

SHERWOOD BANC CORPORATION



Privately Traded...
...Community Invested

2025
ANNUAL
REPORT

PRESIDENT'S MESSAGE

Dear Shareholders and Customers:

Just a little over a year after the opening of the Archbold branch, the bank's ROA (Return on Assets) recovered nicely and is slightly above our 10-year average, while the dollar of net income finished as the second highest year in our 80-year existence at \$621,081. We have been able to earn the business of many Archbold core businesses in the last 18 months.

Loan growth was strong at 6.64%, finishing the year at \$78 million. Assets finished just short of \$105 million along with Deposits at \$86 million below prior year effected by a larger interim deposit in December of 2024.

We believe 2026 will be another year of strong steady growth for our bank along with continued profit improvement.

If you have an interest in new shares, contact me or consider joining our Dividend Reinvestment Program (DRIP) if you reside in Ohio and turn your cash dividend into new shares.

Thank you for your support of the communities we operate in with the investment in YOUR Community Bank.

Respectfully,



Mickey C. Schwarzbek
President / CEO



MISSION STATEMENT as of November 24, 2008

The Sherwood State Bank will continue to be a strong independent community bank providing mutually profitable financial products and services to meet the needs of all our customers. Our organizational team recognizes that the Customer, the Shareholder, the Employee, and the Community are the keys to our success.

SHERWOOD BANC CORPORATION

Independent Auditor's Report, Consolidated Financial Statements, and Consolidating Supplementary Information

December 31, 2025 and 2024

Contents

| | |
|--|---|
| Accountant’s Compilation Report | 1 |
| Consolidated Financial Statements | |
| Balance Sheets | 2 |
| Statements of Income..... | 3 |
| Statements of Comprehensive Income | 4 |
| Statements of Stockholders’ Equity..... | 5 |
| | |
| Supplementary Information | |
| FDIC §350.4 Disclosures..... | 6 |



Board of Directors:

Left to Right: Jeff Hange, Director; Wesley Moats, Secretary of the Board; James Weaner, Chairman of the Board; Mickey C. Schwarzbek, President/CEO; Ted Penner, Vice-Chairman of the Board; Wesley Schultz, Director



DIXON, DAVIS, BAGENT & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

1205 WEAVER DRIVE • GRANVILLE, OHIO 43023 • 740-321-1000 • FAX 740-321-1100

Stockholders and Board of Directors
Sherwood Banc Corporation
Sherwood, Ohio

Management is responsible for the accompanying consolidated financial statements of Sherwood Banc Corporation (Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income and stockholders' equity for the years then ended in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these consolidated financial statements.

The financial statements of Sherwood Banc Corporation (Company) as of December 31, 2024, were subjected to a compilation engagement by other accountants, whose report dated January 31, 2025, stated that they have not audited or reviewed the 2024 financial statements and do not express an opinion, a conclusion, nor provide any assurance on those financial statements.

Management has elected to omit substantially all of the disclosures and the statements of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statements of cash flows were included in the consolidated financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenue, and expenses. Accordingly, these consolidated financial statements are not designed for those who are not informed about such matters.

The accompanying FDIC §350.4 Disclosures supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Dixon, Davis, Bagent & Co.

Granville, Ohio
January 31, 2026

Sherwood Banc Corporation
Consolidated Balance Sheets
December 31, 2025 and 2024

ASSETS

| | 2025 | 2024 |
|--|-----------------------|-----------------------|
| Cash and due from banks | \$ 1,621,193 | \$ 1,800,999 |
| Federal funds sold | - | 7,034,000 |
| Interest-bearing demand deposits | 358,604 | 321,866 |
| Cash and cash equivalents | 1,979,797 | 9,156,865 |
| Investment securities, available for sale | 16,813,204 | 16,235,892 |
| Loans, net of allowance for credit losses of \$944,502 and \$904,276 | 77,991,911 | 73,134,748 |
| Premises and equipment | 3,776,209 | 3,941,156 |
| Other real estate owned | - | 59,300 |
| Bank stock investments | 587,556 | 561,156 |
| Interest receivable | 428,284 | 379,099 |
| Life insurance contracts | 2,930,212 | 2,822,654 |
| Other assets | 401,136 | 318,145 |
| | <u>\$ 104,908,309</u> | <u>\$ 106,609,015</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

