

FFW CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2026 and 2025

FFW CORPORATION
Wabash, Indiana

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders
FFW Corporation
Wabash, Indiana

Opinion

We have audited the consolidated financial statements of FFW Corporation, which comprise the consolidated balance sheets as of June 30, 2026 and 2025, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of FFW Corporation as of June 30, 2026 and 2025, and the results of its operations and its 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 Financial Statements section of our report. We are required to be independent of FFW Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 FFW Corporation's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 FFW Corporation'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 FFW Corporation'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.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
September 10, 2026

FFW CORPORATION
CONSOLIDATED BALANCE SHEETS
June 30, 2026 and 2025

	2026	2025
ASSETS		
Cash and due from financial institutions	\$ 6,007,638	\$ 7,166,023
Interest-bearing deposits in other financial institutions	23,239,189	3,649,597
Total cash and cash equivalents	<u>29,246,827</u>	<u>10,815,620</u>
Securities available for sale (AFS)	101,548,808	103,067,093
Loans held for sale	1,185,099	314,800
Loans receivable, net of allowance of \$6,032,597 at June 30, 2026 and \$5,703,128 at June 30, 2025	448,974,149	422,829,649
Federal Home Loan Bank stock, at cost	1,748,800	1,739,500
Accrued interest receivable	3,118,061	3,055,402
Premises and equipment, net	7,407,812	7,602,679
Mortgage servicing rights	1,172,373	1,072,056
Cash surrender value of life insurance	13,653,541	13,165,670
Goodwill	1,213,898	1,213,898
REO and repossessed assets	18,862	38,560
Other assets	<u>4,675,252</u>	<u>5,192,615</u>
Total assets	<u><u>\$ 613,963,482</u></u>	<u><u>\$ 570,107,542</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Noninterest-bearing	\$ 54,001,013	\$ 52,521,124
Interest-bearing	486,559,721	453,607,241
Total deposits	<u>540,560,734</u>	<u>506,128,365</u>
Borrowings	10,000,000	10,000,000
Accrued expenses and other liabilities	4,782,730	4,035,448
Total liabilities	<u>555,343,464</u>	<u>520,163,813</u>
Shareholders' equity		
Common stock, \$.01 par; 2,000,000 shares authorized; Issued: 1,836,328; outstanding: 1,084,169 - June 30, 2026 and 1,082,978 - June 30, 2025	18,363	18,363
Additional paid-in capital	10,344,530	10,233,608
Retained earnings	71,151,680	65,911,649
Accumulated other comprehensive income (loss)	(8,136,040)	(11,560,272)
Treasury stock, at cost; 752,159 at June 30, 2026 and 753,350 shares at June 30, 2025	<u>(14,758,515)</u>	<u>(14,659,619)</u>
Total shareholders' equity	<u>58,620,018</u>	<u>49,943,729</u>
Total liabilities and shareholders' equity	<u><u>\$ 613,963,482</u></u>	<u><u>\$ 570,107,542</u></u>

See accompanying notes to consolidated financial statements.

FFW CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Years ended June 30, 2026 and 2025

	2026	2025
Interest and dividend income		
Loans, including fees	\$ 24,854,644	\$ 23,183,812
Taxable securities	2,090,868	2,187,692
Tax exempt securities	1,580,588	1,625,823
Other	433,296	564,219
Total interest and dividend income	<u>28,959,396</u>	<u>27,561,546</u>
Interest expense		
Deposits	9,380,693	11,078,011
Borrowings	789,785	204,282
Total interest expense	<u>10,170,478</u>	<u>11,282,293</u>
Net interest income	<u>18,788,918</u>	<u>16,279,253</u>
Credit loss expense - loans	332,205	200,000
Credit loss expense - off-balance sheet credit exposures	67,795	-
Total credit loss expense	<u>400,000</u>	<u>200,000</u>
Net interest income after credit loss expense	18,388,918	16,079,253
Noninterest income		
Net gains (losses) on sales / calls of securities	17	-
Net gains on sales of loans	453,981	480,176
Net gains (losses) on fixed assets	25,527	31,157
Net gains (losses) on sales of REO	(2,076)	(684)
Commission income	1,798,452	1,993,376
Service charges and fees	1,040,971	868,973
Earnings on life insurance	487,871	439,780
Other	1,262,671	1,257,347
Total noninterest income	<u>5,067,414</u>	<u>5,070,125</u>
Noninterest expense		
Salaries and benefits	8,372,104	8,098,744
Occupancy and equipment	1,242,154	1,300,038
Professional	703,431	628,721
Marketing	428,983	381,332
Deposit insurance premium	394,772	348,684
Regulatory assessment	44,511	42,772
Correspondent bank charges	107,644	107,687
Data processing	2,516,635	2,141,131
Printing, postage and supplies	294,101	300,465
Expense on life insurance	115,776	7,776
Contribution expense	20,012	44,888
Expense on REO	2,333	-
Other	1,793,775	1,603,446
Total noninterest expense	<u>16,036,231</u>	<u>15,005,684</u>
Income before income taxes	7,420,101	6,143,694
Income tax expense	<u>834,766</u>	<u>601,954</u>
Net income	<u><u>\$ 6,585,335</u></u>	<u><u>\$ 5,541,740</u></u>
Earnings per common share:		
Basic and diluted	\$ 6.06	\$ 5.01

See accompanying notes to consolidated financial statements.

FFW CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended June 30, 2026 and 2025

	2026	2025
Net income	<u>\$ 6,585,335</u>	<u>\$ 5,541,740</u>
Other comprehensive income (loss):		
Unrealized gains (losses) on securities:	4,355,251	(931,730)
Net unrealized gains (losses)	<u>4,355,251</u>	<u>(931,730)</u>
Tax effect	<u>(931,019)</u>	<u>167,387</u>
Total other comprehensive income (loss)	<u>3,424,232</u>	<u>(764,343)</u>
Comprehensive income	<u><u>\$ 10,009,567</u></u>	<u><u>\$ 4,777,397</u></u>

See accompanying notes to consolidated financial statements.

FFW CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Years ended June 30, 2026 and 2025

	Common Stock	Paid-In Capital	Additional Retained Earning	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity
Balance at June 30, 2024	18,363	10,266,257	61,694,919	(10,795,929)	(12,668,671)	48,514,939
Cash dividends:						
Common - \$1.20 per share	-	-	(1,325,010)	-	-	(1,325,010)
Issued 13,750 shares under the MRP	-	(245,300)	-	-	245,300	-
Forfeiture of 534 shares under the MRP	-	9,867	-	-	(9,867)	-
Amortization of MRP contribution	-	202,784	-	-	-	202,784
Repurchase of 56,481 shares	-	-	-	-	(2,226,381)	(2,226,381)
Net income	-	-	5,541,740	-	-	5,541,740
Other comprehensive loss	-	-	-	(764,343)	-	(764,343)
Balance at June 30, 2025	18,363	10,233,608	65,911,649	(11,560,272)	(14,659,619)	49,943,729
Cash dividends:						
Common - \$1.24 per share	-	-	(1,345,304)	-	-	(1,345,304)
Issued 5,001 shares under the MRP	-	(97,319)	-	-	97,319	-
Stock Repurchase Expense (Excise Tax)	-	-	-	-	(20,608)	(20,608)
Amortization of MRP contribution	-	208,241	-	-	-	208,241
Repurchase of 3,810 shares	-	-	-	-	(175,607)	(175,607)
Net income	-	-	6,585,335	-	-	6,585,335
Other comprehensive income	-	-	-	3,424,232	-	3,424,232
Balance at June 30, 2026	<u>\$ 18,363</u>	<u>\$ 10,344,530</u>	<u>\$ 71,151,680</u>	<u>\$ (8,136,040)</u>	<u>\$ (14,758,515)</u>	<u>\$ 58,620,018</u>

See accompanying notes to consolidated financial statements.

