

2025

annual report



Glen Burnie Bancorp

Table of Contents

Introduction

Message to Investors	i
Board of Directors	iii
Management	iv

Financials

Audited Consolidated Financial Statements	F-1
---	-----

Annual Meeting

The Annual Meeting of Stockholders will be conducted in person on **Thursday, May 14, 2026 beginning at 2:00 p.m. at The Bank of Glen Burnie, 101 Crain Highway, SE, Glen Burnie, Maryland.** Glen Burnie Bancorp's regular meeting of stockholders is held on the second Thursday in May of each year.

Independent Auditors

UHY LLP, Certified Public Accountants, 955 Mount Hermon Road, Salisbury, Maryland 21804-5105

Letter to Our Shareholders



Jay Baldwin

In 2025 we began our journey to put The Bank of Glen Burnie on course to become a high-performing community bank.

Being a true community bank means we are focused on providing banking services for all community stakeholders, including individuals, families, nonprofits, government entities, and small- to medium-sized businesses. That means providing both resources through deposit products and services and funding through loans to help meet the evolving needs of the communities we serve.



Mark Hanna

For many years, our Bank was primarily known for traditional retail banking products such as automobile loans and 30-year mortgages. We remain proud of that history, and we remain committed to serving those long-standing customers well. At the same time, over the last two years, we have been evolving to serve a broader

group of stakeholders in our community. We have added products, services, and capabilities to better meet the needs of nonprofits, municipalities, and small- to medium-sized businesses across Central Maryland.

That evolution is also reflected in the leadership of our Board. Our new Chairman, Jay Baldwin, is a lifelong Anne Arundel County businessman with deep roots in this market and decades of experience building successful local businesses. Jay understands firsthand the needs of business owners, local employers, and the communities they serve. His perspective reinforces our belief that The Bank of Glen Burnie can be both a trusted bank for our legacy retail customers and a strong financial partner for local businesses and

community organizations.

Reiterating a key theme from last year's annual report – we need to **"grow, grow, grow, grow, grow."** An overhang of low, long-term fixed rate assets in our bond and loan portfolios increases the importance of near-term growth. We need to **grow** commercial loans in the current rate environment and continue to **grow** low-cost core deposits. At the same time, we are creating operational efficiencies that help fund the infrastructure needed to support these objectives.

Our board of directors and management team are leading the charge to implement a comprehensive strategic plan that gives us clear objectives to set the Bank on a path to renewed profitability and enhanced shareholder value as we look to 2026 and beyond.

You may ask, "is the juice worth the squeeze?"

Anne Arundel County and Central Maryland are vibrant markets. Thousands of locally owned small to mid-sized businesses are headquartered in the communities we serve, and our population is diverse, and in our markets, growing. We believe our local knowledge, local leadership, and local decision-making position us well to serve these businesses while continuing to support the consumers and families who have long been the foundation of our franchise.

We have assembled a strong, local management team that combines tremendous banking experience and expertise with fresh innovative perspectives and a passion for community banking that is shared by both our associates and our clients. As a result of consolidation, community banking options are rapidly declining in our market. With virtually no remaining community bank competition headquartered in Anne Arundel County, the city of Annapolis, Howard County, or Prince George's County, an incredible opportunity exists for The Bank of Glen Burnie.

While there is work in front of us, we believe we can become a leading community bank in Central Maryland. Much like the Bailey Building and Loan from the movie, *It's a Wonderful Life*, we will create a vibrant economic asset that benefits our communities, our associates, and our shareholders.

As we assess our performance in 2025, it is important to realize that this was a transitional year. While the bottom-line results for 2025 didn't vary notably from performance in the prior year, a great deal of effort went into building the foundational elements that we believe will set the course for a brighter future.

To understand the progress that has been made, let's go behind the numbers and highlight several

Letter to Our Shareholders

accomplishments that should bear fruit over the next several years:

- **We separated our production and credit functions.** Jonathan Shearin was named Chief Lending Officer. He and his team will focus on growing new relationships and expanding existing relationships through credit and depository services. In March of 2025, the Bank created a credit department to strengthen the safety and soundness of our lending functions.
- **We reduced future overhead costs.** Various initiatives during the year were designed to lower our expense base, including the closing of two leased banking offices, an Early Retirement Program, and deregistration from the SEC. These efforts reduced headcount from 89 at the beginning of the year, to 73 at year-end and are expected to eliminate approximately \$250,000 in annual facilities costs and \$200,000 in SEC reporting-related expenses.
- **We purchased VA Wholesale Mortgage, Inc. in August of 2025.** While the mortgage industry has been negatively impacted by low inventory and higher interest rates, this partnership should diversify the Bank's income through the addition of fee income, expand our product offerings, and allow us to help customers pursue home ownership without adding significant long-term fixed-rate mortgage assets to our balance sheet.
- **We refocused our energy on client acquisition and on growing and serving our existing client relationships.** We launched several new products and services to expand and improve our loan and deposit offerings while reemphasizing our community engagement and visibility.
- **We recruited experienced, proven leaders to our management team.** Chief Credit Officer, Jeffrey Welch, and Chief Financial Officer, Todd Capitani, will provide strategic insights and help guide our growth and enhance profitability.

These efforts were undertaken to drive additional revenues and reduce overhead. Sometimes you need to take one step back to take two steps forward. Many of these initiatives entailed additional investments in non-recurring expenses and one-time costs before we realize the desired financial benefits.

For example, the costs related to the early retirement benefits were estimated at \$293,000 but the future savings are projected at \$380,000 annually. Similarly, higher legal and professional fees were incurred due to personnel transitions, deregistration from the SEC, and the purchase of VA Wholesale Mortgage, Inc.

While we did not realize all of our objectives in 2025, we successfully **grew** loans \$26 million, or 12.7%, **grew** noninterest-bearing deposits by \$3.4 million, or 3.4%, and **grew** total deposits by \$23.2 million, or 7.6%. We are especially proud that more than 30% of our deposits remain noninterest-bearing. At year-end 2025, noninterest-bearing deposits totaled \$104.2 million, representing 31% of total deposits, which gives the Bank a valuable low-cost funding base as we continue to grow commercial relationships and core operating accounts.

Even with the growth, the Bank remains well-capitalized with a 13.80% Common Equity Tier 1 Capital ratio and a 9.49% Tier 1 Leverage ratio. Asset quality also remains strong, with nonperforming loans representing just 0.54% of total loans and an allowance that provides 216% coverage of nonperforming loans.

There is still much to do to achieve our objectives but, after almost 77 years, we feel our best is still in front of us.

If you are reading this letter and do not have a banking relationship with us, please help The Bank of Glen Burnie **grow, grow, grow, grow, grow**. We welcome the opportunity to assist you with any, and all, of your banking needs at any of our financial centers. We assure you: our client service and professionalism will not disappoint!

Thank you for your continued support of The Bank of Glen Burnie and Glen Burnie Bancorp.

Sincerely,

Jay Baldwin

Jay Baldwin
Chairman

Mark Hanna

Mark Hanna
President & CEO



Glen Burnie Bancorp | The Bank of Glen Burnie

Directors



Jay Baldwin
Chairman

President & CEO
Reliable Contracting
Company Inc.

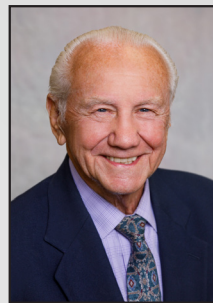


Mark Hanna
President & CEO

The Bank of
Glen Burnie



John E. Demyan
Chairman Emeritus
Real Estate Investor



Thomas Clocker
Retired Local
Businessman



Julie A. Mussog
Chief Financial
Officer

Metropolitan
Washington Council of
Governments



Frederick W. Kuethe, III
Aerospace
Software Engineer

Northrop Grumman,
Company, Inc.



Felton Magee, Jr.
President & CEO

Regent Healthcare
Holdings



Joan M. Rumenap
Special Projects
Manager

Accessible Resources
for Independence

Personal Advocate
By Their Side



Andrew Cooch
Partner

Law Office of Cooch &
Bowers, P.A.

Owner/Director
Progressive Title
Corporation



Stanford D. Hess
Partner

Neuberger, Quinn,
Gielen, Rubin & Gibber,
P.A.

Executive VP and
Legal Counsel

Antwerpen Automotive
Group

Officers

Mark Hanna
President & CEO

Todd Capitani
CFO & Treasurer

Cathy Dombroski
Secretary

Transfer Agent

Computershare, Shareholder Services

PO Box 43006
Providence, RI 02940-3006

1-800-368-5948

The Bank of Glen Burnie

Executive Management and Senior Officers



Mark Hanna
President & Chief
Executive Officer



Todd Capitani
Executive Vice President
Chief Financial Officer



Donna Smith
Executive Vice President
Director of Operations



Jeff Welch
Executive Vice President
Chief Credit Officer



Cathy Dombroski
Senior Vice President
Director of
Human Resources



Janice Meinster
Senior Vice President
Director of
Information Technology



Jonathan Shearin
Senior Vice President
Chief Lending Officer

Officers

Ed Abedi
Vice President
Cash Management Services

Janet Kim
Vice President
Director of Marketing/PR

Jessie Jemli
Assistant Vice President
Crownsville

Deborah Youngbar
Assistant Vice President
New Cut

Mike Brzozowski
Vice President
Indirect Lending

Michael Morse
Vice President
Commercial Lending

Thomas O'Brien
Assistant Vice President
Senior Credit Officer

Suzanne Donnick
Bank Officer
Assistant Branch
Administrator

John Camden
Vice President
Annapolis Market Executive

Lisa Singleton
Vice President
Loan Compliance

Stephen Pencarski
Assistant Vice President
Information Technology

Deborah Rubbico
Audit Liaison Officer

Youn Choe
Vice President
Commercial Lending

R. Lee Whitehead
Vice President
Controller

Jo Ann Pyles
Assistant Vice President
Mortgage Loan Officer

Kristin Elswick
Vice President
Operations

William Brown
Assistant Vice President
Remote Operations Alternate
Delivery

Beth Redolf
Assistant Vice President
Glen Burnie

(as of March 20, 2026)

2025

Glen Burnie Bancorp
Annual Report

Financials

Glen Burnie Bancorp and Subsidiary
Audited Consolidated Financial Statements

As Of And For The Years Ended
December 31, 2025 And 2024

Glen Burnie Bancorp and Subsidiary

Consolidated Financial Statements

As of and for the Years Ended December 31, 2025 and 2024

CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	F - 3
FINANCIAL STATEMENTS	
Consolidated Balance Sheets	F - 5
Consolidated Statements of Operations	F - 6
Consolidated Statements of Comprehensive Income (Loss)	F - 7
Consolidated Statements of Changes in Stockholders' Equity	F - 8
Consolidated Statements of Cash Flows	F - 9
Notes to Consolidated Financial Statements	F - 10



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Glen Burnie Bancorp and Subsidiaries
Glen Burnie, Maryland

Opinion

We have audited the accompanying consolidated financial statements of Glen Burnie Bancorp and Subsidiaries (a Maryland corporation) (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Prior Year Audit Conducted Under PCAOB Standards

As noted in Footnote 1, on December 12, 2025, the Institution issued the press release announcing its intention to voluntarily delist its common stock from The Nasdaq Capital Market and subsequently voluntarily deregister its common stock with the U.S. Securities and Exchange Commission in order to terminate and suspend its reporting obligations under the Securities Exchange Act of 1934, as amended. On January 13, 2026, the Institution filed Form 15 Certification and Notice of Termination of Registration under Section 12(g) of the Securities Exchange Act of 1934. As a result, the audit for the year ended December 31, 2025 was conducted in accordance with auditing standards generally accepted in the United States of America, while the audit for the year ended December 31, 2024 was conducted in accordance with the standards of Public Company Accounting Oversight Board.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 generally accepted auditing standards 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 judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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.

The image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are written in a cursive, slightly slanted style.

Salisbury, Maryland
March 30, 2026

GLEN BURNIE BANCORP AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	December 31,	
	2025	2024
ASSETS		
Cash and due from banks	\$ 1,777	\$ 2,012
Interest-bearing deposits in other financial institutions	3,728	22,452
Cash and Cash Equivalents	5,505	24,464
Investment securities available for sale, at fair value	103,469	107,949
Restricted equity securities, at cost	441	1,671
Loans, net of deferred fees and costs	231,221	205,219
Less: Allowance for credit losses	(2,716)	(2,839)
Loans, net	228,505	202,380
Premises and equipment, net	2,435	2,678
Bank owned life insurance	9,012	8,834
Deferred tax assets, net	7,524	8,548
Accrued interest receivable	1,288	1,345
Accrued taxes receivable	—	148
Prepaid expenses	400	471
Goodwill	317	—
Other assets	1,020	468
Total Assets	\$ 359,916	\$ 358,956
LIABILITIES		
Noninterest-bearing deposits	\$ 104,158	\$ 100,747
Interest-bearing deposits	228,224	208,442
Total Deposits	332,382	309,189
Short-term borrowings	4,000	30,000
Defined pension liability	342	330
Accrued expenses and other liabilities	1,767	1,620
Total Liabilities	338,491	341,139
STOCKHOLDERS' EQUITY		
Common stock, par value \$1, authorized 15,000,000 shares, issued and outstanding 2,919,695 and 2,900,681 shares as of December 31, 2025 and December 31, 2024, respectively.	2,920	2,901
Additional paid-in capital	11,119	11,037
Deferred compensation, restricted stock	(81)	—
Retained earnings	22,852	22,882
Accumulated other comprehensive loss	(15,385)	(19,003)
Total Stockholders' Equity	21,425	17,817
Total Liabilities and Stockholders' Equity	\$ 359,916	\$ 358,956

The Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

GLEN BURNIE BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands, except per share data)

