Madison County Financial, Inc.

NOTICE OF 2025 ANNUAL MEETING,
PROXY STATEMENT AND
2024 ANNUAL REPORT

MADISON COUNTY FINANCIAL, INC.

Corporate Profile

Madison County Financial, Inc., (the "Company") headquartered in Madison, Nebraska, is the holding company for Madison County Bank. Madison County Financial, Inc. is quoted on the OTC Pink tier of OTC Market Group's quotation system under the symbol "MCBK".

The Company was incorporated in Maryland in 2011 as part of the mutual-to-stock conversion of Madison County Holding Company, MHC, the former mutual holding company of Madison County Bank, for the purpose of becoming the savings and loan holding company of Madison County Bank. Since being incorporated, other than holding the common stock of Madison County Bank, retaining approximately 50% of the net cash proceeds of the stock conversion offering and making a loan to the employee stock ownership plan of Madison County Bank, we have not engaged in any business activities to date, except the repurchase of shares of our outstanding common stock, and acquisitions of Winside Bancshares Incorporated and Warnemunde Insurance & Real Estate Agency, Inc. in 2015, as previously publicly disclosed. Through December 31, 2024, we have repurchased 999,471 shares of our common stock.

Madison County Bank is a Nebraska chartered commercial bank headquartered in Madison, Nebraska, which is the county seat of Madison County, and is located in northeastern Nebraska approximately 110 miles northwest of Omaha and approximately 100 miles southwest of Sioux City, Iowa. Madison County Bank was organized in 1888 under the name The Madison County Building and Loan Association and has operated continuously in northeast Nebraska since this date. We reorganized into the mutual holding company structure in 2004 by forming Madison County Holding Company, MHC, a federally chartered mutual holding company, which converted to stock form, and was succeeded by Madison County Financial, Inc. in October 2012.

Banking Locations

Main Office:
111 West Third Street
Madison, NE 68748

Full-Service Branches:

2100 Pasewalk Avenue
Norfolk, NE 68701

1650 North 13th Street
Norfolk, NE 68701

103 South Fourth Street
Albion, NE 68620

402 West Locust Avenue
Plainview, NE 68769

411 Main Street
Winside, NE 68790

Limited Service Branch:

815 Main Street
Creighton, NE 68729

Transfer Agent

Computershare Investor Services
150 Royall Street, Suite 101
Canton, MA 02021

Madison County Financial, Inc.

April 9, 2025

Dear Stockholder:

Our 2025 Annual Meeting of Stockholders (the "Annual Meeting") will be held at the Norfolk branch of the Madison County Bank, located at 1650 North 13th Street, Norfolk, NE 68701 at 9:00 a.m., Central Time, on Monday, May 19, 2025.

The enclosed Notice of Annual Meeting of Stockholders and Proxy Statement describe the formal business to be transacted. Also enclosed for your review is our Annual Report to Stockholders, which contains detailed information concerning our activities and operating performance.

The Annual Meeting is being held so that stockholders may vote upon the election of directors, the ratification of the appointment of Forvis Mazars, LLP as our independent auditor for the year ending December 31, 2025 and any other business that properly comes before the Annual Meeting.

Our Board of Directors has determined that approval of each of the matters to be considered at the Annual Meeting is in the best interests of Madison County Financial, Inc. and our stockholders. For the reasons set forth in the Proxy Statement, the Board of Directors unanimously recommends a vote "FOR" the election of directors and "FOR" the ratification of the appointment of Forvis Mazars, LLP as our independent auditor for the year ending December 31, 2025.

On behalf of the Board of Directors, we urge you to sign, date and return the enclosed proxy card as soon as possible, even if you currently plan to attend the Annual Meeting. This will not prevent you from voting in person, but will assure that your vote is counted if you are unable to attend the Annual Meeting. Your vote is important, regardless of the number of shares that you own.

Sincerely,

David J. Warnemunde	Christopher R. Brummels
President and Chief Executive Officer	*President of Madison County Bank*

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MADISON COUNTY FINANCIAL, INC.
111 West Third Street
Madison, Nebraska 68748
(402) 454-6511

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE .... 9:00 a.m. Central Time, on Monday, May 19, 2025

PLACE .... Norfolk branch of Madison County Bank,
1650 North 13th Street, Norfolk, NE 68701
(402) 379-2505

ITEMS OF BUSINESS ....

1. The election of two directors of Madison County Financial, Inc. to serve for a term of three years;

2. The ratification of the appointment of Forvis Mazars, LLP as Madison County Financial, Inc.'s independent auditor for the year ending December 31, 2025; and

3. Such other matters as may properly come before the Annual Meeting, or any adjournments thereof. The Board of Directors is not aware of any other business to come before the Annual Meeting.

RECORD DATE .... In order to vote, you must have been a stockholder at the close of business on March 26, 2025.

PROXY VOTING .... A Proxy Card and a Proxy Statement for the Annual Meeting are included. It is important that your shares be represented and voted at the meeting. Please complete and sign the enclosed proxy card, which is solicited by the Board of Directors, and mail it promptly in the enclosed envelope. The proxy will not be used if you attend the meeting and vote in person.

BY ORDER OF THE BOARD OF DIRECTORS

Warren R. Blank

Warren R. Blank
Corporate Secretary

Madison, Nebraska
April 9, 2025

NOTE: Whether or not you plan to attend the annual meeting, please vote by marking, signing, dating and promptly returning the enclosed proxy card in the enclosed self-addressed envelope. No postage is required if mailed within the United States.

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PROXY STATEMENT
OF
MADISON COUNTY FINANCIAL, INC.
111 WEST THIRD STREET
MADISON, NEBRASKA 68748
(402) 454-6511

ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MONDAY, MAY 19, 2025

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Madison County Financial, Inc. to be used at Madison County Financial, Inc.'s 2025 Annual Meeting of Stockholders (the "Annual Meeting"), which will be held at the Norfolk branch of Madison County Bank, located at 1650 North 13th Street, Norfolk, NE 68701 at 9:00 a.m. Central Time, on Monday, May 19, 2025, and all adjournments of the Annual Meeting. The accompanying Notice of Annual Meeting of Stockholders and this Proxy Statement are first being mailed to stockholders on or about April 9, 2025.

REVOCATION OF PROXIES

Stockholders who execute proxies in the form solicited hereby retain the right to revoke them in the manner described below. Unless so revoked, the shares represented by such proxies will be voted at the Annual Meeting and all adjournments thereof. Proxies solicited on behalf of Madison County Financial, Inc.'s Board of Directors will be voted in accordance with the directions given thereon. **Where no instructions are indicated, validly executed proxies will be voted "FOR" the proposals set forth in this Proxy Statement.**

The Board of Directors knows of no additional matters that will be presented for consideration at the Annual Meeting. Execution of a proxy, however, confers on the designated proxy holders discretionary authority to vote the shares in accordance with their best judgment on such other business, if any, which may properly come before the Annual Meeting or any adjournments thereof.

Proxies may be revoked by sending written notice of revocation to Madison County Financial, Inc.'s Secretary at Madison County Financial, Inc.'s address shown above, the submission of a later-dated proxy, or by voting in person at the Annual Meeting. The presence at the Annual Meeting of any stockholder who had returned a proxy does not revoke such proxy unless the stockholder delivers his or her ballot in person at the Annual Meeting or delivers a written revocation to Madison County Financial, Inc.'s Secretary prior to the voting of such proxy.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Holders of record of Madison County Financial, Inc.'s common stock, par value $0.01 per share, as of the close of business on March 26, 2025 (the "Record Date") are entitled to one vote for each share then held. As of the Record Date, Madison County Financial, Inc. had 2,699,344 shares of common stock issued and outstanding. The presence in person or by proxy of a majority of the outstanding shares of common stock entitled to vote is necessary to constitute a quorum at the Annual Meeting.

In accordance with the provisions of Madison County Financial, Inc.'s Articles of Incorporation, record holders of common stock who beneficially own in excess of 15% of the outstanding shares of common stock (the "Limit") are not entitled to any vote with respect to the shares held in excess of the Limit. The Company's Articles of Incorporation authorize the Board of Directors (i) to make all determinations necessary to implement and apply the Limit, including determining whether persons or entities are acting in concert, and (ii) to demand that any person who is reasonably believed to beneficially own stock in excess of the Limit supply information to Madison County Financial, Inc. to enable the Board of Directors to implement and apply the Limit.

As to the election of directors, the proxy card being provided by the Board of Directors enables a stockholder to vote FOR the election of the nominees proposed by the Board of Directors, to WITHHOLD AUTHORITY to vote for all the nominees being proposed or to vote FOR ALL EXCEPT one or more of the nominees being proposed. Directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which the authority to vote for the nominees being proposed is withheld. Plurality means that individuals who receive the largest number of votes cast are elected, up to the maximum number of directors to be elected at the Meeting.

As to the ratification of Madison County Financial, Inc.'s independent auditor, the proxy card being provided by the Board of Directors enables a stockholder to: (i) vote FOR the proposal; (ii) vote AGAINST the proposal; or (iii) ABSTAIN from voting on the proposal. The ratification of Madison County Financial, Inc.'s independent auditor must be approved by the affirmative vote of a majority of the votes cast without regard to broker non-votes or proxies marked ABSTAIN.

In the event at the time of the Annual Meeting there are not sufficient votes for a quorum or to approve or ratify any matter being presented, the Annual Meeting may be adjourned in order to permit the further solicitation of proxies.

Proxies solicited hereby will be returned to us and will be tabulated by an Inspector of Election designated by Madison County Financial, Inc.'s Board of Directors.

Participants in the ESOP Plan. If you participate in the Madison County Bank Employee Stock Ownership Plan (the "ESOP"), you will receive a vote authorization form that reflects all shares you may direct the trustees to vote on your behalf under the plan. Under the terms of the ESOP, the ESOP trustee votes all shares held by the ESOP, but each ESOP participant may direct the trustee how to vote the shares of common stock allocated to his or her account. The ESOP trustee, subject to the exercise of its fiduciary responsibilities, will vote all unallocated shares of Madison County Financial, Inc. common stock held by the ESOP and all allocated shares for which no voting instructions are received in the same proportion as shares for which it has received timely voting instructions. **The deadline for returning your voting instructions is May 12, 2025.**

PROPOSAL I – ELECTION OF DIRECTORS

The Company's Board of Directors is comprised of seven members. The Company's bylaws provide that the terms of Madison County Financial, Inc.'s Board of Directors are classified, so that approximately one-third of the directors are to be elected annually. The Company's directors are generally elected to serve for a three-year period and until their respective successors shall have been elected and shall qualify. Two directors will be elected at the Annual Meeting. The Company's Nominating Committee has nominated Jon M. Moyer and Carolyn S. Warren, each to serve as a director for a three-year term. Mr. Moyer and Ms. Warren are current members of the Board of Directors, and each has agreed to serve as a director, if elected.

The table below sets forth certain information regarding the composition of Madison County Financial, Inc.'s Board of Directors, including the terms of office of each director. It is intended that the proxies solicited on behalf of the Board of Directors (other than proxies in which the vote is withheld as to one or more nominees) will be voted at the Annual Meeting for the election of the nominees identified below. If the nominee is unable to serve, the shares represented by all such proxies will be voted for the election of such other substitute as the Board of Directors may recommend. At this time, the Board of Directors knows of no reason why the nominees might be unable to serve, if elected. Except as indicated herein, there are no arrangements or understandings between any nominee and any other person pursuant to which such nominee was selected.

The Board of Directors recommends a vote "FOR" each of the nominees listed in this Proxy Statement.

The following table sets forth certain information regarding Madison County Financial, Inc.'s directors.

Name	Age at March 26, 2025	Position	Current Term Expires	Director Since[(1)]
<u>Nominees</u>				
Jon M. Moyer	86	Director	2025	2007
Carolyn S. Warren	66	Director	2025	2019
<u>Directors Continuing in Office</u>				
James R. Becker	63	Director	2026	2013
Richard D. Martinsen	72	Director	2026	2021
David D. Warnemunde	85	Director	2026	2002
Warren R. Blank	69	Director and Corporate Secretary	2027	1985
David J. Warnemunde	64	President, Chief Executive Officer and Chairman of The Board	2027	1993

(1) Includes service on the Board of Directors of Madison County Bank.