FFW CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2026 and 2025

	2026	2025
Cash flows from operating activities		
Net income	\$ 6,585,335	\$ 5,541,740
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	1,130,228	1,091,917
Credit loss expense - loans	332,205	200,000
Credit loss expense - off-balance sheet credit exposures	67,795	-
Net (gains) losses on sales of:		
Securities	(17)	-
Loans held for sale	(453,981)	(480,176)
REO and repossessed assets	2,076	684
Fixed assets	(25,527)	(31,157)
Originations of loans held for sale	(19,069,885)	(16,991,022)
Proceeds from sales of loans held for sale	18,504,721	17,572,545
Valuation adjustments on mortgage servicing right asset	(109,448)	93,852
Net increase in cash surrender value of life insurance	(487,871)	(439,780)
Amortization of MRP contribution	208,241	202,784
Net change in AIR and other assets	(525,252)	(199,214)
Amortization of customer list intangible	48,937	48,937
Net change in accrued expenses and other liabilities	679,487	(390,288)
Net cash from operating activities	<u>6,887,044</u>	<u>6,220,822</u>
Cash flows from investing activities		
Proceeds from:		
Sales, calls and maturities of securities AFS	6,670,000	5,090,000
Sales of REO and repossessed assets	36,759	566
Sales of fixed assets	29,500	72,025
Purchase of securities AFS	(4,972,220)	(5,202,174)
Principal collected on securities AFS	3,740,680	1,871,645
Net change in loans receivable	(26,495,842)	(11,226,841)
Purchases of premises and equipment, net	(346,264)	(635,357)
Purchase of FHLB stock	(9,300)	(449,800)
Net cash used in investing activities	<u>(21,346,687)</u>	<u>(10,479,936)</u>
Cash flows from financing activities		
Net change in deposits	34,432,369	(8,293,881)
Proceeds from borrowings	196,000,000	129,501,000
Repayment of borrowings	(196,000,000)	(119,501,000)
Repurchase of common stock	(175,607)	(2,226,381)
Expense on Stock Repurchases (Excise Tax)	(20,608)	-
Cash dividends paid	(1,345,304)	(1,325,010)
Net cash from (used in) financing activities	<u>32,890,850</u>	<u>(1,845,272)</u>
Net change in cash and cash equivalents	18,431,207	(6,104,386)
Beginning cash and cash equivalents	<u>10,815,620</u>	<u>16,920,006</u>
Ending cash and cash equivalents	<u><u>\$ 29,246,827</u></u>	<u><u>\$ 10,815,620</u></u>
Supplemental disclosure of cash flow information		
Cash paid during the period		
Interest	\$ 10,105,359	\$ 11,287,914
Income taxes	1,202,500	630,000
Transfers from loans to REO and repossessed assets	19,137	38,560

See accompanying notes to consolidated financial statements.

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include FFW Corporation (the Company), and its wholly-owned subsidiaries, Crossroads Bank (the Bank) and Insurance 1 Services, Inc. Insurance 1 Services, Inc. is an Indiana corporation that offers insurance products to customers as an independent agency. Also included in the consolidated financial statements is Wabash Investments, Inc., a wholly-owned subsidiary of the Bank, which is a Nevada corporation that manages a portion of the Bank's investment portfolio. All intercompany transactions and balances are eliminated in consolidation.

Nature of Business and Concentrations of Credit Risk: The primary source of income for the Company is interest income derived from origination of commercial and residential real estate loans (see Note 14).

Subsequent Events: The Company has evaluated subsequent events for recognition and disclosure through September 10, 2026, which is the date the financial statements were available to be issued.

Use of Estimates in Preparing Financial Statements: To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ.

Cash Flow Reporting: For reporting cash flows, cash and cash equivalents include cash on hand, due from financial institutions and interest-bearing deposits in other financial institutions. Net cash flows are reported for customer loan and deposit transactions.

Restrictions on Cash: The Company was not required to have cash on hand or on deposit with the Federal Reserve Bank to meet regulatory reserve and clearing requirements at June 30, 2026 and 2025.

Interest-Bearing Deposits in Other Financial Institutions: Interest-bearing deposits in other financial institutions mature within one year and are carried at cost.

Securities: Debt securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available for sale when they might be sold before maturity. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income (loss), net of tax. Equity securities consist of common stock investments and are held in other assets. Equity securities are measured at fair value with changes in fair value recognized in net income.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method with anticipating prepayments, if applicable. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income (loss).

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 uncollectability of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on available-for-sale debt securities totaled \$910,000 at June 30, 2026 and \$1,011,000 at June 30, 2025, 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 aggregate cost or market, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

Mortgage loans held for sale are generally sold with servicing rights retained. The carrying value of mortgage loans sold is reduced by the amount allocated to the servicing right. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

Loans Receivable: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of deferred loan fees and costs and an allowance for credit losses. Accrued interest receivable on loans totaled \$2,200,000 at June 30, 2026 and \$2,000,000 at June 30, 2025. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Interest income on loans is discontinued at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. Consumer loans are typically charged off no later than 120 days past due. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not received for loans placed on nonaccrual status is reversed against interest income. Cash interest received on such loans is applied to the principal balance until the principal is recovered or until the loan returns to accrual status. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current, remain current for six months and future payments are reasonably assured.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses – Loans: The allowance for credit losses is a valuation account that is deducted from, or added to, 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 collectability 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, related 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 characteristics exist. The Company has identified the following portfolio segments: commercial, commercial real estate, commercial leases, residential real estate, and consumer credit. The Company measures the allowance for credit losses using the cash flow method for all segments. Risk factors impacting loans in each of the portfolio segments include broad deterioration of property values, reduced consumer and business spending as a result of continued high unemployment and reduced credit availability and lack of confidence in a sustainable recovery.

Each of these portfolio segments has different risk characteristics and the allowance for credit loss methodology addresses these risks as follows:

Commercial

Commercial 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 loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee; however, some short-term loans may be made on an unsecured basis. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers.

Commercial Real Estate

These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial 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 real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. Management monitors and evaluates commercial real estate loans based on collateral, geography and risk grade criteria. As a general rule, the Company avoids financing 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 loans versus non-owner occupied loans.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Commercial Leases

Commercial leases are primarily based on the identified cash flows of the lessee and secondarily on the underlying property being leased. The cash flows of the lessee, however, may not be as expected and the property being leased may fluctuate in value. All commercial leases are secured by the assets being leased.

Residential Real Estate

With respect to residential loans that are secured by 1-4 family residences and are generally owner occupied, the Company generally establishes a maximum loan-to-value ratio and requires private mortgage insurance if that ratio is exceeded. 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.

Consumer Credit

Consumer loans are generally secured by consumer assets such as automobiles or recreational vehicles. Home equity loans are typically secured by a subordinate interest in 1-4 family residences. Some consumer 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. With respect to home equity loans, 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.

Loans that do not share risk characteristics, including loans with a relationship balance greater than \$100,000 that are classified as special mention, substandard, or doubtful, 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 or modified contract at the reporting date and are not unconditionally cancellable by the Company.

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. Management estimates expected credit losses using relevant available information, including historical losses, economic conditions, and reasonable and supportable forecasts. At June 30, 2026, the allowance for credit losses on off-balance sheet credit exposures totaled \$138,000 and \$70,000 at June 30, 2025.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Premises and Equipment: Premises and equipment are stated at cost less accumulated depreciation. Land is carried at cost. Buildings and related components are depreciated using the straight-line or other accelerated methods with useful lives ranging from 7 to 39 years. Furniture, fixtures and equipment are depreciated using the straight-line or other accelerated methods with useful lives ranging from 3 to 15 years. These assets are reviewed for impairment when events indicate the carrying amount may not be recoverable.

Mortgage Servicing Rights: Servicing rights are recognized separately when they are acquired through sales of loans. When mortgage loans are sold, servicing rights are initially recorded at fair value with the income statement effect recorded in gains on sales of loans. Fair value is based on market prices for comparable mortgage servicing contracts, when available or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. Impairment is determined by stratifying rights into groupings based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If the Company later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the allowance may be recorded as an increase to income. Changes in the valuation allowance are reported with service charges and fees. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses.