	Year Ended December 31,	
	2025	2024
INTEREST INCOME		
Interest and fees on loans	\$ 11,925	\$ 10,498
Interest and dividends on securities	2,898	3,379
Interest on deposits with banks and federal funds sold	585	1,335
Total Interest Income	<u>15,408</u>	<u>15,212</u>
INTEREST EXPENSE		
Interest on deposits	3,958	2,533
Interest on short-term borrowings	511	1,738
Total Interest Expense	<u>4,469</u>	<u>4,271</u>
Net Interest Income	10,939	10,941
(Release) provision for credit loss allowance	<u>(282)</u>	<u>954</u>
Net interest income after (release) provision for credit losses	<u>11,221</u>	<u>9,987</u>
NONINTEREST INCOME		
Service charges on deposit accounts	143	150
Mortgage commissions	563	—
Other fees and commissions	778	829
Income on life insurance	177	178
Total Noninterest Income	<u>1,661</u>	<u>1,157</u>
NONINTEREST EXPENSE		
Salary and employee benefits	7,566	6,580
Occupancy and equipment expenses	1,088	1,325
Legal, accounting and other professional fees	1,666	1,115
Data processing and item processing services	983	1,016
FDIC insurance costs	177	161
Advertising and marketing related expenses	161	117
Loan collection costs	60	25
Telephone costs	120	154
Other expenses	1,432	1,288
Total Noninterest Expenses	<u>13,253</u>	<u>11,781</u>
Loss before income taxes	(371)	(637)
Income tax benefit	<u>(342)</u>	<u>(525)</u>
NET LOSS	<u>\$ (29)</u>	<u>\$ (112)</u>
Basic and diluted net loss per share of common stock	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>

The Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

GLEN BURNIE BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(dollars in thousands)

	Year Ended December 31,	
	2025	2024
Net loss	\$ (29)	\$ (112)
Other comprehensive income (loss):		
Net unrealized gain (loss) on securities available for sale:		
Net unrealized gain (loss) on securities during the period	4,991	(857)
Income tax (expense) benefit relating to item above	(1,374)	235
Net effect on other comprehensive income (loss)	3,617	(622)
Other comprehensive income (loss)	3,617	(622)
Comprehensive income (loss)	\$ 3,588	\$ (734)

The Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

GLEN BURNIE BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(dollars in thousands)

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Deferred Compensation, Restricted Stock</u>	<u>Accumulated Other Comprehensive (Loss) Income</u>	<u>Total</u>
Balances, December 31, 2023	\$ 2,883	\$ 10,964	\$ 23,859	\$ —	\$ (18,381)	\$ 19,325
Net loss	—	—	(112)	—	—	(112)
Cash dividends, \$0.20 per share	—	—	(865)	—	—	(865)
Dividends reinvested under dividend reinvestment plan	18	73	—	—	—	91
Other comprehensive loss	—	—	—	—	(622)	(622)
Balance, December 31, 2024	2,901	11,037	22,882	—	(19,003)	17,817
Net loss	—	—	(29)	—	—	(29)
Shares issued under restricted stock award program	19	82	—	(101)	—	—
Stock-based compensation expense	—	—	—	20	—	20
Other comprehensive income	—	—	—	—	3,617	3,617
Balance, December 31, 2025	<u>\$ 2,920</u>	<u>\$ 11,119</u>	<u>\$ 22,852</u>	<u>\$ (81)</u>	<u>\$ (15,385)</u>	<u>\$ 21,425</u>

The Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

GLEN BURNIE BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in the thousands)

	Year Ended December 31,	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ (29)	\$ (112)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of premises and equipment	367	238
Net amortization on AFS investments	100	166
(Release) provision of credit loss allowance	(282)	954
Deferred income taxes, net	(349)	(415)
Loss on disposals of assets, net	21	—
Increase in cash surrender value of bank owned life insurance	(177)	(177)
Noncash compensation-Restricted Stock Awards	20	—
Forgivable note amortization (noncash compensation)	94	—
Decrease in ground rents	4	8
Decrease (Increase) in accrued interest receivable	57	(154)
Net increase in other assets	(560)	(60)
Net increase (decrease) in accrued expenses and other liabilities	(57)	(420)
	<u>(791)</u>	<u>28</u>
Net cash (used) provided by operating activities		
Cash flows from investing activities:		
Redemptions, sales and maturities of investment securities available for sale	9,370	30,455
Purchases (redemption) of Federal Home Loan Bank stock, net	1,230	(454)
Net increase in loans	(25,842)	(29,073)
Purchases of premises and equipment	(119)	(81)
	<u>(15,361)</u>	<u>847</u>
Net cash (used) provided by investing activities		
Cash flows from financing activities:		
Net increase in deposits	23,193	9,122
Net decrease in short term borrowings	(26,000)	—
Cash dividends paid	—	(865)
Common stock dividends reinvested	—	91
	<u>(2,807)</u>	<u>8,348</u>
Net cash (used) provided by financing activities		
Net (decrease) increase in cash and cash equivalents	(18,959)	9,223
Cash and cash equivalents at beginning of year	24,464	15,241
Cash and cash equivalents at end of year	\$ 5,505	\$ 24,464
Supplemental Disclosures of Cash Flow Information:		
Interest paid on deposits and borrowings	\$ 4,576	\$ 4,202
Income taxes refunded	(100)	(163)
Net decrease (increase) in unrealized depreciation on available for sale securities	4,991	(857)
Supplemental Disclosure of Noncash Activities:		
Issuance of forgivable noninterest-bearing note in exchange for all stock of VA Wholesale Mortgage	\$ 750	\$ —
Amortization of forgivable note (non-cash compensation)	94	—
During the year, the Company issued 19,014 shares of restricted common stock in connection with compensation agreements, representing a noncash investing and financing activity	(82)	—
Recognition of Right of Use Asset and Lease Liability upon origination of new lease	15	—

The Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of Business

Glen Burnie Bancorp (the “Company”) is a bank holding company organized in 1990 under the laws of the State of Maryland. The Company owns all outstanding shares of capital stock of The Bank of Glen Burnie (the “Bank”), a commercial bank organized in 1949 under the laws of the State of Maryland (the “State”). The Bank provides financial services to individuals and corporate customers located in Anne Arundel County and surrounding areas of Central Maryland, and is subject to competition from other financial institutions. The Bank is also subject to the regulations of certain Federal and State agencies and undergoes periodic examinations by those regulatory authorities. The accounting and financial reporting policies of the Bank conform, in all material respects, to accounting principles generally accepted in the United States (“U.S. GAAP”) and to general practices within the banking industry.

As of the close of business on August 15, 2025, The Bank of Glen Burnie completed the acquisition of VA Wholesale Mortgage Incorporated (“VAWM”), a Virginia corporation engaged in residential mortgage banking, lending, and brokerage services. VAWM currently is licensed to originate mortgage loans in all U.S. states except NY, NJ, AL, IL, MA, and OH., and is expected to enhance overall mortgage lending products and services through the Company’s footprint.

On December 12, 2025, the Company issued a press release announcing its intention to voluntarily delist its common stock from the Nasdaq Capital Market and subsequently voluntarily deregister its common stock with the U.S. Securities and Exchange Commission in order to terminate and suspend its reporting obligations under the Securities Exchange Act of 1934, as amended. On January 13, 2026, the Company filed Form 15 Certification and Notice of termination of Registration under Section 12(g) of the Securities Exchange Act of 1934. As a result, the audit for the year ended December 31, 2025 was conducted in accordance with auditing standards generally accepted in the United States of America, while the audit for the year ended December 31, 2024 was conducted in accordance with the standards of the Public Company Accounting Oversight Board.

Basis of Presentation

The consolidated financial statements include the accounts of Glen Burnie Bancorp, The Bank of Glen Burnie and GBB Properties, Inc., a company engaged in the acquisition and disposition of other real estate. All significant intercompany transactions are eliminated in consolidation and certain reclassifications are made when necessary in order to conform the previous year’s financial statements to the current year’s presentation. In preparing the consolidated financial statements, the Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and revenues and expenses during the reporting periods and related disclosures. These estimates that require application of management’s subjective or complex judgments often result in the need to make estimates about the effect of matters that are inherently uncertain and may change in future periods. Management has made significant estimates in several areas, including the valuation of certain loans held for investment (Note 4, *Loans and Allowance for Credit Losses*); allowance for credit losses (Note 4, *Loans and Allowance for Credit Losses*); valuation of investment securities (Note 3, *Investment Securities*); the fair value of financial instruments (Note 16, *Fair Value of Financial Instruments*); and the valuation of deferred tax assets (Note 8, *Income Taxes*). Certain amounts in the financial statements from prior periods have been reclassified to conform to the current financial statement presentation. The Parent Only financial statements (see Note 18, *Parent Company Financial Information*) of the Company account for the subsidiary using the equity method of accounting.

Investment Securities

We classify investment securities as trading, held to maturity (“HTM”), or available for sale (“AFS”) at the date of acquisition. Purchases and sales of securities are generally recorded on a trade-date basis.

Investment securities that we might not hold until maturity are classified as AFS and are reported at fair value in the statement of financial condition. Fair value measurement is based upon quoted market prices in active markets,

if available. If quoted prices in active markets are not available, fair value is measured using pricing models or other model-based valuation techniques such as the present value of future cash flows, which consider prepayment assumptions and other factors such as credit losses and market liquidity. Unrealized gains and losses are excluded from earnings and reported, net of tax, in other comprehensive income ("OCI"). Purchase premiums and discounts are recognized in interest income using the effective interest method over the life of the securities. Purchase premiums or discounts related to mortgage-backed securities are amortized or accreted using projected prepayment speeds. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Debt securities are classified as HTM if the Company has both the intent and ability to hold those securities to maturity regardless of changes in market conditions, liquidity needs or changes in general economic conditions. These securities are carried at cost adjusted for amortization of purchase premiums and accretion of purchase discounts.

Transfers of securities from available for sale to held to maturity are accounted for at fair value as of the date of the transfer. The difference between the fair value and the par value at the date of transfer is considered a premium or discount and is accounted for accordingly. Any unrealized gain or loss at the date of the transfer is reported in OCI, and is amortized over the remaining life of the security as an adjustment of yield in a manner consistent with the amortization of any premium or discount, and will offset or mitigate the effect on interest income of the amortization of the premium or discount for that held to maturity security.

Impairment may result from credit deterioration of the issuer or collateral underlying the security. In performing an assessment of recoverability, all relevant information is considered, including the length of time and extent to which fair value has been less than the amortized cost basis, the cause of the price decline, credit performance of the issuer and underlying collateral, and recoveries or further declines in fair value subsequent to the balance sheet date.

AFS debt securities are measured at fair value rather than amortized cost. Although ASC 326 replaced the legacy other-than-temporary impairment ("OTTI") model with a credit loss model, it retained the fundamental nature of the legacy OTTI model. For AFS debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either criteria is met, the security's amortized cost basis is written down to fair value through income. For AFS debt securities where neither of the criteria are met, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the credit rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited to the amount that the fair value is less than the amortized cost basis. Any remaining discount that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. Under the guidance, an entity may no longer consider the length of time fair value has been less than amortized cost. Changes in the allowance for credit losses are recorded as a provision for (or release of) credit losses. Losses are charged against the allowance when management believes the collectability of an AFS security is considered below the amortized cost basis of the security. As of December 31, 2025 and 2024, the Company determined that the unrealized loss positions in AFS securities were not the result of credit losses, and therefore, an allowance for credit losses was not recorded.

Federal Home Loan Bank Stock

As a borrower from the Federal Home Loan Bank of Atlanta ("FHLB"), the Bank is required to purchase an amount of FHLB stock based on our outstanding borrowings with the FHLB. This stock is used as collateral to secure the borrowings from the FHLB and is accounted for as a cost-method investment. FHLB stock is an equity interest that does not necessarily have a readily determinable fair value for purposes of the ASC Topic 320, *Accounting for Certain Investments in Debt and Equity Securities*, because its ownership is restricted and lacks a market. FHLB stock can be sold back only at its par value of \$100 per share and only to the FHLB or another member institution.

Loans Held for Investment

Loans held for investment are reported at the principal amount outstanding, net of cumulative charge-offs, interest applied to principal (for loans accounted for using the cost recovery method), unamortized net deferred loan origination fees and costs and unamortized premiums or discounts on purchased loans. Interest on loans is accrued and recognized as interest income at the contractual rate of interest. When a loan is designated as held for investment, the intent is to hold these loans for the foreseeable future or until maturity or pay off.

From time to time, the Company will originate loans to facilitate the sale of other real estate owned (OREO). Such loans are accounted for using the installment method and any gain on sale is deferred. The Bank financed no sales of OREO for 2025 or 2024.

Loan Fees and Costs

Loan origination fees, commitment fees, direct loan origination costs and purchase premiums and discounts on loans are deferred and recognized as an adjustment of yield, to be amortized to interest income over the contractual term of the loan.

Nonaccrual Loans

Loans are placed on nonaccrual status when the full and timely collection of principal and interest is doubtful, generally when the loan becomes 90 days or more past due for principal or interest payment or if part of the principal balance has been charged off. When a loan is placed on nonaccrual status all interest previously accrued but not collected is reversed against current period interest income.

All payments received on nonaccrual loans are accounted for using the cost recovery method. Under the cost recovery method, all cash collected is applied to first reduce the principal balance. A loan may be returned to accrual status if all delinquent principal and interest payments are brought current and the collectability of the remaining principal and interest payments in accordance with the loan agreement is reasonably assured. Loans that are well-secured and in the process of collection are maintained on accrual status, even if they are 90 days or more past due.

Impaired Loans

A loan is considered impaired when it is probable that all contractual principal and interest payments due will not be collected in accordance with the terms of the loan agreement. Factors considered by management in determining whether a loan is impaired include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. The carrying value of impaired loans is based on the present value of the loan's expected future cash flows or, alternatively, the observable market price of the loan or the fair value of the collateral.

Modifications with Borrowers Experiencing Financial Difficulty

Management evaluates loan restructurings according to the accounting guidance for loan modifications. We may, for economic or legal reasons, grant a concession to a borrower experiencing financial difficulty that we would not otherwise consider. Management strives to identify borrowers in financial difficulty early and works with them to modify to more affordable terms before their loan reaches nonaccrual status. These modified terms may include rate reductions, principal forgiveness, payment forbearance and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. A restructuring that results in only an insignificant delay in payment is not considered a concession. A delay may be considered insignificant if the payments subject to the delay are insignificant relative to the unpaid principal or collateral value and the contractual amount due, or the delay in timing of the restructured payment period is insignificant relative to the frequency of payments, the debt's original contractual maturity or original expected duration.