The Business Background of Madison County Financial, Inc.'s Directors and Executive Officers

The business experience for the past five years of each of Madison County Financial, Inc.'s directors and executive officers is set forth below. With respect to directors, the biographies also contain information regarding the person's experience, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee and the Board of Directors to determine that the person should serve as a director. Each director is also a director of Madison County Bank. Unless otherwise indicated, directors and executive officers have held their positions for the past five years.

Nominees:

Jon M. Moyer serves as our Bank Appraiser and in this position he conducts real estate appraisals and evaluations for Madison County Bank, a position he has held since 1994. Mr. Moyer has been employed by Madison County Bank since 1994. Mr. Moyer's extensive knowledge of the farming industry in our market area and his institutional knowledge of Madison County Bank provides the Board with valuable insight regarding risk assessment.

Carolyn S. Warren is Vice President and part-owner of Warren Garage Door, Inc., a garage door assembly, installation and servicing firm, and Apex Enterprises, LLC, a personal and commercial storage company, both located in Norfolk, Nebraska. Ms. Warren's extensive experience in retail and servicing small businesses, experience in managing the operation of multiple business enterprises, and the knowledge of the challenges and opportunities faced by local businesses provide the Board with general business acumen and also particular knowledge of developing a successful retail culture at the bank and our subsidiary businesses.

Directors Continuing in Office

James R. Becker is the owner of JKB Farms, Inc., a family farming corporation and is actively engaged in farming in Madison County. Mr. Becker's experience in owning and managing his farm and his extensive knowledge of the farming industry in our market area provides the Board additional expertise with regard to risk assessment of agricultural real estate and non-real estate lending.

Warren R. Blank is part owner of Bill Blank Agency, Inc., an insurance agency, real estate sales, appraisal and auctioneering services firm located in Madison, Nebraska. Mr. Blank's financial and commercial experience provides the Board with general business acumen. Mr. Blank is the Secretary of the Company. He is qualified as an independent director as he does not receive a salary, has no office space in the premises, is not involved in the day-to-day operations and is not compensated for the functions he performs as the Secretary of the Company. For decades, the position of Corporate Secretary has been filled by an Independent Director.

Richard D. Martinsen is a Certified Public Accountant with the firm of Mueller and Honcik PC and he manages the Albion, Nebraska office there. He was elected to the Board in August, 2021. Mr. Martinsen's extensive experience in auditing, accounting and tax law provide the Board with fiscal oversight and general business acumen.

David D. Warnemunde is Vice President of Madison County Bank, Winside, Nebraska. Mr. Warnemunde is the father of David J. Warnemunde, our President and Chief Executive Officer, the President of Warnemunde Insurance Agency, Inc., our insurance subsidiary and the brother-in-law of Dennis Johnson, President of Bush & Roe Financial, Inc., our insurance subsidiary. Mr. Warnemunde's experience as a community bank executive provides the Board with valuable insight in assessing strategic transactions involving Madison County Financial, Inc. and Madison County Bank.

David J. Warnemunde is our President, Chief Executive Officer and Chairman of the Board. He has been employed by and has been the Chief Executive Officer of Madison County Bank since 1992 and has served as our President and Chief Executive Officer since 1994. Mr. Warnemunde's experience provides the Board with a perspective on the day-to-day operations of Madison County Bank, and assists the Board in assessing the trends and developments in the financial institutions industry on a local and national basis. Additionally, Mr. Warnemunde is active in civic and charitable organizations, including Knights of Columbus and the Madison, Jones & Remender Foundation. Mr. Warnemunde has extensive ties to the community that support our business generation. Mr. Warnemunde is the son of Director David D. Warnemunde, who is also President of the Warnemunde Insurance Agency, Inc., our insurance subsidiary and Mr. Warnemunde is the nephew by marriage of Dennis Johnson, President of Bush & Roe Financial, Inc., our insurance subsidiary.

Executive Officers Who Are Not Directors:

Daniel A. Fullner has been employed by Madison County Bank since 1992, and serves as Senior Vice President and General Counsel. Mr. Fullner is a licensed attorney in the State of Nebraska. His responsibilities include loan underwriting, providing legal services to Madison County Bank and reviewing all files to ensure proper lien perfection.

Brenda L. Borchers has been employed by Madison County Bank since 1981 in positions of increasing responsibility and has served as our Chief Financial Officer since 2011. Prior to her appointment as Chief Financial Officer, Ms. Borchers served as our Vice President and Cashier.

Christopher R. Brummels has been employed by Madison County Bank since 2007 and has served in various capacities of increasing responsibility over his tenure. He has served as President of Madison County Bank since 2023.

Christopher J. Sukup has been employed by Madison County Bank since 2003, and serves as Treasurer. He has served in various capacities of increasing responsibility over his tenure and currently serves as Executive Vice President of the Bank.

Meetings and Committees of the Board of Directors

The Company conducts business through meetings of its Board of Directors and its committees. During the year ended December 31, 2024, the Board of Directors of Madison County Financial, Inc. had six regular meetings and two special meetings. During 2024, the Board of Directors of Madison County Bank had six regular meetings and two special meetings. The Board of Directors of Madison County Financial, Inc. has established the following standing committees: the Compensation Committee, the Nominating and Corporate Governance Committee and the Audit Committee. Each of these committees operates under a written charter, which governs their composition, responsibilities and operations.

Executive sessions of the independent directors of the board are held on a regular basis.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee consists of directors Warren R. Blank (Chairman), David J. Warnemunde, and James R. Becker. The Nominating and Corporate Governance Committee is responsible for the annual selection of the Board of Directors' nominees for election as directors and developing and implementing policies and practices relating to corporate governance, including implementation of and monitoring adherence to the Company's corporate governance guidelines. The Board of Directors has adopted a written charter for the Committee. The Nominating and Corporate Governance Committee charter is posted on Madison County Financial, Inc.'s website at www.madisoncountybank.com. The Nominating and Corporate Governance Committee met three times during 2024.

Compensation Committee. The members of the Compensation Committee are directors Warren R. Blank (Chairman), James R. Becker, and Carolyn S. Warren. The Compensation Committee is responsible for performing an annual evaluation of the President and Chief Executive Officer, as well as assisting both the Board of Directors and the President and Chief Executive Officer in researching matters pertaining to employee and director compensation, employee benefits and other related matters for presentation to the Board of Directors for their consideration. The Compensation Committee operates under a written charter which is available at Madison County Financial, Inc.'s website at www.madisoncountybank.com. The Compensation Committee met two times during 2024.

Audit Committee. The Audit Committee consists of Warren R. Blank (Chairman), James R. Becker and Richard D. Martinsen. The Board has determined that Warren R. Blank qualifies as an "audit committee financial expert". The Audit Committee meets periodically with the independent auditor and management to provide oversight of financial reporting, risk management, internal controls, compliance, ethics, internal auditors and the external auditors. The Board of Directors has adopted a written charter for the Audit Committee, which is posted on the Madison County Financial, Inc.'s website at www.madisoncountybank.com. The Audit Committee met three times during 2024.

Audit Committee Report

As part of its ongoing activities, the Audit Committee has:

- Reviewed and discussed with management our audited consolidated financial statements for the year ended December 31, 2024;

- Discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 114, *Communications with Those Charged with Governance*; and

- Received the written disclosures and the letter from the independent auditor regarding the independent auditor's communications with the Audit Committee concerning independence, and discussed with the independent auditor the independent auditor's independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that Madison County Financial, Inc.'s audited consolidated financial statements be included in Madison County Financial, Inc.'s Annual Report for the year ended December 31, 2024.

The Audit Committee:
Warren R. Blank
James R. Becker
Richard D. Martinsen

Board Leadership Structure

Our Board of Directors is chaired by Mr. David J. Warnemunde who is also our President and Chief Executive Officer. Mr. Warren Blank serves as our Lead Independent Director. We believe that our governance structure is appropriate given the relatively non-complex operating philosophy of our organization. As Chief Executive Officer of our organization, and having been employed by Madison County Bank for 33 years, Mr. David J. Warnemunde is well-positioned to understand the challenges faced by our organization. As a result, he can recommend solutions and prioritize the agenda for action by the Board of Directors. We understand the risk that an inside Chairman could theoretically manage the Board of Director's agenda to limit the consideration of important issues relating to management. To minimize the risk of having a joint Chairman and Chief Executive Officer, the independent directors, led by its Lead Director, meet in executive session periodically to discuss certain matters such as the Chief Executive Officer's performance and his annual compensation as well as our internal audits and internal controls.

Board's Role in Risk Oversight

The Board's role in Madison County Financial, Inc.'s risk oversight process includes receiving regular reports from members of senior management on areas of material risk to Madison County Financial, Inc., including operational, financial, legal and regulatory, strategic and reputational risks. The full Board (or the appropriate committee in the case of risks that are reviewed and discussed at committee meetings) receives these reports from the appropriate "risk owner" within the organization to enable the Board or appropriate committee to understand Madison County Financial, Inc.'s risk identification, risk management and risk mitigation strategies. When a committee receives the report, the Chairman of the relevant committee will report on the discussion to the full Board at the next Board meeting. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

Procedures for the Recommendation of Director Nominees by Stockholders

The Nominating and Corporate Governance Committee has adopted procedures for the submission of recommendations for director nominees by stockholders. Stockholders may submit the names of qualified candidates for director by writing to the Corporate Secretary, at 111 West Third Street, P O Box 650, Madison, Nebraska 68748. To be timely, the submission of a candidate for director by a stockholder must be received by the Corporate Secretary not less than 180 days prior to the anniversary date of the proxy statement relating to the preceding year's annual meeting of stockholders.

The submission must include the following information:

- the name and address of the stockholder as he or she appears on Madison County Financial, Inc.'s books, and number of shares of Madison County Financial, Inc.'s common stock that are owned beneficially by such stockholder (if the stockholder is not a holder of record, appropriate evidence of the stockholder's ownership will be required);
- the name, address and contact information for the candidate, and the number of shares of Madison County Financial, Inc.'s common stock that are owned by the candidate (if the candidate is not a holder of record, appropriate evidence of the stockholder's ownership will be required);
- a statement of the candidate's business and educational experience;
- a statement detailing any relationship between the candidate and us;
- a statement detailing any relationship between the candidate and any of Madison County Financial, Inc.'s customers, suppliers or competitors;
- detailed information about any relationship or understanding between the proposing stockholder and the candidate; and
- a statement that the candidate is willing to be considered and willing to serve as a director if nominated and elected.

A nomination submitted by a stockholder for presentation by the stockholder at an annual meeting of stockholders must comply with the procedural and informational requirements described in "Advance Notice of Business to be Conducted at Annual Meeting."

The committee did not receive any stockholder-recommended nominees for inclusion in this Proxy Statement.

Stockholder Communications with the Board

Any of Madison County Financial, Inc.'s stockholders who want to communicate with the Board of Directors or with any individual director can write to Madison County Financial, Inc.'s Corporate Secretary, at 111 West Third Street, P O Box 650, Madison, Nebraska 68748. The letter should indicate that the author is a stockholder and if shares are not held of record, should include appropriate evidence of stock ownership. Depending on the subject matter, management will:

- forward the communication to the director or directors to whom it is addressed;
- attempt to handle the inquiry directly, for example, where it is a request for information about Madison County Financial, Inc. or its subsidiaries, or it is a stock-related matter; or
- not forward the communication if it is primarily commercial in nature, relates to an improper or irrelevant topic, or is unduly hostile, threatening, illegal or otherwise inappropriate.

At each Board meeting, management shall present a summary of all communications received since the last meeting that were not previously forwarded and make those communications available to the directors.

Code of Ethics

The Company has adopted a Code of Ethics (Code) that is applicable to Madison County Financial, Inc.'s principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. This Code is designed to deter wrongdoing and to promote honest and ethical conduct, the avoidance of conflicts of interest, full and accurate disclosure and compliance with all applicable laws, rules and regulations. There were no amendments made to or waivers from Madison County Financial, Inc.'s Code in 2024. A copy of Madison County Financial, Inc.'s Code is posted on Madison County Financial, Inc.'s website, at www.madisoncountybank.com.

