

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

**CLIMATE FIRST BANCORP, INC.
1150 South Orlando Avenue
Winter Park, Florida 32789**

COMMON STOCK Up to 4,166,667 Shares

Climate First Bancorp, Inc. (the "Company"), a Florida corporation, hereby offers for sale up to 4,166,667 shares of its common stock (the "Common Stock"), at a cash price of \$12.00 per share and on the terms described herein. The Company is the bank holding company for Climate First Bank (the "Bank"). The Company is also in the process of considering a simultaneous offering of up to 4,166,667 shares of Common Stock to institutional and other accredited investors at a cash price of \$12.00 per share and with a termination date no later than February 28, 2026, although there is no assurance that any such offering will be consummated or, if closed, the number of shares that would be sold. We refer to this related offering as the "Institutional Offering". The information set forth in this Confidential Memorandum does not reflect the sale of any shares of Common Stock in the Institutional Offering.

There are certain limits on the maximum number of shares which may be purchased, and other restrictions will apply. The shares may only be purchased by shareholders, persons and entities that qualify as "accredited investors" as defined under the securities laws and discussed in the attached Subscription Agreement. There is no minimum number of shares that the Company must sell in the offering.

There is, and upon consummation of the sale of the Common Stock, there will be no public or established trading market for the shares of Common Stock. For a period of one year after issuance, the Common Stock may not be sold or transferred unless registered under the Securities Act of 1933 and applicable state securities laws or transferred in a transaction exempt from registration thereunder. This is a private offering and this Confidential Private Placement Memorandum is referred to as the "Confidential Memorandum".

The effective date of this Confidential Memorandum is November 13, 2025.

These securities have not been approved or disapproved by the Federal Deposit Insurance Corporation ("FDIC"), the Securities and Exchange Commission, any state securities commission, the Florida Office of Financial Regulation ("Florida Office"), or any other state or governmental agency, nor have they determined if this Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

The securities are not deposits and are not insured by the Federal Deposit Insurance Corporation.

Investing in our common stock involves risks. See "Certain Risk Factors."

Offering Summary

	<u>Per Share</u>	<u>Total Maximum</u> ⁽¹⁾
Offering Price	\$12.00	\$50,000,000
Sales commissions (2)	\$ -0-	\$ -0-
Proceeds to us, before expenses (3)		\$50,000,000

- (1) The offering period for the Common Stock will terminate on February 28, 2026, but may be extended, without notice, for two consecutive periods of 90 days each. Also, the Company reserves the right to otherwise terminate or withdraw the offering at any time without notice. Subscription proceeds may not be withdrawn by subscribers, except as otherwise provided by law. See "Terms of The Offering." The amounts do not reflect the sale of any shares in the Institutional Offering.
- (2) The shares are being offered on a best-efforts basis by certain officers and directors of the Company who will receive no commissions on account of such sales efforts but will be reimbursed by the Company for reasonable selling expenses incurred. The Company reserves the right to hire brokers or salespersons in connection with this offering. If it does, such representatives will be paid a mutually agreed upon commission for such services. See "Terms of the Offering."
- (3) Amounts shown are before deduction of expenses of the offering. Expenses are primarily for legal, accounting, postage, and printing fees associated with the offering.

THIS CONFIDENTIAL MEMORANDUM IS BEING DELIVERED TO A LIMITED NUMBER OF PERSONS WHO MAY BE INTERESTED IN PURCHASING THE COMMON STOCK. BY ACCEPTING THIS DOCUMENT, EACH RECIPIENT AGREES: (1) NOT TO COPY, REPRODUCE, OR DISTRIBUTE THE CONFIDENTIAL MEMORANDUM OR THE INFORMATION CONTAINED HEREIN, IN WHOLE OR IN PART, AT ANY TIME, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY; (2) TO KEEP PERMANENTLY CONFIDENTIAL ALL INFORMATION CONTAINED IN THE CONFIDENTIAL MEMORANDUM THAT IS NOT ALREADY PUBLIC; (3) TO USE THE CONFIDENTIAL MEMORANDUM AND THE INFORMATION CONTAINED HEREIN ONLY FOR THE PURPOSE SET FORTH ABOVE; AND (4) TO RETURN THE CONFIDENTIAL MEMORANDUM AND DESTROY ANY AND ALL WORKPAPERS CONTAINING ANY INFORMATION TAKEN FROM OR BASED UPON THE CONFIDENTIAL MEMORANDUM, AT ANY TIME UPON THE WRITTEN REQUEST OF THE COMPANY.

NO PERSON (OTHER THAN THE OFFICERS OF THE COMPANY AND PERSONS AUTHORIZED TO ACT ON ITS BEHALF) IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS CONFIDENTIAL MEMORANDUM ABOUT THE COMPANY AND THIS OFFERING, AND ANY SUCH UNAUTHORIZED INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON. NEITHER THE DELIVERY OF THIS CONFIDENTIAL MEMORANDUM NOR ANY SALES MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE MATTERS DISCUSSED HEREIN SINCE THE DATE HEREOF.

THIS CONFIDENTIAL MEMORANDUM IS SUBMITTED IN CONNECTION WITH THE PRIVATE OFFERING OF THE COMMON STOCK AND DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS UNLAWFUL. ANY REPRODUCTION OR DISTRIBUTION OF THIS CONFIDENTIAL MEMORANDUM IN WHOLE OR IN PART OR THE DIVULGENCE OF ANY OF ITS CONTENTS WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY IS PROHIBITED. ANY PERSON IN VIOLATION OF THE FOREGOING RESTRICTIONS MAY PLACE HIMSELF OR HERSELF AND THE COMPANY IN VIOLATION OF FEDERAL OR STATE SECURITIES LAWS. BY ACCEPTING THIS CONFIDENTIAL MEMORANDUM, THE RECIPIENT AGREES TO RETURN THE SAME TO THE COMPANY PROMPTLY UPON REACHING A DECISION NOT TO MAKE AN INVESTMENT IN THE COMMON STOCK.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS CONFIDENTIAL MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATION FROM THE COMPANY AND ITS OFFICERS AND EMPLOYEES, OR FROM ANY PROFESSIONAL ASSOCIATED WITH THIS OFFERING, AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT WITH HIS OR HER OWN PERSONAL COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO LEGAL, TAX, ECONOMIC AND RELATED MATTERS CONCERNING THE INVESTMENT DESCRIBED HEREIN AND ITS SUITABILITY FOR SUCH INVESTOR.

DURING THE OFFERING PERIOD, AND PRIOR TO SALE OF THE COMMON STOCK, PROSPECTIVE INVESTORS AND THEIR ADVISORS, IF ANY, ARE INVITED TO ASK QUESTIONS OF, AND OBTAIN ADDITIONAL INFORMATION FROM, THE COMPANY CONCERNING THE COMPANY AND ITS OFFICERS AND DIRECTORS, THE TERMS AND CONDITIONS OF THE OFFERING AND ANY OTHER MATTERS RELEVANT TO THIS OFFERING (INCLUDING BUT NOT LIMITED TO ADDITIONAL INFORMATION TO VERIFY THE ACCURACY OF THE INFORMATION SET FORTH HEREIN). THE COMPANY WILL PROVIDE SUCH INFORMATION TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, AND TO THE EXTENT THAT DISCLOSURE OF SUCH INFORMATION WOULD NOT ENTAIL THE UNPERMITTED DISCLOSURE OF CONFIDENTIAL OR PROPRIETARY INFORMATION.

STATEMENTS CONTAINED HEREIN AS TO THE CONTENTS OF ANY AGREEMENT OR OTHER DOCUMENT ARE NOT NECESSARILY COMPLETE. IF NOT ATTACHED HERETO AS EXHIBITS OR OTHERWISE FURNISHED TO PROSPECTIVE INVESTORS, COPIES OF SUCH AGREEMENTS OR DOCUMENTS ARE AVAILABLE FOR INSPECTION AT THE OFFICE OF THE COMPANY BY ANY PROSPECTIVE INVESTOR AND HIS OR HER ACCOUNTANT, ATTORNEY OR OTHER QUALIFIED REPRESENTATIVE.

THE COMPANY RESERVES THE RIGHT TO REFUSE TO ACCEPT A SUBSCRIPTION FOR ANY REASON, INCLUDING, WITHOUT LIMITATION, ITS DETERMINATION THAT THE PROSPECTIVE INVESTOR DOES NOT MEET THE APPLICABLE SUITABILITY REQUIREMENTS.

THE COMMON STOCK BEING OFFERED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, OR UNDER THE SECURITIES ACT OF ANY STATE, IN RELIANCE UPON CERTAIN EXEMPTIONS THEREUNDER. ANY RESALE, TRANSFER OR DISPOSITION OF THE COMMON STOCK IS RESTRICTED. NO PUBLIC OR OTHER TRADING MARKET WILL DEVELOP FOR THE COMMON STOCK. PURCHASERS OF THE COMMON STOCK WILL BE REQUIRED TO AGREE THAT THE COMMON STOCK WILL NOT BE SOLD, TRANSFERRED OR DISPOSED OF FOR A PERIOD OF ONE YEAR AFTER PURCHASE WITHOUT REGISTRATION UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES ACT OR EXEMPTIONS THEREFROM. THE COMMON STOCK WILL BEAR LEGENDS REFERRING TO SUCH RESTRICTIONS AND STOP TRANSFER INSTRUCTIONS WITH RESPECT TO THE COMMON STOCK WILL BE NOTED IN THE RECORDS OF THE COMPANY. BY REASON OF THE FOREGOING, PURCHASERS MUST BEAR THE RISKS OF THEIR INVESTMENTS FOR AN INDEFINITE PERIOD OF TIME.

PRIOR TO THE DATE OF THIS CONFIDENTIAL MEMORANDUM, INVESTORS MAY HAVE RECEIVED FROM THE COMPANY CERTAIN INFORMATION CONCERNING THE NATURE OF THIS OFFERING. INVESTORS SHOULD NOT RELY UPON SUCH PRIOR INFORMATION IN DECIDING WHETHER TO PURCHASE THE COMMON STOCK.

NOTICE TO FLORIDA RESIDENTS

THE SECURITIES HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES. EACH FLORIDA RESIDENT WHO SUBSCRIBES FOR THE PURCHASE OF THE COMMON STOCK HEREIN HAS THE RIGHT, PURSUANT TO SECTION 517.061(11)(a)(5) OF THE FLORIDA SECURITIES ACT, TO WITHDRAW HIS SUBSCRIPTION FOR THE PURCHASE, AND RECEIVE A FULL REFUND OF ALL MONIES PAID, WITHIN THREE (3) DAYS AFTER THE EXECUTION OF THE SUBSCRIPTION AGREEMENT OR PAYMENT FOR THE PURCHASE HAS BEEN MADE, WHICHEVER IS LATER. WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO SUCH PERSON. TO ACCOMPLISH THIS WITHDRAWAL, A SUBSCRIBER NEED ONLY SEND A CERTIFIED LETTER RETURN RECEIPT REQUESTED TO THE COMPANY AT THE ADDRESS SET FORTH IN THIS CONFIDENTIAL MEMORANDUM, INDICATING HIS INTENTION TO WITHDRAW.

SUCH LETTER SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED THIRD BUSINESS DAY. AS NOTED, SUCH LETTER SHOULD BE SENT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME IT WAS MAILED. IF THE REQUEST IS MADE ORALLY, IN PERSON OR BY TELEPHONE TO THE COMPANY, A WRITTEN CONFIRMATION THAT THE REQUEST HAS BEEN RECEIVED SHOULD BE REQUESTED. ALL LETTERS MUST BE SENT TO THE COMPANY AT 2755 E. ORANGE AVENUE, EUSTIS, FLORIDA 32726, ATTENTION: NICOLE JEFFRIES.

NOTICE TO ALL OTHER STATE RESIDENTS

THE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES COMMISSIONER OR ANY AGENCY OF ANY STATE. THE SECURITIES MAY ONLY BE TRANSFERRED BY A PURCHASER BY COMPLYING WITH THE STATE SECURITIES LAWS IN THE STATE IN WHICH SUCH PURCHASER RESIDES.

SUBSCRIPTION PROCEDURE

Application to purchase shares of Common Stock can be made by completing and signing the Subscription Agreement accompanying this Confidential Memorandum. All subscription checks should be made payable to "Climate First Bancorp, Inc.". Subscription agreements and checks should be mailed to:

Climate First Bancorp, Inc.
1150 South Orlando Avenue
Winter Park, Florida 32789
ATTN: Nicole Jeffries-Malone

For additional information regarding the subscription procedure and terms of the offering, *see "Terms of The Offering."*

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CONFIDENTIAL MEMORANDUM SUMMARY

The following is a summary of certain of the information contained in this Confidential Memorandum and should be read in conjunction with and is qualified in its entirety by reference to the more detailed information and financial statements contained herein.

The Company and the Bank

Climate First Bancorp, Inc. (the "Company") is a Florida corporation and a financial holding company registered under the Bank Holding Company Act of 1956, as amended ("BHCA"), whose principal subsidiary and principal asset is Climate First Bank, St. Petersburg, Florida, a Florida banking corporation and a Certified B Corporation and Florida Benefits Corporation (the "Bank"). The Company serves as a bank holding company for the Bank, and, as a result, owns all of the outstanding capital stock of the Bank. Through its ownership of the Bank, the Company is engaged in a general commercial banking business and its primary source of earnings is derived from income generated by the Bank. The Company also has a majority interest in OneEthos, Inc. ("OneEthos"), a Financial Technology subsidiary whose primary objective is to develop proprietary digital banking technology to enable the Bank's nationwide expansion strategy and growth through the digital channel. The Company also has a wholly-owned subsidiary, Climate First Funding, Inc. ("CFF"), whose primary activity is to participate in the financing of certain loans with the Bank. As of September 30, 2025, the Company had total consolidated assets of \$1.389 billion, net total loans of \$1.170 billion, deposits of \$1.195 billion, stockholders' equity of \$126.5 million, and approximately 845 shareholders of record. The consolidated financial statements include the accounts and activities for the Company, the Bank, OneEthos and CFF. The Company's primary activity is the operation of the Bank, OneEthos, and CFF.

On October 30, 2025, the Company closed the sale of \$30 million of 8.00% Fixed to Floating Rate Subordinated Notes due 2025 (the "Notes"). Interest on the Notes is at a rate of 8.00% per annum until November 1, 2030 at which time it adjusts to a floating per annum rate equal to then current three-month Secured Overnight Financing Rate plus 472 basis points, payable quarterly in arrears. The Company may, at its option, beginning on the fifth anniversary of the Notes redeem them, in whole or in part, from time to time, subject to obtaining the prior approval of the Federal Reserve to the extent such approval is then required. The Company also has the right to redeem the Notes prior to such date, subject to obtaining the prior approval of the Federal Reserve to the extent such approval is then required, upon certain special events relating to changes in tax laws, capital treatment of the Notes, and investment company registration issues. The Company intends to use the net proceeds from the sale of the Notes for general corporate purposes. Unless otherwise indicated, the information set forth in this Confidential Memorandum does not reflect the sale of the Notes.

The Bank, which commenced operations in 2021, has its main office in St. Petersburg, Florida. As of September 30, 2025, the Bank had total assets of \$1.387 billion, net total loans of \$1.170 billion, deposits of \$1.198 billion, and stockholders' equity of \$120.7 million. The Bank's deposits are insured up to the applicable limits by the Federal Deposit Insurance Corporation (the

"FDIC") and the Bank also is subject to regulation by the Florida Office of Financial Regulation (the "Florida Office"). The Bank offers a variety of banking and financial services to individual and corporate customers through its three banking offices located in Pinellas, Orange and Lake Counties, Florida and its online banking platform. The Bank maintains an internet website at www.climatefirstbank.com. The information on this website is not part of this Confidential Memorandum.

During 2021, the Company formed OneEthos to develop and/or acquire software to assist the Bank in its operations. On October 31, 2022, the Company completed its asset acquisition of eCountabl Inc. ("eCountabl") and contributed the acquired asset to OneEthos. At September 30, 2025, the Company owned 63% of OneEthos with the balance owned by Messrs. LaRoe, Ford, and deOliveira. The OneEthos directors have approved an employee and advisor stock option pool that, when fully deployed and exercised, will result in the Company owning 51% of OneEthos.

CFF was formed on August 15, 2023. The Company owns 100% of CFF. The primary activity of CFF is to participate in the financing of certain loans with the Bank.

The Company has its main office at 1150 South Orlando Avenue, Winter Park, Florida 32789, telephone (689) 444-5500. The Bank, which commenced operations in 2021, has its main office in St. Petersburg, Florida. The Bank operates three banking offices: St. Petersburg, Winter Park, and Eustis, Florida.

OneEthos and Financial Technology

OneEthos is the Financial Technology ("FinTech") subsidiary of the Company. OneEthos' primary objective is to develop proprietary digital banking technology to enable the Bank's nationwide expansion strategy and growth through the digital channel. OneEthos' Solar Lending Platform generated 12,000 consumer solar loan opportunities resulting in 7,000 loans approved and \$330 million in loans booked by the Bank as of September 30, 2025.

In addition to materially contributing to the Bank's growth, OneEtho's business strategy is to offer its technology and services to community banks, credit unions, green banks, and other mission-driven financial institutions. There are more than 10,000 financial institutions in the U.S. Many of these organizations are going through a transformation due to the change in consumer behavior toward digital banking products. The Company believes many financial institutions do not have the technology or the expertise to grow deposit and loan portfolios through the digital channel. The Company believes OneEthos differs from other banking technology providers in that it not only offers the technology needed to establish a deposit and loan origination presence online, but it also offers demand generation capabilities. As the only B Corporation FinTech company regulated by the Federal Reserve Bank operating in the \$15 billion solar lending industry, the Company believes OneEthos is well positioned to help financial institutions to compete and capture market share from FinTech companies and large banks.

OneEthos commenced operations in November 2022 after the acquisition of eCountabl, a data analytics company that specializes in data aggregation, processing, and impact reporting. In December 2024, the Company also acquired ToolCharm, an artificial intelligence startup whose technology will be integrated to further enhance operational efficiency across the Bank's core processes. In addition to continuing the development of the eCountabl and ToolCharm technology, OneEthos has developed proprietary technology to facilitate solar lending at point of sale. As of September 30, 2025, a total of approximately 720 solar installer companies were using the OneEthos technology to offer financing for rooftop solar projects. Loan requests initiated by the solar installers via the point-of-sale app are then routed to financial institutions for decisioning, processing and funding, all orchestrated by OneEthos' technology. The market size for residential solar lending is estimated at \$15 billion. The Company believes the market is dominated by unregulated technology companies offering inferior and, in many instances, unethical solar loan products to consumers. OneEthos' Solar Lending Platform is an example of the strategy to enable mission-driven financial institutions to compete with FinTechs by offering demand generation capabilities through the network of solar installers, as well as a simplified digital application process enabling homeowners to apply and qualify for a loan online in less than five minutes.

After achieving considerable success to date and demonstrating proof of concept for OneEthos' technology and services, OneEthos' solar lending sales and operations capabilities will support a nationwide expansion strategy. Additionally, OneEthos intends to accelerate product development by expanding the software engineering capabilities and/or by acquiring other technology companies.

The Company believes that OneEthos can materially enhance the Company's enterprise value. FinTech has been one of the fastest growing technology sectors. Despite significant decline due to economic slowdown, FinTech companies in the U.S. received approximately \$21.5 billion in funding in 2024. The most common liquidity events for a FinTech are an initial public offering ("IPO") or direct acquisition by other companies. Over the last seven years, the median software company valuation is estimated at 16.8X EBITDA and 3.3X Revenue. OneEthos' revenues are primarily derived from pass-through technology fees paid by the consumer during loan closing, demand generation fees paid by financial institutions, and Software as a Service (SaaS) agreements.

The Company leadership team has extensive experience deploying affordable solar financing at scale, while demonstrating that financial excellence can occur without ethical compromise. Messrs. LaRoe and Ford pioneered solar lending at their prior bank, First Green Bank, the very first bank in the eastern United States with an environmental and social mission. Marcio deOliveira, CEO and Founder of OneEthos, has extensive experience building FinTech organizations. Mr. deOliveira was a member of the leadership team at C1 Bank responsible for spearheading a successful IPO on the NYSE in 2014. Mr. deOliveira was assigned to facilitate the acquisition of C1 Bank and its FinTech unit by a \$26 billion regional bank. After the acquisition, Mr. deOliveira scaled the FinTech unit and helped lead the bank's brand positioning strategy as a leader in technology and innovation in the banking sector, resulting in relaunching the bank on

NASDAQ in 2018 under a different name and ticker symbol (OZK). Prior to joining Climate First Bank, Mr. deOliveira was the Vice President of Banking Platform at Prelim, a Silicon Valley-based Fintech startup backed by Y Combinator. Mr. deOliveira holds five patents in banking technology.

Bank Strategy

The Bank is a full-service community bank offering personal and commercial banking services with a focus on creating sustainable and equitable communities. The Bank does its part to preserve our irreplaceable ecosystem by providing residents and businesses with convenient, specialized green loan options for everything ranging from renewable energy to building retrofits, electronic vehicle charging and purchasing carbon offsets. The Bank also prioritizes loans and services projects that uplift communities like affordable housing, worker-owned cooperatives, nonprofits, and more.

The Bank is a Certified B Corporation, which represents the highest standards of verified performance through completion and verification of the B Impact Assessment which measures how the Bank's operations and business model impacts the areas of governance, workers, community, environment, and customers. The Bank is a Florida Benefits Corporation and the first bank in Florida to become a Certified B Corporation. Through the Bank's 1% for the Planet Program, the Bank gives an equivalent of 1% of its gross sales from chosen account products through a combination of monetary, in-kind and approved promotional support directly to grassroots, environmental nonprofits. The Bank is the only B1 bank in the nation, an entity recognized as both a Certified B Corporation and a member of 1% for the Planet.

The Bank is dedicated to transparency and has been meticulously collecting comprehensive data on its commercial loan and deposit portfolio since day one. In addition to identifying customers aligned with its mission, the Bank has gathered data in collaboration with the Partnership for Carbon Accounting Financials to calculate carbon emissions for the majority of its loan portfolio. Armed with this data, the Bank can effectively communicate its commitment to the environment. To keep stakeholders informed, the Bank produces an annual impact report, providing updates on its various commitments and goals.

The Bank is a proud member of the Global Alliance for Banking on Values (GABV), an international network comprising pioneering organizations and leaders in the banking industry committed to utilizing finance for the betterment of people and the planet. With a shared objective to enhance transparency in the banking system and foster positive economic, social, and environmental change, the GABV serves as a collective force. Being a member of the GABV, the Bank assumes a thought leadership role in its mission to transform finance for the purpose of fostering meaningful change, solidifying its significance within the movement.