Loan modifications with borrowers experiencing financial difficulty are designated as impaired because interest and principal payments will not be received in accordance with the original contract terms. Loans that are performing and on accrual status as of the date of the modification remain on accrual status. Loans that are nonperforming as of

the date of modification generally remain as nonaccrual until the prospect of future payments in accordance with the modified loan agreement is reasonably assured, generally demonstrated when the borrower maintains compliance with the restructured terms for a predetermined period, normally at least six months. Loans with temporary below-market concessions remain designated as a loan to borrower experiencing financial difficulty and impaired regardless of the accrual or performance status until the loan is paid off. However, if the loan has been modified in a subsequent restructure with market terms and the borrower is not currently experiencing financial difficulty, then the loan may be de-designated as being made to a borrower experiencing financial difficulty.

Allowance for Credit Losses – Loans Receivable

Effective January 1, 2021, the Company applied ASU 2016-13, Financial Instruments - Credit Losses ("ASC 326"), such that the allowance calculation is based on the CECL methodology. Prior to January 1, 2021, the calculation was based on incurred loss methodology. See Note 4, *Loans and Allowance for Credit Losses* for details. The Company maintains an allowance for credit losses ("ACL") for the expected credit losses of the loan portfolio as well as unfunded loan commitments. The amount of ACL is based on ongoing, quarterly assessments by management. The CECL methodology requires an estimate of the credit losses expected over the life of an exposure (or pool of exposures) and replaces the incurred loss methodology's threshold that delayed the recognition of a credit loss until it was probable a loss event was incurred.

The ACL consists of the allowance for credit losses - loans and the reserve for unfunded commitments. The estimate of expected credit losses under the CECL methodology is based on relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. Historical loss experience is generally the starting point for estimating expected credit losses. We then consider whether the historical loss experience should be adjusted for asset-specific risk characteristics or current conditions at the reporting date that did not exist over the period that historical experience was based on for each loan type. Finally, we consider forecasts about future economic conditions or changes in collateral values that are reasonable and supportable.

Portfolio segment is defined as the level at which the Company develops and documents a systematic methodology to determine its ACL. The Company has designated three loan portfolio segments: loans secured by real estate, commercial and industrial loans, and consumer loans. These loan portfolio segments are further disaggregated into classes, which represent loans of similar type, risk characteristics, and methods for monitoring and assessing credit risk. The loans secured by real estate portfolio segment is disaggregated into five classes: construction and land, farmland, single-family residential, multi-family, and commercial. The commercial and industrial loan portfolio segment is disaggregated into two classes: commercial and industrial, and SBA guaranty. The risk of loss for the commercial and industrial loan portfolio segment is generally most indicated by the credit risk rating assigned to each borrower. Commercial and industrial loan risk ratings are determined by experienced senior credit officers based on specific facts and circumstances and are subject to periodic review by an independent internal team of credit specialists. The consumer loan portfolio segment is disaggregated into two classes: consumer and automobile. The risk of loss for the consumer loan portfolio segment is generally most indicated by delinquency status and general economic factors. Each of the three loan portfolio segments may also be further segmented based on risk characteristics.

For most of our loan portfolio classes, the historical loss experience is determined using the Average Charge-Off Method. This method pools loans into groups ("cohorts") sharing similar risk characteristics and tracks each cohort's net charge-offs over the lives of the loans. The Average Charge-Off Method uses historical values by period (20-year look-back) to calculate losses and then applies the historical average to future balances over the life of the account. The historical loss rates for each cohort are then averaged to calculate an overall historical loss rate which is applied to the current loan balance to arrive at the quantitative baseline portion of the allowance for credit losses for the respective loan portfolio class. For certain loan portfolio classes, the Company determined there was not sufficient historical loss information to calculate a meaningful historical loss rate using the average charge-off methodology. For any such loan portfolio class, peer group history contributes to the Company's weighted average loss history. The peer group data is included in the weighted average loss history that is developed for each loan pool.

The Company also considers qualitative adjustments to the historical loss rate for each loan portfolio class. The qualitative adjustments for each loan class consider the conditions over the 20-year look-back period from which historical loss experience was based and are split into two components: 1) asset or class specific risk characteristics or current conditions at the reporting date related to portfolio credit quality, remaining payments, volume and nature, credit culture and management, business environment or other management factors; and 2) reasonable and supportable forecast of future economic conditions and collateral values.

The Company performs a quarterly asset quality review which includes a review of forecasted gross charge-offs and recoveries, nonperforming assets, criticized loans, risk rating migration, delinquencies, etc. The asset quality review is performed by management and the results are used to consider a qualitative overlay to the quantitative baseline.

When management deems it to be appropriate, the Company establishes a specific reserve for individually evaluated loans that do not share similar risk characteristics with the loans included in each respective loan pool. These individually evaluated loans are removed from their respective pools and typically represent collateral dependent loans but may also include other non-performing loans or loan modifications to borrowers experiencing financial difficulty.

Impaired Loans

The specific credit allocations are based on regular analysis of all loans over a fixed-dollar amount where the internal credit rating is at or below a predetermined classification. When a loan is identified as impaired, impairment is measured based on net realizable value, and the recorded investment balance of the loan. For impaired loans, we recognize impairment if we determine that the net realizable value of the impaired loan is less than the recorded investment of the loan (net of previous charge-offs and deferred loan fees and costs), except when the sole remaining source of collection is the underlying collateral. In these cases, impairment is measured as the difference between the recorded investment balance of the loan and the fair value of the collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral.

Once the impairment amount is determined, an asset-specific allowance is provided that is equal to the calculated impairment and included in the allowance for credit losses - loans. If the calculated impairment is determined to be permanent or not recoverable, the impairment will be charged off. Factors considered by management in determining if impairment is permanent or not recoverable include whether management judges the loan to be uncollectible, repayment is deemed to be protracted beyond reasonable time frames or the loss becomes evident owing to the borrower's lack of assets.

Estimate of Probable Credit Losses - Loans

On January 1, 2021, the Company early adopted ASU 2016-13, Financial Instruments - Credit Losses ("ASC 326") which replaced the "incurred loss approach" for estimating credit losses with an expected loss methodology. The incurred loss model delayed the recognition of credit losses until it was probable that a loss had occurred, while the CECL model requires the immediate recognition of expected credit losses over the contractual term for financial instruments that fall within the scope of CECL at the date of origination or purchase of the financial instrument. The CECL model, which is applicable to the measurement of credit losses on financial assets measured at amortized cost and certain off-balance sheet credit exposures, affects the Company's estimates of the allowance for credit losses for our loan portfolio and the reserve for our off-balance sheet credit exposures related to loan commitments. The allowance for credit losses is established through a provision for credit losses charged to expense. Loans are charged against the allowance for credit losses when management believes that the collectability of the principal is unlikely. The allowance, based on all available information from internal and external sources, relevant to assessing the collectability of loans over their contractual terms, adjusted for expected prepayments when appropriate, is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible. The evaluations are performed for each class of loans and take into consideration factors such as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, value of collateral securing the loans and current economic conditions and trends that may affect the borrowers' ability to pay. For example, delinquencies in unsecured loans and indirect automobile installment loans will be reserved for at significantly higher

ratios than loans secured by real estate. Finally, the Company considers forecasts about future economic conditions or changes in collateral values that are reasonable and supportable. Based on that analysis, the Bank deems its allowance for credit losses in proportion to the total nonaccrual loans and past due loans to be sufficient.

Reserve for Unfunded Commitments

The Company maintains a separate allowance for losses on unfunded loan commitments, which is included in accrued expenses and other liabilities on the consolidated statements of financial condition. The reserve for unfunded commitments (off-balance sheet financial instruments) is established through a provision for credit losses - unfunded commitments, the changes of which are recorded in noninterest expense. The reserve for unfunded commitments is an amount that management believes will be adequate to absorb probable losses inherent in existing commitments, including unused portions of revolving lines of credit and other loans, standby letters of credit, and unused deposit account overdraft privileges. The reserve for unfunded commitments is based on evaluations of the collectability, and prior loss experience of unfunded commitments. The evaluations take into consideration such factors as changes in the nature and size of the loan portfolio, overall loan portfolio quality, loan concentrations, specific problem loans and related unfunded commitments, and current economic conditions that may affect the borrower's or depositor's ability to pay.

Other Real Estate Owned

Other real estate owned ("OREO") represents real estate acquired in partial or total satisfaction of debts previously contracted with the Company, generally through the foreclosure of loans. These properties are initially recorded at the net realizable value (fair value of collateral less estimated costs to sell). Upon transfer of a loan to OREO, an appraisal is obtained and any excess of the loan balance over the net realizable value is charged against the allowance for credit losses - loans. Subsequent declines in net realizable value identified from the ongoing analysis of such properties as well as gains and losses realized from the sale of OREO are recognized in current period earnings within noninterest expense as foreclosed property expense. The net realizable value of these assets is reviewed and updated as circumstances warrant. Loans transferred to OREO through foreclosure proceedings totaled \$0 for the year ended December 31, 2025, and 2024.

Premises and Equipment

Bank premises and equipment are stated at cost less accumulated depreciation and depreciated over the estimated useful life of the related asset or the term of the lease using the straight-line method. Expenditures for improvements that extend the life of an asset are capitalized and depreciated over the asset's remaining useful life. Gains or losses realized on the disposition of premises and equipment are reflected in the consolidated statements of income. Expenditures for repairs and maintenance are charged to occupancy and equipment expense as incurred. Computer software is recorded at cost and amortized over three to five years. Management periodically evaluates the carrying value of long-lived assets and certain identifiable intangibles, including goodwill, furniture and equipment and leasehold improvements for impairment.

Income Taxes

Our income tax expense, and deferred tax assets and liabilities reflect management's best assessment of estimated current and future taxes to be paid. Significant judgments and estimates are required in determining the consolidated income tax expense.

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in the future. Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes and are reflected as discrete tax items in the Company's tax provision.

The Company records net deferred tax assets to the extent it is believed that these assets will more likely than not be realized. In making this determination, the Company considers all available evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, and recent financial operations. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority.

The Company files a consolidated federal income tax return and separate company state tax returns.

For a more detailed description of income taxes see Note 8, *Income Taxes* of the Notes to Consolidated Financial Statements.

Fair Value Measurement

The term "fair value" is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 Company's approach is to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements. The degree of management judgment involved in estimating the fair value of a financial instrument or other asset is dependent upon the availability of quoted market prices or observable market value inputs for internal valuation models used for estimating fair value. For financial instruments that are actively traded in the marketplace or whose values are based on readily available market data, little judgment is necessary when estimating the instrument's fair value. When observable market prices and data are not readily available, significant management judgment often is necessary to estimate fair value. In those cases, different assumptions could result in significant changes in valuation. See Note 16, *Fair Value Measurement*.

Cash and Cash Equivalents

The Bank has included cash and due from banks, interest-bearing deposits in other financial institutions, and federal funds sold as cash and cash equivalents for the purpose of reporting cash flows. The carrying value of cash and cash equivalents approximates its fair value due to its short-term nature.

Earnings Per Share

Basic earnings per common share ("EPS") is computed by dividing net income available to common shareholders by the weighted average common shares outstanding during the period. Diluted EPS is computed by dividing net income available to common shareholders by the weighted average common shares outstanding, plus the effect of common stock equivalents (for example, stock options computed using the treasury stock method).

Advertising Expense

Advertising costs, which we consider to be media and marketing materials, are expensed as incurred. We incurred \$0.2 million and \$0.1 million in advertising expense during the years ended December 31, 2025 and 2024, respectively.

Bank Owned Life Insurance

The Company has purchased bank owned life insurance policies on certain current and former employees as a means to generate tax-exempt income which is used to offset a portion of current and future employee benefit costs. Bank owned life insurance is recorded at the cash surrender value of the policies. Changes in the cash surrender value are included in noninterest income.

Other Comprehensive Income (Loss)

Other comprehensive income includes unrealized gains and losses, net of tax, on AFS securities and derivative instruments. Unrealized gains and losses, net of tax, are excluded from net income, and are reflected as a direct charge or credit to shareholders' equity. Comprehensive income (loss) and the related components are disclosed in the consolidated statements of comprehensive income.

Segment Reporting

The Company operates as a single reportable segment through The Bank of Glen Burnie and the Bank's wholly owned mortgage broker subsidiary. The Company's Chief Executive Officer, who serves as the chief operating decision maker, evaluates performance and allocates resources based primarily on consolidated net income. Accordingly, management has concluded that the Company has one reportable segment.

Recent Accounting Pronouncements and Developments

ASU No. 2023-07. "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2024-04"). This update requires public entities with reportable segments to provide additional and more detailed disclosures. This standard is effective for annual periods beginning after December 15, 2023. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

ASU No. 2023-09. "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This update requires more detailed disclosures of income taxes paid net of refunds received, income from continuing operations before income tax expense or benefit, and income tax expense from continuing operations. This standard is to be applied on a prospective basis, with retrospective application permitted, and is effective for the Company for annual periods beginning after December 15, 2024. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

Note 2. Restrictions on Cash and Amounts Due from Banks

On March 26, 2020 the Board of Governors of the Federal Reserve System set the reserve requirement ratios to zero percent and reserve requirements have not been administered since.

