LEGEND BANK

April 20, 2023

Montague County Judge
PO Box 475
Montague, TX 76251

Re: Montague County RFP

To whom it may concern:

On behalf of Legend Bank, I want to thank Montague County for allowing us to serve as your depository currently and allowing us to complete the RFP. We hope to continue to serve you for many years.

As per your request, we have completed this request for proposal and are able to meet all the banking service requirements listed in the proposal.

If you have any questions, please feel free to contact Traci Robertson, Branch Manager, at 940-720-7510 or Gina Arriola, VP Treasury Management at 817-490-6742.

Sincerely,

Toni Lucky

Toni Lucky
Chief Retail Officer

LEGEND BANK

Request for information on paid-up capital stock and permanent surplus:

Total is $14,000,000 ($2,000,000 common stock plus $12,000,000 capital)

LEGEND BANK

Amendment C

Positive Pay Service

Service: The Positive Pay check and ACH fraud reduction program (the "Service") is designed to reduce the likelihood that an unauthorized check or ACH will be paid against your Account. You will submit electronic files to the Bank that identify checks that have been validly issued by you that have been authorized against your Account. As checks are presented for payment, we will match the incoming checks against the file(s) of issued items. Checks or ACHs that do not match the list or rules of validly issued items provided by you will be reported electronically back to you by the Bank as an exception. This will enable you to instruct us when to return items drawn on your Account that appear to be counterfeit, altered, or are otherwise not validly issued by you. The Service is available only through our Treasury Management program and will be available through Business Online Banking.

A. Positive Pay: Customer sends a file of issued checks to the Bank. The Bank only pays checks that match the issue file or ACH items that meet the pre-authorized transaction rules.

B. Procedures for Positive Pay:

1. **Issued Check File**. For applicable Deposit Accounts identified whereby the Customer has requested the Bank verify checks against an Issued Check File, the Customer agrees to deliver or transmit the serial number, amount, date issued and status of each check by Deposit Account number (such data cumulatively, the "Issued Check File") to the Bank in the format agreed to by the Bank and the Customer. Customer shall submit the Issued Check File to the Bank no later than 6:00 P.M. CST each Business Day. With the exception of checks presented for immediate payment in person ("Teller Checks"), Issued Check File data received by 6:00 p.m. CST each Business Day will be used to verify any check items posting to the applicable Deposit Account that Business Day. Any Issued Check File data received by the Bank during banking hours of a Business Day will be made available to the Bank's tellers within thirty (30) minutes of the Bank's receipt. Teller Checks will be cashed only if verified against the most recent Issued Check File made available to Bank tellers and, if cashed, will be posted to the applicable Deposit Account on the Business Day they are received. **If the online Issued Check File is unavailable, Bank's tellers will follow normal check cashing procedures.** The Customer acknowledges that any stop payment issued on a check will supersede any data transmitted hereunder.

2. **Payment or Dishonor of Over-the-Counter Items**. Bank shall compare each Over the Counter Item by serial number and amount against each Issued Check File received by Bank. On each Business Day, Bank will pay and charge each Over the Counter Item to the Authorized Account after validation. In the event the serial number or amount do not match a check in any Issued Check File, Bank will verify the violation received when negotiating the Over-the-Counter Item and:

    (i) Return the check to the presenter of the item and that person will be referred back to the maker of the check for assistance, or

3. **Payment of Presented Items and Reporting of Exception Items**. Bank shall compare each Presented Item by serial number and amount against each Issued Check File received by Bank and/or each ACH Rule defined. On each Business Day, Bank:

    (i) shall pay and charge to the Authorized Account each Presented Item that matches by serial number and amount a check or shown in any Issued Check File or ACH item defined by Rules:

    (ii) shall provide to Customer an Exception Item Report via Online Banking that indicates whether Bank has received any Exception Items and, if so, specifies the complete serial number and amount of any such Exception Item; and

February 27, 2023

To: All banks domiciled in Montague County, Texas

From: Kevin L. Benton, Montague County Judge

Re: Application for depository contract

Attached is an official application form with which you are invited to apply for designation as depository for the public funds of Montague County and the trust funds held by the County and District clerks of Montague County.

To be considered by the Commissioners Court of Montague County, the application must be received in the County Judge's office by 2:00 p.m. on the 21st day of April 2023. The applications will be opened at 3:00 p.m. on the 21st day of April 2023 and will be awarded in open court on Monday, April 24, 2023, at 9:00 a.m. Moreover, the application must be accompanied by a certified check in the amount of $6,277.95, payable to Kevin L. Benton, Montague County Judge. That amount represents one-half percent of the County's general fund revenue in the preceding year.

Also attached is information regarding County finances in the preceding year. In providing such historical information the County makes no representation that County deposits will continue at the same level of previous years, or that the character of deposits will follow the same or similar patterns of previous years.

Please read the information on the application form carefully and provide the statements required by law in addition to the information requested from you by the County.

NOTICE: MONTAGUE COUNTY DEPOSITORY CONTRACT APPLICATIONS

In accordance with the Local Government Code, Title 4, Chapters 116 and 117, sealed applications from any banking corporation, association or individual banker in Montague County desiring to enter into a contract as depository for the public funds of Montague County will be received in the office of the Montague County Judge - addressed to Kevin L. Benton, Montague County Judge, P.O. Box 475, Montague, Texas, 76251 – until 2:00 p.m., April 21, 2023. Any received will be opened at 3:00 p.m., and the depository or depositories will be selected in open court on Monday, April 24, 2023. Each application must be accompanied by a statement that shows the financial condition of the bank at the date of said application, in addition to all information required by the County's official application form. Applications will include the trust funds held by the County and District Clerks of Montague County. Each application must be accompanied by a certified check in the amount of $6,277.95 payable to the order of Kevin L. Benton, Montague County Judge, as required by law for a good-faith guarantee that a successful applicant will, within 15 days of selection, provide security for the funds to be deposited with the bank. The Commissioners Court reserves the right to select more than one depository. Official application forms will be available in the County Judge's office.

SUPPLEMENTAL INFORMATION FOR DEPOSITORY APPLICANTS

Trust funds held by the County and District Clerks

1. According to figures from internal audits conducted by the County Auditor's office, the County Clerk average balance of trust funds for the preceding year was approximately $137,909.00 per month.

2. According to figures from internal audits conducted by the County Auditor's office, the District Clerk average balance of trust funds for the preceding year was approximately $188,929.00.

The County expressly makes no representation that County deposits will continue at the same level of previous years, or that the character of deposits will follow the same or similar patterns of previous years.

APPLICATION FOR MONTAGUE COUNTY DEPOSITORY CONTRACT

State law (Local Government Code 116.023) provides that a bank in the County wanting to be designated a County depository must deliver an application to the County Judge, which application must state the amount of the bank's paid-up capital stock and permanent surplus and must be accompanied by (1) a statement showing the financial condition of the bank on the date of the application; and (2) a certified check for at least one-half percent of the County's general fund revenue for the preceding year.

The procedure for selecting a depository for the Trust Funds held by the County and District Clerks is the same.

For this application to be considered by Commissioners Court, applicant must attach the required statements mentioned above and a certified check in the amount mentioned above. The certified check that accompanies an application is a good faith guarantee on the part of the applicant that if selected as a County depository it will within 15 days of such selection provide security for the funds to be deposited by the County with the bank. If a bank is selected as a depository and does not provide the security required, the County shall retain the amount of the check as liquidated damages, and the County Judge shall readvertise for applications, if necessary, to obtain a depository for the County. Upon selection of a depository or depositories, the Commissioners Court shall immediately return the checks of unsuccessful applicants. The check of a successful applicant shall be returned when the applicant provides security for the funds as required by law and approved by Commissioners' Court.

In accordance with Local Government Code 116.051(2), a bank selected as a depository agrees to provide within 15 days, investment securities or interests in them as provided by Art. 2529B-1, V.T.C.S. Such securities so pledged shall be deposited in the trust with a bank other than the depository, and the safekeeping receipts shall be delivered to the County Treasurer of Montague County. The amount of securities which must be pledged shall be determined by the market value of the securities and must be in an amount equal to the amount of County Funds on deposit in a depository.

If the securities pledged by a depository to secure County funds exceed the amount required, the Commissioners Court shall permit the release of the excess. If for any reason the County funds on deposit with the County depository exceed the amount of security pledged, the depository shall immediately pledge additional security with the Commissioners Court.

After reasonable notice to the Commissioners Court, a depository is entitled to substitute one type of security for another or replace particular securities with others of the same type if the substituting or replacing security meets the requirements of law and is approved by the Commissioners Court.

The Commissioners Court of Montague County reserves the right to direct the County Treasurer to withdraw any amount of funds of the County that are deposited in the County depository and that are not required immediately to pay obligations of the county and invest those funds as provided by 116.112 LGC, Art 2549 subd (c) V.T.C.S., as amended and Art 842A-2, V.T.C.S., and in accordance with the Montague County investment policy.

As the law provides, the Commissioners Court shall consider all qualified applications and select the qualified applicants that offer the most favorable terms and conditions for the handling of County funds. As is also provided by law, the Commissioners Court may reject those applicants whose management or condition, in the opinion of the Commissioners Court, does not warrant placing County funds in their possession.

The Commissioners Court of Montague County reserves the right to select more than one depository.

Through the competitive nature of this application process, the Commissioners Court of Montague County expects to reach a contractual relationship which will provide for all services which are required by the County at a cost which is as advantageous as possible to the County and its taxpayers. All applicants are required to provide their proposals in the format represented by this application form. In addition to the information required as stated above and the information requested hereinafter, applicants are encouraged to offer any additional services or alternative approaches which could further enhance the County's operations or financial condition.

The Commissioners Court of Montague County is again reserving the right to enter into either a two-year or a four-year contract, whichever is most advantageous to the County, and we ask that applicants address both options in their applications.

BANKING SERVICE REQUIREMENTS

1. Appropriate laws, regulations and administrative requirements necessitate the creation of twenty-three bank accounts. Each of the accounts shall be collections and disbursement accounts into which all revenues pertaining to such accounts are deposited, and all disbursements for any authorized purpose, including investment transactions, are made. A description of these accounts is presented in appendix I. The County requires a system that insures the integrity of each of the accounts maintained; however, this should not preclude the temporary pooling of balances in the accounts in the following ways:

    a. County directed investment activity. Where appropriate, the County may invest excess balances in such account in accordance with applicable state and federal laws and the County's depository pledge agreement(s). Local investments will be considered if the rate is competitive.
    b. Automatic overnight investment facility. Remaining funds in all accounts will be pooled and automatically invested on an overnight and weekend basis. The bank will allocate the pro rata share of total interest to each account based on each account's investable balance.

2. Normal demand deposit account services shall be provided in the name of Montague County for each of the accounts defined in appendix I, to include the following:

    A. Credit all deposits to such accounts and give special treatment to large federal and state checks.

    B. Payment of properly drawn checks against accounts.

    C. Provide checks and deposit slips printed to the County's specifications.

    D. Monthly account statements will be provided with all corresponding checks, debit and credit memos, etc. This statement shall indicate the number of check drafts, deposits and deposit items posted, daily ledger balances, average daily ledger balances for the month, average daily collected balance for the month; such statement shall be provided within five working days after the calendar month-end.