Management

The Company and the Bank are led by a dedicated team of experienced local executives and directors who share a collective mission:



Certain of the Bank's directors and officers have significant banking experience. Kenneth E. LaRoe (Executive Chairman) has over 42 years of banking experience, Lex Ford (Chief Executive Officer and President) has over 17 years of banking experience, Sharon Hill (Executive Vice President and Chief financial Officer) has over 48 years of banking experience, Jeff Cowherd (Executive Vice President and Senior Lender) has over 48 years of banking experience, Marcio deOliveira (Executive Vice President, Chief Technology Officer, Chief Digital Banking Officer, and Chief Executive Officer of OneEthos) has over 15 years of banking experience, Chris Cucci (Executive Vice President and Chief Strategy Officer) has over 23 years of banking experience, Felipe Ferreira (Executive Vice President and Director of Residential Lending) has over 21 years of banking experience, Chris Van Buskirk (Executive Vice President and Chief Credit Officer) has over 24 years of banking experience, Ron Strand-Sorrel (Executive Vice President, Chief Compliance, BSA and Risk Officer) has over 40 years of banking experience, Blaine Worak (Executive Vice President and Chief Operating Officer) has over 22 years of finance and banking experience, Ryan Jaskiewicz (President of Structured Finance) has over 15 years of banking and financial experience, Chris Castro (Founding Director of the Bank, Executive Vice President and Chief Sustainability Officer) has over five years of banking experience, and Paul Pickhardt (Executive Vice President and Director of Government Guaranteed Lending) has over 24 years of banking experience.

The Bank also has eight additional experienced officers. The Company's and Bank's directors are businesspeople who have lived or conducted business in Florida for many years. They also have significant business interests in the community. The Bank believes that their long-standing ties to the community, combined with their business and banking experience, provides the Bank with the unique ability to understand the needs of the market area.

Use of Proceeds

A portion of the net proceeds of the offering will be used by the Company for general corporate purposes and also to increase the capital of the Bank to support its lending activities

and operations and its possible expansion into existing and new banking markets. The Bank intends to maintain, for the foreseeable future, capital ratios in excess of those required to be maintained by a well-capitalized financial institution. See "Certain Risk Factors." In addition, the Company may invest a portion of the proceeds in other alternative investments. Such investments could include debt or equity investments in unrelated private or public entities.

After achieving considerable success to date and demonstrating that there is a strong demand for OneEthos' technology and services. The Company may use part of the proceeds to continue scaling OneEthos' solar lending sales and operations capabilities in support of a nationwide expansion strategy. The proceeds may also be used to accelerate product development by expanding the software engineering capabilities and/or by acquiring other technology companies.

The Offering

The Company is offering up to 4,166,667 shares of Common Stock on a best-efforts basis. There is no minimum number of shares that the Company must sell in the offering.

The minimum subscription for shares from an investor who is not a current shareholder of the Company is 4,167 shares (\$50,004), subject to waiver by the Company in its sole discretion. There are certain limits on the maximum number of shares which may be purchased. The shares may only be purchased by shareholders, persons and entities that qualify as "accredited investors" as defined under the securities laws and discussed in the attached Subscription Agreement. There is no minimum number of shares that the Company must sell in the offering.

Unless extended as provided below, the offering will terminate on the earlier of February 28, 2026, or the date on which the maximum amount of Common Stock has been sold. *Provided, however,* that the termination date and the offering period may be extended by the Company, without notice, for two consecutive periods of ninety days each. Also, the Company reserves the right to otherwise terminate or withdraw the offering at any time without notice. See "Terms of the Offering."

Eligible Purchasers; Manner of Purchase

The shares may only be purchased by individuals or entities who qualify as "accredited investors" under the federal and state securities laws. The definition of "accredited investor" is included in the accompanying Subscription Agreement.

Persons interested in purchasing shares should complete the accompanying Subscription Agreement. The completed Subscription Agreement should be forwarded, together with full payment for the debentures ordered, to the Company at 2755 E. Orange Avenue, Eustis, Florida 32726, Attention: Nicole Jeffries-Malone. All subscription checks should be made payable to "Climate First Bancorp, Inc." Subscription proceeds will be deposited with the Bank as the escrow agent until accepted by the Company and may not be withdrawn or revoked by Subscribers, except as otherwise provided by law.

Financial Information

Attached to this Confidential Memorandum is a copy of the Company's unaudited financial statements as of and for the nine months ended September 30, 2025 and its audited financial statements as of and for the years ended December 31, 2024, and 2023.

Risk Factors

An investment in the shares involves certain risks. Each prospective investor, before subscribing for any shares, should give careful consideration to the factors described below under the heading "Certain Risk Factors" and the other information set forth in this Confidential Memorandum.

CERTAIN RISK FACTORS

An investment in the Common Stock involves certain risks. In addition to the other information in this Confidential Memorandum, the following factors, among others, should be considered carefully in connection with an investment in the Common Stock. The following discussion is not intended, and should not be relied upon, as an exhaustive list of all risks involved in an investment in the Common Stock.

An investment in the Common Stock is not insured.

Prospective investors should be aware that an investment in the Common Stock is not a deposit and is not insured by the FDIC or any other governmental agency.

Our directors and executive officers own a significant amount of shares that puts them in a position to exercise a controlling influence over the Company.

The Company's and the Bank's directors and executive officers own approximately 22% of the outstanding shares of Common Stock (excluding 350,857 exercisable options owned by them) and prior to the closing of the sale of any shares in this offering. Accordingly, these individuals are in a position to exercise a controlling influence over the Company, including, among other things, in the election of the directors of the Company.

There is an absence of any established trading market for the shares of Common Stock.

There is no established trading market for the shares and there is thus no assurance that the Common Stock purchased in this offering may be resold at the offering prices or at any price. As a result, investors who need or desire to dispose of all or a part of their investment in the Common Stock may not be able to do so except by private, direct negotiations with third parties. Even should a sustained market develop for the Common Stock after this offering, there can be no assurance that the market price will equal or exceed the offering prices. Further, the shares of Common Stock purchased in this offering have certain restrictions upon resale. See "Restrictions on Transferability of Common Stock" below, and "Market Information on Common Stock".

Our directors have determined the offering prices for the shares of Common Stock.

The offering prices have been established by the Board of Directors of the Company based on factors deemed relevant by the Board and is not based on any trading price of the Common Stock. Among the factors considered in establishing the offering price were the Company's book value, and the Board's subjective evaluation of general market conditions. There is no assurance that the offering prices of the Common Stock are necessarily related to the price at which the Common Stock could be resold by purchasers. See "Market Information on Common Stock."

There is no assurance as to the amount of stock that will be sold in the offering or that we would not conduct a subsequent offering of shares.

The Company's Board of Directors has authorized the sale of up to 4,166,667 shares of Common Stock in this offering, but there is no assurance as to the number of shares that may be purchased in the offering or that all of the 4,166,667 shares offered will be purchased. The Company may terminate or withdraw the offering prior to the purchase of all shares. Whether or not the offering is terminated or withdrawn, the Company may, in its discretion, authorize a subsequent offering of its stock, and there is no assurance that shares sold in such a subsequent offering, if any, would not be offered at a lower price than those sold during this offering.

We do not intend to pay cash dividends for the foreseeable future.

The Company has not paid a cash dividend on the shares of Common Stock since its inception. The Company does not anticipate paying cash dividends for the foreseeable future as it intends to retain its earnings to support the additional growth of its organization. The ability of the Company to pay dividends on the shares of Common Stock is subject to statutory restrictions on cash dividends applicable to Florida corporations and, since the Company's primary source of income is the dividends it receives from the Bank, on the Bank's right and ability to pay such dividends. Florida law also imposes certain restrictions on the Bank's ability to pay dividends to the Company. No assurance can be given that any dividends will be declared or, if declared, what the amount of the dividends will be or whether such dividends, once declared, will continue. See "Dividend Policy."

Our Board has broad discretion in the use of proceeds.

The Company will have broad discretion in the application of the net proceeds from this offering. Upon the closing of the offering, the Company may contribute a portion of the net proceeds to the capital of the Bank, or the Company's subsidiaries, to support future growth in their businesses. The remainder of the net proceeds will be applied in the future as needed. The primary use of the proceeds by the Bank and OneEthos is to continue to implement their expansion strategy. The timing and specific application of the net proceeds will remain in the discretion of the Company's, the Bank's, and OneEthos' management. Investors will not have the opportunity to evaluate the economic, financial, or other relevant information that the Company and its subsidiaries will use to determine the application of the proceeds.

The offering price exceeds the book value per share.

The per share offering price of \$12.00 for the shares of Common Stock exceeds the book value of the shares of Company Common Stock at September 30, 2025. Accordingly, purchasers will incur dilution in the net tangible book value of their Common Stock following this offering and current shareholders will receive an increase in the book value of their shares. See "Dilution."

There are restrictions on the transferability of the Common Stock.

The shares of Common Stock in this offering have not been registered under the Securities Act of 1933 (the "1933 Act"), or any state securities laws, and will be sold without any such registration in reliance on exemptions from registration thereunder. The exemptions will not be available if any offeree purchases the shares with a view to the resale or other distribution thereof. The Common Stock may not be resold or otherwise transferred for a period of one year after purchase unless subsequently registered under the 1933 Act and other applicable state securities laws, or if the seller is able to utilize an available exemption from applicable state and federal registration requirements for the transfer of the Common Stock. It is not anticipated that an exemption from the state and federal registration requirements for the transfer of the Common Stock will be available for at least a one-year period following the issuance of the Common Stock. The certificates representing the shares will bear a legend stating that the original issuance and sale of the shares was not registered under the 1933 Act and any applicable state acts and noting the resulting restrictions on transferability. Prior to permitting any future resale of the Common Stock, the Company may require the seller to deliver to the Company, at the seller's expense, an opinion of counsel satisfactory to the Company that such resale is being made in compliance with the registration provisions of applicable state and federal laws.

The outbreak of infectious or contagious diseases could adversely affect our banking operations.

The outbreak of highly infectious or contagious diseases could adversely impact certain industries in which our customers operate and impair their ability to fulfill their obligations to us and could lead to an economic recession or other severe disruptions in the U.S. economy and may disrupt banking and other financial activity in the areas in which we operate and could potentially create widespread business continuity issues for us.

Our business is dependent upon the willingness and ability of our employees and customers to conduct banking and other financial transactions. The spread of highly infectious or contagious diseases has historically caused severe disruptions in the U.S. economy at large, and for small businesses in particular, which could disrupt our operations and could have a material adverse effect on our business, financial condition, results of operations and cash flows. The outbreak of highly infectious or contagious diseases may result in a decrease in our customers' businesses, a decrease in consumer confidence and business generally or a disruption in the services provided by our vendors. Disruptions to our customers could result in increased risks of delinquencies, defaults, foreclosures resulting in lower interest income and losses on our loans, negatively impact regional economic conditions, result in declines in local loan demand, liquidity

of loan guarantors, loan collateral (particularly in real estate), loan originations and deposit availability and negatively impact the implementation of our growth strategy. We rely upon our third-party vendors to conduct business and to process, record, and monitor transactions. If any of these vendors are unable to continue to provide us with these services, it could negatively impact our ability to serve our customers. Furthermore, the outbreak could negatively impact the ability of our employees and customers to engage in banking and other financial transactions in the geographic areas in which we operate and could create widespread business continuity issues for us. We also could be adversely affected if key personnel or a significant number of employees were to become unavailable due to the effects and restrictions of an outbreak in our market areas. Although we have business continuity plans and other safeguards in place, there is no assurance that such plans and safeguards will be effective.

Compliance with laws, regulations, and supervisory guidance, both new and existing, may adversely affect our business, financial condition, and results of operations.

We are subject to numerous laws, regulations, and supervision from both federal and state agencies. During the past few years, there has been an increase in legislation related to and regulation of the financial services industry. We expect this increased level of oversight to continue. Failure to comply with these laws and regulations could result in financial, structural, and operational penalties, including receivership. In addition, establishing systems and processes to achieve compliance with these laws and regulations may increase our costs and/or limit our ability to pursue certain business opportunities.

Laws and regulations, and any interpretations and applications with respect thereto, generally are intended to benefit consumers, borrowers, and depositors, but not stockholders. The legislative and regulatory environment is beyond our control, may change rapidly and unpredictably and may negatively influence our revenues, costs, earnings, and capital levels. Our success depends on our ability to maintain compliance with both existing and new laws and regulations.

The Consumer Financial Protection Bureau ("CFPB") may increase our regulatory compliance burden and could affect the consumer financial products and services that we offer.

Among the Dodd-Frank Act's significant regulatory changes, the Dodd-Frank Act created a new financial consumer protection agency, the CFPB. The CFPB is reshaping the consumer financial laws through rulemaking and enforcement of the Dodd-Frank Act's prohibitions against unfair, deceptive, and abusive consumer finance products or practices, which are directly affecting the business operations of financial institutions offering consumer financial products or services, including us. This agency's broad rulemaking authority includes identifying practices or acts that are unfair, deceptive, or abusive in connection with any consumer financial transaction or consumer financial product or service. Although the CFPB has jurisdiction over banks with \$10 billion or greater in assets, rules, regulations, and policies issued by the CFPB may also apply to us or our subsidiaries by virtue of the adoption of such policies and best practices by the Florida Office and the FDIC. Further, the CFPB may include its own examiners in regulatory examinations by our primary regulators. The total costs and limitations related to this additional regulatory

agency and the limitations and restrictions that will be placed upon us with respect to our consumer product and service offerings have yet to be determined in their entirety. However, these costs, limitations and restrictions are producing, and may continue to produce, significant, material effects on our business, financial condition, and results of operations.

Our business and the collateral for our loans is highly concentrated in Florida; a downturn in the Florida real estate market or other adverse events in Florida could adversely affect our financial condition, results of operations and future growth.

Our business, the location of our branches and the real estate used as collateral on our real estate loans are primarily concentrated in Florida. At September 30, 2025, approximately 34% of our total loan portfolio was secured by commercial real estate and farm land, almost all of which was located in Florida. Additionally, approximately 19% of our portfolio was secured by residential real estate, and approximately 47% of our total loan portfolio was secured by other, non-real estate collateral primarily located in Florida. As a result, we are exposed to risks associated with a lack of geographic diversification. Adverse effects from changes in laws or regulations in Florida could impact the credit quality of our assets, the businesses of our customers and our ability to expand our business. Our success significantly depends upon the growth in population, income levels, deposits, and housing in our market area. If the communities in which we operate do not grow or if prevailing economic conditions locally or nationally are unfavorable, our business may be negatively affected. We continue to assess and monitor these factors, including our ability to mitigate any adverse effects by our continued assessment and consideration of expansion in our existing and potentially new markets.

In addition, the market value of the real estate securing loans as collateral could be adversely affected by unfavorable changes in market and economic conditions. In deciding whether to make a loan secured by real property, we generally require an appraisal. However, an appraisal is only an estimate of the value of the property at the time the appraisal is made. If the appraised amount does not reflect the amount that may be obtained upon any subsequent sale or foreclosure of the property, we may not realize an amount equal to the indebtedness secured by the property. Future declines in the real estate values in our Florida market could significantly impair the value of the particular collateral securing our loans and our ability to sell the collateral upon foreclosure for an amount necessary to satisfy the borrower's obligations to us. This could require increasing our allowance for loan losses to address the decrease in the value of the real estate securing our loans which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Adverse developments affecting commerce or real estate values in the local economies in our primary market areas could increase the credit risk associated with our loan portfolio. In addition, substantially all of our loans are to individuals and businesses in Florida. Our business customers may not have customer bases that are as diverse as businesses serving regional or national markets. Consequently, any decline in the economy of our market area could have an adverse impact on our revenues and financial condition. In particular, we may experience increased loan delinquencies, which could result in a higher provision for loan losses and

increased charge-offs. Any sustained period of increased non-payment, delinquencies, foreclosures, or losses caused by adverse market or economic conditions in our market area could adversely affect the value of our assets, revenues, results of operations and financial condition.

We are subject to environmental liability risk associated with lending activities.

A portion of our loan portfolio is secured by real estate, and we could become subject to environmental liabilities with respect to one or more of these properties. During the ordinary course of business, we may foreclose on and take title to properties securing defaulted loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous conditions or toxic substances are found on these properties, we may be liable for remediation costs, as well as for personal injury and property damage, civil fines, and criminal penalties regardless of when the hazardous conditions or toxic substances first affected any particular property. Environmental laws may require us to incur substantial expenses to address unknown liabilities and may materially reduce the affected property's value or limit our ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase our exposure to environmental liability. Although we have policies and procedures to perform an environmental review before initiating any foreclosure action on nonresidential real property, these reviews may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on us.

A portion of our loan portfolio is comprised of commercial loans primarily secured by receivables, inventory, equipment or other commercial collateral, the deterioration in value of which could increase the potential for future losses.

At September 30, 2025, \$365.6 million, or 31% of our total loan portfolio, was comprised of commercial loans which are collateralized by general business assets including, among other things, accounts receivable, inventory and equipment and generally backed by a personal guaranty of the borrower or principal. These commercial loans are typically larger in amount than loans to individuals and, therefore, have the potential for larger losses on a single loan basis. Additionally, the repayment of commercial loans is typically subject to the ongoing business operations of the borrower. The collateral securing such loans generally includes moveable property such as equipment and inventory, which may decline in value more rapidly than we anticipate, or may be difficult to market and sell, exposing us to increased credit risk. Significant adverse changes in the economy or local market conditions in which our commercial lending customers operate could cause rapid declines in loan collectability and the values associated with general business assets, resulting in inadequate collateral coverage that may expose us to credit losses and could adversely affect our business, financial condition, and results of operations.

Our business strategy includes the maintenance and continued expansion of our market share, and our financial condition and results of operations could be negatively affected if we fail to maintain or expand our market share or fail to manage our growth effectively.

We expect to continue to experience growth in the amount of our assets, the level of our deposits and the scale of our operations. Our ability to maintain and increase our market share requires us to attract customers that currently bank at other financial institutions in our market. Our ability to successfully grow will depend on a variety of factors, including our ability to attract and retain experienced bankers, the continued availability of desirable business opportunities, the competitive responses from other financial institutions in our market areas, and our ability to manage our growth. Growth opportunities may not be available, or we may not be able to manage our growth successfully. If we do not manage our growth effectively, our financial condition and operating results could be negatively affected.

Our ability to successfully grow will also depend on a variety of factors including our ability to continue to implement and improve our operational, credit, financial, management and other risk controls and processes and our reporting systems and procedures in order to manage a growing number of client relationships, and our ability to integrate our acquisitions and develop consistent policies throughout our various businesses. While we believe we have the management resources and internal systems in place to successfully manage our current operations and future growth, there can be no assurance growth opportunities will be available or growth will be successfully managed. In addition, if we are unable to manage future expansion in our operations, we may experience compliance and operational problems, have to slow the pace of growth, or have to incur additional expenditures beyond current projections to support such growth, any of which could adversely affect our business.

Our continued pace of growth may require us to raise additional capital in the future, but that capital may not be available when it is needed.

We are required by federal and state regulatory authorities to maintain adequate levels of capital to support our operations. Our ability to raise additional capital, if needed, will depend on conditions in the capital markets at that time, which are outside our control, and on our financial performance. Accordingly, there is no assurance as to our ability to raise additional capital if needed on terms acceptable to us. If we cannot raise additional capital when needed, our ability to further expand our operations through internal growth and acquisitions could be materially impaired.

Our processes for managing risk may not be effective in mitigating risk or losses to us.

The objectives of our risk management processes are to mitigate risk and loss to our organization. We have established procedures that are intended to identify, measure, monitor, report and analyze the types of risks to which we are subject, including liquidity risk, credit risk, market risk, interest rate risk, operational risk, legal and compliance risk, and reputational risk, among others. However, as with any risk management processes, there are inherent limitations to our risk management strategies as there may exist, or develop in the future, risks that we have not appropriately anticipated or identified. The ongoing developments in the financial institutions industry continue to highlight both the importance and some of the limitations of managing unanticipated risks. If our risk management processes prove ineffective, we could suffer unexpected losses and could be materially adversely affected.

The soundness of other financial institutions could adversely affect us.

Our ability to engage in routine funding and other transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. Defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and losses of depositor, creditor and counterparty confidence and could lead to losses or defaults by us or by other institutions. We could also experience increases in deposits and assets as a result of other banks' difficulties or failure, which would increase the capital we need to support our operations and growth.

We are required to maintain capital to meet regulatory requirements, and if we fail to maintain sufficient capital, whether due to losses, growth opportunities, or an inability to raise additional capital or otherwise, our financial condition, liquidity, and results of operations as well as our compliance with regulatory requirements, would be adversely affected.

Both the Company and the Bank must meet regulatory capital requirements and maintain sufficient liquidity and our regulators may modify and adjust such requirements in the future. Our ability to raise additional capital, when and if needed in the future, will depend on conditions in the capital markets, general economic conditions, and a number of other factors, including investor perceptions regarding the banking industry and the market, governmental activities, many of which are outside our control, and on our financial condition and performance. Accordingly, we cannot assure you that we will be able to raise additional capital if needed or on terms acceptable to us. If we fail to meet these capital and other regulatory requirements, our financial condition, liquidity, and results of operations would be materially and adversely affected.

Although the Company and Bank currently comply with all capital requirements, we will be subject to more stringent regulatory capital ratio requirements in the future, and we may need additional capital in order to meet those requirements. Our failure to remain "well capitalized" for bank regulatory purposes could affect customer confidence, our ability to grow, our costs of funds and FDIC insurance costs, and our business, results of operations and financial condition, generally. Under FDIC rules, if the Bank ceases to be a "well capitalized" institution for bank regulatory purposes, its ability to accept brokered deposits and the interest rates that it pays may both be restricted.

Our loan portfolio includes commercial real estate and construction loans that have higher risks.

The Bank's commercial real estate and construction loans at September 30, 2025 were \$401.6 million, respectively, or 34% of our total loan portfolio. Commercial and construction real estate loans generally carry larger loan balances and can involve a greater degree of financial and credit risk than other loans. As a result, banking regulators continue to give greater scrutiny to lenders with a high concentration of commercial real estate loans in their portfolios, and such

lenders are expected to implement stricter underwriting, internal controls, risk management policies and portfolio stress testing, as well as higher capital levels and allowance for loan losses. The increased financial and credit risk associated with these types of loans are a result of several factors, including the concentration of principal in a limited number of loans and borrowers, the size of loan balances, the effects of general economic conditions on income producing properties and the increased difficulty of evaluating and monitoring these types of loans.

The federal bank regulatory agencies have released guidance on "Concentrations in Commercial Real Estate Lending" (the "Guidance"). The Guidance defines commercial real estate loans as exposures secured by raw land, land development and construction (including 1-4 family residential construction), multi-family property, and non-farm nonresidential property where the primary or a significant source of repayment is derived from rental income associated with the property (that is, loans for which 50% or more of the source of repayment comes from third party, non-affiliated, rental income) or the proceeds of the sale, refinancing, or permanent financing of the property. The Guidance requires that appropriate processes be in place to identify, monitor and control risks associated with real estate lending concentrations. This could include enhanced strategic planning, underwriting policies, risk management, internal controls, portfolio stress testing and risk exposure limits as well as appropriately designed compensation and incentive programs. Higher allowances for loan losses and capital levels may also be required. The Guidance is triggered when commercial real estate loan concentrations exceed either:

- total reported loans for construction, land development, and other land of 100% or more of a bank's total capital (at September 30, 2025, the Bank's ratio was 59%); or
- total reported loans secured by multifamily and nonfarm nonresidential properties and loans for construction, land development, and other land of 300% or more of a bank's total capital (at September 30, 2025, the Bank's ratio was 212%).

The Guidance applies to the lending activities of the Bank. Although our regulators have not required us to maintain elevated levels of capital or liquidity due to our commercial real estate loan concentrations, the regulators may do so in the future, especially if there is a further downturn in our local real estate markets.

