	<u>375,709</u>
Other comprehensive income (loss), before tax effect	2,102,916	(358,757)
Tax effect	<u>441,612</u>	<u>(75,339)</u>
Other comprehensive income (loss), net of tax	<u>1,661,304</u>	<u>(283,418)</u>
Total comprehensive income	<u>\$ 5,804,950</u>	<u>\$ 3,333,742</u>

The accompanying notes are an integral part to these financial statements.

PEOPLES TRUST COMPANY OF ST. ALBANS

Statements of Changes in Stockholders' Equity

Years Ended December 31, 2025 and 2024

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, December 31, 2023	\$272,813	\$8,381,685	\$30,316,639	\$ (3,669,781)	\$35,301,356
Net income	-	-	3,617,160	-	3,617,160
Other comprehensive income	-	-	-	(283,418)	(283,418)
Stock buyback	(1,594)	-	(191,972)	-	(193,566)
Cash dividends paid	-	-	(611,225)	-	(611,225)
Balance, December 31, 2024	\$271,219	\$8,381,685	\$33,130,602	\$ (3,953,199)	\$37,830,307
Net income	-	-	4,143,646	-	4,143,646
Other comprehensive loss	-	-	-	1,661,304	1,661,304
Stock buyback	(5,165)	-	(638,733)	-	(643,898)
Cash dividends paid	-	-	(655,807)	-	(655,807)
Balance, December 31, 2025	<u>\$266,054</u>	<u>\$8,381,685</u>	<u>\$35,979,708</u>	<u>\$ (2,291,895)</u>	<u>\$42,335,552</u>

The accompanying notes are an integral part to these financial statements.

PEOPLES TRUST COMPANY OF ST. ALBANS

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Net income	\$ 4,143,646	\$ 3,617,160
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	427,497	432,391
Net credit loss expense	336,000	180,000
Deferred income taxes	(190,331)	(221,457)
Gain on sale of loans	(342,709)	(255,336)
Loss on sale of securities available-for-sale	114,803	375,709
Net amortization of premiums and discounts on securities	353,092	430,614
(Increase) decrease in loans held for sale	(1,305,120)	546,703
Net decrease (increase) in deferred loan origination costs	14,272	(10,915)
Increase in accrued interest receivable	(31,121)	(33,589)
Increase in cash surrender value of life insurance	(214,893)	(203,537)
Decrease (increase) in other assets	231,873	(569,183)
Increase in accrued expenses and other liabilities	154,926	526,514
Net cash provided by operating activities	<u>3,691,935</u>	<u>4,815,074</u>
Cash flows from investing activities		
Decrease in interest bearing deposits with banks	4,448,494	9,106,515
Proceeds from sales, calls, and maturities of securities available-for-sale	8,195,190	21,941,410
Purchase of securities available-for-sale	(1,403,270)	(12,807,258)
Net change in loans	(13,653,787)	(37,358,614)
Additions to premises and equipment	(69,468)	(440,394)
Net cash used by investing activities	<u>(2,482,841)</u>	<u>(19,558,341)</u>
Cash flows from financing activities		
Net change in deposits	13,264,542	8,334,340
Net change in securities sold under agreements to repurchase	(3,250,000)	-
Repurchase of common stock	(643,898)	(193,566)
Dividends paid	(655,807)	(611,225)
Net cash provided by financing activities	<u>8,714,837</u>	<u>7,529,549</u>
Net (decrease) increase in cash	<u>9,923,931</u>	<u>(7,213,718)</u>
Cash and cash equivalents, beginning of year	<u>8,327,873</u>	<u>15,541,591</u>
Cash and cash equivalents, end of year	<u>\$ 18,251,804</u>	<u>\$ 8,327,873</u>
Supplementary cash flow information:		
Cash payment for interest	\$ 3,170,901	\$ 2,652,736
Cash payment for income taxes	\$ 275,000	\$ 602,000

The accompanying notes are an integral part to these financial statements.

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

1. **Significant Accounting Policies**

The accounting policies of Peoples Trust Company of St. Albans (the Bank) are in conformity with U.S. generally accepted accounting principles (U.S. GAAP). The following is a description of the more significant policies.

Nature of Operations

The Bank provides a variety of financial services to individuals, municipalities, commercial, and non-profit customers through its branches in northwestern Vermont, which is primarily a small business and agricultural area. The Bank's primary deposit products are checking and savings accounts and certificates of deposit. Its primary lending products are commercial, real estate, agricultural, agricultural real estate, equity, municipal, and consumer loans.

Concentration of Risk

The Bank's operations are affected by various risk factors, including interest-rate risk, credit risk, and risk from geographic concentration of lending activities. Management attempts to manage interest rate risk through various asset/liability management techniques designed to match maturities of assets and liabilities. Loan policies and administration are designed to provide assurance that loans will only be granted to credit-worthy borrowers, although credit losses are expected to occur because of subjective factors and factors beyond the control of the Bank. In addition, the Bank is a community bank and, as such, is mandated by the Community Reinvestment Act and other regulations to conduct most of its lending activities within the geographic area where it is located. Although the Bank has a diversified loan portfolio, a substantial portion of its loan portfolio is secured by real estate and most of its lending activities are conducted in northern Vermont. As a result, the Bank and its borrowers may be especially vulnerable to the consequences of changes in the local economy and real estate market conditions. Note 3 discusses the types of investments the Bank invests in, and Note 5 discusses the type of lending the Bank engages in.

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses, accumulated depreciation based on estimated useful lives of assets, the valuation of foreclosed real estate, and deferred tax assets. In connection with the determination of the allowance for loan losses and the carrying value of other real estate owned, management obtains independent appraisals for significant properties.

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

Presentation of Cash Flows

For purposes of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand and amounts due from banks, including cash items in process of clearing.

Investment Securities

Debt securities are classified as available-for-sale and recorded at fair value with unrealized gains and losses excluded from earnings and reported in other comprehensive income net of tax. Purchase premiums and discounts are recognized in interest income using methods approximating the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Allowance for Credit Losses – Available-For-Sale Debt Securities

For available-for-sale debt securities in an unrealized loss position, the Bank first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost 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 income. For available-for-sale debt securities that do not meet the aforementioned criteria, the Bank evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit loss (ACL) is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an ACL is recognized in other comprehensive income.

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

Accrued interest receivable on available-for-sale debt securities totaled \$380,194 and \$413,735 at December 31, 2025 and 2024, respectively, and was reported in accrued interest receivable on the balance sheets and is excluded from the estimate of credit losses.

Nonmarketable Equity Securities

As a member of the Federal Home Loan Bank (FHLB), the Bank is required to invest in \$100 par value stock of FHLB. The carrying amount of the investment, at cost, was \$223,700 at December 31, 2025 and 2024. The stock is nonmarketable and, when redeemed, the Bank will receive from the FHLB an amount equal to the par value of the stock.

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

As a member of Atlantic Community Banker's Bank (ACBB), the Bank is required to invest in \$250 par value stock of ACBB. The carrying amount of the investment, at cost, was \$100,000 at December 31, 2025 and 2024. The stock is nonmarketable and, when redeemed, the Bank will receive from ACBB an amount equal to the par value of the stock.

Bank Owned Life Insurance

The Bank has purchased life insurance policies on certain key employees. The Bank owned life insurance (BOLI) is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at amortized cost, net of the ACL. Amortized cost is the principal balance outstanding, net of deferred loan fees and costs. Accrued interest receivable on loans totaled \$914,829 and \$850,167 at December 31, 2025 and 2024, respectively, and was reported in accrued interest receivable on the balance sheets and is excluded from the estimate of credit losses. Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate.

Loan interest income is accrued daily on the unpaid principal balance. Accrual of interest is discontinued when a loan is delinquent 90 days and management believes that, after considering collection efforts and other factors, the borrower's financial condition is such that collection of interest is doubtful. Any unpaid interest previously accrued on those loans is reversed from income. Interest income generally is not recognized on non-accrual loans unless the likelihood of further loss is remote. Interest payments received on such loans are generally applied as a reduction of the loan principal balance. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. Loans are charged off when collection of principal is considered doubtful. Past due status is determined on a contractual basis.

Loan origination and commitment fees and certain direct loan origination costs are deferred and amortized as an adjustment of the related loan's yield using methods that approximate the interest method. The Bank amortizes these amounts over the contractual life.

Allowance for Credit Losses - Loans

The ACL is a valuation account that is deducted from the loans amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Management evaluates the appropriateness of the ACL on loans quarterly. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant change from period-to-period.