Attendance at Annual Meetings of Stockholders

The Company does not have a policy regarding director attendance at annual meetings of stockholders, although directors are requested to attend these meetings absent unavoidable conflicts. All of our directors are expected to attend our 2025 Annual Meeting of Stockholders.

Benefit Plans

2013 Equity Incentive Plan. On November 13, 2013, our stockholders approved the 2013 Equity Incentive Plan to provide employees and directors of Madison County Financial, Inc. and Madison County Bank with additional incentives to promote the growth and performance of Madison County Financial, Inc. and to further align the interests of our directors and management with the interests of our stockholders by increasing the ownership interests of directors and management in the common stock of Madison County Financial, Inc. The 2013 Equity Incentive Plan is administered by the Compensation Committee. The 2013 Equity Incentive Plan initially authorized the issuance of up to 447,027 shares of common stock, of which up to 319,305 shares of common stock may be delivered pursuant to the exercise of stock options and 127,722 shares of common stock may be issued pursuant to grants of restricted stock awards and/or restricted stock units. Each individual employee or non-employee director may not receive more than 35% and 6%, respectively, of the shares available to be issued under the plan as stock options, and 35% and 6%, respectively, of the shares to be issued under the plan as restricted stock awards or restricted stock units. The non-employee directors may not receive, in the aggregate, more than 35% of the shares available to be issued under the plan as stock options and 35% of the shares to be issued under the plan as restricted stock awards or restricted stock units.

The Compensation Committee may determine the type and terms and conditions of the awards under the 2013 Equity Incentive Plan, which will be set forth in an award agreement delivered to each recipient. Awards may be granted in a combination of incentive and non-qualified stock options or restricted stock or restricted stock units, as follows:

(i) Stock Options. A stock option gives the recipient the right to purchase shares of Madison County Financial, Inc. common stock at a specified price for a specified period of time. The exercise price may not be less than the fair market value on the date the stock option is granted. Stock options are either "incentive" stock options or "non-qualified" stock options. Incentive stock options have certain tax advantages and must comply with the requirements of Section 422 of the Internal Revenue Code. Only employees are eligible to receive incentive stock options.

(ii) Restricted Stock. A restricted stock award is a grant of common stock of Madison County Financial, Inc., subject to vesting requirements, to a recipient for no consideration or minimum consideration as may be required by applicable law. Restricted stock awards are granted in whole shares of common stock and are subject to vesting conditions and other restrictions established by the Compensation Committee as set forth in the 2013 Equity Incentive Plan or the award agreement. Unless otherwise determined by the Compensation Committee, the recipient of a restricted stock award may exercise any voting rights with respect to common stock subject to an award and receive dividends and distributions with respect to the common stock.

(iii) Restricted Stock Units. Restricted stock units are similar to restricted stock awards in that the value of a restricted stock unit is denominated in shares of stock, however, unlike a restricted stock award, no shares of stock are transferred to the recipient until certain requirements or conditions associated with the award are satisfied.

With respect to restricted stock and restricted stock units, performance measures may be applied to the awards so that they are conditioned on the achievement of one or more performance measures set forth in the 2013 Equity Incentive Plan and specified in the recipient's underlying award agreement. Such shares are referred to as "performance shares." The performance shares will vest only on the achievement of one or more performance measures in whole or in part, which are predetermined and specified in the recipient's award agreement. Notwithstanding the foregoing, unless otherwise specified in the recipient's award agreement, all awards will vest upon death, disability or involuntary termination of employment or termination of service as a director following a change in control.

On March 1, 2020, the remaining 36,525 stock options were granted and the remaining 14,732 shares of restricted stock were awarded to directors, officers and employees. As of December 31, 2024, 127,722 restricted stock awards and 319,305 stock options had been previously awarded to employees and directors under the 2013 Equity Incentive Plan.

Tax-Qualified Benefit Plans

401(k) Plan. Madison County Bank maintains the Madison County Bank 401(k) Profit Sharing Plan, a tax-qualified defined contribution retirement plan, for all employees who have satisfied the 401(k) Plan's eligibility requirements. All eligible employees can begin participation in the 401(k) Plan on the first day of the plan year or the first day of the seventh month of the plan year coinciding with or next following the date on which the employee attains age 20 and completes one year of service. A participant may contribute up to 100% of his or her compensation to the 401(k) Plan on a pre-tax basis, subject to the limitations imposed by the Internal Revenue Code. For 2025, the salary deferral contribution limit is $23,500 provided, however, that a participant over age 50 may contribute an additional $7,500 to the 401(k) Plan. A participant is always 100% vested in his or her salary deferral contributions. In addition to salary deferral contributions, the 401(k) Plan provides that Madison County Bank will make (i) an employer contribution equal to a discretionary percentage of the participant's salary deferral contribution, provided that such amount does not exceed 3% of the participant's compensation earned during the plan year, and (ii) a discretionary contribution to be determined by Madison County Bank. Participants will vest in their employer contributions at a rate of 20% per year, beginning after the completion of two years of credited service, such that the participants will become 100% vested upon the completion of six years of credited service. However a participant will immediately become 100% vested in any employer contributions upon the participant's death, disability or attainment of age 65 while employed with Madison County Bank. Generally, unless a participant elects otherwise, the participant's benefit under the 401(k) Plan will be payable in the form of a lump sum payment as soon as administratively feasible following his or her termination of employment with Madison County Bank.

Each participant has an individual account under the 401(k) Plan and may direct the investment of his or her account among a variety of investment options or vehicles available, including Madison County Financial, Inc. common stock.

ESOP. In connection with the conversion of Madison County Holding Company, MHC from the mutual to stock form of organization and related stock offering, effective January 1, 2012, Madison County Bank adopted the ESOP for eligible employees. Eligible employees who have attained age 20 and were employed by us as of May 1, 2011 began participation in the ESOP on the later of the effective date of the ESOP or upon the first entry date commencing on or after the eligible employee's completion of 1,000 hours of service during a continuous 12-month period.

In the conversion, the ESOP trustee purchased, on behalf of the ESOP, 255,444 shares of Madison County Financial, Inc. common stock, or 8% of the total number of shares of common stock issued in the stock offering. The ESOP funded its stock purchase with a loan from Madison County Financial, Inc. equal to the aggregate purchase price of the common stock. The loan is repaid principally through Madison County Bank's contribution to the ESOP and dividends payable on common stock held by the ESOP over the 25-year term of the loan. The initial interest rate for the ESOP loan was the prime rate, as published in *The Wall Street Journal*, on the closing date of the conversion. Thereafter the interest rate adjusts annually and will be the prime rate on the first business day of the calendar year, retroactive to January 1 of such year.

The trustee holds the shares purchased by the ESOP in an unallocated suspense account. Shares are released from the suspense account on a pro-rata basis as the loan is repaid. The trustee allocates the shares released among participants on the basis of each participant's proportional share of compensation relative to all participants. Participants vest in their benefit at a rate of 20% per year, beginning after the completion of their second year of service, such that the participants will be 100% vested upon completion of six years of credited service. Participants who were employed by Madison County Bank immediately prior to the conversion received credit for vesting purposes for years of service prior to adoption of the ESOP. Participants also will become fully vested upon normal retirement, death or disability, a change in control, or termination of the ESOP. Generally, participants will receive distributions from the ESOP upon severance from employment. The ESOP reallocates any unvested shares forfeited upon termination of employment among the remaining participants.

The ESOP permits participants to direct the trustee as to how to vote the shares of common stock allocated to their accounts. The trustee votes unallocated shares and allocated shares for which participants do not provide instructions on any matter in the same ratio as those shares for which participants provide instructions, subject to fulfillment of the trustee's fiduciary responsibilities.

Under applicable accounting requirements, Madison County Bank records compensation expense for the ESOP at the fair market value of the shares as they are committed to be released from the unallocated suspense account to participants' accounts. The compensation expense resulting from the release of the common stock from the suspense account and allocation to plan participants results in a corresponding reduction in Madison County Financial, Inc.'s earnings.

Other than our ESOP, Madison County Financial, Inc. currently has no equity-based benefit plans that were not approved by stockholders.

PROPOSAL II – RATIFICATION OF INDEPENDENT AUDITOR

The Audit Committee of Madison County Financial, Inc.'s Board of Directors has approved the engagement of Forvis Mazars, LLP to serve as Madison County Financial, Inc.'s independent auditor for the year ending December 31, 2025. Auditors are not deemed independent unless the Audit Committee has approved the engagement, or alternatively, the engagement is entered into pursuant to detailed pre-approval policies and procedures established by the Audit Committee which sets forth each specific service to be performed by the auditor.

At the Annual Meeting, stockholders will consider and vote on the ratification of the engagement of Forvis Mazars, LLP for the year ending December 31, 2025. A representative of Forvis Mazars, LLP is not expected to attend the Meeting.

Audit Fees. The aggregate fees billed for professional services rendered by Forvis Mazars, LLP for the audit of Madison County Financial, Inc.'s annual financial statements for 2024 and 2023 were $54,100 and $50,600 respectively.

Audit-Related Fees. There were no fees billed for professional services rendered by Forvis Mazars, LLP that were reasonably related to the performance of the audits described above for 2024 and 2023, respectively.

Tax Fees. There were no fees billed for professional services by Forvis Mazars, LLP for tax services for 2024 and 2023, respectively.

All Other Fees. There were no fees billed for professional services rendered for Madison County Financial, Inc. by Forvis Mazars, LLP for service other than those listed above for the years 2024 and 2023, respectively.

Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Auditor

The Audit Committee's policy is to pre-approve all audit and non-audit services provided by independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to particular service or category of services and is generally subject to a specific budget. The independent auditors and management are required to periodically report to the full Audit Committee regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date.

In order to ratify the selection of Forvis Mazars, LLP as the independent auditor for 2025, the proposal must receive a majority of the votes cast, either in person or by proxy, in favor of such ratification. The Board of Directors recommends a vote "FOR" the ratification of Forvis Mazars, LLP as independent auditor for 2025.

ADVANCE NOTICE OF BUSINESS TO BE CONDUCTED AT ANNUAL MEETING

The Company's Bylaws generally provide that any stockholder desiring to make a proposal for new business at an annual meeting of stockholders or to nominate one or more candidates for election as directors must submit written notice filed with the Secretary of Madison County Financial, Inc. at the principal executive offices of Madison County Financial, Inc. not later than the close of business on the 90th day prior to the anniversary date of the date of Madison County Financial, Inc.'s proxy statement relating to the preceding year's annual meeting of stockholders and not earlier than the close of business on the 120th day prior to the anniversary date of the date of Madison County Financial, Inc.'s proxy statement relating to the preceding year's annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the 10th day following the date on which public disclosure of the date of such meeting is first made. The notice must include the stockholder's name, record address, and number of shares owned; describe briefly the proposed business, the reasons for bringing the business before the annual meeting, and any material interest of the stockholder in the proposed business. In the case of nominations to the Board of Directors, certain information regarding the nominee must be provided.

The 2026 annual meeting of stockholders is expected to be held on May 18, 2026. For the 2026 annual meeting of stockholders, the notice would have to be received between December 10, 2025 and January 9, 2026.

OTHER MATTERS

The Board of Directors is not aware of any business to come before the Annual Meeting other than the matters described above in this Proxy Statement. However, if any matters should properly come before the Annual Meeting, it is intended that holders of the proxies will act as directed by a majority of the Board of Directors, except for matters related to the conduct of the Annual Meeting, as to which they shall act in accordance with their best judgment.

MISCELLANEOUS

The Company will bear the cost of solicitation of proxies and Madison County Financial, Inc. will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. In addition to solicitations by mail, Madison County Financial, Inc.'s directors, officers and regular employees may solicit proxies personally, by telephone or by other forms of communication without additional compensation.

BY ORDER OF THE BOARD OF DIRECTORS

Warren R. Blank

Warren R. Blank
Corporate Secretary

Madison, Nebraska
April 9, 2025

MADISON COUNTY FINANCIAL INC.
and Subsidiaries

Consolidated Financial Report
(With Reports of Independent Auditor thereon)
December 31, 2024 and 2023

Madison County Financial, Inc.
December 31, 2024 and 2023

Contents

Independent Auditor's Report

Consolidated Financial Statements

Balance Sheets as of December 31, 2024 and 2023 1
Statements of Income for the Years Ended December 31, 2024 and 2023 2
Statements of Comprehensive Income for the Years Ended December 31, 2024 and 2023 3
Statements of Stockholders' Equity for the Years Ended December 31, 2024 and 2023 4
Statements of Cash Flows for the Years Ended December 31, 2024 and 2023 5
Notes to Financial Statements as of December 31, 2024 and 2023 6

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Independent Auditor's Report

Board of Directors and Stockholders
Madison County Financial, Inc.
Madison, Nebraska

Opinion

We have audited the consolidated financial statements of Madison County Financial, Inc. and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

In performing an audit in accordance with GAAS, we:

• Exercise professional judgment and maintain professional skepticism throughout the audit.