Furthermore, the repayment of loans secured by commercial real estate is typically dependent upon the successful operation of the related real estate or commercial project. If the cash flows from the project are reduced, a borrower's ability to repay the loan may be impaired. This cash flow shortage may result in the failure to make loan payments. In such cases, the Bank may be compelled to modify the terms of the loan. In addition, the nature of these loans is such that they are generally less predictable and more difficult to evaluate and monitor. As a result, repayment of these loans may, to a greater extent than residential loans, be subject to adverse conditions in the real estate market or economy.

Our allowance for loan losses may not be sufficient to absorb losses from loan defaults, which could have a material adverse effect on our business.

Our ability to maintain profitability, and ultimately our continued success, depends to a significant extent upon the quality of our assets, particularly loans. In originating loans, there is a substantial likelihood that credit losses will be experienced. The risk of loss will vary with, among other things, general economic conditions, the type of loan being made, the creditworthiness of the borrower over the term of the loan, and, in the case of a collateralized loan, the quality of the collateral for the loan. Our loan customers may not repay their loans according to the terms of these loans, and the collateral securing the payment of these loans may be insufficient to assure repayment. As a result, we may experience additional loan losses, which could have a material adverse effect on our operating results. Management makes various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. We maintain an allowance for loan losses in an attempt to cover any loan losses that may occur. In determining the size of the allowance, we primarily base our evaluation on a review of our loan portfolio and the known risks contained in the loan portfolio, composition and growth of the loan portfolio, Florida real estate values and economic factors. However, the determination of an appropriate level of loan loss allowance is an inherently difficult process and is based on numerous assumptions. If our assumptions are wrong, our current allowance may not be sufficient to cover future loan losses, and adjustments may be necessary to allow for different economic conditions or adverse developments in our loan portfolio. Significant additions to our allowance would materially decrease our net earnings. There is no assurance that our allowance will be adequate to cover future loan losses given current and future market conditions. In addition, our regulators periodically review our allowance for loan losses and may require us to increase our provisions for loan losses or recognize further loan charge-offs, based on judgments different than those of our management. Any increase in our allowance for loan losses or loan charge-offs as required by these regulatory agencies, or otherwise, would have a negative effect on our operating results.

Our accounting policies and processes are critical to how we report our financial condition and results of operations and require our management to make estimates about matters that are uncertain.

Accounting policies and processes are fundamental to how we record and report our financial condition and results of operations. Some of these policies require the use of estimates and assumptions that may affect the value of our assets or liabilities and financial results. Several of our accounting policies are critical because they require management to make difficult, subjective, and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. Pursuant to generally accepted accounting principles, we are required to make certain assumptions and estimates in preparing our financial statements, including, and determining credit loss reserves, reserves related to litigation and the fair value of certain assets and liabilities, among other items. If the assumptions or estimates underlying our financial

statements are incorrect, we may experience material losses.

Certain of our financial instruments, including liabilities, securities, and certain loans, among other items, require a determination of their fair value in order to prepare our financial statements. Where quoted market prices are not available, we may make fair value determinations based on internally developed models or other means which ultimately rely to some degree on management judgment. Some of these and other assets and liabilities may have no direct observable price levels, making their valuation particularly subjective, being based on significant estimation and judgment. In addition, some illiquidity in markets and declines in prices of certain loans and securities may make it more difficult to value certain balance sheet items, which may lead to the possibility that such valuations will be subject to further change or adjustment, it could lead to declines in our earnings.

Changes in interest rates may negatively affect our earnings and the value of our assets.

Our earnings and cash flows are largely dependent upon our net interest income. Net interest income is the difference between interest income earned on interest earning assets, such as loans and investment securities, and interest expense paid on interest bearing liabilities, such as deposits and borrowed funds. Interest rates are sensitive to many factors that are beyond our control, including general economic conditions, competition, and policies of various governmental and regulatory agencies and, in particular, the policies of the Federal Reserve. Changes in monetary policy, including changes in interest rates, could influence not only the interest our Bank receives on loans and investment securities and the amount of interest they pay on deposits and borrowings, but such changes could also affect (i) the Bank's ability to originate loans and obtain deposits, (ii) the fair value of our financial assets and liabilities, including the available for sale securities portfolio, and (iii) the average duration of our interest earning assets. Changes in monetary policy could also expose us to the risk that interest earning assets may be more responsive to changes in interest rates than interest bearing liabilities, or vice versa (repricing risk), the risk that the individual interest rates or rates indices underlying various interest earning assets and interest bearing liabilities may not change in the same degree over a given time period (basis risk), and the risk of changing interest rate relationships across the spectrum of interest earning asset and interest bearing liability maturities (yield curve risk), including a prolonged flat or inverted yield curve environment. Any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on our financial condition and results of operations.

We face risks related to our operational, technological, and organizational infrastructure.

Our ability to grow and compete is dependent on our ability to build or acquire the necessary operational and technological infrastructure and to manage the cost of that infrastructure as we expand. Operational risk can manifest itself in many ways, such as errors related to failed or inadequate processes, faulty or disabled computer systems, fraud by employees or outside persons and exposure to external events. As discussed below, we are dependent on our operational infrastructure to help manage these risks. In addition, we are heavily dependent on the strength and capability of our technology systems which we use both

to interface with our customers and to manage our internal financial and other systems. Our ability to develop and deliver new products that meet the needs of our existing customers and attract new ones depends on the functionality of our technology systems. Additionally, our ability to run our business in compliance with applicable laws and regulations is dependent on these infrastructures.

We continuously monitor our operational and technological capabilities and make modifications and improvements when we believe it will be cost effective to do so. In some instances, we may build and maintain these capabilities ourselves. We also outsource some of these functions to third parties. These third parties may experience errors or disruptions that could adversely impact us and over which we may have limited control. We also face risk from the integration of new infrastructure platforms and/or new third-party providers of such platforms into our existing businesses.

A failure in our operational systems or infrastructure, or those of third parties, could impair our liquidity, disrupt our businesses, result in the unauthorized disclosure of confidential information, damage our reputation, and cause financial losses.

Our business is dependent on our ability to process and monitor, on a daily basis, a large number of transactions, many of which are highly complex. These transactions, as well as the information technology services, we provide to clients, often must adhere to client-specific guidelines, as well as legal and regulatory standards. Our financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, such as a spike in transaction volume, cyber-attack, or other unforeseen catastrophic events, which may adversely affect our ability to process these transactions or provide services.

In addition, our operations rely on the secure processing, storage, and transmission of confidential and other information on our computer systems and networks. Although we take protective measures to maintain the confidentiality, integrity, and availability of information across all geographic and product lines, and endeavor to modify these protective measures as circumstances warrant, the nature of the threats continues to evolve. As a result, our computer systems, software, and networks may be vulnerable to unauthorized access, loss, or destruction of data (including confidential client information), account takeovers, unavailability of service, computer viruses or other malicious code, cyber-attacks and other events that could have an adverse security impact. Despite the defensive measures we take to manage our internal technological and operational infrastructure, these threats may originate externally from third parties such as foreign governments, organized crime, and other hackers, and outsource or infrastructure-support providers and application developers or may originate internally from within our organization. Given the increasing volume of our transactions, certain errors may be repeated or compounded before they can be discovered and rectified.

We are a community bank and our ability to maintain our reputation is critical to the success of our business. The failure to do so may adversely affect our performance.

We are a community bank, and our reputation is one of the most valuable assets of our business. A key component of our business strategy is to rely on our reputation for customer service and knowledge of local markets to expand our presence by capturing new business opportunities from existing and prospective customers in our market areas and contiguous areas. As such, we strive to conduct our business in a manner that enhances our reputation. This is done, in part, by recruiting, hiring, and retaining employees who share our core values of being an integral part of the communities we serve, delivering superior service to our customers and caring about our customers. If our reputation is negatively affected by the actions of our employees, by our inability to conduct our operations in a manner that is appealing to current or prospective customers or otherwise, our business and operating results may be materially adversely affected.

A lack of liquidity could adversely affect our operations and jeopardize our business, financial condition, and results of operations.

Liquidity is essential to our business. We rely on our ability to generate deposits and effectively manage the repayment and maturity schedules of our loans and investment securities, respectively, to ensure that we have adequate liquidity to fund our operations. The Federal Reserve's policy of tempering inflationary pressures through multiple interest rate increases has continued to affect the banking industry's efforts to aggregate and retain deposits. An inability to raise funds through deposits, borrowings, the sale of our investment securities, the sale of loans and other sources could have a substantial negative effect on our liquidity. Our most important source of funds is deposits. Deposit balances can decrease when customers perceive alternative investments as providing a better risk/return tradeoff. If customers move money out of bank deposits and into other investments such as money market funds, we would lose a relatively low-cost source of funds, increasing our funding costs and reducing our net interest income and net earnings.

Other primary sources of funds consist of cash flows from operations, maturities and sales of investment securities, and proceeds from the issuance and sale of our equity securities to investors. Additional liquidity is provided by the ability to borrow from the Federal Home Loan Bank of Atlanta. We may also borrow funds from third party lenders, such as other financial institutions. Our access to funding sources in amounts adequate to finance or capitalize our activities, or on terms that are acceptable to us, could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry. Our access to funding sources could also be affected by a decrease in the level of our business activity as a result of a downturn in our target markets or by one or more adverse regulatory actions against us.

Any decline in available funding could adversely impact our ability to originate loans, invest in securities, meet our expenses, or to fulfill obligations such as repaying our borrowings

or meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, financial condition, and results of operations.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in reports we file or submit with the Florida Office and the FDIC is accurately accumulated and communicated to management, and recorded, processed, summarized, and reported within the time periods specified in the FDIC's and Florida Office's rules and forms. We believe that any disclosure controls and procedures or controls and procedures, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met.

These inherent limitations include the reality that judgments and decision making can be faulty, that alternative reasoned judgments can be drawn, or that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an authorized override of the controls. Accordingly, because of the inherent limitations in our controls systems, misstatements due to error or fraud may occur and not be detected, which could result in a material weakness in our internally controls over financial reporting and the restatement of previously filed financial statements.

Adverse weather or human-caused events could negatively affect our local economies or disrupt our operations, which would have an adverse effect on our business or results of operations.

Our market areas in Florida are susceptible to hurricanes and tropical storms and related flooding and wind damage. Such weather events and human-caused events can disrupt operations, result in damage to properties and negatively affect the local economies in the markets where they operate. We cannot predict whether or to what extent damage that may be caused by future natural disasters or human-caused events will affect our operations or the economies in our current or future market areas, but such events could result in a decline in loan originations, a decline in the value or destruction of properties securing our loans and an increase in delinquencies, bankruptcies, foreclosures or loan losses that could result in a higher level of non-performing assets, net charge-offs, and provision for loan losses. Our business or results of operations may be adversely affected by these and other negative effects of future hurricanes or tropical storms, including flooding and wind damage, or manmade events. Many of our customers have incurred significantly higher property and casualty insurance premiums on their properties located in our markets, which may adversely affect real estate sales and values in those markets.

We may become involved from time to time in suits, legal proceedings, information-gathering requests, investigations, and proceedings by governmental and self-regulatory agencies that may lead to adverse consequences.

Many aspects of the banking business involve a substantial risk of legal liability. From time to time, we may become the subject of self-regulatory agency information-gathering requests, reviews, investigations and proceedings, and other forms of regulatory inquiry, including by bank regulatory agencies, the Florida Office, the FDIC, and law enforcement authorities. The results of such proceedings could lead to significant civil or criminal penalties, including monetary penalties, damages, adverse judgments, settlements, fines, injunctions, restrictions on the way we conduct their business, or reputational harm. As of the date of this Confidential Memorandum, neither the Company nor its subsidiaries were involved in any material legal proceeding.

We operate in a highly regulated environment, and we are subject to supervision, examination and enforcement action by various bank regulatory agencies.

We are subject to extensive supervision, regulation, and examination by the Florida Office and the FDIC. As a result, we are limited in the manner in which we conduct our business, undertake new investments and activities, and obtain financing. This system of regulation is designed primarily for the protection of the Deposit Insurance Fund and our depositors, and not for the benefit of our stockholders. Under this system of regulation, the regulatory authorities have extensive discretion in connection with their supervisory, enforcement, rulemaking and examination activities and policies, including rules or policies that: establish minimum capital levels; restrict the timing and amount of dividend payments; govern the classification of assets; determine the adequacy of loan loss reserves for regulatory purposes; and establish the timing and amounts of assessments and fees.

Moreover, as part of their examination authority, the banking regulators assign numerical ratings to banks and savings institutions relating to capital, asset quality, management, liquidity, earnings, and other factors. These ratings are inherently subjective and the receipt of a less than satisfactory rating in one or more categories may result in enforcement action by the banking regulators against a financial institution. A less than satisfactory rating may also prevent a financial institution, such as the Bank, from obtaining necessary regulatory approvals to access the capital markets, pay dividends, acquire other financial institutions, or establish new branches.

In addition, we must comply with significant anti-money laundering and anti-terrorism laws and regulations, Community Reinvestment Act ("CRA") laws and regulations, and fair lending laws and regulations. Government agencies have the authority to impose monetary penalties and other sanctions on institutions that fail to comply with these laws and regulations, which could significantly affect our business activities, including our ability to acquire other financial institutions or expand our branch network.

We are subject to the CRA and fair lending laws, and failure to comply with these laws could lead to material penalties.

The CRA, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The CFPB, the United States Department of Justice and other federal agencies are responsible for

enforcing these laws and regulations. A successful challenge to an institution's performance under the CRA or fair lending laws and regulations could result in a wide variety of sanctions, including the required payment of damages and civil money penalties, injunctive relief, imposition of restrictions on mergers and acquisitions activity and restrictions on expansion activity. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation.

Difficult market conditions may adversely affect the industry in which we operate.

If capital and credit markets continue to experience volatility and disruption, we may face the following risks:

- increased regulation of our industry;
- compliance with such regulation may increase our costs and limit our ability to pursue business opportunities;
- market developments and the resulting economic pressure on consumers and businesses may affect consumer confidence levels and may cause increases in delinquencies and default rates, which, among other effects, could affect our charge-offs and provision for loan losses. Competition in the industry could intensify as a result of the increasing consolidation of financial institutions in connection with the current market conditions;
- market disruptions make valuation even more difficult and subjective, and our ability to measure the fair value of our assets could be adversely affected. If we determine that a significant portion of our assets have values significantly below their recorded carrying value, we could recognize a material charge to earnings in the quarter in which such determination was made and our capital ratios would be adversely affected; and
- the downgrade of the United States government's sovereign credit rating, any related rating agency action in the future, and the downgrade of the sovereign credit ratings for several European nations could negatively impact our business, financial condition, and results of operations.

Changes in the policies of monetary authorities and other government actions could adversely affect our profitability.

The results of operations are affected by credit policies of monetary authorities, particularly the policies of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). The instruments of monetary policy employed by the Federal Reserve Board include open market operations in U.S. government securities, changes in the discount rate or the federal funds rate on bank borrowings and changes in reserve requirements against bank deposits. In view of changing conditions in the national economy and in the money markets,

particularly in light of the continuing threat of terrorist attacks and the current military operations, we cannot predict possible future changes in interest rates, deposit levels, loan demand or our business and earnings. Furthermore, the actions of the United States government and other governments in responding to such terrorist attacks, the military operations may result in currency fluctuations, exchange controls, market disruption and other adverse effects.

Future legislative or regulatory actions responding to perceived financial and market problems could impair our rights against borrowers.

Future legislative or regulatory actions responding to perceived financial and market problems could impair our rights against borrowers in the event of their default on their outstanding loan obligations. There have been proposals made by members of Congress and others that would reduce the amount distressed borrowers are otherwise contractually obligated to pay under their mortgage loans and limit an institution's ability to foreclose on mortgage collateral. If proposals such as these or other proposals limiting our rights as a creditor were to be implemented, we could experience increased credit losses or increased expense in pursuing its remedies as a creditor.

We depend on a limited number of experienced senior officers.

We are very dependent on our executive officers for leadership and oversight in all areas of our operations. If we lose key employees, temporarily or permanently, our business could be negatively impacted although we believe we have in place a succession policy that can properly address an interruption in employee service.

We face significant competition from well-established and larger competitors.

Our business is highly competitive, we face considerable competition in virtually all aspects of our business, and we expect the level and nature of this competition to increase. This competition comes from other community banks, regional, national, and international banks, thrifts, credit unions and other financial institutions, as well as consumer finance companies, securities firms and mutual funds, mortgage brokers and insurance companies. We may be subject to a higher degree of regulation than certain of our competitors. Most of our competitors are larger, have been in business longer, have higher lending limits than us, and offer certain services we do not provide and may be able to price their services more competitively than us.

FORWARD-LOOKING STATEMENTS

This Confidential Memorandum contains certain "forward-looking statements", such as statements relating to financial condition and prospects, lending risks, plans for future business development and marketing activities, capital spending and financing sources, capital structure, the effects of regulation and competition, and the prospective business of the Bank. Where used in this Confidential Memorandum, the words "anticipate", "believe", "estimate", "expect", "intend", and similar words and expressions, as they relate to the Bank or the Company or their respective management, identify forward-looking statements. Such forward-looking statements

reflect the current views of the Bank and are based on information currently available to the management of the Company and the Bank and upon current expectations, estimates, and projections about the Bank and its industry, management's beliefs with respect thereto, and certain assumptions made by management. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to: (i) significant increases in competitive pressure in the banking and financial services industries; (ii) changes in the interest rate environment which could reduce anticipated or actual margins; (iii) changes in political conditions or the legislative or regulatory environment; (iv) general economic conditions, either nationally or regionally (especially in Florida), becoming less favorable than expected resulting in, among other things, a deterioration in credit quality; (v) changes occurring in business conditions and inflation; (vi) changes in technology; (vii) changes in monetary and tax policies; and (viii) changes in the securities markets.

USE OF PROCEEDS

If all 4,166,667 shares of Common Stock available for sale in this offering are sold, the proceeds from the sale of such shares of Common Stock is expected to be \$50 million, and before deducting expenses of the offering. Expenses are primarily for legal, accounting, postage, and printing fees associated with the offering. The Company is offering the Common Stock through its senior officers and directors. The Company reserves the right to hire brokers or salespersons in connection with this offering. If it does, such representatives will be paid a mutually agreed upon commission for such services. Any commissions paid will represent a reduction from the proceeds from the sale of Common Stock in this offering.

The Company is conducting this offering to provide additional capital to the Company which may be used to increase the capital of its subsidiaries, pursue other strategic alternatives available to the Company, and for other general corporate purposes. Any contribution of the proceeds to the Bank will be used by it to support its lending activities and operations and its possible expansion into existing and new banking markets. The Bank intends to maintain for the foreseeable future capital ratios in excess of those required to be maintained by a well-capitalized financial institution. See "Certain Risk Factors." Contributions of capital to the Bank also will increase the Bank's legal lending limit, thereby enhancing the Bank's ability to provide increased lending services to its customers.

Capital may also be contributed to OneEthos to scale solar lending sales and operations capabilities in support of a nationwide expansion strategy. The proceeds also may be used to accelerate product development by expanding the software engineering capabilities and/or by acquiring other technology companies.

Proceeds may also be used for other alternative investments, which could include debt or equity investments in unrelated private or public entities, acquisitions of financial institutions or related businesses as permitted by the BHCA and may include a trust company, a factoring company or a financial technology company.

CAPITALIZATION

The following table sets forth, as of September 30, 2025, the capitalization of the Company, as adjusted to reflect receipt of the estimated net proceeds from the sale by the Company of the maximum amount of shares offered hereby, before estimated expenses of this offering.

September 30, 2025

(dollars in thousands)	<u>Actual</u>	<u>As Adjusted for Sale of 4,166,667 Shares⁽¹⁾</u>
Shareholders' Equity:		
Preferred Stock, \$.01 par value, 10,000,000 shares outstanding	\$0	\$0
Nonvoting Common Stock, \$5.00 par value, 10,000,000 shares authorized, no shares outstanding	\$0	\$0
Common Stock, \$5 par value, 25,000,000 shares authorized, 12,147,873 shares outstanding and 16,314,540 outstanding if 4,166,667 shares are sold in the offering ⁽²⁾	\$60,739	\$81,573
Additional paid-in-capital	64,757	93,923
Undivided profits	298	298
Accumulated other comprehensive loss	(177)	(177)
Noncontrolling interest	888	888
Total shareholders' equity	\$126,505	\$176,505

(1) Amounts shown are before deduction of offering expenses. Any commissions paid to brokers and salespersons retained by the Company in connection with this offering would also be deducted from its capital proceeds and will result in a reduction in total stockholders' equity.

(2) Does not include 776,585 shares of Common Stock subject to options with a weighted average exercise price of \$10.15.

MARKET INFORMATION ON COMMON STOCK

There is no established trading market for the shares of Common Stock and, accordingly, there is no assurance that the Common Stock purchased in this offering may be resold at the offering prices or at any price. In addition, restrictions upon the transfer of the Common Stock may hinder the development of a trading market. See "Certain Risk Factors - Restrictions on Transferability of Common Stock." Management of the Company is aware of certain transactions in the Common Stock that have occurred, although the trading prices of all stock transactions are not known. Transactions in the Common Stock are infrequent and are negotiated privately between the persons involved in those transactions. As to transactions of which management of

the Company is aware, in 2023 an aggregate of 571,226 shares were traded at prices ranging from \$8.50 to \$11.50 per share; in 2024 an aggregate of 15,000 shares were traded with prices ranging from \$10.00 to \$12.00 per share; and in 2025 an aggregate of 12,307 shares were traded with prices ranging from \$11.00 to \$14.34 per share.

The offering prices of the Common Stock offered herein were established by the Board of Directors of the Company based on factors deemed relevant by the Board and are not based on any trading price of the Common Stock. Among other factors considered in establishing the offering prices were the Company's book value and the Board's subjective evaluation of general market conditions. The offering prices of the Common Stock does not necessarily reflect the market price at which the Common Stock could be sold by shareholders of the Company.

DIVIDEND POLICY

The Company has not paid cash dividends since its inception. The Company does not anticipate paying cash dividends for the foreseeable future as it intends to retain its earnings to support the additional growth of its organization. The ability of the Company to pay dividends on the shares of the Common Stock is subject to statutory restrictions on cash dividends applicable to Florida corporations, and on the Bank's right to pay such dividends, since the Company's primary source of funds is the dividends it receives from the Bank.

Florida banking laws and Federal Reserve regulations regulate and restrict the ability of the Bank to pay dividends to the Company. Under Florida law applicable to banks and subject to certain limitations, after charging off bad debts, depreciation and other worthless assets, if any, and making provisions for reasonably anticipated future losses on loans and other assets, the board of directors of a bank may declare a dividend of so much of the bank's aggregate net profits for the current year combined with its retained earnings (if any) for the preceding two years as the board shall deem to be appropriate and, with the approval of the Florida Office, may declare a dividend from retained earnings for prior years. Before declaring a dividend, a bank must carry 20% of its net profits for any preceding period as is covered by the dividend to its surplus fund, until the surplus fund is at least equal to the amount of its common stock then issued and outstanding. No dividends may be paid at a time when a bank's net income from the preceding two years is a loss or which would cause the capital accounts of the bank to fall below the minimum amount required by law, regulation, order or any written agreement with the Florida Office or a federal regulatory agency.