Note 3. Investment Securities

A summary of the amortized cost and market value of securities available for sale at December 31, 2025 and 2024 is as follows:

(dollars in thousands)	2025			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Collateralized mortgage obligations	\$ 13,014	\$ 11	\$ (1,999)	\$ 11,026
Agency mortgage-backed securities	37,850	—	(3,763)	34,087
Municipal securities	41,005	8	(9,189)	31,824
U.S. Government agency securities	31,327	—	(6,203)	25,124
Corporate securities	1,500	—	(92)	1,408
Total securities available for sale	\$ 124,696	\$ 19	\$ (21,246)	\$ 103,469

(dollars in thousands)	2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Collateralized mortgage obligations	\$ 14,439	\$ 21	\$ (2,402)	\$ 12,058
Agency mortgage-backed securities	44,252	—	(5,651)	38,601
Municipal securities	42,607	5	(10,201)	32,411
U.S. Government agency securities	31,368	—	(7,830)	23,538
Corporate securities	1,500	—	(159)	1,341
Total securities available for sale	\$ 134,166	\$ 26	\$ (26,243)	\$ 107,949

Investment securities are accounted for according to their purpose and holding period. Trading securities are those that are bought and held principally for the purpose of selling them in the near term. The Company held no trading securities at December 31, 2025 or December 31, 2024. Available-for-sale investment securities, comprised of debt and mortgage-backed securities, are those that may be sold before maturity due to changes in the Company's interest rate risk profile or funding needs, and are reported at fair value with unrealized gains and losses, net of taxes, reported as a component of other comprehensive income or loss. Held-to-maturity investment securities are those that management has the positive intent and ability to hold to maturity and are reported at amortized cost. The Company held no held-to-maturity securities at December 31, 2025 or December 31, 2024.

Realized gains and losses are recorded in noninterest income and are determined on a trade date basis using the specific identification method. Interest and dividends on investment securities are recognized in interest income on an accrual basis. Premiums and discounts are amortized or accreted into interest income using the interest method over the expected lives of the individual securities.

The following tables show the fair value and gross unrealized losses associated with the investment portfolio, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2025 and 2024:

(dollars in thousands)	2025					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Collateralized mortgage obligations	\$ 984	\$ (1)	\$ 8,822	\$ (1,998)	\$ 9,806	\$ (1,999)
Agency mortgage-backed securities	—	—	34,087	(3,763)	34,087	(3,763)
Municipal securities	—	—	29,955	(9,189)	29,955	(9,189)
U.S. Government agency securities	—	—	25,124	(6,203)	25,124	(6,203)
Corporate securities	—	—	1,408	(92)	1,408	(92)
	\$ 984	\$ (1)	\$ 99,396	\$ (21,245)	\$ 100,380	\$ (21,246)

(dollars in thousands)	2024					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Collateralized mortgage obligations	\$ 118	\$ —	\$ 9,456	\$ (2,402)	\$ 9,574	\$ (2,402)
Agency mortgage-backed securities	66	(1)	38,535	(5,650)	38,601	(5,651)
Municipal securities	1,615	(20)	30,291	(10,181)	31,906	(10,201)
U.S. Government agency securities	—	—	23,538	(7,830)	23,538	(7,830)
Corporate securities	—	—	1,341	(159)	1,341	(159)
	<u>\$ 1,799</u>	<u>\$ (21)</u>	<u>\$ 103,161</u>	<u>\$ (26,222)</u>	<u>\$ 104,960</u>	<u>\$ (26,243)</u>

At December 31, 2025 and 2024, the Company did not have any securities that had impairment charges.

The Company's investment securities portfolio consists primarily of debt securities issued by U.S. Government agencies, U.S. Government-sponsored agencies, Corporate securities, state governments and local municipalities. There were no private label mortgage-backed securities ("MBS") or collateralized mortgage obligations ("CMO") held in the investment securities portfolio as of December 31, 2025 and December 31, 2024.

The fair value of investment securities is impacted by interest rates, credit spreads, market volatility and liquidity conditions. Net unrealized gains and losses in the available for sale portfolio are included in shareholders' equity as a component of accumulated other comprehensive income or loss, net of tax. An unrealized loss exists when the current fair value of an individual security is less than the amortized cost basis.

The Company does not believe that the available-for-sale debt securities that were in an unrealized loss position have any credit loss impairment upon adoption of ASC 326 on January 1, 2021 or as of December 31, 2025. As of December 31, 2025, the Company did not intend to sell the investment securities that were in an unrealized loss position. It is more likely than not that the Company will not be required to sell the investment securities before recovery of their amortized cost basis, which may be at maturity. Available-for-sale debt securities issued by U.S. government agencies or U.S. government sponsored enterprises carry the explicit and/or implicit guarantee of the U.S. government and have a long history of zero credit loss. Municipal bonds are considered to have issuer(s) of high credit quality (rated A or higher) and the decline in fair value is due to changes in interest rates and other market conditions. Corporate securities are non-rated investments that are booked as a debt security where rating agencies do not provide a rating. The absence of a rating does not imply substandard quality. Non-rated corporate securities may be purchased from issuers operating in and around the Company's operating footprint. The issuer(s) continues to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bond(s) approach maturity.

The Company held fifty-three U.S. Government agency, sixty-three collateralized mortgage obligations and seventy-seven agency mortgage-backed securities that were in an unrealized loss position at December 31, 2025. Principal and interest payments of the underlying collateral for each of these securities are backed by U.S. Government sponsored agencies and carry minimal credit risk. Management found no evidence of credit loss impairment on any of these securities and believes the unrealized losses are due to fluctuations in fair values resulting from changes in market interest rates and are considered temporary as of December 31, 2025.

The Company held one corporate security that was in an unrealized loss position at December 31, 2025. Management believes the unrealized losses were the result of movements in long-term interest rates and are not reflective of any credit deterioration.

All municipal securities held in the investment portfolio are reviewed on at least a quarterly basis for credit loss impairment. Each bond carries an investment grade rating by either Moody's or Standard & Poor's. In addition, the Company periodically conducts its own independent review on each issuer to ensure the financial stability of the municipal entity. The largest geographic concentration was in Maryland and consisted of either general obligation or revenue bonds backed by the taxing power of the issuing municipality. At December 31, 2025, the investment portfolio included twenty-seven municipal securities that were in an unrealized loss position. Management believes the

unrealized losses were the result of movements in long-term interest rates and are not reflective of any credit deterioration.

At December 31, 2025, investment securities in the amount of approximately \$32.0 million were pledged as collateral under the Federal Reserve’s Discount Window Borrowing Program. At December 31, 2024, investment securities in the amount of approximately \$33.4 million were pledged as collateral under the Federal Reserve’s Discount Window Borrowing Program.

Unrealized losses on securities in the investment portfolio amounted to \$21.2 million with a total fair value of \$100.4 million as of December 31, 2025 compared to unrealized losses of \$26.2 million with a total fair value of \$105.0 million as of December 31, 2024. The Company believes the unrealized losses presented in the tables above are temporary in nature and primarily related to market interest rates or limited trading activity in a particular type of security rather than the underlying credit quality of the issuers. The Company does not believe that these losses are other than temporary and does not currently intend to sell or believe it will be required to sell securities in an unrealized loss position prior to maturity or recovery of the amortized cost bases.

The following table presents investment securities by stated maturity at December 31, 2025. Collateralized mortgage obligations and agency mortgage-backed securities have expected maturities that differ from contractual maturities because borrowers have the right to call or prepay obligations with or without prepayment penalties and, therefore, these securities are classified separately with no specific maturity date.

(dollars in thousands)	2025	
	Amortized Cost	Fair Value
Due within one year	\$ —	\$ —
Due over one to five years	3,971	3,770
Due over five to ten years	26,397	22,891
Due over ten years	43,464	31,695
Collateralized mortgage obligations	13,014	11,026
Agency mortgage-backed securities	37,850	34,087
Total securities available for sale	\$ 124,696	\$ 103,469

No investment securities were sold in 2025 or 2024.

Note 4. Loans and Allowance for Credit Losses - Loans

The following table sets forth the Company's gross loans by major categories as of December 31, 2025 and 2024:

(dollars in thousands)	December 31,	
	2025	2024
Loans Secured by Real Estate		
Construction and land	\$ 6,617	\$ 8,882
Farmland	306	315
Single-family residential	101,710	98,993
Multi-family	6,550	5,022
Commercial	51,261	48,726
Total loans secured by real estate	166,444	161,938
Commercial and Industrial		
Commercial and industrial	31,808	16,705
SBA guaranty	5,386	5,691
Total commercial and industrial loans	37,194	22,396
Consumer Loans		
Consumer credit cards	47	—
Consumer	2,451	2,880
Automobile	25,085	18,005
Total consumer loans	27,583	20,885
Loans, net of deferred fees and costs	231,221	205,219
Less: Allowance for credit losses	(2,716)	(2,839)
Loans, net	<u>\$ 228,505</u>	<u>\$ 202,380</u>

The Company currently manages its credit products and the respective exposure to credit losses by specific portfolio segments and classes, which are levels at which the Company develops and documents its systematic methodology to determine the allowance for credit losses. The Company believes each portfolio segment has unique risk characteristics. The Company's loans held for investment is divided into three portfolio segments: loans secured by real estate, commercial and industrial loans, and consumer loans. Each of these segments is further divided into loan classes for purposes of estimating the allowance for credit losses. The Bank has an automotive indirect lending program where loans, collateralized by vehicles, made by car dealers to consumers are acquired by the Bank. The Bank's indirect loan group included \$25.1 million and \$18.0 million of such loans at December 31, 2025 and 2024, respectively.

The Bank makes loans to customers located primarily in Anne Arundel County and surrounding areas of Central Maryland. Although the loan portfolio is diversified, its performance will be influenced by the economy of the region.

In June 2024, the Bank purchased an indirect home equity loan ("HELOC") portfolio comprised of 156 revolving home equity notes with a total commitment of \$21.6 million. There were no loans included in the purchased portfolio that were classified as credit deteriorated under ASC 326 at the time of purchase. As of December 31, 2025, there were 123 loans remaining in the purchased portfolio with an aggregate total commitment of \$17.0 million, of which \$9.6 million was outstanding. As of December 31, 2025, there was one nonaccrual loan in the purchased HELOC pool with a principal balance of \$744,000 that was subsequently paid in full in March 2026.

Included in loans are loans due from directors, executive officers and other related parties of \$2.5 million and \$2.6 million, at December 31, 2025 and December, and 2024, respectively. These loans are made on the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with unrelated borrowers. The Board of Directors approves loans to directors, executive officers and other related parties to confirm that collateral requirements, terms and rates are comparable to other borrowers and are in compliance with underwriting policies. The

following presents the activity and amounts due from directors and other related parties for the years ended December 31, 2025 and 2024.

(dollars in thousands)	December 31,	
	2025	2024
Balance at beginning of year	\$ 2,571	\$ 150
Additions	—	2,600
Repayments	(47)	(29)
Reduction due to retirement	—	(150)
Balance at end of year	<u>\$ 2,524</u>	<u>\$ 2,571</u>

Allowance for Credit Losses

Credit Risk and Allowance for Credit Losses - Loans. Credit risk is the risk of loss arising from the inability of a borrower to meet his or her obligations and entails both general risks, which are inherent in the process of lending, and risks specific to individual borrowers. Credit risk is mitigated through portfolio diversification, which limits exposure to any single customer, industry, or collateral type. Residential mortgage and home equity loans and lines generally have the lowest credit loss experience. Loans secured by personal property, such as auto loans, generally experience medium credit losses. Unsecured loan products, such as personal revolving credit, have the highest credit loss experience and for that reason, the Bank has chosen not to engage in a significant amount of this type of lending. Credit risk in commercial lending can vary significantly, as losses as a percentage of outstanding loans can shift widely during economic cycles and are particularly sensitive to changing economic conditions. Generally, improving economic conditions result in improved operating results on the part of commercial customers, enhancing their ability to meet their particular debt service requirements. Improvements, if any, in operating cash flows can be offset by the impact of rising interest rates that may occur during improved economic times. Inconsistent economic conditions may have an adverse effect on the operating results of commercial customers, reducing their ability to meet debt service obligations.

On January 1, 2021, the Company early adopted ASU 2016-13, Financial Instruments - Credit Losses (“ASC 326”) which replaces the “incurred loss approach” for estimating credit losses with an expected loss methodology. The incurred loss model delayed the recognition of credit losses until it was probable that a loss had occurred, while the CECL model requires the immediate recognition of expected credit losses over the contractual term for financial instruments that fall within the scope of CECL at the date of origination or purchase of the financial instrument. The CECL model, which is applicable to the measurement of credit losses on financial assets measured at amortized cost and certain off-balance sheet credit exposures, affects the Company’s estimates of the allowance for credit losses for our loan portfolio and the reserve for our off-balance sheet credit exposures related to loan commitments. The allowance for credit losses - loans is established through a provision for credit losses charged to expense. Loans are charged against the allowance for credit losses - loans when management believes that the collectability of the principal is unlikely. The allowance, based on all available information from internal and external sources, relevant to assessing the collectability of loans over their contractual terms, adjusted for expected prepayments when appropriate, is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible. The evaluations are performed for each class of loans and take into consideration factors such as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, value of collateral securing the loans and current economic conditions and trends that may affect the borrowers’ ability to pay. For example, delinquencies in unsecured loans and indirect automobile installment loans will be reserved for at significantly higher ratios than loans secured by real estate. Finally, the Company considers forecasts about future economic conditions or changes in collateral values that are reasonable and supportable. Based on that analysis, the Bank deems its allowance for credit losses - loans in proportion to the total nonaccrual loans and past due loans to be sufficient.

