
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended March 31, 2026

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 0-14237

First United Corporation

(Exact name of registrant as specified in its charter)

Maryland

52-1380770

(State or other jurisdiction of
incorporation or organization)

(I. R. S. Employer Identification No.)

19 South Second Street, Oakland, Maryland

21550-0009

(Address of principal executive offices)

(Zip Code)

(800) 470-4356

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Stock	FUNC	Nasdaq Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☐

Accelerated Filer ☒

Non-Accelerated filer ☐

Smaller Reporting Company ☒

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standard provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 6,446,717 shares of common stock, par value \$0.01 per share, as of April 30, 2026.

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FIRST UNITED CORPORATION**

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

First United Corporation and Subsidiaries Consolidated Statements of Financial Condition (In thousands, except share data)

	March 31, 2026 (unaudited)	December 31, 2025 (audited)
Assets		
Cash and due from banks	\$ 89,220	\$ 129,830
Interest bearing deposits in banks	627	1,782
Cash and cash equivalents	89,847	131,612
Investment securities – available for sale (at fair value)	109,004	107,144
Investment securities – held to maturity, net of allowance for credit losses of \$102 at March 31, 2026 and December 31, 2025 (fair value \$148,942 at March 31, 2026 and \$148,889 at December 31, 2025)	172,672	171,361
Equity investments not held for trading with readily determinable fair values	1,035	1,029
Restricted investment in bank stock, at cost	1,621	4,630
Loans held for sale	132	130
Loans	1,525,466	1,521,704
Unearned fees	(512)	(476)
Allowance for credit losses	(19,951)	(19,470)
Net loans	1,505,003	1,501,758
Premises and equipment, net	30,020	29,665
Goodwill and other intangibles	11,361	11,444
Bank owned life insurance	50,125	50,360
Deferred tax assets	9,141	8,730
Other real estate owned	1,083	1,083
Other repossessed assets	2,692	2,802
Right of use assets	939	1,015
Pension asset	20,036	20,798
Accrued interest receivable	7,289	7,904
Trust receivable	2,554	9,824
Other assets	24,456	26,164
Total Assets	\$ 2,039,010	\$ 2,087,453
Liabilities and Shareholders' Equity		
Liabilities:		
Non-interest bearing deposits	\$ 451,303	\$ 453,036
Interest bearing deposits	1,299,400	1,282,113
Total deposits	1,750,703	1,735,149
Short-term borrowings	19,588	17,661
Long-term borrowings	30,929	95,929
Operating lease liability	1,095	1,180
SERP deferred compensation	9,054	9,008
Allowance for credit losses on unfunded commitments	1,418	1,218
Accrued interest payable	531	953
Other liabilities	18,738	21,031
Dividends payable	1,692	1,690
Total Liabilities	1,833,748	1,883,819
Shareholders' Equity:		
Common Stock – par value \$0.01 per share; Authorized 25,000,000 shares; issued and outstanding 6,446,717 shares at March 31, 2026 and 6,499,476 at December 31, 2025	64	65
Surplus	19,360	21,551
Retained earnings	212,255	207,284
Accumulated other comprehensive loss, net of tax	(26,417)	(25,266)
Total Shareholders' Equity	205,262	203,634
Total Liabilities and Shareholders' Equity	\$ 2,039,010	\$ 2,087,453

See accompanying notes to the consolidated financial statements

First United Corporation and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share data)

	Three Months Ended	
	March 31,	
	2026	2025
	(unaudited)	
Interest income		
Interest and fees on loans	\$ 22,502	\$ 21,755
Interest on investment securities		
Taxable	1,880	1,763
Exempt from federal income tax	59	45
Total investment income	1,939	1,808
Other	1,270	499
Total interest income	25,711	24,062
Interest expense		
Interest on deposits:		
Savings	38	43
Interest-bearing transaction accounts	5,344	5,200
Time deposits	1,249	1,440
Total interest on deposits	6,631	6,683
Interest on short-term borrowings	11	20
Interest on long-term borrowings	995	1,343
Total interest expense	7,637	8,046
Net interest income	18,074	16,016
Credit loss expense		
Credit loss expense - loans	679	657
Credit loss expense - off-balance sheet credit exposures	200	(1)
Total credit loss expense	879	656
Net interest income after provision for credit losses	17,195	15,360
Other operating income		
Net gains on sales of residential mortgage loans	86	92
Net gains on disposal of fixed assets	46	—
Net gains	132	92
Other Income		
Service charges on deposit accounts	547	547
Other service charges	189	206
Trust department	2,554	2,323
Debit card income	931	921
Bank owned life insurance	539	341
Brokerage commissions	382	421
Other	66	63
Total other income	5,208	4,822
Total other operating income	5,340	4,914
Other operating expenses		
Salaries and employee benefits	8,201	7,331
FDIC premiums	279	245
Equipment expense	521	578
Occupancy expense of premises	725	689
Data processing expense	1,664	1,503
Marketing expense	234	238
Professional services	570	476
Contract labor	166	163
Telephone	96	98
Other real estate owned expense, net	123	92
Investor relations	60	62
Contributions	65	56
Other	989	1,045
Total other operating expenses	13,693	12,576
Income before income tax expense	\$ 8,842	\$ 7,698
Provision for income tax expense	2,179	1,892
Net Income	\$ 6,663	\$ 5,806
Basic net income per share	\$ 1.03	\$ 0.90
Diluted net income per share	\$ 1.03	\$ 0.89
Weighted average number of basic shares outstanding	6,483	6,474
Weighted average number of diluted shares outstanding	6,494	6,490
Dividends declared per share	\$ 0.26	\$ 0.22

See accompanying notes to the consolidated financial statements

First United Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
(In thousands)

	Three Months Ended March 31,	
	2026	2025
	(unaudited)	
Comprehensive Income		
Net Income	\$ 6,663	\$ 5,806
Other comprehensive income, net of tax and reclassification adjustments:		
Available for sale securities:		
Unrealized holding gain on investments with credit related impairment	220	8
Reclassification adjustment for accretable yield realized in income	51	50
Other comprehensive income/(loss) on investments with credit related impairment	169	(42)
Unrealized holding (losses)/gains on all other AFS investments	(717)	1,849
Reclassification adjustment for gains realized in income	—	—
Other comprehensive (loss)/income on all other AFS investments	(717)	1,849
Held to maturity securities		
Unrealized holding gains on securities transferred to held to maturity	—	—
Reclassification adjustment for amortization realized in income	(158)	(154)
Other comprehensive income on HTM investments	158	154
Cash flow hedges:		
Unrealized holding losses on cash flow hedges	(76)	(108)
Other comprehensive loss on cash flow hedges	(76)	(108)
Pension plan liability:		
Unrealized holding losses on pension plan liability	(1,193)	(2,128)
Reclassification adjustment for amortization of unrecognized losses realized in income	(97)	(132)
Other comprehensive loss on pension plan liability	(1,096)	(1,996)
Other comprehensive loss before income tax	(1,562)	(143)
Income tax effect related to other comprehensive loss	411	32
Other comprehensive loss, net of tax	(1,151)	(111)
Comprehensive income	\$ 5,512	\$ 5,695

See accompanying notes to the consolidated financial statements

First United Corporation and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
(In thousands, except per share data, unaudited)

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Total Shareholders' Equity
Balance at January 1, 2026	\$ 65	\$ 21,551	\$ 207,284	\$ (25,266)	\$ 203,634
Net income			6,663		6,663
Other comprehensive loss				(1,151)	(1,151)
Stock based compensation, net of forfeitures		(109)			(109)
Common stock issued - 7,841 shares		89			89
Stock repurchase - 60,600 shares	(1)	(2,171)			(2,172)
Common stock dividend declared - \$0.26 per share			(1,692)		(1,692)
Balance at March 31, 2026	<u>\$ 64</u>	<u>\$ 19,360</u>	<u>\$ 212,255</u>	<u>\$ (26,417)</u>	<u>\$ 205,262</u>

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Total Shareholders' Equity
Balance at January 1, 2025	\$ 65	\$ 20,476	\$ 189,002	\$ (30,248)	\$ 179,295
Net income			5,806		5,806
Other comprehensive loss				(111)	(111)
Stock based compensation		55			55
Common stock issued - 7,538 shares		75			75
Common stock dividend declared - \$0.22 per share			(1,426)		(1,426)
Balance at March 31, 2025	<u>\$ 65</u>	<u>\$ 20,606</u>	<u>\$ 193,382</u>	<u>\$ (30,359)</u>	<u>\$ 183,694</u>

See accompanying notes to the consolidated financial statements

First United Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Three Months Ended March 31,	
	2026	2025
	(unaudited)	
Operating activities		
Net income	\$ 6,663	\$ 5,806
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	879	656
Depreciation	599	656
Stock based compensation, net of forfeitures	(109)	55
Originations of loans held for sale	(1,452)	(153)
Proceeds from sales of loans held for sale	1,536	1,051
Gains from sales of loans held for sale	(86)	(92)
Gains on disposal of fixed assets	(46)	—
Net accretion of investment securities discounts and premiums- AFS	(80)	(48)
Net accretion of investment securities discounts and premiums- HTM	(141)	(134)
Amortization of intangible assets	83	82
Earnings on bank owned life insurance	(539)	(341)
Amortization of deferred loan fees, net	(48)	(27)
Amortization of operating lease right of use asset	76	73
Decrease in accrued interest receivable and other assets	9,381	836
Amortization of operating lease liability	(85)	(76)
Decrease in accrued interest payable and other liabilities	(2,713)	(1,379)
Net cash provided by operating activities	13,918	6,965
Investing activities		
Proceeds from prepayments and maturities of investment securities - AFS	1,586	1,219
Proceeds from prepayments and maturities of investment securities - HTM	1,534	1,487
Purchases of investment securities - AFS	(3,910)	(4,870)
Purchases of investment securities - HTM	(2,704)	—
Purchase of equity securities with readily determinable fair values	—	(1,000)
Proceeds from sale of other repossessed assets	110	—
Proceeds from BOLI death benefit	775	—
Net decrease/(increase) in restricted stock	3,009	(47)
Net increase in equity securities with readily determinable fair values	(6)	(1)
Net (increase)/decrease in loans	(3,876)	607
Purchases of premises and equipment, net	(908)	(585)
Net cash used in investing activities	(4,390)	(3,190)
Financing activities		
Net increase in deposits	15,554	48,745
Issuance of common stock	89	75
Cash dividends paid on common stock	(1,691)	(1,424)
Net increase/(decrease) in short-term borrowings	1,927	(45,067)
Stock repurchase	(2,172)	—
Payments of long-term borrowings	(65,000)	—
Net cash (used in)/provided by financing activities	(51,293)	2,329
(Decrease)/increase in cash and cash equivalents	(41,765)	6,104
Cash and cash equivalents at beginning of the year	131,612	78,327
Cash and cash equivalents at end of period	\$ 89,847	\$ 84,431
Supplemental information		
Interest paid	\$ 7,694	\$ 7,842
Taxes paid	\$ 110	\$ 52

See accompanying notes to the consolidated financial statements

FIRST UNITED CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1 – Basis of Presentation

The financial information is presented in accordance with generally accepted accounting principles and general practice for financial institutions in the United States of America (“GAAP”). First United Corporation has prepared these unaudited condensed consolidated financial statements in accordance with GAAP for interim financial information, rules of the Securities and Exchange Commission that permit reduced disclosure for interim periods, and Article 8 of Regulation S-X. Operating results for the three-month period ended March 31, 2026 are not necessarily indicative of the results that may be expected for the full year or for any future interim period. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in First United Corporation’s Annual Report on Form 10-K for the year ended December 31, 2025.

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of financial statements. In addition, these estimates and assumptions affect revenues and expenses in the financial statements and, as such, actual results could differ from those estimates.

In the opinion of management, all adjustments (all of which are of a normal recurring nature) that are necessary for a fair statement are reflected in the unaudited condensed consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of First United Corporation, First United Bank & Trust (the “Bank”), First United Statutory Trust I, First United Statutory Trust II, OakFirst Loan Center, LLC, OakFirst Loan Center, Inc. and First OREO Trust. All significant inter-company accounts and transactions have been eliminated.

As used in these notes, the terms “the Corporation” “we”, “us”, and “our” refer to First United Corporation and, unless the context clearly requires otherwise, its consolidated subsidiaries.

The Corporation has evaluated events and transactions occurring subsequent to the statement of financial condition date of March 31, 2026 and through the date these consolidated financial statements were issued, for items of potential recognition or disclosure.

Note 2 – Accounting Statements Issued but Not Yet Adopted

In November 2024, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2024-03, *“Income Statement- Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.”* ASU No. 2024-03 requires disaggregated disclosure of income statement expenses for public business entities. ASU No. 2024-03 requires new financial statement disclosures in tabular format, disaggregating information about prescribed categories underlying any relevant income statement expense caption. The prescribed categories include, among other things, employee compensation, depreciation, and intangible asset amortization. Additionally, entities must disclose the total amount of selling expenses and, in annual reporting periods, an entity’s definition of selling expenses. ASU No. 2024-03 is effective on a prospective basis for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, though early adoption and retrospective application is permitted. ASU No. 2024-03 is not expected to have a material impact on our financial statements.

In July 2025, FASB issued ASU No. 2025-05, *“Financial Instruments- Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets.”* ASU No. 2025-05 provides all entities with a practical expedient in developing reasonable and supportable forecasts as part of estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. ASU No. 2025-05 is effective on a prospective basis for annual periods beginning after December 15, 2025, though early adoption and retroactive application is permitted. ASU No. 2025-05 is not expected to have a material impact on our financial statements.

In September 2025, FASB issued ASU No. 2025-06, *“Intangibles- Goodwill and Other Internal Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software.”* ASU No. 2025-06 applies to all entities subject to internal-use software guidance in Subtopic 350-40 and website development costs in accordance with Subtopic 350-50. The amendments in ASU No. 2025-06 remove all reference to prescriptive and sequential software development stages. Therefore, an entity is required to start capitalizing software costs when both the following occur: 1) management has authorized and committed to funding the software project and 2) it is probable that the project will be completed and the software will be used to perform the function intended. ASU No. 2025-06 is effective on a prospective basis for annual periods beginning after December 15, 2027, though early adoption and retroactive application is permitted. ASU No. 2025-06 is not expected to have a material impact on our financial statements.

In November 2025, FASB issued ASU No. 2025-08, *“Financial Instruments- Credit Losses (topic 326): Purchased Loans.”* ASU No. 2025-08 expands the scope of the “gross-up” method, formerly applicable only to purchased credit-deteriorated (“PCD”) assets, to include acquired non-PCD loans that meet certain criteria, now referred to as “purchased seasoned loans” (“PSL”). Under this model, an allowance for expected credit losses is recognized at acquisition, offsetting the loan’s amortized cost basis, thereby eliminating the day-one credit-loss expense previously required for non-PCD assets. PSLs are defined as non-PCD loans acquired either (i) through a business combination, or (ii) purchased more than 90 days after origination when the acquirer was not involved in origination. ASU No. 2025-08 is effective on a prospective basis for annual periods beginning after December 15, 2026, though early adoption and retroactive application is permitted. ASU No. 2025-08 is not expected to have a material impact on our financial statements.

In November 2025, FASB issued ASU No. 2025-09, *“Derivatives and Hedging (topic 815): Hedge Accounting Improvements.”* ASU No. 2025-09 amends ASC Topic 815 to align hedge accounting more closely with an entity’s economic risk management practices. Key amendments include (i) to allow designating a variable price component of a nonfinancial forecasted purchase or sale as the hedged risk, (ii) to allow grouping individual forecasted transactions with similar (not identical) risk exposures, (iii) a new model for hedging forecasted interest on a variable-rate debt, enabling changes in index or tenor without dedesignation, subject to simplifying assumptions, and (iv) additional clarifications related to hedge accounting of nonfinancial components, net written options, and dual-hedge strategies. ASU No. 2025-09 is effective on a prospective basis for annual periods beginning after December 15, 2026, though early adoption and retroactive application is permitted. ASU No. 2025-09 is not expected to have a material impact on our financial statements.