Servicing fee income, which is reported on the income statement in service charges and fees, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal; or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income. Servicing fees are included in service charges and fees in the income statement. Late fees and ancillary fees related to loan servicing are not material.

Company Owned Life Insurance: Life insurance plans are provided for certain executive officers on a split dollar basis. The Company is the owner of the split dollar policies. The officers are entitled to a sum equal to two times the employee's annual salary at death, if actively employed. The Company is entitled to the remainder of the death proceeds. The employees have the right to designate a beneficiary(s) to receive their share of the proceeds payable upon death. The Company records company owned life insurance at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill and Other Intangible Assets: Goodwill results from business acquisitions and represents the excess of the purchase price over the fair value of acquired tangible assets and liabilities and identifiable intangible assets. Goodwill is assessed at least annually for impairment and any such impairment will be recognized in the period identified.

Real Estate Owned (REO): Real estate properties acquired through, or in lieu of, foreclosure are initially recorded at fair value less estimated costs to sell at acquisition, establishing a new cost basis. Any reduction to fair value from the carrying value of the related loan at the time of acquisition is accounted for as a loan loss and charged against the allowance for credit losses. Valuations are periodically performed by management and valuation allowances are adjusted through a charge to income for changes in fair value or estimated selling costs. Operating costs after acquisition are expensed.

Long-Term Assets: Premises and equipment, other intangible assets, and other long-term assets are reviewed for impairment when events indicate their carrying amount may not be recoverable from future undiscounted cash flows. If impaired, the assets are recorded at fair value.

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

Stock-Based Compensation: Compensation cost is recognized for stock options and restricted stock awards issued to employees, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards. Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award.

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

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

Retirement Plans: Employee 401(k) and profit-sharing plan expense is the amount of matching contributions. Deferred compensation and supplemental retirement plan expense allocates the benefits over years of service.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial 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. A summary of these commitments is disclosed in Note 13.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Earnings Per Common Share: Basic earnings per common share is computed by dividing net income available to common shareholders (net income less dividend requirements for preferred stock) by the weighted-average number of common shares outstanding during the year. All outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends are considered participating securities for the calculation.

Comprehensive Income (Loss): Comprehensive income (loss) consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available for sale, net of tax, which are also recognized as separate components of shareholders' equity. At June 30, 2026 and 2025, the accumulated other comprehensive income (loss) was entirely attributed to available for sale securities.

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.

Dividend Restrictions: Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to the holding company or by the holding company to shareholders.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 2 - EARNINGS PER SHARE

A reconciliation of the numerators and denominators used in the computation of basic earnings per share and diluted earnings per share is presented below:

	Years ended June 30	
	2026	2025
Basic Earnings Per Common Share		
Numerator: Net income attributable to common shareholders	\$ 6,585,335	\$ 5,541,740
Denominator: Weighted average common shares outstanding, including participating securities	1,085,991	1,106,967
Basic and diluted earnings per common share	\$ 6.06	\$ 5.01

There were no stock options outstanding as of June 30, 2026 and June 30, 2025.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 3 - SECURITIES

The amortized cost and fair value of available for sale securities and the related gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>2026</u>				
State and political subdivisions	\$ 70,760,356	\$ 127,811	\$ (6,286,099)	\$ 64,602,068
U.S. Treasury and federal agency	3,945,975	-	(22,537)	3,923,438
U.S. government sponsored entities	15,685	-	(255)	15,430
Mortgage backed securities – residential	2,350,762	-	(285,386)	2,065,376
Collateralized mortgage obligations – agency	28,566,953	25,703	(3,346,167)	25,246,489
Subordinated debt	6,250,000	-	(553,993)	5,696,007
	<u>\$ 111,889,731</u>	<u>\$ 153,514</u>	<u>\$ (10,494,437)</u>	<u>\$ 101,548,808</u>
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>2025</u>				
State and political subdivisions	\$ 73,087,755	\$ 52,267	\$ (10,081,459)	\$ 63,058,563
U.S. Treasury and federal agency	6,863,785	19,815	(15,280)	6,868,320
U.S. government sponsored entities	24,951	-	(515)	24,436
Mortgage backed securities – residential	2,715,641	-	(331,938)	2,383,703
Collateralized mortgage obligations – agency	27,021,135	6,747	(3,483,238)	23,544,644
Subordinated debt	8,050,000	-	(862,573)	7,187,427
	<u>\$ 117,763,267</u>	<u>\$ 78,829</u>	<u>\$ (14,775,003)</u>	<u>\$ 103,067,093</u>

The Company has not recorded any Allowance for Credit Losses on the securities available-for-sale as the decline in value is due to changes in interest rates and other market conditions and are not credit related.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 3 - SECURITIES (Continued)

The proceeds from sales and calls of securities and the associated gains and losses are listed below:

	<u>2026</u>	<u>2025</u>
Proceeds	\$ 6,670,017	\$ 5,090,000
Gross gains	17	-

Contractual maturities of debt securities at June 30, 2026 were as follows. Expected maturities may differ from contractual maturities because borrowers may call or prepay obligations. Securities not due at a single maturity date are shown separately.

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due in one year or less	\$ 6,551,419	\$ 6,535,503
Due from one to five years	4,470,620	4,439,201
Due from five to ten years	16,200,008	15,405,463
Due after ten years	53,749,969	47,856,776
Mortgage backed securities and collateralized mortgage obligations	<u>30,917,715</u>	<u>27,311,865</u>
	<u>\$ 111,889,731</u>	<u>\$ 101,548,808</u>

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 3 - SECURITIES (Continued)

Securities with unrealized losses at June 30, 2026 and June 30, 2025, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<u>June 30, 2026</u>						
State and political subdivisions	\$10,849,070	\$ (71,509)	\$37,461,751	\$ (6,214,590)	\$ 48,310,821	\$ (6,286,099)
U.S. Treasury and federal agency	3,923,438	(22,537)	-	-	3,923,438	(22,537)
U.S. government – sponsored entities	-	-	15,430	(255)	15,430	(255)
Mortgage backed securities – residential	-	-	2,065,376	(285,386)	2,065,376	(285,386)
Collateralized mortgage obligations – agency	2,929,840	(3,864)	17,947,867	(3,342,303)	20,877,707	(3,346,167)
Subordinated debt	1,965,134	(34,866)	3,730,873	(519,127)	5,696,007	(553,993)
Total temporarily impaired	<u>\$19,667,482</u>	<u>\$ (132,776)</u>	<u>\$61,221,297</u>	<u>\$(10,361,661)</u>	<u>\$ 80,888,779</u>	<u>\$ (10,494,437)</u>

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 3 - SECURITIES (Continued)

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
June 30, 2025						
State and political subdivisions	\$13,522,280	\$ (560,469)	\$41,755,262	\$ (9,520,990)	\$ 55,277,542	\$ (10,081,459)
U.S. Treasury and federal agency	3,876,289	(15,280)	-	-	3,876,289	(15,280)
U.S. government – sponsored entities	-	-	23,969	(515)	23,969	(515)
Mortgage backed securities – residential	-	-	2,383,702	(331,938)	2,383,702	(331,938)
Collateralized mortgage obligations – agency	968,389	(13,355)	19,699,021	(3,469,883)	20,667,410	(3,483,238)
Subordinated debt	-	-	7,187,427	(862,573)	7,187,427	(862,573)
Total temporarily impaired	<u>\$18,366,958</u>	<u>\$ (589,104)</u>	<u>\$71,049,381</u>	<u>\$(14,185,899)</u>	<u>\$ 89,416,339</u>	<u>\$ (14,775,003)</u>

As of June 30, 2026, the Company's security portfolio consisted of 175 securities, 128 of which were in an unrealized loss position. Unrealized losses on available-for-sale securities have not been recognized into income because the issuers are of high credit quality, management does not intend to sell nor is it likely that management will be required to sell the securities prior to their anticipated recovery. The decline in fair value is largely due to changes in interest rates and other market conditions. The fair value is expected to recover as the investments approach their maturity date and/or market rates change.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 4 - LOANS RECEIVABLE, NET

The composition of loans at June 30 by class was as follows:

	2026	2025
Commercial	\$ 23,652,524	\$ 21,725,147
Commercial real estate:		
Construction	14,977,829	10,695,687
Other	177,769,615	169,863,614
Commercial leases	50,281,985	38,608,300
Residential real estate	144,001,201	144,639,594
Consumer credit:		
HELOC	34,271,897	30,402,553
Auto	8,648,083	10,328,495
Other	1,800,242	2,637,412
Subtotal	455,403,376	428,900,802
Net deferred loan origination costs (fees)	(396,630)	(368,025)
Allowance for credit losses	(6,032,597)	(5,703,128)
Net loans	<u>\$ 448,974,149</u>	<u>\$ 422,829,649</u>

The components of the Company's direct financing leases as of June 30 are summarized below:

	2026	2025
Future minimum lease payments	\$ 55,109,455	\$ 42,021,611
Residual interests	166,809	227,537
Initial direct costs	419,589	243,658
Unearned income	(5,413,868)	(3,884,506)
	<u>\$ 50,281,985</u>	<u>\$ 38,608,300</u>

Future minimum lease payments are as follows:

2027	\$ 14,977,323
2028	14,090,299
2029	11,308,603
2030	7,826,128
2031	4,673,846
Thereafter	<u>2,233,256</u>
Total	<u>\$ 55,109,455</u>

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 4 - LOANS RECEIVABLE, NET (Continued)

The Company's activity in the allowance for credit losses by portfolio segment for the years ended June 30, 2026 and 2025 is as follows:

	Commercial	Commercial Real Estate	Commercial Leases	Residential Real Estate	Consumer Credit	Unallocated	Total
2026							
Allowance for credit losses:							
Beginning balance	\$ 276,758	\$ 2,490,824	\$ 470,732	\$ 2,006,897	\$ 457,917	\$ -	\$ 5,703,128
Charge-offs	-	-	(24,178)	-	(12,645)	-	(36,823)
Recoveries	15,982	-	13,850	2,200	2,055	-	34,087
Provision	21,617	338,384	113,917	(151,306)	9,593	-	332,205
Ending balance	<u>\$ 314,357</u>	<u>\$ 2,829,208</u>	<u>\$ 574,321</u>	<u>\$ 1,857,791</u>	<u>\$ 456,920</u>	<u>\$ -</u>	<u>\$ 6,032,597</u>
	Commercial	Commercial Real Estate	Commercial Leases	Residential Real Estate	Consumer Credit	Unallocated	Total
2025							
Allowance for credit losses:							
Beginning balance	\$ 264,059	\$ 2,376,531	\$ 382,576	\$ 2,096,002	\$ 445,268	\$ -	\$ 5,564,436
Charge-offs	-	-	-	-	(87,832)	-	(87,832)
Recoveries	8,335	11,451	-	3,158	3,580	-	26,524
Provision	4,364	102,842	88,156	(92,263)	96,901	-	200,000
Ending balance	<u>\$ 276,758</u>	<u>\$ 2,490,824</u>	<u>\$ 470,732</u>	<u>\$ 2,006,897</u>	<u>\$ 457,917</u>	<u>\$ -</u>	<u>\$ 5,703,128</u>

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 4 - LOANS RECEIVABLE, NET (Continued)

The Company categorizes loans into risk categories based on relevant information about the ability of the borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. All loans are graded at origination. Commercial and commercial real estate loans are re-graded as additional financial information is received. Other loans may be re-graded as delinquency status changes or additional information regarding the borrower's condition becomes available. The Company uses the following definitions for risk ratings:

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

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

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

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 4 - LOANS RECEIVABLE, NET (Continued)

Based on the most recent analysis performed, the risk category of loans by class of loans as of June 30, 2026 is as follows:

	Recorded Investment by Origination Year						Total
	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Prior</u>	
Commercial							
Risk rating							
Pass	\$ 956,315	\$ 3,995,933	\$ 1,978,113	\$ 821,216	\$ 5,702,873	\$ 8,308,753	21,763,203
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	1,889,321	-	-	1,889,321
Doubtful	-	-	-	-	-	-	-
Total commercial loans	<u>\$ 956,315</u>	<u>\$ 3,995,933</u>	<u>\$ 1,978,113</u>	<u>\$ 2,710,537</u>	<u>\$ 5,702,873</u>	<u>\$ 8,308,753</u>	<u>\$ 23,652,524</u>
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial real estate							
Risk rating							
Pass	\$ 45,363,213	\$ 24,120,420	\$ 17,381,583	\$ 27,557,737	\$ 38,376,770	\$ 33,571,260	\$ 186,370,983
Special Mention	-	-	-	-	-	-	-
Substandard	2,915	-	1,186,988	1,284,209	3,502,227	344,739	6,321,078
Doubtful	-	-	-	-	-	55,383	55,383
Total commercial real estate loans	<u>\$ 45,366,128</u>	<u>\$ 24,120,420</u>	<u>\$ 18,568,571</u>	<u>\$ 28,841,946</u>	<u>\$ 41,878,997</u>	<u>\$ 33,971,382</u>	<u>\$ 192,747,444</u>
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 4 - LOANS RECEIVABLE, NET (Continued)

As of June 30, 2026 (cont.)

	Recorded Investment by Origination Year						
	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Prior</u>	<u>Total</u>
Commercial leases							
Risk rating							
Pass	\$ 24,478,973	\$ 13,515,163	\$ 5,441,080	\$ 3,116,080	\$ 3,274,778	\$ 376,113	\$ 50,202,187
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	79,798	-	79,798
Doubtful	-	-	-	-	-	-	-
Total commercial leases	<u>\$ 24,478,973</u>	<u>\$ 13,515,163</u>	<u>\$ 5,441,080</u>	<u>\$ 3,116,080</u>	<u>\$ 3,354,576</u>	<u>\$ 376,113</u>	<u>\$ 50,281,985</u>
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,178	\$ 24,178
Residential real estate							
Risk rating							
Pass	\$ 23,710,845	\$ 12,816,570	\$ 16,942,712	\$ 17,609,222	\$ 27,728,338	\$ 44,387,868	\$ 143,195,555
Special Mention	-	-	-	-	-	-	-
Substandard	103,781	-	-	-	-	426,780	530,561
Doubtful	-	58,500	-	-	84,142	132,443	275,085
Total residential real estate	<u>\$ 23,814,626</u>	<u>\$ 12,875,070</u>	<u>\$ 16,942,712</u>	<u>\$ 17,609,222</u>	<u>\$ 27,812,480</u>	<u>\$ 44,947,091</u>	<u>\$ 144,001,201</u>
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consumer credit							
Risk rating							
Pass	\$ 11,402,800	\$ 8,995,458	\$ 6,190,961	\$ 4,840,447	\$ 4,231,954	\$ 8,900,995	\$ 44,562,615
Special Mention	5,825	-	-	-	-	1,508	7,333
Substandard	-	-	20,231	55,625	29,599	44,819	150,274
Doubtful	-	-	-	-	-	-	-
Total consumer credit	<u>\$ 11,408,625</u>	<u>\$ 8,995,458</u>	<u>\$ 6,211,192</u>	<u>\$ 4,896,072</u>	<u>\$ 4,261,553</u>	<u>\$ 8,947,322</u>	<u>\$ 44,720,222</u>
Current period gross write offs	\$ 5,012	\$ -	\$ -	\$ -	\$ -	\$ 7,633	\$ 12,645

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 4 - LOANS RECEIVABLE, NET (Continued)

As of June 30, 2025

	Recorded Investment by Origination Year						
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Prior</u>	<u>Total</u>
Commercial							
Risk rating							
Pass	\$ 2,956,143	\$ 3,053,507	\$ 1,672,708	\$ 5,552,524	\$ 685,546	\$ 6,530,922	\$ 20,451,350
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	1,273,797	-	-	-	1,273,797
Doubtful	-	-	-	-	-	-	-
Total commercial loans	<u>\$ 2,956,143</u>	<u>\$ 3,053,507</u>	<u>\$ 2,946,505</u>	<u>\$ 5,552,524</u>	<u>\$ 685,546</u>	<u>\$ 6,530,922</u>	<u>\$ 21,725,147</u>
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial real estate							
Risk rating							
Pass	\$ 28,965,118	\$ 23,740,832	\$ 32,550,376	\$ 44,180,773	\$ 17,506,450	\$ 25,267,419	\$ 172,210,968
Special Mention	-	-	-	-	-	402,822	402,822
Substandard	-	1,394,486	763,626	3,175,849	183,211	2,428,339	7,945,511
Doubtful	-	-	-	-	-	-	-
Total commercial real estate loans	<u>\$ 28,965,118</u>	<u>\$ 25,135,318</u>	<u>\$ 33,314,002</u>	<u>\$ 47,356,622</u>	<u>\$ 17,689,661</u>	<u>\$ 28,098,580</u>	<u>\$ 180,559,301</u>
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 4 - LOANS RECEIVABLE, NET (Continued)

As of June 30, 2025 (cont.)