3. INTEREST RATES

A. Savings Account Two-year contract N/A Four-year contract N/A
*Business Savings stated rates apply, currently .20%

B. Time Deposits $100,000 or more
*Legend bank stated rates apply, current CD rates are:

	Interest rate	Two-year	Four-year
28-59 days	.02%	N/A	N/A
60-89 days	.65%	N/A	N/A
90-179 days	1.24%	N/A	N/A

C. Time Deposits Less than $100,000
*Legend bank stated rates apply, current CD rates are:

	Interest rate	Two-year	Four-year
28-59 days	.02%	N/A	N/A
60-89 days	.65%	N/A	N/A
90-179 days	1.24%	N/A	N/A

D. Checking Accounts Interest Rate Two-Year Four-year
*Legend bank stated rates apply, current rates are:

NOW Accounts
*Interest checking $0-$25,000 . 05%
*Interest checking $25,000-$49,999 .05%
*Interest checking $50,000 & Greater .05%

SUPER NOW
Money Fund Under $25,000 .25%
$25,000-$49,999 .40%
$50,000-$99,999 .60%
$100,000-$249,999 1.49%
$250,000-$999,999 2.96%
$1,000,000 & Greater 3.45%

E. Trust funds held by the County and District Clerks

	Interest rate	Two-year	Four-year
Savings			
Checking			
NOW Accounts			
SUPER NOW			

4. Other options offered: In addition to the types of time deposit and demand deposit options offered above, the applicant offers the additional deposit options or investments devices and terms listed below or attached.
   CDARS and ICS continue to be available for full FDIC coverage

5. Services: Please indicate below what services the applicant bank proposes to offer the County and under what terms and conditions such services are offered.

   a. Will applicant charge a service charge on any of the County's accounts?
      N/A Service charges will be waived

   b. Will applicant furnish the County with all checks that are necessary?
      Checks may be purchased thru the bank, price varies by selection

   c. Will applicant furnish deposit slips?
      Deposit slips may be purchased thru the bank, price varies by selection

   d. Will applicant charge for stop payment orders?
      N/A Stop payments will be waived

   e. Will applicant charge for accounts overdrawn for short periods of time?
      Insufficient Funds Fees (NSF) apply. Currently $33 per check; per presentment. No additional overdraft fees for extended overdrafts apply.

   f. Does applicant have secured online banking with limited access and ACH capabilities?
      Online banking and Treasury management services would be provided at no additional cost

   g. Any additional services which the applicant bank proposes to offer the County are listed below with the conditions and terms under which such services are offered:

      All the bank services offered are listed on the attached

6. Financial strength of applicant: As an aid to determining the financial strength of the institutions applying to be designated a s depository for the county's public funds and the trust funds held by the County and District Clerks, the following information is requested from applicant institutions. Please provide the ratios indicated for the two most recent years:

	2021	2022
Return on Assets	1.52%	1.56%
Loan less reserve to total loans	1.4%	1.5%
Residential real estate loans To total loans	21.9%	23.1%
Problem loans to total loans	1.9%	.8%
Total liabilities to total assets	89%	93%

7. Term of Contract: Within fifteen (15) days after selection of the depository, the bank(s) so selected is (are) to qualify according to law as County Depository. As soon as the contract for securities pledged is provided and approved by the Commissioners Court of Montague County, an order will be entered by the County designating the successful applicant or applicants as depository for the funds of the County until sixty (60) days after the time fixed for the next selection of a depository, or until such time as a new bank has qualified as County Depository, whichever should sooner occur, and thereupon the County Treasurer will place with said depository all the funds belonging to the County and any other funds covered under the new contract.

Depending on whether the County chooses to enter a two-year contract or a four-year contract, the time fixed for the next selection of a depository will be June 2025 or June 2027. The County reserves the right to reject any or all bids, or to negotiate informally certain finer points of the final contract with a qualified bidder.

APPLICATION BY: LEGEND BANK SUBMITTED

Name of Bank

TONI LUCKY

Name and Title of Officer

4/20/2023

Date

Toni Lucky

Officer's signature

MONTAGUE COUNTY BANK ACCOUNTS

ADVALOREM TAX 561-0465

AUTO 561-0449

AUTO SALES 530-0339

COKE FUND 560-1657

COUNTY CLERK TRUST 560-0646

DISTRICT CLERK TRUST 560-0371

CHILD SUPPORT 560-0363

COUNTY ATTORNEY RESTITUTION 560-0849

AUTO SALES 560-0339

PROBATION RESTITUTION 556-3267

JUVENILE PROBATION RESTITUTION 560-1403

MAIN COUNTY ACCOUNT 560-0611

VEHICLE INVENTORY TAX 561-0457

JAIL COMMISSARY 560-1892

JAIL INMATE 560-1980

PROBATION INSURANCE 556-4729

SHERIFF BOND 561-0203

TREASURER JP1 560-1809

TREASURER JP2 561-0502

TREASURER SHERIFF..561-0481

TREASURER COUNTY CLERK...556-7559

TREASURER DISTRICT CLERK..556-7954

LEGEND BANCORP, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

together with

REPORT OF INDEPENDENT AUDITORS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

LEGEND BANCORP, INC. AND SUBSIDIARIES

CONTENTS

	Page
Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Statements of Financial Condition	4
Consolidated Statements of Income	5
Consolidated Statements of Comprehensive Income	6
Consolidated Statements of Shareholders' Equity	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	10
Supplementary Information – Consolidating	
Consolidating Statement of Financial Condition	48
Consolidating Statement of Income	49
Consolidating Statement of Cash Flows	50
Supplementary Information – Legend Bancorp, Inc. (Parent Company)	
Statements of Financial Condition	51
Statements of Income	52
Supplementary Information – Legend Bank, N.A.	
Statements of Financial Condition	53
Statements of Income	54

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Independent Auditor's Report

To the Audit Committee of
The Board of Directors of
Legend Bancorp, Inc. and Subsidiaries
Bowie, Texas

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Legend Bancorp, Inc. and Subsidiaries, which comprise the consolidated statements of financial condition as of December 31, 2022 and 2021, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Legend Bancorp, Inc. and Subsidiaries as of December 31, 2022 and 2021, and the results of their operations and their cash flows for years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Legend Bancorp, Inc. and Subsidiaries, 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 these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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810 S. Cincinnati Ave., Ste. 600 | Tulsa, OK 74119-1623 | T 918.748.5000 | F 918.748.5024 | EOE

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating statement of financial condition, statement of income and statement of cash flows of Legend Bancorp, Inc. and Legend Bank N.A. for the year ended December 31, 2022, and the statements of financial condition as of December 31, 2022 and December 31, 2021 and income statement and cash flows for the year ended December 31, 2022 and December 31, 2021 for Legend Bancorp, Inc. and Legend Bank N.A. are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Eide Bailly LLP

Tulsa, Oklahoma
February 22, 2023

LEGEND BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Financial Condition
December 31, 2022 and 2021

Assets	2022	2021
Cash and cash equivalents	$ 16,571,100	$ 11,017,711
Federal funds sold	10,250,000	24,500,000
Total cash and cash equivalents	26,821,100	35,517,711
Interest bearing deposits in banks	2,318	850
Debt securities available for sale	224,718,707	249,986,260
Debt securities held to maturity, fair value $7,739,943 in 2022 and $6,598,924 in 2021	9,043,000	6,581,009
Loans receivable, net of allowance for loan losses of $9,466,786 in 2022 and $8,689,767 in 2021	629,561,764	590,066,086
Accrued interest receivable	4,630,646	4,381,480
Premises and equipment	21,762,015	21,972,936
Foreclosed assets	-	2,373,231
Goodwill	11,763,655	11,763,655
Other intangible assets	857,524	1,084,292
Restricted investment carried at cost	21,099,464	21,972,121
Equity securities	6,822,349	7,478,557
Bank-owned life insurance	24,980,407	20,423,570
Other assets	2,505,030	1,588,590
	$ 984,567,979	$ 975,190,348
Liabilities and Shareholders' Equity		
Noninterest bearing	$ 262,289,121	$ 252,916,341
Interest bearing	612,447,848	586,391,796
Total deposits	874,736,969	839,308,137
Accrued expenses and other liabilities	12,059,131	10,214,477
Subordinated debentures	10,310,000	10,310,000
Total liabilities	897,106,100	859,832,614
Shareholders' equity		
Common stock, $1 par value; 3,000,000 shares authorized; 1,109,062 issued, 1,004,518 shares outstanding in 2022 and 2021	1,109,062	1,109,062
Capital surplus	23,472,089	23,472,089
Retained earnings	106,540,997	99,707,060
Treasury stock, at cost	(8,647,370)	(8,647,370)
Net unrealized depreciation on available for sale securities	(35,012,899)	(283,107)
Total shareholders' equity	87,461,879	115,357,734
	$ 984,567,979	$ 975,190,348

The accompanying notes are an integral part of these consolidated financial statements.

LEGEND BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Income
Years Ended December 31, 2022 and 2021

		2022		2021
Interest income				
Loans, including fees	$	32,283,005	$	32,350,813
Debt securities				
Taxable		3,724,020		2,152,322
Tax exempt		1,338,068		1,436,766
Federal funds sold		406,797		26,446
Interest bearing deposits		90,774		43,863
Other restricted investments		512,039		574,752
Total interest income		38,354,703		36,584,962
Interest expense				
Deposits		948,163		1,118,000
Subordinated debentures		400,764		239,072
Federal funds purchased and advances from Federal Home Loan Bank		48		76
Total interest expense		1,348,975		1,357,148
Net interest income		37,005,728		35,227,814
Provision for loan losses		385,000		896,700
Net interest income after provision for loan losses		36,620,728		34,331,114
Noninterest income				
Service charges on deposit accounts		2,803,808		2,421,813
Other service charges and fees		3,364,697		2,947,537
Net realized gain on sale of restricted securities		298,338		-
Net realized gain on sale of available for sale debt securities		-		231,495
Gain/(loss) on sale of other assets		100,106		(11,216)
Gain on sale of foreclosed assets		96,793		11,036
Secondary market income		191,262		785,390
Other income		953,153		951,214
Total noninterest income		7,808,157		7,337,269
Noninterest expenses				
Salaries and employee benefits		18,628,735		16,845,898
Occupancy and equipment expense		3,202,280		2,773,058
IT and data processing		3,821,660		3,621,181
Legal, accounting and examination fees		859,004		1,076,721
Directors' fees and expenses		857,847		747,652
Impairment of building		-		463,880
Amortization of intangibles		226,768		226,768
Other expense		3,298,519		2,280,790
Total noninterest expenses		30,894,813		28,035,948
Net income	$	13,534,072	$	13,632,435

The accompanying notes are an integral part
of these consolidated financial statements.

LEGEND BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2022 and 2021

	2022	2021
Net income	$ 13,534,072	$ 13,632,435
Other items of comprehensive income (loss)		
Change in unrealized depreciation on investment securities available for sale	(34,729,792)	(3,722,755)
Reclassification adjustment for realized gain on investment securities included in net income	-	(231,495)
Total other items of comprehensive (loss) income	(34,729,792)	(3,954,250)
Comprehensive (loss) income	$ (21,195,720)	$ 9,678,185

The accompanying notes are an integral part
of these consolidated financial statements.