In November 2025, FASB issued ASU No. 2025-11, *“Interim reporting (topic 270): Narrow Scope Improvements.”* ASU No. 2025-11 clarifies and enhances guidance under ASC Topic 270 on interim financial reporting by (i) clarifying the scope of ASC 270 such that it now explicitly applies only to entities that issue complete interim financial statements and related notes under U.S. GAAP, (ii) establishing clear guidance on the form of interim statements and notes, incorporating a comprehensive list of required interim disclosures drawn from across the ASC, and (iii) introducing a requirement to disclose material events and changes occurring after the end of the last annual period that could impact interim results. ASU No. 2025-11 is effective on a prospective basis for annual periods beginning after December 15, 2027, though early adoption and retroactive application is permitted. ASU No. 2025-11 is not expected to have a material impact on our financial statements.

Note 3 – Earnings Per Share

Basic earnings per share is derived by dividing net income available to shareholders by the weighted-average number of common shares outstanding during the period and does not include the effect of any potentially dilutive common stock equivalents. Diluted earnings per share is derived by dividing net income available to shareholders by the weighted-average number of shares outstanding, adjusted for the dilutive effect of outstanding common stock equivalents, such as restricted stock units (“RSUs”). There were no anti-dilutive shares outstanding at March 31, 2026 or 2025.

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The following table sets forth the calculation of basic and diluted earnings per common share for the three-month periods ended March 31, 2026 and 2025:

(in thousands, except for per share amount)	Three months ended March 31,					
	2026			2025		
	Income	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount
Basic Earnings Per Share:						
Net income	\$ 6,663	6,483	\$ 1.03	\$ 5,806	6,474	\$ 0.90
Diluted Earnings Per Share:						
Restricted stock units		11			16	
Net income	\$ 6,663	6,494	\$ 1.03	\$ 5,806	6,490	\$ 0.89

Note 4 – Investments

The following tables show a comparison of amortized cost and fair values of investment securities at March 31, 2026 and December 31, 2025:

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Estimated Fair Value
March 31, 2026					
Available for Sale:					
U.S. government agencies	\$ 2,000	\$ —	\$ 640	\$ —	\$ 1,360
Residential mortgage-backed agencies	25,366	19	3,137	—	22,248
Commercial mortgage-backed agencies	41,366	—	8,107	—	33,259
Collateralized mortgage obligations	29,117	9	2,600	—	26,526
Obligations of states and political subdivisions	8,559	26	119	—	8,466
Corporate bonds	1,000	—	84	—	916
Collateralized debt obligations	18,848	—	2,619	—	16,229
Total available for sale	\$ 126,256	\$ 54	\$ 17,306	\$ —	\$ 109,004
(in thousands)	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value	Allowance for Credit Losses
March 31, 2026					
Held to Maturity:					
U.S. government agencies	\$ 68,669	\$ —	\$ 8,087	\$ 60,582	\$ —
Residential mortgage-backed agencies	34,289	62	2,657	31,694	—
Commercial mortgage-backed agencies	20,898	—	5,187	15,711	—
Collateralized mortgage obligations	44,537	—	7,379	37,158	—
Obligations of states and political subdivisions	4,381	85	669	3,797	102
Total held to maturity	\$ 172,774	\$ 147	\$ 23,979	\$ 148,942	\$ 102

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Estimated Fair Value
December 31, 2025					
Available for Sale:					
U.S. government agencies	\$ 2,000	\$ —	\$ 596	\$ —	\$ 1,404
Residential mortgage-backed agencies	25,891	40	3,076	—	22,855
Commercial mortgage-backed agencies	37,805	1	7,738	—	30,068
Collateralized mortgage obligations	29,795	40	2,445	—	27,390
Obligations of states and political subdivisions	8,557	35	67	—	8,525
Corporate bonds	1,000	—	93	—	907
Collateralized debt obligations	18,802	—	2,807	—	15,995
Total available for sale	<u>\$ 123,850</u>	<u>\$ 116</u>	<u>\$ 16,822</u>	<u>\$ —</u>	<u>\$ 107,144</u>

(in thousands)	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value	Allowance for Credit Losses
December 31, 2025					
Held to Maturity:					
U.S. government agencies	\$ 68,595	\$ —	\$ 7,721	\$ 60,874	\$ —
Residential mortgage-backed agencies	32,084	138	2,474	29,748	—
Commercial mortgage-backed agencies	20,947	—	5,180	15,767	—
Collateralized mortgage obligations	45,447	—	7,056	38,391	—
Obligations of states and political subdivisions	4,390	206	487	4,109	102
Total held to maturity	<u>\$ 171,463</u>	<u>\$ 344</u>	<u>\$ 22,918</u>	<u>\$ 148,889</u>	<u>\$ 102</u>

There were no sales or calls of available-for-sale (“AFS”) securities and no realized gain/loss activity for the three-month periods ended March 31, 2026 or 2025.

The Corporation utilizes FASB Accounting Standards Codification (“ASC”) Topic 326 to evaluate its AFS and held-to-maturity (“HTM”) debt security portfolio for expected credit losses.

For any AFS debt security in an unrealized loss position, the Corporation first assesses whether it intends to sell, or it is more likely than not that the Corporation will be required to sell the security before recovery to its amortized cost basis. If either criterion regarding intent or requirement to sell is met, the security’s amortized cost basis is written down to fair value through income. For AFS debt securities that do not meet the aforementioned criteria, the Corporation evaluates whether any 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 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 are 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 (“ACL”) is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through the ACL is recorded in other comprehensive income (“OCI”).

The Corporation adopted ASC Topic 326 using the prospective transition approach for debt securities for which other than temporary impairment (“OTTI”) had been recognized prior to January 1, 2023, such as AFS collateralized debt obligations. As a result, the amortized cost basis for such debt securities remained the same before and after the effective date of ASC Topic 326. The effective interest rate on these debt securities was not changed. Amounts of OTTI that were recorded prior to January 1, 2023 are being accreted into income over the remaining life of the assets.

The ACL on HTM securities is a contra-asset valuation account, calculated in accordance with ASC Topic 326. Management measures expected credit losses on HTM debt securities on a collective basis by major security type. Management has

elected to not measure an ACL for accrued interest on securities. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts.

Management classifies the HTM portfolio into the following major security types: (i) securities issued or guaranteed by U.S. government agencies (including U.S. treasuries, agency bonds, and U.S. guaranteed residential mortgage-backed securities, commercial mortgage-backed securities, and collateralized mortgage obligations); (ii) rated municipal securities; and (iii) unrated municipal securities. With regard to securities issued by U.S. government agencies and corporations, it is expected that the securities will not settle at prices that are less than the amortized cost bases of the securities, as such securities are backed by the full faith and credit of and/or guaranteed by the U.S. government. Accordingly, no ACL has been recorded on these securities. With regard to securities issued by states and political subdivisions, management considers (x) issuer bond ratings, (y) historical loss rates for given bond ratings, and (z) whether issuers continue to make timely principal and interest payments under the contractual terms of the securities. Non-rated securities are evaluated internally based on financial performance and expected future cash flows.

As of March 31, 2026 and December 31, 2025, the Corporation recorded ACL of approximately \$102,000, related to one municipal bond in its HTM securities portfolio.

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The following tables show the Corporation's investment securities with gross unrealized and unrecognized losses and fair values at March 31, 2026 and December 31, 2025, aggregated by investment category and the length of time that individual securities have been in a continuous unrealized and unrecognized loss position:

(in thousands)	Less than 12 months			12 months or more		
	Fair Value	Unrealized Losses	Number of Investments	Fair Value	Unrealized Losses	Number of Investments
March 31, 2026						
Available for Sale:						
U.S. government agencies	\$ —	\$ —	—	\$ 1,360	\$ 640	1
Residential mortgage-backed agencies	—	—	—	19,347	3,137	6
Commercial mortgage-backed agencies	—	—	—	33,259	8,107	13
Collateralized mortgage obligations	—	—	—	22,402	2,600	12
Obligations of states and political subdivisions	—	—	—	5,189	119	9
Corporate bonds	—	—	—	916	84	1
Collateralized debt obligations	—	—	—	16,229	2,619	9
Total available for sale	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>	<u>\$ 98,702</u>	<u>\$ 17,306</u>	<u>51</u>

(in thousands)	Less than 12 months			12 months or more		
	Fair Value	Unrecognized Losses	Number of Investments	Fair Value	Unrecognized Losses	Number of Investments
March 31, 2026						
Held to Maturity:						
U.S. government agencies	\$ 12,345	\$ 155	1	\$ 48,237	\$ 7,932	8
Residential mortgage-backed agencies	—	—	—	25,570	2,657	44
Commercial mortgage-backed agencies	—	—	—	15,711	5,187	2
Collateralized mortgage obligations	—	—	—	37,158	7,379	8
Obligations of states and political subdivisions	—	—	—	2,173	669	2
Total held to maturity	<u>\$ 12,345</u>	<u>\$ 155</u>	<u>1</u>	<u>\$ 128,849</u>	<u>\$ 23,824</u>	<u>64</u>

(in thousands)	Less than 12 months			12 months or more		
	Fair Value	Unrealized Losses	Number of Investments	Fair Value	Unrealized Losses	Number of Investments
December 31, 2025						
Available for Sale:						
U.S. government agencies	\$ —	\$ —	—	\$ 1,404	\$ 596	1
Residential mortgage-backed agencies	—	—	—	17,405	3,076	3
Commercial mortgage-backed agencies	—	—	—	28,623	7,738	9
Collateralized mortgage obligations	8,811	100	1	14,160	2,345	9
Obligations of states and political subdivisions	—	—	—	3,332	67	2
Corporate Bonds	—	—	—	907	93	1
Collateralized debt obligations	—	—	—	15,995	2,807	9
Total available for sale	<u>\$ 8,811</u>	<u>\$ 100</u>	<u>1</u>	<u>\$ 81,826</u>	<u>\$ 16,722</u>	<u>34</u>

(in thousands)	Less than 12 months			12 months or more		
	Fair Value	Unrecognized Losses	Number of Investments	Fair Value	Unrecognized Losses	Number of Investments
December 31, 2025						
Held to Maturity:						
U.S. government agencies	\$ —	\$ —	—	\$ 60,874	\$ 7,721	9
Residential mortgage-backed agencies	—	—	—	19,434	2,474	35
Commercial mortgage-backed agencies	—	—	—	15,767	5,180	2
Collateralized mortgage obligations	—	—	—	38,391	7,056	8
Obligations of states and political subdivisions	—	—	—	2,364	487	1
Total held to maturity	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>	<u>\$ 136,830</u>	<u>\$ 22,918</u>	<u>55</u>

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The amortized cost and estimated fair value of securities by contractual maturities at March 31, 2026 are shown in the following table. Expected maturities for mortgage-backed securities and collateralized mortgage obligations will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(in thousands)	March 31, 2026	
	Amortized Cost	Fair Value
Contractual Maturity		
Available for Sale:		
Due after one year through five years	\$ 495	\$ 493
Due after five years through ten years	16,467	14,776
Due after ten years	13,445	11,702
	30,407	26,971
Residential mortgage-backed agencies	25,366	22,248
Commercial mortgage-backed agencies	41,366	33,259
Collateralized mortgage obligations	29,117	26,526
Total available for sale	\$ 126,256	\$ 109,004
Held to Maturity:		
Due in one year or less	\$ 12,500	\$ 12,345
Due after one year through five years	4,550	4,291
Due after five years through ten years	45,458	39,803
Due after ten years	10,542	7,940
	73,050	64,379
Residential mortgage-backed agencies	34,289	31,694
Commercial mortgage-backed agencies	20,898	15,711
Collateralized mortgage obligations	44,537	37,158
Total held to maturity	\$ 172,774	\$ 148,942

At March 31, 2026 and December 31, 2025, AFS investment securities with an aggregate fair value of \$91.9 million and \$87.1 million, respectively, and HTM investment securities with an aggregate book value of \$169.7 million and \$169.0 million, respectively, were pledged as permitted or required to secure public deposits, for securities sold under agreements to repurchase as required or permitted by law and as collateral for borrowing capacity.

Note 5 – Loans and Related Allowance for Credit Losses

The following table summarizes the primary segments of the loan portfolio at March 31, 2026 and December 31, 2025:

(in thousands)	Commercial Real Estate	Acquisition and Development	Commercial and Industrial	Residential Mortgage	Consumer	Total
March 31, 2026						
Individually evaluated for impairment	\$ 1,283	\$ —	\$ 5,717	\$ 1,550	\$ —	\$ 8,550
Collectively evaluated for impairment	608,208	97,785	240,475	524,764	45,684	1,516,916
Total loans	\$ 609,491	\$ 97,785	\$ 246,192	\$ 526,314	\$ 45,684	\$ 1,525,466
December 31, 2025						
Individually evaluated for impairment	\$ 617	\$ —	\$ 17,142	\$ 1,927	\$ —	\$ 19,686
Collectively evaluated for impairment	570,191	90,272	259,892	534,985	46,678	1,502,018
Total loans	\$ 570,808	\$ 90,272	\$ 277,034	\$ 536,912	\$ 46,678	\$ 1,521,704

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The following table presents the classes of the loan portfolio summarized by the aging categories of performing loans and non-accrual loans at March 31, 2026 and December 31, 2025:

(in thousands)	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days+ Past Due	Total Past Due and Accruing	Non- Accrual	Total Loans
March 31, 2026							
Commercial real estate:							
Non-owner-occupied	\$ 352,933	\$ —	\$ —	\$ —	\$ —	\$ 100	\$ 353,033
All other CRE	252,250	2,813	34	—	2,847	1,361	256,458
Acquisition and development:							
1-4 family residential construction	25,120	—	—	—	—	—	25,120
All other A&D	72,665	—	—	—	—	—	72,665
Commercial and industrial	244,817	209	140	—	349	1,026	246,192
Residential mortgage:							
Residential mortgage - term	455,226	802	386	43	1,231	2,047	458,504
Residential mortgage - home equity	67,229	314	114	—	428	153	67,810
Consumer	45,250	203	200	23	426	8	45,684
Total	<u>\$ 1,515,490</u>	<u>\$ 4,341</u>	<u>\$ 874</u>	<u>\$ 66</u>	<u>\$ 5,281</u>	<u>\$ 4,695</u>	<u>\$ 1,525,466</u>
December 31, 2025							
Commercial real estate:							
Non-owner-occupied	\$ 334,581	\$ —	\$ —	\$ —	\$ —	\$ 102	\$ 334,683
All other CRE	234,459	769	304	—	1,073	593	236,125
Acquisition and development:							
1-4 family residential construction	15,369	—	—	—	—	—	15,369
All other A&D	74,903	—	—	—	—	—	74,903
Commercial and industrial	275,826	112	28	—	140	1,068	277,034
Residential mortgage:							
Residential mortgage - term	464,294	150	2,146	244	2,540	2,223	469,057
Residential mortgage - home equity	67,154	256	86	188	530	171	67,855
Consumer	46,100	252	246	45	543	35	46,678
Total	<u>\$ 1,512,686</u>	<u>\$ 1,539</u>	<u>\$ 2,810</u>	<u>\$ 477</u>	<u>\$ 4,826</u>	<u>\$ 4,192</u>	<u>\$ 1,521,704</u>

Non-accrual loans that have been subject to partial charge-offs totaled \$0.1 million at March 31, 2026 and \$0.2 million at December 31, 2025. There were no loans secured by 1-4 family residential real estate properties in the process of foreclosure at March 31, 2026. Loans secured by 1-4 family residential real estate properties in the process of foreclosure totaled \$0.5 million at December 31, 2025.