The following table presents the total allowance by loan segment:

December 31, 2025 (dollars in thousands)	Loans Secured By Real Estate					Commercial and Industrial Loans			Consumer Loans		Total
	Construction and Land	Farmland	Single-family Residential	Multi-family	Commercial	Commercial and Industrial	SBA Guaranty	Credit Card	Consumer	Automobile	
Balance, beginning of year	\$ 40	\$ 16	\$ 1,529	\$ 224	\$ 507	\$ 272	\$ 38	\$ —	\$ 45	\$ 168	\$ 2,839
Charge-offs	—	—	—	—	—	—	—	—	(24)	(381)	(405)
Recoveries	—	—	—	—	—	—	—	—	—	191	191
Provision (release) for credit losses	(11)	(5)	(145)	(162)	(158)	308	(9)	—	14	259	91
Balance, end of year	\$ 29	\$ 11	\$ 1,384	\$ 62	\$ 349	\$ 580	\$ 29	\$ —	\$ 35	\$ 237	\$ 2,716
Individually evaluated for impairment:											
Balance in allowance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Related loan balance	—	—	888	—	915	1,296	453	—	—	—	3,552
Collectively evaluated for impairment:											
Balance in allowance	\$ 29	\$ 11	\$ 1,384	\$ 62	\$ 349	\$ 580	\$ 29	\$ —	\$ 35	\$ 237	\$ 2,716
Related loan balance	6,617	306	100,822	6,550	50,346	30,512	4,933	47	2,451	25,085	227,669
December 31, 2024 (dollars in thousands)											
December 31, 2024 (dollars in thousands)	Loans Secured By Real Estate					Commercial and Industrial Loans			Consumer Loans		Total
	Construction and Land	Farmland	Single-family Residential	Multi-family	Commercial	Commercial and Industrial	SBA Guaranty	Credit Card	Consumer	Automobile	
Balance, beginning of year	\$ 31	\$ 18	\$ 1,290	\$ 96	\$ 190	\$ 304	\$ 21	\$ —	\$ 30	\$ 177	\$ 2,157
Charge-offs	—	—	—	—	—	—	(299)	—	(18)	(67)	(384)
Recoveries	—	—	—	—	—	—	—	—	133	89	222
(Release) provision for credit losses	9	(2)	239	128	317	(32)	316	—	(100)	(31)	844
Balance, end of year	\$ 40	\$ 16	\$ 1,529	\$ 224	\$ 507	\$ 272	\$ 38	\$ —	\$ 45	\$ 168	\$ 2,839
Individually evaluated for impairment:											
Balance in allowance	\$ —	\$ —	\$ 18	\$ —	\$ —	\$ 121	\$ —	\$ —	\$ —	\$ —	\$ 139
Related loan balance	—	—	26	—	—	773	—	—	—	—	799
Collectively evaluated for impairment:											
Balance in allowance	\$ 40	\$ 16	\$ 1,511	\$ 224	\$ 507	\$ 151	\$ 38	\$ —	\$ 45	\$ 168	\$ 2,700
Related loan balance	8,882	315	98,967	5,022	48,726	15,932	5,691	—	2,880	18,005	204,420

Management believes the allowance for credit losses is at an appropriate level to absorb inherent probable losses in the portfolio.

During the 12 months ended December 31, 2025, loans to 22 borrowers and related entities totaling approximately \$405,000 were determined to be uncollectible and were charged off. During the 12 months ended December 31, 2024, loans to 13 borrowers and related entities totaling approximately \$384,000 were determined to be uncollectible and were charged off.

The following table provides gross charge-offs for the years 2025 and 2024 by the year of origination:

December 31, 2025 (dollars in thousands)	Gross Charge-offs							Revolving Loans	Total
	Term Loans by Origination Year								
	2025	2024	2023	2022	2021	Prior			
Consumer Loans									
Consumer	\$ —	\$ 23	\$ —	\$ —	\$ —	\$ 1	\$ —	24	
Automobile	45	203	—	24	42	67	—	381	
Total consumer	45	226	—	24	42	68	—	405	
Total gross charge-offs this period	\$ 45	\$ 226	\$ —	\$ 24	\$ 42	\$ 68	\$ —	\$ 405	
December 31, 2024 (dollars in thousands)	Term Loans by Origination Year						Revolving Loans	Total	
	2024	2023	2022	2021	2020	Prior			
Commercial and Industrial Loans	\$ —	\$ —	\$ —	\$ 299	\$ —	\$ —	\$ —	\$ 299	
SBA guaranty									
Consumer	—	—	13	—	—	5	—	18	
Automobile	—	—	—	—	51	16	—	67	
Total consumer	—	—	13	—	51	21	—	85	
Total gross charge-offs this period	\$ —	\$ —	\$ 13	\$ 299	\$ 51	\$ 21	\$ —	\$ 384	

The following table rolls forward the Company's activity for nonaccrual loans during the years 2025 and 2024:

(dollars in thousands)	Loans Secured By Real Estate		Commercial and Industrial Loans			Consumer Loans			Total
	Single-family		Commercial			Credit Cards	Consumer	Automobile	
	Residential	Multi-family	Commercial	and Industrial	SBA Guaranty				
December 31, 2023	\$ 145	\$ —	\$ —	\$ 299	\$ —	\$ —	\$ —	\$ 83	\$ 527
Transfers into nonaccrual	52	—	140	—	—	—	—	93	285
Loans paid down/payoffs	(48)	—	(16)	—	—	—	—	(35)	(99)
Loans returned to accrual status	—	—	—	—	—	—	—	(1)	(1)
Loans charged off	—	—	—	(299)	—	—	—	(53)	(352)
December 31, 2024	\$ 149	\$ —	\$ 124	\$ —	\$ —	\$ —	\$ —	\$ 87	\$ 360
Transfers into nonaccrual	770	—	—	—	—	—	37	373	1,180
Loans paid down/payoffs	(10)	—	(16)	—	—	—	—	(43)	(69)
Loans returned to accrual status	(21)	—	—	—	—	—	—	(1)	(22)
Loans charged off	—	—	—	—	—	—	—	(193)	(193)
December 31, 2025	\$ 888	\$ —	\$ 108	\$ —	\$ —	\$ —	\$ 37	\$ 223	\$ 1,256

Credit Quality Information

In addition to monitoring the performance status of the loan portfolio, the Company utilizes a risk rating scale (1-8) to evaluate loan asset quality for all loans. Loans that are rated 1-4 are classified as "pass" credits. For the pass rated loans, management believes there is a low risk of loss related to these loans and as necessary, credit may be strengthened through improved borrower performance and/or additional collateral. Loans rated a 5 (Special Mention) are pass credits, but are loans that have been identified that warrant additional attention and monitoring and represent "criticized" assets. Loans rated a 6 (Substandard) or higher are considered "criticized" loans and represent an increased

level of credit risk. The use and application of these risk ratings by the Bank conform to the Bank's policy and regulatory definitions.

The Bank's internal risk ratings are as follows:

1 – 4 (Pass) - Pass credits are loans in grades "superior" through "acceptable". These are at least considered to be credits with acceptable risks and would be granted in the normal course of lending operations.

5 (Special Mention) - Special mention credits have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the credits or in the Bank's credit position at some future date. If weaknesses cannot be identified, classifying as special mention is not appropriate. Special mention credits are not adversely classified and do not expose the Bank to sufficient risk to warrant an adverse classification. No apparent loss of principal or interest is expected.

6 (Substandard) - Substandard credits are inadequately protected by the current worth and paying capacity of the obligor or by the collateral pledged. Financial statements normally reveal some or all of the following: poor trends, lack of earnings and cash flow, excessive debt, lack of liquidity, and the absence of creditor protection. Credits so classified must have a well-defined weakness, or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

7 (Doubtful) - A doubtful credit has all the weaknesses inherent in a substandard asset with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors that may work to the advantage and strengthening of the asset, its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral, and refinancing plans. Doubtful classification for an entire credit should be avoided when collection of a specific portion appears highly probable with the adequately secured portion graded Substandard.

8 (Loss) – A loss risk rate graded loan has been determined to be incapable of repaying the debt. These loans are considered uncollectible and cannot be justified to continue as viable assets of the Bank. Even with the possibility of future recovery, it is not practical or desirable to defer writing off these loans at the present time.

In the normal course of loan portfolio management, loan originators are responsible for continuous assessment of credit risk arising from the individual borrowers within their portfolio and assigning appropriate risk ratings. Credit Administration is responsible for ensuring the integrity and operation of the risk rating system and maintenance of the watch list. The Bank contracts with an independent third-party loan review firm that reviews and validates the internal credit risk program on an annual basis. Results of these reviews are presented to the Audit Committee for approval and then to management for implementation. The loan review process complements and reinforces the risk identification and assessment decisions made by the lenders and credit personnel as well as the Bank's policies and procedures.

The following table provides information with respect to the Company's risk ratings by loan portfolio segment:

December 31, 2025 (dollars in thousands)	Loans Secured By Real Estate					Commercial and Industrial Loans			Consumer Loans		Total
	Construction and Land	Farmland	Single-family Residential	Multi-family	Commercial	Commercial and Industrial	SBA Guaranty	Credit Cards	Consumer Automobile		
Pass	\$ 6,617	\$ 306	\$ 100,822	\$ 6,550	\$ 50,346	\$ 30,512	\$ 4,933	\$ 47	\$ 2,414	\$ 24,864	\$ 227,411
Special mention	—	—	—	—	—	1,296	—	—	—	—	1,296
Substandard	—	—	888	—	915	—	453	—	37	221	2,514
Doubtful	—	—	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—	—	—
	<u>\$ 6,617</u>	<u>\$ 306</u>	<u>\$ 101,710</u>	<u>\$ 6,550</u>	<u>\$ 51,261</u>	<u>\$ 31,808</u>	<u>\$ 5,386</u>	<u>\$ 47</u>	<u>\$ 2,451</u>	<u>\$ 25,085</u>	<u>\$ 231,221</u>
Nonaccrual	\$ —	\$ —	\$ 888	\$ —	\$ 108	\$ —	\$ —	\$ —	\$ 37	\$ 223	\$ 1,256
Restructured loans to borrowers with financial difficulty	\$ —	\$ —	\$ 22	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 22
Number restructured loans to borrowers with financial difficulty	—	—	1	—	—	—	—	—	—	—	1
Non-performing restructured loans to borrowers with financial difficulty	\$ —	\$ —	\$ 22	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 22
Number of non-performing restructured loan accounts	—	—	1	—	—	—	—	—	—	—	1

December 31, 2024 (dollars in thousands)	Loans Secured By Real Estate					Commercial and Industrial Loans			Consumer Loans		Total
	Construction and Land	Farmland	Single-family Residential	Multi-family	Commercial	Commercial and Industrial	SBA Guaranty	Credit Cards	Consumer Automobile		
Pass	\$ 8,882	\$ 315	\$ 98,844	\$ 5,022	\$ 47,829	\$ 16,705	\$ 5,219	\$ —	\$ 2,880	\$ 17,918	\$ 203,614
Special mention	—	—	—	—	—	—	472	—	—	—	472
Substandard	—	—	149	—	897	—	—	—	—	87	1,133
Doubtful	—	—	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—	—	—
	<u>\$ 8,882</u>	<u>\$ 315</u>	<u>\$ 98,993</u>	<u>\$ 5,022</u>	<u>\$ 48,726</u>	<u>\$ 16,705</u>	<u>\$ 5,691</u>	<u>\$ —</u>	<u>\$ 2,880</u>	<u>\$ 18,005</u>	<u>\$ 205,219</u>
Nonaccrual	\$ —	\$ —	\$ 149	\$ —	\$ 124	\$ —	\$ —	\$ —	\$ —	\$ 87	\$ 360
Restructured loans to borrowers with financial difficulty	\$ —	\$ —	\$ 26	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 26
Number restructured loans to borrowers with financial difficulty	—	—	1	—	—	—	—	—	—	—	1
Non-performing restructured loans to borrowers with financial difficulty	\$ —	\$ —	\$ 26	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 26
Number of non-performing restructured loan accounts	—	—	1	—	—	—	—	—	—	—	1

The following tables provide information about credit quality indicators by the year of origination at December 31, 2025 and 2024:

December 31, 2025	Origination Year						Total
	2025	2024	2023	2022	2021	Prior	
(dollars in thousands)							
Loans Secured By Real Estate:							
Pass	\$ 33,209	\$ 31,881	\$ 15,028	\$ 10,502	\$ 14,257	\$ 59,873	\$ 164,750
Special mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	806	806
Nonaccrual	22	768	—	—	—	98	888
Doubtful	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—
	<u>\$ 33,231</u>	<u>\$ 32,649</u>	<u>\$ 15,028</u>	<u>\$ 10,502</u>	<u>\$ 14,257</u>	<u>\$ 60,777</u>	<u>\$ 166,444</u>
Commercial and Industrial Loans:							
Pass	\$ 16,601	\$ 9,833	\$ 1,866	\$ 533	\$ 2,707	\$ 3,798	\$ 35,338
Special mention	1,028	268	—	—	—	—	1,296
Substandard	—	—	—	—	—	452	452
Nonaccrual	—	—	—	—	—	108	108
Doubtful	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—
	<u>\$ 17,629</u>	<u>\$ 10,101</u>	<u>\$ 1,866</u>	<u>\$ 533</u>	<u>\$ 2,707</u>	<u>\$ 4,358</u>	<u>\$ 37,194</u>
Consumer Loans:							
Pass	\$ 15,131	\$ 4,981	\$ 1,311	\$ 1,828	\$ 1,570	\$ 2,502	\$ 27,323
Special mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Nonaccrual	86	65	—	8	23	78	260
Doubtful	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—
	<u>\$ 15,217</u>	<u>\$ 5,046</u>	<u>\$ 1,311</u>	<u>\$ 1,836</u>	<u>\$ 1,593</u>	<u>\$ 2,580</u>	<u>\$ 27,583</u>

December 31, 2024	Origination Year						Total
	2024	2023	2022	2021	2020	Prior	
(dollars in thousands)							
Loans Secured By Real Estate:							
Pass	\$ 37,899	\$ 14,919	\$ 13,565	\$ 14,959	\$ 8,287	\$ 71,263	\$ 160,764
Special mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	773	773
Nonaccrual	—	—	—	—	—	273	273
Doubtful	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—
	<u>\$ 37,899</u>	<u>\$ 14,919</u>	<u>\$ 13,565</u>	<u>\$ 14,959</u>	<u>\$ 8,287</u>	<u>\$ 72,309</u>	<u>\$ 161,938</u>
Commercial and Industrial Loans:							
Pass	\$ 5,734	\$ 3,493	\$ 903	\$ 301	\$ 3,434	\$ 8,059	\$ 22,223
Special mention	—	—	—	—	—	472	472
Substandard	—	—	—	—	—	—	—
Nonaccrual	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—
	<u>\$ 5,734</u>	<u>\$ 3,493</u>	<u>\$ 903</u>	<u>\$ 301</u>	<u>\$ 3,434</u>	<u>\$ 8,531</u>	<u>\$ 22,396</u>
Consumer Loans:							
Pass	\$ 7,917	\$ 1,786	\$ 3,128	\$ 3,174	\$ 1,721	\$ 3,072	\$ 20,794
Special mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Nonaccrual	—	—	40	34	12	1	87
Doubtful	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—
	<u>\$ 7,917</u>	<u>\$ 1,786</u>	<u>\$ 3,168</u>	<u>\$ 3,208</u>	<u>\$ 1,733</u>	<u>\$ 3,073</u>	<u>\$ 20,885</u>