	Recorded Investment by Origination Year						
	2025	2024	2023	2022	2021	Prior	Total
Commercial leases							
Risk rating							
Pass	\$ 17,920,962	\$ 8,090,894	\$ 5,140,514	\$ 5,562,570	\$ 1,527,674	\$ 365,686	\$ 38,608,300
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total commercial leases	<u>\$ 17,920,962</u>	<u>\$ 8,090,894</u>	<u>\$ 5,140,514</u>	<u>\$ 5,562,570</u>	<u>\$ 1,527,674</u>	<u>\$ 365,686</u>	<u>\$ 38,608,300</u>
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential real estate							
Risk rating							
Pass	\$ 18,567,898	\$ 21,838,495	\$ 19,484,443	\$ 30,622,609	\$ 17,945,078	\$ 34,678,860	\$ 143,137,383
Special Mention	-	-	-	-	-	-	-
Substandard	42,111	-	74,366	-	169,992	507,492	793,961
Doubtful	-	-	-	120,370	-	587,880	708,250
Total residential real estate	<u>\$ 18,610,009</u>	<u>\$ 21,838,495</u>	<u>\$ 19,558,809</u>	<u>\$ 30,742,979</u>	<u>\$ 18,115,070</u>	<u>\$ 35,774,232</u>	<u>\$ 144,639,594</u>
Current period gross write offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consumer credit							
Risk rating							
Pass	\$ 11,080,659	\$ 7,910,180	\$ 6,618,260	\$ 5,832,176	\$ 3,185,167	\$ 8,321,214	\$ 42,947,656
Special Mention	8,517	-	-	-	8,251	-	16,768
Substandard	-	21,957	66,635	23,148	35,918	242,689	390,347
Doubtful	-	-	13,689	-	-	-	13,689
Total consumer credit	<u>\$ 11,089,176</u>	<u>\$ 7,932,137</u>	<u>\$ 6,698,584</u>	<u>\$ 5,855,324</u>	<u>\$ 3,229,336</u>	<u>\$ 8,563,903</u>	<u>\$ 43,368,460</u>
Current period gross write offs	\$ -	\$ -	\$ 12,122	\$ 30,637	\$ 17,665	\$ 27,408	\$ 87,832

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 4 - LOANS RECEIVABLE, NET (Continued)

Nonaccrual loans and loans past due over 89 days still accruing include both smaller balance homogeneous loans that are collectively evaluated and individually evaluated loans.

The following table presents the amortized cost basis for loans on nonaccrual status and loans past due over 89 days still accruing as of June 30, 2026:

	Nonaccrual with No Allowance for Credit Loss	Total Nonaccrual	Loans Past Due over 89 Days and Still Accruing
Commercial	\$ -	\$ 954,719	\$ -
Commercial real estate:			
Construction	-	-	-
Other	62,897	4,536,291	-
Commercial leases	79,798	79,798	-
Residential real estate	613,003	745,446	-
Consumer credit:			
HELOC	126,293	126,293	-
Auto	4,056	4,056	-
Other	80	80	-
	<u>\$ 886,127</u>	<u>\$ 6,446,683</u>	<u>\$ -</u>

The Company recognized \$0 of interest income on nonaccrual loans during the year ended June 30, 2026 and year ended June 30, 2025.

The following table presents the amortized cost basis for loans on nonaccrual status and loans past due over 89 days still accruing as of June 30, 2025:

	Nonaccrual with No Allowance for Credit Loss	Total Nonaccrual	Loans Past Due over 89 Days and Still Accruing
Commercial	\$ 1,273,797	\$ 1,273,797	\$ -
Commercial real estate:			
Construction	-	-	-
Other	5,107,834	5,107,834	-
Commercial leases	-	-	-
Residential real estate	1,502,210	1,502,210	-
Consumer credit:			
HELOC	244,512	244,512	-
Auto	8,995	8,995	-
Other	509	509	-
	<u>\$ 8,137,857</u>	<u>\$ 8,137,857</u>	<u>\$ -</u>

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 4 - LOANS RECEIVABLE, NET (Continued)

The following table presents the amortized cost basis for collateral-dependent loans by class of loans as of June 30, 2026:

	Real Estate	General Business Assets
Commercial	\$ 954,719	\$ 934,602
Commercial real estate	6,038,975	174,574
Residential real estate	132,443	-
	<u>\$ 7,126,137</u>	<u>\$ 1,109,176</u>

The following table presents the amortized cost basis for collateral-dependent loans by class of loans as of June 30, 2025:

	Real Estate	General Business Assets
Commercial	\$ 1,273,797	\$ -
Commercial real estate	7,469,494	122,346
Residential real estate	647,191	-
Consumer credit:		
HELOC	150,019	-
	<u>\$ 9,540,501</u>	<u>\$ 122,346</u>

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 4 - LOANS RECEIVABLE, NET (Continued)

Occasionally, the Company modifies loans to borrowers in financial distress by providing principal forgiveness, term extension, an other-than-significant payment delay, interest rate reduction, or a combination of these modifications. When principal forgiveness is provided, the amount of forgiveness is charged-off against the allowance for credit losses.

During the year ended June 30, 2026, the Company modified two real estate loans. Both loan modifications were for residential real estate loans. As of June 30, 2026, the recorded investment in these modification loans were \$105,845.

During the year ended June 30, 2025, the Company modified two real estate loans. One commercial real estate loan was modified for a borrower experiencing financial difficulty. As of June 30, 2025, the recorded investment in this modified loan is \$1,274,000. The second loan modified was for a residential real estate loan. As of June 30, 2025, the recorded investment in this modification loan is \$42,111.

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The loan modifications described above were not in a past due status as of June 30, 2026, or June 30, 2025, and did not increase the allowance for credit losses during the year.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 4 - LOANS RECEIVABLE, NET (Continued)

The following table presents the aging of the amortized cost basis for past due loans as of June 30, 2026 and 2025 by class of loans.

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Loans Not Past Due	Total
June 30, 2026						
Commercial	\$ -	\$ -	\$ -	\$ -	\$ 23,652,524	\$ 23,652,524
Commercial real estate:						
Construction	-	-	-	-	14,977,829	14,977,829
Other	44,995	37,312	-	82,307	177,687,308	177,769,615
Commercial leases	-	58,385	79,798	138,183	50,143,802	50,281,985
Residential real estate	904,766	614,433	190,943	1,710,142	142,291,059	144,001,201
Consumer credit:						
HELOC	19,130	13,041	-	32,171	34,239,726	34,271,897
Auto	36,041	-	-	36,041	8,612,042	8,648,083
Other	34,271	-	-	34,271	1,765,971	1,800,242
Total	\$ 1,039,203	\$ 723,171	\$ 270,741	\$ 2,033,115	\$453,370,261	\$455,403,376

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 4 - LOANS RECEIVABLE, NET (Continued)

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Loans Not Past Due	Total
June 30, 2025						
Commercial	\$ -	\$ -	\$ -	\$ -	\$ 21,725,147	\$ 21,725,147
Commercial real estate:						
Construction	-	-	-	-	10,695,687	10,695,687
Other	11,095	48,198	122,346	181,639	169,681,975	169,863,614
Commercial leases	-	-	-	-	38,608,300	38,608,300
Residential real estate	583,519	9,263	576,667	1,169,449	143,470,145	144,639,594
Consumer credit:						
HELOC	36,580	106,704		143,284	30,259,269	30,402,553
Auto	-	-	-	-	10,328,495	10,328,495
Other	-	-	-	-	2,637,412	2,637,412
Total	\$ 631,194	\$ 164,165	\$ 699,013	\$ 1,494,372	\$427,406,430	\$428,900,802

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 5 - LOAN SERVICING

Loans serviced for others are not reported as assets in the consolidated balance sheets. These loans totaled \$167,800,000 and \$168,734,000 at June 30, 2026 and 2025. Related escrow deposit balances were \$1,162,000 and \$893,000 at June 30, 2026 and 2025.