A loan that is considered a non-accrual or modified loan may be subject to the individually evaluated loan analysis if the commitment is \$100,000 or greater; otherwise, the modified loan remains in the appropriate segment in the ACL model and associated reserves are adjusted based on changes in the discounted cash flows resulting from the modification of the modified loan. For a discussion with respect to reserve calculations regarding individually evaluated loans, refer to the “Nonrecurring Loans” section in Note 6, Fair Value of Financial Instruments.

The Corporation maintains an ACL at a level determined to be adequate to absorb expected credit losses associated with the Corporation’s financial instruments over the life of those instruments as of the balance sheet date. The Corporation develops and documents a systematic ACL methodology based on the following portfolio segments: (i) commercial real estate; (ii) acquisition and development; (iii) commercial and industrial; (iv) residential mortgage; and (v) consumer. The Corporation’s loan portfolio is

segmented by homogeneous loan types that behave similarly to economic cycles. The following is a discussion of the key risks by portfolio segment that management assesses in preparing the ACL.

Commercial Real Estate- loans are secured by commercial purpose real estate, including both owner-occupied properties and properties obtained for investment purposes, such as hotels, strip malls and apartments. Operations of the individual projects as well as global cash flows of the debtors are the primary source of repayment of these loans. The condition of the local economy is an important indicator of risk, but there are more specific risks depending on the collateral type as well as the business.

Acquisition and Development- loans include both commercial and consumer. Commercial loans are made to finance construction of buildings or other structures, as well as to finance the acquisition and development of raw land for various purposes. While the risk of these loans is generally confined to the construction period, if there are problems, the project may not be completed, and as such, may not provide sufficient cash flow on its own to service the debt or have sufficient value in a liquidation to cover the outstanding principal. The condition of the local economy is an important indicator of risk, but there are also more specific risks depending on the type of project and the experience and resources of the developer. Consumer loans are made for the construction of residential homes for which a binding sales contract exists and generally are for a period of time sufficient to complete construction. Residential construction loans to individuals generally provide for the payment of interest only during the construction phase. Credit risk for residential real estate construction loans can arise from construction delays, cost overruns, failure of the contractor to complete the project to specifications and economic conditions that could impact demand for supply of the property being constructed.

Commercial and Industrial- loans are made to operating companies or manufacturers for the purpose of production, operating capacity, accounts receivable, inventory or equipment financing. Cash flow from the operations of the borrower is the primary source of repayment for these loans. The condition of the local economy is an important indicator of risk, but there are also more specific risks depending on the industry of the borrower. The collateral for these types of loans often does not have sufficient value in a distressed or liquidation scenario to satisfy the outstanding debt. These loans are also made to local municipalities for various purposes including refinancing existing obligations, infrastructure up-fit and expansion, or to purchase new equipment. The primary repayment source for local municipalities includes the tax base of the municipality, specific revenue streams related to the infrastructure financed, and other business operations of the municipal authority. The health and stability of state and local economies directly impacts each municipality's tax basis and are important indicators of risk for this segment. The ability of each municipality to increase taxes and fees to offset service requirements give this type of loan a very low risk profile in the continuum of the Corporation's loan portfolio.

Residential Mortgage- loans are secured by first and second liens such as home equity lines of credit and 1-4 family residential mortgages. The primary source of repayment for these loans is the income of the borrower. The condition of the local economy, in particular the unemployment rate, is an important indicator of risk for this segment. The state of the local housing market can also have a significant impact on this segment because low demand and/or declining home values can limit the ability of borrowers to sell a property and satisfy debt.

Consumer- loans are made to individuals and may be either secured by assets other than real estate or unsecured. This segment includes automobile loans and unsecured loans and lines of credit. The primary source of repayment for these loans is the income and assets of the borrower. The condition of the local economy, in particular the unemployment rate, is an important indicator of risk for this segment. The value of the collateral, if there is any, is less likely to be a source of repayment due to less certain collateral values.

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The following tables present the amortized cost basis of loans on a nonaccrual status at March 31, 2026 and December 31, 2025:

<u>(in thousands)</u>	<u>Nonaccrual Loans With No Allowance for Credit Loss</u>	<u>Nonaccrual Loans With Allowance for Credit Loss</u>	<u>Total Nonaccrual Loans</u>
March 31, 2026			
Commercial real estate			
Non owner-occupied	\$ —	\$ 100	\$ 100
All other CRE	1,283	78	1,361
Commercial and industrial	978	48	1,026
Residential mortgage			
Residential mortgage - term	1,550	497	2,047
Residential mortgage – home equity	—	153	153
Consumer	—	8	8
Total	<u>\$ 3,811</u>	<u>\$ 884</u>	<u>\$ 4,695</u>

<u>(in thousands)</u>	<u>Nonaccrual Loans With No Allowance for Credit Loss</u>	<u>Nonaccrual Loans With Allowance for Credit Loss</u>	<u>Total Nonaccrual Loans</u>
December 31, 2025			
Commercial real estate			
Non owner-occupied	\$ 102	\$ —	\$ 102
All other CRE	515	78	593
Commercial and industrial	978	90	1,068
Residential mortgage			
Residential mortgage - term	1,823	400	2,223
Residential mortgage – home equity	104	67	171
Consumer	—	35	35
Total	<u>\$ 3,522</u>	<u>\$ 670</u>	<u>\$ 4,192</u>

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The following table summarizes the primary segments of the ACL at March 31, 2026 and December 31, 2025, segregated by the amount required for loans individually evaluated for impairment and the amount required for loans collectively evaluated for impairment:

(in thousands)	Commercial Real Estate	Acquisition and Development	Commercial and Industrial	Residential Mortgage	Consumer	Total
March 31, 2026						
Individually evaluated for impairment	\$ —	\$ —	\$ 128	\$ —	\$ —	\$ 128
Collectively evaluated for impairment	5,638	1,446	3,922	7,974	843	19,823
Total ACL	<u>\$ 5,638</u>	<u>\$ 1,446</u>	<u>\$ 4,050</u>	<u>\$ 7,974</u>	<u>\$ 843</u>	<u>\$ 19,951</u>
December 31, 2025						
Individually evaluated for impairment	\$ —	\$ —	\$ 417	\$ —	\$ —	\$ 417
Collectively evaluated for impairment	4,644	1,278	4,056	8,272	803	19,053
Total ACL	<u>\$ 4,644</u>	<u>\$ 1,278</u>	<u>\$ 4,473</u>	<u>\$ 8,272</u>	<u>\$ 803</u>	<u>\$ 19,470</u>

Changes in the fair value of the types of collateral for individually evaluated loans are reported as provision for credit loss in the period of change. The evaluation of the need and amount of a specific allocation of the ACL and whether a loan can be removed from impairment status is made on a quarterly basis.

The following tables present the amortized cost basis of collateral-dependent individually evaluated loans as of March 31, 2026 and December 31, 2025.

	March 31, 2026		
(in thousands)	Real Estate	Other Collateral	Non-Accrual Loans with No Allowance for Credit Loss
Commercial real estate	\$ 1,283	\$ —	\$ 1,283
Commercial and industrial	—	978	978
Residential mortgage	1,550	—	1,550
Consumer	—	—	—
Total Loans	<u>\$ 2,833</u>	<u>\$ 978</u>	<u>\$ 3,811</u>

	December 31, 2025		
(in thousands)	Real Estate	Other Collateral	Non-Accrual Loans with No Allowance for Credit Loss
Commercial real estate	\$ 617	\$ —	\$ 617
Commercial and industrial	—	978	978
Residential mortgage	1,927	—	1,927
Total Loans	<u>\$ 2,544</u>	<u>\$ 978</u>	<u>\$ 3,522</u>

The following tables present the activity in the ACL for the three-month periods ended March 31, 2026 and 2025:

(in thousands)	Commercial Real Estate	Acquisition and Development	Commercial and Industrial	Residential Mortgage	Consumer	Total
Beginning balance at January 1, 2026	\$ 4,644	\$ 1,278	\$ 4,473	\$ 8,272	\$ 803	\$ 19,470
Loan charge-offs	—	—	(71)	(4)	(198)	(273)
Recoveries collected	—	7	2	10	56	75
Credit loss expense/(credit)	994	161	(354)	(304)	182	679
ACL balance at March 31, 2026	\$ 5,638	\$ 1,446	\$ 4,050	\$ 7,974	\$ 843	\$ 19,951
Beginning balance at January 1, 2025	\$ 5,272	\$ 909	\$ 4,205	\$ 7,010	\$ 774	\$ 18,170
Loan charge-offs	—	(3)	(355)	—	(184)	(542)
Recoveries collected	—	64	2	16	100	182
Credit loss expense/(credit)	398	(30)	482	(303)	110	657
ACL balance at March 31, 2025	\$ 5,670	\$ 940	\$ 4,334	\$ 6,723	\$ 800	\$ 18,467

The Corporation's methodology for estimating the ACL includes:

Segmentation. The Corporation's loan portfolio is segmented by homogeneous loan types that behave similarly to economic cycles.

Specific Analysis. A specific reserve analysis is applied to certain individually evaluated loans. These loans are evaluated quarterly based on collateral value, observable market value or the present value of expected future cash flows. A specific reserve is established if the fair value is less than the loan balance. A charge-off is recognized when the loss is quantifiable. Individually evaluated loans not specifically analyzed reside in the quantitative analysis.

Quantitative Analysis. The Corporation has elected to use discounted cash flows. Economic forecasts include but are not limited to unemployment, the Consumer Price Index, the Housing Affordability Index, and Gross State Product. These forecasts are assumed to revert to the long-term average and are utilized in the model to estimate the probability of default and the loss given default is the estimated loss rate, which varies over time. The estimated loss rate is applied within the appropriate periods in the cash flow model to determine the net present value. Net present value is also impacted by assumptions related to the duration between default and recovery. The reserve is based on the difference between the summation of the principal balances taking amortized costs into consideration and the summation of the net present values.

The Corporation has elected to forecast out the first four quarters of the credit loss estimate and revert this forecast to long-term historical averages on a straight-line basis over eight quarters. By reverting these modeling inputs to their historical average and considering loan/borrower specific attributes, our models are intended to yield a measurement of expected credit losses that reflects our average historical loss rates for periods subsequent to the reversion period.

Qualitative Analysis. Based on management's review and analysis of internal, external and model risks, management may adjust the model output. Management reviews the peaks and troughs of the model's calibrations, taking into account economic forecasts to develop guardrails that serve as the basis for determining the reasonableness of the model's output and makes adjustments as necessary. This process challenges unexpected variability resulting from outputs beyond the model's calibrations that appear to be unreasonable. Management also enhances the calculation through the use of Moody's economic forecast data in its calculation. Additionally, management may adjust the economic forecast if it is incompatible with known market conditions based on management's experience and perspective.

The ACL is based on estimates, and actual losses may vary from current estimates. Management believes that the granularity of the homogeneous pools and the related historical loss ratios and other qualitative factors, as well as the consistency in the application of assumptions, result in an ACL that is representative of the risk found in the components of the portfolio at any given date.

Credit Quality Indicators:

The Corporation's portfolio grading analysis estimates the capability of the borrower to repay the contractual obligations of the loan agreements as scheduled or at all. The Corporation's internal credit risk grading system is based on debt service coverage, collateral values and other subjective factors. Mortgage and consumer loans are defaulted to pass grade until a loan migrates to past due status.

The Corporation has a loan review policy and annual scope report that details the level of loan review for loans in a given year. The annual loan review provides the Credit Risk Committee with an independent analysis of the following: (i) credit quality of the loan portfolio; (ii) compliance with loan policy; (iii) adequacy of documentation in credit files; and (iv) validity of risk ratings.

The Corporation's internally assigned grades are as follows:

Pass- The Corporation uses six grades of pass, including its watch rating. Generally, a pass rating indicates that the loan is currently performing and is of high quality.

Special Mention- Assets with potential weaknesses that warrant management's close attention and if left unchanged, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date.

Substandard- Assets that are inadequately protected by the current sound worth and paying capacity of the obligor or by the collateral pledged, if any. Assets so classified have a well-defined weakness, or weaknesses that jeopardize the liquidation of the debt. Such assets are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful- Assets with all weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable.

Loss- Assets considered of such little value that its continuance on the books is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practical to defer writing off this basically worthless asset even though partial recovery may be affected in the future.

The ability of borrowers to repay commercial loans is dependent upon the success of their business and general economic conditions. Due to the greater potential for loss within our commercial portfolio, we monitor the commercial loan portfolio through an internal risk rating system. Loan risk ratings are assigned based upon the creditworthiness of the borrower and are reviewed on an ongoing basis according to our internal policies. Loans rated special mention or substandard have potential or well-defined weaknesses not generally found in high quality, performing loans, and require attention from management to limit loss.

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The following tables present loan balances by year of origination and internally assigned risk rating for our portfolio segments for the periods presented:

(in thousands)	2026	2025	2024	2023	2022	2021 and Prior	Revolving	Total Portfolio Loans
March 31, 2026								
Commercial real estate:								
Non-owner-occupied								
Pass	\$ 21,959	\$ 33,134	\$ 22,690	\$ 47,995	\$ 77,631	\$ 139,059	\$ 8,648	\$ 351,116
Substandard	—	—	—	100	—	1,817	—	1,917
Total non-owner occupied	21,959	33,134	22,690	48,095	77,631	140,876	8,648	353,033
Current period gross charge-offs	—	—	—	—	—	—	—	—
All other CRE								
Pass	28,122	24,755	49,711	30,575	21,709	91,227	2,091	248,190
Substandard	—	—	912	802	—	6,454	100	8,268
Total all other CRE	28,122	24,755	50,623	31,377	21,709	97,681	2,191	256,458
Current period gross charge-offs	—	—	—	—	—	—	—	—
Acquisition and development:								
1-4 family residential construction								
Pass	2,571	15,036	3,333	973	—	—	3,207	25,120
Total acquisition and development	2,571	15,036	3,333	973	—	—	3,207	25,120
Current period gross charge-offs	—	—	—	—	—	—	—	—
All other A&D								
Pass	5,203	12,414	22,492	2,708	3,933	10,095	15,526	72,371
Substandard	—	294	—	—	—	—	—	294
Total all other A&D	5,203	12,708	22,492	2,708	3,933	10,095	15,526	72,665
Current period gross charge-offs	—	—	—	—	—	—	—	—
Commercial and industrial:								
Pass	10,221	35,147	16,551	21,716	27,897	18,263	69,175	198,970
Special Mention	—	—	4,250	19,032	3,500	—	500	27,282
Substandard	—	56	97	281	1,135	7,841	10,530	19,940
Total commercial and industrial	10,221	35,203	20,898	41,029	32,532	26,104	80,205	246,192
Current period gross charge-offs	—	—	—	6	23	42	—	71
Residential mortgage:								
Residential mortgage - term								
Pass	10,881	44,928	46,044	60,983	82,478	204,770	986	451,070
Substandard	—	—	—	—	849	6,563	22	7,434
Total residential mortgage - term	10,881	44,928	46,044	60,983	83,327	211,333	1,008	458,504
Current period gross charge-offs	—	—	—	—	—	4	—	4
Residential mortgage - home equity								
Pass	230	544	58	534	3,044	1,367	61,017	66,794
Substandard	—	—	—	—	—	8	1,008	1,016
Total residential mortgage - home equity	230	544	58	534	3,044	1,375	62,025	67,810
Current period gross charge-offs	—	—	—	—	—	—	—	—
Consumer:								
Pass	4,077	8,748	5,333	5,513	2,746	16,248	2,744	45,409
Substandard	—	13	118	57	52	26	9	275
Total consumer	4,077	8,761	5,451	5,570	2,798	16,274	2,753	45,684
Current period gross charge-offs	36	76	46	13	3	24	—	198
Total Portfolio Loans								
Pass	83,264	174,706	166,212	170,997	219,438	481,029	163,394	1,459,040
Special Mention	—	—	4,250	19,032	3,500	—	500	27,282
Substandard	—	363	1,127	1,240	2,036	22,709	11,669	39,144
Total Portfolio Loans	\$ 83,264	\$ 175,069	\$ 171,589	\$ 191,269	\$ 224,974	\$ 503,738	\$ 175,563	\$ 1,525,466
Current YTD Period:								
Current period gross charge-offs	\$ 36	\$ 76	\$ 46	\$ 19	\$ 26	\$ 70	\$ —	\$ 273