LEGEND BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity
Years Ended December 31, 2022 and 2021

	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net Unrealized Appreciation (Depreciation) on on Available for Sale Securities	Total Shareholders' Equity
Balance at January 1, 2021	$ 987,016	$ 8,948,615	$ 92,180,397	$ (8,642,683)	$ 3,671,143	$ 97,144,488
Net income for 2021			13,632,435			13,632,435
Dividends paid			(6,105,772)			(6,105,772)
Treasury stock purchased: 43 shares				(4,687)		(4,687)
Common stock issued: 122,046 shares	122,046	14,523,474				14,645,520
Net changes in unrealized depreciation on available for sale securities					(3,954,250)	(3,954,250)
Balance at December 31, 2021	1,109,062	23,472,089	99,707,060	(8,647,370)	(283,107)	115,357,734
Net income for 2022			13,534,072			13,534,072
Dividends paid			(6,700,135)			(6,700,135)
Net changes in unrealized depreciation on available for sale securities					(34,729,792)	(34,729,792)
Balance at December 31, 2022	$ 1,109,062	$ 23,472,089	$ 106,540,997	$ (8,647,370)	$ (35,012,899)	$ 87,461,879

The accompanying notes are an integral part
of these consolidated financial statements.

LEGEND BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Net income	$ 13,534,072	$ 13,632,435
Adjustments to reconcile net income to		
net cash provided by operating activities		
Provision for loan losses	385,000	896,700
Net amortization of debt securities	1,274,853	1,488,214
Depreciation and amortization	1,473,510	1,518,663
Impairment of building	-	463,880
Gain on sale of foreclosed assets	(96,793)	(11,036)
(Gain)/loss on disposal of other assets	(100,106)	11,216
Net realized gain on sale of restricted securities	(298,338)	-
Net realized gain on sale of available for sale debt securities	-	(231,495)
Amortization of right-of-use assets	11,649	-
Interest paid on finance leases	(1,503)	-
Change in fair value of equity securities	656,208	31,443
Appreciation in bank-owned life insurance	(556,837)	(498,969)
Net change in		
Accrued interest receivable	(249,166)	787,182
Other assets	8,149	(231,906)
Accrued expenses and other liabilities	921,568	737,178
Net cash provided by operating activities	16,962,266	18,593,505
Cash flows from investing activities		
Net change in interest bearing deposits in banks	(1,468)	22,087,590
Activity in available for sale debt securities		
Sales	-	29,517,806
Maturities, prepayments and calls	277,284,402	256,753,749
Purchases	(286,668,008)	(354,734,284)
Activity in held to maturity debt securities		
Maturities, prepayments and calls	37,126	225,910
Purchases	(2,500,000)	(5,000,000)
Purchase of equity securities	-	(7,510,000)
Activity in restricted investments carried at cost		
Reinvestment of capital	(664,117)	(11,551,095)
Proceeds from the sale of restricted investment	482,509	-
Loan originations and principal collections, net	(40,022,155)	(46,894,922)
Purchase of BOLI	(4,000,000)	-
Proceeds from sale of foreclosed assets	2,611,501	325,186
Proceeds from sale of other assets	126,321	63,040
Additions to premises and equipment	(1,062,036)	(823,048)
Net cash used in investing activities	(54,375,925)	(117,540,068)
Cash flows from financing activities		
Net increase in deposits	35,428,832	80,231,616
Proceeds from issuance of common stock	-	14,645,520
Purchase of treasury stock, at cost	-	(4,687)
Payments on financing lease liabilities	(11,649)	-
Dividends paid	(6,700,135)	(6,105,772)
Net cash provided by financing activities	28,717,048	88,766,677
Net change in cash and cash equivalents	(8,696,611)	(10,179,886)
Cash and cash equivalents at beginning of year	35,517,711	45,697,597
Cash and cash equivalents at end of year	$ 26,821,100	$ 35,517,711

LEGEND BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

		2022		2021
Supplementary cash flow information				
Interest paid	$	1,215,722	$	1,445,558
Assets acquired through foreclosure		141,477		950,410
Legal invoice paid through sale of repossessed asset		-		5,000
Loan origination to facilitate sale of repossessed asset		-		12,500
Restricted investment transferred to debt securities		1,352,603		-

The accompanying notes are an integral part
of these consolidated financial statements.

NOTE 1: Summary of Significant Accounting Policies

Nature of Operations

Legend Bancorp, Inc. (the Company) is a single-bank holding company, which owns all of the capital stock of Legend Bank, N.A. (the Bank) and all the capital stock of OREAL, Inc. (OREAL). The Bank's primary source of revenue is providing loans and banking services to consumers and commercial customers in the Texas cities of Bowie, Alvord, Decatur, Henrietta, Nocona, Whitesboro, Bonham, Fort Worth, Wichita Falls, Sherman, North Richland Hills, Whitewright, Cooper and surrounding area. The accounting and reporting policies of the Company conform with U.S. generally accepted accounting principles and to general practices of the banking industry. Policies and practices which materially affect the determination of financial position, results of operations and cash flows are summarized as follows:

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, the Bank and OREAL. OREAL has no activity for the years ended December 31, 2022 and 2021. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

In preparing consolidated financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of financial position 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.

Significant Group Concentration of Credit Risk

Most of the Company's activities are with customers located within the North Central Texas area. Note 2 discusses the types of securities in which the Company invests. Note 3 discusses the types of lending in which the Company engages. The Company does not have any significant concentrations to any one industry or customer.

The Company carries certain assets with other financial institutions which are subject to credit risk by the amount such assets exceed federal deposit insurance limits. Management monitors the financial stability of correspondent banks and considers amounts advanced in excess of FDIC insurance limits to present no significant additional risk to the Company.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash, balances due from banks and federal funds sold, all of which mature within ninety days. The Company is required to maintain average balances on hand or with the Federal Reserve Bank. The Company had no required reserves as of December 31, 2022 and 2021.

NOTE 1: Summary of Significant Accounting Policies – continued

Interest-Bearing Deposits in Banks

Interest bearing deposits in banks mature within one year and are carried at cost.

Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost. Debt securities not classified as held to maturity, are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. At December 31, 2022, and 2021, the Company had available for sale and held to maturity securities.

Purchase premiums and discounts are recognized in interest income using the interest method. Declines in the fair value of held to maturity and available for sale securities below their cost that are deemed to be other than temporary, if any, are reflected in earnings as realized losses. In determining whether other-than-temporary impairment exists, management considers many factors, including (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Equity securities are carried at fair value with fair value adjustments recorded in the income statement.

The Company owns stock and partnership interests in several entities that are restricted from sale or have limitations on redemptions imposed by the entities. Many times, the entities require a minimum level of investment to conduct business with the entity. Partnership interests are recorded at cost and evaluated for impairment and written down if impairment exists. There were no impairment losses on partnership interests recognized in earnings during the years ended December 31, 2022 and 2021.

Loans

The Company grants mortgage, commercial and consumer loans to customers. A substantial portion of the loan portfolio is represented by real estate, agricultural and commercial loans throughout the North Central Texas area. The ability of the Company's debtors to honor their contracts is dependent upon the general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off which are measured at historical cost are generally reported at their outstanding unpaid principal balances net of any unearned income, charge-offs, and the allowance for loan losses. Unearned income is amortized to interest income using a level yield methodology.

NOTE 1: Summary of Significant Accounting Policies – continued

Loans – continued

The Company has determined that the accounting for nonrefundable fees and costs associated with originating or acquiring loans does not have a material effect on its consolidated financial statements. As such, these fees and costs have been recognized during the period they are collected and incurred, respectively.

The Company makes disclosures of loans and other financing receivables and the related allowance in accordance with ASC Topic 310, *Receivables*. The accounting guidance defines a portfolio segment as the level at which an entity develops and documents a systematic methodology to determine the allowance for credit losses, and a class of financing receivables as the level of disaggregation of portfolio segments based on the initial measurement attribute, risk characteristics and methods for assessing risk. The Company's portfolio segments are real estate, agriculture, commercial, and consumer. The classes of financing receivables within the real estate segment are Construction and Land, Farmland, 1-4 Residential, Multifamily, and Commercial Real Estate. The remaining portfolio segments contain a single class of financing receivables. Under this accounting guidance, the allowance is presented by portfolio segment.

Allowance for Loan Losses

The allowance for credit losses, which includes the allowance for loan losses and the reserve for unfunded lending commitments, represents management's estimate of probable losses inherent in the Company's lending activities. The allowance for loan losses does not include amounts related to accrued interest receivable as accrued interest receivable is reversed when a loan is placed on nonaccrual status.

The allowance for loan losses represents the estimated probable credit losses in funded consumer and commercial loans while the reserve for unfunded lending commitments, including standby letters of credit and binding unfunded loan commitments, represents estimated probable credit losses on these unfunded credit instruments based on utilization assumptions. Credit exposures deemed to be uncollectible are charged against these accounts. Cash recovered on previously charged off amounts is recorded as a recovery to these accounts.

Management evaluates the adequacy of the allowance for loan losses based on the combined total of these two components. The Company performs periodic and systematic detailed reviews of its lending portfolios to identify credit risks and assess the overall collectability of those portfolios. The allowance on certain homogenous loan portfolios is based on aggregated portfolio segment evaluations. Loss forecast models are utilized for these portfolios which consider a variety of factors including, but not limited to, historical loss experience, estimated defaults or foreclosures based on portfolio trends, delinquencies, bankruptcies, economic conditions and credit scores.

The Company's real estate portfolio segment is comprised primarily of homogenous loans secured by residential and commercial real estate. The amount of losses incurred in the homogenous loan pools is estimated based upon how many of the loans will default and the loss in the event of default. Using modeling methodologies, the Company estimates how many of the homogenous loans will default based on the individual loans' attributes aggregated into pools of homogenous loans with similar attributes. The attributes that are most significant to the

NOTE 1: Summary of Significant Accounting Policies – continued

Allowance for Loan Losses – continued

probability of default and are used to estimate default include the loan-to-value, borrower credit score, months since origination, geography, and present collection status.

The estimate is based on the Company's historical experience with the loan portfolio. The estimate is adjusted to reflect an assessment of environmental factors that are not reflected in the historical data, such as changes in real estate values, local and national economies, underwriting standards and the regulatory environment.

The allowance on the remaining portfolio segments (agriculture, commercial loans, and consumer) is calculated using loss rates delineated by risk rating and product type. Factors considered when assessing loss rates include the value of the underlying collateral, the industry of the obligor, the obligor's liquidity and other financial and qualitative factors. These statistical models are updated regularly for changes in economic and business conditions. Included in the analysis of these loan portfolios are reserves which are maintained to cover uncertainties that affect the Company's estimate of probable losses including economic uncertainty and large single defaults.

Nonperforming loans are reviewed in accordance with applicable accounting guidance on impaired loans and troubled debt restructurings (TDRs). If necessary, a specific allowance is established for these loans if they are deemed to be impaired. A troubled debt restructured loan is a loan which the Company, for reasons related to a borrower's financial difficulties, grants a concession to the borrower that the Company would not otherwise consider. The loan terms which have been modified or restructured due to a borrower's financial difficulty include, but are not limited to, a reduction in the stated interest rate; an extension of the maturity at an interest rate below current market; a reduction in the face amount of the debt; a reduction in the accrued interest; or re-aging, extensions, deferrals, renewals and rewrites. A troubled debt restructured loan would generally be considered impaired.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all the circumstances surrounding the loan and the borrower, including the length of delay, the reason for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

NOTE 1: Summary of Significant Accounting Policies – continued

Allowance for Loan Losses – continued

For such loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of the loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment disclosures, unless such loans are subject of a restructuring agreement.