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

Management estimates the ACL balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. A reversion methodology is applied beyond the reasonable and supportable forecasts. Qualitative adjustments are then considered for differences in current loan-specific risk characteristics, such as differences in underwriting standards, portfolio mix, delinquency level, or term, as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors that may include, but are not limited to, results of internal loan reviews, examinations by bank regulatory agencies, or other events such as a natural disaster.

The ACL on loans represents the Bank's estimated credit losses within its loan portfolio as of the reporting date. To estimate expected credit losses, management disaggregates the loan portfolio into pools of similar risk characteristics. The Bank's loan portfolio is segmented as follows based on the various risk profiles of the Bank's loans:

- The commercial loan portfolio is segmented into two categories: (i) commercial, which is typically utilized for general business purposes and (ii) commercial real estate, which is collateralized by real estate.
- Retail loans are a homogenous group, generally consisting of standardized products that are smaller in amount and distributed over a larger number of individual borrowers. Retail loans are segmented into eight categories: (i) agricultural real estate, (ii) agricultural other, (iii) residential real estate, (iv) home equity, (v) municipal, (vi) Small Business Association (SBA) non real estate secured, (vii) SBA real estate secured, and (viii) consumer.

The Bank uses the weighted average remaining maturity (WARM) method to estimate expected credit losses for all but two portfolio segments, which use the vintage and static pool analysis. Under the WARM method, the Bank establishes a historical loss rate for each portfolio segment, utilizing either its own historical loss data, peer loss data, or a combination of the two data sources. This historical loss rate is then adjusted for management's reasonable and supportable forecast. For all portfolio segments utilizing the WARM method, management utilizes and forecasts national unemployment as a loss driver. Management monitors and assesses its macroeconomic driver regularly to determine if or that it continues to be the most predictive indicator of losses within the Bank's loan portfolio, and this macroeconomic driver may change from time to time.

Management has determined that 14 quarters represents a reasonable and supportable forecast period and reverts back to its historical loss rate over eight quarters on a straight-line basis. This determination is based on the facts and circumstances of the current state of the economy, portfolio segment, and management's judgement of what can be reasonably supported. Management leverages economic projections from a reputable and independent third party to inform its loss driver forecasts over the 14-quarter forecast period. Management monitors and assesses the forecast and reversion techniques regularly.

The resulting loss rate is then applied to the portfolio segment over its estimated remaining life. A portfolio segment's estimated remaining life is determined by calculating an annual attrition rate on a quarterly basis using the Bank's loan-level data. The estimated remaining life is then calculated as the average of the quarterly annual attrition rates. The principal balance of the portfolio segment is then paid down on a straight-line basis over the estimated remaining life. Any qualitative adjustments, as described above, are then applied to the portfolio segment to derive the Bank's expected credit losses for the portfolio segment.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. In general, loans individually evaluated for estimated credit losses include those (i) greater than \$100,000 that are classified as substandard or doubtful, (ii) greater than \$50,000 that are on non-accrual, or (iii) have other unique characteristics. Specific reserves are established when appropriate for such loans based on the present value of expected future cash flows of the loan. However, when management determines that foreclosure is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Management may also adjust its assumptions to account for differences between expected and actual losses from period-to-period. The variability of management's assumptions could alter the ACL on loans materially and impact future results of operations and financial condition. The loss estimation models and methods used to determine the ACL are continually refined and enhanced.

In the ordinary course of business, the Bank enters into commitments to extend credit, including commercial letters of credit and standby letters of credit. Such financial instruments are recorded as loans when they are funded.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Bank estimates expected credit losses over the contractual period in which the Bank is exposed to credit risk via a contractual obligation to extend credit unless that obligation is unconditionally cancellable by the Bank. The ACL on off-balance sheet credit exposures is adjusted through credit loss expense. To appropriately measure expected credit losses, management disaggregates the off-balance sheet credit exposures into similar risk characteristics, identical to those determined for the loan portfolio. Once the expected funded amount for each portfolio segment is determined, the loss rate, which is the calculated expected loan loss as a percentage of the amortized cost basis for each portfolio segment, is applied to calculate the ACL on off-balance sheet credit exposures as of the reporting date. As of December 31, 2025 and 2024, the Bank had recognized an ACL on off-balance sheet credit exposures of \$560,131 and \$361,631, respectively, which is recorded in accrued expenses and other liabilities on the balance sheets.

Bank Premises and Equipment

Bank premises and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The cost of assets sold or otherwise disposed of and the related allowance for depreciation is eliminated from the accounts and the resulting gains or losses are reflected in the income statement. Maintenance and repairs are charged to current expense as incurred and the cost of major renewals and betterments are capitalized.

Other Real Estate Owned

Real estate properties acquired through or in lieu of loan foreclosure are initially recorded at the lower of the Bank's carrying amount or fair value less estimated selling costs at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for credit losses. After foreclosure, these assets are carried at the lower of their new cost basis or fair value less cost to sell. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. Valuations are periodically performed by management, and any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its costs or fair value less cost to sell.

Mortgage Servicing

Servicing assets are recognized as separate assets when rights are acquired through purchase or sale of financial assets. When the Bank acquires mortgage servicing rights through either the purchase or origination of mortgage loans (originated mortgage servicing rights) and sells or securitizes those loans with servicing rights retained, it allocates the total cost of the mortgage loans to the mortgage servicing rights and the loans (without the mortgage servicing rights) based on their relative fair values. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. The cost of mortgage servicing rights is amortized in proportion to, and over the period of, estimated net servicing revenues. Impairment of mortgage servicing rights is assessed annually based on the fair value of those rights. Fair values are estimated using discounted cash flows based on a current market interest rate and are included in other assets on the balance sheets.

Pension Plan

Pension costs relating to the Bank's defined contribution plan are charged to employee benefits expense and are funded as accrued.

Advertising Costs

The Bank expenses advertising costs as incurred. Expenses of \$132,043 and \$150,311 were incurred during the years ended December 31, 2025 and 2024, respectively.

Income Taxes

The Bank recognizes income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are established for the temporary differences between the accounting basis and the tax basis of the Bank's assets and liabilities at enacted tax rates expected to be in effect when the amounts related to such temporary differences are realized or settled. Adjustments to the Bank's deferred tax assets are recognized as deferred income tax expense or benefit based on management's judgments relating to the realizability of such assets. Historic rehabilitation, low income housing, and new markets tax credits are recognized as a reduction of income tax expense in the years they are earned.

U.S. GAAP prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Management reviews the inventory of tax positions taken at each reporting period to assess the more-likely-than-not recognition threshold. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold are derecognized in the first subsequent financial reporting period in which that threshold is no longer met.

Off-Balance-Sheet Financial Instruments

In the ordinary course of business, the Bank is party to off-balance-sheet financial instruments consisting of commitments to extend credit, unused lines of credit, commercial letters of credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable.

Earnings Per Common Share

Earnings per common share are computed based on the weighted average number of shares of common stock outstanding during the period, retroactively adjusted for stock splits. The weighted average shares outstanding were 536,528 and 543,387 for the years ended December 31, 2025 and 2024, respectively.

Transfer and Servicing of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Revenue Recognition

The Bank recognizes revenue from contracts with customers when it satisfies its performance obligations. The Bank's performance obligations are generally satisfied as services are rendered and can either be satisfied at a point in time or over time. The majority of the Bank's revenue-generating transactions are not subject to Accounting Standards Codification (ASC) 606, including revenue generated from financial instruments, such as loans, derivatives and investment securities, and revenue related to mortgage servicing activities.

Revenues for the Bank subject to ASC 606 include customer service fees in the statements of income. These fees are made up of service charges and fees on deposit accounts that are recognized at a point in time, including non-sufficient funds fees, overdraft charge fees and stop-payment fees. Such revenue is derived from transactional information and is recognized as revenue immediately as the transactions occur or upon providing the service to complete the customer's transaction. Payment is generally received at the time the performance obligations are satisfied.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

2. Restrictions on Cash and Cash Equivalents

The Bank is required to maintain reserve and clearing balances in cash with ACBB. The totals of the reserve balances were approximately \$500,000 at December 31, 2025 and 2024.

The nature of the Bank's business requires that it maintain amounts due from banks, which, at times, may exceed federally insured limits.