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(in thousands)	2025	2024	2023	2022	2021	2020 and Prior	Revolving	Total Portfolio Loans
December 31, 2025								
Commercial real estate:								
Non-owner-occupied								
Pass	\$ 33,245	\$ 22,810	\$ 40,375	\$ 78,385	\$ 25,911	\$ 123,082	\$ 8,917	\$ 332,725
Substandard	—	—	102	—	—	1,856	—	1,958
Total non-owner occupied	33,245	22,810	40,477	78,385	25,911	124,938	8,917	334,683
Current period gross charge-offs	—	—	—	—	—	—	—	—
All other CRE								
Pass	24,612	50,485	31,650	22,273	20,617	75,235	3,240	228,112
Special Mention	—	—	—	—	864	—	—	864
Substandard	—	915	—	—	1,712	3,922	600	7,149
Total all other CRE	24,612	51,400	31,650	22,273	23,193	79,157	3,840	236,125
Current period gross charge-offs	—	—	—	—	—	—	—	—
Acquisition and development:								
1-4 family residential construction								
Pass	11,783	91	980	—	—	—	2,515	15,369
Total acquisition and development	11,783	91	980	—	—	—	2,515	15,369
Current period gross charge-offs	—	—	—	—	—	—	—	—
All other A&D								
Pass	13,267	24,703	8,852	3,988	1,582	8,840	13,374	74,606
Substandard	297	—	—	—	—	—	—	297
Total all other A&D	13,564	24,703	8,852	3,988	1,582	8,840	13,374	74,903
Current period gross charge-offs	—	—	—	—	—	9	—	9
Commercial and industrial:								
Pass	37,145	17,406	17,629	45,513	11,060	13,892	71,139	213,784
Special Mention	—	4,250	19,112	3,638	32	—	4,963	31,995
Substandard	22	100	235	1,008	106	8,015	21,769	31,255
Total commercial and industrial	37,167	21,756	36,976	50,159	11,198	21,907	97,871	277,034
Current period gross charge-offs	—	—	—	—	570	441	—	1,011
Residential mortgage:								
Residential mortgage - term								
Pass	44,643	47,862	63,667	86,508	69,335	148,527	1,057	461,599
Substandard	—	—	—	857	1,173	5,405	23	7,458
Total residential mortgage - term	44,643	47,862	63,667	87,365	70,508	153,932	1,080	469,057
Current period gross charge-offs	—	—	—	—	—	—	—	—
Residential mortgage - home equity								
Pass	558	59	567	3,180	557	866	61,070	66,857
Substandard	—	—	—	—	—	9	989	998
Total residential mortgage - home equity	558	59	567	3,180	557	875	62,059	67,855
Current period gross charge-offs	—	—	15	—	—	—	—	15
Consumer:								
Pass	9,849	6,814	6,369	3,372	1,593	15,573	2,789	46,359
Substandard	60	94	82	49	7	15	12	319
Total consumer	9,909	6,908	6,451	3,421	1,600	15,588	2,801	46,678
Current period gross charge-offs	275	92	172	18	104	54	—	715
Total Portfolio Loans								
Pass	175,102	170,230	170,089	243,219	130,655	386,015	164,101	1,439,411
Special Mention	—	4,250	19,112	3,638	896	—	4,963	32,859
Substandard	379	1,109	419	1,914	2,998	19,222	23,393	49,434
Total Portfolio Loans	\$ 175,481	\$ 175,589	\$ 189,620	\$ 248,771	\$ 134,549	\$ 405,237	\$ 192,457	\$ 1,521,704
Current YTD Period:								
Current period gross charge-offs	\$ 275	\$ 92	\$ 187	\$ 18	\$ 674	\$ 504	\$ —	\$ 1,750

Management further monitors the performance and credit quality of the loan portfolio by analyzing the age of the portfolio as determined by the length of time a recorded payment is past.

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The following tables present loan balances by year of origination segregated by performing and non-performing loans for the periods presented:

(in thousands)	2026	2025	2024	2023	2022	2021 and Prior	Revolving	Total Portfolio Loans
March 31, 2026								
Commercial real estate:								
Non-owner-occupied								
Performing	\$ 21,959	\$ 33,134	\$ 22,690	\$ 47,995	\$ 77,631	\$ 140,876	\$ 8,648	\$ 352,933
Nonperforming	—	—	—	100	—	—	—	100
Total non-owner occupied	21,959	33,134	22,690	48,095	77,631	140,876	8,648	353,033
All other CRE								
Performing	28,122	24,755	50,623	30,609	21,709	97,088	2,191	255,097
Nonperforming	—	—	—	768	—	593	—	1,361
Total all other CRE	28,122	24,755	50,623	31,377	21,709	97,681	2,191	256,458
Acquisition and development:								
1-4 family residential construction								
Performing	2,571	15,036	3,333	973	—	—	3,207	25,120
Total acquisition and development	2,571	15,036	3,333	973	—	—	3,207	25,120
All other A&D								
Performing	5,203	12,708	22,492	2,708	3,933	10,095	15,526	72,665
Total all other A&D	5,203	12,708	22,492	2,708	3,933	10,095	15,526	72,665
Commercial and industrial:								
Performing	10,221	35,203	20,898	41,029	31,554	26,056	80,205	245,166
Nonperforming	—	—	—	—	978	48	—	1,026
Total commercial and industrial	10,221	35,203	20,898	41,029	32,532	26,104	80,205	246,192
Residential mortgage:								
Residential mortgage - term								
Performing	10,881	44,928	46,044	60,983	83,327	209,243	1,008	456,414
Nonperforming	—	—	—	—	—	2,090	—	2,090
Total residential mortgage - term	10,881	44,928	46,044	60,983	83,327	211,333	1,008	458,504
Residential mortgage - home equity								
Performing	230	544	58	525	3,044	1,231	62,025	67,657
Nonperforming	—	—	—	9	—	144	—	153
Total residential mortgage - home equity	230	544	58	534	3,044	1,375	62,025	67,810
Consumer:								
Performing	4,077	8,761	5,451	5,561	2,787	16,263	2,753	45,653
Nonperforming	—	—	—	9	11	11	—	31
Total consumer	4,077	8,761	5,451	5,570	2,798	16,274	2,753	45,684
Total Portfolio Loans								
Performing	83,264	175,069	171,589	190,383	223,985	500,852	175,563	1,520,705
Nonperforming	—	—	—	886	989	2,886	—	4,761
Total Portfolio Loans	\$ 83,264	\$ 175,069	\$ 171,589	\$ 191,269	\$ 224,974	\$ 503,738	\$ 175,563	\$ 1,525,466

(in thousands)	2025	2024	2023	2022	2021	2020 and Prior	Revolving	Total Portfolio Loans
December 31, 2025								
Commercial real estate:								
Non-owner-occupied								
Performing	\$ 33,245	\$ 22,810	\$ 40,375	\$ 78,385	\$ 25,911	\$ 124,938	\$ 8,917	\$ 334,581
Nonperforming	—	—	102	—	—	—	—	102
Total non-owner occupied	33,245	22,810	40,477	78,385	25,911	124,938	8,917	334,683
All other CRE								
Performing	24,612	51,400	31,650	22,273	23,193	78,564	3,840	235,532
Nonperforming	—	—	—	—	—	593	—	593
Total all other CRE	24,612	51,400	31,650	22,273	23,193	79,157	3,840	236,125
Acquisition and development:								
1-4 family residential construction								
Performing	11,783	91	980	—	—	—	2,515	15,369
Nonperforming	—	—	—	—	—	—	—	—
Total acquisition and development	11,783	91	980	—	—	—	2,515	15,369
All other A&D								
Performing	13,564	24,703	8,852	3,988	1,582	8,840	13,374	74,903
Nonperforming	—	—	—	—	—	—	—	—
Total all other A&D	13,564	24,703	8,852	3,988	1,582	8,840	13,374	74,903
Commercial and industrial:								
Performing	37,167	21,756	36,976	49,181	11,108	21,907	97,871	275,966
Nonperforming	—	—	—	978	90	—	—	1,068
Total commercial and industrial	37,167	21,756	36,976	50,159	11,198	21,907	97,871	277,034
Residential mortgage:								
Residential mortgage - term								
Performing	44,643	47,862	63,667	87,365	70,127	151,846	1,080	466,590
Nonperforming	—	—	—	—	381	2,086	—	2,467
Total residential mortgage - term	44,643	47,862	63,667	87,365	70,508	153,932	1,080	469,057
Residential mortgage - home equity								
Performing	558	59	567	3,180	557	875	61,700	67,496
Nonperforming	—	—	—	—	—	—	359	359
Total residential mortgage - home equity	558	59	567	3,180	557	875	62,059	67,855
Consumer:								
Performing	9,909	6,891	6,416	3,409	1,600	15,572	2,801	46,598
Nonperforming	—	17	35	12	—	16	—	80
Total consumer	9,909	6,908	6,451	3,421	1,600	15,588	2,801	46,678
Total Portfolio Loans								
Performing	175,481	175,572	189,483	247,781	134,078	402,542	192,098	1,517,035
Nonperforming	—	17	137	990	471	2,695	359	4,669
Total Portfolio Loans	\$ 175,481	\$ 175,589	\$ 189,620	\$ 248,771	\$ 134,549	\$ 405,237	\$ 192,457	\$ 1,521,704

Loan Modifications for Borrowers Experiencing Financial Difficulty

The Corporation evaluates all loan modifications according to the accounting guidance in ASU No. 2022-02 to determine if the modification results in a new loan or a continuation of the existing loan. Loan modifications to borrowers experiencing financial difficulties that result in a direct change in the timing or amount of contractual cash flows include situations where there is principal forgiveness, interest rate reductions, other-than-insignificant payment delays, term extensions, or combinations of the listed

modifications. Therefore, the disclosures related to loan restructurings are for modifications which have a direct impact on cash flows.

The Corporation may offer various types of modifications when restructuring a loan. Commercial and industrial loans modified in a loan restructuring often involve temporary interest-only payments, term extensions, and converting credit lines to term loans. Additional collateral, a co-borrower, or a guarantor is often requested.

Commercial mortgage and construction loans modified in a loan restructuring often involve reducing the interest rate for the remaining term of the loan, extending the maturity date at an interest rate lower than the current market rate for new debt with similar risk, or substituting or adding a new borrower or guarantor. Construction loans modified in a loan restructuring may also involve extending the interest-only payment period.

Loans modified in a loan restructuring for the Corporation may have the financial effect of increasing the specific allowance associated with the loan. An allowance for loans that have been modified in a loan restructuring is measured based on the present value of expected cash flows discounted at the loan's effective interest rate or the estimated fair value of the collateral, less any selling costs, if the loan is collateral dependent. Management exercises significant judgment in developing these estimates.

Commercial and consumer loans modified in a loan restructuring are closely monitored for delinquency as an early indicator of possible future default. If loans modified in a loan restructuring subsequently default, the Corporation evaluates the loan for possible further loss. The allowance may be increased, adjustments may be made in the allocation of the allowance, or partial charge-offs may be taken to further write-down the carrying value of the loan.

The following tables present the amortized cost basis and the financial effect of loans modified to borrowers experiencing financial difficulty during the three-month periods ended March 31, 2026 and 2025. There was one new loan and one existing loan that were modified during the three-month period ended March 31, 2026:

(in thousands)	Term Extension	Percentage of Total Loan Type	Weighted Average Term and Principal Payment Extension
Three months ended March 31, 2026			
Residential mortgage - term	\$ 759	0.17%	1 month
Owner-occupied commercial real estate	857	0.33%	12 months
	<u>\$ 1,616</u>		
(in thousands)	Term Extension	Percentage of Total Loan Type	Weighted Average Term and Principal Payment Extension
Three months ended March 31, 2025			
Commercial and industrial	\$ 24	0.01%	60 months
	<u>\$ 24</u>		

The Corporation monitors loan payments on performing and non-performing loans on an ongoing basis to determine if a loan is considered to have a payment default. The borrowers for whom loan modifications were made in the three-month period ended March 31, 2026 have made all contractual payments.

If a modified loan with an outstanding balance of \$100,000 or greater subsequently defaults and goes on non-accrual status, then the Corporation individually evaluates the loan when performing its estimate of current expected credit losses to calculate the ACL. Upon determination that a modified loan (or a portion of a modified loan) has subsequently been deemed uncollectible, the loan (or portion of the loan) is charged off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the ACL is adjusted by the same amount.

Note 6 – Fair Value of Financial Instruments

The Corporation complies with the guidance of ASC Topic 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements required under

other accounting pronouncements. The Corporation also follows the guidance on matters relating to all financial instruments found in ASC Subtopic 825-10, *Financial Instruments – Overall*.

The fair value of an asset or liability is the price to sell an asset or to transfer a liability in an orderly transaction between willing market participants as of the measurement date. In estimating fair value, the Corporation utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. ASC Topic 820, “*Fair Value Measurements and Disclosures*,” establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets and liabilities. This level is the most reliable source of valuation.

Level 2: Quoted prices that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability. Level 2 inputs include inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates). It also includes inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs). Several sources are utilized for valuing these assets, including a contracted valuation service, Standard & Poor’s (“S&P”) evaluations and pricing services, and other valuation matrices.

Level 3: Prices or valuation techniques that require inputs that are both significant to the valuation assumptions and not readily observable in the market (i.e. supported with little or no market activity). Level 3 instruments are valued based on the best available data, some of which is internally developed, and consider risk premiums that a market participant would require.

The level established within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Transfers in and out of Level 1, 2 or 3 are recorded at fair value at the beginning of the reporting period.

Investments – The investment portfolio is classified and accounted for based on the guidance of ASC Topic 320, *Investments – Debt and Equity Securities*.

The fair value of investments available-for-sale is determined using a market approach. At March 31, 2026 and December 31, 2025, the U.S. Government agencies and treasuries, residential and commercial mortgage-backed securities, and municipal bonds segments were classified as Level 2 within the valuation hierarchy. Their fair values were determined based upon market-corroborated inputs and valuation matrices, which were obtained through third party data service providers or securities brokers through which we have historically transacted both purchases and sales of investment securities.

Equity investments not held for trading with readily determinable fair values consisted of money market mutual funds as of March 31, 2026 and December 31, 2025 are classified as Level 1 within the valuation hierarchy. Their fair values were determined based upon daily published net asset values with which investors can freely redeem from the fund.

Derivative financial instruments (cash flow hedge) – The Corporation’s open derivative positions are interest rate swap agreements. Those classified as Level 2 open derivative positions are valued using externally developed pricing models based on observable market inputs provided by a third party and validated by management. The Corporation has considered counterparty credit risk in the valuation of its interest rate swap assets.

Individually evaluated loans – Loans included in the table below are those that are considered individually evaluated with a specific allocation or with partial charge-offs, based upon the guidance of the loan impairment subsection of the *Receivables* Topic, ASC Section 310-10-35, under which the Corporation has measured impairment generally based on the fair value of the loan’s collateral. Fair value consists of the loan balance less its valuation allowance and is generally determined based on independent third-party appraisals of the collateral or discounted cash flows based upon the expected proceeds. These assets are included as Level 3 fair values based upon the lowest level of input that is significant to the fair value measurements.

Equity investments- Equity investments included in the table below are recorded with a write-down to fair value recorded in other operating expenses. Fair value of the equity investment was based on an independent third-party valuation report where the value was determined based on the revenue multiples of like kind information technology businesses. These assets are included as Level 3 fair values based upon the lowest level of input that is significant to the fair value measurements.