In addition to the allowance for loan losses, the Company also estimates probable losses related to unfunded lending commitments, such as letters of credit and financial guarantees, and binding unfunded loan commitments. Unfunded lending commitments are subject to individual reviews and are analyzed and segregated by risk according to the Company's internal risk rating scale. These risk classifications, in conjunction with an analysis of historical loss experience, utilization assumptions, current economic conditions, performance trends within the portfolio and any other pertinent information, result in the estimation of the reserve for unfunded lending commitments.

The allowance for credit losses related to the loan portfolio is reported as a part of loans in the consolidated statement of condition whereas the reserve for unfunded lending commitments is reported on the consolidated statement of condition in accrued expenses and other liabilities. Provision for credit losses related to the loan portfolio and unfunded lending commitments are reported separately in the consolidated statement of income.

Nonperforming Loans, Charge-Offs and Delinquencies

Nonperforming loans generally include loans that have been placed on nonaccrual status including nonaccrual loans whose contractual terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulties.

The entire balance of a loan is contractually delinquent if the minimum payment is not received by the specified due date on the customer's billing statement. Interest and fees continue to accrue on past due loans until the date the loan goes into nonaccrual status, if applicable.

The outstanding balance of real estate secured loans, including all classes of financing receivables within the real estate portfolio segment, that is in excess of the estimated property value, less estimated costs to sell, is charged off no later than the end of the month in which the account becomes 180 days past due. The estimated property value, less costs to sell, is determined utilizing appraisals or broker price opinions of the fair value of the collateral.

NOTE 1: Summary of Significant Accounting Policies – continued

Nonperforming Loans, Charge-Offs and Delinquencies – continued

The outstanding balance of loans within the remaining loan segments (agriculture, commercial loans, and consumer) are charged off no later than the end of the month in which the account becomes 120 days past due. For secured loans, accounts are written down to the collateral value.

The fair value of the collateral is estimated by management based on current financial information, inspections, and appraisals. For unsecured loans, the outstanding balance is written off.

Loans within all portfolio segments are generally placed on nonaccrual status and classified as nonperforming at 90 days past due. Accrued interest receivable is reversed when a loan is placed on nonaccrual status. Interest collections on nonaccruing loans for which the ultimate collectability of principal is uncertain are applied as principal reductions; otherwise, such collections are credited to interest income when received. These loans may be restored to accrual status when all principal and interest is current and full repayment of the remaining contractual principal and interest is expected, or when the loan otherwise becomes well-secured and is in the process of collection.

Loans whose contractual terms have been modified in a TDR and are current at the time of the restructuring remain on accrual status if there is demonstrated performance prior to the restructuring and repayment in full under the restructured terms is expected. Otherwise, the loans are placed on nonaccrual status and reported as nonperforming until there is sustained repayment performance for a reasonable period, generally six months. TDRs that are on accrual status are reported as performing TDRs through the end of the calendar year in which the restructuring occurred or the year in which the loans are returned to accrual status. In addition, if accruing TDRs bear less than a market rate of interest at the time of modification, they are reported as performing TDRs throughout the remaining lives of the loans.

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revisions as more information becomes available.

NOTE 1: Summary of Significant Accounting Policies – continued

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been relinquished and, for loan participations sold, incoming cash flows on the base loan are allocated to all participants on a pro-rata basis. Control over transferred assets is deemed to be relinquished when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Financial Instruments

In the ordinary course of business the Company has entered into commitments to extend credit, including commercial letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

Bank Owned Life Insurance

Life insurance policies are initially recorded at cost at the date of purchase. Subsequent to purchase, the policies are periodically adjusted for changes in contract value. The adjustment to contract value increases or decreases the carrying value of the policies and is recorded as income or expense on the consolidated statements of income.

Banking Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets. Buildings and related components are depreciated using the straight-line method with useful lives ranging from three to forty years. Furniture, fixtures and equipment are depreciated using the straight-line method with useful lives ranging from three to twenty years.

Leases

On January 1, 2022, the Company adopted ASU No. 2016-02 Leases (Topic 842) and subsequent amendments which requires the Company to recognize leases on the balance sheet. Adoption of the leasing standard resulted in the recognition of right-of-use assets of $1,125,633, $1,090,250 as operating leases and $35,383 as finance leases during 2022. The leasing standard also resulting in the recognition of lease liabilities of $1,125,633, $1,090,250 as operating leases and $35,383 as finance leases during 2022. These amounts were determined based on the present value of remaining lease payments, discounted using the Company's incremental borrowing rate as of the date of adoption. There was no material impact on the financial statements. Prior periods were not restated.

NOTE 1: Summary of Significant Accounting Policies – continued

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are initially recorded at fair value less estimated cost to sell at the date of foreclosure. All writedowns based on the asset's fair value at the date of acquisition are charged to the allowance for loan loss. After foreclosure, property held for sale is carried at the lower of the new cost basis or estimated fair value less cost to sell.

Impairment losses on property to be held and used are measured at the amount by which the carrying amount of a property exceeds its fair value. Costs of significant property improvements are capitalized, whereas costs related to holding property are expensed. Valuations are periodically performed by management, and any subsequent writedowns are recorded as a charge to operations, if necessary, to reduce the carrying value of the property to lower of its costs or fair value less costs to sell.

The Company records gain or loss from the sale of foreclosed assets when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. The foreclosed asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

Service Charges on Deposit Accounts

The Company earns fees from its deposit customers for transaction-based, account-maintenance, and overdraft services. Transaction-based fees, which include services related to insufficient funds and stop payment charges and statement rendering are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which related 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.

Other Service Charges and Fees

The Company earns fees from wire and ACH charges that are recognized when the transaction is executed. The Company also earns fees on ATM and credit card transaction when the transaction is executed. Fees and customer awards related to these transactions are netted against the income and shown net in this line item on the consolidated statement of income.

Income Taxes

The Company files a federal income tax return on a calendar-year basis. Effective January 1, 2013, the Company converted to a Sub Chapter S Corporation, and as such will no longer be liable for federal income taxes. All income and losses are passed through to the shareholders of the Company.

NOTE 1: Summary of Significant Accounting Policies – continued

Income Taxes - continued

In May of 2006, the State of Texas implemented a new tax on taxable margin, effective for years ended after December 31, 2006. For the Company, taxable margin is revenue less interest expense. The margin tax was insignificant for the years ended December 31, 2022 and 2021. This tax is current and does not have a deferred tax component.

The Company recognizes interest accrued on and penalties related to unrecognized tax positions in tax expense. During the year ended December 31, 2022 the Company recognized no interest and penalties. The Company did not have any uncertain tax positions at December 31, 2022 and 2021.

The Company files income tax returns in the U.S. federal jurisdiction and the state of Texas.

Comprehensive Income

All components of comprehensive income are related to the Company's available of sale portfolio. Reclassifications out of accumulated comprehensive income are the result of realized gains/losses on sale of securities which are presented separately on the consolidated statement of income.

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2022 and 2021 amounted to $373,014 and $359,639, respectively.

Federal Home Loan Bank Stock

The Company's investment in Federal Home Loan Bank (FHLB) stock is a restricted investment carried at cost ($100 per share par value) and is periodically evaluated for impairment. As a member of the FHLB system, the Company is required to maintain a minimum level of investment in FHLB stock based on specific percentages of its outstanding FHLB advances. The Company may request redemption at par value of any stock in excess of the amount it is required to hold. Stock redemptions are made at the discretion of FHLB. During the years ending December 31, 2022 and 2021, there were no stock purchases or stock redemptions. The balance of FHLB stock was $1,501,300 and $1,487,300 at December 31, 2022 and 2021, respectively, which is recorded in restricted investments on the statements of financial condition.

Business Combinations, Goodwill and Other Intangible Assets

Authoritative accounting guidance requires that all business combinations initiated after June 30, 2001 are accounted for under the purchase method and addresses the initial recognition and measurement of goodwill and other intangible assets acquired in a business combination. The guidance addresses the initial recognition and measurement of intangible assets acquired in a business combination and the accounting for goodwill and other intangible assets subsequent to their acquisition. The guidance provides that intangible assets with finite useful

NOTE 1: Summary of Significant Accounting Policies – continued

Business Combinations, Goodwill and Other Intangible Assets - continued

lives be amortized and that goodwill and intangible assets with indefinite lives not be amortized, but rather be tested at least annually for impairment.

Goodwill and other intangible assets recorded in the bank acquisition of Enloe State Bank in 2019, Independent Bank Whitewright in 2019, Bonham State Bank in 2007, the branch acquisition of Surety Bank Whitesboro branch in 2006 are subject to the provisions of the guidance.

The goodwill recorded on these acquisitions amounted to $11,763,655 at December 31, 2022 and 2021. Goodwill is not subject to amortization. The Company conducted a goodwill impairment evaluation for the years ended December 31, 2022 and 2021. There were no indicators of impairment that required impairment testing.

Other identifiable intangible assets recorded by the Bank represent future benefits associated with the acquisition of core deposits of the Whitewright and Cooper Branch and are being amortized over 10 years, respectively, utilizing a method that approximates the expected attrition of the deposits. $50,000 is also included in intangible assets as non-amortizing naming rights. The balance of intangible assets at December 31, 2022 and 2021 was $857,524 and $1,084,292 respectively.

Treasury Stock

Treasury stock is accounted for on the cost method and consisted of 104,544 shares at December 31, 2022 and 2021.

LEGEND BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

NOTE 2: Securities

Debt Securities have been classified in the consolidated balance sheet according to Management's intent. The carrying value of debt securities as of December 31, 2022 and 2021 consists of the following:

The amortized cost and fair value of debt securities, with gross unrealized gains and losses, follows:

	December 31, 2022			
Available for Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Debt Securities:				
Mortgage-backed	$ 183,166,407	$ 11	$ (25,270,677)	$ 157,895,741
State and municipal	76,565,199	271	(9,742,504)	66,822,966
Total securities available for sale	$ 259,731,606	$ 282	$ (35,013,181)	$ 224,718,707
Held to Maturity				
Debt Securities:				
Corporate bonds	$ 7,500,000	$ -	$ (1,081,475)	$ 6,418,525
Mortgage-backed	1,543,000	-	(221,582)	1,321,418
Total securities held to maturity	$ 9,043,000	$ -	$ (1,303,057)	$ 7,739,943

	December 31, 2021			
Available for Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Debt Securities:				
Mortgage-backed	$ 168,726,384	$ 779,224	$ (1,985,499)	$ 167,520,109
State and municipal	81,542,983	1,235,211	(312,043)	82,466,151
Total securities available for sale	$ 250,269,367	$ 2,014,435	$ (2,297,542)	$ 249,986,260
Held to Maturity				
Debt Securities:				
Corporate bonds	$ 5,000,000	$ -	$ -	$ 5,000,000
Mortgage-backed	1,581,009	17,915	-	1,598,924
Total securities held to maturity	$ 6,581,009	$ 17,915	$ -	$ 6,598,924

For the year ended December 31, 2022, there were no sales of securities available for sale. For the year ended December 31, 2021, proceeds from sales of securities available for sale amounted to $29,517,806. For the year ended December 31, 2021, gross realized gains amounted to $283,966 and gross realized losses amounted to $52,471.