Activity for capitalized mortgage servicing rights for the years ended June 30 follows:

	2026	2025
Servicing rights:		
Carrying amount at beginning of year	\$ 1,570,309	\$ 1,490,988
Additions	148,846	143,683
Amortized to expense	<u>(157,977)</u>	<u>(64,362)</u>
Carrying amount before valuation allowance	1,561,178	1,570,309
Valuation allowance:		
Beginning of year	(498,253)	(404,401)
(Provisions for) recovery of valuation allowance	<u>109,448</u>	<u>(93,852)</u>
Valuation allowance at end of year	<u>(388,805)</u>	<u>(498,253)</u>
Carrying amount at end of year	<u><u>\$ 1,172,373</u></u>	<u><u>\$ 1,072,056</u></u>

As of June 30, 2026 and 2025, a valuation allowance was recorded to reflect impairment in groupings of underlying loans.

The fair value of servicing rights was \$1,394,000 and \$1,225,000 at year-end 2026 and 2025. Fair value at year-end 2026 was determined using discount rates ranging from 8.0% to 12.5%, prepayment speeds ranging from 6.0% to 24.6%, depending on the stratification of the specific right, and a weighted average default rate of 0.7%. Fair value at year-end 2025 was determined using discount rates ranging from 9.4% to 11.4%, prepayment speeds ranging from 6.0% to 36.9%, depending on the stratification of the specific right, and a weighted average default rate of 0.7%.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 6 - PREMISES AND EQUIPMENT, NET

Premises and equipment at June 30 were as follows:

	<u>2026</u>	<u>2025</u>
Land	\$ 2,527,815	\$ 2,527,815
Buildings	9,238,494	9,164,909
Furniture, fixtures and equipment	<u>3,440,902</u>	<u>3,330,198</u>
Total cost	15,207,211	15,022,922
Accumulated depreciation	<u>(7,799,399)</u>	<u>(7,420,243)</u>
	<u><u>\$ 7,407,812</u></u>	<u><u>\$ 7,602,679</u></u>

Depreciation expense on premises and equipment was \$537,000 and \$606,000 for fiscal years 2026 and 2025, respectively.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 7 - DEPOSITS

Deposit accounts individually exceeding \$250,000 totaled approximately \$231,000,000 and \$204,000,000 at June 30, 2026 and 2025.

At June 30, 2026, stated maturities of certificates of deposit for the years ended June 30 were:

2027	\$108,256,000
2028	6,664,000
2029	531,000
2030	273,000
2031	325,000
Thereafter	<u>-</u>
	<u>\$116,049,000</u>

Included in the total amount of certificates of deposit is \$22,124,000 placed with the Certificate of Deposit Account Registry Service (CDARS). Funds deposited through the CDARS network are divided among participating banks to ensure there is never more than \$250,000 at any one institution; therefore, these are fully eligible for FDIC insurance.

NOTE 8 - BORROWINGS

Federal Home Loan Bank (FHLB) advances totaled \$10,000,000 at June 30, 2026. The advance is a federal funds 1-Yr fixed advance. As of June 30, 2026, the advance carries an interest rate of 3.76% and a maturity date of January 30, 2027. Federal Home Loan Bank (FHLB) advances totaled \$10,000,000 at June 30, 2025. The prior advances consisted of two federal funds floaters, both carrying an interest rate of 4.48%. The first advance of \$4,000,000 had maturity date of September 22, 2025 and the second of \$6,000,000 held a maturity date of September 29, 2025.

The Company maintains lines of credit in the amounts of \$1,000,000 with Federal Home Loan Bank (FHLB) and \$2,000,000 with another institution, which terminate on June 23, 2027 and March 10, 2027, respectively. As of June 30, 2026 and 2025, balances of \$0 were outstanding against these lines.

FHLB borrowings, as well as the \$1,000,000 line of credit, are secured by all stock in the FHLB, qualifying first mortgage loans, government, agency and mortgage-backed securities. At June 30, 2026, collateral of approximately \$108,338,000 is pledged to the FHLB to secure advances outstanding. Based on this collateral, the Company is eligible to borrow up to a total of \$133,739,000 at June 30, 2026. The Company's \$2,000,000 line of credit is secured by shares of Crossroads Bank.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 9 - EMPLOYEE BENEFITS

401(k) Plan: A retirement savings 401(k) plan covers all employees (full and part time) age 18 or older. Participation may begin on the 1st of the month following 30 days of employment. Participants may defer up to 50% of compensation. After one year of service, the Company matches 100% of elective deferrals on the first 4% of the participants' compensation and 50% of elective deferrals on the next 2% of the participant's compensation. Additionally, the Company may contribute up to 4% of each participant's compensation regardless of the participant's personal contributions to their 401(k) account depending on earnings and other benefit expenses. Expenses under this plan were \$213,000 in 2026 and \$193,000 in 2025.

Salary Continuation Plan: The Company maintains a Salary Continuation Plan (Plan) for certain executive officers. The Company is recording an expense equal to the projected present value of the payments due after retirement based on the participants' vesting schedules and projected remaining years of service. The accrued liability for this plan as of June 30, 2026 and 2025 was approximately \$1,195,000 and \$1,171,000 with (gain)/expense of \$75,000 and \$(30,000) recorded during the years ended June 30, 2026 and 2025, respectively.

NOTE 10 - STOCK-BASED COMPENSATION

The Company has two share based compensation plans as described below.

Stock Option Plan: The 2013 Stock Option and Incentive Plan authorized 90,000 shares of common stock for options, restricted stock and stock appreciation rights. The 2013 plan has expired and, therefore, no awards are currently available for issuance. The 2023 Stock Option and Incentive Plan authorized 90,000 shares of common stock for options, restricted stock and stock appreciation rights. The 2023 plan will expire on October 24, 2033. For both plans, when options are granted, the option price is at least 100% of the market value of common stock on the date of grant and the option term cannot exceed 10 years. Options awarded vest and may be exercised at a rate of 25% per year. Exercised options are generally issued from treasury stock. There was no compensation cost charged against income for this plan in fiscal years 2026 and 2025.

The fair value of each option award is established on the date of grant using a closed form option valuation (Black-Scholes) model that uses various assumptions. Expected volatilities are based on historical volatilities of the Company's common stock. The Company uses historical data to estimate option exercise and post-vesting termination behavior. (Employee and management options are tracked separately.) The expected term of options granted is based on historical data and represents the period of time that options granted are expected to be outstanding, which takes into account that the options are not transferable. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 10 - STOCK-BASED COMPENSATION (Continued)

There were no options granted or vested in 2026 or 2025 and there are no options outstanding or exercisable at June 30, 2026 and 2025.

Stock option plans are used to reward directors and certain executive officers and provide them with an additional equity interest. Options are issued for 10-year periods with varying vesting periods. There was no activity in the stock option plan for the years ended June 30, 2026 and 2025.

As of June 30, 2026 and 2025, there was no unrecognized compensation cost related to nonvested stock options granted under the Plan.

As of June 30, 2026, 67,192 share awards remain available for future grants under the 2023 plan.

