

Community State Bank



Growing Forward Together

2025

Annual Report

Focused on progress,
guided by community,
& committed to what
comes next.



Community State Bank



CSB Stakeholders,

I want to thank you for your continued trust in Community Financial Corporation (CFC) and Community State Bank (CSB). I am happy to report stable financial results for 2025: consolidated net income of \$5.06 million, Bank net income of approximately \$5.6 million, deposit growth of 13.7%, deposit service fee income growth of 10.3%, and mortgage banking income growth of 56.0%. Our assets increased by 8.7%, driven by deposit gathering activities. Due to our strong liquidity position, we were able to retire \$22 million of debt. In sum, our bank delivered results that reflect what we value most: stability, resilience, and disciplined relationship banking.

We continued to invest in the future. We opened our first location in Allen County, hired Cody Brooks as Chief Credit Officer, welcomed new board member Gary Shearer, and expanded staffing to support our commercial and mortgage businesses. Prior investments in treasury services allowed us to capture new relationships in competitive bids against larger banks. This success positions us to make responsible growth decisions remaining relevant with ongoing technological transformation.

“This past year has reminded us that the strength of Community State Bank is measured both in numbers and in how we come together to solve problems. This benefits our customers, our team, our communities and our shareholders. By working together, we’ve built a bank that is ready for the opportunities ahead.”

Aaron Schaffer
Chief Executive Officer



Aaron R. Schaffer



CSB was blessed with strong leadership under Will Thatcher from June 2021 to January 2026. While 2025 marked a CEO transition with Will's retirement, the Bank remains uniquely positioned with an experienced management team and a long runway. We have added executive talent in recent years to ensure management continuity and stability, and our team remains committed to collaboration and execution of the Bank's strategic plan.

The banking industry continues to evolve, shaped by technological innovation, the rise of private credit, shifting regulations, and a K-shaped or widening income divide. Economic forecasts for 2026 project U.S. GDP growth between 1.9% and 2.5%. Given Indiana's positive correlation to GDP and improved bank liquidity, we anticipate a continued competitive environment. CSB's value proposition remains clear: strong capital, consistent profitability, prudent credit practices, and deep community relationships.

Our entire CSB team looks forward to the opportunities and challenges ahead. The Bank is well positioned to capitalize on emerging opportunities, made possible by the dedication of our CSB team. Thank you for your continued investment, interest, and support of Community State Bank.





Allen County **Samantha J. Chenery, MsF**

Balancing Security, Liquidity, and
Innovation in Public Funds Management

As Allen County Treasurer, Samantha J. Chenery is **responsible for safeguarding public funds** while ensuring they are working effectively for the community. That requires a **banking partner who can deliver both stability and flexibility.**

After a thorough evaluation process, her team chose Community State Bank for more than just financial strength, **they needed a partner who understood the responsibility** behind public funds.

With solutions like sweep accounts and overnight repurchase agreements, funds remain secure, accessible, and optimized for return. Just as important is the relationship behind the strategy. CSB's willingness to understand their operations created a **trusted partnership focused on serving the community well.**

"...you get all the bells and whistles of a big, national bank... but with the personal touch and one on one relationships you usually only get with a small-town community bank."



Lake Lite Inc.

Jeff Martzall

Fueling Expansion with Flexibility and a True Partnership Approach



For Lake Lite, expansion meant finding the right partner to help bring a new facility to life.

Community State Bank took the time to understand their business and goals, **structuring a financing solution tailored specifically to their needs.** That approach made the project not only possible, but sustainable.

In today's uncertain environment, **that level of partnership provides confidence.** With pressures like global trade and tariffs, having a bank that understands their business and can adapt alongside them really matters.

“The differentiation was clear the moment we discussed our expansion plans. While other institutions were rigid, CSB was flexible.”

What set CSB apart from the start still defines the relationship today: **flexibility, responsiveness, and a focus** on finding solutions that support long-term growth.





Service Steel Framing Andy & Adam

Building the Future with Strength,
Precision, and Partnership

Since 1989, Service Steel Framing has built its reputation on quality, reliability, and a commitment to helping partners meet critical construction timelines. Now led by second and third generation ownership, that legacy continues with a focus on growth, including a new 80,000 sq. ft. facility.