Other real estate owned (“OREO”) – OREO included in the table below are recorded with specific write-downs. Fair value of other real estate owned was based on independent third-party appraisals of the properties. These values were determined based on the sales prices of similar properties in the approximate geographic area. These assets are included as Level 3 fair values based upon the lowest level of input that is significant to the fair value measurements.

For assets measured at fair value on a recurring and non-recurring basis, the fair value measurements by level within the fair value hierarchy used at March 31, 2026 and December 31, 2025 were as follows:

(in thousands)	Assets Measured at Fair Value 3/31/2026	Fair Value Measurements at March 31, 2026 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring:				
Investment securities available-for-sale:				
U.S. government agencies	\$ 1,360		\$ 1,360	
Residential mortgage-backed agencies	22,248		22,248	
Commercial mortgage-backed agencies	33,259		33,259	
Collateralized mortgage obligations	26,526		26,526	
Obligations of states and political subdivisions	8,466		8,466	
Corporate bonds	916		916	
Collateralized debt obligations	16,229			\$ 16,229
Equity investments not held for trading with readily determinable fair values	1,035	\$ 1,035		

(in thousands)	Assets/(liabilities) Measured at Fair Value 12/31/25	Fair Value Measurements at December 31, 2025 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring:				
Investment securities available-for-sale:				
U.S. government agencies	\$ 1,404		\$ 1,404	
Residential mortgage-backed agencies	22,855		22,855	
Commercial mortgage-backed agencies	30,068		30,068	
Collateralized mortgage obligations	27,390		27,390	
Obligations of states and political subdivisions	8,525		8,525	
Corporate bonds	907		907	
Collateralized debt obligations	15,995			\$ 15,995
Equity investments not held for trading with readily determinable fair values	1,029	\$ 1,029		
Financial derivatives	76		76	
Non-recurring:				
Collateral dependent loans	266			266
Other real estate owned	853			853

There were no transfers of assets between any of the fair value hierarchy for the three-month periods ended March 31, 2026 or 2025.

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For Level 3 assets and liabilities measured at fair value on a recurring and non-recurring basis as of March 31, 2026 and December 31, 2025, the significant unobservable inputs used in the fair value measurements were as follows:

(in thousands)	Fair Value at March 31, 2026	Valuation Technique	Significant Unobservable Inputs	Significant Unobservable Input Value
Recurring:				
Investment securities – available for sale -CDO	\$ 16,229	Discounted Cash Flow	Discount Margin	Range of upper 200s to mid 400s

(in thousands)	Fair Value at December 31, 2025	Valuation Technique	Significant Unobservable Inputs	Significant Unobservable Input Value
Recurring:				
Investment securities – available for sale -CDO	\$ 15,995	Discounted Cash Flow	Discount Margin	Range of upper 200s to upper 400s
Non-recurring:				
Collateral dependent loans	\$ 266	Market Comparable Properties	Marketability Discount	N/A
Other real estate owned (1)	\$ 853	Market Comparable Properties	Marketability Discount	15.0%

(1) Range would include discounts taken since appraisal and estimated values

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The following tables show a reconciliation of the beginning and ending balances for fair valued assets measured on a recurring basis using Level 3 significant unobservable inputs for the three-month periods ended March 31, 2026 and 2025:

(in thousands)		Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Investment Securities Available for Sale	
Beginning balance January 1, 2026	\$		15,995
Total gains realized/unrealized:			
Included in other comprehensive income			234
Ending balance March 31, 2026	\$		16,229
(in thousands)		Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Investment Securities Available for Sale	
Beginning balance January 1, 2025	\$		14,718
Total gains realized/unrealized:			
Included in other comprehensive income			(21)
Ending balance March 31, 2025	\$		14,697

There were no gains or losses included in earnings attributable to the change in realized/unrealized gains or losses related to the assets for the three-month periods ended March 31, 2026 or 2025.

The disclosed fair values may vary significantly between institutions based on the estimates and assumptions used in the various valuation methodologies. The derived fair values are subjective in nature and involve uncertainties and significant judgment. Therefore, they cannot be determined with precision. Changes in the assumptions could significantly impact the derived estimates of fair value. Disclosure of non-financial assets such as buildings, as well as certain financial instruments such as leases is not required. Accordingly, the aggregate fair values presented do not represent the underlying value of the Corporation.

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The following tables present fair value information about financial instruments, whether or not recognized in the Consolidated Statement of Financial Condition, for which it is practicable to estimate that value. The actual carrying amounts and estimated fair values of the Corporation's financial instruments that are included in the Consolidated Statement of Financial Condition are as follows:

(in thousands)	March 31, 2026		Fair Value Measurements		
	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Cash and due from banks	\$ 89,220	\$ 89,220	\$ 89,220		
Interest bearing deposits in banks	627	627	627		
Investment securities - AFS	109,004	109,004		\$ 92,775	\$ 16,229
Investment securities - HTM	172,672	148,942		147,318	1,624
Equity securities not held for trading with readily determinable fair values	1,035	1,035	1,035		
Restricted bank stock	1,621	N/A			
Loans, net	1,505,003	1,473,348			1,473,348
Accrued interest receivable	7,289	7,289		1,579	5,710
Financial Liabilities:					
Deposits - non-maturity	1,575,505	1,575,505		1,575,505	
Deposits - time deposits	175,198	173,741		173,741	
Short-term borrowed funds	19,588	19,588		19,588	
Long-term borrowed funds	30,929	30,647		30,647	
Accrued interest payable	531	531		531	

(in thousands)	December 31, 2025		Fair Value Measurements		
	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Cash and due from banks	\$ 129,830	\$ 129,830	\$ 129,830		
Interest bearing deposits in banks	1,782	1,782	1,782		
Investment securities - AFS	107,144	107,144		\$ 91,149	\$ 15,995
Investment securities - HTM	171,361	148,889		147,144	1,745
Equity investments not held for trading with readily determinable fair values	1,029	1,029	1,029		
Restricted bank stock	4,630	N/A			
Loans, net	1,501,758	1,469,463			1,469,463
Financial derivative	76	76		76	
Accrued interest receivable	7,904	7,904		895	7,009
Financial Liabilities:					
Deposits - non-maturity	1,534,191	1,534,191		1,534,191	
Deposits - time deposits	200,958	199,967		199,967	
Short-term borrowed funds	17,661	17,661		17,661	
Long-term borrowed funds	95,929	95,775		95,775	
Accrued interest payable	953	953		953	

Note 7 – Accumulated Other Comprehensive Loss

The following table presents the changes in each component of accumulated other comprehensive loss for the three-month periods ended March 31, 2026 and 2025:

(in thousands)	Investment securities-with credit related impairment AFS	Investment securities-all other AFS	Investment securities-HTM	Cash Flow Hedge	Pension Plan	SERP	Total
Accumulated OCL, net:							
Balance - January 1, 2026	\$ (2,377)	\$ (10,383)	\$ (4,212)	\$ 73	\$ (8,246)	\$ (121)	\$ (25,266)
Other comprehensive income/(loss) before reclassifications	162	(527)	—	(60)	(877)	—	(1,302)
Amounts reclassified from accumulated other comprehensive income	(36)	—	116	—	71	—	151
Balance - March 31, 2026	<u>\$ (2,251)</u>	<u>\$ (10,910)</u>	<u>\$ (4,096)</u>	<u>\$ 13</u>	<u>\$ (9,052)</u>	<u>\$ (121)</u>	<u>\$ (26,417)</u>

(in thousands)	Investment securities-with credit related impairment AFS	Investment securities-all other AFS	Investment securities-HTM	Cash Flow Hedge	Pension Plan	SERP	Total
Balance - January 1, 2025	\$ (2,592)	\$ (13,792)	\$ (4,696)	\$ 372	\$ (9,723)	\$ 183	\$ (30,248)
Other comprehensive income/(loss) before reclassifications	6	1,357	—	(85)	(1,562)	—	(284)
Amounts reclassified from accumulated other comprehensive income	(37)	—	113	—	97	—	173
Balance - March 31, 2025	<u>\$ (2,623)</u>	<u>\$ (12,435)</u>	<u>\$ (4,583)</u>	<u>\$ 287</u>	<u>\$ (11,188)</u>	<u>\$ 183</u>	<u>\$ (30,359)</u>

The following tables present the components of other comprehensive loss for the three-month periods ended March 31, 2026 and 2025:

Components of Other Comprehensive Loss (in thousands)	Before Tax Amount	Tax (Expense) Benefit	Net
For the three months ended March 31, 2026			
Available for sale (AFS) securities with credit related impairment:			
Unrealized holding gains	\$ 220	\$ (58)	\$ 162
Less: accretable yield recognized in income	51	(15)	36
Net unrealized gains on investments with credit related impairment	169	(43)	126
Available for sale securities – all other:			
Unrealized holding losses	(717)	190	(527)
Less: gains recognized in income	—	—	—
Net unrealized losses on all other AFS securities	(717)	190	(527)
Held to maturity securities:			
Unrealized holding gains on securities transferred to held to maturity	—	—	—
Less: amortization recognized in income	(158)	42	(116)
Net unrealized gains on HTM securities	158	(42)	116
Cash flow hedges:			
Unrealized holding losses	(76)	16	(60)
Pension Plan:			
Unrealized net actuarial losses	(1,193)	316	(877)
Less: amortization of unrecognized losses	(97)	26	(71)
Net pension plan asset adjustment	(1,096)	290	(806)
Other comprehensive loss	\$ (1,562)	\$ 411	\$ (1,151)

Components of Other Comprehensive Loss (in thousands)	Before Tax Amount	Tax (Expense) Benefit	Net
For the three months ended March 31, 2025			
Available for sale (AFS) securities with credit related impairment:			
Unrealized holding gains	\$ 8	\$ (2)	\$ 6
Less: accretable yield recognized in income	50	(13)	37
Net unrealized losses on investments with credit related impairment	(42)	11	(31)
Available for sale securities – all other:			
Unrealized holding gains	1,849	(492)	1,357
Held to maturity securities:			
Unrealized holding gains on securities transferred to held to maturity	—	—	—
Less: amortization recognized in income	(154)	41	(113)
Net unrealized gains on HTM securities	154	(41)	113
Cash flow hedges:			
Unrealized holding losses	(108)	23	(85)
Pension Plan:			
Unrealized net actuarial losses	(2,128)	566	(1,562)
Less: amortization of unrecognized losses	(132)	35	(97)
Net pension plan asset adjustment	(1,996)	531	(1,465)
Other comprehensive loss	\$ (143)	\$ 32	\$ (111)

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The following table presents the details of amounts reclassified from accumulated other comprehensive loss for the three-month periods ended March 31, 2026 and 2025:

Amounts Reclassified from Accumulated Other Comprehensive Loss (in thousands)	Three months ended March 31,		Affected Line Item in the Statement Where Net Income is Presented
	2026	2025	
Net unrealized gains on available for sale investment securities with credit related impairment:			
Accretable yield	\$ 51	\$ 50	Interest income on taxable investment securities
Taxes	(15)	(13)	Credit for income tax expense
	<u>\$ 36</u>	<u>\$ 37</u>	Net of tax
Net unrealized gains on held to maturity securities:			
Amortization	\$ (158)	\$ (154)	Interest income on taxable investment securities
Taxes	42	41	Provision for income tax expense
	<u>\$ (116)</u>	<u>\$ (113)</u>	Net of tax
Net pension plan asset adjustment:			
Amortization of unrecognized losses	\$ (97)	\$ (132)	Other Expense
Taxes	26	35	Provision for income tax expense
	<u>\$ (71)</u>	<u>\$ (97)</u>	Net of tax
Total reclassifications for the period	<u><u>\$ (151)</u></u>	<u><u>\$ (173)</u></u>	Net of tax

Note 8 - Equity Compensation Plan Information

At the 2018 Annual Meeting of Shareholders, First United Corporation's shareholders approved the First United Corporation 2018 Equity Compensation Plan (the "Equity Plan"), which authorizes the issuance of up to 325,000 shares of common stock to employees, directors and qualifying consultants pursuant to stock options, stock appreciation rights, stock awards, dividend equivalents, and other stock-based awards.

The Corporation complies with the provisions of ASC Topic 718, *Compensation-Stock Compensation*, in measuring and disclosing stock compensation cost. The measurement objective in ASC Paragraph 718-10-30-6 requires public companies to measure the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. The cost is recognized in expense over the period in which an employee is required to provide service in exchange for the award (the vesting period).

Pursuant to First United Corporation's director compensation policy, each director receives an annual retainer of 1,000 shares of First United Corporation common stock, plus \$15,000 to be paid, at the director's election, in cash or additional shares of common stock.

In May 2025, a total of 11,692 fully vested shares of common stock were issued to directors, which had a grant date fair value of \$31.52 per share. Director stock compensation expense was \$92,133 and \$78,573 for the three-month periods ended March 31, 2026 and 2025, respectively.

Employee stock compensation expense was \$31,908 and \$15,567 for the three-month periods ended March 31, 2026 and 2025, respectively.

Restricted Stock Units

On March 26, 2020, pursuant to the Corporation's Long Term Incentive Plan (the "LTIP"), which is a sub-plan of the Equity Plan, the Compensation Committee of First United Corporation's Board of Directors (the "Compensation Committee") granted RSUs to the Corporation's principal executive officer, its principal financial officer, and certain of its other executive officers. An RSU contemplates the issuance of shares of common stock of First United Corporation if and when the RSU vests.

The RSUs granted to each of the foregoing officers consist of (i) a performance-vesting award for a three-year performance period and (ii) a time-vesting award that will vest ratably over a three-year period. Target performance levels were set based on the annual budget which supports the Corporation's long-term objective of achieving high performance as compared to peers. Threshold performance is the minimum level of acceptable performance as defined by the Compensation Committee and maximum performance represented a level potentially achievable under ideal circumstances. Achievement of all threshold performance levels would result in each executive participant earning a payout at 50% of his or her respective target award opportunity. Achievement of all target performance levels would result in the executive participant earning the target award. Achievement at or above all maximum performance levels would result in the executive participant earning 150% of the target opportunity. Actual results for any goal that falls between performance levels would be interpolated to calculate a proportionate award.

To receive any shares under an RSU, a grantee must be employed by the Corporation or one of its subsidiaries on the applicable vesting date, except that a grantee whose employment terminates prior to such vesting date due to death, disability or retirement will be entitled to a pro-rated portion of the shares subject to the RSUs, assuming that, in the case of performance-vesting RSUs, the performance goals had been met at their "target" levels.

In March 2022, the Corporation granted performance-vesting RSUs relating to 8,096 shares (target) and time-vesting RSUs relating to 6,238 shares, which had a grant date fair market value of \$21.88 per share of common stock underlying each RSU. The performance period for the performance-vesting RSUs was the three-year period ended December 31, 2024. The time-vesting RSUs vested ratably over a three-year period that began on March 9, 2022. On March 9, 2023, 2,079 shares underlying the time-vesting RSUs were issued to participants. On March 9, 2024, 2,079 additional shares underlying the time-vesting RSUs were issued to participants. On March 9, 2025, the remaining 2,080 shares underlying the RSUs were issued to participants. In the third quarter of 2024, it was projected that the performance-vesting RSUs would not be satisfied, and the stock compensation expense was adjusted accordingly. Stock compensation expense was \$11,379 for the three-month period ended March 31, 2025. All compensation expense related to these RSUs was recognized as of March 31, 2025.