Asset Quality

The following table presents the loan portfolio segments summarized by aging categories of performing loans and nonaccrual loans as of December 31, 2025 and 2024:

<u>December 31, 2025</u>	<u>Current</u>	<u>30-89 Days Past Due</u>	<u>90 Days or More and Still Accruing</u>	<u>Nonaccrual</u>	<u>Total</u>
(dollars in thousands)					
Loans Secured by Real Estate					
Construction and land	\$ 6,617	\$ —	\$ —	\$ —	\$ 6,617
Farmland	306	—	—	—	306
Single-family residential	100,771	51	—	888	101,710
Multi-family	6,550	—	—	—	6,550
Commercial	51,153	—	—	108	51,261
Total loans secured by real estate	165,397	51	—	996	166,444
Commercial and Industrial					
Commercial and industrial	31,808	—	—	—	31,808
SBA guaranty	5,386	—	—	—	5,386
Total commercial and industrial loans	37,194	—	—	—	37,194
Consumer Loans					
Credit cards	47	—	—	—	47
Consumer	2,405	9	—	37	2,451
Automobile	23,877	985	—	223	25,085
Total consumer loans	26,329	994	—	260	27,583
	<u>\$ 228,920</u>	<u>\$ 1,045</u>	<u>\$ —</u>	<u>\$ 1,256</u>	<u>\$ 231,221</u>
<u>December 31, 2024</u>	<u>Current</u>	<u>30-89 Days Past Due</u>	<u>90 Days or More and Still Accruing</u>	<u>Nonaccrual</u>	<u>Total</u>
(dollars in thousands)					
Loans Secured by Real Estate					
Construction and land	\$ 8,882	\$ —	\$ —	\$ —	\$ 8,882
Farmland	315	—	—	—	315
Single-family residential	97,742	1,102	—	149	98,993
Multi-family	5,022	—	—	—	5,022
Commercial	48,602	—	—	124	48,726
Total loans secured by real estate	160,563	1,102	—	273	161,938
Commercial and Industrial					
Commercial and industrial	16,233	472	—	—	16,705
SBA guaranty	5,691	—	—	—	5,691
Total commercial and industrial loans	21,924	472	—	—	22,396
Consumer Loans					
Credit cards	—	—	—	—	—
Consumer	2,879	1	—	—	2,880
Automobile	17,613	305	—	87	18,005
Total consumer loans	20,492	306	—	87	20,885
	<u>\$ 202,979</u>	<u>\$ 1,880</u>	<u>\$ —</u>	<u>\$ 360</u>	<u>\$ 205,219</u>

Loans on which the accrual of interest has been discontinued totaled \$1.3 million at December 31, 2025 and \$0.4 million at December 31, 2024. The Bank recognizes interest income on nonaccrual loans using a cash basis method for the time they are on nonaccrual. Interest income that was recognized on these nonaccrual loans totaled \$0 and \$10,000 for the years ended December 31, 2025 and 2024, respectively. Loans past due 90 days or more and still accruing interest totaled \$0 at December 31, 2025 and 2024. Management believes these particular loans are well secured and in the process of full collection of all amounts owed.

There were no nonaccrual loans with specific reserves at December 31, 2025.

Impaired Loans

The following table presents information with respect to impaired loans. Management determined the specific reserve in the allowance based on the present value of expected future cash flows, discounted at the loan's effective interest rate, except when the remaining source of repayment for the loan is the operation or liquidation of the collateral. In those cases, the current fair value of the collateral, less estimated selling costs is used to determine the specific allowance recorded.

December 31, 2025 (dollars in thousands)	Recorded Investment	Unpaid Principal Balance	Interest Income Recognized	Specific Reserve	Average Recorded Investment
Impaired loans with specific reserves:					
Loans Secured by Real Estate					
Construction and land	\$ —	\$ —	\$ —	\$ —	\$ —
Farmland	—	—	—	—	—
Single-family residential	—	—	—	—	—
Multi-family	—	—	—	—	—
Commercial	—	—	—	—	—
Total loans secured by real estate	—	—	—	—	—
Commercial and Industrial					
Commercial and industrial	—	—	—	—	—
SBA guaranty	—	—	—	—	—
Total commercial and industrial loans	—	—	—	—	—
Consumer Loans					
Consumer	—	—	—	—	—
Automobile	—	—	—	—	—
Total consumer loans	—	—	—	—	—
Total impaired loans with specific reserves	\$ —	\$ —	\$ —	\$ —	\$ —
Impaired loans with no specific reserve:					
Loans Secured by Real Estate					
Construction and land	\$ —	\$ —	\$ —	\$ n/a	\$ —
Farmland	—	—	—	n/a	—
Single-family residential	888	888	—	n/a	929
Multi-family	—	—	—	n/a	—
Commercial	915	915	56	n/a	1,085
Total loans secured by real estate	1,803	1,803	56	—	2,014
Commercial and Industrial					
Commercial and industrial	1,296	1,296	30	n/a	1,328
SBA guaranty	453	453	43	n/a	461
Total commercial and industrial loans	1,749	1,749	73	—	1,789
Consumer Loans					
Consumer	37	37	—	n/a	39
Automobile	221	221	—	n/a	267
Total consumer loans	258	258	—	n/a	306
Total impaired loans with no specific reserve	\$ 3,810	\$ 3,810	\$ 129	\$ —	\$ 4,109

December 31, 2024 (dollars in thousands)	Recorded Investment	Unpaid Principal Balance	Interest Income Recognized	Specific Reserve	Average Recorded Investment
Impaired loans with specific reserves:					
Loans Secured by Real Estate					
Construction and land	\$ —	\$ —	\$ —	\$ —	\$ —
Farmland	—	—	—	—	—
Single-family residential	8	26	4	18	48
Multi-family	—	—	—	—	—
Commercial	652	773	—	121	2,270
Total loans secured by real estate	660	799	4	139	2,318
Commercial and Industrial					
Commercial and industrial	—	—	—	—	—
SBA guaranty	—	—	—	—	—
Total commercial and industrial loans	—	—	—	—	—
Consumer Loans					
Consumer	—	—	—	—	—
Automobile	—	—	—	—	—
Total consumer loans	—	—	—	—	—
Total impaired loans with specific reserves	\$ 660	\$ 799	\$ 4	\$ 139	\$ 2,318
Impaired loans with no specific reserve:					
Loans Secured by Real Estate					
Construction and land	\$ —	\$ —	\$ —	\$ n/a	\$ —
Farmland	—	—	—	n/a	—
Single-family residential	123	123	12	n/a	91
Multi-family	—	—	—	n/a	—
Commercial	125	125	8	n/a	138
Total loans secured by real estate	248	248	20	—	229
Commercial and Industrial					
Commercial and industrial	—	—	—	n/a	—
SBA guaranty	—	—	—	n/a	—
Total commercial and industrial loans	—	—	—	—	—
Consumer Loans					
Consumer	—	—	—	n/a	—
Automobile	86	86	6	n/a	102
Total consumer loans	86	86	6	n/a	102
Total impaired loans with no specific reserve	\$ 334	\$ 334	\$ 26	\$ —	\$ 331

Note 5. Premises and Equipment

A summary of premises and equipment is as follows:

(dollars in thousands)	Useful lives	December 31,	
		2025	2024
Land		\$ 685	\$ 685
Buildings	30-40 years	6,441	6,793
Equipment and fixtures	5-7 years	8,422	8,691
Construction in progress		36	66
Operating Lease Assets		42	48
		15,626	16,283
Accumulated depreciation		(13,191)	(13,605)
		<u>\$ 2,435</u>	<u>\$ 2,678</u>

Depreciation expense totaled \$0.3 million for the years ended December 31, 2025 and 2024. Amortization of software totaled \$0.1 million for the years ended December 31, 2025 and 2024.

Operating lease Right-of-Use (“ROU”) assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. ROU assets also include any initial direct costs incurred and any lease payments made at or before the lease commencement date, less lease incentives received. The Bank leased its Severna Park and Linthicum branches. Minimum lease obligations under the Severna Park branch were \$25,000 through September 2025. Minimum lease obligations under the Linthicum branch were \$13,000 through January 2025, adjusted annually on a pre-determined basis. The Bank was also required to pay all maintenance costs under these leasing arrangements. The Severna Park and Linthicum branches were closed and their leases were not renewed at the end of their respective lease terms in September 2025 and January 2025. Income from rent totaled \$73,000 for the years ended December 31, 2025 and 2024 and rent expense totaled \$39,000 and \$198,000 for the years ended December 31, 2025 and 2024, respectively. The Bank uses its incremental borrowing rate based on the information available at the commencement date in determining the lease liabilities as the Company’s leases generally do not provide an implicit rate. Lease terms may include options to extend or terminate when the Company is reasonably certain that the option will be exercised.

Future minimum payments of the Bank’s operating leases as of December 31, 2025 are as follows:

Year ending December 31,	Amount (dollars in thousands)
2026	\$ 15
2027	11
2028	5
2029	5
2030	2
Thereafter	—
Total	<u>\$ 38</u>

Note 6. Federal Home Loan Bank, Short- and Long-term Borrowings

The Bank owned 4,413 shares of common stock of the FHLB at December 31, 2025. The Bank is required to maintain an investment of 0.07% of total assets with a dollar cap of \$18.0 million, adjusted annually, plus 4.75% of total advances, adjusted for advances and repayments. The credit available under this facility is determined at 30% of the Bank’s total assets, or approximately \$105.5 million at December 31, 2025. Short- and long-term advances totaled \$4.0 million and \$0, respectively, under this credit arrangement at December 31, 2025, and short- and long-term advances totaled \$30.0 million and \$0, respectively, at December 31, 2024. This credit facility is secured by a floating lien on the Bank’s residential mortgage loan portfolio and pledged securities. Average short-term borrowings

approximated \$14.4 million and \$14.4 million for 2025 and 2024, respectively and the weighted average interest rate was 4.37% and 5.11%, respectively. Average long-term borrowings approximated \$0 for 2025 and 2024, respectively.

At December 31, 2025 the Bank had available unsecured federal funds lines of credit from two financial institutions for \$9.0 million and \$8.0 million.

Note 7. Deposits

The following table summarizes the major classifications of deposit balances as of the dates indicated:

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
(dollars in thousands)		
Noninterest-bearing deposits	\$ 104,158	\$ 100,747
Interest-bearing deposits:		
Interest-bearing checking	24,989	25,487
Money Market	103,381	81,513
Savings	62,145	75,444
Time deposits, \$250,000 or more	847	1,133
Time deposits below \$250,000	36,862	24,865
Total interest-bearing deposits	<u>228,224</u>	<u>208,442</u>
Total Deposits	<u>\$ 332,382</u>	<u>\$ 309,189</u>

Interest expense on deposits for the years ended December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
(dollars in thousands)		
Interest-bearing checking	\$ 47	\$ 50
Money Market	3,440	2,154
Savings	35	42
Time deposits, \$250,000 or more	7	15
Time deposits below \$250,000	429	272
Total Interest Expense	<u>\$ 3,958</u>	<u>\$ 2,533</u>

The Bank recognized \$0.1 million and \$0.2 million of fee income from deposits for the years ended December 31, 2025 and 2024, respectively.

At December 31, 2025, the scheduled maturities of time deposits are approximately as follows:

(dollars in thousands)	<u>Amount</u>
<u>Maturing in:</u>	
2026	\$ 20,318
2027	12,956
2028	1,816
2029	1,691
2030	794
2031 and thereafter	134
Total Time Deposits	<u>\$ 37,709</u>

Deposit balances of executive officers and directors and their affiliated interests totaled approximately \$1.6 million and \$1.7 million at December 31, 2025 and 2024, respectively.

The Bank had \$12.4 million and \$0 in brokered deposits at December 31, 2025 and 2024, respectively.

The aggregate amount of time deposit accounts that equal or exceed the \$250,000 insured limit totaled approximately \$847,000 and \$1.1 million at December 31, 2025 and 2024, respectively.

(dollars in thousands)	<u>Amount</u>
<u>Maturing in:</u>	
Three months or less	\$ —
Over three months through six months	—
Over six months through twelve months	555
Over twelve months	292
Total Time Deposits of \$250,000 or More	<u>\$ 847</u>

Note 8. Income Taxes

The components of income tax expense are as follows for the years ended December 31, 2025 and 2024:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
<u>Current income tax expense (benefit):</u>		
Federal	\$ —	\$ —
State	7	(110)
Total current tax expense (benefit)	<u>7</u>	<u>(110)</u>
<u>Deferred income tax benefit:</u>		
Federal	(288)	(320)
State	(61)	(95)
Total deferred tax benefit	<u>(349)</u>	<u>(415)</u>
Total Income tax benefit	<u>\$ (342)</u>	<u>\$ (525)</u>

A reconciliation of income tax expense computed at the statutory rate of 21% at December 31, 2025 and December 31, 2024 to the actual income tax expense for the years ended December 31, 2025 and 2024 is as follows:

(dollars in thousands)	<u>2025</u>		<u>2024</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Income tax benefit at federal statutory rate	\$ (78)	21%	\$ (134)	21%
<u>(Decrease) increase resulting from:</u>				
Tax-exempt income	(185)	50	(192)	30
Bank owned life insurance	(37)	10	(37)	6
State income taxes, net of Federal income tax benefit	(42)	11	(162)	25
Total income tax benefit	<u>\$ (342)</u>	<u>92%</u>	<u>\$ (525)</u>	<u>82%</u>

Deferred tax assets and liabilities resulting from the tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes at December 31, 2025 and 2024 are as follows:

(dollars in thousands)	<u>2025</u>	<u>2024</u>
Deferred income tax benefits:		
Accrued deferred compensation	\$ 94	\$ 91
Allowance for credit losses	685	676
Accumulated depreciation	(17)	(18)
Accrued Liabilities	18	75
Reserve for unfunded commitments	58	161
Accounting standard 310-20	(233)	(174)
Right of use asset	(10)	(13)
Lease liability	10	13
Accumulated securities discount accretion	226	283
Net operating loss carryforward	851	239
Net unrealized depreciation on investment securities available for sale	5,842	7,215
Net deferred income tax benefits	<u>\$ 7,524</u>	<u>\$ 8,548</u>

Management has determined that no valuation allowance is required as it believes it is more likely than not that all of the deferred tax assets will be fully realizable in the future. At December 31, 2025 and 2024, management believes there are no uncertain tax positions under ASC Topic 740 *Income Taxes*. We file income tax returns in the U.S. federal jurisdictions. We are no longer subject to state or U.S. federal income tax examinations by tax authorities for years ended before 2022.