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

3. Investment Securities

Securities available-for-sale (AFS) consists of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2025				
U.S. Government and Federal Agencies	\$ 9,643,347	\$ 54,677	\$ (252,950)	\$ 9,445,074
Mortgage-backed securities	22,465,299	243,103	(949,171)	21,759,231
State and municipal securities	28,080,044	45,978	(2,042,771)	26,083,251
	<u>\$ 60,188,690</u>	<u>\$ 343,758</u>	<u>\$ (3,244,892)</u>	<u>\$ 57,287,556</u>
December 31, 2024				
U.S. Government and Federal Agencies	\$ 10,199,854	\$ 4,906	\$ (545,794)	\$ 9,658,966
Mortgage-backed securities	26,461,475	11,258	(1,674,605)	24,798,128
State and municipal securities	30,787,176	33,889	(2,833,704)	27,987,361
	<u>\$ 67,448,505</u>	<u>\$ 50,053</u>	<u>\$ (5,054,103)</u>	<u>\$ 62,444,455</u>

There were 12 sales of securities available-for-sale in 2025 for a loss of \$114,803. Gross realized losses on sales of investments available-for-sale were \$375,709 in 2024.

The scheduled maturities of securities available-for-sale at December 31, 2025 were as follows:

	Amortized Cost	Fair Value
Due within one year	\$ 1,605,909	\$ 1,591,330
Due from one to five years	9,361,534	9,048,898
Due from five to ten years	3,089,371	2,858,952
Due in greater than ten years	23,666,577	22,029,145
Mortgage-backed securities	22,465,299	21,759,231
	<u>\$ 60,188,690</u>	<u>\$ 57,287,556</u>

Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

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Notes to Financial Statements

December 31, 2025 and 2024

There were no assets pledged to secure public deposits or for other purposes required or permitted by law at December 31, 2025. Assets, principally securities, with an amortized cost of \$4,283,679 and with a fair value of \$4,094,279 at December 31, 2024 were pledged to secure public deposits and for other purposes required or permitted by law.

The following tables summarize AFS debt securities in an unrealized loss position for which an ACL has not been recorded at December 31, 2025 and 2024, aggregated by major security type and length of time in a continuous unrealized loss position:

	Less Than 12 Months Gross Unrealized Losses		12 Months or Greater Gross Unrealized Losses		Total Gross Unrealized Losses	
	Fair Value		Fair Value			
December 31, 2025						
U.S. Government and Federal Agencies	\$ -	\$ -	\$ 6,403,845	\$ (252,950)	\$ 6,403,845	\$ (252,950)
Mortgage-backed securities	-	-	9,650,612	(949,171)	9,650,612	(949,171)
State and municipal securities	506,360	(165)	22,574,626	(2,042,606)	23,080,986	(2,042,771)
Total	<u>\$ 506,360</u>	<u>\$ (165)</u>	<u>\$ 38,629,083</u>	<u>\$ (3,244,727)</u>	<u>\$ 39,135,443</u>	<u>\$ (3,244,892)</u>
December 31, 2024						
U.S. Government and Federal Agencies	\$ 501,216	\$ (7,322)	\$ 8,189,201	\$ (538,472)	\$ 8,690,417	\$ (545,794)
Mortgage-backed securities	12,337,874	(118,860)	10,996,297	(1,555,745)	23,334,171	(1,674,605)
State and municipal securities	6,506,540	(139,337)	20,190,203	(2,694,367)	26,696,743	(2,833,704)
Total	<u>\$ 19,345,630</u>	<u>\$ (265,519)</u>	<u>\$ 39,375,701</u>	<u>\$ (4,788,584)</u>	<u>\$ 58,721,331</u>	<u>\$ (5,054,103)</u>

The unrealized losses on the available-for-sale debt securities at December 31, 2025 and 2024 have not been recognized into income because management does not intend to sell and it is not more-likely-than-not it will be required to sell any of the available-for-sale debt securities before recovery of its amortized cost basis. Furthermore, the unrealized losses were due to changes in interest rates and other market conditions, were not reflective of credit events and the issuers continue to make timely principal and interest payments on the bonds. Agency-backed and government-sponsored enterprise securities have a long history with no credit losses, including during times of severe stress. The principal and interest payments on agency-guaranteed debt are backed by the U.S. government. Government-sponsored enterprises similarly guarantee principal and interest payments and carry an implicit guarantee from the U.S. Department of the Treasury. Additionally, government-sponsored enterprise securities are exceptionally liquid, readily marketable, and provide a substantial amount of price transparency and price parity, indicating a perception of zero credit losses.

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Notes to Financial Statements

December 31, 2025 and 2024

4. Loan Servicing

Mortgage loans serviced for others are not included in the accompanying balance sheets. The unpaid principal balances of mortgage loans serviced for others were \$141,389,911 and \$136,609,789 at December 31, 2025 and 2024, respectively. The carrying value of mortgage servicing rights was \$481,371 and \$509,862 at December 31, 2025 and 2024, respectively. Mortgage service rights of \$140,318 and \$88,908 were capitalized in 2025 and 2024, respectively. Amortization of capitalized mortgage servicing rights was \$168,809 and \$168,984 in 2025 and 2024, respectively.

5. Loans

The composition of net loans at December 31 is as follows:

	<u>2025</u>	<u>2024</u>
Residential real estate	\$ 53,336,106	\$ 68,731,377
Commercial real estate	143,473,147	118,902,410
Commercial	10,376,121	10,936,318
Agricultural real estate	22,065,654	19,776,775
Agricultural	1,017,559	824,580
Equity	27,294,835	23,659,004
Consumer	8,812,599	10,755,384
Municipal	21,015,214	20,013,117
SBA non-real estate secured	143,884	214,454
SBA real estate secured	<u>2,349,865</u>	<u>2,512,152</u>
Gross loans	289,884,984	276,325,571
Net deferred loan costs	42,128	56,397
Allowance for credit losses	<u>(3,829,068)</u>	<u>(3,785,939)</u>
Net loans	<u>\$ 286,098,044</u>	<u>\$ 272,596,029</u>

For purposes of determining the ACL on loans, the Bank disaggregates its loans into portfolio segments. Each portfolio segment possesses unique risk characteristics that are considered when determining the appropriate level of allowance. As of December 31, 2025 and 2024, the Bank's loan portfolio segments, as determined based on the unique risk characteristics of each, included the following:

Agricultural Real Estate – Loans in this segment are collateralized by land owned by an income producing agricultural business. The underlining cash flows generated by the business are impacted by the price of the product (milk or syrup) produced by the business.

Agricultural – Loans in this segment are made to agricultural businesses, primarily dairy farm and maple operations, and are generally secured by assets of the entity. For these loans, repayment is expected from the cash flows of the business.

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Notes to Financial Statements

December 31, 2025 and 2024

Commercial – Loans in this segment are made to businesses and are generally secured by assets of the entity. For loans made to businesses, repayment is expected from the cash flows of the business. A weakened economy, and resultant decreased consumer spending, will have an effect on the credit quality of these loans.

Commercial Real Estate – Loans in this segment are primarily income-producing properties or properties occupied by businesses. The underlying cash flows generated by the properties are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates or a general slowdown in business which, in turn, will have an effect on the credit quality of this segment.

Equity – Equity loans and lines of credit are made to qualified individuals and are secured by senior or junior mortgage liens on owner-occupied and non-owner-occupied one-to-four family homes, condominiums, or vacation homes. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality of this segment.

Consumer – Consumer loan products include amortizing loans made to qualified individuals for various purposes such as auto loans, debt consolidation, personal expenses, or overdraft protection. Repayment of loans in this segment is generally dependent on the credit quality of the individual borrower.

Municipal – Loans in this segment are made to local cities, towns, villages, school districts and other small government entities such as water districts, sewer districts, and volunteer fire departments. These loans are made to primarily cover operating and capital expenses of the municipality. For these loans, repayment is primarily dependent on taxes or other funds collected by the municipalities. Management considers there to be minimal risk surrounding the credit quality of these loans.

Residential Real Estate – Loans in this segment are collateralized by owner-occupied and non-owner-occupied residential real estate and repayment is dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality of this segment.

SBA Non-Real Estate Secured – Loans in this segment are made to small businesses and are generally secured by assets of the entity. Repayment is expected from the cash flows of the business. Loans in this segment carry a government guarantee from the SBA at generally no less than 50% of the outstanding principal balance.

SBA Real Estate Secured – Loans in this segment are primarily income-producing properties or properties occupied by businesses. Repayment is expected from the cash flows of the business. Loans in this segment carry a government guarantee from the SBA at generally no less than 50% of the outstanding principal balance.