In March 2023, the Corporation granted performance-vesting RSUs relating to 10,214 shares (target) and time-vesting RSUs relating to 7,920 shares, which had a grant date fair market value of \$18.25 per share of common stock underlying each RSU. The performance period for the performance-vesting RSUs was the three-year period that ended December 31, 2025. The time-vesting RSUs vested ratably over a three-year period that began on March 15, 2023. On March 15, 2024, 2,639 shares underlying the time-vesting RSUs were issued to participants. On March 15, 2025, 2,639 shares underlying the time-vesting RSUs were issued to participants. On March 15, 2026, the remaining 2,642 shares underlying the time-vesting RSUs were issued to participants. On December 31, 2025, the performance-vesting RSUs failed to vest and the stock compensation expense was adjusted accordingly. Stock compensation expense was \$12,048 and \$27,585 for the three-month periods ended March 31, 2026 and 2025, respectively. All compensation expense related to these RSUs was recognized as of March 31, 2026.

In May 2024, the Corporation granted performance-vesting RSUs relating to 8,593 shares (target) and time-vesting RSUs relating to 6,662 shares, which had a grant date fair market value of \$22.26 per share of common stock underlying each RSU. The performance period for the performance-vesting RSUs is the three-year period ending December 31, 2026. The time-vesting RSUs will vest ratably over a three-year period that began on May 20, 2024. On May 20, 2025, 2,219 shares of the 6,662 time-vesting RSUs were issued to participants. Stock compensation expense was \$28,314 for each of the three-month periods ended March 31, 2026 and 2025. Unrecognized compensation expense related to these RSUs that have not vested was \$132,132 as of March 31, 2026.

In February 2025, the Corporation granted performance-vesting RSUs relating to 6,006 shares (target) and time-vesting RSUs relating to 4,797 shares, which had a grant date fair market value of \$37.59 per share of common stock underlying each RSU. The performance period for the performance-vesting RSUs is the three-year period ending December 31, 2027. The time-vesting RSUs will vest ratably over a three-year period that began on February 25, 2025. On February 25, 2026, 1,599 shares underlying the time-vesting RSUs were issued to participants. Stock compensation expense was \$33,860 and \$11,287 for the three-month periods ended March 31, 2026 and March 31, 2025, respectively. Unrecognized compensation expense related to these RSUs that have not vested was \$259,595 as of March 31, 2026.

In March 2026, the Corporation granted performance-vesting RSUs relating to 6,049 shares (target) and time-vesting RSUs relating to 4,797 shares, which had a grant date fair market value of \$35.94 per share of common stock underlying each RSU. The performance period for the performance-vesting RSUs is the three-year period ending December 31, 2028. The time-vesting RSUs

will vest ratably over a three-year period beginning on March 6, 2026. Unrecognized compensation expense related to these RSUs that have not vested was \$389,974 as of March 31, 2026.

Note 9– Derivative Financial Instruments

As a part of managing interest rate risk, the Corporation entered into interest rate swap agreements to modify the re-pricing characteristics of certain interest-bearing liabilities. The Corporation has designated its interest rate swap agreements as cash flow hedges under the guidance of ASC Subtopic 815-30, *Derivatives and Hedging – Cash Flow Hedges*. Cash flow hedges have the effective portion of changes in the fair value of the derivative, net of taxes, recorded in net accumulated other comprehensive income.

In March 2016, the Corporation entered into four interest rate swap contracts totaling \$30.0 million notional amount, hedging future cash flows associated with floating rate trust preferred debt. The fair value of the interest rate swap contracts was \$0.0 and \$0.1 million at March 31, 2026 and December 31, 2025, respectively. As of March 31, 2026, all of the swap contracts had matured.

The table below discloses the impact of derivative financial instruments on the Corporation’s Consolidated Financial Statements for the three-month periods ended March 31, 2026 and 2025.

Derivative in Cash Flow Hedging Relationships

(in thousands)	Amount of loss recognized in OCI on derivative (effective portion), net of tax	Amount of gain or (loss) reclassified from accumulated OCI into income (effective portion) (a)	Amount of gain or (loss) recognized in income or derivative (ineffective portion and amount excluded from effectiveness testing) (b)
Interest rate contracts:			
Three months ended:			
March 31, 2026	\$ (60)	\$ —	\$ —
March 31, 2025	\$ (85)	—	—
Notes:			
(a) Reported as interest expense			
(b) Reported as other income			

Note 10 – Regulatory Capital Requirements

The following table presents the Bank’s capital ratios as of March 31, 2026 and December 31, 2025.

	March 31, 2026	December 31, 2025	Required for Capital Adequacy Purposes	Required to be Well Capitalized
Total Capital (to risk-weighted assets)	15.37 %	15.19 %	8.00 %	10.00 %
Tier 1 Capital (to risk-weighted assets)	14.12 %	13.94 %	6.00 %	8.00 %
Common Equity Tier 1 Capital (to risk-weighted assets)	14.12 %	13.94 %	4.50 %	6.50 %
Tier 1 Capital (to average assets)	11.13 %	11.01 %	4.00 %	5.00 %

As of March 31, 2026 and December 31, 2025, the Bank was considered “well capitalized” under the regulatory framework for prompt corrective action.

Note 11 – Deposits

The following table summarizes deposits at March 31, 2026 and December 31, 2025.

(in thousands)	March 31, 2026		December 31, 2025	
	Balance	Percent	Balance	Percent
Non-Interest-bearing deposits:	\$ 451,303	26%	\$ 453,036	26%
Interest-bearing deposits:				
Demand	391,453	22%	392,823	23%
Money market-retail	571,648	33%	529,870	30%
Money market- brokered	2	0%	1	0%
Savings deposits	161,099	9%	158,461	9%
Time deposits- retail	150,198	9%	150,958	9%
Time deposits- brokered	25,000	1%	50,000	3%
Total Deposits	<u>\$ 1,750,703</u>	<u>100%</u>	<u>\$ 1,735,149</u>	<u>100%</u>

Note 12 – Borrowed Funds

The following is a summary of borrowings at March 31, 2026 and December 31, 2025:

(in thousands)	March 31, 2026	December 31, 2025
Short-term borrowings:		
Securities sold under agreements to repurchase:		
Outstanding at end of period	\$ 19,588	\$ 17,661
Weighted average interest rate at end of period	0.24%	0.22%
Maximum amount outstanding as of any month end	\$ 25,874	\$ 26,756
Average amount outstanding	\$ 20,436	\$ 19,565
Approximate weighted average rate during the period	0.24%	0.22%
Long-term borrowings:		
FHLB advances, bearing fixed interest rate of 3.84% at December 31, 2025	\$ -	\$ 65,000
Junior subordinated debt, bearing variable interest rate of 6.69% at March 31, 2026 and 6.72% at December 31, 2025	30,929	30,929
Total borrowings outstanding	<u>\$ 50,517</u>	<u>\$ 113,590</u>

Repurchase agreements were secured by investment securities with a market value of \$28.1 million and \$24.8 million at March 31, 2026 and December 31, 2025, respectively. A minimum of 102% of fair value is pledged against account balances.

The following table presents contractual maturities of long-term borrowings outstanding at March 31, 2026 and December 31, 2025:

(in thousands)	March 31, 2026			December 31, 2025		
	Fixed Rate	Floating Rate	Total	Fixed Rate	Floating Rate	Total
Due in 2026	\$ —	\$ —	\$ —	\$ 65,000	\$ —	\$ 65,000
Due in 2027	—	—	—	—	—	—
Thereafter	—	30,929	30,929	—	30,929	30,929
Total long-term debt	<u>\$ —</u>	<u>\$ 30,929</u>	<u>\$ 30,929</u>	<u>\$ 65,000</u>	<u>\$ 30,929</u>	<u>\$ 95,929</u>

Note 13 – Segment Reporting

The Corporation is managed under an organizational structure that conducts business in two primary operating segments; (i) Community Banking and (ii) Wealth Management. The Corporation is primarily managed based on the line of business structure. In that regard, the Corporation provides the same lines of business, which have the same product and service offerings, have similar types and classes of customers and utilize similar service delivery methods across our entire geographic footprint. Pricing guidelines for products and services are across all regions. Community Banking and Trust and Investment Services are delineated by the products and services that each segment offers.

Business activity for the operating segments is as follows:

Community Banking: The Community Banking segment is conducted through the Bank and involves delivering a broad range of financial products and services, including various loan and deposit products, to consumer, business, and not-for-profit customers. Parent company income and assets are included in the Community Banking segment, as the majority of parent company functions are related to this segment. Major revenue sources include net interest income, gains on sales of mortgage loans, and service charges on deposit accounts. Expenses include salaries and employee benefits, occupancy, data processing, FDIC premiums, marketing, equipment, and other expenses.

Wealth Management: The Wealth Management segment is conducted through the Bank and offers corporate trustee services, trust and estate administration, IRA administration and custody services. Revenues for this segment are generated from administration, service and custody fees, brokerage commissions, and management fees that are derived from Assets Under Management. Expenses include personnel, occupancy, data processing, marketing, equipment, and other expenses.

The accounting policies of each reportable segment are the same as those of our consolidated entity except that expenses for consolidated back-office operations and general overhead-type expenses such as executive administration, accounting, information technology and human resources are recorded in the Community Banking segment and reimbursed by the Wealth Management segment through a monthly management fee based on estimated uses of those services.

An internal team of the Corporation's executive directors including the Chief Executive Officer, Chief Financial Officer, and Chief Wealth Officer serve as the Corporation's Chief Operating Decision Maker ("CODM"). The CODM reviews actual net income versus budgeted net income to assess segment performance on a monthly basis and to make decisions about allocating capital and personnel to the segments.

Financial results by operating segment, including significant expense categories provided to the CODM are detailed below. Certain prior period amounts have been reclassified to conform to the current presentation. The Wealth Management segment excludes off-balance-sheet assets under management with a total fair value of \$1.8 billion at March 31, 2026 and December 31, 2025.

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Information for the operating segments for the three-month periods ended March 31, 2026 and 2025 is presented in the following tables:

	Three months ended March 31, 2026		
(in thousands)	Community Banking	Wealth Management	Total
Interest income	\$ 25,711	\$ —	\$ 25,711
Interest expense	7,637	—	7,637
Net interest income	18,074	—	18,074
Credit loss expense	879	—	879
Net interest income after credit loss expense	17,195	—	17,195
Other operating income:			
Net gains on sales of residential mortgages	86	—	86
Service charges on deposit accounts	547	—	547
Other service charges	189	—	189
Trust department income	—	2,554	2,554
Debit card income	931	—	931
Brokerage commissions	—	382	382
Other segment income (1)	651	—	651
Total other operating income	2,404	2,936	5,340
Other operating expenses:			
Salaries and employee benefits	6,961	1,240	8,201
Equipment and occupancy	1,220	26	1,246
Data processing	1,557	107	1,664
FDIC premiums	279	—	279
Other segment expenses (2)	2,207	96	2,303
Total operating expenses	12,224	1,469	13,693
Income before income taxes and intercompany fees	7,375	1,467	8,842
Intercompany management fee income/(expense)	3	(3)	—
Income before income taxes	7,378	1,464	8,842
Income tax expense	1,871	308	2,179
Net income	\$ 5,507	\$ 1,156	\$ 6,663
Significant noncash items			
Credit loss expense	\$ 879	\$ —	\$ 879
Depreciation	596	3	599
Amortization of intangible assets	31	52	83
Intangible assets	\$ 11,204	\$ 157	\$ 11,361
Total assets	\$ 2,038,826	\$ 184	\$ 2,039,010

- (1) Other segment income includes bank owned life insurance income, gains on disposals of fixed assets, and miscellaneous income.
- (2) Other segment expenses include professional services, contract labor, telephone, investor relations, contributions, net OREO expense/(income), marketing expense and miscellaneous expenses.

	Three months ended March 31, 2025		
(in thousands)	Community Banking	Wealth Management	Total
Interest income	\$ 24,062	\$ —	\$ 24,062
Interest expense	8,046	—	8,046
Net interest income	16,016	—	16,016
Credit loss expense	656	—	656
Net interest income after credit loss expense	15,360	—	15,360
Other operating income:			
Net gains on sales of residential mortgages	92	—	92
Service charges on deposit accounts	547	—	547
Other service charges	206	—	206
Trust department income	—	2,323	2,323
Debit card income	921	—	921
Brokerage commissions	—	421	421
Other segment income (1)	404	—	404
Total other operating income	2,170	2,744	4,914
Other operating expenses:			
Salaries and employee benefits	6,247	1,084	7,331
Equipment and occupancy	1,242	25	1,267
Data processing	1,408	95	1,503
FDIC premiums	245	—	245
Other segment expenses (2)	2,103	127	2,230
Total operating expenses	11,245	1,331	12,576
Income before income taxes and intercompany fees	6,285	1,413	7,698
Intercompany management fee income/(expense)	3	(3)	—
Income before income taxes	6,288	1,410	7,698
Income tax expense	1,595	297	1,892
Net income	\$ 4,693	\$ 1,113	\$ 5,806
Significant noncash items			
Credit loss expense	\$ 656	\$ —	\$ 656
Depreciation	652	4	656
Amortization of intangible assets	30	52	82
Intangible assets	\$ 11,324	\$ 367	\$ 11,691
Total assets	\$ 1,979,296	\$ 457	\$ 1,979,753

- (1) Other segment income includes net gains/(losses) on disposals of fixed assets, bank owned life insurance income, and miscellaneous income.
- (2) Other segment expenses include professional services, contract labor, line rentals, investor relations, contributions, net OREO expense/(income), and miscellaneous expenses.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

INTRODUCTION

The following discussion and analysis is intended as a review of material changes in and significant factors affecting the financial condition and results of operations of First United Corporation and its consolidated subsidiaries for the periods indicated. This discussion and analysis should be read in conjunction with the unaudited consolidated financial statements and the notes thereto contained in Item 1 of Part I of this report, as well as the audited consolidated financial statements and related notes included in First United Corporation's Annual Report on Form 10-K for the year ended December 31, 2025.

Unless the context clearly suggests otherwise, references in this report to "us", "we", "our", and "the Corporation" are to First United Corporation and its consolidated subsidiaries.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements do not represent historical facts, but are statements about management's beliefs, plans and objectives about the future, as well as its assumptions and judgments concerning such beliefs, plans and objectives. These statements are evidenced by terms such as "anticipate," "estimate," "should," "will", "expect," "believe," "intend," and similar expressions. Although these statements reflect management's good faith beliefs and projections, they are not guarantees of future performance and they may not prove true. The beliefs, plans and objectives on which forward-looking statements are based involve risks and uncertainties that could cause actual results to differ materially from those addressed in the forward-looking statements. For a discussion of these risks and uncertainties, see the section of the periodic reports that First United Corporation files with the Securities and Exchange Commission (the "SEC") entitled "Risk Factors".

FIRST UNITED CORPORATION

First United Corporation is a Maryland corporation chartered in 1985 and a bank holding company registered with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, as amended, that elected financial holding company status in 2021. The Corporation's primary business is serving as the parent company of First United Bank & Trust, a Maryland trust company (the "Bank"), First United Statutory Trust I ("Trust I") and First United Statutory Trust II ("Trust II" and together with Trust I, "the Trusts"), both Connecticut statutory business trusts. The Trusts were formed for the purpose of selling trust preferred securities that qualified as Tier 1 capital. The Bank has two consumer finance company subsidiaries- OakFirst Loan Center, Inc., a West Virginia corporation, and OakFirst Loan Center, LLC, a Maryland limited liability company – and one subsidiary that it uses to hold real estate acquired through foreclosure or by deed in lieu of foreclosure – First OREO Trust, a Maryland statutory trust. In addition, the Bank owns 99.9% of the limited partnership interests in Liberty Mews Limited Partnership, a Maryland limited partnership formed for the purpose of acquiring, developing and operating low-income housing units in Garrett County, Maryland, and a 99.9% non-voting membership interest in MCC FUBT Fund, LLC, an Ohio limited liability company formed for the purpose of acquiring, developing and operating low-income housing units in Allegany County, Maryland and Mineral County, West Virginia.