Under Federal law and Federal Reserve policy, a bank holding company is required to serve as a source of financial strength to each of its subsidiary banks and to commit resources to support each such bank. Consistent with this requirement, the Federal Reserve has stated that, as a matter of prudent banking, a bank holding company generally should not maintain a rate of cash dividends unless the available net income of the bank holding company is sufficient to fully fund the dividends, and the prospective rate of earnings retention appears to be consistent with the Company's capital needs, asset quality, and overall financial condition.

DILUTION

Dilution is the amount by which the offering price paid for the Common Stock exceeds the per share pro forma net tangible book value of the Common Stock after this offering. An investment in the Common Stock will result in immediate dilution to purchasers of shares in this offering because the purchase price for the shares of Common Stock exceeds the Company's pro forma common stock net tangible book value per share at September 30, 2025 (which is based upon the Common Stock tangible book value as of that date). The Company's common stock net tangible book value as of September 30, 2025, was \$125.5 million, or \$10.33 per share. The purchase price per share in this offering will cause both an immediate dilution in common stock net tangible book value to purchasers and an immediate increase in common stock net tangible book value to the shareholders of the Company. The following tables reflect the effect of the assumed sale of 4,166,617 shares of Common Stock at an offering price of:

Offering Price.....	\$12.00
Common Stock Net Tangible Book Value Per Share Before Offering.....	\$10.33
Increase in Common Stock Pro Forma Net Tangible Book Value Per Share Attributable to the Offering.....	\$.42
Common Stock Pro Forma Net Tangible Book Value After the Offering.....	\$10.75
Dilution Per Share to New Investors.....	\$(1.25)

BUSINESS

General

The Company is a bank holding company under the Bank Holding Company Act of 1956, as amended, and is subject to the supervision and regulation of the Board of Governors of the Federal Reserve System and is a corporation organized under the laws of the State of Florida. The Company has three subsidiaries, the Bank, OneEthos, and CFF. As of September 30, 2025, the Company had total consolidated assets of \$1.389 billion, net total loans of \$1.170 billion, deposits of \$1.195 billion, stockholders' equity of \$126.5 million, and approximately 845 shareholders of record.

OneEthos

For information regarding OneEthos, see "Confidential Memorandum Summary – The Company and Financial Technology."

CFF

The primary activity of CFF is to participate in the financing of certain loans with the Bank.

Bank

The Bank is a full-service Florida chartered commercial bank that is organized under the laws of the State of Florida and commenced operations in 2021. The Bank provides a wide range

of business and consumer financial services in its target service areas of Lake County, Orange County, and Pinellas County, Florida and with a focus on environmental sustainability. The Bank conducts operations from its three banking offices in St. Petersburg, Winter Park, and Eustis, Florida.

The Bank does its part to preserve our irreplaceable ecosystem by providing residents and businesses with convenient, specialized green loan options for everything ranging from rooftop solar to renewable energy to building retrofits, electronic vehicle charging, and purchasing certified carbon offsets. The Bank is a Certified B Corporation, which represents the highest standards of verified performance through completion and verification of the B Impact Assessment which measures how the Bank's operations and business model impacts the areas of governance, workers, community, environment, and customers. The Bank is the first bank in Florida to become a Certified B Corporation. Through the Bank's 1% for the Planet Program, the Bank gives an equivalent of 1% of its gross sales from chosen account products through a combination of monetary, in-kind and approved promotional support directly to grassroots, environmental nonprofits. The Bank is the only B1 bank in the nation, an entity recognized as both a Certified B Corporation and a member of 1% for the Planet.

The services offered by the Bank include demand interest bearing and non-interest-bearing accounts, money market deposit accounts, NOW accounts, time deposits, services, debit cards, direct deposits, notary services, money orders, night depository, cashier's, domestic collections, bank drafts, drive-in tellers, on-line banking, banking by mail and a full range of consumer loans, both collateralized and uncollateralized. In addition, the Bank makes secured and unsecured commercial and real estate loans and issues stand-by letters of credit. The Bank provides debit cards and is a member of the Presto, Star, Cirrus and Plus ATM networks thereby permitting customers to utilize the convenience of these networks both nationwide and internationally. The Bank does not have trust powers and, accordingly, no trust services are provided.

The Bank's target market is consumers, professionals, small businesses, and commercial real estate investors with a heavy emphasis on values aligned businesses such as B Corporations. The small business customer has the opportunity to generate significant revenue for banks yet is generally underserved by large bank competitors. Additionally, there are very few banks in North America that operate under an unwavering values proposition. The Bank believes it provides a sound platform for consumers and businesses to "vote with their pocketbook" such as defunding dirty energy and encouraging social equity.

The Bank has actively pursued its targeted market for deposits, particularly the small businesses, ESOPs, non-profits, and professionals. The Bank endeavors to offer leading technology to the marketplace. This technology provides a "best-in-class" digital experience for the Bank's customers. The leadership team has extensive experience deploying affordable solar financing at scale, while demonstrating that financial excellence can occur without ethical compromise. Messrs. LaRoe and Ford pioneered solar lending at their last bank, First Green Bank, the very first bank in the eastern United States with an environmental and social mission. Marcio

deOliveira, CEO and Founder of OneEthos, has extensive experience building FinTech organizations.

The Bank's revenues are primarily derived from interest on, and fees received in connection with loans, from interest and dividends on investment securities, service charge income generated from demand accounts, interchange fees, and other services. The principal sources of funds for the Bank's lending activities are its deposits (primarily business deposits), loan repayments and proceeds from other borrowings. The principal expenses of the Bank are the interest paid on deposits and operating and general administrative expenses.

As is the case with banking institutions generally, the Bank's operations are materially and significantly influenced by general economic conditions and by related monetary and fiscal policies of financial institution regulatory agencies, including the Federal Reserve and the FDIC. Deposit flows and costs of funds are influenced by interest rates on competing investments and general market rates of interest. Lending activities are affected by the demand for financing of real estate and other types of loans, which in turn is affected by the interest rates at which such financing may be offered and other factors affecting local demand and availability of funds. The Bank faces strong competition in the attraction of deposits (its primary source of lendable funds) and in the origination of loans.

The Bank's business strategy is to operate as a profitable, diversified financial services company providing a variety of banking and other financial services, with lending emphasis on commercial real estate loans, commercial business loans to small and medium-sized businesses, renewable energy, ESOP loans, and residential and consumer lending. The Bank emphasizes comprehensive retail and business products and responsive, local decision-making, which reflect the Bank's knowledge of its customers.

Banking Services

Commercial Banking

The Bank originates investor-owned and owner-occupied commercial real estate loans, including multifamily loans. The Bank targets its commercial loan originations on small and mid-sized businesses (generally up to \$100 million in annual sales) and such loans are usually accompanied by significant related deposits. Commercial underwriting is driven by cash flow analysis supported by collateral analysis and review. Commercial loan products include working capital loans and lines of credit, and equipment, inventory and accounts receivable financing. The Bank offers a broad range of treasury management services and deposit products to its commercial customers.

Retail Banking

The Bank's retail banking activities delivered through its three office locations and its online banking platform emphasize depository services for its business and consumer clients. The Bank has made a commitment and investment in technology, staying current within the banking

industry while creating ease and efficiencies for the clients it serves.

Lending Services

Loan Portfolio Composition

At September 30, 2025, the Bank's net loan portfolio totaled \$1.170 billion, representing approximately 84% of its total assets of \$1.386 billion. The Bank had no non-performing loans at September 30, 2025.

Commercial Real Estate

At September 30, 2025, the Bank's commercial real estate loan portfolio totaled \$401.6 million or about 65% of the \$620.2 million outstanding in total real estate mortgage loans. Such loans are primarily secured by retail buildings, warehouses, and general-purpose office space. Although terms may vary, the Bank's commercial real estate loans generally are variable rate loans that adjust every five years based on a spread to the five-year U.S. Treasury rate. The portfolio is comprised of both investor-owned and owner-occupied loans. The Bank seeks to reduce the risks associated with commercial real estate lending by generally lending in its market area and obtaining periodic financial statements and tax returns from its borrowers. It is also the Bank's general policy to obtain personal guarantees from the principals of the borrowers and assignments of all leases related to the collateral.

Solar Consumer Loan Program

At September 30, 2025, the Bank's solar consumer loan portfolio totaled \$196.0 million. Generally, these loans are geographically diversified, small in size, and have strong credit parameters.

Residential Real Estate Loans

At September 30, 2025, the Bank's residential real estate loan portfolio totaled \$200.6 million or 32% of the \$620 million outstanding in real estate mortgage loans. Such loans are mainly secured by first mortgages on primary residences and investment properties. The Bank offers a variety of loan products that vary in terms.

Construction Loans and Land Development

At September 30, 2025, the Bank's construction and land development loan portfolio, including its commercial real estate portfolio, totaled \$82.7 million. The Bank provides interim real estate acquisition, development and construction loans to builders, developers, and persons who will ultimately occupy the building. Real estate development and construction loans to provide interim financing on the property are based on acceptable percentages of the appraised value of the property securing the loan in each case. Real estate development and construction loan funds are disbursed periodically at pre-specified stages of project completion. Interest rates on these loans are generally adjustable. The Bank carefully monitors these loans with on-site

inspections and control of disbursements.

Development and construction loans are secured by the properties under development or construction and personal guarantees are typically obtained. Further, to assure that reliance is not placed solely on the value of the underlying property, the Bank takes into consideration the financial condition and reputation of the borrower and any guarantors, the amount of the borrower's equity in the project, independent appraisals, cost estimates and pre-construction sale information.

Commercial Loans

At September 30, 2025, the Bank's commercial loan portfolio totaled \$365 million. The Bank originates secured and unsecured loans for business purposes. Loans are made for acquisition, expansion, and working capital purposes and may be secured by real estate, accounts receivable, inventory, equipment, or other assets. The financial condition and cash flow of commercial borrowers are closely monitored by the submission of corporate financial statements, personal financial statements, and income tax returns. The frequency of submissions of required financial information depends on the size and complexity of the credit and the collateral that secures the loan. It is the Bank's general policy to obtain personal guarantees from the principals of the commercial loan borrowers.

Factoring and Asset-Based Lending (ABL)

At September 30, 2025, the Bank's Factoring and Asset-Based Lending (ABL) division had total loans outstanding of \$18 million. Through this division, the Bank provides working capital solutions to commercial clients by advancing funds secured primarily by accounts receivable, inventory, and other business assets. Factoring involves the purchase of accounts receivable at a discount, providing immediate liquidity to borrowers, while ABL facilities are generally structured revolving lines of credit tied to the value of eligible collateral. Borrower performance and collateral values are monitored frequently through borrower reporting and periodic field examinations. The Bank's underwriting and monitoring practices in this division are designed to ensure appropriate collateral coverage and strong credit quality across these specialized lending products.

Other Installment and Consumer Loans and HELOCs

At September 30, 2025, the Bank's consumer and other loan portfolio (excluding HELOCs) totaled \$3.5 million. The Bank offers these types of loans for various purposes, including for the purchase of automobiles, recreational vehicles, and boats. The Bank offers lines of credit, personal loans, and deposit account collateralized loans. At September 30, 2025 the Bank also had \$18.0 million of HELOCs.

Credit Administration

The Bank's lending activities are subject to written policies approved by the Board of

Directors to ensure proper management of credit risk. Loans are subject to a defined credit process that includes credit evaluation of borrowers, risk-rating of credits, establishment of lending limits and application of lending procedures, including the holding of adequate collateral and the maintenance of compensating balances, as well as procedures for on-going identification and management of credit deterioration. Regular portfolio reviews are performed to identify potential underperforming credits, estimate loss exposure, and to ascertain compliance with the Bank's policies. The review includes an evaluation of the financial strengths of the borrower and the guarantor, the related collateral, and the effects of economic conditions.

The Bank generally does not make commercial real estate, commercial or consumer loans outside its market area unless the borrower has an established relationship with the Bank and conducts its principal business operations within the Bank's market area.

Bank Operating Results and Financial Position

At September 30, 2025, the Bank's total assets were \$1.387 billion, an \$497.4 million (56%) increase from December 31, 2024. At December 31, 2024, the Bank's total assets were \$889.4 million, a \$347.1 million (64%) increase from December 31, 2023. Total net loans at September 30, 2025 were \$1.170 billion, a 54% growth from the prior year end, while deposits grew by \$411.9 million (52%) to \$1.197 billion at September 30, 2025. Total net loans at December 31, 2024 were \$761.7 million, a 65% growth from the prior year, while deposits grew by \$306.0 million (64%) to \$785.8 million at December 31, 2024. With regard to asset quality, the Bank has had no delinquencies, minimal past dues, and net consumer charge-offs less than .01% of average loans outstanding for 2025.

For the first nine months of 2025, the Bank realized net income of \$7.224 million. The Bank realized a net profit (e.g., after tax) of \$3.359 million for 2024 compared to a net loss of \$(1.317) million for 2023. As a result of the Bank's growth in the loan portfolio, it recorded a loan loss provision of \$4.969 million for the first nine months of 2025 and \$2.652 million in 2024. For additional information regarding the financial position and operating results of the Company and the Bank, see the financial statements that are included elsewhere in this Confidential Memorandum.

Competition

The Bank operates in a highly competitive environment competing for deposits and loans with commercial banks, thrifts, and credit unions, many of which have greater financial resources than the Bank. Many large financial institutions compete for business in their service area. Certain of these institutions have significantly higher lending limits than the Bank does and may provide services to their customers which the Bank does not offer. The Bank believes that it is able to compete favorably with its competitors because the Bank has a unique values proposition and provides timely, responsive, personalized services through its knowledge and awareness of its service area, customers, and business. Additionally, the Bank has developed proprietary technology which it believes dramatically improves the customer digital banking experience. The Company believes few other community banks enjoy these capabilities.

MANAGEMENT

The Company and the Bank are led by a dedicated team of experienced local executives and directors who share a collective mission:



These people have a shared vision and commitment to the success of the organization.

Directors

The following sets forth certain information regarding the directors of the Company, the Bank, and OneEthos. Directors serve until the next annual meeting of shareholders, and until their respective successor has been duly elected and qualified.

Company

Director Name

Kenneth E. LaRoe, Esq.
J. Brock McClane, Esq.
Jared M. Meyers

Principal Occupation

Executive Chairman
President, Attorney – Legal Holdings, P.A.
Chairman – Legacy Hospitality Holdings, Inc.

Bank

Director Name

Kenneth E. LaRoe, Esq.
Frank A. Ford, III
Jose Camacho, Esq.
Edith K. Haddock
J. Brock McClane, Esq.
Jared M. Meyers
Dr. Myron Rolle
Marilyn Waite
Nancy B. Wolf

Principal Occupation

Executive Chairman
Chief Executive Officer, President and Director
Chairman and CEO – New World Bank
Principal – Owner, Murphy Properties, LLC
President, Attorney – Legal Holdings, P.A.
Chairman – Legacy Hospitality Holdings, Inc President and CEO
Neurosurgeon – Nemours Children's Hospital
Managing Director, Climate Finance Fund
Retired Human Resources Executive

OneEthos

Director Name

Kenneth E. LaRoe, Esq.
Frank A. Ford, III
Marcio deOliveira

Principal Occupation

Chairman
Director
Chief Executive Officer

Climate First Funding

Director Name

Kenneth E. LaRoe, Esq.
Frank A. Ford, III

Principal Occupation

Chief Executive Officer
President

Executive Officers

The following sets forth the executive officers of the Company, the Bank, and OneEthos.

Company

Officer Name

Kenneth E. LaRoe, Esq.
Frank A. Ford, III
Sharon Hill, CPA
Marcio deOliviera

Officer Title

Executive Chairman
Chief Executive Officer and President
Executive Vice President and Chief Financial Officer
Executive Vice President

Bank

Officer Name

Kenneth E. LaRoe, Esq.
Frank A. Ford, III
Sharon Hill, CPA
Jeff Cowherd
Felipe Ferreira
Marcio deOliveira

Officer Title

Executive Chairman
Chief Executive Officer and President
Executive Vice President and Chief Financial Officer
Executive Vice President and Senior Lender
Executive Vice President and Director of Residential Lending
Executive Vice President, Chief Technology Officer and Chief Digital Banking Officer
Executive Vice President and Chief Sustainability Officer
Executive Vice President and Chief Strategy Officer
Executive Vice President and Chief Compliance, BSA and Risk Officer
Executive Vice President and Chief Operating Officer
President of Structured Finance
Executive Vice President and Chief Credit Officer
Executive Vice President and Director of Government Guaranteed Lending

OneEthos

Officer Name

Kenneth E. LaRoe, Esq.
Marcio deOliveira
Frank A. Ford, III

Officer Title

Chairman
Chief Executive Officer
Director

Climate First Funding

<u>Officer Name</u>	<u>Officer Title</u>
Kenneth E. LaRoe, Esq.	Chief Executive Officer
Frank A. Ford, III	President
Sharon Hill, CPA	Chief Financial Officer

Executive Officer Agreements

The Bank has entered into employment and change of control agreements with certain executive officers which, among other things, provide for certain payments to the executives following their termination of employment under certain circumstances, and also a payment upon a change of control of the Company from one to two times the executive's base salary plus recent incentive bonus received. The agreements also include confidentiality and post-employment covenants not to compete or solicit customers or employees.

Stock Option Plans

The Company has a stock option plan for the Company's and the Bank's officers and employees (the "Employee Plan") and a stock option plan for the Company's and the Bank's directors (the "Director Plan") (collectively, the "Plans"). The Employee Plan allows for the award of stock options and stock awards. As of September 30, 2025, there were 515,274 options outstanding under the Employee Plan and 261,311 options outstanding under the Director Plan. As of September 30, 2025, there were 11,500 shares of common stock issued as stock grants.

The number of options and stock grants that may be issued under the Employee Plan is 15% of the outstanding shares of Common Stock outstanding from time to time and the number of shares of Common Stock which may be issued and sold pursuant to stock awards may not exceed 2% of the shares of Common Stock outstanding from time to time. Subject to this limitation, the maximum number of stock options that may be issued as incentive stock options is an amount not to exceed 15% of the currently authorized shares of Common Stock. As an example, the Company currently has 25,000,000 authorized shares of Common Stock of which 15% equals 3,750,00 shares which can be allocated to incentive stock options. The calculation of the outstanding shares of Common Stock under the Employee Plan exclude shares of Common Stock that were issued as a result of exercises of stock options and grants of stock awards. The maximum number of options that may be issued under the Director Plan is 5% of the outstanding shares of Common Stock outstanding from time to time.

Indemnification Agreements

In 2023, Company shareholders approved indemnification agreements for the Company directors. The agreements require the Company to indemnify directors, allowing directors to select the most favorable indemnification rights provided under -

- The Company's articles of incorporation and bylaws in effect on the date of the indemnification agreement or on the date expenses are incurred,
- state law in effect on the date of the indemnification agreement or on the date expenses are incurred,
- any liability insurance policy in effect when a claim is made against the director or on the date expenses are incurred, and
- any other indemnification arrangement otherwise available.

The director would have the right to be reimbursed for expenses as they are incurred, but only if the director files with the Company an undertaking to repay that amount if it is later determined that the director must repay the advance reimbursement for expenses. No indemnification will be required under the indemnification agreements for actions, fines, or penalties that are specifically excluded from indemnification coverage under applicable law, for claims arising under the short-swing trading prohibition of section 16(b) of the Securities Exchange Act of 1934, or for any proceeding initiated by the director without the consent of the board, except in limited cases. The right to indemnification is also subject to certain limitations imposed by federal and state laws and regulations issued by the banking agencies.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company's outstanding Common Stock as of September 30, 2025 by (i) each director of the Company, (ii) all executive officers and directors of the Company as a group, and (iii) any person who beneficially owns 5% or more of its Common Shares. Except as otherwise indicated in the table below, the shares include shares of Common Stock as to which the person has sole or shared voting or investment powers, and also shares owned by a spouse. The shares also do not include any shares of Common Stock subject to options held by the individual.

<u>Name of Individual</u>	<u>Number of Shares</u>	<u>Percent of Class</u>
<i>Directors:</i>		
Kenneth E. LaRoe, Esq.	275,420	2.27%
J. Brock McClane	364,762	3.00%
Jared M. Meyers	218,982	1.80%
<i>Executive Officers:</i>		
Kenneth E. LaRoe, Esq.	275,420	2.27%
Frank A. Ford, III	10,096	0.08%
Sharon Hill, CPA	3,000	0.02%
Marcio deOliviera	30,000	0.25%
All directors and officers as a group (six persons)	902,260	7.43%

<u>Name of Individual</u>	<u>Number of Shares</u>	<u>Percent of Class</u>
<i>Holders of 5% or more of Common Stock:</i>		
Atlanta RE One LLC	700,000	5.76%
CFB, LLC	770,347	6.34%

SUPERVISION AND REGULATION

We must comply with state and federal banking laws and regulations that control virtually all aspects of our operations. These laws and regulations generally aim to protect our depositors, not necessarily our shareholders or our creditors. Any changes in applicable laws or regulations may materially affect our business and prospects. Proposed legislative or regulatory changes may also affect our operations. The following description summarizes some of the laws and regulations to which we are subject. References to applicable statutes and regulations are brief summaries, do not purport to be complete, and are qualified in their entirety by reference to such statutes and regulations.

The Company

We are registered with the Federal Reserve as a bank holding company under the Bank Holding Company Act of 1956. As a result, we are subject to supervisory regulation and examination by the Federal Reserve. The Gramm-Leach-Bliley Act, the Bank Holding Company Act, and other federal laws subject financial holding companies to particular restrictions on the types of activities in which they may engage, and to a range of supervisory requirements and activities, including regulatory enforcement actions for violations of laws and regulations.

Permitted Activities

The Gramm-Leach-Bliley Act modernized the U.S. banking system by: (i) allowing bank holding companies that qualify as “financial holding companies” to engage in a broad range of financial and related activities; (ii) allowing insurers and other financial service companies to acquire banks; (iii) removing restrictions that applied to bank holding company ownership of securities firms and mutual fund advisory companies; and (iv) establishing the overall regulatory scheme applicable to bank holding companies that also engage in insurance and securities operations. The general effect of the law was to establish a comprehensive framework to permit affiliations among commercial banks, insurance companies, securities firms, and other financial service providers. Activities that are financial in nature are broadly defined to include not only banking, insurance, and securities activities, but also merchant banking and additional activities that the Federal Reserve, in consultation with the Secretary of the Treasury, determines to be financial in nature, incidental to such financial activities, or complementary activities that do not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally.

In contrast to financial holding companies, bank holding companies are limited to managing or controlling banks, furnishing services to, or performing services for its subsidiaries, and engaging in other activities that the Federal Reserve determines by regulation or order to be

so closely related to banking or managing or controlling banks as to be a proper incident thereto. In determining whether a particular activity is permissible, the Federal Reserve must consider whether the performance of such an activity reasonably can be expected to produce benefits to the public that outweigh possible adverse effects. Possible benefits include greater convenience, increased competition, and gains in efficiency. Possible adverse effects include undue concentration of resources, decreased or unfair competition, conflicts of interest, and unsound banking practices. Despite prior approval, the Federal Reserve may order a bank holding company or its subsidiaries to terminate any activity or to terminate ownership or control of any subsidiary when the Federal Reserve has reasonable cause to believe that a serious risk to the financial safety, soundness, or stability of any bank subsidiary of that bank holding company may result from such an activity.