Management Recognition and Retention Plans: The Management Recognition and Retention Plan (MRP) provides directors, officers and other key employees with a proprietary interest in the Company to encourage such persons to remain with the Company. MRP awards are allowed for under both the 2013 and 2023 Stock Option and Incentive Plans as described above. Eligible directors, officers and other key employees of the Company become vested in shares of common stock awarded on a discretionary basis at a rate of 25% per year beginning on the date of grant. Expenses of approximately \$208,000 and \$203,000 were recorded for MRP awards for the years ended June 30, 2026 and 2025, respectively.

A summary of changes in the Company's nonvested shares for the year follows:

Nonvested Shares	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at June 30, 2025	17,787	\$ 37.76
Granted	5,001	39.96
Vested	(5,293)	36.91
Forfeited	-	-
Nonvested at June 30, 2026	17,495	\$ 36.36

As of June 30, 2026, there was \$446,000 of total unrecognized compensation cost related to nonvested shares granted under the Plan. The cost is expected to be recognized over a weighted-average period of 2.24 years. The total fair value of shares vested during the years ended June 30, 2026 and 2025 was \$195,000 and \$180,000.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 11 - INCOME TAXES

Income tax expense (benefit) from continuing operations were as follows for the years ended June 30:

	2026	2025
Federal		
Current	\$ 864,146	\$702,956
Deferred	(209,296)	(232,056)
	<u>654,850</u>	<u>470,900</u>
State		
Current	203,559	165,184
Deferred	(23,643)	(34,130)
	<u>179,916</u>	<u>131,054</u>
Income tax expense	<u>\$ 834,766</u>	<u>\$601,954</u>

(1) The Company does not have pretax income from continuing foreign operations or foreign tax expense. ASU 2023-09 was adopted on July 1, 2025, on a retrospective basis.

Effective tax rate differed from the statutory federal income tax rate of 21% in the years ended June 30 due to the following:

	2026		2025	
U.S. federal statutory tax rate	\$ 1,558,221	21.0%	\$ 1,290,175	21.0%
State and local income tax, net of federal income tax benefit (1)	142,134	1.9%	103,533	1.7%
Nontaxable or Nondeductible Items				
Tax-exempt income, net	(771,860)	-10.4%	(705,562)	-11.5%
Earnings on life insurance	(102,453)	-1.4%	(92,354)	-1.5%
Other	16,670	0.2%	26,496	0.4%
Other Adjustments	(7,946)	0.0%	(20,334)	-0.3%
Effective Tax Rate	<u>\$ 834,766</u>	<u>11.3%</u>	<u>\$ 601,954</u>	<u>9.8%</u>

(1) Indiana makes up the majority (greater than 50%) of the state tax effect in this category.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 11 - INCOME TAXES (Continued)

Components of the net deferred tax asset as of June 30 are:

	2026	2025
Deferred tax assets:		
Bad debts	\$ 1,506,718	\$ 1,403,545
Deferred and accrued compensation	460,143	466,937
Other than temporary security impairment	17,624	17,624
Capital loss carryforward	1,696	9,255
Nonaccrual interest	304,138	215,163
Deferred income	30,980	63,340
Partnership investments	68,896	78,360
Unrealized loss on debt securities AFS	2,204,880	3,135,899
Net deferred loan fees and costs	96,848	90,571
Other	63,166	76
	<u>4,755,089</u>	<u>5,480,770</u>
Deferred tax liabilities:		
Accretion	(364)	(30,253)
Core deposit intangible and goodwill	(251,795)	(298,328)
Mortgage servicing rights	(286,267)	(263,834)
FHLB stock dividends	(31,382)	(31,382)
Prepaid expenses	(126,024)	(72,903)
Lease financing operations	(12,489)	(36,357)
Unrealized gain on equity securities	(22,518)	(15,394)
Depreciation	(122,179)	(132,168)
	<u>(853,018)</u>	<u>(880,619)</u>
Valuation allowance	<u>(3,137)</u>	<u>(3,137)</u>
Net deferred tax asset	<u>\$ 3,898,934</u>	<u>\$ 4,597,014</u>
Income taxes paid (net of refunds received):	2026	2025
Federal	975,000	600,000
State and local		
Indiana	225,000	30,000
Other	2,500	-
Total	<u>1,202,500</u>	<u>630,000</u>

(1) The amount of income taxes paid to a particular state or jurisdiction is disclosed only for those states and jurisdictions that meet the 5% disaggregation threshold in a given year.

Taxes paid to states and jurisdictions that do not meet the 5% disaggregation threshold in a given year are included in Other.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 11 - INCOME TAXES (Continued)

A valuation allowance continues to exist for the state portion of other than temporary securities impairment which would generate state capital loss that would be expected to expire unused.

Federal income tax laws provided savings banks with additional bad debt deductions through 1987, totaling \$1,156,000 for the Bank. Accounting standards do not require a deferred tax liability to be recorded on this amount, which liability otherwise would total \$243,000 at June 30, 2026 and June 30, 2025. If the Bank were liquidated or otherwise ceased to be a bank or if tax laws were to change, the \$243,000 would be recorded as expense.

Our Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of the state of Indiana and various other state income taxes. The statute of limitations related to the consolidated Federal income tax return is closed for all tax years up to and including June 30, 2022 fiscal year. The expiration of the statute of limitations related to the various state income tax returns that the Company and subsidiaries file varies by state.

The Company had no unrecognized tax benefits as of June 30, 2025 or June 30, 2026 and did not recognize any increase in unrecognized tax benefits during the year ended June 30, 2026 relative to any tax positions taken in the fiscal year 2026.

The Company recognizes interest and/or penalties related to income tax matters in tax expense.

NOTE 12 - REGULATORY MATTERS

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available-for-sale securities is not included in computing regulatory capital. Management believes as of June 30, 2026, the Company and Bank meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required.

At year-end 2026 and 2025, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 12 - REGULATORY MATTERS (Continued)

Actual and required capital amounts (in thousands) and ratios are presented below at year-end.

	Actual		Minimum For Capital Adequacy Purposes		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of June 30, 2026:						
Total Capital						
(to risk weighted assets)	\$ 65,065	15.19%	\$ 34,274	8.00%	\$ 42,842	10.00%
Tier I Capital						
(to risk weighted assets)	59,700	13.93	25,705	6.00	34,274	8.00
Common Equity Tier I Capital						
(to risk weighted assets)	59,700	13.93	19,279	4.50	27,847	6.50
Tier I Capital						
(to average assets)	59,700	9.49	25,162	4.00	31,452	5.00
As of June 30, 2025:						
Total Capital						
(to risk weighted assets)	\$ 61,523	14.70%	\$ 33,490	8.00%	\$ 41,862	10.00%
Tier I Capital						
(to risk weighted assets)	56,284	13.45	25,117	6.00	33,490	8.00
Common Equity Tier I Capital						
(to risk weighted assets)	56,284	13.45	18,838	4.50	27,210	6.50
Tier I Capital						
(to average assets)	56,284	9.41	23,935	4.00	29,919	5.00

The Company's principal source of funds for dividend payments is dividends received from the Bank. Regulations of the Indiana Department of Financial Institutions (DFI) limit the amount of dividends and other capital distributions that may be paid by a savings institution without prior approval of the DFI. Under the regulations, the Bank can make without application to the DFI, distributions during a calendar year up to 100% of its retained net income for the calendar year-to-date plus retained net income for the previous two calendar years (less any dividends previously paid) as long as the Bank would remain adequately capitalized, as defined in the prompt corrective action regulations, following the proposed distribution.

Accordingly, at June 30, 2026, approximately \$7,961,000 of the Bank's retained earnings was potentially available for distribution to the Company.

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FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 13 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND CONTINGENCIES

Various outstanding commitments and contingent liabilities are not reflected in the financial statements. Commitments to make loans at June 30 were as follows:

	2026		2025	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Commitments to make loans	\$ 8,707,095	\$ 3,752,339	\$ 12,182,244	\$ 7,735,504
Unused lines of credit	1,728,986	70,110,976	2,380,867	64,966,764
Standby letters of credit	220,000	-	220,000	-
	<u>\$ 10,656,081</u>	<u>\$ 73,863,315</u>	<u>\$ 14,783,111</u>	<u>\$ 72,702,268</u>

Fixed rate loan commitments, unused lines of credit and standby letters of credit at June 30, 2026 were at current rates ranging from 6.50% to 7.25% for loan commitments, 3.88% to 18.00% for unused lines of credit and 5.50% to 8.25% for standby letters of credit.