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.

• Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for a reasonable period of time.

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

Forvis Mazars, LLP

Indianapolis, Indiana
February 28, 2025

Madison County Financial, Inc.
Consolidated Balance Sheets
December 31, 2024 and 2023

(Dollars in Thousands, except per share amounts)

	December 31, 2024	December 31, 2023
Assets		
Cash and due from banks	$ 9,093	$ 6,509
Interest-earning demand accounts	67	57
Cash and cash equivalents	9,160	6,566
Certificates of deposit	-	250
Investment securities:		
Available for sale, at fair value	18,714	18,636
Held to maturity, at amortized cost (fair value of $76,253 and $81,491 respectively, net of allowance for credit losses of $76 and $76 respectively)	93,061	94,341
Loans receivable, net of allowance for credit losses of $6,378 and $6,380, respectively	463,287	450,610
Stock in Federal Home Loan Bank (FHLB) of Topeka and Federal Reserve Bank (FRB)	8,114	8,708
Premises and equipment, net	8,899	9,204
Bank-owned life insurance ("BOLI")	9,780	9,514
Accrued interest receivable	7,223	7,284
Core deposit and other intangibles	381	458
Goodwill	1,200	1,200
Other assets	2,429	2,940
Total assets	$ 622,248	$ 609,711
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	$ 459,462	$ 437,795
Borrowings	60,300	72,271
Accrued interest payable	374	368
Other liabilities	6,929	6,837
Total liabilities	527,065	517,271
Commitments and contingencies		
Stockholders' Equity		
Common stock, $.01 par value per share:		
Issued and outstanding - 2,705,144 and 2,709,859 respectively	26	26
Additional paid in capital	20,001	20,476
Unearned employee stock ownership plan (ESOP)	(1,226)	(1,329)
Retained earnings	77,759	74,722
Accumulated other comprehensive loss	(1,377)	(1,455)
Total stockholders' equity	95,183	92,440
Total liabilities and stockholders' equity	$ 622,248	$ 609,711

See notes to consolidated financial statements

Madison County Financial, Inc.
Consolidated Statements of Income
Years Ended December 31, 2024 and 2023
(Dollars in Thousands, except per share amounts)

	Years Ended December 31, 2024	Years Ended December 31, 2023
Interest and Dividend Income		
Loans receivable, including fees	$ 23,267	$ 20,311
Investment securities - taxable	793	699
Investment securities - non-taxable	2,321	2,351
Other	677	1,575
Total interest income	27,058	24,936
Interest Expense		
Deposits	14,103	14,305
Borrowings	1,562	793
Total interest expense	15,665	15,098
Net interest income	11,393	9,838
Provision (credit) for credit losses	(9)	57
Net Interest Income After Provision for Credit Losses	11,402	9,781
Other Income		
Service charges on deposit accounts	228	222
ATM and credit card fees	152	229
Loan servicing income, net	340	349
Gain on sale of loans	320	188
Increase in surrender value of life insurance	266	257
Gain on redemption of life insurance policies	-	814
Insurance commission income	998	899
Other income	180	125
Total other income	2,484	3,083
Other Expense		
Salaries and employee benefits	5,961	5,903
Director fees and benefits	187	151
Net occupancy	1,006	1,040
Data processing fees	1,008	915
Professional fees	192	171
Advertising	141	149
Supplies	151	221
FDIC insurance premiums	256	257
Intangible amortization	77	80
Other expense	713	791
Total other expense	9,692	9,678
Income Before Income Tax Expense	4,194	3,186
Income tax expense/(benefit)	377	(40)
Net Income	$ 3,817	$ 3,226
Earnings Per Share:		
Basic	$ 1.47	1.27
Diluted	1.47	1.24
Dividends Per Share	0.30	0.72

See notes to consolidated financial statements.

Madison County Financial, Inc.

Consolidated Statements of Comprehensive Income
Years Ended December 31, 2024 and 2023

(Dollars in Thousands, except per share amounts)

	Years Ended December 31, 2024	Years Ended December 31, 2023
Net Income	$ 3,817	$ 3,226
Other Comprehensive Income		
Unrealized gains on available-for-sale securities, net of tax of $21 and $60, for 2024 and 2023, respectively	78	225
Comprehensive Income	$ 3,895	$ 3,451

See notes to consolidated financial statements.

Madison County Financial, Inc.

Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2024 and 2023

(Dollars in Thousands, except per share amounts)

	Common Stock Shares Outstanding	Common Stock Amount	Additional Paid-in Capital	Unearned ESOP Shares	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance, January 1, 2023	2,680,368	$ 26	$ 20,556	$ (1,431)	$ 73,319	$ (1,680)	$ 90,790
Net income					3,226		3,226
Other comprehensive income						225	225
ESOP shares earned			155	102			257
Dividends paid ($0.72 per share)					(1,823)		(1,823)
Shares issued	67,275		828				828
Shares repurchased	(37,784)	-	(1,063)				(1,063)
Balance, December 31, 2023	2,709,859	26	20,476	(1,329)	74,722	(1,455)	92,440
Net income					3,817		3,817
Other comprehensive income						78	78
ESOP shares earned			134	103			237
Dividends paid ($0.30 per share)					(780)		(780)
Shares issued	28,578		188				188
Shares repurchased/redeemed	(33,293)		(797)				(797)
Balance, December 31, 2024	2,705,144	$ 26	$ 20,001	$ (1,226)	$ 77,759	$ (1,377)	$ 95,183

See notes to consolidated financial statements.

Madison County Financial, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

(Dollars in Thousands, except per share amounts)

	Years Ended December 31, 2024	Years Ended December 31, 2023
Operating activities:		
Net income	$ 3,817	$ 3,226
Items not requiring cash:		
Provision (credit) for credit losses	(9)	57
Depreciation and amortization	386	383
Deferred income taxes	320	(11)
Investment securities amortization, net	(178)	(93)
Intangible amortization	77	80
Gain on loans sold	(320)	(187)
Increase in surrender value of life insurance	(266)	(257)
Gain on redemption of life insurance policies	-	(814)
ESOP shares earned	237	257
Loans originated for sale in the secondary market	(14,477)	(8,408)
Proceeds from loan sales in the secondary market	14,695	8,540
Net change in:		
Accrued interest receivable	61	(1,954)
Accrued interest payable	6	288
Other adjustments	(226)	(170)
Net cash provided by operating activities	4,123	937
Investing activities:		
Net change in certificates of deposit	250	750
Purchases of investment securities available for sale	(6,265)	(3,785)
Proceeds from maturities of investment securities available for sale	6,435	500
Purchases of investment securities held to maturity	(690)	(935)
Proceeds from maturities of investment securities held to maturity	1,999	2,748
Purchase of FHLB/FRB stock	(1,505)	(2,341)
Proceeds from sale of FHLB stock	2,695	565
Net change in loans receivable	(12,674)	(26,251)
Purchases of premises and equipment	(81)	(99)
Proceeds from bank-owned life insurance	-	1,291
Net cash used in investing activities	(9,836)	(27,557)
Financing activities:		
Net change in checking and money market savings accounts	15,793	(47,175)
Net change in certificates of deposit	5,874	(279)
Net change in short-term borrowings	(12,971)	44,071
Proceeds from FHLB advances	1,000	15,000
Issued shares	188	828
Repurchased shares	(797)	(1,063)
Dividends paid	(780)	(1,823)
Net cash provided by financing activities	8,307	9,559
Net Change in Cash and Cash Equivalents	2,594	(17,061)
Cash and Cash Equivalents, Beginning of Year	6,566	23,627
Cash and Cash Equivalents, End of Year	$ 9,160	$ 6,566
Additional Cash Flows Information:		
Interest paid	$ 15,659	$ 14,810
Taxes paid, net of refunds	(64)	(65)

See notes to consolidated financial statements.

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Conversion

Madison County Bank (the "Bank"), a wholly owned subsidiary of Madison County Financial, Inc. (the "Company"), is engaged in providing a full range of banking and financial services to individual and corporate customers in the areas surrounding Madison, Nebraska. The Bank is subject to competition from other financial institutions. The Company is subject to the regulation of the Board of Governors of the Federal Reserve Board System. Effective June 19, 2018, the Bank converted to a Nebraska state-chartered member bank from a federal savings bank. As a state-chartered member bank, the Bank is regulated by the Board of Governors of the Federal Reserve System. Both the Company and the Bank undergo periodic examinations by such authority. Further the Bank is regulated by the Nebraska Department of Banking and Finance.

On October 3, 2012, Madison County Holding Company, MHC, the Bank's former federally chartered mutual holding company, consummated its mutual-to-stock conversion, and the Company consummated its initial stock offering. In the Offering, the Company sold 3,193,054 shares of its common stock, par value $0.01 per share, at $10.00 per share in a subscription offering and community offering, including 255,444 shares, equal to 8.0% of the shares sold in the offering, to the Madison County Bank employee stock ownership plan.

The cost of conversion and the stock offering were deferred and deducted from the proceeds of the offering.

In accordance with applicable federal conversion regulations, at the time of the completion of the mutual-to-stock conversion, we established a liquidation account in an amount equal to the Bank's total equity as of the latest balance sheet date in the final prospectus used in the Conversion. Each eligible account holder or supplemental account holder is entitled to a proportionate share of this liquidation account in the event of a complete liquidation of the Bank, and only in such event. This share will be reduced if the eligible account holder's or supplemental account holder's deposit balance falls below the amounts on the date of record as of any December 31 and will cease to exist if the account is closed. The liquidation account will never be increased despite any increase after Conversion in the related deposit balance.

The Company may not declare, pay a dividend on, or repurchase any of its capital stock of the Bank, if the effect thereof would cause retained earnings to be reduced below the liquidation account amount or regulatory capital requirements.

Principles of Consolidation

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

Use of Estimates

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

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses and fair values of financial instruments.

Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2024 and 2023, cash equivalents consisted primarily of interest earning demand deposits.

No reserve funds were required to be maintained in cash and/or deposit with the Federal Reserve Bank at December 31, 2024.

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to $250. At December 31, 2024, cash and cash equivalents of $67 held at the Federal Home Loan Bank were not federally insured.

Certificates of Deposit

Certificates of deposit are carried at cost and mature within one to five years.

Investment Securities

Certain debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost. Securities not classified as held to maturity are investment securities classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of investment securities are recorded on the trade date and are determined using the specific identification method.

Allowance for Credit Losses-Available-For-Sale Securities

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

Changes in the allowance for credit losses 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 total $81 and $108 at December 31, 2024 and 2023, respectively, and is excluded from the estimate of credit losses.

Allowance for Credit Losses – Held-to-Maturity Securities

The Company purchases debt securities of Nebraska and South Dakota political subdivisions and designates the same as held-to-maturity. Management measures expected credit losses on held-to-maturity debt securities on a collective basis into the state and municipal security type. Securities are comprised of investments that are highly rated AAA/AA/A/A+/A-/AA-, highly speculative B+/B- and not rated.

For debt securities held-to-maturity, the estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. The Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers 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 losses is recorded for the credit loss. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

Accrued interest receivable on held-to-maturity debt securities totaled $565 and $568 at December 31, 2024 and 2023, respectively, and is excluded from the estimate of credit losses.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to noninterest income. Gains and losses on loan sales are recorded in noninterest income upon sale of the loan.

Loans Receivable

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding principal balances adjusted for unearned income, charge-offs, the allowance for credit losses, any unamortized deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. Premiums and discounts are amortized as a level yield adjustment over the respective term of the loan.