To bring that vision to life, **they needed more than financing, they needed a team.** Community State Bank stepped in, assembling the right people and resources to move the project forward.

That level of support, combined **with a shared commitment to community,** created a partnership built on trust. As they continue to grow, CSB will remain alongside, providing both the capability and the personal connection that make progress possible.

“CSB is big enough to help you
but small enough to know your name.”



Three Rivers Barricade

Stephanie Reese

Strengthening Operations Through Trust, Technology, and Local Partnership



For Three Rivers Barricade, efficiency and security are essential, and Community State Bank supports both.

Tools like remote deposit have reduced manual work, saving time and minimizing errors. Combined with Positive Pay and integrated Bill Pay, their team can manage transactions confidently through a secure, centralized platform.

Beyond technology, communication has been key. Regular conversations around market trends and strategy help them stay prepared and responsive in a changing environment. Just as important is a shared commitment to the local community. With the right balance of innovation and relationship, **CSB continues to support both daily operations and long-term growth.**

“Communication... is so important. Being able to discuss strategies to hedge against market changes outside of our control and to capitalize when appropriate is a top priority.”



YEAR IN REVIEW

Built on Trust. Positioned for What's Next.

Since 1931, Community State Bank has been built on a simple promise: we follow through. That commitment continues to guide us as we grow.

In 2025, we delivered strong, stable results by growing deposits, increasing income across key areas, and strengthening our financial position. We expanded into Allen County, invested in leadership and technology, and continued building relationships in competitive markets.

Growth at CSB has never been about getting bigger for the sake of it. It's about staying relevant while staying rooted. We remain committed to understanding our clients, delivering tailored solutions, and serving our communities with the same personal attention that has defined us for generations.

As we look ahead, what continues to set us apart is our balance between connecting with the communities we serve and offering those communities expanded capabilities.

Our Mission

We are a responsible, growth oriented, Community Bank committed to understanding our clients' needs, providing tailored financial solutions, serving our communities, and delivering a compelling shareholder return.



Established
1931



New Branch
2025

Honoring Leadership That Kept Us Grounded Through Growth

Dear CSB Customers, Partners, and Shareholders,

I was very fortunate to follow Stuart Hood, Don Monesmith and Fred Demske into the Chief Executive Officer chair. Each of them made an everlasting impact on the Bank which positioned my time at Community State Bank to be one of growth.



Will Thatcher

Growth over calendar years of 2021 through 2025 manifested itself by the Bank experiencing 60% growth in employees, deposits, assets, loans, and profitability. Further, we expanded into Allen County in 2025.

We continue to have excellent employee engagement surveys and have been voted the best Bank in Noble and DeKalb counties in 2024 and 2025. I mention this for the same Leaders that were present in those years continue to be at the helm today.

In sum, I was simply a bridge from greatness of the organization before my tenure to those talented, experienced leaders we have today. I look forward to watching our fine institution continue its independence, while driving compelling financial returns for our shareholders, being a vibrant partner in our community and provide a challenging but rewarding work environment for our CSB family.

Celebrating a Legacy of Service

Since joining the Community State Bank Board in 2009, Michel Shuherk has provided steady leadership during a period of meaningful growth and transition. With decades of experience in the insurance industry and deep involvement in the community we serve, he brought a perspective that consistently grounded decision-making in both sound business principles and local impact.

During his tenure, CSB has expanded its reach, strengthened its financial position, and evolved to meet changing customer needs. Through it all, our Board, led by individuals like Michel Shuherk, has ensured we never lost sight of who we are. That guidance has helped us grow responsibly while maintaining the personal, community-first approach that defines our bank.

As Michel Shuherk steps away from his role, we are grateful for his years of service, his thoughtful leadership, and his lasting impact on our organization and the community we serve.