| | | |
|-----------------------|----------------------|----------------------|
| Deposits | | |
| Non-interest bearing | \$ 23,565,766 | \$ 21,431,919 |
| Interest-bearing | 62,416,576 | 67,737,156 |
| Total deposits | 85,982,342 | 89,169,075 |
| Short-term borrowings | 826,000 | - |
| Long-term borrowings | 4,510,059 | 5,193,083 |
| Interest Payable | 209,042 | 259,685 |
| Other liabilities | 476,254 | 209,286 |
| | <u>\$ 92,003,697</u> | <u>\$ 94,831,129</u> |

Stockholders' Equity

| | | |
|---|-----------------------|-----------------------|
| Common stock, without par value, \$2.50 stated value | | |
| Authorized, 1,000,000 shares | | |
| Issued and outstanding – 353,094 and 346,496 shares in 2025 and 2024 respectively | 882,735 | 866,240 |
| Additional paid-in capital | 5,554,069 | 5,309,601 |
| Retained earnings | 7,021,491 | 6,514,446 |
| Accumulated other comprehensive loss | (553,683) | (912,401) |
| Total stockholders' equity | <u>12,904,612</u> | <u>11,777,886</u> |
| | <u>\$ 104,908,309</u> | <u>\$ 106,609,015</u> |

Sherwood Banc Corporation
Consolidated Statements of Income
December 31, 2025 and 2024

| | 2025 | 2024 |
|--|-------------------|------------------|
| Interest Income | | |
| Loans receivable | | |
| Taxable | \$ 4,987,398 | \$ 4,408,589 |
| Tax-exempt | 30,052 | 28,801 |
| Investment Securities | | |
| Taxable | 203,612 | 168,490 |
| Tax-exempt | 236,489 | 253,501 |
| Federal funds sold and other | 61,552 | 60,244 |
| Total interest income | <u>5,519,103</u> | <u>4,919,625</u> |
| Interest Expense | | |
| Deposits | 1,249,454 | 1,242,952 |
| Short-term borrowings | 30,113 | 51,461 |
| Long-term borrowings | 219,808 | 229,081 |
| Total interest expense | <u>1,499,375</u> | <u>1,523,494</u> |
| Net Interest Income | 4,019,728 | 3,396,131 |
| Provision for Credit Losses | <u>58,860</u> | <u>47,769</u> |
| Net Interest Income After Provision for Credit Losses | <u>3,960,868</u> | <u>3,348,362</u> |
| Noninterest Income | | |
| Service charges on deposit accounts | 165,695 | 167,673 |
| Net realized gain on sales of available-for-sale securities | - | 3,559 |
| Gain on sale of loans | 8,560 | 5,142 |
| Interchange and card income | 166,799 | 144,223 |
| Other income | 310,419 | 362,905 |
| Total noninterest income | <u>651,473</u> | <u>683,502</u> |
| Noninterest Expense | | |
| Salaries and employee benefits | 1,953,900 | 1,957,791 |
| Net occupancy expenses | 526,602 | 444,104 |
| Data and item processing fees | 572,027 | 524,474 |
| Printing and office supplies | 66,882 | 79,907 |
| Director and committee fees | 66,000 | 73,200 |
| ATM expenses | 137,854 | 98,387 |
| Deposit insurance and examination expense | 69,619 | 62,959 |
| State franchise tax expense | 94,223 | 93,513 |
| Other expenses | 433,157 | 378,567 |
| Total noninterest expense | <u>3,920,264</u> | <u>3,712,902</u> |
| Income Before Income Taxes | 692,077 | 318,962 |
| Provision for Income Taxes | <u>73,832</u> | <u>2,867</u> |
| Net Income | <u>\$ 618,245</u> | <u>316,095</u> |