For loans not secured by real estate or loans secured by real estate with loan-to-value ratios of 80% or more, the accrual of interest is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. For loans secured by real estate with a loan-to-value ratio of less than 80%, the accrual of interest is discontinued after the loan is 120 days past due. Past due status is based on contractual terms of the loan. For all loan classes, the entire balance of the loan is considered past due if the minimum payment contractually required to be paid is not received by the contractual due date. For all loan classes, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

For all loan portfolio segments, the Company promptly charges off loans, or portions thereof, when available information confirms that specific loans are uncollectible based on information that includes, but is not limited to, (1) the deteriorating financial condition of the borrower, (2) declining collateral values, and/or (3) legal action, including bankruptcy, that impairs the borrower's ability to adequately meet its obligations. For loans that are individually evaluated and are considered to be solely collateral dependent, a partial charge-off is recorded when a loss has been confirmed by an updated appraisal or other appropriate valuation of the collateral.

For all loan classes, interest accrued but not collected for loans that are placed on nonaccrual or charged off are reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Nonaccrual loans are returned to accrual status when, in the opinion of management, the financial position of the borrower indicates there is no longer any reasonable doubt as to the timely collection of interest or principal. The Company requires a period of satisfactory performance of not less than six months before returning a nonaccrual loan to accrual status. There were no changes in the Company's nonaccrual policy during the years ended December 31, 2024 and 2023.

When cash payments are received on impaired loans in each loan class, the Company records the payment as interest income unless collection of the remaining recorded principal amount is doubtful, at which time payments are used to reduce the principal balance of the loan. Troubled debt restructured loans recognize interest income on an accrual basis at the renegotiated rate if the loan is in compliance with the modified terms.

Allowance for Credit Losses - Loans

The allowance for credit losses 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 estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for 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.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The Company has identified the following portfolio segments: Agricultural Real Estate Loans, Commercial and Multi-Family Real Estate Loans, One-to-Four-Family Residential Real Estate Loans, Agricultural and Commercial Non-Real Estate Loans, and Consumer Loans, which includes auto loans, and measures the allowance for credit losses using the following methods, nature and volume of the Company's financial assets and the overall economic condition of Company customers, changes in Company's lending policies, procedures and underwriting practices, changes in international, national and local economic business conditions affecting the collectability of the Company's financial assets, effects of changes in reasonable and supportable economic forecasts, experience, ability and depth of Company's lending, investment, collection and other relevant management and staff, quality of the Company's credit review function; changes in new areas of investment in which the Company has limited historical experience operating and managing, existence, growth and effect of any concentrations of credit, effect of external factors such as regulatory, legal and technological environments, competition, and events such as natural disasters, changes in value of the underlying collateral for financial assets, and volume and severity of past due financial assets, volume of nonaccrual assets, and the volume and severity of adversely classified assets.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines that foreclosure is probable expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a troubled debt restructuring will be executed with an individual borrower or the extension or renewal options are included in the original modified contract at the reporting date and are not unconditionally cancellable by the Company.

Accrued interest receivable on loans total $6,577 and $6,607 at December 31, 2024 and 2023, respectively, and is excluded from the estimate of credit losses.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted through credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life.

The following categories of off-balance sheet credit exposures have been identified: mortgage loan commitments, non-mortgage loan commitments and standby letters of credit.

Premises and Equipment

Premises and equipment are carried at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method for premises and the declining balance method for equipment based principally on the estimated useful lives of the assets. Estimated useful lives are seven to 40 years for buildings and improvements, five to 15 years for furniture and equipment, five years for automobiles and three years for software. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are included in current operations.

Stock in Federal Home Loan Bank of Topeka and Federal Reserve Stock

Federal Home Loan Bank (FHLB) stock and Federal Reserve Bank (FRB) stock are required investments for institutions in our market area that are members of the Federal Home Loan Bank and the Federal Reserve Bank systems. The required investment in the common stock is based on a predetermined formula.

Management periodically evaluates the FHLB and FRB stock for impairment. Determination of whether the FHLB and FRB stock is impaired is based on the assessment of the ultimate recoverability of cost rather than by recognizing declines in value. The determination of whether a decline affects the ultimate recoverability of costs is influenced by the significance of the decline in net assets compared to the capital of the FHLB and FRB and the length of time this situation has persisted; the ability of the FHLB and FRB to make payments required by law or regulation and operating performance; the impact of legislative and regulatory changes on member institutions and customer base and the liquidity position of the FHLB and FRB. Management believes that no impairment charge on FHLB or FRB stock was necessary at December 31, 2024.

Foreclosed Assets Held for Sale

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in noninterest expense. There were no foreclosed assets held for sale at December 31, 2024 or 2023.

Bank-Owned Life insurance

Bank-owned life insurance is recorded at the amount that can be realized under the insurance contracts at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. Changes in the net cash surrender value of the policies, as well as insurance proceeds received are reflected in noninterest income on the consolidated statements of income and are not subject to income taxes.

Goodwill

Goodwill is tested annually for impairment. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements.

Intangible Assets

Intangible assets, except goodwill, are being amortized on an accelerated basis over a period of 15 years. Such assets are periodically evaluated as to the recoverability of their carrying value.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (ASC 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Uncertain tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

The Company files consolidated income tax returns with its subsidiaries.

Earnings Per Share

Basic earnings per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding during each period. Diluted earnings per share reflects additional potential common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate solely to outstanding stock options and are determined using the treasury stock method.

Unearned ESOP shares, which are not vested, are excluded from the computation of average shares outstanding.

Stock Option Plan

The Company has a share based employee compensation plan, which is described more fully in Note 12.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income, net of applicable income tax expense. Other comprehensive income and accumulated other comprehensive loss consist entirely of unrealized appreciation (depreciation) on available-for-sale investment securities.

Loan Commitments and Related Financial Instruments

Financial instruments include off-balance-sheet credit instruments, such as commitments to make loans and commercial lines and letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Management estimates losses on off-balance-sheet credit instruments using the same methodology as for portfolio loans. Additions to the allowance for credit losses on off-balance-sheet credit instruments are made by charges to the provision for credit losses and credits to other liabilities in the Company's consolidated balance sheet.

Revenue From Contracts with Customers

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

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

Operating Segments

While the chief decision-makers monitor the revenue streams of the various products and services, operations are managed, and financial performance is evaluated on a Company-wide basis. Operating segments are aggregated into one as operating results for all segments are similar. Accordingly, all of the financial service operations are considered by management to be aggregated in one reportable operating segment.

(Dollars in Thousands, Except Per Share Data)

Note 2: Investment Securities

The amortized cost and approximate fair values of investment securities are as follows:

	December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
Available for sale:				
U.S. Treasuries	$ 2,070	$ -	$ (211)	$ 1,859
Federal agencies	18,387	2	(1,534)	16,855
Total available for sale	$ 20,457	$ 2	$ (1,745)	$ 18,714

	December 31, 2024					
	Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
Held to maturity:						
State and municipal	$ 93,137	$ (76)	$ 93,061	$ 2	$ (16,810)	$ 76,253
Total held to maturity	$ 93,137	$ (76)	$ 93,061	$ 2	$ (16,810)	$ 76,253

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
Available for sale:				
U.S. Treasuries	$ 4,076	$ -	$ (236)	$ 3,840
Federal agencies	16,402	3	(1,609)	14,796
Total available for sale	$ 20,478	$ 3	$ (1,845)	$ 18,636

	December 31, 2023					
	Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
Held to maturity:						
State and municipal	$ 94,417	$ (76)	$ 94,341	$ 42	$ (12,892)	$ 81,491
Total held to maturity	$ 94,417	$ (76)	$ 94,341	$ 42	$ (12,892)	$ 81,491

(Dollars in Thousands, except per share amounts)

The following table presents the activity in the allowance for credit losses for debt securities held-to-maturity by major security type:

	Years Ended December 31, 2024	2023
State and Municipal		
Allowance for credit losses:		
Beginning balance	$ (76)	$ (76)
Provision for credit losses	-	-
Total ending allowance for credit losses-HTM securities	$ (76)	$ (76)

The Company monitors the credit quality of debt securities held-to-maturity through the use of credit rating. The Company monitors the credit rating on a quarterly frequency. The following table summarizes the amortized cost of debt securities held-to-maturity at December 31, 2024, aggregated by credit quality indicator:

	Years Ended December 31, 2024	2023
State and Municipal		
AAA/AA/A/A+/A-/AA-	$ 7,117	$ 6,700
BBB/BB/B	-	200
Nonrated	86,020	87,517
Total	$ 93,137	$ 94,417

The amortized cost and fair value of available-for-sale investment securities and the net carrying amount and fair value of held-to-maturity securities at December 31, 2024, by contractual maturity, are shown below. 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.

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	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Net Carrying Amount	Fair Value
Within one year	$ 4,846	$ 4,830	$ 2,458	$ 2,420
After one through five years	5,628	5,348	11,459	10,561
After five through ten years	9,686	8,242	25,182	21,390
After ten years	297	294	53,962	41,882
	$ 20,457	$ 18,714	$ 93,061	$ 76,253

(Dollars in Thousands, except per share amounts)

The carrying value of investment securities pledged as collateral, to secure public deposits and for other purposes, was $27,113 and $24,180 at December 31, 2024 and 2023, respectively.

There were no sales of investment securities available for sale for the years ended December 31, 2024 and 2023.

Investment securities with unrealized losses at December 31, 2024 were as follows:

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available for sale-						
U.S. Treasuries	$ -	$ -	$ 1,859	$ (211)	$ 1,859	$ (211)
Federal agencies	2,231	(5)	11,757	(1,529)	13,988	(1,534)
Held to maturity-						
State and municipal	7,585	(229)	67,200	(16,581)	74,785	(16,810)
	$ 9,816	$ (234)	$ 80,816	$ (18,321)	$ 90,632	$ (18,555)

Investment securities with unrealized losses at December 31, 2023 were as follows:

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available for sale-						
U.S. Treasuries	$ 992	$ (1)	$ 2,848	$ (235)	$ 3,840	$ (236)
Federal agencies	-	-	12,935	(1,609)	12,935	(1,609)
Held to maturity-						
State and municipal	4,561	(182)	67,426	(12,710)	71,987	(12,892)
	$ 5,553	$ (183)	$ 83,209	$ (14,554)	$ 88,762	$ (14,737)

Unrealized losses on U. S. Treasuries, Federal agencies and state and municipal securities have not been recorded as an allowance for credit loss because the Company does not intend to sell the securities prior to their anticipated recovery and the decline in fair value is largely due to changes in interest rates and other market conditions.

As of December 31, 2024 and 2023, certain investments in debt securities have fair values at an amount less than their historical cost. Total fair value of these investments at December 31, 2024 and 2023 was $90,632 and $88,762, which is approximately 95% and 89%, respectively, of the Company's investment portfolio. These decreases primarily resulted from changes in market interest rates.

(Dollars in Thousands, except per share amounts)

Note 3: Loans Receivable and Allowance for Credit Losses

Categories of loans receivable include:

	December 31, 2024	December 31, 2023
Real estate:		
Agricultural	$ 171,677	$ 164,625
Commercial and multi-family	57,017	57,440
One- to four-family residential	147,715	145,170
Agricultural and commercial non-real estate	81,150	76,611
Consumer	12,106	13,144
	469,665	456,990
Less		
Allowance for credit losses	6,378	6,380
Total loans	$ 463,287	$ 450,610

The risk characteristics of each loan portfolio segment are as follows:

Agricultural Real Estate

Agricultural real estate loans are primarily comprised of loans for the purchase of farmland. Loan-to-value ratios on loans secured by farmland generally do not exceed 70% and have amortization periods limited to thirty years.

Agricultural and Commercial Non-Real Estate

Agricultural non-real estate loans are generally comprised of seasonal operating lines to cash grain farmers to plant and harvest corn and soybeans and term loans to fund the purchase of equipment. Specific underwriting standards have been established for agricultural-related loans including the establishment of projections for each operating year based on industry-developed estimates of farm input costs and expected commodity yields and prices. Operating lines are typically written for one year and secured by the crop and other farm assets as considered necessary.

Commercial non-real estate loans are primarily based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most commercial non-real estate loans are secured by the assets being financed or other business assets, such as accounts receivable or inventory, and may include a personal guarantee. Short-term loans may be made on an unsecured basis.

Commercial and Multi-Family Real Estate

Commercial and multi-family real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan.