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Notes to Financial Statements

December 31, 2025 and 2024

6. Allowance for Credit Losses

The following table summarizes changes in the ACL, by portfolio segment, for the year ended December 31, 2025:

	Residential Real Estate	Commercial Real Estate	Commercial	Agricultural Real Estate	Agricultural	Equity	Consumer	Municipal	SBA Non Real Estate Secured	SBA Real Estate Secured	Unallocated	Total
Allowance for credit losses												
Balance, December 31, 2024	\$ 967,261	\$ 1,359,180	\$ 193,119	\$ 343,833	\$ 27,219	\$ 499,864	\$ 152,549	\$ 172,313	\$ 7,498	\$ 55,376	\$ 7,727	\$ 3,785,939
Credit loss expense (reversal)	(226,166)	240,020	42,250	32,629	4,953	49,427	(51,679)	8,628	(657)	(4,245)	42,340	137,500
Loans charged off	(5,586)	-	(57,710)	-	-	-	(65,608)	-	-	-	-	(128,904)
Recoveries	-	23,265	436	-	1,418	3,977	5,437	-	-	-	-	34,533
Balance, December 31, 2025	\$ 735,509	\$ 1,622,465	\$ 178,095	\$ 376,462	\$ 33,590	\$ 553,268	\$ 40,699	\$ 180,941	\$ 6,841	\$ 51,131	\$ 50,067	\$ 3,829,068

The following table summarizes changes in the ACL, by portfolio segment, for the year ended December 31, 2024:

	Residential Real Estate	Commercial Real Estate	Commercial	Agricultural Real Estate	Agricultural	Equity	Consumer	Municipal	SBA Non Real Estate Secured	SBA Real Estate Secured	Unallocated	Total
Allowance for credit losses												
Balance, December 31, 2023	\$ 755,981	\$ 1,330,616	\$ 235,002	\$ 528,968	\$ 80,705	\$ 495,227	\$ 300,055	\$ 140,857	\$ 15,482	\$ 65,393	\$ 51,469	\$ 3,999,755
Credit loss expense (reversal)	208,736	37,647	21,515	(185,135)	(55,442)	(10,617)	(114,443)	31,456	(7,984)	(10,017)	(43,742)	(128,026)
Loans charged off	(26,972)	(29,516)	(64,254)	-	-	-	(45,605)	-	-	-	-	(166,347)
Recoveries	29,516	20,433	856	-	1,956	15,254	12,542	-	-	-	-	80,557
Balance, December 31, 2024	\$ 967,261	\$ 1,359,180	\$ 193,119	\$ 343,833	\$ 27,219	\$ 499,864	\$ 152,549	\$ 172,313	\$ 7,498	\$ 55,376	\$ 7,727	\$ 3,785,939

PEOPLES TRUST COMPANY OF ST. ALBANS

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Credit Quality Indicators

To further identify loans with similar risk profiles, the Bank categorizes each portfolio segment into classes by credit risk characteristic and applies a credit quality indicator to each portfolio segment. In general, risk ratings are adjusted periodically throughout the year as updated analysis and review warrants. This process may include, but is not limited to, annual credit and loan reviews, periodic reviews of loan performance metrics, such as delinquency rates, and quarterly reviews of adversely risk rated loans. The Bank uses the following definitions when assessing grades for the purpose of evaluating the risk and adequacy of the ACL on loans:

1-3 Rating - Satisfactory

Risk-rating grades "1" through "3" comprise those loans ranging from lower than average credit risk which indicates borrowers with high liquidity, excellent financial condition, strong management, favorable industry trends or loans secured by highly liquid assets through marginal credit risk which, while credit worthy, exhibit some characteristics which require special attention by the account officer.

4 Rating - Watch

These loans are characterized by adequate collateral but recent declining financial, reporting, or management trends such as marginal cash flow, marginal profitability, etc.

5 Rating - Other Assets Especially Mentioned (OAEM)

Special mention assets have potential weaknesses that deserve management's close attention and monitoring until resolved. OAEMs are not adversely classified and do not expose the Bank to sufficient risk to warrant adverse classification currently but might warrant adverse classification if correction of the weakness does not take place in the short term.

6 Rating - Substandard

Loans rated substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged. Assets have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if deficiencies are not corrected.

7 Rating - Doubtful

An asset classified doubtful has all the weaknesses inherent in one classified substandard, with the added characteristic that weaknesses make collection or liquidation in full, on the basis of existing facts, conditions, and values, highly questionable and improbable.

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Based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

	Term Loans Amortized by Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2025	2024	2023	2022	2021	Prior			
December 31, 2025									
Agricultural real estate									
Satisfactory	\$ 6,372,118	\$ 2,364,191	\$ 1,269,982	\$ 1,792,252	\$ 1,465,632	\$ 7,832,604	\$ 598,055	\$ -	\$ 21,694,834
Watch	-	-	-	-	-	302,105	-	-	302,105
OAEM	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	68,715	-	-	68,715
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 6,372,118</u>	<u>\$ 2,364,191</u>	<u>\$ 1,269,982</u>	<u>\$ 1,792,252</u>	<u>\$ 1,465,632</u>	<u>\$ 8,203,424</u>	<u>\$ 598,055</u>	<u>\$ -</u>	<u>\$ 22,065,654</u>
Agricultural real estate:									
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agricultural:									
Satisfactory	\$ 57,753	\$ 50,192	\$ 332,479	\$ 139,650	\$ 139,829	\$ 49,599	\$ 220,597	\$ -	\$ 990,099
Watch	-	-	-	-	-	27,460	-	-	27,460
OAEM	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 57,753</u>	<u>\$ 50,192</u>	<u>\$ 332,479</u>	<u>\$ 139,650</u>	<u>\$ 139,829</u>	<u>\$ 77,059</u>	<u>\$ 220,597</u>	<u>\$ -</u>	<u>\$ 1,017,559</u>
Agricultural:									
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial:									
Satisfactory	\$ 2,114,015	\$ 2,193,515	\$ 1,772,598	\$ 1,334,961	\$ 778,476	\$ 1,135,270	\$ 872,232	\$ -	\$ 10,201,067
Watch	-	4,539	18,214	43,306	26,878	20,608	-	-	113,545
OAEM	-	-	-	-	-	-	-	-	-
Substandard	-	-	61,509	-	-	-	-	-	61,509
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 2,114,015</u>	<u>\$ 2,198,054</u>	<u>\$ 1,852,321</u>	<u>\$ 1,378,267</u>	<u>\$ 805,354</u>	<u>\$ 1,155,878</u>	<u>\$ 872,232</u>	<u>\$ -</u>	<u>\$ 10,376,121</u>
Commercial:									
Current period gross write offs	\$ -	\$ 1,317	\$ 28,246	\$ -	\$ -	\$ 28,147	\$ -	\$ -	\$ 57,710
Commercial real estate:									
Satisfactory	\$ 30,965,826	\$ 16,875,593	\$ 25,112,465	\$ 21,287,732	\$ 13,701,259	\$ 24,039,855	\$ 8,354,632	\$ -	\$ 140,337,362
Watch	-	-	-	-	165,573	2,970,212	-	-	3,135,785
OAEM	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 30,965,826</u>	<u>\$ 16,875,593</u>	<u>\$ 25,112,465</u>	<u>\$ 21,287,732</u>	<u>\$ 13,866,832</u>	<u>\$ 27,010,067</u>	<u>\$ 8,354,632</u>	<u>\$ -</u>	<u>\$ 143,473,147</u>
Commercial real estate:									
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential real estate:									
Satisfactory	\$ 6,390,560	\$ 6,487,894	\$ 4,382,670	\$ 11,585,269	\$ 7,715,605	\$ 13,839,844	\$ 2,411,465	\$ -	\$ 52,813,307
Watch	-	-	-	-	-	211,436	-	-	211,436
OAEM	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	89,550	-	221,813	-	-	311,363
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 6,390,560</u>	<u>\$ 6,487,894</u>	<u>\$ 4,382,670</u>	<u>\$ 11,674,819</u>	<u>\$ 7,715,605</u>	<u>\$ 14,273,093</u>	<u>\$ 2,411,465</u>	<u>\$ -</u>	<u>\$ 53,336,106</u>
Residential real estate:									
Current period gross write offs	\$ -	\$ -	\$ -	\$ 5,586	\$ -	\$ -	\$ -	\$ -	\$ 5,586
Equity:									
Satisfactory	\$ 1,986,720	\$ 1,872,336	\$ 1,304,383	\$ 364,759	\$ 78,938	\$ 1,915,437	\$ 19,772,262	\$ -	\$ 27,294,835
Watch	-	-	-	-	-	-	-	-	-
OAEM	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 1,986,720</u>	<u>\$ 1,872,336</u>	<u>\$ 1,304,383</u>	<u>\$ 364,759</u>	<u>\$ 78,938</u>	<u>\$ 1,915,437</u>	<u>\$ 19,772,262</u>	<u>\$ -</u>	<u>\$ 27,294,835</u>
Equity:									
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