See Accountant's Compilation Report

Sherwood Banc Corporation
Consolidated Statements of Comprehensive Income
December 31, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|-------------------|
| Net Income | <u>\$ 618,245</u> | <u>\$ 316,095</u> |
| Other Comprehensive Income | | |
| Unrealized appreciation on available-for-sale securities, net of tax expense of \$95,355 and \$3,487 for 2025 and 2024, respectively | 358,718 | 13,119 |
| Less: Reclassification adjustment for realized gains included in net income, net of taxes of \$0 and \$747 for 2025 and 2024, respectively | - | 2,812 |
| | <u>358,718</u> | <u>10,307</u> |
| Total comprehensive income | <u>\$ 976,963</u> | <u>\$ 326,402</u> |

Sherwood Banc Corporation
Consolidated Statements of Stockholders' Equity
December 31, 2025 and 2024

| | <u>Common</u> <u>Shares</u> <u>Outstanding</u> | <u>Stock</u> <u>Amount</u> | <u>Additional</u> <u>Paid-in</u> <u>Capital</u> | <u>Retained</u> <u>Earnings</u> | <u>Accumulated</u> <u>Other</u> <u>Comprehensive</u> <u>Income (Loss)</u> | <u>Total</u> |
|-----------------------------------|--|-------------------------------|---|------------------------------------|--|---------------------|
| Balance, January 1, 2024 | 349,702 | \$ 874,255 | \$5,427,160 | \$6,310,375 | \$ (922,708) | \$11,689,082 |
| Net income | - | - | - | 316,095 | - | 316,095 |
| Other comprehensive income | - | - | - | - | 10,307 | 10,307 |
| Cash dividends | | | | | | |
| (\$0.32 per share) | - | - | - | (112,024) | - | (112,024) |
| Purchase of stock | (7,738) | (19,345) | (285,775) | - | - | (305,120) |
| Issuance of stock | <u>4,532</u> | <u>11,330</u> | <u>168,216</u> | <u>-</u> | <u>-</u> | <u>179,546</u> |
| Balance, December 31, 2024 | <u>346,496</u> | <u>\$ 866,240</u> | <u>\$5,309,601</u> | <u>\$6,514,446</u> | <u>\$ (912,401)</u> | <u>\$11,777,886</u> |
| Net income | - | - | - | 618,245 | - | 618,245 |
| Other comprehensive income | - | - | - | - | 358,718 | 358,718 |
| Cash dividends | | | | | | |
| (\$0.32 per share) | - | - | - | (111,200) | - | (111,200) |
| Purchase of stock | (9,772) | (24,431) | (365,637) | - | - | (390,068) |
| Issuance of stock | <u>16,370</u> | <u>40,926</u> | <u>610,105</u> | <u>-</u> | <u>-</u> | <u>651,031</u> |
| Balance, December 31, 2025 | <u>353,094</u> | <u>\$ 882,735</u> | <u>\$5,554,069</u> | <u>\$7,021,491</u> | <u>\$ (553,683)</u> | <u>\$12,904,612</u> |

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SUPPLEMENTARY INFORMATION

Sherwood Banc Corporation
 FDIC §350.4 Disclosures
 Years Ended December 31, 2025 and 2024
 (Table Dollar Amounts in Thousands)

Past Due and Nonaccrual Loans

| | <u>2025</u> | <u>2024</u> |
|--|---------------|---------------|
| Past due 90 days or more and still accruing interest | \$ - | \$ - |
| Past due 90 days or more and not accruing interest | <u>662</u> | <u>522</u> |
| Total | <u>\$ 662</u> | <u>\$ 522</u> |

Allowance for Credit Losses

| | | |
|-----------------------------|---------------|---------------|
| Allowance for credit losses | | |
| Balance, January 1 | \$ 904 | \$ 836 |
| Provision for losses | 59 | 48 |
| Recoveries on loans | 4 | 56 |
| Loans charged off | <u>(22)</u> | <u>(36)</u> |
| Balance, December 31 | <u>\$ 945</u> | <u>\$ 904</u> |

Federal Deposit Insurance Corporation Disclaimer

These statements have not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.