Commercial and multi-family real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. The characteristics of properties securing the Company's commercial and multi-family real estate portfolio are diverse, but virtually all of these loans are secured by properties in Nebraska. Management monitors and evaluates commercial real estate and multi-family real estate loans based on collateral, geography and risk grade criteria. In addition, the Company generally will not finance single purpose projects unless other underwriting factors are present to help mitigate risk. In addition, management tracks the level of owner-occupied commercial real estate versus nonowner-occupied loans.

Residential Real Estate and Consumer

Residential real estate and consumer loans consist of two segments - residential mortgage loans and personal loans. For residential mortgage loans that are secured by 1-4 family residences and are generally owner-occupied, the Company generally establishes a maximum loan-to-value ratio of 80% of the sales price or appraised value, whichever is lower, and requires private mortgage insurance if that ratio is exceeded. Home equity loans are typically secured by a subordinate interest in 1-4 family residences, and consumer loans are secured by consumer assets, such as automobiles or recreational vehicles. Some consumer personal loans are unsecured, such as small installment loans and certain lines of credit. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by economic conditions in their market areas, such as unemployment levels. Repayment can also be impacted by changes in property values on residential properties. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

(Dollars in Thousands, except per share amounts)

The following table presents by portfolio segment, the activity in the allowance for credit losses for the years ended December 31, 2024 and December 31, 2023:

		Real Estate				
	Agricultural	Commercial and Multi-Family	One- to Four-Family Residential	Agricultural and Commercial	Consumer	Total
Year Ended December 31, 2024						
Allowance for credit losses:						
Balance, beginning of period	$ 1,956	$ 898	$ 2,267	$ 1,078	$ 181	$ 6,380
Provision (credit) for credit losses	52	(53)	(18)	43	(27)	(3)
Loans charged to the allowance for credit losses	-	-	-	-	(2)	(2)
Recoveries of loans previously charged off	-	-	-	-	3	3
Balance, end of period	$ 2,008	$ 845	$ 2,249	$ 1,121	$ 155	$ 6,378
Year Ended December 31, 2023						
Allowance for loan losses:						
Balance, beginning of period	$ 1,667	$ 1,322	$ 2,070	$ 1,054	$ 292	$ 6,405
Provision (credit) for loan losses	289	(424)	197	24	(116)	(30)
Loans charged to the allowance	-	-	-	-	(2)	(2)
Recoveries of loans previously charged off	-	-	-	-	7	7
Balance, end of period	$ 1,956	$ 898	$ 2,267	$ 1,078	$ 181	$ 6,380

(Dollars in Thousands, except per share amounts)

The following table presents the credit risk profile of the Company's loan portfolio based on rating category and payment activity as of December 31, 2024:

	Term Loans Amortized Cost Basis by Origination Year						
	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Total
As of December 31, 2024							
Agricultural Real Estate:							
Risk rating							
Pass	$ 27,653	$ 18,528	$ 28,971	$ 21,918	$ 74,017	$ -	$ 171,087
Special mention	-	-	-	-	-	-	-
Substandard	-	70	-	-	520	-	590
Doubtful	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-
Total agricultural real estate loans	$ 27,653	$ 18,598	$ 28,971	$ 21,918	$ 74,537	$ -	$ 171,677
Agricultural Real Estate Loans:							
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial and Multi-Family Real Estate:							
Risk rating							
Pass	$ 5,293	$ 4,511	$ 18,545	$ 4,480	$ 24,188	$ -	$ 57,017
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-
Total commercial and multi-family real estate loans	$ 5,293	$ 4,511	$ 18,545	$ 4,480	$ 24,188	$ -	$ 57,017
Commercial and Multi-Family Real Estate Loans:							
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
One-to-Four-Family Residential Real Estate:							
Risk rating							
Pass	$ 22,250	$ 17,625	$ 42,040	$ 31,516	$ 33,550	$ 17	$ 146,998
Special mention	-	-	-	367	195	-	562
Substandard	-	-	-	-	155	-	155
Doubtful	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-
Total one-to-four-family residential real estate loans	$ 22,250	$ 17,625	$ 42,040	$ 31,883	$ 33,900	$ 17	$ 147,715
One-to-Four-Family Residential Real Estate Loans:							
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -

	Term Loans Amortized Cost Basis by Origination Year					Revolving Loans Amortized Cost Basis	Total
	2024	2023	2022	2021	Prior		
As of December 31, 2024 (cont.)							
Agricultural and Commercial:							
Risk rating							
Pass	$ 13,964	$ 6,347	$ 3,908	$ 2,624	$ 1,864	$ 52,443	$ 81,150
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-
Total agricultural and commercial loans	$ 13,964	$ 6,347	$ 3,908	$ 2,624	$ 1,864	$ 52,443	$ 81,150
Agricultural and Commercial Loans:							
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Consumer:							
Risk rating							
Pass	$ 2,600	$ 4,783	$ 1,455	$ 797	$ 997	$ 1,473	$ 12,105
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-
Total consumer loans	$ 2,600	$ 4,783	$ 1,455	$ 797	$ 997	$ 1,473	$ 12,105
Consumer Loans:							
Current period gross write-offs	$ -	$ -	$ -	$ -	$ (2)	$ -	$ (2)

The following table presents the credit risk profile of the Company’s loan portfolio based on rating category and payment activity as of December 31, 2023:

	Term Loans Amortized Cost Basis by Origination Year				Revolving Loans Amortized Cost Basis	Total
	2023	2022	2021	Prior		
As of December 31, 2023						
Agricultural Real Estate:						
Risk rating						
Pass	$ 20,057	$ 31,544	$ 23,361	$ 88,962	$ -	$ 163,924
Special mention	-	-	-	-	-	-
Substandard	70	-	-	631	-	701
Doubtful	-	-	-	-	-	-
Loss	-	-	-	-	-	-
Total agricultural real estate loans	$ 20,127	$ 31,544	$ 23,361	$ 89,593	$ -	$ 164,625
Agricultural Real Estate Loans:						
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -

(Dollars in Thousands, except per share amounts)

	Term Loans Amortized Cost Basis by Origination Year				Revolving Loans Amortized Cost Basis	Total
	2023	2022	2021	Prior		
As of December 31, 2023 (cont.)						
Commercial and Multi-Family Real Estate:						
Risk rating						
Pass	$ 5,333	$ 19,575	$ 5,235	$ 27,297	$ -	$ 57,440
Special mention	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	-	-	-	-	-	-
Total commercial and multi-family real estate loans	$ 5,333	$ 19,575	$ 5,235	$ 27,297	$ -	$ 57,440
Commercial and Multi-Family Real Estate Loans:						
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -
One-to-Four-Family Residential Real Estate:						
Risk rating						
Pass	$ 21,934	$ 47,224	$ 36,336	$ 38,929	$ 12	$ 144,435
Special mention	-	67	199	351	-	617
Substandard	-	-	-	118	-	118
Doubtful	-	-	-	-	-	-
Loss	-	-	-	-	-	-
Total one-to-four-family residential real estate loans	$ 21,934	$ 47,291	$ 36,535	$ 39,398	$ 12	$ 145,170
One-to-Four-Family Residential Real Estate Loans:						
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -
Agricultural and Commercial:						
Risk rating						
Pass	$ 14,380	$ 7,960	$ 4,875	$ 3,211	$ 46,185	$ 76,611
Special mention	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	-	-	-	-	-	-
Total agricultural and commercial loans	$ 14,380	$ 7,960	$ 4,875	$ 3,211	$ 46,185	$ 76,611
Agricultural and Commercial Loans:						
Current period gross write-offs	$ -	$ -	$ -	$ -	$ -	$ -
Consumer:						
Risk rating						
Pass	$ 7,006	$ 2,689	$ 1,521	$ 832	$ 1,070	$ 13,118
Special mention	26	-	-	-	-	26
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	-	-	-	-	-	-
Total consumer loans	$ 7,032	$ 2,689	$ 1,521	$ 832	$ 1,070	$ 13,144
Consumer Loans:						
Current period gross write-offs	$ -	$ -	$ -	$ (2)	$ -	$ (2)

The Company generally categorizes all classes of loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. Generally, smaller dollar consumer loans are excluded from this grading process and are reflected in the Pass category. The delinquency trends of these consumer loans are monitored on a homogeneous basis and the related delinquent amounts are reflected in the aging analysis table below. The Company uses the following definitions for risk ratings:

The Pass asset quality rating encompasses assets that have generally performed as expected. With the exception of some smaller consumer and residential loans, these assets generally do not have delinquency. Loans assigned this rating include loans to borrowers possessing solid credit quality with acceptable risk. Borrowers in these grades are differentiated from higher grades on the basis of size (capital and/or revenue), leverage, asset quality, stability of the industry or specific market area and quality/coverage of collateral. These borrowers generally have a history of consistent earnings and reasonable leverage.

The Special Mention asset quality rating encompasses assets that have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification. This grade is intended to include loans to borrowers whose credit quality has clearly deteriorated and where risk of further decline is possible unless active measures are taken to correct the situation. Weaknesses are considered potential at this state and are not yet fully defined.

The Substandard asset quality rating encompasses assets that are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any; assets having a well-defined weakness based upon objective evidence; assets characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected; or the possibility that liquidation will not be timely. Loans categorized in this grade possess a well-defined credit weakness and the likelihood of repayment from the primary source is uncertain. Significant financial deterioration has occurred and very close attention is warranted to ensure the full repayment without loss. Collateral coverage may be marginal and the accrual of interest has been suspended.

The Doubtful asset quality rating encompasses assets that have all of the weaknesses of those classified as Substandard. In addition, these weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.

The Loss asset quality rating encompasses assets that are considered uncollectible and of such little value that their continuance as assets of the bank is not warranted. A loss classification does not mean that an asset has no recovery or salvage value; instead, it means that it is not practical or desirable to defer writing off or reserving all or a portion of a basically worthless asset, even though partial recovery may be realized in the future.

The Company evaluates the loan grading system definitions and allowance for loan loss methodology on an ongoing basis. No significant changes were made to either during the past year.

(Dollars in Thousands, except per share amounts)

The following table presents the Company's loan portfolio aging analysis and nonperforming loans as of December 31, 2024:

	Agricultural	Real Estate: Commercial and Multi-Family	Real Estate: One- to Four-Family Residential	Agricultural and Commercial	Consumer	Total
Past Due:						
30-59 days	$ 206	$ -	$ 2,074	$ -	$ 16	$ 2,296
60-89 days	-	-	143	-	-	143
90 days or more	-	-	-	70	-	70
Total past due	206	-	2,217	70	16	2,509
Current	171,471	57,017	145,498	81,080	12,090	467,156
Total loans	$ 171,677	$ 57,017	$ 147,715	$ 81,150	$ 12,106	$ 469,665

At December 31, 2024 and 2023, the Company had no residential real estate loans in process of foreclosure.

The following table presents the Company's loan portfolio aging analysis and nonperforming loans as of December 31, 2023:

	Agricultural	Real Estate: Commercial and Multi-Family	Real Estate: One- to Four-Family Residential	Agricultural and Commercial	Consumer	Total
Past Due:						
30-59 days	$ 375	$ -	$ 1,673	$ 1,758	$ 40	$ 3,846
60-89 days	-	-	266	-	-	266
90 days or more	103	-	-	-	-	103
Total past due	478	-	1,939	1,758	40	4,215
Current	164,147	57,440	143,231	74,853	13,104	452,775
Total loans	$ 164,625	$ 57,440	$ 145,170	$ 76,611	$ 13,144	$ 456,990

(Dollars in Thousands, except per share amounts)

The following table presents the amortized cost basis of loans on nonaccrual status and loans past due over 89 days and still accruing as of December 31, 2024:

	Nonaccrual Loans With No Allowance for Credit Loss	Loans Past Due Over 89 Days Still Accruing
Loans		
Agricultural real estate	$ 520	$ -
Commercial and multi-family real estate	-	-
One-to-four-family residential real estate	155	-
Agricultural and commercial	70	-
Consumer	-	-
Total	$ 745	$ -

The following table presents the amortized cost basis of loans on nonaccrual status and loans past due over 89 days and still accruing as of December 31, 2023:

	Nonaccrual Loans With No Allowance for Credit Loss	Loans Past Due Over 89 Days Still Accruing
Loans		
Agricultural real estate	$ 632	$ -
Commercial and multi-family real estate	-	-
One-to-four-family residential real estate	118	-
Agricultural and commercial	70	-
Consumer	-	-
Total	$ 820	$ -

(Dollars in Thousands, except per share amounts)

There were $520 and $632 of agricultural collateral-dependent loans as of December 31, 2024 and 2023, respectively. These loans were collateralized by agricultural real estate. Additionally, there were $155 and $118 one-to-four-family collateral-dependent loans respectively, which were secured by residential real estate, and $70 and $70 agricultural and commercial collateral-dependent loans, respectively. Agricultural loans are secured by crop inventories and other farm assets. Commercial loans are secured by assets being financed or other business assets, such as accounts receivable or inventory.