Income tax benefit was \$ (0.34) million and \$ (0.52) million at December 2025 and 2024, respectively. There were no payments of federal or state of Maryland income taxes during 2025 or 2024. The Company received a \$59,000 refund of Federal income tax in the year 2024 and refunds of Maryland income taxes of \$100,000 and \$104,000 in the years 2025 and 2024, respectively.

Note 9. Pension and Profit Sharing Plans

The Bank has a defined contribution retirement plan qualifying under Section 401(k) of the Internal Revenue Code that is funded through a profit sharing agreement and voluntary employee contributions. Annual contributions, included in employee benefit expense, totaled \$359,000 and \$258,000 for the years ended December 31, 2025 and 2024, respectively.

Note 10. Other Benefit Plans

The Company is the owner and beneficiary of BOLI policies on certain current and former employees. Cash value totaled \$9.0 million and \$8.8 million at December 31, 2025 and 2024, respectively. Income on insurance investment totaled \$0.2 million for years ended 2025 and 2024.

The Bank has an unfunded grantor trust, as part of a change in control severance plan, covering substantially all employees. Participants in the plan are entitled to cash severance benefits upon termination of employment, for any reason other than just cause, should a “change in control” of the Company occur.

Note 11. Other Noninterest Expenses

Other noninterest expenses include the following:

(dollars in thousands)	Year Ended December 31,	
	2025	2024
Loan related expenses	\$ 203	\$ 165
Other ATM expenses	47	33
Directors and other fees	391	264
Postage, delivery and courier expenses	76	77
Office supplies expenses	55	35
Credit report fees	39	34
Dues and subscription fees	105	93
Examination and assessment fees	43	43
Federal Reserve and correspondent bank services	28	28
Liability insurance	136	141
Card services	109	108
NASDAQ registration	55	50
Investor services	31	32
Other	114	185
Total Other Noninterest Expense	<u>\$ 1,432</u>	<u>\$ 1,288</u>

Note 12. Commitments and Contingencies

Financial instruments:

The Bank is a party to financial instruments 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, which involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the consolidated financial statements.

Outstanding loan commitments, unused lines of credit and letters of credit are as follows:

(dollars in thousands)	December 31,	
	2025	2024
Loan commitments:		
Other mortgage loans	<u>\$ 3,690</u>	<u>\$ 2,239</u>
Unused lines of credit:		
Home-equity lines	\$ 20,070	\$ 18,658
Commercial lines	10,804	9,913
Unsecured consumer lines	481	522
	<u>\$ 31,356</u>	<u>\$ 29,093</u>
Letters of credit:	<u>\$ 683</u>	<u>\$ 255</u>

Loan commitments and lines of credit are agreements to lend to customers as long as there is no violation of any conditions of the contracts. Loan commitments generally have interest rates fixed at current market amounts, fixed expiration dates, and may require payment of a fee. Lines of credit generally have variable interest rates. Many of the loan commitments and lines of credit are expected to expire without being drawn upon; accordingly, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's

creditworthiness on a case-by-case basis. The amount of collateral or other security obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include deposits held in financial institutions, U.S. Treasury securities, other marketable securities, accounts receivable, inventory, property and equipment, personal residences, income-producing commercial properties, and land under development. Personal guarantees are also obtained to provide added security for certain commitments.

Letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to guarantee the installation of real property improvements and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank holds collateral and obtains personal guarantees supporting those commitments for which collateral or other securities is deemed necessary.

The Bank's exposure to credit loss in the event of nonperformance by the customer is the contractual amount of the commitment. Loan commitments, lines of credit, and letters of credit are made on the same terms, including collateral, as outstanding loans. As of December 31, 2025 and December 31, 2024, the Bank accrued \$211,000 and \$584,000, respectively, as a reserve for losses on unfunded commitments related to these financial instruments with off balance sheet risk, which is included in other liabilities.

Note 13. Stockholders' Equity

Restrictions on Dividends

The Company's ability to pay dividends to its stockholders may be affected by both general corporate law considerations and policies of the Federal Reserve applicable to bank holding companies. Banking regulations limit the amount of dividends that may be paid without prior approval of the Bank's regulatory agencies. Regulatory approval is required to pay dividends that exceed the Bank's net profits for the current year plus its retained net profits for the preceding two years.

Retained earnings from which dividends may not be paid without prior approval totaled approximately \$22.6 million at December 31, 2025 and \$22.4 million at December 31, 2024 based on the earnings restrictions and minimum capital ratio requirements noted below.

The payment of dividends by any financial institution or its holding company is affected by the requirement to maintain adequate capital pursuant to applicable capital adequacy guidelines and regulations, and a financial institution generally is prohibited from paying any dividends if, following payment thereof, the institution would be undercapitalized. Notwithstanding the availability of funds for dividends, however, the Federal Reserve may prohibit the payment of any dividends by the subsidiary banks if the Federal Reserve determines such payment would constitute an unsafe or unsound practice.

Equity Incentive Plan

The Company adopted and shareholders approved an equity incentive plan in 2019 to provide equity-based incentive awards to key employees and non-employee directors to align the interests of such individuals with those of the Company's stockholders. The Plan is administered by the Compensation Committee of the Board of Directors. Awards granted under the plan may include Incentive Stock Options, Non-qualified Stock Options, Restricted Stock Awards, Restricted Stock Units, Stock Appreciation Rights, Performance Units, or Performance Cash Awards. No award may be granted under the plan after March 13, 2029, and the Company's Board of Directors shall have the right to terminate the plan at any time. A total of 75,000 shares of common stock has been reserved for issuance under the plan and shares subject to awards granted under the plan, which expire, terminate, or are cancelled without having been exercised in full become available again for award grants.

During the years ended December 31, 2025 and 2024, the Company granted 13,503 and 5,511 Restricted Stock Awards ("RSAs"), respectively. The RSAs vest over a four-year period, with 25% of the shares vesting on each of the annual anniversary dates corresponding to the date of issuance. The grantee of the shares possesses all incidents of

ownership of the shares granted, including the right to vote such shares and the right to receive dividends with respect to such shares to the extent dividends are declared and paid to holders of common stock by the Company in its sole discretion. Expenses related to the plan are recorded in salary and employee benefits on the consolidated statement of income and totaled approximately \$20 thousand and \$0 for the years ended December 31, 2025 and 2024, respectively.

A summary of activity under the plan for the years ended December 31, 2025 and 2024 is as follows:

	2025		2024	
	Restricted Stock Awards	Weighted Average Grant Date Fair Value	Restricted Stock Awards	Weighted Average Grant Date Fair Value
Unvested shares at the beginning of the year	5,511	\$ 5.63	—	\$ —
Shares granted during the year	13,503	5.17	5,511	5.63
Shares vested during the year	(1,378)	5.63	—	—
Shares forfeited during the year	—	—	—	—
Unvested shares at the end of the year	17,636	\$ 5.27	5,511	\$ 5.63

Stock Plans

In connection with the Company's voluntary decision in January 2026 to suspend its obligations to file periodic reports with the SEC, deregister its shares and delist from Nasdaq, the Board has discontinued the following plans.

Employee Stock Purchase Benefit Plans

The Company has a stock-based compensation plan, which is described below. There were no options issued or activity under this plan since August 2007.

Employees who have completed one year of service are eligible to participate in the employee stock purchase plan. The number of shares of common stock granted under options will bear a uniform relationship to compensation. The plan allows employees to buy stock under options granted at 85% of the fair market value of the stock on the date of grant. Options are vested when granted and will expire no later than 27 months from the grant date or upon termination of employment.

At December 31, 2025, shares of common stock reserved for issuance under the plan totaled 25,739.

The Board of Directors may suspend or discontinue the plan at its discretion.

In connection with the Company's voluntary decision in January 2026 to suspend its obligations to file periodic reports with the SEC, deregister its shares and delist from Nasdaq, the Board has discontinued this plan.

Dividend Reinvestment and Stock Purchase Plan

The Company's dividend reinvestment and stock purchase plan allows all participating stockholders the opportunity to receive additional shares of common stock in lieu of cash dividends at 95% of the fair market value on the dividend payment date.

During 2025 and 2024, shares of common stock purchased under the plan totaled 0 and 18,054, respectively. At December 31, 2025, shares of common stock reserved for issuance under the plan totaled 167,896.

The Board of Directors may suspend or discontinue the plan at its discretion.

In connection with the Company's voluntary decision in January 2026 to suspend its obligations to file periodic reports with the SEC, deregister its shares and delist from Nasdaq, the Board has discontinued this plan.

Stockholder Purchase Plan

The Company's stockholder purchase plan allows participating stockholders the option to purchase newly issued shares of common stock. The Board of Directors shall determine the number of shares that may be purchased pursuant to options. Options granted will expire no later than three months from the grant date. Each option will entitle the stockholder to purchase one share of common stock, and will be granted in proportion to stockholder share holdings. At the discretion of the Board of Directors, stockholders may be given the opportunity to purchase unsubscribed shares.

There was no activity under this plan since June 23, 2000.

At December 31, 2025, shares of common stock reserved for issuance under the plan totaled 183,348.

The Board of Directors may suspend or discontinue the plan at its discretion.

In connection with the Company's voluntary decision in January 2026 to suspend its obligations to file periodic reports with the SEC, deregister its shares and delist from Nasdaq, the Board has discontinued this plan.

Under all four plans, options granted, exercised, and expired, shares issued and reserved, and grant prices have been restated for the effects of any stock dividends or stock splits.

Regulatory Capital Requirements

The Bank's primary regulator is the Federal Deposit Insurance Corporation ("FDIC") and is subject to regulation, supervision and regular examination by the Maryland Commissioner of Financial Regulation (the "Commissioner") and the FDIC. The Company is subject to regulation, examination and supervision by the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended (the "BHCA"), and the regulations of the Federal Reserve Board.

On January 1, 2015, the Bank became subject to the new Basel III Capital Rules with full compliance with all of the final rule's requirements phased in over a multi-year schedule, to be fully phased-in by January 1, 2019. However, the new Basel III Capital Rules do not apply to the Company since it is a small bank holding company with less than \$1.0 billion in total consolidated assets. In July 2013, the final rules were published establishing a new comprehensive capital framework for U.S. banking organizations. The rules implement the Basel Committee's December 2010 framework known as "Basel III" for strengthening international capital standards as well as certain provisions of the Dodd-Frank Act. The Basel III Capital Rules substantially revise the risk-based capital requirements applicable to bank holding companies and depository institutions compared to the previous U.S. risk-based capital rules. The Basel III Capital Rules define the components of capital and address other issues affecting the numerator in banking institutions' regulatory capital ratios. The Basel III Capital Rules also address risk weights and other issues affecting the denominator in banking institutions' regulatory capital ratios and replace the existing risk-weighting approach with a more risk-sensitive approach. The Basel III Capital Rules also implement the requirements of Section 939A of the Dodd-Frank Act to remove references to credit ratings from the federal banking agencies' rules.

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 Company's financial statements. The Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting principles. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

The rules include a new common equity Tier 1 capital to risk-weighted assets minimum ratio of 4.5%, raise the minimum ratio of Tier 1 capital to risk-weighted assets from 4.0% to 6.0%, require a minimum ratio of Total Capital to risk-weighted assets of 8.0%, and require a minimum Tier 1 leverage ratio of 4.0%. A new capital conservation buffer is also established above the regulatory minimum capital requirements. This capital conservation buffer began its phase-in period beginning January 1, 2016 at 0.625% of risk-weighted assets and increased each subsequent year by an additional 0.625% until reaching its final level of 2.5% on January 1, 2019. The capital conservation buffer is designed to absorb losses during periods of economic stress and, as detailed above, effectively increases the minimum required risk-weighted capital ratios. Strict eligibility criteria for regulatory capital instruments were also implemented under the final rules.

The final rules also revised the definition and calculation of Tier 1 capital, Total Capital, and risk-weighted assets. The Common Equity Tier 1, Tier 1 and Total Capital ratios are calculated by dividing the respective capital amounts by risk-weighted assets. Risk-weighted assets are calculated based on regulatory requirements and include total assets, with certain exclusions, allocated by risk weight category, and certain off-balance-sheet items, among other things. The leverage ratio is calculated by dividing Tier 1 capital by adjusted quarterly average total assets, which exclude goodwill and other intangible assets, among other things.

As of December 31, 2025 and 2024, the Bank was well-capitalized under the regulatory framework for prompt corrective action under the new Basel III Capital Rules. Management believes, as of December 31, 2025 and 2024, that the Bank met all capital adequacy requirements to which they were subject. The following table presents actual and required capital ratios as of December 31, 2025 and 2024 for the Bank under the Basel III Capital Rules. The minimum required capital amounts presented include the minimum required capital levels as of December 31, 2025 and December 31, 2024 based on the phased-in provisions of the Basel III Capital Rules. Capital levels required to be considered well capitalized are based upon prompt corrective action regulations, as amended to reflect the changes under the Basel III Capital Rules.

The Company and Bank are subject to regulatory capital requirements administered by federal banking agencies. Management has determined that the Company's risk-based capital ratios are not materially different than the Bank's and are not reflected in the table below.