Michel Shuherk

CFC & CSB FINANCIAL STATEMENTS

Consolidated Balance Sheet

ASSETS	2025	2024	2023
Cash and cash equivalents	\$ 138,795,194	\$ 99,773,978	\$ 89,037,352
Investment securities	32,800,265	26,112,562	26,261,636
Loan - Net	381,915,291	382,940,328	357,131,993
Premises and equipment - Net	7,495,387	6,790,744	4,792,993
Accrued interest receivable	2,205,394	1,996,804	1,807,794
Other assets	8,706,382	8,512,281	8,070,417
Total Assets	\$ 571,917,913	\$ 526,126,697	\$ 487,102,185

Liabilities & Stockholders' Equity

LIABILITIES			
Non-interest bearing	\$ 92,027,815	\$ 91,406,483	\$92,238,718
Interest bearing	427,904,850	365,933,041	330,125,744
Total deposits	\$ 519,932,665	\$ 457,339,524	\$ 422,364,462
Borrowings	\$ -	\$22,000,000	\$ 22,000,000
Accrued interest payable	509,825	584,384	525,519
Accrued and other liabilities	1,731,101	1,842,242	1,610,360
Total Liabilities	\$ 522,173,591	\$481,766,150	\$ 446,500,341
STOCKHOLDERS' EQUITY			
Common stock and surplus	\$ 2,798,576	\$ 2,069,026	\$ 2,063,906
Retained earnings	51,023,426	47,491,465	43,715,849
Accumulated other comprehensive income (loss)	(4,077,680)	(5,199,944)	(5,177,911)
Total Stockholders' Equity	\$ 49,744,322	\$ 44,360,547	\$ 40,601,844
Total Liabilities and Stockholders' Equity	\$ 571,917,913	\$ 526,126,697	\$ 487,102,185

Financial Summaries

	2025		2024	2023
	Peer Group	CSB	CSB	CSB
Return on Average Assets	1.08%	1.13%	1.13%	1.13%
Return on Average Total Equity	11.64%	12.97%	13.57%	14.65%
Net Interest Margin	3.54%	3.54%	3.46%	3.57%
Efficiency	65.34%	59.18%	57.83%	60.55%

Consolidated Statement of Income

	2025	2024	2023
INTEREST INCOME			
Interest and fees on loans	\$ 24,313,586	\$ 22,865,143	\$ 18,842,479
Interest and dividends on securities and deposits	4,906,959	4,980,560	4,580,174
Total Interest Income	\$ 29,220,545	\$ 27,845,703	\$ 23,422,653
INTEREST EXPENSE			
Interest on deposits	\$ 10,353,309	\$ 10,132,668	\$ 6,922,102
Interest on borrowings	315,736	823,565	558,085
Total Interest Expense	\$ 10,669,045	\$ 10,956,233	\$ 7,480,187
Net Interest Income	\$ 18,551,500	\$ 16,889,470	\$ 15,942,466
Provision for Loan Losses	476,000	348,400	180,000
Net Interest Income after Provision for Loan Losses	\$ 18,075,500	\$ 16,541,070	\$ 15,762,466
NON-INTEREST INCOME			
Service charges on deposit accounts	\$ 458,716	\$ 415,807	\$ 302,159
Mortgage banking income	163,784	104,991	15,659
Other income	1,242,344	787,765	769,759
Total Non-interest Income	\$ 1,864,844	\$ 1,308,563	\$ 1,087,577
NON-INTEREST EXPENSE			
Salaries and employee benefits	\$ 7,446,839	\$ 6,282,032	\$ 6,368,698
Net occupancy expense	874,261	779,592	742,846
Infrastructure and software expense	1,102,241	1,071,845	905,213
Advertising expense	179,532	229,149	43,062
Directors and committee fees	337,840	329,660	292,400
FDIC insurance expense	322,631	276,487	93,791
Professional fees	442,389	314,443	327,601
Other expenses	1,778,269	1,623,478	1,563,943
Total Non-interest Expense	\$ 12,484,003	\$ 10,906,686	\$ 10,637,554
Income Before Income Tax Expense	\$ 7,456,342	\$ 6,942,947	\$ 6,212,489
Income Tax Expense	1,783,600	1,674,900	1,388,440
Net Income	5,672,742	5,268,047	4,824,049
Net Loss on Discontinued Ops	(616,825)	-	-
Consolidated Net Income	\$ 5,055,917	\$ 5,268,047	\$ 4,824,049