Interest income of $72 and $76 was recognized on nonaccrual loans for the years ended December 31, 2024 and 2023, respectively.

The Company did not modify any loans to borrowers in financial distress during the years ended December 31, 2024 and 2023, respectively.

Loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of mortgage and other loans serviced for others were $154,291 and $155,218 at December 31, 2024 and 2023, respectively.

Note 4: Premises and Equipment

Major classifications of premises and equipment, stated at cost, are as follows:

	December 31, 2024	December 31, 2023
Land	$ 1,232	1,232
Buildings and improvements	10,722	10,722
Furniture and equipment	1,926	1,980
Automobiles	75	75
Software	37	53
	13,992	14,062
Less accumulated depreciation	5,093	4,858
	$ 8,899	9,204

(Dollars in Thousands, except per share amounts)

Note 5: Goodwill and Intangibles

In November 2005, goodwill was recognized in connection with the acquisition of First Capital Investment Company, Inc., the parent company of First National Bank of Albion. In October 2015, goodwill was recognized in connection with the acquisitions of Winside Bancshares Incorporated, the parent company of Winside State Bank and Warnemunde Insurance & Real Estate Agency, Inc. Under FASB ASC 350, "Intangibles - Goodwill and Other," goodwill is tested for impairment annually or more frequently, if necessary. As a result, goodwill was not impaired at either December 31, 2024 or 2023.

The changes in the carrying amount of goodwill for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Balance as of January 1	$ 1,200	$ 1,200
Goodwill acquired during the year	-	-
Balance as of December 31	$ 1,200	$ 1,200

The carrying basis and accumulated amortization of recognized intangible assets December 31, 2024 and 2023, were as follows:

	2024		2023	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Core deposits	$ 3,538	$ (3,449)	$ 3,538	$ (3,422)
Other	1,170	$ (878)	1,170	(828)
	$ 4,708	$ (4,327)	$ 4,708	$ (4,250)

Amortization expense for the years ended December 31, 2024 and 2023 was $77 and $80, respectively.

Estimated amortization expense for each year of the next five years is as follows:

2025	$ 74
2026	70
2027	66
2028	62
2029	60

Intangibles are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

(Dollars in Thousands, except per share amounts)

Note 6: Deposits

	December 31, 2024	December 31, 2023
Non-interest bearing checking	$ 45,626	$ 42,205
Interest-bearing checking	277,629	264,890
Money market savings	108,531	108,898
Certificates and other time deposits of $250 or more	1,900	254
Other certificates and time deposits	25,776	21,548
Total deposits	$ 459,462	$ 437,795

At December 31, 2024, the scheduled maturities of time deposits are as follows:

2025	$ 19,102
2026	2,015
2027	1,362
2028	2,907
2029	2,290
	$ 27,676

There were no brokered deposits at December 31, 2024 or 2023.

(Dollars in Thousands, except per share amounts)

Note 7: Borrowings

	December 31, 2024	December 31, 2023
Federal Home Loan Bank line of credit	$ 31,100	$ 44,071
Federal Home Loan Bank advances	29,200	28,200
Total borrowings	$ 60,300	$ 72,271

The Company has an overnight line of credit at the FHLB of Topeka. The maximum credit available is based on certain criteria including a percentage of assets limitation and an available collateral limitation. Pursuant to the terms and conditions of the line of credit, advances made mature daily. Based on the statement received from the FHLB of Topeka, the additional borrowing capacity at December 31, 2024 was $94,437.

The Company has an unsecured line with another financial institution to purchase overnight federal funds. The maximum amount of the established line is $24,710 and matures on May 31, 2025. The line is subject to quarterly review as well as annual renewal, and terms may be altered in the event of a significant change in the Company's financial condition.

The Company has a Lending Agreement with the FRB to borrow money on the terms and security that such FRB requires, with no stated maturity. FRB advances are secured by loans totaling $46,056 at December 31, 2024. The maximum credit available from the FRB is $26,909 and is subject to an annual approval process and certain other restrictions. The Company had no advances at December 31, 2024.

FHLB advances, at interest rates from 1.06% to 4.81% at December 31, 2024, are subject to restrictions or penalties in the event of prepayment. FHLB advances and the line of credit are secured by a blanket lien on mortgage loans totaling $216,585 at December 31, 2024.

Maturities of FHLB advances were as follows at December 31, 2024:

2025	$ 3,200
2026	5,800
2027	1,800
2028	5,900
Thereafter	12,500
	$ 29,200

(Dollars in Thousands, except per share amounts)

Note 8: Income Taxes

The Company files income tax returns in the U.S. federal jurisdiction. With a few exceptions, the Company is no longer subject to U.S. federal or state examinations by tax authorities for years before 2020.

	Years Ended December 31, 2024	Years Ended December 31, 2023
Income tax expense:		
Currently payable - federal	$ 57	$ (29)
Deferred - federal	320	(11)
	$ 377	$ (40)
Reconciliation of federal statutory to actual tax expense (benefit)		
Federal statutory income tax at 21%	$ 881	$ 669
Tax-exempt income	(413)	(410)
Cash surrender value of life insurance	(56)	(225)
Other	(35)	(74)
Actual tax expense (benefit)	$ 377	$ (40)
Effective tax rate	9.0%	-1.3%

(Dollars in Thousands, except per share amounts)

A cumulative net deferred tax asset is included in other assets. The components of the asset are as follows:

	December 31, 2024	December 31, 2023
Assets:		
Allowance for credit losses-loans	$ 1,339	$ 1,340
Allowance for credit losses-HTM securities	16	16
Allowance for credit losses-off balance sheet credit exposures	1	2
Deferred compensation	919	866
Incentive compensation plans	14	60
Accrued vacation	110	113
NOL Carryover	95	390
Other	151	151
Securities available for sale	366	387
Total assets	3,011	3,325
Liabilities:		
Core deposit intangible	19	24
Other intangibles	61	72
Stock in FHLB of Topeka	302	275
Cash method of accounting/Prepaid expense	1,482	1,451
Depreciation	156	167
Basis of investments	52	37
Mortgage servicing rights	114	133
Total liabilities	2,186	2,159
Net deferred tax asset	$ 825	$ 1,166

Retained earnings at December 31, 2024 and 2023 include approximately $610 for which no deferred income tax liability has been recognized. This amount represents an allocation of income to bad debt deductions as of December 31, 1987 for tax purposes only. Reduction of amounts so allocated for purposes other than tax bad debt losses or adjustments arising from carryback of net operating losses would create income for tax purposes only, which income would be subject to the then-current corporate income tax rate. The unrecorded deferred income tax liability on the above amount was approximately $128 and $128 as of December 31, 2024 and 2023, respectively.

(Dollars in Thousands, except per share amounts)

Note 9: Commitments and Contingencies

In the normal course of business, there are outstanding commitments and contingent liabilities, such as commitments to extend credit, lines of credit and letters of credit, which are not included in the accompanying consolidated financial statements. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit, lines of credit and letters of credit is represented by the contractual or notional amount of those instruments. The Company uses the same credit policies in making such commitments as it does for instruments that are included in the consolidated balance sheet.

Financial instruments whose contract amount represents credit risk as of December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
Commitments to extend credit	$ 42,483	$ 41,274
Lines of credit, primarily commercial	33,541	32,542
Commercial letters of credit	-	-

Commitments to extend credit and lines of credit are agreements to lend to a customer provided there is no violation of any condition established in the contract and a majority of such commitments are contractually discretionary at the discretion of the Company. These commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commercial letters of credit and a large amount of the lines of credit are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness 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. Collateral held varies but may include accounts receivable, inventory, property and equipment and income-producing commercial properties.

Letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. At December 31, 2024, the Company had no outstanding letters of credit.

The Company sells residential loans with limited recourse to the FHLB of Topeka under the Mortgage Partnership Finance (MPF) Program. The Company is obligated to repurchase certain loans sold that become delinquent as defined by the agreement. At December 31, 2024 and 2023, these obligations were approximately $2,788 and $2,669. In December 2023, the FHLB revised the credit enhancement calculation due to an improvement in the MPF Program loss experience; therefore, the result of this credit enhancement realignment significantly decreased the Company's contingent liability on existing loans involved in the FHLB MPF Program. Based upon a favorable payment history, the Company does not anticipate any significant losses on these residential loans under the agreement. At December 31, 2024 and 2023, the reserve totaled $221 and $215, respectively.

(Dollars in Thousands, except per share amounts)

Note 10: Regulatory Capital

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies and is assigned to a capital category. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under U.S. GAAP, regulatory reporting requirements and regulatory capital standards. Furthermore, the Bank's regulators could require adjustments to regulatory capital not reflected in these consolidated financial statements.

Quantitative measures established by regulatory capital standards to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total, Tier I and common equity Tier I capital (as defined) to risk-weighted assets (as defined), Tier I capital to average assets (as defined), and tangible capital (as defined) to adjusted tangible assets (as defined). Management believes, as of December 31, 2024 and 2023, that the Bank met all capital adequacy requirements to which it was subject.

As of December 31, 2024 and 2023, the most recent notification from the regulators categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based capital, Tier I risk-based capital, common equity Tier I risk-based capital and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

	Actual		Minimum Capital Requirement		Minimum to Be Well Capitalized Under Prompt Corrective Action	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
2024						
Total capital[1] (to risk-weighted assets)	$ 92,260	18.42%	$ 40,076	8.00%	$ 50,095	10.00%
Tier I capital[1] (to risk-weighted assets)	85,996	17.17%	30,057	6.00%	40,076	8.00%
Common Equity Tier I capital[1] (to risk-weighted assets)	85,996	17.17%	22,543	4.50%	32,562	6.50%
Tier I capital[1] (to average assets)	85,996	14.31%	24,038	4.00%	30,048	5.00%
Tangible capital[1] (to adjusted tangible assets)	85,996	14.31%	9,014	1.50%	N/A	N/A
2023						
Total capital[1] (to risk-weighted assets)	$ 90,794	18.64%	$ 38,964	8.00%	$ 48,705	10.00%
Tier I capital[1] (to risk-weighted assets)	84,702	17.39%	29,223	6.00%	38,964	8.00%
Common Equity Tier I capital[1] (to risk-weighted assets)	84,702	17.39%	21,917	4.50%	31,658	6.50%
Tier I capital[1] (to average assets)	84,702	14.17%	23,904	4.00%	29,880	5.00%
Tangible capital[1] (to adjusted tangible assets)	84,702	14.17%	8,964	1.50%	N/A	N/A

[1] As defined by regulatory agencies

The above minimum capital requirements exclude the capital conservation buffer required to avoid limitations on capital distributions, including dividend payments and certain discretionary bonus payments to executive officers. The net unrealized gain or loss on available-for-sale securities is not included in computing regulatory capital.

The Bank is subject to certain restrictions on the amount of dividends that it may declare without prior regulatory approval. Generally, the Bank's payment of dividends is limited to net income for the current year plus the two preceding calendar years, less capital distributions paid over the comparable time period. At December 31, 2024, approximately $6,766 of retained earnings were available for dividend declaration without prior regulatory approval.

Note 11: Employee Benefits

The Company has a retirement savings 401(k) plan covering substantially all employees. Employees may contribute up to 100% of their compensation, subject to limitations prescribed by law. The Company contributes 3% of the employee's compensation. Employer contributions charged to expense was $161 and $147 for the years ended December 31, 2024 and 2023, respectively.