Changes in Control

Subject to certain exceptions, the Bank Holding Company Act, and the Change in Bank Control Act, together with the applicable regulations, require Federal Reserve approval (or, depending on the circumstances, no notice of disapproval) prior to any person or company acquiring "control" of a bank or bank holding company. A conclusive presumption of control exists if an individual or company acquires the power, directly or indirectly, to direct the management or policies of all insured depository institution or to vote 25% or more of any class of voting securities of any insured depository institution. A rebuttable presumption of control exists if a person or company acquires 10% or more but less than 25% of any class of voting securities of an insured depository institution and either the institution has registered securities under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act"), or no other person will own a greater percentage of that class of voting securities immediately after the acquisition. Neither our Common Stock nor any other shares of our capital stock are registered under Section 12 of the Exchange Act.

As a bank holding company, we are required to obtain prior approval from the Federal Reserve before (i) acquiring all or substantially all of the assets of a bank or bank holding company, (ii) acquiring direct or indirect ownership or control of more than 5% of the outstanding voting stock of any bank or bank holding company (unless we own a majority of such bank's voting shares), or (iii) merging or consolidating with any other bank or bank holding company. In determining whether to approve a proposed bank acquisition, federal bank regulators will consider, among other factors, the effect of the acquisition on competition, the public benefits expected to be received from the acquisition, the projected capital ratios and levels on a post-acquisition basis, and the acquiring institution's record of addressing the credit needs of the communities it serves, including the needs of low and moderate income neighborhoods, consistent with the safe and sound operation of the bank, under the Community Reinvestment Act of 1977.

Under Florida law, a person or entity proposing to directly or indirectly acquire control of a Florida bank must also obtain permission from the Florida Office of Financial Regulation. Florida statutes define "control" as either (i) indirectly or directly owning, controlling or having power to

vote 25% or more of the voting securities of a bank; (ii) controlling the election of a majority of directors of a bank; (iii) owning, controlling, or having power to vote 10% or more of the voting securities as well as directly or indirectly exercising a controlling influence over management or policies of a bank; or (iv) as determined by the Florida Office of Financial Regulation. These requirements will affect us because the Bank is chartered under Florida law and changes in control of us are indirect changes in control of the Bank.

Tying

Bank holding companies and their affiliates are prohibited from tying the provision of certain services, such as extending credit, to other services or products offered by the holding company or its affiliates, such as deposit products.

Capital; Dividends; Source of Strength

The Federal Reserve imposes certain capital requirements on bank holding companies under the Bank Holding Company Act, including a minimum leverage ratio and a minimum ratio of "qualifying" capital to risk-weighted assets. These requirements are described below under "Capital Regulations." Subject to its capital requirements and certain other restrictions, we are able to borrow money to make a capital contribution to the Bank, and such loans may be repaid from dividends paid from the Bank to us.

The ability of the Bank to pay dividends, however, is subject to regulatory restrictions that are described below under "Dividends." We are also able to raise capital for contributions to the Bank by issuing securities without having to receive regulatory approval, subject to compliance with federal and state securities laws.

In accordance with Federal Reserve policy, which has been codified by the Dodd-Frank Act, we are expected to act as a source of financial strength to the Bank and to commit resources to support the Bank in circumstances in which we might not otherwise do so. In furtherance of this policy, the Federal Reserve may require a financial holding company to terminate any activity or relinquish control of a nonbank subsidiary (other than a nonbank subsidiary of a bank) upon the Federal Reserve's determination that such activity or control constitutes a serious risk to the financial soundness or stability of any subsidiary depository institution of the bank holding company. Further, federal bank regulatory authorities have additional discretion to require a financial holding company to divest itself of any bank or nonbank subsidiary if the agency determines that divestiture may aid the depository institution's financial condition.

The Bank

The Bank is a banking institution that is chartered as a Florida Benefits Corporation by and headquartered in the State of Florida, and it is subject to supervision and regulation by the Florida Office of Financial Regulation. The Florida Office of Financial Regulation supervises and regulates all areas of the Bank's operations including, without limitation, the making of loans, the issuance of securities, the conduct of the Bank's corporate affairs, the satisfaction of capital adequacy

requirements, the payment of dividends, and the establishment or closing of banking centers. As a state-chartered commercial bank, the Bank is subject to broad federal regulation and oversight by the FDIC. In addition, because the Bank's deposit accounts are insured by the FDIC, the FDIC will retain certain enforcement powers over the Bank even as a Federal Reserve member bank.

As a state-chartered banking institution in the State of Florida, the Bank is empowered by statute, subject to the limitations contained in those statutes, to take and pay interest on, savings and time deposits, to accept demand deposits, to make loans on residential and other real estate, to make consumer and commercial loans, to invest, with certain limitations, in equity securities and in debt obligations of banks and corporations and to provide various other banking services for the benefit of the Bank's customers. Various consumer laws and regulations also affect the operations of the Bank, including state usury laws, laws relating to fiduciaries, consumer credit and equal credit opportunity laws, and fair credit reporting. In addition, the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") prohibits insured state-chartered institutions from conducting activities as principal that are not permitted for national banks. A bank, however, may engage in an otherwise prohibited activity if it meets its minimum capital requirements and the FDIC determines that the activity does not present a significant risk to the Deposit Insurance Fund.

Reserves

The Federal laws and regulations require all depository institutions to maintain reserves against some transaction accounts (primarily demand, NOW and Super NOW checking accounts). The balances maintained to meet the reserve requirements imposed by these Federal laws and regulations may be used to satisfy liquidity requirements. An institution may borrow from the Federal Reserve Bank "discount window" as a secondary source of funds, provided that the institution meets the Federal Reserve Bank's credit standards.

Dividends

The Bank is subject to legal limitations on the frequency and amount of dividends that can be paid to us. The Federal Reserve may restrict the ability of the Bank to pay dividends if such payments constitute an unsafe or unsound banking practice. These regulations and restrictions may limit our ability to obtain funds from the Bank for our cash needs, including funds for acquisitions and the payment of dividends, interest, and operating expenses.

In addition, Florida law also places restrictions on the declaration of dividends from state-chartered banks to their holding companies. Pursuant to the Florida Financial Institutions Code, the board of directors of state-chartered banks, after charging off bad debts, depreciation and other worthless assets, if any, and making provisions for reasonably anticipated future losses on loans and other assets, may quarterly, quarterly or annually declare a dividend of up to the aggregate net profits of that period combined with the bank's retained net profits for the preceding two years and, with the approval of the Florida Office of Financial Regulation and FDIC, declare a dividend from retained net profits which accrued prior to the preceding two years. Before declaring such dividends, 20% of the net profits for the preceding period as is covered by

the dividend must be transferred to the surplus fund of the bank until this fund becomes equal to the amount of the bank's common stock then issued and outstanding. A state-chartered bank may not declare any dividend if (i) its net income (loss) from the current year combined with the retained net income (loss) for the preceding two years aggregates a loss or (ii) the payment of such dividend would cause the capital account of the bank to fall below the minimum amount required by law, regulation, order or any written agreement with the Florida Office of Financial Regulation or a federal regulatory agency.

Insurance of Accounts and Other Assessments

We pay our deposit insurance assessments to the Deposit Insurance Fund, which is determined through a risk-based assessment system. Our deposit accounts are currently insured by the Deposit Insurance Fund, generally up to a maximum of \$250,000 per separately insured depositor.

Under the Federal Deposit Insurance Act (the "FDIA"), the FDIC may terminate deposit insurance upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order, or condition imposed by the FDIC.

Transactions with Affiliates

Pursuant to Sections 23A and 23B of the Federal Reserve Act and Regulation W, the authority of the Bank to engage in transactions with related parties or "affiliates" or to make loans to insiders is limited. Loan transactions with an "affiliate" generally must be collateralized and certain transactions between the Bank and its "affiliates", including the sale of assets, the payment of money or the provision of services, must be on terms and conditions that are substantially the same, or at least as favorable to the Bank, as those prevailing for comparable nonaffiliated transactions. In addition, the Bank generally may not purchase securities issued or underwritten by affiliates.

Loans to executive officers, directors or to any person who directly or indirectly, or acting through or in concert with one or more persons, owns, controls or has the power to vote more than 10% of any class of voting securities of a bank ("10% Shareholders"), or to any political or campaign committee the funds or services of which will benefit those executive officers, directors, or 10% Shareholders or which is controlled by those executive officers, directors or 10% Shareholders, are subject to Sections 22(g) and 22(h) of the Federal Reserve Act and their corresponding regulations (Regulation O). Among other things, these loans must be made on terms substantially the same as those prevailing on transactions made to unaffiliated individuals and certain extensions of credit to those persons must first be approved in advance by a disinterested majority of the entire board of directors. Section 22(h) of the Federal Reserve Act prohibits loans to any of those individuals where the aggregate amount exceeds an amount equal to 15% of an institution's unimpaired capital and surplus plus an additional 10% of unimpaired capital and surplus in the case of loans that are fully secured by readily marketable collateral, or when the aggregate amount on all of the extensions of credit outstanding to all of these persons

would exceed the Bank's unimpaired capital and unimpaired surplus. Section 22(g) identifies limited circumstances in which the Bank is permitted to extend credit to executive officers.

Community Reinvestment Act

The Community Reinvestment Act and its corresponding regulations are intended to encourage banks to help meet the credit needs of their service area, including low- and moderate-income neighborhoods, consistent with the safe and sound operations of the banks. These regulations provide for regulatory assessment of a bank's record in meeting the credit needs of its service area. Federal banking agencies are required to make public a rating of a bank's performance under the Community Reinvestment Act. The Federal Reserve considers a bank's Community Reinvestment Act rating when the bank submits an application to establish banking centers, merge, or acquire the assets and assume the liabilities of another bank. In the case of a financial holding company, the Community Reinvestment Act performance record of all banks involved in the merger or acquisition are reviewed in connection with the filing of an application to acquire ownership or control of shares or assets of a bank or to merge with any other financial holding company. An unsatisfactory record can substantially delay or block the transaction. The Bank received a satisfactory rating on its most recent Community Reinvestment Act assessment.

Capital Regulations

The Bank is required under federal law to maintain certain minimum capital levels based on ratios of capital to total assets and capital to risk-weighted assets. The required capital ratios are minimums, and the FDIC and the OFR may determine that a banking organization, based on its size, complexity, or risk profile, must maintain a higher level of capital in order to operate in a safe and sound manner. Risks such as concentration of credit risks and the risk arising from non-traditional activities, as well as the institution's exposure to a decline in the economic value of its capital due to changes in interest rates, and an institution's ability to manage those risks are important factors that are to be taken into account in assessing an institution's overall capital adequacy. The following is brief description of the relevant provisions of these capital rules and their potential impact on us.

The capital rules adopted by the banking agencies include the following minimum capital ratio requirements:

- a common equity Tier 1 risk-based capital ratio of 4.5%;
- a Tier 1 risk-based capital ratio of 6%;
- a total risk-based capital ratio of 8%; and
- a leverage ratio of 4%.

In addition, the capital rules require a capital conservation buffer of 2.5% above each of the minimum risk-based capital ratio requirements (which is designed to absorb losses during periods of economic stress). These buffer requirements must be met for a bank to be able to pay dividends, engage in share buybacks or make discretionary bonus payments to executive management without restriction.

The federal banking agencies have jointly issued a final rule to simplify the regulatory capital requirements for eligible banks and holding companies with less than \$10 billion in consolidated assets that opt into the Community Bank Leverage Ratio ("CBLR") framework, as required by the Economic Growth Relief and Consumer Protection Act. A qualifying community banking organization that exceeds the CBLR threshold would be exempt from the agency's current capital framework, including the risk-based capital requirements and capital conservation buffer described above, and would be deemed well-capitalized under the agencies' prompt corrective action regulations.

Federal law requires the federal bank regulatory agencies to take "prompt corrective action" regarding depository institutions that do not meet certain minimum capital requirements. The capital-based regulatory framework contains the following five regulatory tiers: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." A well-capitalized insured depository institution is one (i) having a total risk-based capital ratio of 10 percent or greater, (ii) having a Tier 1 risk-based capital ratio of 8 percent or greater, (iii) having a Core Equity Tier 1 capital ratio of 7 percent or greater, (iv) having a leverage capital ratio of 5 percent or greater and (v) that is not subject to any order or written directive to meet and maintain a specific capital level for any capital measure. Generally, a financial institution must be "well capitalized" before the FDIC will approve a bank merger application. At September 30, 2025, the Bank had (i) a total risk-based capital ratio of 10.21%, (ii) a Tier 1 risk-based capital ratio of 9.16%, (iii) a Core Equity Tier 1 capital ratio of 9.16%, and (iv) a leverage capital ratio of 9.36%.

As of September 30, 2025, the Bank exceeded the requirements contained in the applicable regulations, policies and directives pertaining to capital adequacy to be classified as "well capitalized," and it is unaware of any material violation or alleged violation of these regulations, policies, or directives.

Rapid growth, poor loan portfolio performance, or poor earnings performance, or a combination of these factors, could change the Bank's capital position in a relatively short period of time, making additional capital infusions necessary.

It should be noted that the minimum ratios referred to above in this section are merely guidelines, and the bank regulators possess the discretionary authority to require higher capital ratios.

Interstate Banking and Branching

The Bank Holding Company Act was amended by the Interstate Banking Act. The Interstate Banking Act provides that adequately capitalized and managed financial and bank holding companies are permitted to acquire banks in any state. State laws prohibiting interstate banking or discriminating against out-of-state banks are preempted. States are not permitted to enact laws opting out of this provision; however, states are allowed to adopt a minimum age restriction requiring that target banks located within the state be in existence for a period of years, up to a maximum of five years, before a bank may be subject to the Interstate Banking Act.

The Interstate Banking Act, as amended by the Dodd-Frank Act, establishes deposit caps which prohibit acquisitions that result in the acquiring company controlling 30% or more of the deposits of insured banks and thrift institutions held in the state in which the target maintains a branch or 10% or more of the deposits nationwide. States have the authority to waive the 30% deposit cap. State-level deposit caps are not preempted as long as they do not discriminate against out-of-state companies, and the federal deposit caps apply only to initial entry acquisitions.

Under the Dodd-Frank Act, national banks and state banks are able to establish branches in any state if that state would permit the establishment of the branch by a state bank chartered in that state. Florida law permits a state bank to establish a branch of the bank anywhere in the state. Accordingly, under the Dodd-Frank Act, a bank with its headquarters outside the State of Florida may establish branches anywhere within Florida.

Anti-money Laundering

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("USA PATRIOT Act"), provides the federal government with additional powers to address terrorist threats through enhanced domestic security measures, expanded surveillance powers, increased information sharing and broadened anti-money laundering requirements. By way of amendments to the Bank Secrecy Act ("BSA"), the USA PATRIOT Act puts in place measures intended to encourage information sharing among bank regulatory and law enforcement agencies. In addition, certain provisions of the USA PATRIOT Act impose affirmative obligations on a broad range of financial institutions.

Among other requirements, the USA PATRIOT Act and the related Federal Reserve regulations require banks to establish anti-money laundering programs that include, at a minimum:

- internal policies, procedures and controls designed to implement and maintain the savings association's compliance with all of the requirements of the USA PATRIOT Act, the BSA and related laws and regulations;
- systems and procedures for monitoring and reporting of suspicious transactions and activities;
- a designated compliance officer;
- employee training;
- an independent audit function to test the anti-money laundering program;
- procedures to verify the identity of each customer upon the opening of accounts; and
- heightened due diligence policies, procedures, and controls applicable to certain foreign accounts and relationships.

Additionally, the USA PATRIOT Act requires each financial institution to develop a customer identification program ("CIP") as part of our anti-money laundering program. The key components of the CIP are identification, verification, government list comparison, notice and record retention. The purpose of the CIP is to enable the financial institution to determine the true identity and anticipated account activity of each customer. To make this determination,

among other things, the financial institution must collect certain information from customers at the time they enter into the customer relationship with the financial institution. This information must be verified within a reasonable time through documentary and non-documentary methods. Furthermore, all customers must be screened against any CIP-related government lists of known or suspected terrorists. We and our affiliates have adopted policies, procedures, and controls to comply with the BSA and the USA PATRIOT Act.

Regulatory Enforcement Authority

Federal and state banking laws grant substantial enforcement powers to federal and state banking regulators. This enforcement authority includes, among other things, the ability to assess civil money penalties, to issue cease and desist or removal orders and to initiate injunctive actions against banking organizations and institution-affiliated parties. In general, these enforcement actions may be initiated for violations of laws and regulations and unsafe or unsound practices. Other actions or inactions may provide the basis for enforcement action, including misleading or untimely reports filed with regulatory authorities.

Privacy

Under the Gramm-Leach-Bliley Act, federal banking regulators adopted rules limiting the ability of banks and other financial institutions to disclose nonpublic information about consumers to nonaffiliated third parties. The rules require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to nonaffiliated third parties.

Consumer Laws and Regulations

The Bank is also subject to other federal and state consumer laws and regulations that are designed to protect consumers in transactions with banks. While the list set forth below is not exhaustive, these laws and regulations include the Truth in Lending Act, the Truth in Savings Act, the Electronic Funds Transfer Act, the Expedited Funds Availability Act, the Check Clearing for the 21st Century Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Home Mortgage Disclosure Act, the Fair and Accurate Credit Transactions Act, the Mortgage Disclosure Improvement Act, and the Real Estate Settlement Procedures Act, among others. These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must deal with customers when taking deposits or making loans to such customers. The Bank must comply with the applicable provisions of these consumer protection laws and regulations as part of its ongoing customer relations.

Future Legislative Developments

Various legislative acts are from time to time introduced in Congress and the Florida legislature. This legislation may change banking statutes and the environment in which our banking subsidiary and we operate in substantial and unpredictable ways. We cannot determine the ultimate effect that potential legislation, if enacted, or implementing regulations with respect

thereto, would have upon our financial condition or results of operations or that of our banking subsidiary.

Effect of Governmental Monetary Policies

The commercial banking business in which the Bank engages is affected not only by general economic conditions, but also by the monetary policies of the Federal Reserve. Changes in the discount rate on member bank borrowing, availability of borrowing at the "discount window," open market operations, the imposition of changes in reserve requirements against member banks' deposits and assets of foreign banking centers and the imposition of and changes in reserve requirements against certain borrowings by banks and their affiliates are some of the instruments of monetary policy available to the Federal Reserve. These monetary policies are used in varying combinations to influence overall growth and distributions of bank loans, investments and deposits, and this use may affect interest rates charged on loans or paid on deposits. The monetary policies of the Federal Reserve have had a significant effect on the operating results of commercial banks and are expected to continue to do so in the future. The monetary policies of the Federal Reserve are influenced by various factors, including inflation, unemployment, and short-term and long-term changes in the international trade balance and in the fiscal policies of the U.S. Government. Future monetary policies and the effect of such policies on the future business and earnings of the Bank cannot be predicted.

Income Taxes

We are subject to income taxes at the federal level and subject to state taxation in Florida. We file a consolidated federal income tax return with a fiscal year ending on December 31. For consolidated income tax returns, if a U.S. parent corporation that owns at least 80% of the voting power and value of the stock of a subsidiary it can elect to include this subsidiary into a consolidated filing. Since the Company owns 63% of OneEthos, it would not be eligible to make the election to consolidate. As a software development company for tax purposes, OneEthos takes advantage of the Research and Development tax credits available to it.

DESCRIPTION OF CAPITAL STOCK

The Company's Articles of Incorporation authorize it to issue up to (i) 10,000,000 shares of \$.01 par value preferred stock, (ii) 25,000,000 shares of \$5.00 par value common stock and (iii) 10,000,000 shares of \$5.00 par value Nonvoting Common Stock. As of September 30, 2025, the Company had 12,147,873 shares of Common Stock outstanding and no shares of preferred stock or Nonvoting Common Stock outstanding. The following description is a brief summary of the Company capital stock and the relevant provisions of Florida law and the Company's Articles of Incorporation. The following discussion is not intended to be a complete description of Company capital stock and such discussion is qualified in its entirety by reference to the Florida Business Corporation Act and the Company's Articles of Incorporation and Bylaws.

Preferred Stock

The Articles of Amendment authorizes the Company to issue up to 10,000,000 shares of preferred stock. The board of directors has the authority to determine by resolution the terms of one or more classes of preferred stock, including the preferences, rights and limitations of each class. Provisions in articles of incorporation authorizing preferred stock in this manner are often referred to as "blank check" provisions, as they give a board of directors the flexibility, at any time or from time to time, without further shareholder approval (except as may be required by applicable law, regulatory authorities or the rules of any stock exchange on which the company's securities are then listed), to create one or more classes of preferred stock and to determine by resolution the terms of each such class. The board of directors believes that the preferred stock provides the Company with greater flexibility in meeting its capital requirements by creating classes of preferred stock customized to meet the needs of particular transactions and prevailing market conditions. Classes of preferred stock are also available for issuance from time to time for any other proper corporate purposes, including in connection with combination or change of control transactions.

The rights of the holders of Common Stock are subject to the rights of the holders of any preferred stock that may be issued in the future. To the extent that dividends will be payable on any issued shares of preferred stock, the result would be to reduce the amount otherwise available for payment of dividends on outstanding shares of Common Stock and there might be restrictions placed on the Company's ability to declare dividends on the Common Stock or to repurchase shares of Common Stock. The Company does not intend to pay any dividends on shares of its Common Stock or to repurchase any shares of Common Stock. The issuance of preferred stock having voting rights would dilute the voting power of the holders of Common Stock. To the extent that preferred stock is made convertible into shares of Common Stock, the effect, upon such conversion, would also be to dilute the voting power and ownership percentage of the holders of Common Stock. In addition, holders of preferred stock would normally receive superior rights in the event of any liquidation, dissolution, or winding up of the Company, thereby diminishing the rights of the holders of Common Stock in the distribution of the Company's assets. The issuance of shares of preferred stock of any class would not entitle any holder of Common Stock to any preemptive right to purchase or subscribe for any shares of that or any other class.

Common Stock and Nonvoting Common Stock

Voting Rights

The holders of Common Stock are entitled to one vote for each share of Common Stock held. Holders of Common Stock do not have cumulative voting rights. As a result, the holders of a majority of the outstanding shares of Common Stock voting for the election of directors can elect all the directors, and, in such event, the holders of the remaining Common Stock will not be able to elect any persons to the Board of Directors. Holders of Nonvoting Common Stock are not entitled to vote except as to matters in respect of which they shall at the time be indefeasibly vested by law with such right, in which case they will be entitled to one vote for each share held

and, unless otherwise required by law, will vote together with the holders of Common Stock as one voting group.

Dividend Rights

The holders of Common Stock and Nonvoting Common Stock are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefor. See "Market Information on Common Stock."

Preemptive Rights

The holders of Common Stock and Nonvoting Common Stock do not have any preemptive or preferential right to purchase or to subscribe, purchase, receive, or otherwise acquire any part of any new or additional issuance of stock of any class, whether now or hereafter authorized, or of any bonds, debentures, notes, or other securities of the Company, whether or not convertible into shares of stock of the Company.

Assessment and Redemption

The shares of Common Stock to be issued and delivered in this offering will be, when so issued and delivered, fully paid and nonassessable. There is no provision for redemption of Common Stock and Nonvoting Common Stock.

Liquidation Rights

In the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of Common Stock and Nonvoting Common Stock will be entitled to share ratably in any of the net assets or funds which are available for distribution to shareholders after the satisfaction of any obligations for shares of preferred stock that may be outstanding and all liabilities or after adequate provision is made therefor.