(dollars in thousands)	Actual		To Be Considered Adequately Capitalized		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2025						
Common Equity Tier 1 Capital	\$ 35,555	13.80 %	\$ 11,591	4.50 %	\$ 16,742	6.50 %
Total Risk-Based Capital	\$ 38,482	14.94 %	\$ 20,606	8.00 %	\$ 25,757	10.00 %
Tier 1 Risk-Based Capital	\$ 35,555	13.80 %	\$ 15,454	6.00 %	\$ 20,606	8.00 %
Tier 1 Leverage	\$ 35,555	9.49 %	\$ 14,983	4.00 %	\$ 18,729	5.00 %

(dollars in thousands)	Actual		To Be Considered Adequately Capitalized		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2024						
Common Equity Tier 1 Capital	\$ 36,481	15.15 %	\$ 10,837	4.50 %	\$ 15,653	6.50 %
Total Risk-Based Capital	\$ 39,496	16.40 %	\$ 19,265	8.00 %	\$ 24,082	10.00 %
Tier 1 Risk-Based Capital	\$ 36,481	15.15 %	\$ 14,449	6.00 %	\$ 19,265	8.00 %
Tier 1 Leverage	\$ 36,481	9.97 %	\$ 14,640	4.00 %	\$ 18,300	5.00 %

Note 14. Earnings (Loss) Per Common Share

The calculation of net income (loss) per common share for the years ended December 31, 2025 and 2024 are as follows:

	Year Ended December 31,	
	2025	2024
Basic earnings (loss) per share:		
Net income (loss)	\$ (29,820)	\$ (111,563)
Weighted average common shares outstanding	2,916,970	2,893,871
Basic net income (loss) per common share	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>

Diluted earnings per share calculations were not required for 2025 and 2024 as there were no options outstanding at December 31, 2025 and 2024.

Note 15. Fair Values of Financial Instruments

ASC Topic 825, *Disclosure about Fair Value of Financial Instruments*, requires the disclosure of the estimated fair values of financial instruments. Quoted market prices, where available, are shown as estimates of fair values. Because no quoted market prices are available for a significant part of the Company's financial instruments, the fair values of such instruments have been derived based on the amount and timing of future cash flows and estimated discount rates.

Present value techniques used in estimating the fair value of the Company's financial instruments are significantly affected by the assumptions used. Fair values derived from using present value techniques are not substantiated by comparisons to independent markets, and in many cases, could not be realized in immediate settlement of the instruments.

ASC Topic 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The following table presents the estimated fair value and the related carrying values of the Company's financial instruments as December 31, 2025 and 2024. Items that are not financial instruments are not included.

(dollars in thousands)	December 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and due from banks	\$ 1,777	\$ 1,777	\$ 2,012	\$ 2,012
Interest-bearing deposits in other financial institutions	3,410	3,410	22,134	22,134
Federal funds sold	318	318	318	318
Investment securities available for sale	103,469	103,469	107,949	107,949
Investments in restricted stock	441	441	1,671	1,671
Ground rents	123	123	123	123
Loans, less allowance for credit losses	228,505	202,353	202,380	191,685
Accrued interest receivable	1,288	1,288	1,345	1,345
Cash value of life insurance	9,012	9,012	8,834	8,834
Financial liabilities:				
Deposits	332,382	331,969	309,189	260,368
Short-term borrowings	4,000	4,000	30,000	30,053
Accrued interest payable	38	38	153	153
Unrecognized financial instruments:				
Commitments to extend credit	35,046	35,046	31,332	31,332
Standby letters of credit	683	683	255	255

The following table presents the carrying amount, fair value, and placement in the fair value hierarchy of the Company's financial instruments.

(dollars in thousands)

December 31, 2025	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial instruments - Assets					
Cash and cash equivalents	\$ 5,505	\$ 5,505	\$ 5,505	\$ —	\$ —
Loans receivable, net	228,505	202,353	—	—	202,353
Cash value of life insurance	9,012	9,012	—	9,012	—
Financial instruments - Liabilities					
Deposits	332,382	331,969	37,235	294,734	—
Short-term debt	4,000	4,000	—	4,000	—

For purposes of the disclosures of estimated fair value, the following assumptions were used.

Loans. The estimated fair value for loans is determined by discounting future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Investment securities. Fair values for investment securities are based on quoted market prices, where applicable. When quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Deposits. The estimated fair value of deposits with no stated maturity, such as noninterest-bearing demand deposits, savings, NOW accounts and money market accounts, is equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The fair value of certificates of deposit is based on the rates currently offered for deposits of similar maturities. The fair value estimates do not include the benefit that results from the low-cost funding provided by the deposit liabilities compared to the cost of borrowing funds in the market.

Borrowings. The estimated fair value approximates carrying value for short-term borrowings. The fair value of long-term fixed rate borrowings is estimated by discounting future cash flows using current interest rates currently offered for similar financial instruments over the same maturities.

Other assets and liabilities. The estimated fair values for cash and due from banks, interest-bearing deposits in other financial institutions, Federal funds sold, accrued interest receivable and payable, and short-term borrowings are considered to approximate cost because of their short-term nature. Other assets and liabilities of the Bank that are not defined as financial instruments are not included in the above disclosures, such as property and equipment. In addition, non-financial instruments typically not recognized in the financial statements nevertheless may have value but are not included in the above disclosures. These include, among other items, the estimated earnings power of core deposit accounts, the trained work force, customer goodwill, and similar items.

Note 16. Fair Value Measurements

The Company follows ASC Topic 820, *Fair Value Measurements* which provides a framework for measuring and disclosing fair value under generally accepted accounting principles. ASC Topic 820 requires disclosures about the fair value of assets and liabilities recognized in the balance sheet in periods subsequent to initial recognition, whether the measurements are made on a recurring basis or on a nonrecurring basis.

ASC Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The Fair Value Hierarchy

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets and liabilities.

Level 2 – Valuation is based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the Company performs a detailed analysis of assets and liabilities that are subject to ASC Topic 820. The Bank's securities available for sale are the only financial instruments subject to fair value measurements on a recurring basis. The Bank may also be required, from time to time, to measure certain other financial and non-financial assets and liabilities at fair value on a non-recurring basis in accordance with GAAP.

Fair value measurements on a recurring and non-recurring basis at December 31, 2025 and 2024 are as follows:

(dollars in thousands)	Level 1	Level 2	Level 3	Fair Value
December 31, 2025				
Recurring:				
Securities available for sale				
State and Municipal	\$ 11,343	\$ 20,481	\$ —	\$ 31,824
Mortgaged-backed	3,262	66,975	—	70,237
Corporate securities	—	1,408	—	1,408
Non-recurring:				
Impaired loans	—	—	3,810	3,810
	<u>\$ 14,605</u>	<u>\$ 88,864</u>	<u>\$ 3,810</u>	<u>\$ 107,279</u>
December 31, 2024				
Recurring:				
Securities available for sale				
State and Municipal	\$ 11,182	\$ 21,229	\$ —	\$ 32,411
Mortgaged-backed	3,006	71,191	—	74,197
Corporate securities	—	1,341	—	1,341
Non-recurring:				
Impaired loans	—	—	994	994
	<u>\$ 14,188</u>	<u>\$ 93,761</u>	<u>\$ 994</u>	<u>\$ 108,943</u>

Securities available for sale and interest rate swaps are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Measured on a Non-Recurring Basis:

Financial Assets and Liabilities

The Bank is predominantly a cash flow lender with real estate serving as collateral on a majority of loans. Loans which are deemed to be impaired and foreclosed real estate assets are primarily valued on a nonrecurring basis at the fair values of the underlying real estate collateral. The Bank determines such fair values from independent appraisals. Based on these appraisals, management has applied a specific valuation allowance allocation of \$0 and \$139,000 in 2025 and 2024, respectively, to the impaired loans, which management considers to be level 3 inputs.

Fair Value Measurements

We obtain fair values for our impaired loans through a variety of data points and mostly rely on appraisals from independent appraisers. These appraisals do not include an inside inspection of the property as our loan documents do not require the borrower to allow access to the property. Therefore, the most significant unobservable inputs are the details of the amenities included within the property and the condition of the property. Further, we cannot always accurately assess the amount of time it takes to gain ownership of our collateral through the foreclosure process and the damage, as well as potential looting, of the property further decreasing our value.

We typically get independent appraisals of properties within three months from the time we determine there may be a collateral shortfall from an impaired loan. The appraisals are typically updated every 12 months from the independent appraiser and more frequently if we feel material changes in value may have occurred for this specific property. During interim periods, typically at the end of each calendar quarter, we review other data points such as a comparable from other like properties or changes in tax assessment values.

Non-Financial Assets and Non-Financial Liabilities

Application of ASC Topic 820 to non-financial assets and non-financial liabilities became effective January 1, 2009. The Corporation has no non-financial assets or non-financial liabilities measured at fair value on a recurring basis. Certain non-financial assets and non-financial liabilities typically measured at fair value on a non-recurring basis include foreclosed assets (upon initial recognition or subsequent impairment), non-financial assets and non-financial liabilities measured at fair value in the second step of a goodwill impairment test, and intangible assets and other non-financial long-lived assets measured at fair value for impairment assessment.

Foreclosed real estate, which are considered to be non-financial assets, have been valued using a market approach. The values were determined using market prices of similar current real estate assets in the same geographical area, which the Bank considers to be level 2 inputs.

Note 17. Revenue Recognition

On January 1, 2018, the Company adopted ASU No. 2014-09 “Revenue from Contracts with Customers” (Topic 606) and all subsequent ASUs that modified Topic 606. The implementation of the new standard did not have a material impact on the measurement or recognition of revenue; as such, a cumulative effect adjustment to opening retained earnings was not deemed necessary. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts were not adjusted and continue to be reported in accordance with our historic accounting under Topic 605.

Topic 606 does not apply to revenue associated with financial instruments, including revenue from loans and securities. Topic 606 is applicable to noninterest revenue streams such as deposit related fees, interchange fees and merchant income. However, the recognition of these revenue streams did not change significantly upon adoption of Topic 606. Substantially all of the Company’s revenue is generated from contracts with customers. Noninterest revenue streams in-scope of Topic 606 are discussed below.

Service Charges on Deposit Accounts. Service charges on deposit accounts consist of account analysis fees (i.e., net fees earned on analyzed business and public checking accounts), monthly service fees, check orders, and other

deposit account related fees. The Company's performance obligation for account analysis fees and monthly service fees is generally satisfied, and the related revenue recognized, over the period in which the service is provided.

Check orders and other deposit account related fees are largely transactional based, and therefore, the Company's performance obligation is satisfied, and related revenue recognized, at a point in time. Payment for service charges on deposit accounts is primarily received immediately or at the end of the month through a direct charge to customers' accounts.

Other Noninterest Income. Other noninterest income consists of: fees, exchange, other service charges, safety deposit box rental fees, and other miscellaneous revenue streams. Fees and other service charges are primarily comprised of debit income, ATM fees, merchant services income, and other service charges. Debit card income is primarily comprised of interchange fees earned whenever the Company's debit cards are processed through card payment networks. ATM fees are primarily generated when a Company cardholder uses a non-Company ATM or a non-Company cardholder uses a Company ATM. Merchant services income mainly represents fees charged to merchants to process their debit card transactions, in addition to account management fees. Other service charges include revenue from processing wire transfers, bill pay service, cashier's checks, and other services. The Company's performance obligation for fees, exchange, and other service charges are largely satisfied, and related revenue recognized, when the services are rendered or upon completion. Payment is typically received immediately or in the following month. Safe deposit box rental fees are charged to the customer on an annual basis and recognized upon receipt of payment.

Note 18. Parent Company Financial Information

The Balance Sheets, Statements of Income, and Statements of Cash Flows for Glen Burnie Bancorp (Parent Only) are presented below:

Balance Sheets		
December 31,	2025	2024
(dollars in thousands)		
Assets		
Cash	\$ —	\$ 32
Investment in The Bank of Glen Burnie	21,338	17,726
Other assets	87	59
Total assets	\$ 21,425	\$ 17,817
Liabilities and Stockholders' Equity		
Stockholders' equity:		
Common stock	2,920	2,901
Surplus	11,038	11,037
Retained earnings	22,852	22,882
Accumulated other comprehensive loss, net of benefits	(15,385)	(19,003)
Total stockholders' equity	21,425	17,817
Total liabilities and stockholders' equity	\$ 21,425	\$ 17,817

Statements of Income

Year Ended December 31, (dollars in thousands)	2025	2024
Dividends and distributions from subsidiary	\$ 210	\$ 990
Other expenses	(271)	(282)
Income before income tax benefit and equity in undistributed net income of subsidiary	(61)	708
Income tax benefit	57	59
Change in undistributed equity of subsidiary	(25)	(879)
Net loss	\$ (29)	\$ (112)

Statements of Cash Flows

Year Ended December 31, (dollars in thousands)	2025	2024
Cash flows from operating activities:		
Net loss	\$ (29)	\$ (112)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Increase in other assets	(28)	(48)
Change in undistributed equity of subsidiary	25	879
Net cash (used) provided by operating activities	(32)	719
Cash flows from financing activities:		
Proceeds from dividend reinvestment plan	—	91
Dividends paid	—	(865)
Net cash used in financing activities	—	(774)
Decrease in cash	(32)	(55)
Cash, beginning of year	32	88
Cash, end of year	\$ —	\$ 32

Note 19. Subsequent Event

No events have occurred subsequent to the date of the financial statements and through the date of their issuance that require additional disclosures.

Operations Center
106 Padfield Boulevard
Glen Burnie, MD 21061
410-766-3300

Glen Burnie
101 Crain Highway, SE
Glen Burnie, MD 21061
410-768-8852

Crownsville
1221 Generals Highway
Crownsville, MD 21032
410-923-2200

New Cut
740 Stevenson Road
Severn, MD 21144
410-766-5343

Odenton
1405 Annapolis Road
Odenton, MD 21113
410-674-2200

Riviera Beach
8707 Ft. Smallwood Road
Pasadena, MD 21122
410-437-2070

Severn
811 Reece Road
Severn, MD 21144
410-551-2100



101 Crain Highway, S.E.
Glen Burnie, Maryland 21061