The Company has a salary continuation plan for the benefit of certain executive officers. The Bank is funding the agreement with variable rate life insurance policies. The recorded obligation of $3,467 and $3,282 at December 31, 2024 and 2023, respectively, is included in other liabilities. Expense of $185 and $97 was recorded for the years ended December 31, 2024 and 2023, respectively. Payments of $0 and $106 were made during the years ended December 31, 2024 and 2023, respectively.

In addition, the Company has a deferred compensation plan for the directors of the Company. The recorded obligation $908 and $843 at December 31, 2024 and 2023, respectively, is included in other liabilities. Expense of $88 and $83 was recorded for the years ended December 31, 2024 and 2023, respectively. Payments of $23 and $22 were made during the years ended December 31, 2024 and 2023, respectively.

The Company has also entered into employment and change in control agreements with certain officers that provide for the severance payments and the continuation of certain benefits for a specified period of time under certain conditions. Under the terms of the agreements, these payments could occur in the event of a change in control of the Company, as defined, along with other specific conditions. In the event of involuntary termination, subject to certain criteria, the officer is entitled to payment of base salary and certain benefits for the remaining term of the employment agreement, but in no event for a period of less than 12 months following the date of termination. The severance payments under these agreements are generally 2.99 times the base salary of the officer in the event of a change in control.

As part of the conversion, the Bank established an Employee Stock Ownership Plan (ESOP) covering substantially all employees. The ESOP acquired 255,444 shares of Company common stock at $10 per share in the conversion with funds provided by a loan from the Company. Accordingly, $2,554 of common stock acquired by the ESOP was shown as a reduction of stockholders' equity. Shares are released to participants proportionately as the loan is repaid. Dividends on allocated shares are recorded as dividends and charged to retained earnings. Dividends on unallocated shares are used to repay the loan and are treated as compensation expense. Compensation expense is recorded equal to the fair market value of the stock when contributions, which are determined annually by the Board of Directors, are made to the ESOP.

(Dollars in Thousands, except per share amounts)

The ESOP shares as of December 31, 2024 and 2023 were as follows:

	December 31,	
	2024	**2023**
Allocated shares	110,693	113,086
Unearned shares	122,612	132,830
Total ESOP shares	233,305	245,916
Fair value of unearned shares	$ 3,068	$ 2,955

The Company is obligated at the option of each beneficiary to repurchase shares of the ESOP upon the beneficiary's termination or after retirement. At December 31, 2024, the fair value of the 110,693 allocated shares held by the ESOP is $2,770. In addition, there 8,413 outstanding shares held by former employees that are subject to an ESOP-related repurchase option. The fair value of all shares subject to the repurchase obligation $2,980.

Note 12: Share Based Compensation

In November 2013, the Company's stockholders approved the 2013 Equity Incentive Plan ("Plan") which provides for awards of stock options and restricted stock to officers, employees and directors. The cost of the Plan is based on the fair value of the awards on the grant date. The fair value of restricted stock awards is based on the closing price of the Company's stock on the grant date. The fair value of stock options is estimated using a Black-Scholes option pricing model using assumptions for dividend yield, stock price volatility, risk-free interest rate, and option term. These assumptions are based on management's judgments regarding future events, are subjective in nature, and contain uncertainties inherent in an estimate. The cost of the awards granted February 14, 2014 was recognized over a five-year or seven-year vesting period, with the final vesting day on November 1, 2020.

The Company's accounting policy is to recognize forfeitures as they occur.

Until such time as awards of stock are granted and vested or options are exercised, shares of the Company's common stock under the Plan shall be authorized but unissued shares. The maximum number of shares authorized under the plan was 447,027. On March 1, 2020, the Company granted the remaining 36,525 stock options and awarded the remaining 14,732 shares of restricted stock to its directors, officers and employees, pursuant to the 2013 Equity Incentive Plan ("Plan") that was approved by the Company's stockholders.

(Dollars in Thousands, except per share amounts)

Stock Options

The table below represents the stock option activity for the period shown:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractural Term (Years)	Aggregate Intrinsic Value
Options outstanding at January 1, 2024	114,538	$ 21.72	2.77	$
Granted	-	-	-	
Exercised	(84,100)	17.10	-	464
Forfeited	-	-	-	
Expired	-	-	-	
Options outstanding at December 31, 2024	30,438	$ 28.10	6.00	$ (94)
Options exercisable at December 31, 2024	30,438	$ 28.10	6.00	$ (94)

For stock options granted in 2014, the cost of the stock options was amortized in monthly installments over the noted five-year and seven-year vesting periods, with the final vesting date of November 1, 2020. For stock options granted in 2020, one-third vested upon grant with the remaining cost amortized in monthly installments over the remaining two years, with a final vesting date of March 1, 2022.

For awards granted March 1, 2020, one-third vested upon grant with the remaining cost amortized in monthly installments over the remaining two years.

There was no stock option expense for the years ended December 31, 2024 and 2023, as all awards and options became fully vested during the year ended December 31, 2022.

Note 13: Earnings Per Share

The following table presents a summary of the basic and diluted earnings per share:

	Years Ended December 31, 2024	Years Ended December 31, 2023
	(Dollars in Thousands except share and per share data)	
Net income	$ 3,817	$ 3,226
Allocated to participating securities	-	-
Net income allocated to common stockholders	$ 3,817	$ 3,226
Weighted average common shares outstanding, gross	2,724,879	2,686,802
Less: Average unearned ESOP shares and participating securities	128,122	142,387
Weighted average common shares outstanding, net	2,596,757	2,544,415
Effect of diluted based awards	1,322	47,608
Weighted average shares and common stock equivalents	2,598,079	2,592,023
Income per common share:		
Basic	$ 1.47	$ 1.27
Diluted	1.47	1.24
Options excluded from the calculation due to their anti-dilutive effect on earnings per share	30,438	30,438

Note 14: Related Party Transactions

The Company has entered into transactions with certain directors, executive officers and their affiliates or associates (related parties). Such transactions were made in the ordinary course of business on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other customers, and did not, in the opinion of management, involve more than normal credit risk or present other unfavorable features. The aggregate amount of loans to such related parties at December 31, 2024 and 2023 was $148 and $259, net of loans sold of $634 and $993, respectively. Deposits from related parties held by the Company at December 31, 2024 and 2023 totaled $10,650 and $10,812, respectively.

Note 15: Disclosures About Fair Value of Assets and Liabilities

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following is a description of the valuation methodologies and inputs used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Available-for-Sale Securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the security's terms and conditions. Additionally, matrix pricing is used for certain investment securities and is a mathematical technique widely used in the banking industry to value investment securities without relying exclusively on quoted prices for specific investment securities but rather relying on the investment securities' relationship to other benchmark quoted investment securities. Level 1 securities include U. S. Treasuries. Level 2 securities include federal agencies. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

(Dollars in Thousands, except per share amounts)

The following tables present the fair value measurements of assets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2024 and 2023:

		December 31, 2024 Fair Value Measurements Using		
Assets	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Available for sale:				
U.S. Treasuries	$ 1,859	$ 1,859	$ -	$ -
Federal agencies	16,855	-	16,855	-
	$ 18,714	$ 1,859	$ 16,855	$ -

		December 31, 2023 Fair Value Measurements Using		
Assets	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Available for sale:				
U.S. Treasuries	$ 3,840	$ 3,840	$ -	$ -
Federal agencies	14,796	-	14,796	-
	$ 18,636	$ 3,840	$ 14,796	$ -

Nonrecurring Measurements

At December 31, 2024 and 2023, the Company had no assets measured at fair value on a nonrecurring basis.

(Dollars in Thousands, except per share amounts)

The following table presents estimated fair values of the Company's financial instruments at December 31, 2024.

	Carrying Amount	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Cash and cash equivalents	$ 9,160	$ 9,160	$ -	$ -
Held to maturity investment securities, net	93,061	-	76,253	-
Loans, net	463,287	-	-	464,232
Stock in FHLB and FRB	8,114	-	8,114	-
Accrued interest receivable	7,223	-	7,223	-
Financial liabilities:				
Deposits	459,462	431,786	-	27,080
Borrowings	60,300	-	58,891	-
Accrued interest payable	374	-	374	-

The following table presents estimated fair values of the Company's financial instruments at December 31, 2023.

	Carrying Amount	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Cash and cash equivalents	$ 6,566	$ 6,566	$ -	$ -
Certificates of deposit	250	250	-	-
Held to maturity investment securities	94,341	-	81,491	-
Loans, net	450,610	-	-	450,334*
Stock in FHLB and FRB	8,708	-	8,708	-
Accrued interest receivable	7,284	-	7,284	-
Financial liabilities:				
Deposits	437,795	415,993	-	21,273
Borrowings	72,271	-	71,110	-
Accrued interest payable	368	-	368	-

*The Company identified an immaterial error in the December 31, 2023 financial statements related to the fair value of loans. A revision was made in the table above to increase the December 31, 2023 fair value of loans from $411,425 to $450,334.

(Dollars in Thousands, except per share amounts)

Note 16: Condensed Financial Information (Parent Company Only)

Presented below is condensed financial information as to financial position, results of operations and cash flows of the Company:

Condensed Balance Sheets

	December 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 8,745	$ 7,467
Investment in Bank	86,368	84,904
Other assets	70	69
Total assets	$ 95,183	$ 92,440
Liabilities		
Other liabilities	-	-
Total liabilities	-	-
Stockholders' Equity	95,183	92,440
Total liabilities and stockholders' equity	$ 95,183	$ 92,440

(Dollars in Thousands, except per share amounts)

Condensed Statements of Income and Comprehensive Income

	Years Ended December 31, 2024	Years Ended December 31, 2023
Income - Dividends from Bank	$ 2,517	$ 1,694
Expenses		
Other expenses	60	96
Total expenses	60	96
Income Before Income Tax and Equity in Undistributed Net Income of Subsidiaries	2,457	1,598
Income Tax Benefit	14	20
Income Before Equity in Undistributed Net Income of Subsidiaries	2,471	1,618
Equity in Undistributed Net Income of Subsidiaries	1,346	1,608
Net Income	$ 3,817	$ 3,226
Comprehensive Income	$ 3,895	$ 3,451

(Dollars in Thousands, except per share amounts)

Condensed Statements of Cash Flows

	Years Ended December 31, 2024	Years Ended December 31, 2023
Operating Activities		
Net income	$ 3,817	$ 3,226
Items not providing cash	(1,150)	(944)
Net cash provided by operating activities	2,667	2,282
Financing Activities		
Repurchased shares	(797)	(1,063)
Dividends paid	(780)	(1,823)
Issued shares	188	828
Net cash used in financing activities	(1,389)	(2,058)
Net Change in Cash and Cash Equivalents	1,278	224
Cash and Cash Equivalents at Beginning of Year	7,467	7,243
Cash and Cash Equivalents at End of Year	$ 8,745	$ 7,467

Note 17: Operating Segments

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

Accounting policies for segments are the same as those described in Note 1. Segment performance is evaluated using consolidated net income. Information reported internally for performance assessment by the chief operating decision maker follows, inclusive of reconciliations of significant segment totals to the consolidated financial statements:

(Dollars in Thousands, except per share amounts)

2024	Banking Segment
Interest Income	$ 27,058
Reconciliation of revenue	
Other revenues	$ 2,484
Total consolidated revenues	$ 29,542
Less:	
Interest expense	$ 15,665
Segment net interest income and noninterest income	$ 13,877
Less:	
Compensation Expense*	$ 6,148
Technology Expense**	$ 1,008
Other expenses	$ 2,527
Income tax expense	$ 377
Segment net income/consolidated net income	$ 3,817
Total consolidated assets	$ 622,248

2023	Banking Segment
Interest Income	$ 24,936
Reconciliation of revenue	
Other revenues	$ 3,083
Total consolidated revenues	$ 28,019
Less:	
Interest expense	$ 15,098
Segment net interest income and noninterest income	$ 12,921
Less:	
Compensation Expense*	$ 6,054
Technology Expense**	$ 915
Other expenses	$ 2,766
Income tax benefit	$ (40)
Segment net income/consolidated net income	$ 3,226
Total consolidated assets	$ 609,711

*Includes Salaries and employee benefits, Director fees and benefits.

**Includes Data processing fees

Note 18: Subsequent Events

Subsequent events have been evaluated through February 28, 2025 which is the date the consolidated financial statements were available to be issued.

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