	Term Loans Amortized by Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2025	2024	2023	2022	2021	Prior			
December 31, 2025 (Continued)									
Consumer:									
Satisfactory	\$ 1,594,884	\$ 1,259,366	\$ 593,425	\$ 129,910	\$ 62,289	\$ 17,506	\$ 5,155,219	\$ -	\$ 8,812,599
Substandard	-	-	-	-	-	-	-	-	-
Total	<u>\$ 1,594,884</u>	<u>\$ 1,259,366</u>	<u>\$ 593,425</u>	<u>\$ 129,910</u>	<u>\$ 62,289</u>	<u>\$ 17,506</u>	<u>\$ 5,155,219</u>	<u>\$ -</u>	<u>\$ 8,812,599</u>
Consumer:									
Current period gross write offs	\$ -	\$ -	\$ 15,002	\$ 24,388	\$ -	\$ 26,218	\$ -	\$ -	\$ 65,608
Municipal:									
Satisfactory	\$ 1,200,564	\$ 966,152	\$ 2,934,254	\$ 3,139,025	\$ 3,979,864	\$ 1,148,559	\$ 7,646,796	\$ -	\$ 21,015,214
Substandard	-	-	-	-	-	-	-	-	-
Total	<u>\$ 1,200,564</u>	<u>\$ 966,152</u>	<u>\$ 2,934,254</u>	<u>\$ 3,139,025</u>	<u>\$ 3,979,864</u>	<u>\$ 1,148,559</u>	<u>\$ 7,646,796</u>	<u>\$ -</u>	<u>\$ 21,015,214</u>
Municipal:									
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SBA non-real estate secured:									
Satisfactory	\$ -	\$ -	\$ 5,187	\$ 49,866	\$ 9,256	\$ 79,575	\$ -	\$ -	\$ 143,884
Substandard	-	-	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,187</u>	<u>\$ 49,866</u>	<u>\$ 9,256</u>	<u>\$ 79,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,884</u>
SBA non-real estate secured:									
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SBA real estate secured:									
Satisfactory	\$ -	\$ 238,451	\$ 76,519	\$ 496,926	\$ 101,398	\$ 1,165,291	\$ 271,280	\$ -	\$ 2,349,865
OAEM	-	-	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 238,451</u>	<u>\$ 76,519</u>	<u>\$ 496,926</u>	<u>\$ 101,398</u>	<u>\$ 1,165,291</u>	<u>\$ 271,280</u>	<u>\$ -</u>	<u>\$ 2,349,865</u>
SBA real estate secured:									
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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December 31, 2025 and 2024

	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
December 31, 2024								
Agricultural real estate								
Satisfactory	\$ 2,397,182	\$ 1,635,958	\$ 1,934,016	\$ 1,032,181	\$ 11,340,635	\$ 614,437	\$ -	\$ 18,954,409
Watch	-	-	-	-	648,340	-	-	648,340
OAEM	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	174,026	-	-	174,026
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 2,397,182</u>	<u>\$ 1,635,958</u>	<u>\$ 1,934,016</u>	<u>\$ 1,032,181</u>	<u>\$ 12,163,001</u>	<u>\$ 614,437</u>	<u>\$ -</u>	<u>\$ 19,776,775</u>
Agricultural real estate: Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agricultural:								
Satisfactory	\$ -	\$ 342,835	\$ 175,110	\$ 176,742	\$ 87,870	\$ 10,500	\$ -	\$ 793,057
Watch	-	-	-	-	31,523	-	-	31,523
OAEM	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 342,835</u>	<u>\$ 175,110</u>	<u>\$ 176,742</u>	<u>\$ 119,393</u>	<u>\$ 10,500</u>	<u>\$ -</u>	<u>\$ 824,580</u>
Agricultural: Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial:								
Satisfactory	\$ 2,932,326	\$ 2,414,974	\$ 1,914,720	\$ 1,711,048	\$ 840,926	\$ 988,708	\$ -	\$ 10,802,702
Watch	-	25,134	-	54,084	54,398	-	-	133,616
OAEM	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 2,932,326</u>	<u>\$ 2,440,108</u>	<u>\$ 1,914,720</u>	<u>\$ 1,765,132</u>	<u>\$ 895,324</u>	<u>\$ 988,708</u>	<u>\$ -</u>	<u>\$ 10,936,318</u>
Commercial: Current period gross write offs	\$ -	\$ -	\$ 49,000	\$ -	\$ 15,254	\$ -	\$ -	\$ 64,254
Commercial real estate:								
Satisfactory	\$ 15,644,877	\$ 21,130,856	\$ 26,177,162	\$ 16,606,447	\$ 32,448,567	\$ 3,547,540	\$ -	\$ 115,555,449
Watch	-	-	-	172,572	3,156,911	13,657	-	3,343,140
OAEM	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	3,821	-	-	3,821
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 15,644,877</u>	<u>\$ 21,130,856</u>	<u>\$ 26,177,162</u>	<u>\$ 16,779,019</u>	<u>\$ 35,609,299</u>	<u>\$ 3,561,197</u>	<u>\$ -</u>	<u>\$ 118,902,410</u>
Commercial real estate: Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ 29,516	\$ -	\$ -	\$ 29,516
Residential real estate:								
Satisfactory	\$ 17,477,949	\$ 14,092,325	\$ 12,542,096	\$ 8,060,206	\$ 15,993,031	\$ -	\$ -	\$ 68,165,607
Watch	-	-	-	-	324,557	-	-	324,557
OAEM	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	241,213	-	-	241,213
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 17,477,949</u>	<u>\$ 14,092,325</u>	<u>\$ 12,542,096</u>	<u>\$ 8,060,206</u>	<u>\$ 16,558,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,731,377</u>
Residential real estate: Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ 26,972	\$ -	\$ -	\$ 26,972
Equity:								
Satisfactory	\$ 1,877,511	\$ 1,466,718	\$ 449,971	\$ 84,987	\$ 1,646,205	\$ 18,117,615	\$ -	\$ 23,643,007
Watch	-	-	-	-	-	-	-	-
OAEM	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	15,997	-	15,997
Doubtful	-	-	-	-	-	-	-	-
Total	<u>\$ 1,877,511</u>	<u>\$ 1,466,718</u>	<u>\$ 449,971</u>	<u>\$ 84,987</u>	<u>\$ 1,646,205</u>	<u>\$ 18,133,612</u>	<u>\$ -</u>	<u>\$ 23,659,004</u>
Equity: Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PEOPLES TRUST COMPANY OF ST. ALBANS

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December 31, 2025 and 2024

	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
December 31, 2024 (Continued)								
Consumer:								
Satisfactory	\$ 2,010,351	\$ 1,150,403	\$ 280,124	\$ 129,166	\$ 7,185,340	\$ -	\$ -	\$ 10,755,384
Substandard	-	-	-	-	-	-	-	-
Total	<u>\$ 2,010,351</u>	<u>\$ 1,150,403</u>	<u>\$ 280,124</u>	<u>\$ 129,166</u>	<u>\$ 7,185,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,755,384</u>
Consumer: Current period gross write offs	\$ -	\$ 11,729	\$ -	\$ -	\$ 33,876	\$ -	\$ -	\$ 45,605
Municipal:								
Satisfactory	\$ 1,149,833	\$ 1,953,230	\$ 3,378,641	\$ 4,372,495	\$ 1,430,321	\$ 7,728,597	\$ -	\$ 20,013,117
Substandard	-	-	-	-	-	-	-	-
Total	<u>\$ 1,149,833</u>	<u>\$ 1,953,230</u>	<u>\$ 3,378,641</u>	<u>\$ 4,372,495</u>	<u>\$ 1,430,321</u>	<u>\$ 7,728,597</u>	<u>\$ -</u>	<u>\$ 20,013,117</u>
Municipal: Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SBA non-real estate secured:								
Satisfactory	\$ -	\$ 7,108	\$ 60,877	\$ 14,498	\$ 94,006	\$ 37,965	\$ -	\$ 214,454
Substandard	-	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 7,108</u>	<u>\$ 60,877</u>	<u>\$ 14,498</u>	<u>\$ 94,006</u>	<u>\$ 37,965</u>	<u>\$ -</u>	<u>\$ 214,454</u>
SBA non-real estate secured: Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SBA real estate secured:								
Satisfactory	\$ 257,555	\$ 84,862	\$ 541,363	\$ 138,218	\$ 1,220,010	\$ 209,102	\$ -	\$ 2,451,110
OAEM	-	-	-	-	61,042	-	-	61,042
Total	<u>\$ 257,555</u>	<u>\$ 84,862</u>	<u>\$ 541,363</u>	<u>\$ 138,218</u>	<u>\$ 1,281,052</u>	<u>\$ 209,102</u>	<u>\$ -</u>	<u>\$ 2,512,152</u>
SBA real estate secured: Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