NOTE 2: Securities – continued

At December 31, 2022 and 2021, securities with a carrying value of $136,848,801 and $90,563,990, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

The maturity of securities available for sale as of December 31, 2022 follows:

	December 31, 2022	
	Amortized Cost	Fair Value
Available for sale		
Due in one year or less	$ 4,234,666	$ 4,179,823
Due from one to five years	15,447,311	14,483,160
Due five to ten years	25,471,374	23,409,717
After ten years	31,411,848	24,750,266
Mortgage-backed	183,166,407	157,895,741
Total	$ 259,731,606	$ 224,718,707
Held to maturity		
Due from one to five years	$ 5,250,000	$ 4,433,550
Due five to ten years	2,250,000	1,984,975
Mortgage-backed	1,543,000	1,321,418
Total	$ 9,043,000	$ 7,739,943

The following table discloses, as of December 31, 2022 and 2021, the Company's investment securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 or more months:

	December 31, 2022			
	Less than 12 months		12 months or longer	
Available for Sale	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Debt Securities:				
Mortgage-backed	$ 49,366,156	$ (4,906,105)	$ 108,528,738	$ (20,364,572)
State and municipal	33,212,599	(3,231,091)	32,340,097	(6,511,413)
Total	$ 82,578,755	$ (8,137,196)	$ 140,868,835	$ (26,875,985)
Held-to-Maturity				
Debt Securities:				
Corporate bonds	$ 6,418,524	$ (1,081,475)	$ -	$ -
Mortgage-backed	-	-	1,321,418	(221,582)
Total	$ 6,418,524	$ (1,081,475)	$ 1,321,418	$ (221,582)

NOTE 2: Securities – continued

	December 31, 2021			
	Less than 12 months		12 months or longer	
Available for Sale	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Debt Securities:				
Mortgage-backed	$ 118,548,072	$ (1,693,766)	$ 11,654,591	$ (291,733)
State and municipal	21,630,571	(271,329)	3,636,673	(40,714)
Total	$ 140,178,643	$ (1,965,095)	$ 15,291,264	$ (332,447)

Mortgage-backed

The unrealized losses on the Company's investment in mortgage-backed securities were caused by interest rate increases and increases in prepayment speeds. The Company purchased those investments at a discount relative to their face amount, and the contractual cash flows of those investments are guaranteed by agencies of the U.S. government. Accordingly, it is expected that the securities would not be settled at a price less than amortized cost bases of the Company's investments. Because the decline in market value is attributable to changes in interest rates and increases in prepayment speeds and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2022 and 2021.

State and municipal

The unrealized losses on the Company's investment in state and municipal securities were caused by interest rate increases. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost bases of the Company's investments. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2022 and 2021.

Other-than-temporary impairment

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) evaluation by the Company of (a) its intent to sell a debt security prior to recovery and (b) whether it is more likely than not the Company will have to sell the debt security prior to recovery. As of December 31, 2022, no investment securities were other-than-temporarily impaired.

NOTE 2: Securities – continued

Other

An equity security was purchased by the Company during 2021 for $7,510,000 and is being held at fair value. The change in fair value of ($656,208) has been recorded in the income statement in other expense for the year ended December 31, 2022. The change in fair value of ($31,443) has been recorded in the income statement in other expense for the year ended December 31, 2021.

NOTE 3: Loans

A summary of the balances of loans follows:	December 31,	
	2022	2021
Real estate	$ 459,241,461	$ 420,835,938
Agriculture	72,588,068	69,605,569
Commercial	95,754,206	100,603,651
Consumer	11,444,815	7,710,695
Subtotal	639,028,550	598,755,853
Less: Allowance for loan losses	(9,466,786)	(8,689,767)
Loans, net	$ 629,561,764	$ 590,066,086

NOTE 3: Loans – continued

The following tables set forth information regarding the activity in the allowance for loans losses for the year ended December 31, 2022 (in thousands):

	December 31, 2022				
	Real estate	Agriculture	Commercial	Consumer	Total
Allowance for loan losses:					
Beginning balance	$ 4,082	$ 2,924	$ 1,066	$ 618	$ 8,690
Charge-offs	-	(29)	(54)	(337)	(420)
Recoveries	-	665	18	129	812
Provision	732	(651)	(107)	411	385
Ending balance	$ 4,814	$ 2,909	$ 923	$ 821	$ 9,467
Ending balance allocated to loans individually evaluated for impairment	$ 5	$ -	$ 66	$ -	$ 71
Ending balance allocated to loans collectively evaluated for impairment	$ 4,809	$ 2,909	$ 857	$ 821	$ 9,396
Loans receivable					
Loans individually evaluated for impairment	$ 798	$ 185	$ 1,206	$ -	$ 2,189
Loans collectively evaluated for impairment	458,444	72,403	94,548	11,445	636,840
Ending balance	$ 459,242	$ 72,588	$ 95,754	$ 11,445	$ 639,029

NOTE 3: Loans – continued

The following tables set forth information regarding the activity in the allowance for loans losses for the year ended December 31, 2021 (in thousands):

	December 31, 2021				
	Real estate	Agriculture	Commercial	Consumer	Total
Allowance for loan losses:					
Beginning balance	$ 2,909	$ 3,361	$ 851	$ 555	$ 7,676
Charge-offs	-	(4)	(48)	(307)	(359)
Recoveries	180	154	29	113	476
Provision	993	(587)	234	257	897
Ending balance	$ 4,082	$ 2,924	$ 1,066	$ 618	$ 8,690
Ending balance allocated to loans individually evaluated for impairment	$ 22	$ -	$ 110	$ -	$ 132
Ending balance allocated to loans collectively evaluated for impairment	$ 4,060	$ 2,924	$ 956	$ 618	$ 8,558
Loans receivable					
Loans individually evaluated for impairment	$ 1,792	$ 1,036	$ 2,696	$ -	$ 5,524
Loans collectively evaluated for impairment	419,044	68,569	97,908	7,711	593,232
Ending balance	$ 420,836	$ 69,605	$ 100,604	$ 7,711	$ 598,756

The Company monitors credit quality within its portfolio segments based on primary credit quality indicators. All of the Company's loans are evaluated using pass rated or reservable criticized as the primary credit quality indicator. The term reservable criticized refers to those loans that are internally classified or listed by the Company as special mention, substandard, doubtful or loss. These assets pose an elevated risk and may have a higher probability of default or total loss.

The classifications of loans reflect a judgment about the risks of default and loss associated with the loan. The Company reviews the ratings on credits monthly. Ratings are adjusted to reflect the degree of risk and loss that is felt to be inherent in each credit as of each monthly reporting period. The methodology is structured so that specific allocations are increased in accordance with deterioration in credit quality (and a corresponding increase in risk and loss) or decreased in accordance with improvement in credit quality (and a corresponding decrease in risk and loss).

NOTE 3: Loans – continued

Credits rated special mention show clear signs of financial weaknesses or deterioration in credit worthiness, however, such concerns are not so pronounced that the Company generally expects to experience significant loss within the short-term. Such credits typically maintain the ability to perform within standard credit terms and credit exposure is not as prominent as credits rated more harshly.

Credits rated substandard are those in which the normal repayment of principal and interest may be, or has been, jeopardized by reason of adverse trends or developments of a financial, managerial, economic or political nature, or important weaknesses exist in collateral. A protracted workout on these credits is a distinct possibility. Prompt corrective action is therefore required to strengthen the Company's position, and/or to reduce exposure and to assure that adequate remedial measures are taken by the borrower. Credit exposure becomes more likely in such credits and a serious evaluation of the secondary support to the credit is performed.

Credits rated doubtful are those in which full collection of principal appears highly questionable, and which some degree of loss is anticipated, even though the ultimate amount of loss may not yet be certain and/or other factors exist which could affect collection of debt. Based upon available information, positive action by the Company is required to avert or minimize loss. Credits rated doubtful are generally also placed on nonaccrual.

Credits rated loss are those that are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather that it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future.

Pass rated refers to loans that are not considered criticized. In addition to this primary credit quality indicator, the Company uses other credit quality indicators for certain types of loans.

The following tables set forth information regarding the internal classification of the loan portfolio as of December 31, 2022 and 2021 (in thousands):

	December 31, 2022					
	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Real estate:						
Construction and land	$ 41,096	$ -	$ -	$ -	$ -	$ 41,096
Farmland	68,515	224	-	-	-	68,739
1-4 Residential	131,913	4	343	-	-	132,260
Multifamily	12,542	-	181	-	-	12,723
Commercial real estate	202,099	797	1,528	-	-	204,424
Agriculture	72,069	263	256	-	-	72,588
Commercial	94,318	635	801	-	-	95,754
Consumer	11,445	-	-	-	-	11,445
Total	$ 633,997	$ 1,923	$ 3,109	$ -	$ -	$ 639,029

NOTE 3: Loans – continued

	December 31, 2021					
	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Real estate:						
Construction and land	$ 34,111	$ -	$ -	$ -	$ -	$ 34,111
Farmland	55,803	110	90	-	-	56,003
1-4 Residential	112,607	9	367	-	-	112,983
Multifamily	14,429	1,937	735	-	-	17,101
Commercial real estate	196,868	3,125	644	-	-	200,637
Agriculture	68,441	-	1,083	82	-	69,606
Commercial	97,568	742	2,196	98	-	100,604
Consumer	7,701	-	10	-	-	7,711
Total	$ 587,528	$ 5,923	$ 5,125	$ 180	$ -	$ 598,756

The following table sets forth information regarding the credit risk profile based on payment activity of the loan portfolio (in thousands):

	December 31, 2022			December 31, 2021		
	Performing	Nonperforming	Total	Performing	Nonperforming	Total
Real estate:						
Construction and land	$ 41,096	$ -	$ 41,096	$ 34,111	$ -	$ 34,111
Farmland	68,739	-	68,739	56,003	-	56,003
1-4 Residential	131,983	277	132,260	112,773	210	112,983
Multifamily	12,723	-	12,723	17,101	-	17,101
Commercial real estate	204,394	30	204,424	200,510	127	200,637
Agriculture	72,402	186	72,588	69,360	246	69,606
Commercial	95,274	480	95,754	99,785	819	100,604
Consumer	11,445	-	11,445	7,711	-	7,711
Total	$ 638,056	$ 973	$ 639,029	$ 597,354	$ 1,402	$ 598,756

NOTE 3: Loans – continued

The following table sets forth information regarding the delinquencies within the loan portfolio (in thousands):

	December 31, 2022					
	30-89 Days Past Due	90 Days and Greater	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Still Accruing
Real estate:						
Construction and land	$ -	$ -	$ -	$ 41,096	$ 41,096	$ -
Farmland	31	-	31	68,708	68,739	-
1-4 Residential	1,048	68	1,116	131,144	132,260	68
Multifamily	-	-	-	12,723	12,723	-
Commercial real estate	51	-	51	204,373	204,424	-
Agriculture	4	-	4	72,584	72,588	-
Commercial	746	-	746	95,008	95,754	-
Consumer	55	-	55	11,390	11,445	-
Total	$ 1,935	$ 68	$ 2,003	$ 637,026	$ 639,029	$ 68

	December 31, 2021					
	30-89 Days Past Due	90 Days and Greater	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Still Accruing
Real estate:						
Construction and land	$ -	$ -	$ -	$ 34,111	$ 34,111	$ -
Farmland	-	-	-	56,003	56,003	-
1-4 Residential	677	68	745	112,238	112,983	68
Multifamily	-	-	-	17,101	17,101	-
Commercial real estate	109	-	109	200,528	200,637	-
Agriculture	130	-	130	69,476	69,606	-
Commercial	264	561	825	99,779	100,604	381
Consumer	42	-	42	7,669	7,711	-
Total	$ 1,222	$ 629	$ 1,851	$ 596,905	$ 598,756	$ 449

NOTE 3: Loans – continued

The following table sets forth information regarding the nonaccrual status within the loan portfolio as of December 31, 2022 and 2021 (in thousands):

	2022	2021
Real estate:		
Construction and land	$ -	$ -
Farmland	-	-
1-4 Residential	277	210
Multifamily	-	-
Commercial real estate	30	127
Agriculture	186	246
Commercial	480	819
Consumer	-	-
Total	$ 973	$ 1,402

A loan is considered impaired, in accordance with the impairment accounting guidance, when based on current information and events, it is probable that the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming loans but also include loans modified in troubled debt restructurings when concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection.