At March 31, 2026, the Corporation's total assets were \$2.0 billion, net loans were \$1.5 billion, and deposits were \$1.8 billion. Shareholders' equity at March 31, 2026 was \$205.3 million.

We maintain an Internet site at www.mybank.com on which we make available, free of charge, First United Corporation's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to the foregoing as soon as reasonably practicable after these reports are electronically filed with, or furnished to, the SEC.

RESULTS OF OPERATIONS

Overview

Consolidated net income was \$6.7 million for the first quarter of 2026, or \$1.03 per diluted share, compared to \$5.8 million, or \$0.89 per diluted share, for the first quarter of 2025. Non-GAAP net income was \$6.6 million, or \$1.02 per diluted share, for the first quarter of 2026 compared to \$5.8 million, or \$0.89 per diluted share, for the first quarter of 2025 and \$7.2 million, or \$1.10 per diluted share, for the fourth quarter of 2025. Return on Average Assets and Return on Average Equity for the quarter ended March 31, 2026, were 1.29% and 13.06%, respectively.

The \$0.9 million increase in quarterly net income when compared to the first quarter of 2025 was primarily driven by a \$2.1 million increase in net interest income, an increase of \$0.4 million in non-interest income, inclusive of gains, partially offset by a \$0.2 million increase in provision for credit losses as a result of increased off-balance sheet loan commitments, an increase in non-interest expense of \$1.1 million, and an increase in income tax expense of \$0.3 million. Comparing the first quarter of 2026 to the same period of 2025, interest and fees on loans increased by \$0.7 million resulting from new loans booked at higher rates late in 2025 and the repricing of adjustable-rate loans. Interest expense decreased by \$0.4 million when comparing year-over-year quarterly expense, resulting from the repayment of a \$25.0 million brokered certificate of deposit in January 2026 and \$65.0 million in Federal Home Loan Bank (“FHLB”) borrowings in March 2026. Other operating income increased by \$0.4 million, driven by an increase in trust and brokerage income of \$0.2 million resulting from increased production and a \$0.2 million increase in bank owned life insurance (“BOLI”) related to a one-time death benefit received in the first quarter of 2026. Other operating expenses increased by \$1.1 million, driven by a \$0.9 million increase in salaries and benefits as a result of filling open positions throughout 2025, normal merit increases in April 2025 and increased incentive payouts, partially offset by reduced life and health insurance expense due to reduced claims and an increase in the reduction of costs associated with loan originations related to increased loan production. Professional services expenses increased by \$0.1 million and data processing expenses increased by \$0.2 million. These increases were partially offset by reductions in other expenses such as miscellaneous loan fees and net periodic pension expenses.

Net Interest Income

Net interest income is our largest source of operating revenue. Net interest income is the difference between the interest that we earn on our interest-earning assets and the interest expense we incur on our interest-bearing liabilities. For analytical and discussion purposes, net interest income is adjusted to a fully taxable equivalent (“FTE”) basis to facilitate performance comparisons between taxable and tax-exempt assets by increasing tax-exempt income by an amount equal to the federal income taxes that would have been paid if this income were taxable at the statutorily applicable rate. This is a non-GAAP disclosure and management believes it is not materially different than the corresponding GAAP disclosure.

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The table below summarizes net interest income for the three-month periods ended March 31, 2026 and 2025.

(in thousands)	Non-GAAP Three Months Ended March 31,		GAAP Three Months Ended March 31,	
	2026	2025	2026	2025
Interest income	\$ 25,767	\$ 24,111	\$ 25,711	\$ 24,062
Interest expense	7,637	8,046	7,637	8,046
Net interest income	\$ 18,130	\$ 16,065	\$ 18,074	\$ 16,016
Net interest margin %	3.83 %	3.56 %	3.82 %	3.55 %

The following table sets forth the average balances, net interest income and expense, and average yields and rates of our interest-earning assets and interest-bearing liabilities for the three-month periods ended March 31, 2026 and 2025:

(in thousands)	Three Months Ended March 31,					
	2026			2025		
	Average Balance (2)	Interest (1)	Average Yield/Rate	Average Balance (2)	Interest (1)	Average Yield/Rate
Assets						
Loans	\$ 1,483,206	\$ 22,513	6.16 %	\$ 1,483,151	\$ 21,768	5.95 %
Investment Securities:						
Taxable	290,835	1,885	2.63 %	284,303	1,763	2.51 %
Non-taxable	7,498	105	5.68 %	6,524	81	5.04 %
Total	298,333	1,990	2.71 %	290,827	1,844	2.57 %
Federal funds sold	128,969	1,169	3.68 %	41,750	384	3.73 %
Interest-bearing deposits with other banks	4,234	23	2.20 %	8,488	15	0.72 %
Other interest-earning assets	4,219	72	6.92 %	5,774	100	7.02 %
Total earning assets	1,918,961	25,767	5.45 %	1,829,990	24,111	5.34 %
Allowance for loan losses	(21,654)			(18,413)		
Non-earning assets	201,510			165,125		
Total Assets	\$ 2,098,817			\$ 1,976,702		
Liabilities and Shareholders' Equity						
Deposits						
Interest-bearing demand deposits	\$ 396,375	\$ 1,668	1.71 %	\$ 373,903	\$ 1,652	1.79 %
Interest-bearing money markets - retail	548,853	3,675	2.72 %	464,151	3,547	3.10 %
Interest-bearing money markets - brokered	168	1	2.41 %	134	1	3.03 %
Savings deposits	159,673	38	0.10 %	171,517	43	0.10 %
Time deposits - retail	150,022	924	2.50 %	144,519	1,055	2.96 %
Time deposits - brokered	31,111	325	4.24 %	36,041	385	4.33 %
Total deposits	1,286,202	6,631	2.09 %	1,190,265	6,683	2.28 %
Short-term borrowings	18,588	11	0.24 %	23,053	20	0.35 %
Long-term borrowings	87,262	995	4.62 %	120,929	1,343	4.50 %
Total interest-bearing liabilities	1,392,052	7,637	2.22 %	1,334,247	8,046	2.45 %
Non-interest-bearing deposits	466,475			427,518		
Other liabilities	33,383			31,474		
Shareholders' Equity	206,907			183,463		
Total Liabilities and Shareholders' Equity	\$ 2,098,817			\$ 1,976,702		
Net interest income and spread		\$ 18,130	3.23 %		\$ 16,065	2.89 %
Net interest margin			3.83 %			3.56 %

Notes:

- (1) The above table reflects the average rates earned or paid stated on an FTE basis assuming a 21% tax rate for 2026 and 2025. Non-GAAP interest income on an FTE basis for the three-month periods ended March 31, 2026 and 2025 was \$56 and \$49, respectively.
- (2) Average balances are presented on a daily average basis.

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- (3) The average balances of non-accrual loans for the three-months ended March 31, 2026 and 2025, which were reported in the average loan balances for these periods, were \$4,029 and \$4,265, respectively.
- (4) Net interest margin is calculated as net interest income divided by average earning assets.
- (5) The average yields on investments are based on amortized cost.

Net interest income, on a non-GAAP, FTE basis, increased by \$2.1 million for the first quarter of 2026 when compared to the first quarter of 2025. This increase was driven by an increase of \$1.7 million in interest income. Interest income on loans increased by \$0.7 million due to the increase of 21 basis points in overall yield on the loan portfolio as new loans were booked at higher rates during 2025 as well as the upward repricing of adjustable-rate loans. Investment income increased slightly by \$0.1 million as management continues to reinvest cashflows back into the portfolio resulting in an increase in yield of 14 basis points. Interest income on federal funds sold increased by \$0.8 million due to an increase of \$87.2 million in average cash balances held at the Federal Reserve Bank as a result of strong deposit growth in 2025. Interest expense, in the first quarter of 2026 decreased by \$0.4 million when compared to the first quarter of 2025. Interest on deposits remained stable despite a \$95.9 million increase in average deposit balances, primarily in interest bearing demand and money market deposits. Long-term borrowing expense decreased by \$0.3 million for the first quarter of 2026 when compared to the same period of 2025 due to the repayment of \$65.0 million of FHLB advances at their maturity in March of 2026.

The following table sets forth an analysis of volume and rate changes in interest income and interest expense for our average interest-earning assets and average interest-bearing liabilities for the three-month periods ended March 31, 2026 and 2025:

(in thousands and tax equivalent basis)	For the three months ended March 31, 2026 compared to the three months ended March 31, 2025		
	Volume	Rate	Net
Interest Income:			
Loans	\$ 3	\$ 742	\$ 745
Taxable Investments	164	(42)	122
Non-taxable Investments	49	(25)	24
Federal funds sold	3,253	(2,468)	785
Interest-bearing deposits	(31)	39	8
Other interest earning assets	(109)	81	(28)
Total interest income	3,329	(1,673)	1,656
Interest Expense:			
Interest-bearing demand deposits	402	(386)	16
Interest-bearing money markets- retail	2,626	(2,498)	128
Interest-bearing money markets- brokered	1	(1)	0
Savings deposits	(12)	7	(5)
Time deposits - retail	163	(294)	(131)
Time deposits - brokered	(213)	153	(60)
Short-term borrowings	(16)	7	(9)
Long-term borrowings	(1,515)	1,167	(348)
Total interest expense	1,436	(1,845)	(409)
Net interest income	\$ 1,893	\$ 172	\$ 2,065

Note: The change in interest income/expense due to both volume and rate has been allocated to volume and rate changes in proportion to the relationship of the absolute dollar amounts of the change in each.

Provision for Credit Losses

Specific allocations have been made for loans where management has determined that the collateral supporting the loans is not adequate to cover the loan balance, and the qualitative factors affecting the estimated allowance for credit losses ("ACL") have been adjusted based on the current economic environment and the characteristics of the loan portfolio. The provision for credit losses was \$0.9 million for the quarter ended March 31, 2026 compared to \$0.7 million for the quarter ended March 31, 2025.

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Other Income

The composition of other operating income for the three-month periods ended March 31, 2026 and 2025 is illustrated in the following table:

(in thousands)	Income as % of Total Other Income			
	Three Months Ended March 31,			
	2026		2025	
Service charges on deposit accounts	\$ 547	11%	\$ 547	12%
Other service charges	189	4%	206	4%
Trust department	2,554	49%	2,323	48%
Debit card income	931	18%	921	19%
Bank owned life insurance	539	10%	341	7%
Brokerage commissions	382	7%	421	9%
Other income	66	1%	63	1%
	<u>\$ 5,208</u>	<u>100%</u>	<u>\$ 4,822</u>	<u>100%</u>

Other Operating Expenses

The composition of other operating expenses for the three-month periods ended March 31, 2026 and 2025 is illustrated in the following table:

(in thousands)	Expense as % of Total Other Operating Expenses			
	Three Months Ended March 31,			
	2026		2025	
Salaries and employee benefits	\$ 8,201	60%	\$ 7,331	58%
FDIC premiums	279	2%	245	2%
Equipment expense	521	4%	578	5%
Occupancy expense of premises	725	5%	689	5%
Data processing expense	1,664	12%	1,503	12%
Marketing expense	234	2%	238	2%
Professional services	570	4%	476	4%
Contract labor	166	1%	163	1%
Telephone	96	1%	98	1%
Other real estate owned expense, net	123	1%	92	1%
Investor relations	60	0%	62	1%
Contributions	65	1%	56	0%
Other	989	7%	1,045	8%
	<u>\$ 13,693</u>	<u>100%</u>	<u>\$ 12,576</u>	<u>100%</u>

Provision for Income Taxes

In reporting interim financial information, income tax provisions should be determined under the procedures set forth in Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 740, *Income Taxes* (Section 740-270-30). This guidance provides that at the end of each interim period, an entity should make its best estimate of the effective tax rate expected to be applicable for the full fiscal year. The rate so determined should be used in providing for income taxes on a current year-to-date basis. The effective tax rate should reflect anticipated investment tax credits, capital gains rates, and other available tax planning alternatives. In arriving at this effective tax rate, however, no effect should be included for the tax related to significant, unusual or extraordinary items that will be separately reported or reported net of their related tax effect in reports for the interim period or for the fiscal year. The effective income tax rates, as a percentage of income, for the three-month periods ended March 31, 2026 and 2025 were both 24.6%.

GAAP and Non-GAAP Financial Measures

The following table sets forth certain selected financial data for the three-month periods ended March 31, 2026 and 2025 under GAAP (as reported) and non-GAAP. A non-GAAP financial measure is a numerical measure of historical or future financial performance, financial position or cash flows that excludes or includes amounts that are required to be disclosed in the most directly comparable measure calculated and presented in accordance with GAAP in the United States. Management believes that the presentation of non-GAAP financial measures provides investors with a greater understanding of the Corporation's operating results in addition to the results measured in accordance with GAAP. While management uses these non-GAAP measures in its analysis of the Corporation's performance, this information should not be viewed as a substitute for financial results determined in accordance with GAAP or considered to be more important than financial results determined in accordance with GAAP.

	Three months ended March 31,	
	2026	2025
Per Share Data		
Basic net income per share - as reported	\$ 1.03	\$ 0.90
Basic net income per share - non-GAAP	\$ 1.02	\$ 0.90
Diluted net income per share - as reported	\$ 1.03	\$ 0.89
Diluted net income per share - non-GAAP	\$ 1.02	\$ 0.89
Significant Ratios:		
Return on Average Assets - as reported	1.29%	1.19%
Adjustments:		
Gain on disposal of fixed assets	(0.01%)	—
Adjusted Return on Average Assets (non-GAAP)	1.28%	1.19%
Return on Average Equity - as reported	13.06%	12.83%
Adjustments:		
Gain on disposal of fixed assets	(0.07%)	—
Adjusted Return on Average Equity (non-GAAP)	12.99%	12.83%
(in thousands, except for per share amount)		
	2026	2025
Net income - as reported	\$ 6,663	\$ 5,806
Adjustments:		
Gain on disposal of fixed assets	(46)	—
Income tax effect of adjustments	11	—
Adjusted net income (non-GAAP)	<u>\$ 6,628</u>	<u>\$ 5,806</u>
Diluted earnings per share - as reported	\$ 1.03	\$ 0.89
Adjustments:		
Gain on disposal of fixed assets	(0.01)	—
Adjusted diluted earnings per share (non-GAAP)	<u>\$ 1.02</u>	<u>\$ 0.89</u>

FINANCIAL CONDITION

Balance Sheet Overview

Total assets at March 31, 2026 were \$2.0 billion, representing a \$48.4 million decrease since December 31, 2025. During the first quarter of 2026, cash and interest-bearing deposits in other banks decreased by \$41.8 million. The investment portfolio increased by \$3.2 million as cashflows of the bonds were reinvested in the first quarter of 2026 in an effort to gain yield before long-

term rates decline. Gross loans increased slightly by \$3.8 million. While loan production was strong during the quarter, amortization and unusually high payoffs exceeded growth levels. Pension assets decreased by \$0.8 million due to decreased market values.

Total liabilities at March 31, 2026 were \$1.8 billion, representing a \$50.1 million decrease since December 31, 2025. Total deposits increased by \$15.5 million when compared to December 31, 2025. In January 2026, a \$25.0 million brokered certificate of deposit with an interest rate of 4.23% matured and was repaid. Savings and money market accounts increased by \$44.4 million due primarily to the expansion of current and new relationships throughout the first three months of 2026. Non-interest-bearing demand deposits decreased by \$1.7 million and interest-bearing demand deposits decreased by \$1.4 million due primarily to seasonal fluctuations in municipal and commercial account balances and increased spending by businesses and consumers. Retail time deposits decreased by \$0.8 million since December 31, 2025.