The following tables present the amortized cost basis of loans on nonaccrual status and loans past due 90 days or greater and still accruing as of December 31, 2025 and 2024:

	Nonaccrual with No Allowance for Credit Loss	Nonaccrual	Past Due 90 Days or Greater and Accruing
December 31, 2025			
Agricultural real estate	\$ 68,715	\$ 68,715	\$ -
Agricultural	-	-	-
Commercial	79,146	79,146	-
Commercial real estate	453,875	453,875	-
Equity	71,676	71,676	-
Consumer	15,639	15,639	-
Municipal	-	-	-
Residential real estate	460,683	460,683	-
SBA non-real estate secured	-	-	-
SBA real estate secured	-	-	-
Total	\$ 1,149,734	\$ 1,149,734	\$ -
	Nonaccrual with No Allowance for Credit Loss	Nonaccrual	Past Due 90 Days or Greater and Accruing
December 31, 2024:			
Agricultural real estate	\$ 59,183	\$ 59,183	\$ -
Agricultural	-	-	-
Commercial	67,102	67,102	-
Commercial real estate	-	-	-
Equity	-	-	-
Consumer	-	-	-
Municipal	-	-	-
Residential real estate	505,883	505,883	-
SBA non-real estate secured	-	-	-
SBA real estate secured	-	-	-
Total	\$ 632,168	\$ 632,168	\$ -

The Bank did not recognize any interest income on nonaccrual loans during the years ended December 31, 2025 and 2024.

PEOPLES TRUST COMPANY OF ST. ALBANS

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A loan is considered to be past due once it is 30 days contractually past due under the terms of the agreement. The following tables present the aging amortized costs basis in past-due loans as of December 31, 2025 and 2024 by class of loans:

	December 31, 2025	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater	Total Past Due	Current	Total Loans
Agricultural real estate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,065,654	\$ 22,065,654
Agricultural	27,460	-	-	-	27,460	990,099	1,017,559
Commercial	-	34,777	32,893	67,670	10,308,451	10,376,121	
Commercial real estate	-	62,585	-	62,585	143,410,562	143,473,147	
Equity	132,192	-	-	132,192	27,162,643	27,294,835	
Consumer	12,458	17,197	-	29,655	8,782,944	8,812,599	
Municipal	-	-	-	-	21,015,214	21,015,214	
Residential real estate	244,653	-	183,236	427,889	52,908,217	53,336,106	
SBA non-real estate secured	-	-	-	-	143,884	143,884	
SBA real estate secured	-	-	-	-	2,349,865	2,349,865	
Total	\$ 416,763	\$ 114,559	\$ 216,129	\$ 747,451	\$ 289,137,533	\$ 289,884,984	
	December 31, 2024	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater	Total Past Due	Current	Total Loans
Agricultural real estate	\$ -	\$ -	\$ 59,183	\$ 59,183	\$ 19,717,592	\$ 19,776,775	
Agricultural	-	-	-	-	824,580	824,580	
Commercial	14,446	-	-	14,446	10,921,872	10,936,318	
Commercial real estate	-	-	-	-	118,902,410	118,902,410	
Equity	-	-	-	-	23,659,004	23,659,004	
Consumer	14,579	4,162	-	18,741	10,736,643	10,755,384	
Municipal	-	-	-	-	20,013,117	20,013,117	
Residential real estate	624,113	17,751	111,030	752,894	67,978,483	68,731,377	
SBA non-real estate secured	-	-	-	-	214,454	214,454	
SBA real estate secured	-	-	-	-	2,512,152	2,512,152	
Total	\$ 653,138	\$ 21,913	\$ 170,213	\$ 845,264	\$ 275,480,307	\$ 276,325,571	

PEOPLES TRUST COMPANY OF ST. ALBANS

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December 31, 2025 and 2024

The following table presents the amortized cost basis of collateral-dependent loans as of December 31, 2025 and 2024:

	<u>2025</u>		<u>2024</u>	
	<u>Real Estate</u>	<u>Total</u>	<u>Real Estate</u>	<u>Total</u>
Agricultural real estate	\$ -	\$ -	\$ -	\$ -
Agricultural other	-	-	-	-
Commercial	32,893	32,893	-	-
Commercial real estate	-	-	-	-
Equity	-	-	-	-
Consumer	-	-	-	-
Residential real estate	<u>183,236</u>	<u>183,236</u>	<u>103,437</u>	<u>103,437</u>
Total	<u>\$ 216,129</u>	<u>\$ 216,129</u>	<u>\$ 103,437</u>	<u>\$ 103,437</u>

Collateral-dependent loans are loans for which the repayment is expected to be provided substantially by the sale or appreciation of the underlying collateral and there are no other available and reliable sources of repayment.

Occasionally, the Bank modifies loans to borrowers in financial distress by providing principal forgiveness, term extension, and other-than-insignificant payment delay or interest rate reduction. When principal forgiveness is provided, the amount of forgiveness is charged-off against the ACL.

In some cases, the Bank provides multiple types of concessions on one loan. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted. There were no new loans modifications during 2025 and 2024.

The Bank closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. No borrowers that were modified in the last 12 months were past due as of December 31, 2025 and 2024, and there have been no payment defaults.

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

The Bank takes a conservative approach in credit risk management and remains focused on community lending and reinvesting, working closely with borrowers experiencing credit problems to assist in loan repayment or term modifications when appropriate.

As of December 31, 2025 there was one mortgage loan collateralized by residential real estate in the process of foreclosure with a total balance of \$89,550. As of December 31, 2024, there was one mortgage loan collateralized by residential real estate in the process of foreclosure with a total balance of \$15,894.

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

7. Bank Premises and Equipment

The major classes of bank premises and equipment and the total accumulated depreciation at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Land and land improvements	\$ 1,930,956	\$ 1,930,956
Building and improvements	6,307,908	6,298,969
Furniture and equipment	<u>4,303,671</u>	<u>4,490,880</u>
	12,542,535	12,720,805
Less accumulated depreciation	<u>(7,746,696)</u>	<u>(7,566,937)</u>
	<u>\$ 4,795,839</u>	<u>\$ 5,153,868</u>

Depreciation included in occupancy and equipment expense amounted to \$427,497 and \$432,391 for the years ended December 31, 2025 and 2024, respectively.

8. Other Real Estate Owned

At December 31, 2025 and 2024, the recorded investment of consumer mortgage loans secured by residential real estate properties for which formal foreclosure procedures are in process is \$89,550 and \$15,894, respectively.

9. Deposits

The scheduled maturity of time deposits at December 31, 2025 are as follows:

2026	\$ 70,011,889
2027	4,279,330
2028	2,222,277
2029	593,543
2030 and thereafter	<u>876,249</u>
	<u>\$ 77,983,288</u>

U.S. government and federal agency securities with a cost of \$- and \$610,501 and a fair value of \$- and \$583,434 were pledged to collateralize certain municipal deposits at December 31, 2025 and 2024, respectively.

10. Repurchase Agreements

Securities sold under agreements to repurchase amounted to \$- and \$3,250,000 as of December 31, 2025 and 2024, respectively. These agreements were collateralized by U.S. government and federal agency securities with an amortized cost of \$- and \$3,673,178 and a fair value of \$- and \$3,510,845 at December 31, 2025 and 2024, respectively.

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

The average daily balance of these repurchase agreements approximated \$2,131,696 and \$3,237,578 during 2025 and 2024, respectively. The maximum borrowings outstanding on these agreements at any month-end reporting period of the Bank was \$3,250,000 in 2025 and 2024, respectively. The weighted average rate for repurchase agreements was .35% at December 31, 2025 and 2024.

11. Borrowed Funds

The Bank maintains an unsecured \$4,500,000 federal funds line of credit with ACBB which was unused at December 31, 2025 and 2024.