Interest payments received on impaired loans are recorded as interest income unless collections of the remaining recorded investment are doubtful, at which time payments received are recorded as reductions of principal. There was no interest income recognized on a cash basis on impaired loans during the years ended December 31, 2022 or 2021.

NOTE 3: Loans – continued

The following table sets forth information regarding impaired loans as of December 31, 2022:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Real estate:					
Construction and land	$ -	$ -	$ -	$ -	$ -
Farmland	82,785	83,341	-	84,793	5,405
1-4 Residential	290,065	290,111	-	228,152	17,581
Multifamily	-	-	-	-	-
Commercial real estate	30,408	30,408	-	280,789	1,851
Agriculture	185,518	185,518	-	610,750	13,330
Commercial	376,719	376,719	-	1,003,277	31,084
Consumer	-	-	-	-	-
With a related allowance:					
Real estate:					
Construction and land	-	-	-	-	-
Farmland	-	-	-	-	-
1-4 Residential	211,605	212,764	3,092	241,865	12,495
Multifamily	-	-	-	367,426	-
Commercial real estate	182,916	183,587	2,104	91,458	10,907
Agriculture	-	-	-	-	-
Commercial	829,163	846,689	65,702	948,163	45,089
Consumer	-	-	-	-	-
Total:					
Real estate:					
Construction and land	-	-	-	-	-
Farmland	82,785	83,341	-	84,793	5,405
1-4 Residential	501,670	502,875	3,092	470,017	30,076
Multifamily	-	-	-	367,426	-
Commercial real estate	213,324	213,995	2,104	372,247	12,758
Agriculture	185,518	185,518	-	610,750	13,330
Commercial	1,205,882	1,223,408	65,702	1,951,440	76,173
Consumer	-	-	-	-	-
	$ 2,189,179	$ 2,209,137	$ 70,898	$ 3,856,673	$ 137,742

NOTE 3: Loans – continued

The following table sets forth information regarding impaired loans as of December 31, 2021:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Real estate:					
Construction and land	$ -	$ -	$ -	$ -	$ -
Farmland	86,800	87,176	-	773,989	5,899
1-4 Residential	166,239	166,316	-	334,869	11,131
Multifamily	-	-	-	-	-
Commercial real estate	531,169	532,448	-	487,930	35,069
Agriculture	1,035,981	1,058,441	-	690,499	108,479
Commercial	1,629,835	1,643,701	-	1,107,718	159,385
Consumer	-	-	-	-	-
With a related allowance:					
Real estate:					
Construction and land	-	-	-	-	-
Farmland	-	-	-	45,367	-
1-4 Residential	272,124	274,954	10,671	248,047	15,108
Multifamily	734,851	737,372	10,819	753,326	36,498
Commercial real estate	-	-	-	-	-
Agriculture	-	-	-	-	-
Commercial	1,067,162	1,068,223	110,251	1,254,540	69,972
Consumer	-	-	-	1,460	-
Total:					
Real estate:					
Construction and land	-	-	-	-	-
Farmland	86,800	87,176	-	819,356	5,899
1-4 Residential	438,363	441,270	10,671	582,916	26,239
Multifamily	734,851	737,372	10,819	753,326	36,498
Commercial real estate	531,169	532,448	-	487,930	35,069
Agriculture	1,035,981	1,058,441	-	690,499	108,479
Commercial	2,696,997	2,711,924	110,251	2,362,258	229,357
Consumer	-	-	-	1,460	-
	$ 5,524,161	$ 5,568,631	$ 131,741	$ 5,697,745	$ 441,541

NOTE 3: Loans – continued

As of December 31, 2022 and 2021, the Bank has a recorded investment in troubled debt restructuring of $1,148,260 and $4,054,190, respectively. The Company has allocated $14,989 and $26,132 of specific allowance for those loans at December 31, 2022 and 2021, respectively, and has not committed to lend additional amounts.

The Bank had two loans that were modified as troubled debt restructurings during the year ended December 31, 2022. The additional loans resulted in an increase of $297,432 in troubled debt restructurings. The troubled debt restructurings were payment extensions. There were four loans modified as troubled debt restructurings during the year ended December 31. 2021. The additional loans resulted in an increase of $2,266,769 in troubled debt restructurings. The troubled debt restructurings were payment extensions.

There were no subsequent payment defaults occurring within 12 months from the date of the restructuring of any of the loans classified as troubled debt restructurings. The Company has no commitments to loan additional funds to borrowers whose loans have been modified. None of the loan modifications are on non-accrual.

None of the loan modifications had a material impact on the calculation of the allowance for loan losses.

In March 2020, the United States government passed a piece of legislation designed to help the nation's economy recover from the coronavirus disease 2019 ("COVID-19") pandemic. This legislation is called the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") which provides economy-wide financial stimulus in the form of financial aid to individuals, businesses, nonprofit entities, states and municipalities. The CARES Act temporarily added a new product titled the "Paycheck Protection Program," (PPP) to the U.S. Small Business Administration's loan program. The CARES Act permits the SBA to guarantee 100 percent of these loans and also provides for forgiveness of up to the full principal amount of these loans. For the year ended December 31, 2022, the Company did not originate any PPP loans. For the year ended December 31, 2021, the Company originated $18,030,940 in PPP loans of which $15,985,995 had been forgiven. At December 31, 2022 and 2021, the Company has an outstanding balance of $796,540 and $2,601,202, respectively. The PPP loans are all classified as commercial loans.

NOTE 4: Foreclosed Assets

A summary of the balance of foreclosed assets is presented below:

	December 31,	
	2022	2021
Land under development	$ -	$ 2,373,231
Total foreclosed assets	$ -	$ 2,373,231

NOTE 4: Foreclosed Assets - continued

Income (expenses) applicable to foreclosed assets include the following:

	December 31,	
	2022	2021
Net gain on sales of real estate	$ 96,793	$ 11,036
Writedowns	-	-
Operating expenses, net of rental income	-	-
	$ 96,793	$ 11,036

NOTE 5: Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment follows:

	December 31,	
	2022	2021
Land	$ 3,851,048	$ 3,875,094
Buildings and improvements	22,304,248	21,332,753
Furniture, fixtures and equipment	5,645,441	5,911,777
Construction in progress	51,307	577,907
	31,852,044	31,697,531
Accumulated depreciation	(10,090,029)	(9,724,595)
	$ 21,762,015	$ 21,972,936

Depreciation expense for the years ended December 31, 2022 and 2021 amounted to $1,246,742 and $1,291,895, respectively.

During 2021, Management evaluated the Bonham building and determined the useful life should be revised due to the condition of the building. As a result of the useful life being revised, an impairment loss on the building of $463,880 was recognized during 2021.

NOTE 6: Leases

The Company leases certain office facilities and office equipment under operating and finance leases. On January 1, 2022, the Company adopted a new accounting standard which required the recognition of certain operating leases on our balance sheet as right-of-use assets and related lease liabilities. Operating lease right-of-use assets are $938,192 and finance lease right-of-use assets are $24,496 as of December 31, 2022 which are included in other assets. Operating lease liabilities are $938,192 and finance lease liabilities are $25,238 as of December 31, 2022 which are included in accrued expenses and other liabilities. The components of lease expense for 2022 were as follows:

		2022
Lease expense		
Finance lease cost		
Amortization of right-of-use asset	$	10,887
Interest on lease liabilities		1,503
Operating lease cost		190,897
Total lease expense	$	203,287

	2022
Other information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	1,503
Financing cash flows from finance leases	10,146
Operating cash flows from operating leases	180,755
Right-of-use assets obtained in exchange for new finance lease liabilities	35,383
Right-of-use assets obtained in exchange for new operating lease liabilities	1,090,250
Weighted-average remaining lease term	
Finance leases	2.3 years
Operating leases	4.6 years
Weighted-average discount rate	
Finance leases	6.5%
Operating leases	4.9%

NOTE 6: Leases – continued

Future minimum lease payments & reconciliation to the balance sheet as December 31, 2022, follows:

	Finance Leases	Operating Leases
2023	$ 11,647	$ 266,662
2024	11,661	259,225
2025	2,919	209,235
2026	-	153,621
2027	-	157,208
Thereafter	-	79,509
Total future undiscounted lease payments	26,227	1,125,460
Less: Imputed interest	(989)	(161,690)
Lease liabilities	$ 25,238	$ 963,770

NOTE 7: Deposits

The aggregate amount of time deposits (including individual retirement accounts) in denominations that meets or exceeds the FDIC limits of $250,000 or more at December 31, 2022 and 2021 was $37,219,524 and $26,548,751, respectively. At December 31, 2022, the scheduled maturities of time deposits are as follows:

2023	$ 116,015,643
2024	22,162,432
2025	2,427,136
2026	1,520,260
2027 and thereafter	1,944,706
Total	$ 144,070,177

NOTE 8: Subordinated Debt

On August 31, 2007, the Company completed the private placement of $10,310,000 in subordinated debentures to Legend Bancorp Statutory Trust I (the Trust). The Trust funded the purchase of the subordinated debentures through the sale of trust preferred securities to La Salle National Trust with a liquidation value of $10,310,000. Distributions of interest are due quarterly.

The annual percentage rate of the interest payable on the subordinated debentures and distributions payable on the preferred securities was fixed at 7.15% until September 15, 2012 then became variable at 3-Month LIBOR plus 2.20%, making the rate 6.97% as of December 31, 2022. Dividends on the preferred securities are cumulative and the Trust may defer the payments for up to five years.

NOTE 8: Subordinated Debt - continued

The preferred securities mature on September 15, 2037 unless the Company elects and obtains regulatory approval to accelerate the maturity date to as early as September 15, 2012.

Subordinated debt may be included in regulatory Tier 1 capital subject to a limitation that such amounts not exceed 25% of Tier 1 capital. The remainder of subordinated debt is included in Tier II capital. There is no limitation for inclusion of subordinated debt in total risk-based capital and, as such, all subordinated debt was included in total risk-based capital.