Fixed rate loan commitments, unused lines of credit and standby letters of credit at June 30, 2025 were at current rates ranging from 3.50% to 8.50% for loan commitments, 2.25% to 18.00% for unused lines of credit and 5.50% to 8.25% for standby letters of credit.

Since commitments to make loans and to fund unused lines of credit, loans in process and standby letters of credit may expire without being used, the amounts do not necessarily represent future cash commitments. In addition, commitments are agreements to lend to a customer as long as there is no violation of any condition established in the contract. The maximum exposure to credit loss in the event of nonperformance by the other party is the contractual amount of these instruments. The same credit policy is used to make such commitments as is used for loans receivable.

Under employment agreements with four of its officers, certain events leading to separation from the Company could result in a lump sum cash payment.

The Company and the Bank are subject to certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the consolidated financial position or results of operations of the Company.

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FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 14 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Real estate and consumer loans, including automobile, home equity and improvement, manufactured home and other consumer loans are granted primarily in Wabash, Miami, Kosciusko and Whitley counties. Loans secured by one to four family residential real estate mortgages make up approximately 32% of the loan portfolio. The Company also sells loans and services loans for secondary market agencies.

The policy for collateral on mortgage loans allows borrowings up to 100%, if private mortgage insurance is obtained to reduce the Company's exposure to or below the 80% loan-to-value level on loans held for sale, and 90% on in-house adjustable rate loans, of the appraised value of the property as established by appraisers approved by the Company's Board of Directors. Loan-to-value percentages and documentation guidelines are designed to protect the Company's interest in the collateral as well as to comply with guidelines for sale in the secondary market.

NOTE 15 - RELATED PARTY TRANSACTIONS

Certain directors, executive officers and principal shareholders of the Company, including associates of such persons, are loan customers. Related party loan balances were \$6,212,000 and \$6,452,000 at June 30, 2026 and 2025.

NOTE 16 - FAIR VALUES

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

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

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

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

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FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 16 - FAIR VALUES (Continued)

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

Securities: The fair values for securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Collateral Dependent Loans: The fair value of collateral dependent loans with specific allocations of the allowance for credit losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Collateral dependent loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Mortgage Servicing Rights: The fair value of servicing rights is based on a valuation model that calculates the present value of estimated net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income. The Company is able to compare the valuation model inputs and results to widely available published industry data for reasonableness (Level 2 inputs).

Real Estate Owned: Nonrecurring adjustments to certain commercial and residential real estate properties classified as other real estate owned (OREO) are measured at fair value, less costs to sell. Fair values are based on recent real estate appraisals. These appraisals may use a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value.

Appraisals for both collateral-dependent impaired loans and real estate owned are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Once received, a member of the Loan Department reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics. After the review of the appraisal, the Company typically applies a discount for liquidation and other considerations.

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FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 16 - FAIR VALUES (Continued)

Assets and liabilities measured at fair value on a recurring basis are summarized below:

Fair Value Measurements at June 30, 2026 Using:				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Assets at Fair Value
Financial Assets:				
State and political subdivisions	\$ -	\$ 64,602,068	\$ -	\$ 64,602,068
U.S. Treasury and federal agency	-	3,923,438	-	3,923,438
US government sponsored entities	-	15,430	-	15,430
Mortgage backed securities - residential	-	2,065,376	-	2,065,376
CMO's - agency	-	25,246,489	-	25,246,489
Subordinated debt	-	5,696,007	-	5,696,007
Total investment securities available for sale	<u>\$ -</u>	<u>\$ 101,548,808</u>	<u>\$ -</u>	<u>\$ 101,548,808</u>
Fair Value Measurements at June 30, 2025 Using:				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Assets at Fair Value
Financial Assets:				
State and political subdivisions	\$ -	\$ 63,058,563	\$ -	\$ 63,058,563
U.S. Treasury and federal agency	-	6,868,320	-	6,868,320
US government sponsored entities	-	24,436	-	24,436
Mortgage backed securities - residential	-	2,383,703	-	2,383,703
CMO's - agency	-	23,544,644	-	23,544,644
Subordinated debt	-	7,187,427	-	7,187,427
Total investment securities available for sale	<u>\$ -</u>	<u>\$ 103,067,093</u>	<u>\$ -</u>	<u>\$ 103,067,093</u>

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 16 - FAIR VALUES (Continued)

Assets measured at fair value on a non-recurring basis are summarized below:

Fair Value Measurements at June 30, 2026 Using:				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Assets at Fair Value
Mortgage servicing rights	-	475,012	-	475,012

Fair Value Measurements at June 30, 2025 Using:				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Assets at Fair Value
Mortgage servicing rights	-	494,743	-	494,743

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FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 16 - FAIR VALUES (Continued)

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at June 30, 2026:

	Fair value	Technique(s)	Valuation Unobservable Input(s)	Weighted Average
Mortgage servicing rights	\$ 475,012	Discounted cash flow approach	Discount rate Prepayment speed	9.47% 9.30%

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at June 30, 2025:

	Fair value	Technique(s)	Valuation Unobservable Input(s)	Weighted Average
Mortgage servicing rights	\$ 494,743	Discounted cash flow approach	Discount rate Prepayment speed	10.37% 9.40%

(Continued)

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 16 - FAIR VALUES (Continued)

The carrying amounts and estimated fair values of financial instruments at June 30, 2026 and June 30, 2025 are as follows:

	Fair Value Measurements at June 30, 2026 Using:			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(dollars in thousands)				
Financial Assets				
Cash and cash equivalents	\$ 29,247	\$ 29,247	\$ -	\$ -
Securities available for sale	101,549	-	101,549	-
Loans held for sale	1,185	-	-	1,140
Loans receivable, net	448,974	-	-	433,775
Federal Home Loan Bank stock	1,749	-	-	N/A
Accrued interest receivable	3,118	-	-	3,118
Financial Liabilities				
Deposits:				
Noninterest-bearing deposits	\$ 54,001	\$ 54,001	\$ -	\$ -
Checking, NOW, savings, and money market				
Interest-bearing deposits	370,511	370,511	-	-
Time deposits	116,049	-	115,535	-
Borrowings	10,000	-	10,000	-
Accrued interest payable	207	-	207	-

FFW CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026 and 2025

NOTE 16 - FAIR VALUES (Continued)

Fair Value Measurements at June 30, 2025 Using:				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(dollars in thousands)	Carrying Value			
Financial Assets				
Cash and cash equivalents	\$ 10,816	\$ 10,816	\$ -	\$ -
Securities available for sale	103,067	-	103,067	-
Loans held for sale	315	-	-	300
Loans receivable, net	422,830	-	-	402,358
Federal Home Loan Bank stock	1,740	-	-	N/A
Accrued interest receivable	3,055	-	-	3,055
Financial Liabilities				
Deposits:				
Noninterest-bearing deposits	\$ 52,521	\$ 52,521	\$ -	\$ -
Checking, NOW, savings, and money market Interest-bearing deposits	355,783	355,783	-	-
Time deposits	97,824	-	97,370	-
Borrowings	10,000	-	10,000	-
Accrued interest payable	142	-	142	-

While these estimates of fair value are based on management's judgment of the most appropriate factors, there is no assurance that were the Company to have disposed of such items at June 30, 2026 and 2025, the estimated fair values would necessarily have been achieved at that date, since market values may differ depending on various circumstances. The estimated fair values at June 30, 2026 and 2025 should not necessarily be considered to apply to subsequent dates.

In addition, other assets and liabilities of the Company that are not defined as financial instruments are not included in the above disclosures, such as premises and equipment. Also, non-financial instruments typically not recognized in financial statements nevertheless may have value but are not included in the above disclosures. These include, among other items, the estimated earnings power of core deposit accounts, the trained work force, customer goodwill and similar items.