12. Income Taxes

Income tax expense included in the Statements of Income for the years ended December 31 were as follows:

	<u>2025</u>	<u>2024</u>
Current tax provision:		
Federal	\$ 763,567	\$ 945,647
Deferred tax benefit:		
Federal	<u>(190,331)</u>	<u>(221,457)</u>
	<u>\$ 573,236</u>	<u>\$ 724,190</u>

Total income tax expense differed from the amounts computed by applying the U.S. Federal income tax rate of 21% for 2025 and 2024 to income before income taxes as a result of the following at December 31:

	<u>2025</u>	<u>2024</u>
Computed expected tax expense	\$ 990,545	\$ 885,942
Disallowed interest expense	17,741	14,949
Municipal income	(283,188)	(257,546)
Bank-owned life insurance income	(45,128)	(42,743)
Tax credits, net of amortization	(73,335)	106,484
Other, net	<u>(33,399)</u>	<u>17,104</u>
	<u>\$ 573,236</u>	<u>\$ 724,190</u>

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

The deferred income tax provision consisted of the following items at December 31:

	<u>2025</u>	<u>2024</u>
Nonaccrual loan interest	\$ 636	\$ 10,869
Depreciation	(40,967)	49,952
Bad debts	55,924	(15,880)
Off balance sheet accrual	(106,370)	-
Deferred directors' fees	(27,088)	(32,127)
Mortgage servicing rights	(5,983)	(16,856)
Limited partnerships	-	(107,415)
Tax credit carryforward	(66,483)	-
Other	-	(110,000)
	<u>\$ (190,331)</u>	<u>\$ (221,457)</u>

The significant components of the net deferred tax asset consisted of the following items at December 31:

	<u>2025</u>	<u>2024</u>
Components of deferred tax assets		
Bad debts	\$ 563,142	\$ 619,066
Off balance sheet accrual	117,628	11,257
Nonaccrual loan interest	311,128	311,764
Branch impairment	8,672	8,672
Deferred directors' fees	250,557	223,469
Tax credit carryforward	66,483	-
Unrealized loss on securities available-for-sale	<u>609,238</u>	<u>1,050,851</u>
Total deferred tax asset	<u>1,926,848</u>	<u>2,225,079</u>
Components of deferred tax liability		
Depreciation	(110,312)	(151,279)
Mortgage servicing rights	<u>(101,088)</u>	<u>(107,071)</u>
Total deferred tax liability	<u>(211,400)</u>	<u>(258,350)</u>
Net deferred tax asset	<u>\$ 1,715,448</u>	<u>\$ 1,966,729</u>

Net deferred tax asset is included in other assets on the balance sheets at December 31, 2025 and 2024, respectively.

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

Deferred tax assets are recognized subject to management's judgment that realization is more likely than not, as U.S. GAAP allows for the recognition and measurement of deductible temporary differences to the extent that it is more likely than not that the deferred tax asset will be realized. Based on the temporary taxable items, historical taxable income and estimates of future taxable income, the Bank believes that it is more likely than not that the deferred tax assets at December 31, 2025 will be realized.

The Bank invests in limited partnerships that generate historic tax credits. At December 31, 2025 and 2024, the balance of the investments in these limited partnerships was \$425,700 and \$535,350, respectively, and is included in other assets on the balance sheets. The Bank amortizes these investments using the proportional amortization method and recognized amortization expense of \$109,650 in 2025, which was included in income tax expense in the statements of income. \$232,228 of amortization expense was recognized in 2024.

Based on management's evaluation, management has concluded that there were no significant uncertain tax positions requiring recognition in the Bank's financial statements at December 31, 2025. Although the Bank is not currently the subject of tax examination by the Internal Revenue Service (IRS), the Bank's tax years ended December 31, 2022 through 2025 are open to examination by the IRS under the applicable statute of limitations.

13. Retirement Plan

The Bank maintains a contributory 401(k) retirement plan covering all employees who meet certain age and service requirements. Contributions to the plan are voluntary by the eligible participants up to certain limits. Employee contributions are matched dollar for dollar for every dollar contributed up to six percent of the participant's salary. Contributions to the plan by the Bank for the years ended December 31, 2025 and 2024 amounted to \$287,115 and \$265,287, respectively.

14. Commitments and Contingencies

In the normal course of business, the Bank is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the Bank's financial statements.

15. Financial Instruments with Off-Balance-Sheet Risk

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, standby letters of credit, interest rate caps and floors written on adjustable rate loans, and commitments to sell loans. Such instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

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The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, standby letters of credit, and commercial letters of credit is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. The Bank generally requires collateral or other security to support financial instruments with credit risk.

	Contract or Notional Amount	
	<u>2025</u>	<u>2024</u>
Financial instruments whose contract amount represent credit risk:		
Commitments to extend credit and available line of credit	\$ <u>51,770,000</u>	\$ <u>49,036,000</u>
Standby letters of credit and commercial letters of credit	\$ <u>427,000</u>	\$ <u>422,000</u>

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. At December 31, 2025, the Bank had binding loan commitments at fixed rates totaling \$5,947,000 that are included in commitments to extend credit.

The Bank evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the customer. Collateral held varies but may include real estate, accounts receivable, inventory, property, plant, equipment, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers.

16. Transactions with Related Parties

The Bank has had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, principal officers, their immediate families, and affiliated companies in which they are principal shareholders (commonly referred to as related parties), all which have been, in the opinion of management, on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others.

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December 31, 2025 and 2024

Aggregate loan transactions with related parties as of December 31 were as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning	\$ 2,973,448	\$ 2,851,432
New loans	65,328	402,101
Repayments	<u>(261,951)</u>	<u>(280,085)</u>
Balance, ending	\$ <u>2,776,825</u>	\$ <u>2,973,448</u>

Deposit accounts with related parties were \$3,949,366 and \$4,768,223 at December 31, 2025 and 2024, respectively.

The Bank utilizes an appraisal company owned by a director for loan appraisal services. Appraisal fees are reimbursed to the Bank from the respective borrowers.

The Bank has instituted a split dollar deferred compensation plan for certain officers. The vehicle is funded through BOLI. The BOLI had a balance of \$7,561,473 and \$7,346,580 as of December 31, 2025 and 2024, respectively. The accrued deferred compensation was \$249,371 and \$219,829 as of December 31, 2025 and 2024, respectively, and is included in other liabilities in the balance sheets.

Amounts due to officers and directors under non-qualified deferred compensation agreements were \$1,193,130 and \$1,064,138 at December 31, 2025 and 2024, respectively, and is included in other liabilities in the balance sheets.

17. Fair Value Measurement

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

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 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the Bank has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities;

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December 31, 2025 and 2024

- Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability;
- Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

The following methods and assumptions were used by the Bank in estimating fair value disclosures for financial instruments:

Cash and due from banks: The carrying amounts reported in the balance sheet for cash and due from banks, including certificates of deposit, approximate those assets' fair values.

Investment securities: Fair values for investment securities are based on quoted market prices, where available (Level 1 valuation). If quoted market prices are not available, fair values are calculated based on a formula which uses matrices which interpolate prices according to observable inputs for similar items such as sector, credit spread, rating, maturity, and option premium (Level 2 valuations).

Federal Home Loan Bank stock: The carrying amount of this stock approximates its fair value.

Loans receivable and loans held for sale: For variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts. The fair values of other loans (for example, fixed rate commercial real estate and rental property mortgage loans and commercial and industrial loans) are estimated using discounted cash flow analysis, based on interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Loan fair value estimates include judgments regarding future expected loss experience and risk characteristics. Collateral values are estimated using Level 2 inputs based on appraisals of similar properties obtained from a third-party valuation service. Fair values for individually analyzed loans are estimated using Level 3 inputs based on appraisals of similar properties obtained from a third-party valuation service discounted by management based on historical losses for similar collateral and discounted cash flow analysis.

Other real estate owned: Other real estate owned is reported at the fair value of the underlying collateral. Collateral values are estimated using Level 3 inputs based on appraisals of similar properties obtained from a third-party valuation service discounted by management based on updated information.

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Deposits: The fair values disclosed for demand deposits (for example, checking and savings accounts) are, by definition, equal to the amount payable on demand at the reporting date (that is their carrying amounts). The fair values for certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated contractual maturities on such time deposits (Level 2).

Repurchase agreements and borrowed funds: For repurchase agreements and borrowed funds (including Federal funds purchased) that reprice frequently, fair values are based on carrying amounts. The fair values for other borrowings are estimated using a discounted cash flow calculation that applies interest rates currently being offered on such debt to a schedule of aggregated contractual maturities on such debt (Level 2).

Accrued interest: The carrying amount of accrued interest receivable and payable approximates fair value.