NOTE 9: Advances from Federal Home Loan Bank and Other Borrowings

Federal Home Loan Advances

The Bank did not have an outstanding balance with the Federal Home Loan Bank at December 31, 2022 or 2021, respectively.

Under these agreements, the Company had unused lines of credit amounting to $277,093,534 and $265,830,661 at December 31, 2022 and 2021, respectively. Pursuant to a blanket collateral agreement with FHLB, advances were secured by all stock and deposit accounts with FHLB, mortgage collateral, securities collateral, and other collateral. No securities were specifically pledged as of December 31, 2022 and 2021.

Federal Funds Purchased

The Bank has a $25,000,000 line of credit with Frost Bank. There were no outstanding amounts at December 31, 2022 or 2021.

The Bank has a $15,000,000 line of credit with TIB. There were no outstanding amounts at December 31, 2022 or 2021.

NOTE 10: Off-Balance-Sheet Activities

The Company is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statement of financial position. The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

NOTE 10: Off-Balance-Sheet Activities – continued

At December 31, 2022 and 2021, the following financial instruments were outstanding whose contract amounts represent credit risk:

	Contract Amount	
	2022	2021
Commitments to extend credit	$ 102,806,000	$ 94,997,000
Commercial and standby letters of credit	$ 2,938,000	$ 3,404,000

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

The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting those commitments if deemed necessary.

The Company had a $3,000,000 commitment related to one of its restricted investments and $1,420,869 of this commitment was funded as of December 31, 2021. During 2022, part of the commitment was sold and a gain of $298,338 was recognized. The Company has a new commitment during 2022 for $2,000,000. As of December 31, 2022, the Company has a total $4,000,000 commitment and $1,506,342 of this commitment was funded. The Company has no other off-balance-sheet arrangements or transactions with unconsolidated, special purpose entities that would expose the Company to liability that is not reflected on the face of the financial statements.

NOTE 11: 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.

NOTE 12: Employee Benefit Plans

KSOP

In 2012 the Company merged its money purchase Employee Stock Ownership Plan (the ESOP) with its 401(k) profit-sharing plan into the Legend Bank Employee Stock Ownership and 401(k) Plan (the KSOP). The KSOP covers substantially all employees of the Company. Company contributions are discretionary. Employees may contribute any portion of their compensation subject to certain limits based on federal laws. The Company's annual contribution to the KSOP is at the discretion of the Company's Board of Directors. Effective January 1, 2013, the Company will contribute a safe harbor matching contribution equal to 100% of the employee's contribution up to 6% of their compensation. In 2022 and 2021, the Company contributed $594,406 and $536,913 to the KSOP, respectively. At December 31, 2022 and 2021, the KSOP owned 142,868 shares of the Company's stock.

Supplemental Executive Retirement Plan

The Company sponsors a supplemental executive retirement plan (SERP) covering three key officers and one former officer of the Bank. The SERP provides for a post retirement annuity benefit. The SERP also guarantees a minimum number of annual benefit payments to the participant's named beneficiary in the event of the participant's death prior to retirement or twenty years thereafter. The obligation under the SERP has been recorded at the present value of the accrued benefit. The balance of the estimated accrual benefit under the SERP at December 31, 2022 and 2021 was $2,380,616 and $2,438,947, respectively and is included in other liabilities in the accompanying consolidated statement of financial condition.

The Company has invested in whole life insurance policies, which accumulate cash values, to offset the SERP benefit obligations. The whole life insurance policies are included in total bank-owned life insurance in the accompanying consolidated statement of financial position.

Other Plans

The Company has established a deferred cash incentive plan and a salary continuation plan covering certain key employees. A liability has been recorded for both of these plans in the amount of $6,148,279 and $6,152,083 at December 31, 2022 and 2021, respectively.

NOTE 13: Restrictions on Dividends

Federal and state banking regulations place certain restrictions on dividends paid by the Bank to the Company. Such regulations generally restrict cash dividends for the year 2022 to the extent of the Bank's earnings for 2022 plus $9,533,518 of available earnings from prior years. In addition, dividends paid by the Bank would be prohibited if the effect thereof would cause the Bank's capital to be reduced below applicable minimum capital requirements.

NOTE 14: Minimum Regulatory Capital Requirements

The federal banking agencies published final rules (the Basel III Capital Rules) that revised their risk-based and leverage capital requirements and their method for calculating risk-weighted assets to implement, in part, agreements reached by the Basel Committee and certain provisions of the Dodd-Frank Act. The Basel III Capital Rules apply to banking organizations, including the Bank.

In connection with the effectiveness of Basel III, most banks are required to decide whether to elect to opt-out of the inclusion of Accumulated Other Comprehensive Income (AOCI) in their Common Equity Tier 1 Capital. This is a one-time election and generally irrevocable. If electing to opt-out, most AOCI items will be treated, for regulatory capital purposes, in the same manner in which they were prior to Basel III. Legend Bancorp, Inc. has elected to opt-out of the inclusion.

Among other things, the Basel III Capital Rules: (i) introduce a new capital measure entitled "Common Equity Tier 1" (CET1); (ii) specify that tier 1 capital consist of CET1 and additional financial instruments satisfying specified requirements that permit inclusion in tier 1 capital; (iii) define CET1 narrowly by requiring that most deductions or adjustments to regulatory capital measures be made to CET1 and not to the other components of capital; and (iv) expand the scope of the deductions or adjustments from capital as compared to the existing regulations.

A minimum leverage ratio (tier 1 capital as a percentage of total assets) of 4.0% is also required under the Basel III Capital Rules (even for highly rated institutions). The Basel III Capital Rules additionally require institutions to retain a capital conservation buffer of 2.5% above these required minimum capital ratio levels. Banking organizations that fail to maintain the minimum 2.5% capital conservation buffer could face restrictions on capital distributions or discretionary bonus payments to executive officers.

The Bank is subject to various regulatory capital requirements administered by the federal and state 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 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 their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require Bank to maintain minimum amounts and ratios of CET1, Tier 1 Capital, Total Capital and leverage ratio of Tier 1 Capital. As of January 1, 2015, the requirements are:

- 4.5% based upon CET1
- 6.0% based upon tier 1 capital
- 8.0% based on total regulatory capital
- Leverage ratio of Tier 1 Capital assets equal to 4%

NOTE 14: Minimum Regulatory Capital Requirements – continued

As of December 31, 2022 and 2021, management believes the Bank met all capital adequacy requirements to which they are subject. As of December 31, 2022, the most recent notification from the Office of the Comptroller of the Currency categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since the notification that management believes have changed the Bank's category.

The Bank's capital amounts and ratios as of December 31, 2022 are as presented in the following table (in dollars and thousands).

	Actual		Minimum Capital Requirements		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2022						
Common Equity Tier 1 Risk Weighted Assets Bank	$ 91,029	12.9%	$ 31,720	>4.5%	$ 45,818	>6.5%
Tier I Capital to Risk Weighted Assets Bank	$ 91,029	12.9%	$ 42,294	>6.0%	$ 56,392	>8.0%
Total Capital to Risk Weighted Assets Bank	$ 99,848	14.2%	$ 56,392	>8.0%	$ 70,490	>10.0%
Leverage Ratio Average Total Assets Bank	$ 91,029	9.3%	$ 39,276	>4.0%	$ 49,095	>5.0%

NOTE 14: Minimum Regulatory Capital Requirements – continued

The Bank's capital amounts and ratios as of December 31, 2021 are as presented in the following table (in dollars and thousands).

	Actual		Minimum Capital Requirements		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2021						
Common Equity Tier 1 Risk Weighted Assets Bank	$ 89,142	13.4%	$ 30,043	>4.5%	$ 43,395	>6.5%
Tier I Capital to Risk Weighted Assets Bank	$ 89,142	13.4%	$ 40,057	>6.0%	$ 53,409	>8.0%
Total Capital to Risk Weighted Assets Bank	$ 97,491	14.6%	$ 53,409	>8.0%	$ 66,762	>10.0%
Leverage Ratio Average Total Assets Bank	$ 89,142	9.4%	$ 37,983	>4.0%	$ 47,479	>5.0%

NOTE 15: Related Party Transactions

In the ordinary course of business, the Company has granted loans to principal officers and directors and their affiliates. The Company has loans outstanding to executive officers, directors, significant shareholders and their affiliates totaling $14,691,796 and $8,974,707 at December 31, 2022 and 2021, respectively.

Annual activity consisted of the following:

	December 31, 2022	December 31, 2021
Beginning balance	$ 8,974,707	$ 4,841,329
Additions	21,823,376	11,210,901
Repayments	(16,106,287)	(7,077,523)
Ending balance	$ 14,691,796	$ 8,974,707

Deposits from related parties held by the Bank at December 31, 2022 and 2021 amounted to $4,212,537 and $4,894,483, respectively.

NOTE 16: Fair Value Measurements

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are (I) independent, (ii) knowledgeable, (iii) able to transact and (iv) willing to transact.

Authoritative guidance requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement costs). Valuation techniques should be consistently applied.

Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, authoritative guidance establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

- Level 1 Inputs - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

- Level 2 Inputs - Inputs other than quoted prices included in Level 1 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 in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (for example, interest rates, volatilities, prepayment speeds, loss severities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 Inputs - Significant unobservable inputs that reflect an entity's own assumptions that market participants would use in pricing the assets or liabilities.

NOTE 16: Fair Value Measurements – continued

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Available for Sale Securities - Securities classified as available for sale are reported at fair value utilizing Level 2 inputs. For these securities, the Company obtains fair value measurements from an independent pricing service.

The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U. S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayments speeds, credit information and the bond's terms and conditions, among other things.

Equity Securities - Securities classified as equity securities with readily determinable market values are reported at fair value utilizing quoted market prices.

Impaired Loans - Impaired loans are either reported at the fair value of the underlying collateral if repayment is expected solely from the collateral or reported at the present value of expected cash flows using a discount rate. Collateral values are estimated using Level 3 inputs based on internally customized discounting criteria.

Foreclosed Assets – Foreclosed assets are initially recorded at fair value less costs to sell when acquired. These assets are subsequently accounted for at lower of cost or fair value less disposal costs. Fair value is commonly based on recent real estate appraisals.

NOTE 16: Fair Value Measurements – continued

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2021, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	December 31, 2022			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Financial assets:				
Investment securities				
Mortgage-backed	$ -	$ 157,895,741	$ -	$ 157,895,741
State and municipal securities	-	66,822,966	-	66,822,966
Equity securities	6,822,349	-	-	6,822,349
Total financial assets	$ 6,822,349	$ 224,718,707	$ -	$ 231,541,056

	December 31, 2021			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Financial assets:				
Investment securities				
Mortgage-backed	$ -	$ 167,520,109	$ -	$ 167,520,109
State and municipal securities	-	82,466,151	-	82,466,151
Equity securities	7,478,557	-	-	7,478,557
Total financial assets	$ 7,478,557	$ 249,986,260	$ -	$ 257,464,817

Certain financial assets and financial liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

NOTE 16: Fair Value Measurements – continued

The following table summarizes financial assets and financial liabilities measured at fair value on a nonrecurring basis as of December 31, 2022 and 2021, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	December 31, 2022			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Financial assets:				
Impaired loans	$ -	$ 1,133,270	$ 985,011	$ 2,118,281
Nonfinancial assets:				
Foreclosed assets	-	-	-	-

	December 31, 2021			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Financial assets:				
Impaired loans	$ -	$ 3,646,949	$ 1,745,471	$ 5,392,420
Nonfinancial assets:				
Foreclosed assets	-	2,373,231	-	2,373,231

During the years ended December 31, 2022 and 2021, certain impaired loans were re-measured and reported at fair value through a specific valuation allowance allocation of the allowance losses based upon the fair value of the underlying collateral. There was no charge to the provision for loan losses as a result of the valuation allowance for the year ended December 31, 2022.