Control Share and Fair Price Laws

The Company is subject to several provisions under Florida law which may deter or frustrate unsolicited attempts to acquire certain Florida corporations. These statutes, commonly referred to as the "Control Share Act" and the "Fair Price Act," apply to most public corporations organized in Florida unless the corporation has specifically elected to opt out of such provisions. The Company has not elected to opt out of these provisions. The Fair Price Act generally requires that certain transactions between a public corporation and an affiliate must be approved by two-thirds of the disinterested directors or shareholders, not including those shares beneficially owned by an "interested shareholder." The Control Share Act generally provides that shares of a public corporation acquired in excess of certain specified thresholds will not possess any voting rights unless such voting rights are approved by a majority vote of the corporation's disinterested shareholders. These antitakeover provisions of Florida law could result in the Company being less attractive to a potential acquiror and/or result in shareholders receiving less for their shares than otherwise might be available in the event of an unsolicited takeover attempt.

TERMS OF THE OFFERING

The Common Stock are being offered on a best-efforts basis by certain of the Directors and Officers of the Company who will be reimbursed for reasonable selling expenses incurred. The Company reserves the right to hire brokers or salespersons in connection with this offering. If it does, such representatives will be paid a mutually agreed upon commission for such services.

The minimum subscription for shares from an investor who is not a current shareholder of the Company is 4,167 shares (\$50,004), subject to waiver by the Company in its sole discretion. There are certain limits on the maximum number of shares which may be purchased.

The priorities and terms of the offering described herein have been set by the Company as a matter of general policy only and may be modified by the Company at any time without notice. Any Subscription Agreement may be accepted or rejected or may be accepted for a lesser amount than ordered, all as determined by the Company in its sole discretion. All questions concerning the timeliness, validity, form and eligibility of any Subscription Agreement will be determined by the Company, whose determinations will be final and binding. Subscription Agreements will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as the Company determines, in its sole discretion. The Company will be under no duty to give notification of any defect or irregularity in connection with the submission of Subscription Agreements or incur any liability for failure to give such notification. In its discretion, the Company may waive the subscription requirements for any and all subscriptions. A refund without interest and with no deduction for expenses will be made for any order or portion thereof which is not accepted.

All orders for the purchase of Common Stock may be made by properly completing a written Subscription Agreement in the form accompanying this Confidential Memorandum and forwarding it, together with full payment for Common Stock ordered, to the Company at 2755 E. Orange Avenue, Eustis, Florida 32726, Attention: Nicole Jeffries-Malone. If you have questions about how to subscribe for shares, please contact Nicole Jeffries-Malone (at Nicole.jeffries@climatefirstbank.com or by calling 407-754-4348) or Kerry Maretti (at kerry.maretti@climatefirstbank.com or by calling 407-394-6776). All subscription checks should be made payable to "Climate First Bancorp, Inc." Subscription proceeds may not be withdrawn by subscribers, except as otherwise provided by law.

The offering period for the Common Stock will terminate on February 28, 2026, but may be extended, without notice, for two consecutive periods of 90 days each. The offering will be terminated earlier if all of the Common Stock have been sold. Also, the Company reserves the right to otherwise terminate or withdraw the offering at any time without notice.

The Common Stock may be purchased in the offering only by individuals and entities who qualify as "accredited investors" under federal and state securities laws. The definition of "accredited investor" is included in the accompanying Subscription Agreement, which must be completed by each person subscribing for shares in the offering.

All expenses of the offering will be paid by the Company from the sales proceeds. If the offering is terminated or withdrawn, expenses of the offering, including fees for accounting and legal services and for intangible taxes, printing, and postage, will be charged against the Company's earnings.

Each Subscription Agreement will be held until it is accepted, rejected, or accepted in part and rejected in part. If and when orders and full payment in collected funds for Common Stock have been received, closing of the sale may be held after the receipt of such payment and certificates for Common Stock sold at that time will be delivered promptly thereafter to the purchasers of such Common Stock. If an initial closing occurs before the termination of the offering, then one or more additional closings for the sale of the remaining Common Stock offered hereby and sold may be held and certificates for such Common Stock will be delivered promptly after such closings to the purchasers thereof.

INDEMNIFICATION OF DIRECTORS, OFFICERS, AND EMPLOYEES

The Florida Business Corporation Act authorizes a company to indemnify its directors and officers in certain instances against certain liabilities which they may incur by virtue of their relationship with the company. A company may indemnify any director, officer, employee or agent against judgments, fines, penalties, amounts paid in settlement, and expenses incurred in any pending, threatened or completed civil, criminal, administrative, or investigative proceeding (except an action by the company) against them in their capacity as a director, officer, employee, or agent of the company, or another company if serving in such capacity at the company's request if they (i) acted in good faith; (ii) acted in a manner which they reasonably believed to be in or not opposed to the best interests of the company; and (iii) with respect to a criminal action, had no reasonable cause to believe their conduct was unlawful. Furthermore, a company may indemnify any director, officer, agent or employee against expenses incurred in defense or settlement of any proceeding brought by the company against them in their capacity as a director, officer, employee or agent of the company, or another company if serving in such capacity at the company's request, if they: (i) acted in good faith; (ii) acted in a manner which they reasonably believed to be in or not opposed to the best interests of the company; and (iii) is not adjudged to be liable to the company (unless the court finds that they are nevertheless reasonably entitled to indemnity for expenses which the court deems proper). A company must repay the expenses of any director, officer, employee, or agent who is successful on the merits of an action against them in his capacity as such.

A Florida company is authorized to make any other or further indemnification or advancement of expenses of any of its directors, officers, employees, or agents, except for acts or omissions which constitute (i) a violation of the criminal law (unless the individual had reasonable cause to believe it was lawful); (ii) a transaction in which the individual derived an improper personal benefit; (iii) in the case of a director, a circumstance under which certain liability provisions of the Florida Business Corporation Act are applicable (related to payment of dividends or other distributions or repurchases of shares in violation of such Act); or (iv) willful misconduct or a conscious disregard for the best interest of the company in a proceeding by the

company, or a company shareholder. A Florida company is also authorized to purchase and maintain liability insurance for its directors, officers, employees, and agents.

The Company's Bylaws provide that the Company shall indemnify each of its officers and agents to the fullest extent permitted by law. At present, the Company maintains directors' and officers' liability insurance covering its directors and officers against expenses and liabilities arising from certain actions to which they may become subject by reason of having served in such role. Such insurance is subject to the coverage amounts, exceptions, deductibles and other conditions set forth in the policy. There is no assurance that the Company will maintain liability insurance for its directors and officers.

The Company also has entered into indemnification agreements with its directors. See "Management – Indemnification Agreements."

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to Directors, officers, or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in such Act and is therefore unenforceable.

FINANCIAL STATEMENTS

The following pages set forth the Company's Unaudited Consolidated Financial Statements as of September 30, 2025 and the nine months then ended, and its Audited Consolidated Financial Statements as of December 31, 2024, and 2023 and the years then ended.

CLIMATE FIRST BANCORP, INC.
Winter Park, Florida

Unaudited Consolidated Financial Statements

At September 30, 2025 and December 31, 2024
For the Nine Months Ended September 30, 2025 and 2024

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Balance Sheets
(\$ in thousands) - Unaudited

	September 30, 2025	December 31, 2024
Cash & Due from Banks	\$ 545	\$ 565
Interest-bearing deposits with banks	142,553	87,060
Fed Funds Sold	27,400	3,500
Total Cash and Cash Equivalents	170,498	91,125
Time Deposits	-	250
Debt securities available for sale	3,559	4,549
Loans, net of allowance for credit losses of \$4,XXX and \$5,291	1,170,113	761,700
FHLB stock, at cost	3,520	1,330
Premises and Equipment, net	14,472	13,363
Accrued interest receivable	6,757	3,640
Software, net	1,208	1,311
Bank-owned life insurance	10,425	10,103
Deferred tax asset	1,480	2,575
Other assets	7,291	1,990
Total assets	1,389,323	891,936
<u>Liabilities:</u>		
Noninterest-bearing demand deposits	\$ 86,861	\$ 58,081
Savings and NOW accounts	330,083	232,956
Money Market deposits	459,882	190,437
Time Deposits	318,272	294,071
Total Deposits	1,195,098	775,545
FHLB Advances & Other borrowings	61,000	20,000
Other liabilities	6,720	4,513
Total Liabilities	1,262,818	800,058
<u>Stockholders' equity:</u>		
Common Stock	60,739	48,623
Additional paid-in-capital	64,757	49,942
Accumulated deficit	298	(6,986)
Accumulated other comprehensive loss	(177)	(277)
Noncontrolling interest	888	576
Total stockholders' equity	126,505	91,878
Total liabilities and stockholders' equity	1,389,323	891,936

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statement of Operations
(\$ in thousands, except per share information)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Interest income:				
Loans	\$ 21,443	\$ 11,810	\$ 54,664	\$ 30,161
Investments	110	23	85	153
Other interest-bearing funds	1,377	1,271	3,800	3,072
Total interest income	22,930	13,104	58,549	33,386
Interest expense:				
Deposits	10,233	7,151	27,353	18,271
Borrowings	1,044	77	2,368	85
Total interest expense	11,277	7,228	29,721	18,356
Net interest income	11,653	5,876	28,828	15,030
Provision for credit losses	1,766	645	4,969	2,069
Net interest income after provision for credit losses	9,887	5,231	23,859	12,961
Noninterest income:				
Technology fee income	1,374	279	2,491	460
Service charges and fees on deposit	26	21	74	90
Gain on sale of loans	1,547	252	2,885	511
Loan servicing fee income	181	107	411	182
Other income	206	97	565	192
Total noninterest income	3,334	756	6,426	1,435
Noninterest expenses:				
Salaries and employee benefits	4,880	3,144	13,458	9,035
Occupancy and equipment	255	192	711	544
Data processing expense	715	348	1,831	916
Professional fees	248	179	810	368
Advertising	186	123	499	366
Business development expenses	145	78	423	242
Regulatory fees	295	187	784	491
Office supplies, Postage & telephone	61	44	169	122
Loan & collection expense	173	23	382	114
Other operating expenses	361	271	1,118	809
Total noninterest expense	7,319	4,589	20,185	13,007
Income (Loss) before income tax benefit	5,902	1,398	10,100	1,389
Income tax expense (benefit)	1,483	364	2,504	414
Net income (loss)	4,419	1,034	7,596	975
Less: Net income (loss) attributable to noncontrolling interest	224	1	312	(69)
Net Income (loss) attributable to common stockholders	\$ 4,195	\$ 1,033	\$ 7,284	\$ 1,044
Basic Earnings per common share	\$ 0.35	\$ 0.12	\$ 0.66	\$ 0.12
Diluted earnings per common share	\$ 0.33	\$ 0.12	\$ 0.64	\$ 0.11
Basic weighted average shares outstanding	12,135,404	8,494,163	11,055,625	9,071,391
Diluted weighted average shares outstanding	12,549,880	8,791,822	11,470,101	9,369,050

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statement of Comprehensive Income (Loss)
(\$ in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income (loss)	\$ 4,195	\$ 1,034	\$ 7,596	\$ 975
Other comprehensive loss:				
Change in unrealized loss on debt securities available for sale				
Unrealized loss arising during the period	59	177	233	214
Deferred income tax benefit on above net change	(15)	(45)	(59)	(54)
Total other comprehensive loss	44	132	174	160
Comprehensive income (loss) before noncontrolling interest	4,239	1,166	7,770	1,135
Less: Comprehensive income (loss) attributable to noncontrolling interest	224	1	312	(69)
Comprehensive income (loss) attributable to common stockholders	\$ 4,015	\$ 1,165	\$ 7,458	\$ 1,204

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Unaudited Consolidated Statement of Equity

(\$ in thousands, except per share information)

	Common Stock		Additional	Accumulated	Accumulated Other	Noncontrolling	Total
	Shares	Amount	Paid-In Capital	Deficit	Comprehensive Loss	Interest	Stockholders' Equity
Balance at December 31, 2023	7,873,346	\$ 39,367	\$ 39,318	\$ (9,952)	\$ (351)	\$ 553	68,935
Net income	-	-	-	2,966	-	24	2,990
Change in unrealized loss on debt securities available for sale, net of tax benefit	-	-	-	-	74	-	74
Stock awards	3,300	17	18	-	-	-	34
Sale of common stock	1,832,788	9,164	10,156	-	-	-	19,320
Repurchase of Stock	(15,169)	(76)	(99)	-	-	-	(174)
Purchase of OneEthos - final payment	30,350	151	152	-	-	-	303
Stock-based compensation	-	-	397	-	-	-	397
Noncontrolling interest	-	-	-	-	-	(1)	(1)
Balance at December 31, 2024	9,724,615	\$ 48,623	\$ 49,942	\$ (6,986)	\$ (277)	\$ 576	\$ 91,878
Net income	-	-	-	7,284	-	312	7,596
Change in unrealized loss on debt securities available for sale, net of tax benefit	-	-	-	-	100	-	100
Stock awards	2,200	11	13	-	-	-	24
Sale of common stock	2,426,058	12,130	14,554	-	-	-	26,684
Repurchase of Stock	(5,000)	(25)	(30)	-	-	-	(55)
Stock-based compensation	-	-	278	-	-	-	278
Balance at September 30, 2025	12,147,873	\$ 60,739	\$ 64,757	\$ 298	\$ (177)	\$ 888	\$ 126,505

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Cash Flows
(\$ in thousands)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ 7,596	\$ 974
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for credit losses	4,969	2,083
Depreciation and amortization	476	288
(Gain) loss on disposal of fixed assets	-	6
Gain on Bargain Purchase	-	-
Accretion of Premiums and discounts on debt securities	(23)	(31)
Increase in CSV on BOLI	(322)	(43)
Deferred income tax benefit	1,061	414
Amortization of deferred loan fees,net	1,452	619
Stock-based compensation	278	288
Issuance of common stock award	24	22
Increase in accrued interest receivable	(3,117)	(1,134)
Increase in prepaids and other assets	(5,301)	(838)
Increase in other liabilities	2,026	747
Net cash used in operating activities	9,119	3,396
Cash flows from investing activities:		
Net increase in loans	(414,653)	(235,335)
Redemption (purchase) of time deposits	250	-
Purchase of Assets in Business Acquisition	-	-
Purchase of Bank-Owned Life Insurance	-	(5,000)
Purchase of debt securities available for sale	-	-
Principal reductions received on debt securities AFS	1,147	3,155
Purchase of FHLB stock	(2,190)	245
Proceeds from sale of property & equipment	-	-
Purchase of premises and equipment, net	(1,482)	(2,618)
Net cash used in Investing activities	(416,928)	(239,553)
Cash flows from financing activities:		
Cash paid in connection with acquisition	-	-
Net increase in deposits	419,553	308,092
Proceeds from warrants exercised	-	-
Repayment of FHLB Advances	(707,000)	(69,000)
Proceeds from takedown of FHLB advances	748,000	60,000
Proceeds from Sale of common stock	26,684	13,960
Noncontrolling interest	-	-
Repurchase of common stock	(55)	(174)
Net cash provided by financing activities	487,182	312,878
Net increase (decrease) in cash and cash equivalents	79,373	76,721
Cash and cash equivalents at beginning of period	91,125	56,487
Cash and cash equivalents at end of period	\$ 170,498	\$ 133,208
<u>Supplemental Disclosures</u>		
Cash Paid for:		
Interest	\$ 29,509	\$ 18,102
Income Taxes	1,758	-

CLIMATE FIRST BANCORP, INC.

Holding Company for

CLIMATE FIRST BANK

St. Petersburg, Florida

Audited Consolidated Financial Statements

**At December 31, 2024 and 2023, and
For the Years Ended December 31, 2024 and 2023**

(Together with Independent Auditor's Report)



HACKER, JOHNSON & SMITH PA

Fort Lauderdale
Orlando
Tampa

Certified Public Accountants

Independent Auditor's Report

The Board of Directors and Stockholders
Climate First Bancorp, Inc.
St. Petersburg, Florida:

Opinion

We have audited the accompanying consolidated financial statements of Climate First Bancorp, Inc. and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024 and 2023, 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 ("GAAP").

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 the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

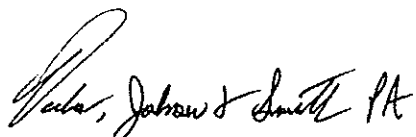
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



HACKER, JOHNSON & SMITH PA
Tampa, Florida
March 24, 2025

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Consolidated Balance Sheets (\$ in thousands, except per share information)

	<u>At December 31,</u>	
	<u>2024</u>	<u>2023</u>
Assets		
Cash and due from bank	\$ 565	\$ 541
Interest-bearing deposits with banks	87,060	54,246
Federal funds sold	<u>3,500</u>	<u>1,700</u>
Total cash and cash equivalents	91,125	56,487
Time deposits	250	250
Debt securities available for sale	4,549	7,613
Loans, net of allowance for credit losses of \$7,575 and \$5,291	761,700	462,407
Federal Home Loan Bank stock, at cost	1,330	624
Premises and equipment, net	13,363	10,363
Accrued interest receivable	3,640	1,794
Software, net	1,311	813
Bank-owned Life insurance	10,103	-
Deferred tax asset	2,575	3,415
Other assets	<u>1,990</u>	<u>1,271</u>
Total assets	\$ <u>891,936</u>	\$ <u>545,037</u>
Liabilities and Stockholders' Equity		
Liabilities:		
Noninterest-bearing demand deposits	58,081	38,005
Savings and NOW deposits	232,956	184,411
Money market deposits	190,437	153,531
Time deposits	<u>294,071</u>	<u>87,773</u>
Total deposits	775,545	463,720
Federal Home Loan Bank advances	20,000	9,000
Other liabilities	<u>4,513</u>	<u>3,382</u>
Total liabilities	800,058	476,102
Commitments and contingencies (Notes 6, 10 and 18)		
Stockholders' equity:		
Common stock, \$5 par value; 25,000,000 shares authorized, 9,724,615 and 7,873,346 shares issued and outstanding	48,623	39,367
Additional paid-in capital	49,942	39,318
Accumulated deficit	(6,986)	(9,952)
Accumulated other comprehensive loss	(277)	(351)
Noncontrolling interest	<u>576</u>	<u>553</u>
Total stockholders' equity	91,878	68,935
Total liabilities and stockholders' equity	\$ <u>891,936</u>	\$ <u>545,037</u>

See Accompanying Notes to Consolidated Financial Statements.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(In thousands)

	<u>For the year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Interest income:		
Loans	\$ 43,681	\$ 21,234
Investment	187	258
Other	<u>4,365</u>	<u>2,044</u>
Total interest income	48,233	23,536
Interest expense:		
Deposits	26,162	10,560
Borrowings	<u>108</u>	<u>1,316</u>
Total interest expense	26,270	11,876
Net interest income	21,963	11,660
Credit loss expense	<u>2,541</u>	<u>2,197</u>
Net interest income after provision for credit loss expense	<u>19,422</u>	<u>9,463</u>
Noninterest income:		
Service charges and fees on deposits	425	258
Gain on sale of loans	692	538
Loan servicing fee income	266	519
Technology Fee Income	779	351
Other income	<u>355</u>	<u>-</u>
Total noninterest income	2,517	1,666
Noninterest expenses:		
Salaries and employee benefits	12,029	9,782
Occupancy and equipment	726	674
Data processing expense	1,315	673
Professional fees	768	528
Advertising	520	395
Business development expenses	374	228
Regulatory fees	695	391
Office supplies, postage, and telephone	165	128
Loan and collection expense	191	263
Other operating expenses	<u>1,071</u>	<u>817</u>
Total noninterest income	17,854	13,879
Income (Loss) before income tax expense (benefit)	4,085	(2,750)
Income tax expense (benefit)	<u>1,095</u>	<u>(676)</u>
Net Income (loss)	2,990	(2,074)
Less: Net income (loss) attributable to noncontrolling interest	<u>24</u>	<u>(74)</u>
Net income (loss) attributable to common shareholders	<u>\$ 2,966</u>	<u>\$ (2,000)</u>

See Accompanying Notes to Consolidated Financial Statements.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

(In thousands)

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Net income (loss)	\$ <u>2,990</u>	\$ <u>(2,074)</u>
Other comprehensive income:		
Change in unrealized loss on debt securities available for sale-		
Unrealized gain arising during the year	99	100
Deferred income tax expense on above change	<u>(25)</u>	<u>(25)</u>
Total other comprehensive income	<u>74</u>	<u>75</u>
Comprehensive income (loss) before noncontrolling interest	<u>3,064</u>	<u>(1,999)</u>
Comprehensive income (loss) attributable to noncontrolling interest	<u>24</u>	<u>(74)</u>
Comprehensive income (loss) attributable to common stockholders	\$ <u>3,040</u>	\$ <u>(1,925)</u>

See Accompanying Notes to Consolidated Financial Statements.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2024 and 2023
(\$ in thousands), except per share information

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Compre- hensive Loss</u>	<u>Noncontrolling Interest</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>					
Balance at December 31, 2022	5,312,070	\$ 26,561	\$ 26,470	\$ (7,952)	\$ (426)	\$ 397	\$ 45,050
Net loss	-	-	-	(2,000)	-	(74)	(2,074)
Change in unrealized loss on debt securities available for sale, net of tax expense	-	-	-	-	75	-	75
Stock awards	6,000	30	30	-	-	-	60
Repurchase of common stock	(10,000)	(50)	(60)	-	-	-	(110)
Proceeds from warrants exercised	2,565,276	12,826	12,826	-	-	-	25,652
Stock-based compensation	-	-	282	-	-	-	282
Noncontrolling interest	<u>-</u>	<u>-</u>	<u>(230)</u>	<u>-</u>	<u>-</u>	<u>230</u>	<u>-</u>
Balance at December 31, 2023	7,873,346	39,367	39,318	(9,952)	(351)	553	68,935
Net income	-	-	-	2,966	-	24	2,990
Change in unrealized loss on debt securities available for sale, net of tax expense	-	-	-	-	74	-	74
Stock awards	3,300	17	18	-	-	-	35
Sale of common stock	1,832,788	9,164	10,156	-	-	-	19,320
Repurchase of common stock	(15,169)	(76)	(99)	-	-	-	(175)
Common stock issued in connection with prior acquisition	30,350	151	152	-	-	-	303
Stock-based compensation	-	-	397	-	-	-	397
Noncontrolling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Balance at December 31, 2024	<u>9,724,615</u>	<u>\$ 48,623</u>	<u>\$ 49,942</u>	<u>\$ (6,986)</u>	<u>\$ (277)</u>	<u>\$ 576</u>	<u>\$ 91,878</u>

See Accompanying Notes to Consolidated Financial Statements.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (In thousands)

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Net income (loss)	\$ 2,990	(2,074)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision for credit loss expense	2,541	2,197
Depreciation and amortization	405	326
Gain on disposal of fixed assets	6	6
Gain on bargain purchase	(355)	-
Accretion of premiums and discounts on debt securities	(42)	(68)
Increase in cash surrender value of bank-owned life insurance	(103)	-
Deferred income tax benefit	815	(676)
Amortization of deferred loan fees, net	956	584
Stock-based compensation	397	282
Issuance of common stock awards	35	60
Increase in accrued interest receivable	(1,846)	(1,167)
Increase in other assets	(719)	(243)
Increase in other liabilities	<u>1,147</u>	<u>1,073</u>
Net cash provided by operating activities	<u>6,227</u>	<u>300</u>
Cash flows from investing activities:		
Net increase in loans	(302,610)	(229,698)
Redemption of time deposits	-	250
Cash Paid in connection with business acquisition	(53)	-
Purchase of bank-owned life insurance	(10,000)	-
Principal reductions and maturities received on debt securities available for sale	3,205	1,201
Net purchase of Federal Home Loan Bank stock	(706)	(9)
Net purchase of premises and equipment	<u>(3,394)</u>	<u>(3,101)</u>
Net cash used in investing activities	<u>(313,558)</u>	<u>(231,357)</u>
Cash flows from financing activities:		
Net increase in deposits	311,825	241,996
Issuance of common stock	19,320	-
Proceeds from warrants exercised	-	25,652
Repayment of FHLB advances	(94,000)	(64,000)
Increase in Federal Home Loan Bank advances	105,000	60,000
Change in noncontrolling interest	(1)	-
Repurchase of common stock	<u>(175)</u>	<u>(110)</u>
Net cash provided by financing activities	<u>341,969</u>	<u>263,538</u>
Net increase in cash and cash equivalents	34,638	32,481
Cash and cash equivalents at beginning of year	<u>56,487</u>	<u>24,006</u>
Cash and cash equivalents at end of year	\$ <u>91,125</u>	\$ <u>56,487</u>

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued

(In thousands)

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ <u>25,964</u>	\$ <u>11,563</u>
Income taxes	\$ <u>-</u>	\$ <u>-</u>
Noncash transactions:		
Accumulated other comprehensive loss, net change in unrealized loss on debt securities available for sale, net of income taxes	\$ <u>74</u>	\$ <u>75</u>
Contingent liability transferred to equity in connection with a prior acquisition	\$ <u>303</u>	\$ <u>-</u>
In connection with the business acquisition, the following asset was acquired software	\$ <u>515</u>	\$ <u>-</u>
Other liabilities-		
Contingent consideration recognized in connection with business acquisition	\$ <u>107</u>	\$ <u>-</u>

See Accompanying Notes to Consolidated Financial Statements.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements At December 31, 2024 and 2023 and For the Years Ended December 31, 2024 and 2023

(1) Summary of Significant Accounting Policies

Organization. Climate First Bancorp, Inc. (the "Holding Company") owns 100% of the outstanding common stock of Climate First Bank (the "Bank"), Climate First Funding, Inc. ("CFF") and 63% of OneEthos, Inc. ("OneEthos"). OneEthos owns 100% of ToolCharm, Inc. ("ToolCharm"). The Holding Company's primary activity is the operation of the Bank, OneEthos, and CFF.