Other liabilities: Commitments to extend credit were evaluated and fair value was estimated using the fees currently charged to enter into similar agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair market value for off balance sheet financial instruments was immaterial at December 31, 2025 and 2024.

Fair values of assets measured on a recurring basis at December 31, 2025 and 2024 are as follows:

	<u>Total</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2025				
Loans Held for Sale	\$ 1,647,829	\$ -	\$ 1,647,829	\$ -
Investments - AFS				
U.S. Government and Federal Agencies	9,445,074	-	9,445,074	-
Mortgage-backed securities	21,759,231	-	21,759,231	-
State and municipal securities	<u>26,083,251</u>	<u>-</u>	<u>26,083,251</u>	<u>-</u>
	<u>\$ 58,935,385</u>	<u>\$ -</u>	<u>\$ 58,935,385</u>	<u>\$ -</u>

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Notes to Financial Statements

December 31, 2025 and 2024

	<u>Total</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2024				
Investments - AFS				
U.S. Government and Federal Agencies	\$ 9,658,966	\$ -	\$ 9,658,966	\$ -
Mortgage-backed securities	24,798,128	-	24,798,128	-
State and municipal securities	<u>27,987,361</u>	<u>-</u>	<u>27,987,361</u>	<u>-</u>
	<u>\$ 62,444,455</u>	<u>\$ -</u>	<u>\$ 62,444,455</u>	<u>\$ -</u>

Fair values of assets measured on a non-recurring basis at December 31, 2025 and 2024 are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2025				
Individually analyzed loans	\$ <u>216,129</u>	\$ -	\$ -	\$ <u>216,129</u>
December 31, 2024				
Individually analyzed loans	\$ <u>103,437</u>	\$ -	\$ -	\$ <u>103,437</u>

Certain individually analyzed loans were written down to their value of \$216,129 and \$103,437 at December 31, 2025 and 2024, respectively, resulting in an impairment charge through the ACL on loans.

There were no transfers between levels for both recurring and non-recurring assets for the years ended December 31, 2025 and 2024.

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

Fair Value of Financial Instruments

The carrying amounts and estimated fair values of financial instruments at December 31, 2025 and 2024 are as follows:

	<u>2025</u>	
	Carrying Amount	Estimated Value
Financial assets		
Cash and cash equivalents	\$ 18,251,804	\$ 18,251,804
Interest bearing deposits with banks	3,111,543	3,111,543
Securities available-for-sale	57,287,556	57,287,556
Nonmarketable equity securities	323,700	323,700
Loans receivable and loans held-for-sale, net (Level 2)	287,529,745	272,185,679
Individually analyzed loans (Level 3)	216,129	216,129
Accrued interest receivable	1,295,023	1,295,023
Financial liabilities		
Deposits (Level 2)	339,186,607	335,798,398
Accrued interest payable	98,294	98,294
	<u>2024</u>	
	Carrying Amount	Estimated Value
Financial assets		
Cash and cash equivalents	\$ 8,327,873	\$ 8,327,873
Interest bearing deposits with banks	7,560,037	7,560,037
Securities available-for-sale	62,444,455	62,444,455
Nonmarketable equity securities	323,700	323,700
Loans receivable and loans held-for-sale, net (Level 2)	272,492,592	248,627,220
Individually analyzed loans (Level 3)	103,437	103,437
Accrued interest receivable	1,263,902	1,263,902
Financial liabilities		
Deposits (Level 2)	325,922,065	323,490,610
Repurchase agreements (Level 2)	3,250,000	3,250,000
Accrued interest payable	82,387	82,387

The carrying amounts in the preceding table are included in the balance sheets under the applicable captions.

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

18. Regulatory Capital Matters

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

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the following table) of total, Tier 1 capital, and Common Equity Tier 1 (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital and tangible capital (as defined) to average tangible assets (as defined). Management believes, as of December 31, 2025 and 2024, that the Bank meets all capital adequacy requirements to which it is subject.

Regulatory capital requirements limit a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" consisting of 2.5% above its minimum risk-based capital requirements. As of December 31, 2025, the Bank had a capital conservation buffer of 9.52% of risk-weighted assets, which was in excess of the regulatory requirement of 2.5%.

As of December 31, 2025, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, common equity Tier 1 risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following tables. There are no conditions or events since the notification that management believes have changed the Bank's category. Management believes that the Bank meets all capital adequacy requirements to which it is subject.

PEOPLES TRUST COMPANY OF ST. ALBANS

Notes to Financial Statements

December 31, 2025 and 2024

The Bank's actual capital amounts and ratios are also presented in the table.

(In thousands)	Actual		Minimums for Capital Adequacy Purposes		Minimums to be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2025						
Total capital						
(to risk weighted assets)	\$ 48,067	17.52%	\$ 21,944	8.00%	\$ 27,430	10.00%
Tier 1 (core) capital						
(to risk weighted assets)	\$ 44,627	16.27%	\$ 16,458	6.00%	\$ 21,944	8.00%
Common Tier 1 (CET1)						
(to risk weighted assets)	\$ 44,627	16.27%	\$ 12,344	4.50%	\$ 17,830	6.50%
Tier 1 (core) capital						
(to average assets)	\$ 44,627	11.13%	\$ 16,034	4.00%	\$ 20,043	5.00%
(In thousands)						
As of December 31, 2024						
Total capital						
(to risk weighted assets)	\$ 45,235	16.42%	\$ 22,040	8.00%	\$ 27,550	10.00%
Tier 1 (core) capital						
(to risk weighted assets)	\$ 41,783	15.17%	\$ 16,530	6.00%	\$ 22,040	8.00%
Common Tier 1 (CET1)						
(to risk weighted assets)	\$ 41,783	15.17%	\$ 12,397	4.50%	\$ 17,907	6.50%
Tier 1 (core) capital						
(to average assets)	\$ 41,783	11.06%	\$ 15,118	4.00%	\$ 18,897	5.00%

19. Subsequent Events

The Bank has evaluated subsequent events through February 18, 2026, the date the financial statements were available to be issued.

BOARD OF
DIRECTORS
EXECUTIVE/
OTHER
OFFICERS

2025

ANNUAL
REPORT

Board of Directors

Frank J. Cioffi, Member of Board of Directors of Peoples Trust Company of St. Albans since 2009
Chairman of the Board, President GBIC (Greater Burlington Industrial Corp.)

John T. Gallagher, Member of Board of Directors of Peoples Trust Company of St. Albans since 1991
Owner and President, Gallagher Inc.

Mark E. Lareau, Member of Board of Directors of Peoples Trust Company of St. Albans since 2001
Retired Owner of Lareau Appraisal Service

Linda M. LeBlanc, Member of Board of Directors of Peoples Trust Company of St. Albans since 2005
Current Secretary of the Board
Retired Senior Executive Officer/Chief Operations Officer of Peoples Trust Company of St. Albans

Leon J. Berthiaume, Member of Board of Directors of Peoples Trust Company of St. Albans since 2008
Retired CEO of the St. Albans Cooperative Creamery

Thomas J. Gallagher, Member of Board of Directors of Peoples Trust Company of St. Albans since 2011
President/CEO of Peoples Trust Company of St. Albans

John P. Casavant, Member of Board of Directors of Peoples Trust Company since 2016
Part owner and Vice President at NFP, Inc. (formerly Hackett, Valine and McDonald)

David J. Handy, Member of Board of Directors of Peoples Trust Company since 2016
Co-owner of Handy Buick, Cadillac, GMC, Inc.

Gordon A. Winters, Member of Board of Directors of Peoples Trust Company since 2016
Owner, ACE Hardware stores in Milton, Jericho, St. Albans, Burlington VT and Champlain, NY

Kevin J. Manahan, Member of Board of Directors of Peoples Trust Company since 2023
Retired Partner at AM Peisch & Co.

Executive Officers

Thomas J. Gallagher President/CEO

Aaron A. Reynolds Senior Executive Vice President/CFO

Other Officers

Michael J. Elmore Senior Vice President, CIO

Angela M. Poirier Senior Vice President, CLS

Barbara J. Toof Senior Vice President, CRBO

Carol C. Spillane Senior Vice President

Lloyd W. Larrow Senior Vice President

Stacey M. Cauler Senior Vice President

Anne E. Gosselin Senior Vice President

Danielle E. Manahan Senior Vice President

Janice L. LaRocque Senior Vice President, BSA

Lyle D. Poirier Vice President

Jay C. Cummings Vice President

Rachael A. Brown Vice President

Carisa Ledoux Vice President

Travis Sweeney Vice President

Chelsea Longe Vice President

Lisa Hayden Vice President



Giving
BACK to our
People.

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