	December 31,	
	2022	2021
Carrying value	$ 2,189,179	$ 5,524,161
Valuation allocation	(70,898)	(131,741)
Reported fair value	$ 2,118,281	$ 5,392,420

Foreclosed assets are valued at the time the loan is foreclosed upon. The value is based primarily on third party appraisals, less costs to sell. Appraisals based upon comparable sales result in a Level 2 classification while appraisals based upon expected cash flows of the property result in a Level 3 classification.

NOTE 16: Fair Value Measurements – continued

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements – The following table represents the Company's Level 3 financial assets and liabilities, the valuation techniques used to measure the fair value of those financial assets and liabilities, and the significant unobservable inputs and the ranges of values for those inputs.

Instrument	Fair Value at December 31, 2022		Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values
Impaired loans	$	985,011	Appraisal of collateral (1)	Appraisal adjustment	10-30%
Impaired loans	$	1,133,270	Expected cash flows	Discount rate	5.00-7.00%

Instrument	Fair Value at December 31, 2021		Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values
Impaired loans	$	1,745,471	Appraisal of collateral (1)	Appraisal adjustment	10-30%
Impaired loans	$	3,646,949	Expected cash flows	Discount rate	4.75-7.00%

(1) Fair value is generally determined through independent appraisals of the underlying collateral, which generally include various Level 3 inputs which are not identifiable, less associated allowance.

The estimated fair value amounts of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

NOTE 17: Other Intangible Assets

Intangible assets as of December 31, 2022 consist of the following:

	Cost	Accumulated Amortization	Net
Depositor relationship - Whitewright	$ 916,573	$ (436,464)	$ 480,109
Depositor relationship - Cooper	670,802	(343,387)	327,415
Brand rights - Indefinite life	50,000	-	50,000
	$ 1,637,375	$ (779,851)	$ 857,524

Intangible assets as of December 31, 2021 consist of the following:

	Cost	Accumulated Amortization	Net
Depositor relationship - Whitewright	$ 916,573	$ (305,525)	$ 611,048
Depositor relationship - Cooper	670,802	(247,558)	423,244
Brand rights - Indefinite life	50,000	-	50,000
	$ 1,637,375	$ (553,083)	$ 1,084,292

Amortization expense for the years ended December 31, 2022 and 2021 was $226,768. Estimated future amortization expense related to these intangible assets is as follows:

Years Ending December 31,	Amount
2023	$ 226,768
2024	226,768
2025	226,768
2026	127,220
Total	$ 807,524

NOTE 18: Stock Offering

During 2021, the Company issued common stock of $14,645,520 through a private placement offering.

NOTE 19: Subsequent Events

The Company has evaluated all other subsequent events through February 22, 2023, the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION – CONSOLIDATING

LEGEND BANCORP, INC. AND SUBSIDIARIES

Consolidating Statement of Financial Condition

December 31, 2022

	Legend Bancorp, Inc.	Legend Bank, N.A.	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 7,152,465	$ 16,571,100	$ (7,152,465)	$ 16,571,100
Federal funds sold	-	10,250,000	-	10,250,000
Total cash and cash equivalents	7,152,465	26,821,100	(7,152,465)	26,821,100
Interest bearing deposits in banks	-	2,318	-	2,318
Debt securities available for sale	-	224,718,707	-	224,718,707
Debt securities held to maturity	-	9,043,000	-	9,043,000
Investment in subsidiary	68,637,453	-	(68,637,453)	-
Loans receivable, net of allowance for loan losses	-	629,561,764	-	629,561,764
Accrued interest receivable	-	4,630,646	-	4,630,646
Premises and equipment	-	21,762,015	-	21,762,015
Goodwill	-	11,763,655	-	11,763,655
Other intangible assets	-	857,524	-	857,524
Restricted investment carried at cost	15,432,169	5,667,295	-	21,099,464
Equity securities	6,822,349	-	-	6,822,349
Bank-owned life insurance	-	24,980,407	-	24,980,407
Other assets	310,000	2,195,030	-	2,505,030
	$ 98,354,436	$ 962,003,461	$ (75,789,918)	$ 984,567,979
Liabilities and Shareholders' Equity				
Noninterest bearing	$ -	$ 269,441,586	$ (7,152,465)	$ 262,289,121
Interest bearing	-	612,447,848	-	612,447,848
Total deposits	-	881,889,434	(7,152,465)	874,736,969
Accrued expenses and other liabilities	582,557	11,476,574	-	12,059,131
Subordinated debentures	10,310,000	-	-	10,310,000
Total liabilities	10,892,557	893,366,008	(7,152,465)	897,106,100
Shareholders' equity				
Common stock	1,109,062	2,000,000	(2,000,000)	1,109,062
Capital surplus	23,472,089	12,000,000	(12,000,000)	23,472,089
Retained earnings	106,540,997	89,650,352	(89,650,352)	106,540,997
Treasury stock, at cost	(8,647,370)	-	-	(8,647,370)
Net unrealized depreciation on available for sale securities	(35,012,899)	(35,012,899)	35,012,899	(35,012,899)
Total shareholders' equity	87,461,879	68,637,453	(68,637,453)	87,461,879
	$ 98,354,436	$ 962,003,461	$ (75,789,918)	$ 984,567,979

LEGEND BANCORP, INC. AND SUBSIDIARIES

Consolidating Statement of Income
Year Ended December 31, 2022

	Legend Bancorp, Inc.	Legend Bank, N.A.	Eliminations	Consolidated
Interest income				
Loans, including fees	$ -	$ 32,283,005	$ -	$ 32,283,005
Debt securities				
Taxable	-	3,724,020	-	3,724,020
Tax exempt	-	1,338,068	-	1,338,068
Federal funds sold	-	406,797	-	406,797
Interest bearing deposits	-	90,774	-	90,774
Other restricted investments	380,474	131,565	-	512,039
Total interest income	380,474	37,974,229	-	38,354,703
Interest expense				
Deposits	-	948,163	-	948,163
Subordinated debentures	400,764	-	-	400,764
Other	-	48	-	48
Total interest expense	400,764	948,211	-	1,348,975
Net interest income	(20,290)	37,026,018	-	37,005,728
Provision for loan losses	-	385,000	-	385,000
Net interest income after provision for loan losses	(20,290)	36,641,018		36,620,728
Noninterest income				
Service charges on deposit accounts	-	2,803,808	-	2,803,808
Other service charges and fees	-	3,364,697	-	3,364,697
Net realized gain on sale of restricted securities	-	298,338	-	298,338
Gain on sale of other assets	-	100,106	-	100,106
Gain on sale of foreclosed assets	-	96,793	-	96,793
Secondary market income	-	191,262	-	191,262
Equity in earnings of subsidiary	15,039,139	-	(15,039,139)	-
Other income	343,542	609,611	-	953,153
Total noninterest income	15,382,681	7,464,615	(15,039,139)	7,808,157
Noninterest expenses				
Salaries and employee benefits	34,023	18,594,712	-	18,628,735
Occupancy and equipment expense	-	3,202,280	-	3,202,280
IT and data processing	-	3,821,660	-	3,821,660
Legal, accounting and examination fees	769	858,235	-	859,004
Directors' fees and expenses	773,586	84,261	-	857,847
Amortization of intangibles	-	226,768	-	226,768
Other expense	1,019,941	2,278,578	-	3,298,519
Total noninterest expenses	1,828,319	29,066,494	-	30,894,813
Net income	$ 13,534,072	$ 15,039,139	$ (15,039,139)	$ 13,534,072

LEGEND BANCORP, INC. AND SUBSIDIARIES
Consolidating Statement of Cash Flows
Year Ended December 31, 2022

	Legend Bancorp, Inc.	Legend Bank, N.A.	Eliminations	Consolidated
Cash flows from operating activities				
Net income	$ 13,534,072	$ 15,039,139	$ (15,039,139)	$ 13,534,072
Adjustments to reconcile net income to net cash provided by operating activities				
Provision for loan losses	-	385,000	-	385,000
Net amortization of debt securities	-	1,274,853	-	1,274,853
Depreciation and amortization	-	1,473,510	-	1,473,510
Net gain on sale of foreclosed assets	-	(96,793)	-	(96,793)
Net gain on disposal of other assets	-	(100,106)	-	(100,106)
Net realized gain on sale of restricted securities	-	(298,338)	-	(298,338)
Amortization of right-of-use assets	-	11,649	-	11,649
Interest paid on finance leases	-	(1,503)	-	(1,503)
Change in fair value of equity securities	656,208	-	-	656,208
Appreciation in bank-owned life insurance	-	(556,837)	-	(556,837)
Equity in undistributed earnings of subsidiary	(1,660,708)	-	1,660,708	-
Net change in				
Accrued interest receivable	-	(249,166)	-	(249,166)
Other assets	-	8,149	-	8,149
Accrued expenses and other liabilities	571,211	350,357	-	921,568
Net cash provided by operating activities	13,100,783	17,239,914	(13,378,431)	16,962,266
Cash flows from investing activities				
Net change in interest bearing deposits in banks	-	(1,468)	-	(1,468)
Activity in available for sale debt securities				
Maturities, prepayments and calls	-	277,284,402	-	277,284,402
Purchases	-	(286,668,008)	-	(286,668,008)
Activity in held to maturity debt securities				
Maturities, prepayments and calls	-	37,126	-	37,126
Purchases	-	(2,500,000)	-	(2,500,000)
Activity in restricted investments carried at cost				
Reinvestment of capital	(380,474)	(283,643)	-	(664,117)
Proceeds from the sale of restricted investment	-	482,509	-	482,509
Loan originations and principal collections, net	-	(40,022,155)	-	(40,022,155)
Purchase of BOLI	-	(4,000,000)	-	(4,000,000)
Proceeds from sale of foreclosed assets	-	2,611,501	-	2,611,501
Proceeds from sale of other assets	-	126,321	-	126,321
Additions to premises and equipment	-	(1,062,036)	-	(1,062,036)
Net cash used in investing activities	(380,474)	(53,995,451)	-	(54,375,925)
Cash flows from financing activities				
Net increase in deposits	-	41,449,006	(6,020,174)	35,428,832
Payments on financing lease liabilities	-	(11,649)	-	(11,649)
Dividends paid	(6,700,135)	(13,378,431)	13,378,431	(6,700,135)
Net cash (used in) provided by financing activities	(6,700,135)	28,058,926	7,358,257	28,717,048
Net change in cash and cash equivalents	6,020,174	(8,696,611)	(6,020,174)	(8,696,611)
Cash and cash equivalents at beginning of year	1,132,291	35,517,711	(1,132,291)	35,517,711
Cash and cash equivalents at end of year	$ 7,152,465	$ 26,821,100	$ (7,152,465)	$ 26,821,100