The Bank is a state (Florida)-chartered commercial bank. The Bank offers a variety of banking and financial services to individual and corporate customers through its three banking offices located in Pinellas, Orange and Lake Counties, Florida and its online banking platform. The deposit accounts of the Bank are insured up to the applicable limits by the Federal Deposit Insurance Corporation ("FDIC").

OneEthos' and ToolCharm's primary activities are the development and/or acquisition of software to assist the Bank in its operations.

CFF's primary activity of Climate First Funding is to participate in the financing of certain loans with the Bank.

The following is a description of the significant accounting policies and practices followed by the Company, which conform to accounting principles generally accepted in the United States of America ("GAAP") and prevailing practices within the banking industry.

Reclassifications. Certain reclassifications have been made to prior periods for comparative presentation purposes only.

Subsequent Events. Management has evaluated events occurring subsequent to the consolidated balance sheet date through March 24, 2025 (the date the financial statements are available to be issued), determining no events require additional disclosure in these consolidated financial statements, except as disclosed in Note (17) and (19).

Principles of Consolidation. The consolidated financial statements include the accounts of the Holding Company, and its subsidiaries the Bank, OneEthos, and CFF. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates. In preparing consolidated financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses and the deferred income tax asset valuation allowance.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Noncontrolling Interest. A noncontrolling interest is defined as the portion of the equity in an entity not attributable, directly or indirectly, to the primary beneficiary. Noncontrolling interests are required to be presented as a separate component of stockholders' equity on a consolidated balance sheets. Accordingly, the presentation of net income (loss) is modified to present the income (loss) attributed to controlling and noncontrolling interests. The noncontrolling interest on the Company's consolidated balance sheets represents common stock not held by the Company and represents approximately 37% of the outstanding shares of common stock issued by OneEthos as of December 31, 2024 and 2023. The holders of these shares are entitled to share in cash distributions from OneEthos, if any, in proportion to their percentage ownership of shares. Net income (loss) is allocated between the noncontrolling interest, and the Holding Company based on the weighted-average number of common shares outstanding during the year.

Cash and Cash Equivalents. For purposes of the statement of cash flows, cash and cash equivalents include cash and due from banks, interest-bearing deposits with banks and federal funds sold which had an original maturity of less than ninety days.

Debt Securities. Debt securities may be classified as either trading, held to maturity or available for sale. Trading debt securities are held principally for resale and recorded at their fair values. Unrealized gains and losses on trading debt securities are included immediately in operations. Debt securities held to maturity are those which the Company has the positive intent and ability to hold to maturity and are reported at amortized cost. Debt securities available for sale consist of securities not classified as trading debt securities nor as debt securities held to maturity. Unrealized holding gains and losses, net of tax, on debt securities available for sale are excluded from operations and reported as a net amount in accumulated other comprehensive loss. Gains and losses on the sale of debt securities available for sale are determined using the specific-identification method.

Premiums and discounts on debt securities available for sale are recognized in interest income using the interest method over the period to maturity or the next call date. Debt securities are placed on nonaccrual status at the time any principal or interest payments become ninety days delinquent. Interest accrued but not received for a security placed on nonaccrual is reversed against interest income.

Loans. Loans which management has the intent, and the Company has the ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs, the allowance for credit losses, and any deferred fees or costs.

Commitment and loan origination fees are deferred, and certain direct and indirect origination costs are capitalized; both are recognized as an adjustment of the yield of the related loan.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Loans, Continued. The accrual of interest on all loans is discontinued at the time the loan is ninety-days delinquent unless the loan is well collateralized and in process of collection. In all cases, all loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Past due status is based on contractual terms of the loan.

All interest accrued but not collected for all loans placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses. The components of the allowance for credit losses ("ACL") are as follows:

ACL - Debt Securities Available for Sale. Management uses a systematic methodology to determine its ACL for debt securities available for sale. Each quarter management evaluates impairment where there has been a decline in fair value below the amortized cost basis to determine whether there is a credit loss associated with the decline in fair value. Management considers the nature of the collateral, potential future changes in collateral values, default rates, delinquency rates, third-party guarantees, credit ratings, interest rate changes since purchase, volatility of the security's fair value and historical loss information for financial assets secured with similar collateral among other factors. Credit losses are calculated individually, rather than collectively, using a discounted cash flow method, whereby management compares the present value of expected cash flows with the amortized cost basis of the security. The credit loss component would be recognized through a credit loss expense in the statement of operations.

Management excludes the accrued interest receivable balance from the amortized cost basis in measuring expected credit losses on the debt securities available for sale and does not record an allowance for credit losses on accrued interest receivable. As of December 31, 2024 and 2023, the accrued interest receivable for debt securities available for sale recorded in accrued interest receivable was \$23,000 and \$66,000, respectively.

Changes in the ACL are recorded as credit loss expense. Losses are charged against the ACL when management believes the collectability of the debt security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

ACL - Loans. Management uses systematic methodologies to determine its ACL for loans. The ACL is a valuation account that is deducted from the amortized cost basis to present the net amount expected to be collected on the loan portfolio. Management considers the effects of past events, current conditions, and reasonable and supportable forecasts on the collectability of the loan portfolio. The Company's estimate of its ACL involves a high degree of judgment; therefore, management's process for determining expected credit losses may result in a range of expected credit losses.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

ACL – Loans, Continued. The Company's ACL recorded in the consolidated balance sheet reflects management's best estimate within the range of expected credit losses. The Company recognizes in operations the amount needed to adjust the ACL for management's current estimate of expected credit losses. The Company's ACL is calculated using collectively evaluated and individually evaluated loans.

The allowance for credit losses is measured on a collective pool basis when similar risk characteristics exist. Loans with similar risk characteristics are grouped into homogenous segments for analysis. The Discounted Cash Flow ("DCF") method is utilized for each loan in a segment, and the results are aggregated at the segment level. A periodic tendency to default and absolute loss given default are applied to a projective model of the loan's cash flow while considering prepayment and principal curtailment effects. The analysis produces expected cash flows for each instrument in the segment by pairing loan-level term information (e.g., maturity date, payment amount, interest rate, etc.) with top-down segment assumptions (e.g., default rates and prepayment speeds). The Company has identified the following portfolio segments: Commercial and Consumer.

In determining the proper level of the ACL, management has determined that the loss experience of peer banks provides the best basis for its assessment of expected credit losses. It therefore utilized peer bank historical credit loss experience by each loan segment over an economic cycle to estimate assumptions related to default rates and prepayment speeds. For most of the segment models for collectively evaluated loans, the Company incorporated two or more macroeconomic drivers.

Management considers forward-looking information in estimating expected credit losses. The baseline, along with the evaluation of alternative scenarios, is used by management to determine the best estimate within the range of expected credit losses. The baseline forecast incorporates a 50% probability of the United States economy performing better than this projection and the same probability that it will perform worse. Management has evaluated the appropriateness of the reasonable and supportable forecast scenarios and has made adjustments as needed. For the contractual term that extends beyond the reasonable and supportable forecast period, the Company reverts to the long term mean of historical factors within four quarters using a straight-line approach. The Company generally utilizes a four-quarter forecast and a four-quarter reversion period.

Included in its systematic methodology to determine its ACL, management considers the need to qualitatively adjust expected credit losses for information not already captured in the loss estimation process. These qualitative adjustments either increase or decrease the quantitative model estimation (i.e., formulaic model results). Each period the Company considers qualitative factors that are relevant within the qualitative framework that includes the following: 1) changes in lending policies and procedures, including changes in underwriting standards; 2) changes in international, national, regional and local economic conditions; 3) changes in the volume and severity of past due and nonaccrual status; 4) the effect of any concentrations of credit and changes in the levels of such concentrations; 5) changes in the experience, depth, and ability of lending management; and 6) the effect of other external factors (i.e., competition, legal and regulatory requirements) on the level of estimated credit losses.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

ACL - Loans, Continued. When a loan no longer shares similar risk characteristics with its segment, the asset is assessed to determine whether it should be included in another segment or should be individually evaluated. Management will monitor the credit environment and make adjustments to this threshold in the future if warranted. Based on the threshold above, consumer financial assets will generally remain in pools unless they meet the dollar threshold. The expected credit losses on individually-evaluated loans will be estimated based on discounted cash flow analysis unless the loan meets the criteria for use of the fair value of collateral, either by virtue of an expected foreclosure or through meeting the definition of collateral-dependent. Financial assets that have been individually evaluated can be returned to a pool for purposes of estimating the expected credit loss insofar as their credit profile improves and that the repayment terms were not considered to be unique to the asset.

Management measures expected credit losses over the contractual term of a loan. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: (1) Management has a reasonable expectation at the reporting date that a loan modification will be executed with an individual borrower (2) 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.

The Company follows its nonaccrual policy by reversing contractual interest income in the statement of operations when the Company places a loan on nonaccrual status. Therefore, management excludes the accrued interest receivable balance from the amortized cost basis in measuring expected credit losses on the portfolio and does not record an allowance for credit losses on accrued interest receivable. As of December 31, 2024 and 2023, the accrued interest receivable for loans recorded in accrued interest receivable was \$3,606,000 and \$1,689,000, respectively.

ACL – Off-Balance Sheet Credit Exposures. The Company has a variety of assets that have a component that qualifies as an off-balance sheet exposure. These primarily include commitments to extend credit, unused lines of credit and undisbursed construction loans. Management has determined that a majority of the Company's off-balance-sheet credit exposures are not unconditionally cancellable. Management used its judgement to determine funding rates. Management applied these funding rates, along with the loss factor rate determined for each pooled loan segment, to unfunded loan commitments, excluding unconditionally cancellable exposures and letters of credit, to arrive at the reserve for unfunded loan commitments. As of December 31, 2024 and 2023, the liability recorded for expected credit losses on unfunded commitments was \$1,027,000 and \$847,000, respectively. The current adjustment to the ACL for unfunded commitments is recognized through the credit loss expense in the consolidated statements of operations.

Premises and Equipment. Land is carried at cost. Buildings, leasehold improvements, furniture and fixtures, equipment, automobiles and software are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization expenses are computed using the straight-line method over the estimated useful life of each type of asset or the lease term, if shorter.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Software. The Company's acquired software was recorded at fair value establishing the cost basis and is stated net of amortization. Amortization on software acquired through the eCountabl acquisition began when software is placed into service in 2024 and using the straight-line method over the estimated life of the software. Software acquired in the acquisition of ToolCharm will begin when the software is placed into service in 2025 and will be computed using the straight-line method over the estimated life of the software.

Off-Balance Sheet Financial Instruments. In the ordinary course of business, the Company has entered into off-balance sheet financial instruments consisting of commitments to extend credit, unused lines of credit and undisbursed construction loans. Such financial instruments are recorded in the consolidated financial statements when they are funded.

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

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

As of December 31, 2024, management is not aware of any uncertain tax positions that would have a material effect on the Company's consolidated financial statements. The Company recognizes interest and penalties on income taxes, if any, as a component of income tax expense. The Holding Company and its subsidiaries file consolidated Federal and State of Florida income tax returns. Income taxes are allocated to the Holding Company and its subsidiaries as if separate income tax returns were filed.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Revenue from Contracts with Customers. The majority of the Company's revenues come from interest income and financial assets, including loans and debt securities which are outside the scope of the accounting guidance with respect to revenue from contracts with customers. The Company's services that fall within this guidance are presented within noninterest income and are recognized as revenue as the Company satisfies its obligation to the customer. Elements of noninterest income within the scope of this guidance are limited to service charges and fees on deposit accounts and technology fee income. The following summarizes the Company's revenue recognition accounting policy for service charges and fees on deposit accounts and technology fee income.

Service Charges and Fees on Deposit. Deposit related fees consist of fees earned on transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as wire fees, ATM use fees, debit card interchange fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed, and at that point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Technology Fee Income. Technology fee income consists of fees charged by OneEthos to customers for the use of their technology platform during the origination process of solar loans. The fees are recognized at the closing of the solar loans, which represents when the Company satisfied the performance obligation.

Stock Compensation Plans. The Company recognizes the fair value of stock-based compensation granted to employees in salaries and employee benefits in the accompanying consolidated statement of operations. While the fair value of stock-based compensation granted to directors is recognized in other noninterest expense in the accompanying consolidated statement of operations. The expense is recognized on a straight-line basis over the vesting periods. The impact of forfeitures of stock-based awards on compensation expense is recognized as forfeitures occur.

Fair Value Measurements. Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an 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. The fair value hierarchy requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy describes three levels of inputs that may be used to measure fair value:

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Fair Value Measurements, Continued.

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable. Valuations may be obtained from, or corroborated by, third-party pricing services.

Level 3: Unobservable inputs to measure fair value of assets and liabilities for which there is little, if any market activity at the measurement date, using reasonable inputs and assumptions based upon the best information at the time, to the extent that inputs are available without undue cost and effort.

The following describes valuation methodologies used for assets measured at fair value:

Debt Securities Available for Sale. Where quoted prices are available in an active market, debt securities are classified within Level 1 of the valuation hierarchy. Level 1 debt securities include highly liquid government bonds, certain mortgage products and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of debt securities with similar characteristics, or discounted cash flows. Examples of such instruments, which would generally be classified within Level 2 of the valuation hierarchy, include municipal securities, government agency mortgage-backed securities, corporate debt securities and U.S. treasury debt securities.

Acquired Assets. The acquired software was recorded at its estimated fair value at the date of the acquisition. Estimates of fair value were determined based on variety of information and was valued based on estimated cash flow and other unobservable inputs and are classified as Level 3.

Comprehensive Income (Loss). GAAP requires that recognized revenue, expenses, gains and losses be included in operations. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale debt securities, are reported as a separate component of the equity section of the consolidated balance sheet, such items, along with net loss, are components of comprehensive income (loss). The only component of accumulated other comprehensive income (loss) is the net change in unrealized gains and losses on debt securities available for sale, net of income tax (expense) benefit.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(2) Business Acquisition

On November 29, 2024, OneEthos acquired ToolCharm, Inc. ("ToolCharm"), known for the development of AI agents and API integration using natural language. The Company obtained a third-party valuation of the acquired software which was purchased for \$160,000. As a result, the software was recorded at the valuation amount of \$515,000 resulting in a bargain purchase gain of \$355,000 which is included in other income on the consolidated statement of operations. As part of the Agreement, the stockholders of ToolCharm received \$53,000 in cash and will receive additional payments in cash of \$53,000 on November 29, 2025 and 2026, respectively. OneEthos acquired ToolCharm to acquire certain software that ToolCharm had developed. The acquisition was accounted for in accordance with the acquisition method of accounting.

The table below summarizes the fair value of the asset acquired on the date of the asset acquisition (in thousands):

Asset acquired:	
Software	\$ <u>515</u>
Net assets acquired	\$ <u>515</u>

Acquired assets measured at fair value on a nonrecurring basis at the date of acquisition is as follows (in thousands):

	<u>Fair Value</u>	<u>At Year End</u>			<u>Total Losses</u>	<u>Losses Recorded During the Year</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
<i>At December 31, 2024 -</i>						
Software	\$ <u>515</u>	<u>-</u>	<u>-</u>	<u>515</u>	<u>-</u>	<u>-</u>

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3) Debt Securities Available for Sale

Debt securities available for sale have been classified according to management's intent. The carrying amount of debt securities available for sale and their fair values are as follows (in thousands):

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<i>At December 31, 2024:</i>				
Municipal securities	\$ 2,002	\$ -	\$ (193)	\$ 1,809
Government agency mortgage-backed securities	1,420	-	(146)	1,274
Corporate debt securities	500	-	(28)	472
U.S. treasuries debt securities	<u>998</u>	<u>-</u>	<u>(4)</u>	<u>994</u>
	<u>\$ 4,920</u>	<u>\$ -</u>	<u>\$ (371)</u>	<u>\$ 4,549</u>
<i>At December 31, 2023:</i>				
Municipal securities	\$ 1,992	\$ -	\$ (205)	\$ 1,787
Government agency mortgage-backed securities	1,603	-	(134)	1,469
Corporate debt securities	500	-	(74)	426
U.S. treasury debt securities	<u>3,988</u>	<u>-</u>	<u>(57)</u>	<u>3,931</u>
	<u>\$ 8,083</u>	<u>\$ -</u>	<u>\$ (470)</u>	<u>\$ 7,613</u>

Maturities of debt securities available for sale at amortized cost and fair value are as follows at December 31, 2024 (in thousands):

	<u>Available for Sale</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>
Due in less than one year	\$ 998	\$ 994
Due in one to five years	1,527	1,407
Due from five to ten years	975	874
Government agency mortgage-backed securities	<u>1,420</u>	<u>1,274</u>
	<u>\$ 4,920</u>	<u>\$ 4,549</u>

Mortgage-backed securities are not due at a single maturity date and are shown separately.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3) Debt Securities Available for Sale, Continued

Debt securities available for sale measured at fair value on a recurring basis are summarized below (in thousands):

	Fair Value	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>At December 31, 2024:</i>				
Municipal securities	\$ 1,809	-	\$ 1,809	-
Government agency mortgage-backed securities	1,274	-	1,274	-
Corporate debt securities	472	-	472	-
U.S. treasury debt securities	<u>994</u>	<u>-</u>	<u>994</u>	<u>-</u>
	<u>\$ 4,549</u>	<u>-</u>	<u>\$ 4,549</u>	<u>-</u>
<i>At December 31, 2023:</i>				
Municipal securities	\$ 1,787	-	\$ 1,787	-
Government agency mortgage-backed securities	1,469	-	1,469	-
Corporate debt securities	426	-	426	-
U.S. treasury debt securities	<u>3,931</u>	<u>-</u>	<u>3,931</u>	<u>-</u>
	<u>\$ 7,613</u>	<u>-</u>	<u>\$ 7,613</u>	<u>-</u>

The Company had ten and twelve debt securities available for sale with gross unrealized losses at December 31, 2024 and 2023, respectively. Information pertaining to debt securities available for sale with gross unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous loss position follows (in thousands):

	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
<i>At December 31, 2024:</i>				
Municipal securities	\$ -	\$ -	\$ (193)	\$ 1,809
Government agency mortgage-backed securities	-	-	(146)	1,274
Corporate debt securities	-	-	(28)	472
U.S. treasury debt securities	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>994</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (371)</u>	<u>\$ 4,549</u>
<i>At December 31, 2023:</i>				
Municipal securities	\$ -	\$ -	\$ (205)	\$ 1,787
Government agency mortgage-backed securities	-	-	(134)	1,469
Corporate debt securities	-	-	(74)	426
U.S. treasury debt securities	<u>-</u>	<u>-</u>	<u>(57)</u>	<u>3,931</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (470)</u>	<u>\$ 7,613</u>

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(3) Debt Securities Available for Sale, Continued

The Company performed an analysis that determined that the government agency mortgage-backed securities and U.S. treasury debt securities have a zero expected credit loss. All of the government agency mortgage-backed securities and U.S. treasury debt securities have the full faith and credit backing of the United States government or one of its agencies. Municipal securities and all corporate debt securities that do not have a zero expected credit loss are evaluated quarterly to determine whether there is a credit loss associated with a decline in fair value. All debt securities in an unrealized loss position as of December 31, 2024 and 2023 continue to perform as scheduled and we do not believe that there is a credit loss or that a credit loss expense is necessary. At December 31, 2024 and 2023, no debt securities available for sale are on nonaccrual. Also, as part of our evaluation of our intent and ability to hold investments for a period of time sufficient to allow for any anticipated recovery in the market, we consider our investment strategy, cash flow needs, liquidity position, capital adequacy and interest rate risk position. We do not currently intend to sell the securities within the portfolio, and it is not more-likely-than-not that we will be required to sell the debt securities.

Management continues to monitor all of our securities with a high degree of scrutiny. There can be no assurance that we will not conclude in future periods that conditions existing at that time indicate some or all of its securities may be sold or would require a charge to operations as a provision for credit losses in such periods.

(4) Loans

The loan portfolio segments and classes as follows (in thousands):

	<u>At December 31,</u>	
	<u>2024</u>	<u>2023</u>
Commercial:		
Owner occupied commercial real estate	\$ 131,533	\$ 98,319
Nonowner occupied commercial real estate	135,433	86,059
Construction, Land & Development	35,621	22,987
Multifamily	6,228	8,322
Commercial and industrial	<u>215,951</u>	<u>115,076</u>
Total commercial	524,766	330,763
Consumer:		
1-4 Family Residential real estate	131,429	68,833
Home Equity Lines of Credit	11,111	5,498
Solar consumer loans	103,075	62,674
Other consumer loans	<u>1,403</u>	<u>1,321</u>
Total consumer	<u>247,018</u>	<u>138,326</u>
Total gross loans	771,784	469,089
Deduct:		
Deferred loan fees, net	(2,509)	(1,391)
Allowance for credit losses	<u>(7,575)</u>	<u>(5,291)</u>
Loans, net	<u>\$ 761,700</u>	<u>\$ 462,407</u>

Notes to Consolidated Financial Statements, Continued

(4) Loans, Continued

The Company grants the majority of its loans to borrowers throughout Pinellas, Orange, Seminole and Lake Counties, Florida. A significant portion of its borrowers' ability to honor their contracts is dependent upon the economy in these market areas.