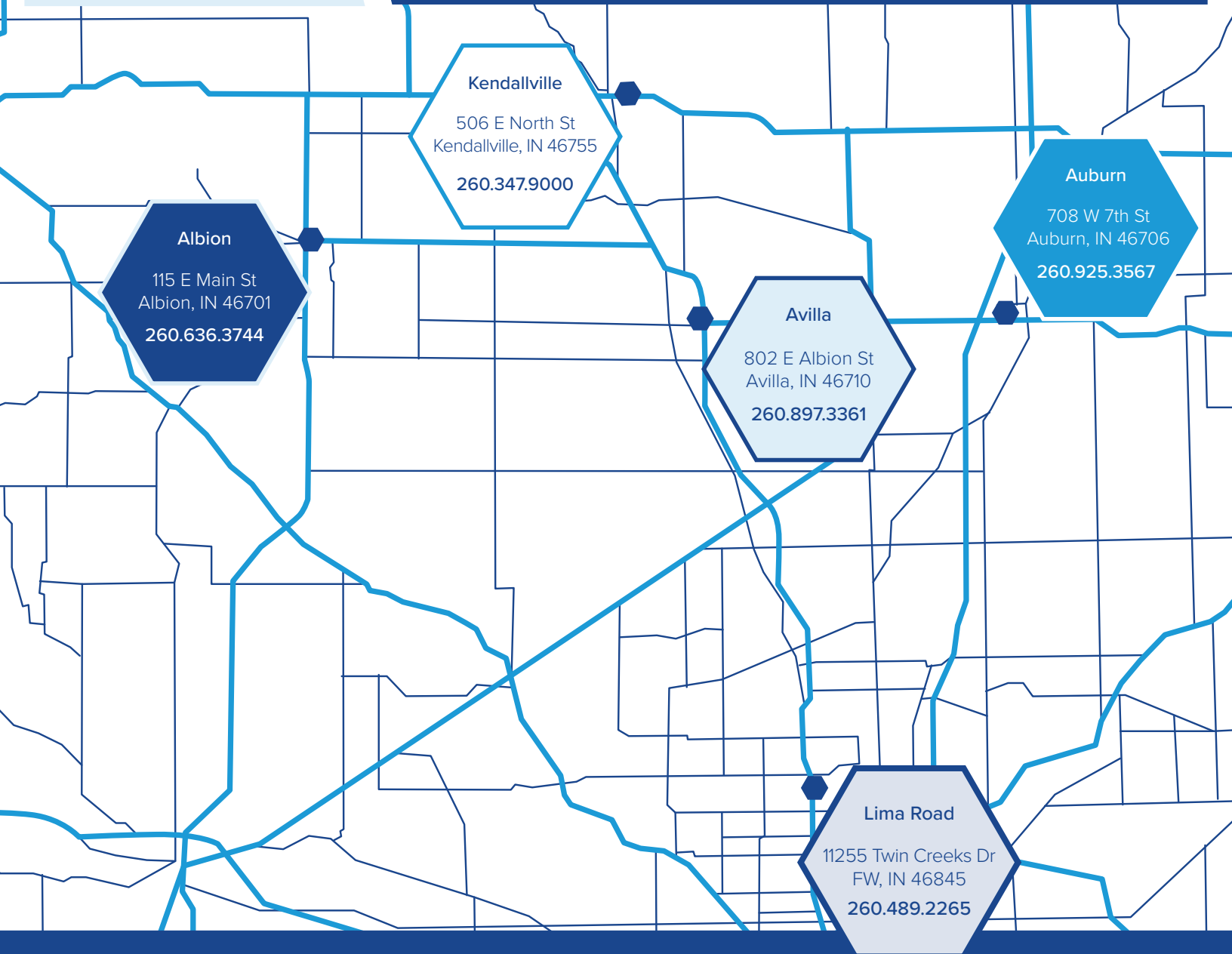
Financial Summaries

	2025	2024	2023
PER SHARE DATA			
Basic Net Income Per Common Share	\$ 15.69	\$ 14.55	\$ 13.33
Cash Dividends Per Common Share	\$ 4.20	\$ 4.13	\$ 4.00
Dividend Payout	\$ 1,524,000	\$ 1,492,000	\$ 1,428,000

Community State Bank



CSB LOCATIONS



Thank you for growing with us. Your trust has shaped who we are today and continues to guide where we're going. As we move forward, our commitment to our community remains unchanged. Stop by your nearest branch, visit us online, or follow along on social media to see what's next.



800.488.3958 | csbbankonline.bank