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Board of Directors

Mickey C. Schwarzbek, Director-President/CEO Sherwood State Bank

James K. Weaner, Chairman

Ted W. Penner, Vice-Chairman

Wesley C. Moats, Secretary

Jeffrey T. Hange, Director

Wesley J. Schultz, Director

Officers

Mickey C. Schwarzbek

President/CEO

Sharon L. Colley

Vice-President

Chief Operating Officer

Ryan Frederick

Vice-President

Business Development Officer

Benjamin Schrock

Vice-President

Chief Risk Officer

Aaron Schwarzbek

Vice-President

Business Development Officer

Daja Stocklin

Assistant Vice-President

Business Development Officer/

Marketing Director

Matthew Mello

Vice-President

Business Development Officer

Joe Rodriguez

Vice-President

Chief Lending Officer

Tammy Quintanilla

Assistant Vice-President

Loan & Treasury Operations/

BSA Officer



Cybersecurity is incorporated into the bank's overall strategy and activities. The Board of Directors has accepted a moderate risk tolerance and controls are in place for the continual monitoring of cybersecurity activities and developments.

SHERWOOD STATE BANK



PRODUCTS & SERVICES

- Personal & Business Checking Accounts
- Personal & Business Savings Accounts
- Certificates of Deposit
- IRA Accounts
- HSA Accounts
- Christmas Club Accounts
- Club Accounts
- Real Estate Loans
- Farm Loans
- Home Equity Lines of Credit
- Car Loans
- Agricultural Lines of Credit
- Personal & Business Lines of Credit
- Safety Deposit Boxes
- ATM Cards
- Mastercard® Debit Cards
- Business Mastercard® Debit Cards
- Wallet Pay
- Money Orders
- Cashier's Checks
- Fax Machine
- Domestic & Foreign Wire Transfers
- Coin Counting
- Photocopies
- Mobile Banking
- Mobile Remote Deposit
- Internet Banking
- Bill Pay & Business Bill Pay
- Telephone Banking
- Insured Cash Sweep (ICS)
- Certificate of Deposit Account Registry Service (CDARS)
- Personal & Business Credit Cards



SHERWOOD FINANCIAL SERVICES, LLC



PRODUCTS & SERVICES

- Individual & Group Benefits
- Accidental Death & Disability Insurance
- Ohio Bureau of Workers' Compensation Discount Program

For more information on any of these products or services, visit www.sherwood.bank or call 800-899-9531.



MEMBER
FDIC

LOCATIONS



SHERWOOD MAIN OFFICE
105 N Harrison Street
P.O. Box 4546
Sherwood, OH 43556
419-899-2111



OPERATIONS CENTER
212 N Harrison Street
Sherwood, OH 43556
419-899-2111



DEFIANCE BRANCH
400 W Third Street
Defiance, OH 43512
419-782-0088



FAYETTE BRANCH
121 W Main Street
P.O. Box 305
Fayette, OH 43521
419-237-2575



ARCHBOLD BRANCH
202 Stryker St.
Archbold, OH 43502
419-267-5555

ATM's AT ALL BRANCH OFFICES; MOBILE, INTERNET, AND TELEPHONE BANKING 24/7;
ONLINE BILL PAY; REMOTE DEPOSIT CAPTURE

SHERWOOD
BANC CORPORATION
S B C

SHERWOOD
FINANCIAL SERVICES, LLC
S F S

SHERWOOD
STATE BANK
S S B A COMMUNITY BANK

CORPORATE INFORMATION

BANK COUNSEL:

James K. Weaner, Attorney
Weaner, Yoder, Hill & Weber Ltd
401 Wayne Avenue
Defiance, OH 43512
419-782-3010

REGULATORY COUNSEL:

Thomas C. Blank, Attorney
Shumaker, Loop & Kendrick
1000 Jackson Street
Toledo, OH 43604
419-241-9000

CORPORATE OFFICE

105 N Harrison Street
P.O. Box 4546
Sherwood, OH 43556
419-899-2111
800-899-9531

www.sherwood.bank