The Company has divided the loan portfolio into two portfolio segments and nine classes, each with different risk characteristics and methodologies for assessing risk. The Company seeks to minimize its credit risk through its underwriting standards. The loan portfolio segments and classes identified by the Company are as follows:

Commercial. Commercial loans include five classes: owner occupied commercial real estate, nonowner occupied commercial real estate, construction, land and development, multifamily, and commercial and industrial.

Owner occupied, nonowner occupied, construction, and land and development loans ("Commercial Real Estate") typically consist of loans to finance real estate purchases and refinances of commercial property slated for expansion. These loans are secured by first liens on office buildings, retail and mixed-use properties, industrial warehouses, hotel/motels and restaurants primarily located within our market area. The Company's underwriting criteria and analysis includes credit verification, independent appraisals, review of borrowers' financial condition and their respective cash flows, projected cash flows and the principal guarantors' overall ability to service the debt repayments. Commercial real estate loans are typically larger in nature than 1-4 Family residential real estate loans and depend upon operating results and proper management, which in turn involve a higher degree of credit risk. Prevailing economic conditions also may add a higher degree of risk depending on the business.

Construction, land and development real estate loans typically consist of loans to finance real estate acquisition, development and construction to builders, developers, and persons who will ultimately occupy the property. Real estate development and construction loans to provide interim financing on the property are based on acceptable percentages of the appraised value of the property securing the loan in each case. The Company's underwriting criteria and analysis includes credit verification, independent appraisals, review of construction plans and specifications, review of builder, review of borrowers' financial condition and their respective cash flows, projected cash flows and the principal guarantors' overall ability to service the debt repayments. Commercial real estate loans are typically larger in nature and depend upon contractors and proper management, which in turn involve a higher degree of credit risk. Prevailing economic conditions also may add a higher degree of risk depending on the business and the state of the construction industry.

Multifamily commercial real estate loans ("Multifamily") typically consist of loans to finance real estate purchases and refinances which are secured by five or more residential properties. These loans are secured by first liens on apartment buildings located within our market area. The Company's underwriting criteria and analysis includes credit verification, independent appraisals, review of

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(4) Loans, Continued

borrowers' financial condition and their respective cash flows, projected cash flows and the principal guarantors' overall ability to service the debt repayments. These loans typically depend upon operating results and proper management, which in turn involve a higher degree of credit risk. Prevailing economic conditions also may add a higher degree of risk depending on the business.

Commercial and industrial business loans and lines of credit consist of loans to small and medium-sized companies located within the Company's market area. Commercial loans are generally for the purpose of working capital, equipment purchases, inventory needs or receivable financing. Primarily all of the Company's commercial loans are secured with collateral, with some unsecured loans extended on a limited basis. Commercial loans are underwritten utilizing the borrowers' financials and cash flows of both a historical and pro-forma basis. The Company's underwriting criteria on these loans also include borrowers' lending histories, value of collateral as well as the overall strength of principal guarantors endorsing the obligation. These loans are also affected by adverse economic conditions should they prevail within the Company's local market.

Also included in commercial and industrial loans are Commercial Solar loans to businesses to finance the purchase and installation of solar panels. These loans provide a cost-effective alternative to businesses from a sustainable energy source and are collateralized by real property and/or the solar panels that are installed. The Company's underwriting analysis includes credit verification, independent appraisals, a review of the borrower's financial condition, and a detailed analysis of the borrower's underlying cash flows. Solar loans share approximately the same level of risk as commercial and industrial loans.

Consumer. Consumer loans include four classes: One to four residential real estate, home equity lines of credit, loans to consumers to finance Solar panels, and other consumer loans.

The Company originates residential real estate loans for the construction, purchase, or refinancing of a mortgage. The Company's underwriting analysis includes credit verification, independent appraisals, a review of the borrower's financial condition, and a detailed analysis of the borrower's underlying cash flows. These loans are collateralized by owner-occupied properties located in the Company's market area.

The Company originates Home Equity Lines of Credit ("HELOC") to allow the consumer to utilize the equity in their home as a revolving line of credit to use for large purchases, home repairs or to consolidate higher-interest debt on other loans. The Company's underwriting analysis includes credit verification, independent appraisals, a review of the borrower's financial condition, and a detailed analysis of the borrower's underlying cash flows. These loans are generally collateralized by a first or second mortgage on owner-occupied properties located in the Company's market area.

Consumer Solar loans consist of loans to consumers to finance the purchase and installation of solar panels. These loans provide a cost-effective alternative to homeowners to shift

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(4) Loans, Continued

their household to a sustainable energy source and are collateralized by the solar panels that are installed. The Company's underwriting analysis includes credit verification, independent appraisals, a review of the borrower's financial condition, and a detailed analysis of the borrower's underlying cash flows. Solar loans share approximately the same level of risk as residential mortgages.

Other consumer loans mainly consist of personal lines of credit, automobile loans and other secured and unsecured personal loans. These loans have a higher level of risk than do residential mortgages but are much smaller in amount and for a shorter period of time.

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors.

The Company analyzes loans individually by classifying the loans as to credit risk. Loans classified as substandard or special mention are reviewed quarterly by the Company for further deterioration or improvement to determine if they are appropriately classified and whether there is any impairment. All loans are graded upon initial issuance. The Bank's Credit department (or a subcontractor that reports to the Portfolio Manager should volume warrant) shall be responsible to complete, no less than annually, a written review for each large credit relationship (typically defined as secured credits in excess of \$1MM and unsecured lines/loans in excess of \$150M).

In addition, during the renewal process of any loan, as well as if a loan becomes past due, the Company will determine the appropriate loan grade.

Internally assigned loan grades for commercial loans are defined as follows:

Pass (1-6) - This category of accounts represents an acceptable level of risk factors. Accounts of acceptable risk typically require global analysis and combined sources of repayment to meet the minimum policy debt service requirements.

Special Mention (7) - Loans that are currently secured but illustrate the appearance of being financially weak. These loans pose unwarranted credit risk with potential weaknesses, which if left unmonitored, could further deteriorate and inadequately protect the Company's position at a future date.

Substandard (8) - Loans containing well-defined weaknesses that presently jeopardize liquidation of the loan obligation. These loans are characterized by inadequate repayment ability and inadequate collateral pledged as security towards the loan. These assets promote a distinct possibility that the Company will sustain some loss if certain deficiencies are not corrected.

Doubtful (9) - Loans classified as doubtful have all the same characteristics of a "substandard" asset with an extremely high possibility of a potential loss. These loans have weaknesses that based on current facts, conditions and values, make collection or liquidation in full questionable, or improbable.

Notes to Consolidated Financial Statements, Continued

(4) Loans, Continued

Loss (10) - Loans classified as loss are considered uncollectible and of such negligible value that their continuance as bankable assets are no longer warranted. This classification simply means it is not practical or desirable, to further prolong and defer writing off a worthless asset and pursue channels for partial recovery for the Company.

Consumer loans are graded at origination primarily based on credit ratings and personal debt ratios. They are included in the annual review process when (a) they become past due over ninety days; (b) management becomes aware of any deterioration in the credit worthiness of the borrower; or (c) the customer contacts the Company for a modification. In these circumstances, the loan is specifically evaluated for potential classification as to special mention, substandard, doubtful or even loss. The Company uses the following definitions for risk ratings:

Internally assigned loan grades for consumer loans are defined as follows:

Pass (100-104) - This category of accounts represents loans graded excellent, good, average and fair which are all deemed an acceptable level of risk. Accounts of acceptable risk typically require global analysis and combined sources of repayment to meet the minimum policy debt service requirements.

Special Mention (105) - Loans that are currently secured but illustrate the appearance of being financially weak. These loans pose unwarranted credit risk with potential weaknesses, which if left unmonitored, could further deteriorate and inadequately protect the Company's position at a future date.

Substandard (106) - Loans containing well-defined weaknesses that presently jeopardize liquidation of the loan obligation. These loans are characterized by inadequate repayment ability and inadequate collateral pledged as security towards the loan. These assets promote a distinct possibility that the Company will sustain some loss if certain deficiencies are not corrected.

Doubtful (107) - Loans classified as doubtful have all the same characteristics of a "substandard" asset with an extremely high possibility of a potential loss. These loans have weaknesses that based on current facts, conditions and values, make collection or liquidation in full questionable, or improbable.

Loss (108) - Loans classified as loss are considered uncollectible and of such negligible value that their continuance as bankable assets are no longer warranted. This classification simply means it is not practical or desirable, to further prolong and defer writing off a worthless asset and pursue channels for partial recovery for the Company.

At December 31, 2024 and 2023, all commercial and consumer loans were as graded pass loans.

At December 31, 2024 and 2023, no loans were past due over thirty days, on nonaccrual or individually evaluated.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(5) Allowance for Credit Losses ("ACL")

An analysis of the allowance for credit losses are as follows (in thousands):

	<u>Loans</u>				<u>Unfunded</u>	
	<u>Commercial</u>	<u>Consumer</u>	<u>Unallocated</u>	<u>Total</u>	<u>Commitments</u>	<u>Total</u>
<i>Year Ended December 31, 2024:</i>						
Beginning balance	\$ 3,234	\$ 2,057	\$ -	\$ 5,291	\$ 847	\$ 6,138
Credit loss expense	1,542	819	-	2,361	180	2,541
Charge-offs, net	<u>-</u>	<u>(77)</u>	<u>-</u>	<u>(77)</u>	<u>-</u>	<u>(77)</u>
Ending balance	\$ <u>4,776</u>	\$ <u>2,799</u>	\$ <u>-</u>	\$ <u>7,575</u>	\$ <u>1,027</u>	\$ <u>8,602</u>
<i>Year Ended December 31, 2023:</i>						
Beginning balance	\$ 2,610	\$ 619	\$ 44	\$ 3,273	\$ 669	\$ 3,942
Credit loss expense	624	1,439	(44)	2,019	178	2,197
Charge-offs, net	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Ending balance	\$ <u>3,234</u>	\$ <u>2,057</u>	\$ <u>-</u>	\$ <u>5,291</u>	\$ <u>847</u>	\$ <u>6,138</u>

(6) Premises and Equipment

A summary of premises and equipment follows (in thousands):

	<u>At December 31,</u>	
	<u>2024</u>	<u>2023</u>
Land	\$ 2,738	\$ 2,737
Building	9,757	6,826
Leasehold improvements	22	39
Furniture, fixtures and equipment	1,547	1,186
Automobiles	<u>259</u>	<u>165</u>
Total, at cost	14,323	10,953
Less accumulated depreciation and amortization	<u>(960)</u>	<u>(590)</u>
Premises and equipment, net	\$ <u>13,363</u>	\$ <u>10,363</u>

The Company leases three banking facilities, all of which expire within one year. At December 31, 2024, the Company had commitments of approximately \$297,000 to complete remodel of a facility which will replace one of the leases. In accordance with GAAP, the Company has elected to not record a right-of-use asset or lease liability related to these short-term leases.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(7) Deposits

At December 31, 2024 and 2023, the Company had \$141.9 million and \$37.3 million, respectively, in time deposits with a minimum denomination of \$250,000. A schedule of maturities of time deposits follows (in thousands):

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 281,805
2026	4,982
2027	4,777
2028	2,457
2029	50
Total	<u>\$ 294,071</u>

(8) Federal Home Loan Bank Advances ("FHLB")

The maturity and interest rate on the advances from the FHLB are as follows (in thousands):

<u>Maturing in Year Ending December 31,</u>	<u>Fixed or Variable Rate</u>	<u>Interest Rate</u>	<u>At December 31,</u>	
			<u>2024</u>	<u>2023</u>
2024	Fixed	5.52-5.54%	\$ -	\$ 9,000
2025	Fixed and Daily	4.43-4.57%	<u>20,000</u>	<u>-</u>
		Total	<u>\$ 20,000</u>	<u>\$ 9,000</u>

FHLB advances are collateralized by FHLB stock and a blanket floating lien on commercial real estate, one-to-four family residential, and home equity lines of credit loans of \$127.1 million and \$71.8 million at December 31, 2024 and 2023, respectively. The Company had available credit of \$107.1 million and \$62.8 million of additional collateral pledged at December 31, 2024 and 2023, respectively.

(9) Other Borrowings

At December 31, 2024 and 2023, the Company had unsecured lines of credit amounting to \$10.0 million with one correspondent bank to purchase federal funds. Disbursements on the line of credit are subject to the approval of the correspondent bank.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued

(10) Off-Balance Sheet Financial Instruments

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, unused lines of credit and undisbursed construction loans is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for on-balance sheet instruments.

Commitments to extend credit, unused lines of credit, and undisbursed construction loans are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Agreements generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the agreements are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company upon extension of credit is based on management's credit evaluation of the counterparty.

A summary of the amounts of the Company's financial instruments with off-balance sheet risk at December 31, 2024 follows (in thousands):

	<u>At December 31, 2024</u>
Commitments to extend credit	\$ <u>119,991</u>
Unused lines of credit	\$ <u>130,855</u>
Undisbursed construction loans	\$ <u>43,765</u>

(11) Income Taxes

Allocation of Federal and state income tax expense (benefit) are as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Current:		
Federal	\$ 229	\$ -
State	<u>51</u>	<u>-</u>
Total income tax expense	\$ 280	\$ -
Deferred:		
Federal	\$ 632	\$ (537)
State	<u>183</u>	<u>(139)</u>
Total income tax expense (benefit)	\$ <u>815</u>	\$ <u>(676)</u>
Total	\$ <u>1,095</u>	\$ <u>(676)</u>

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued

(11) Income Taxes, Continued.

The reasons for the differences between the statutory Federal income tax rate and the effective tax rate are summarized as follows (\$ in thousands):

	Year Ended December 31,			
	2024		2023	
	Amount	% of Pretax Income	Amount	% of Pretax Loss
Income tax benefit at statutory Federal rate	\$ 858	21.0%	\$ (578)	(21.0)%
(Increase) decrease resulting from:				
State taxes, net of Federal tax benefit	185	4.5	(119)	(4.1)
Other	<u>52</u>	<u>1.3</u>	<u>21</u>	<u>.7</u>
Income tax benefit at effective rate	\$ <u>1,095</u>	<u>26.8%</u>	\$ <u>(676)</u>	<u>(24.3)%</u>

At December 31, 2024, the Company has net operating loss carryforwards of approximately \$4.3 million available to offset future taxable income. These carryforwards do not expire.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below (in thousands):

		At December 31,	
		2024	2023
Deferred tax assets:			
Allowance for credit losses		\$ 2,180	\$ 1,533
Net operating loss carryforwards		1,123	2,024
Start-up costs		343	373
Unrealized loss on debt securities available for sale		94	119
Tax Credit Carryforwards		17	31
Nonqualified stock option expense		85	50
Other		<u>35</u>	<u>-</u>
	Deferred tax assets	<u>3,877</u>	<u>4,130</u>
Deferred tax liabilities:			
Premises and equipment		(245)	(273)
Deferred loan costs		(647)	(442)
Accrued income/expense		(320)	-
FMV Adjustments		<u>(90)</u>	<u>-</u>
	Deferred tax liabilities	<u>(1,302)</u>	<u>(715)</u>
	Net deferred tax asset	\$ <u>2,575</u>	\$ <u>3,415</u>

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(12) Related Party Transactions

In the ordinary course of business, the Company accepts deposits and makes loans to its principal officers and directors and their affiliates. At December 31, 2024 and 2023, these related party deposits amount to \$7.7 million and \$68.8 million and related party loans amounted to \$8.3 million and \$8.5 million, respectively.

The Company leases a banking office and land from a related party and is currently on a month-to-month basis. Rent expense under this operating lease during the years ended December 31, 2024 and 2023 was approximately \$7,200 and \$7,200, respectively.

(13) Stock Options

The Company established an Incentive Stock Option Plan for officers and employees and a Directors' Stock Option Plan.

On May 5, 2023, the Shareholders of the Company approved an amendment to the Directors' Stock Option Plan which amended the number of shares of Stock which may be issued and sold to not exceed 5% of the shares of Stock Outstanding from time to time. As of December 31, 2024, a total of 486,231 shares of common stock were reserved for the plan.

On November 20, 2023, the Shareholders of the Company approved an amendment to the Employee Stock Option Plan which amended the number of shares of Stock which may be issued and sold to not exceed 15% of the shares of Stock Outstanding from time to time, limiting the maximum number of options that may be issued as Incentive Stock Options not to exceed 3,750,000 shares of stock (equal to 15% of the currently authorized shares). The amendment also added Article 10, which allows the Company the right from time to time to grant the employees of the Company and its subsidiaries stock awards upon such terms and conditions as may be determined by the Stock Option Committee. As of December 31, 2024, a total of 1,449,392 shares of common stock were reserved for the employee stock option plan and a total of 185,192 shares of common stock reserved for stock awards under the plan. As of December 31, 2024, 9,300 stock awards had been granted under the plan.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Risk-free interest rate	3.58% - 4.64%	4.73%
Expected dividend yield	-	-
Expected stock volatility	31.93% - 32.38%	39.29%
Expected life in years	6.50	6.50
Per share grant-date fair value of options issued during the period - Average	\$ <u>4.23</u>	\$ <u>3.99</u>

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(13) Stock Options, Continued

The Company used the guidance issued by the Securities and Exchange Commission to determine the estimated life of options issued. Expected volatility is based on historical volatility of similar peer banks' common stock. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield assumption is based on the Company's historical and expected dividend payments.

At December 31, 2024, there are 1,007,018 and 218,920 options remaining available for grant under the Employee and Directors' Stock Option Plans, respectively. Options granted under the Plans vest over periods up to five years after grant. The exercise price of these options is the higher of the deemed fair value of the underlying stock on the date of grant or current selling price of the stock. Any options not exercised expire ten years after their date of grant. A summary of the activity in the Company's stock option plan is as follows:

	Number of <u>Options</u>	Weighted- Average Exercise <u>Price</u>	Weighted- Average Remaining Contractual <u>Term</u>
Outstanding at December 31, 2022	613,450	\$ 10.00	
Options granted	149,250	10.00	
Options forfeited	<u>(95,715)</u>	10.00	
Outstanding at December 31, 2023	666,985	10.00	
Options granted	67,300	10.28	
Options forfeited	<u>(24,600)</u>	10.15	
Outstanding at December 31, 2024	<u>709,685</u>	\$ <u>10.02</u>	<u>7.25 years</u>
Exercisable at December 31, 2024	<u>299,059</u>	\$ <u>10.00</u>	<u>6.81 years</u>

At December 31, 2024, there was approximately \$1,235,000 of total unrecognized compensation expense related to nonvested share-based compensation arrangements granted under the plans. The cost is expected to be recognized over a weighted-average period of thirty-nine months. The total fair value of shares vesting and recognized as compensation and other noninterest expense was approximately \$397,000 and \$282,000, with related income tax benefit of \$32,000 and \$32,000 during the years ended December 31, 2024 and 2023, respectively.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(14) Warrants

In connection with the Company's sale of common stock all purchasers of common stock received transferable stock purchase warrants entitling them to purchase two shares of common stock for every share of common stock purchased in the offering, the warrants had an exercise price of \$10.00 per share and were exercisable prior to the second anniversary of the opening of the Company (June 1, 2023). During the year ending December 31, 2023, 2,565,276 warrants were exercised. At December 31, 2024 and 2023, all unexercised warrants had expired and no warrants are outstanding.

(15) Employee Benefit Plans

The Company participates in a 401(k) defined contribution employee benefit plan. The plan is available to all employees electing to participate. There was \$536,000 and \$433,000 in contribution expenses relating to this plan for the years ended December 31, 2024 and 2023, respectively.

During 2024, the Company established a nonqualified account balance deferred compensation plans to provide supplemental retirement income benefits to certain officers of the Company. The Company is recognizing the expense of these plans as services are rendered using a discount rate of five percent and a benefit age equal to ten years from the plan date. The Company's expense in connection with these plans was approximately \$64,000 for the year ended December 31, 2024. The accrued liability related to these plans was \$64,000 at December 31, 2024. Such amounts are included in other liabilities in the accompanying consolidated balance sheets.

(16) Dividend Restrictions

The Holding Company is limited in the amount of cash dividends it may declare and pay by the amount of cash on hand and the amounts of dividends it can receive from the Bank. The Bank is limited in the amount of cash dividends that may be paid. The amount of cash dividends that may be paid is based on the Bank's net earnings of the current year combined with the Bank's retained earnings of the preceding two years, as defined by state banking regulations. However, for any dividend declaration, the Company must consider additional factors such as the amount of current period net earnings, liquidity, asset quality, capital adequacy and economic conditions. It is likely that these factors would further limit the amount of dividends which the Company could declare. In addition, bank regulators have the authority to prohibit banks from paying dividends if they deem such payment to be an unsafe or unsound practice.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(17) Regulatory Matters

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

The Bank is subject to the capital conservation buffer rules which place limitations on distributions, including dividend payments, and certain discretionary bonus payments to executive officers. In order to avoid these limitations, a bank must hold a capital conservation buffer above its minimum risk-based capital requirements. As of December 31, 2024, the Bank's capital conservation buffer was 2.24%. The holding company contributed additional capital to the Bank in the first quarter 2025 which brought the capital conservation buffer equal to the minimum requirement of 2.50%.

As of December 31, 2024, the Bank was well capitalized under the regulatory framework for prompt corrective action. To be categorized as adequately capitalized the Bank must maintain a minimum Common equity tier 1 capital ratio, Tier 1 capital ratio, Total capital ratio and Tier 1 leverage ratio as set forth in the table. Management believes, as of December 31, 2024, that the Bank meets all capital adequacy requirements to which it is subject. The Bank's actual capital amounts and percentages are presented in the table (dollars in thousands):

	Actual		For Capital Adequacy Purposes		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	%	Amount	%	Amount	%
<i>As of December 31, 2024:</i>						
Common equity tier 1 capital ratio	\$ 77,657	9.22%	\$ 37,895	4.50%	\$ 54,737	6.50%
Tier 1 capital ratio	77,657	9.22	50,526	6.00	67,368	8.00
Total capital ratio	86,259	10.24	67,368	8.00	84,210	10.00
Tier 1 leverage ratio	77,657	9.17	33,875	4.00	67,750	5.00
<i>As of December 31, 2023:</i>						
Common equity tier 1 capital ratio	\$ 47,843	9.49%	\$ 22,691	4.50%	\$ 32,776	6.50%
Tier 1 capital ratio	47,843	9.49	30,254	6.00	40,339	8.00
Total capital ratio	53,870	10.68	40,339	8.00	50,424	10.00
Tier 1 leverage ratio	47,843	9.72	19,684	4.00	24,606	8.00*

* The Bank is required to maintain 8.00% Tier I capital to average assets throughout the first three years of operations.

CLIMATE FIRST BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

(18) Legal Contingencies

Various legal claims also arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Company's consolidated financial statements.

(19) Subsequent Events

Through March 24, 2025, the Holding Company has sold 891,304 shares of common stock during the first quarter of 2025 for \$11.00 per share.