Loan Portfolio

The following table presents the composition of our loan portfolio at the dates indicated:

(in thousands)	March 31, 2026	December 31, 2025
Commercial real estate	\$ 609,491	\$ 570,808
Acquisition and development	97,785	90,272
Commercial and industrial	246,192	277,034
Residential mortgage	526,314	536,912
Consumer	45,684	46,678
Total Loans	<u>\$ 1,525,466</u>	<u>\$ 1,521,704</u>

Outstanding loans of \$1.5 billion at March 31, 2026 reflected a \$3.8 million increase since December 31, 2025. Since December 31, 2025, commercial real estate loans increased by \$38.7 million as a result of new customer relationships; acquisition and development loans increased by \$7.5 million; commercial and industrial loans decreased by \$30.8 million as a result of payoffs related to approximately \$15.0 million due to competitive pricing, approximately \$5.3 million related to sales of businesses, and approximately \$8.0 million as a result of a refinance to another institution; residential mortgage loans decreased by \$10.6 million as a result of normal amortization; and consumer loans decreased by \$1.0 million.

New commercial loan production for the three months ended March 31, 2026 was approximately \$98.0 million. The pipeline of commercial loans as of March 31, 2026 was robust, and unfunded committed commercial construction loans totaled approximately \$43.0 million. Commercial amortization and payoffs were approximately \$43.0 million through March 31, 2026, due primarily to pay-offs of short-term commercial loans as well as normal amortizations of the commercial loan portfolio.

New consumer mortgage loan production for the first quarter of 2026 was approximately \$16.0 million, with most of this production comprised of in-house mortgages. The pipeline of in-house, portfolio loans as of March 31, 2026 was \$17.5 million. Unfunded commitments related to residential construction loans totaled \$14.4 million at March 31, 2026.

As a percentage of the loan portfolio, accruing loans past due 30 days or more increased slightly to 0.35% at March 31, 2026 compared to 0.32% at December 31, 2025. Non-accrual loans totaled \$4.7 million at March 31, 2026 compared to \$4.2 million at December 31, 2025. The increase in non-accrual balances at March 31, 2026 was related to one commercial loan moving to non-accrual status in the first quarter.

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The following table presents loans in our commercial real estate portfolio by industry type at March 31, 2026.

(in thousands)	Non-owner-occupied	Owner-occupied	Multi-family	Total
Accommodations and food services	\$ 76,589	\$ 5,040	\$ —	\$ 81,629
Administration and support, waste management, and remediation services	—	1,405	—	1,405
Agriculture, forestry, fishing and hunting	—	23,159	—	23,159
Arts, entertainment and recreation	—	3,755	—	3,755
Construction	1,956	5,951	—	7,907
Educational services	—	763	—	763
Finance and insurance	8,426	103	—	8,529
Health care and social assistance	11,515	21,460	—	32,975
Manufacturing	—	13,413	—	13,413
Mining, quarrying, oil and gas extraction	—	376	—	376
Other services (except public services)	—	20,167	293	20,460
Professional, scientific and technical services	—	1,464	—	1,464
Public administration	1,319	572	—	1,891
Commercial rental properties	192,910	77,762	—	270,672
Residential rental properties	180	109	28,217	28,506
Student rental properties	—	—	2,241	2,241
Mixed use rental properties	2,311	1,000	19,091	22,402
Storage units	47,258	—	—	47,258
Real estate rental and leasing- other	10,503	4,831	—	15,334
Retail trade	66	4,249	—	4,315
Transportation and warehousing	—	423	—	423
Wholesale trade	—	20,614	—	20,614
Total	\$ 353,033	\$ 206,616	\$ 49,842	\$ 609,491

Our loan portfolio does not consist of any loans secured by office buildings located in major metropolitan areas or that are over four stories or any retail properties rented to major big box retail tenants. There have been no significant changes in our commercial real estate concentrations since December 31, 2025.

Risk Elements of Loan Portfolio

The following table presents the risk elements of our loan portfolio at the dates indicated. Management is not aware of any potential problem loans other than those listed in this table or discussed below.

(in thousands)	March 31, 2026	% of Applicable Portfolio	December 31, 2025	% of Applicable Portfolio
Non-accrual loans:				
Commercial real estate	\$ 1,461	0.24%	\$ 695	0.12%
Commercial and industrial	1,026	0.42%	1,068	0.39%
Residential mortgage	2,200	0.42%	2,394	0.45%
Consumer	8	0.02%	35	0.07%
Total non-accrual loans	<u>\$ 4,695</u>	0.31%	<u>\$ 4,192</u>	0.28%
Accruing Loans Past Due 90 days or more:				
Residential mortgage	\$ 43		\$ 432	
Consumer	23		45	
Total loans past due 90 days or more	<u>\$ 66</u>		<u>\$ 477</u>	
Total non-accrual and accruing loans past due 90 days or more	<u>\$ 4,761</u>		<u>\$ 4,669</u>	
Repossessed assets	2,692		2,802	
Other real estate owned	1,083		1,083	
Total non-performing assets	<u>\$ 8,536</u>		<u>\$ 8,554</u>	
Non-accrual loans to total loans (as %)	0.31%		0.28%	
Non-performing loans to total loans (as %)	0.31%		0.31%	
Non-performing assets to total assets (as %)	0.42%		0.41%	
Allowance for credit losses to non-accrual loans (as %)	424.94%		464.46%	
Allowance for credit losses to non-performing assets (as %)	233.73%		227.61%	
Modified Loans:				
Performing	\$ 1,955		\$ 246	
Total modified loans	<u>\$ 1,955</u>		<u>\$ 246</u>	
Individually evaluated loans without a valuation allowance	\$ 3,811		\$ 3,522	
Individually evaluated loans with a valuation allowance	4,739		16,164	
Total individually evaluated loans	<u>\$ 8,550</u>		<u>\$ 19,686</u>	

Allowance for Credit Losses

The ACL represents an amount which, in management's judgment, is adequate to absorb expected credit losses over the life of outstanding loans as of the balance sheet date based on the evaluation of current risk characteristics of the loan portfolio, past events, current conditions, reasonable and supportable forecasts of future economic conditions and prepayment experience. The ACL is measured and recorded upon the initial recognition of a financial asset. The ACL is reduced by charge-offs, net of recoveries of previous losses, and is increased by a provision or decreased by a recovery for credit losses, which is recorded as a current period operating expense.

Determination of an appropriate ACL is inherently complex and requires the use of significant and highly subjective estimates. The reasonableness of the ACL is reviewed quarterly by management.

Management believes that it uses relevant information available to make determinations about the ACL and that it has established the existing allowance in accordance with GAAP. However, the determination of the ACL requires significant judgment, and estimates of expected credit losses in the loan portfolio can vary from the amounts actually observed. While management uses available information to recognize expected credit losses, future additions to the ACL may be necessary based on changes in the loans comprising the portfolio, changes in the current and forecasted economic conditions, changes to the interest rate environment which may directly impact prepayment and curtailment rate assumptions, and changes in the financial conditions of borrowers.

The ACL "base case" model is derived from various economic forecasts provided by widely recognized sources. Management evaluates the variability of market conditions by examining the peak and trough of economic cycles. These peaks and troughs are used to stress the base case model to develop a range of potential outcomes. Management then determines the appropriate reserve through an evaluation of these various outcomes relative to current economic conditions and known risks in the portfolio. For the three-month period ended March 31, 2026, the range of outcomes would produce a 26% reduction or a 44% increase in reserves based on the best-case and worst-case scenarios, respectively.

The following table presents a summary of the activity in the ACL for the three-month periods ended March 31, 2026 and 2025:

(in thousands)	2026	2025
Balance, January 1	\$ 19,470	\$ 18,170
Charge-offs:		
Acquisition and development	—	(3)
Commercial and industrial	(71)	(355)
Residential mortgage	(4)	—
Consumer	(198)	(184)
Total charge-offs	(273)	(542)
Recoveries:		
Acquisition and development	7	64
Commercial and industrial	2	2
Residential mortgage	10	16
Consumer	56	100
Total recoveries	75	182
Net credit losses	(198)	(360)
Credit loss expense	679	657
Balance at end of period	\$ 19,951	\$ 18,467
Allowance for credit losses to gross loans outstanding (as %)	1.31 %	1.25 %

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The following table presents a summary of charge-offs and recoveries as a percent to their applicable portfolio for the three-month periods ended March 31, 2026 and 2025:

Net (Charge-offs)/Recoveries as a % of Average Applicable Portfolio

	2026	2025
Commercial real estate	0.00%	0.00%
Acquisition and development	0.03%	0.26%
Commercial and industrial	(0.11)%	(0.50)%
Residential mortgage	0.00%	0.01%
Consumer	(1.23)%	(0.65)%
Total	(0.05)%	(0.10)%

The following presents management's allocation of the ACL by major loan category in comparison to that loan category's percentage of total loans. Changes in the allocation over time reflect changes in the composition of the loan portfolio risk profile and refinements to the methodology of determining the ACL. Specific allocations in any particular category may be reallocated in the future as needed to reflect current conditions. Accordingly, the entire ACL is considered available to absorb losses in any category.

Allocation of the Allowance for Credit Losses

(in thousands)	Amount of Allowance Allocated	Total Loans	Percent of Loans in Each Category to Total Loans	Ratio of Allowance Allocated to Loans in Each Category
March 31, 2026				
Commercial real estate	\$ 5,638	\$ 609,491	40.0%	0.93%
Acquisition and development	1,446	97,785	6.4%	1.48%
Commercial and industrial	4,050	246,192	16.1%	1.65%
Residential mortgage	7,974	526,314	34.5%	1.52%
Consumer	843	45,684	3.0%	1.85%
Total	\$ 19,951	\$ 1,525,466	100.0%	1.31%
December 31, 2025				
Commercial real estate	\$ 4,644	\$ 570,808	37.5%	0.81%
Acquisition and development	1,278	90,272	5.9%	1.42%
Commercial and industrial	4,473	277,034	18.2%	1.61%
Residential mortgage	8,272	536,912	35.3%	1.54%
Consumer	803	46,678	3.1%	1.72%
Total	\$ 19,470	\$ 1,521,704	100.0%	1.28%

Investment Securities

At March 31, 2026, the total amortized cost basis of the available-for-sale investment portfolio was \$126.3 million compared to a fair value of \$109.0 million. Unrealized gains and losses on available-for-sale securities are reflected in accumulated other comprehensive loss, net of tax, a component of shareholders' equity. The amortized cost basis of the held to maturity portfolio was \$172.8 million compared to a fair value of \$148.9 million.

The following table presents the composition of our securities portfolio at amortized cost and fair values at the dates indicated:

(in thousands)	March 31, 2026			December 31, 2025		
	Amortized Cost	Fair Value (FV)	FV as % of Total	Amortized Cost	Fair Value (FV)	FV as % of Total
Available for Sale Securities:						
U.S. government agencies	\$ 2,000	\$ 1,360	1%	\$ 2,000	\$ 1,404	1%
Residential mortgage-backed agencies	25,366	22,248	20%	25,891	22,855	21%
Commercial mortgage-backed agencies	41,366	33,259	31%	37,805	30,068	28%
Collateralized mortgage obligations	29,117	26,526	24%	29,795	27,390	26%
Obligations of state and political subdivisions	8,559	8,466	8%	8,557	8,525	8%
Corporate bonds	1,000	916	1%	1,000	907	1%
Collateralized debt obligations	18,848	16,229	15%	18,802	15,995	15%
Total available for sale	<u>\$ 126,256</u>	<u>\$ 109,004</u>	<u>100%</u>	<u>\$ 123,850</u>	<u>\$ 107,144</u>	<u>100%</u>
Held to Maturity Securities:						
U.S. government agencies	\$ 68,669	\$ 60,582	41%	\$ 68,595	\$ 60,874	41%
Residential mortgage-backed agencies	34,289	31,694	21%	32,084	29,748	20%
Commercial mortgage-backed agencies	20,898	15,711	11%	20,947	15,767	10%
Collateralized mortgage obligations	44,537	37,158	25%	45,447	38,391	26%
Obligations of state and political subdivisions	4,381	3,797	2%	4,390	4,109	3%
Total held to maturity	<u>\$ 172,774</u>	<u>\$ 148,942</u>	<u>100%</u>	<u>\$ 171,463</u>	<u>\$ 148,889</u>	<u>100%</u>

Total fair value of investment securities available for sale increased by \$1.9 million since December 31, 2025. At March 31, 2026, the securities classified as available-for-sale included a net unrealized loss of \$17.3 million, which represents the difference between the fair value and amortized cost of securities in the portfolio.

Total amortized cost of securities held to maturity increased by \$1.3 million since December 31, 2025 due to new security purchases.

As discussed in Note 6 to the consolidated financial statements presented elsewhere in this report, the Corporation measures fair market values based on the fair value hierarchy established in ASC Topic 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Level 3 prices or valuation techniques require inputs that are both significant to the valuation assumptions and are not readily observable in the market (i.e., supported with little or no market activity). These Level 3 instruments are valued based on both observable and unobservable inputs derived from the best available data, some of which is internally developed, and consider risk premiums that a market participant would require.

Approximately \$92.8 million of the available-for-sale portfolio was valued using Level 2 pricing and had net unrealized losses of \$14.7 million at March 31, 2026. The remaining \$16.2 million of the available-for-sale securities represents the entire collateralized debt obligation portfolio, which was valued using significant unobservable inputs (Level 3 assets). The \$2.6 million in net unrealized losses associated with this portfolio relates to nine pooled trust preferred securities that comprise the collateralized debt obligation portfolio.

Deposits

The following table presents the composition of our deposits at the dates indicated:

(in thousands)	March 31, 2026		December 31, 2025	
	Balance	Percent	Balance	Percent
Non-interest-bearing deposits:	\$ 451,303	26%	\$ 453,036	26%
Interest-bearing deposits:				
Demand	391,453	22%	392,823	23%
Money market- retail	571,648	33%	529,870	30%
Money market- brokered	2	0%	1	0%
Savings deposits	161,099	9%	158,461	9%
Time deposits- retail	150,198	9%	150,958	9%
Time deposits- brokered	25,000	1%	50,000	3%
Total Deposits	<u>\$ 1,750,703</u>	<u>100%</u>	<u>\$ 1,735,149</u>	<u>100%</u>

Total deposits at March 31, 2026 increased by \$15.5 million when compared to December 31, 2025. Non-interest-bearing demand deposits decreased by \$1.7 million and interest-bearing demand deposits decreased by \$1.4 million due primarily to seasonal fluctuations in municipal and commercial account balances and increased spending by businesses and consumers. Savings and money market accounts increased by \$44.4 million due primarily to the expansion of current and new relationships throughout the first three months of 2026. Retail time deposits decreased by \$0.8 million since December 31, 2025. In January 2026, a \$25.0 million brokered certificate of deposit, with an interest rate of 4.23%, was repaid at its maturity.

The following table summarizes the percentage of deposits that are insured by deposit insurance or otherwise fully collateralized by securities compared to uninsured deposits as of March 31, 2026 and December 31, 2025.

(in thousands)	March 31, 2026		December 31, 2025	
	Balance	Percent	Balance	Percent
Insured deposits	\$ 1,342,416	77%	\$ 1,341,185	77%
Uninsured and fully collateralized deposits	109,770	6%	101,925	6%
Uninsured and uncollateralized deposits	298,517	17%	292,039	17%
	<u>\$ 1,750,703</u>	<u>100%</u>	<u>\$ 1,735,149</u>	<u>100%</u>

Management is not aware of any demands, commitments, events or uncertainties that are likely to materially affect our ability to meet our future capital requirements.

The following table summarizes the percentage of deposit balances from retail customers compared to business customers as of March 31, 2026 and December 31, 2025.

(in thousands)	March 31, 2026		December 31, 2025	
	Balance	Percent	Balance	Percent
Retail deposits	\$ 810,707	46%	\$ 807,443	47%
Business deposits	939,996	54%	927,706	53%
	<u>\$ 1,750,703</u>	<u>100%</u>	<u>\$ 1,735,149</u>	<u>100%</u>

Borrowed Funds

The following table presents the composition of our borrowings at the dates indicated:

(in thousands)	March 31, 2026	December 31, 2025
Securities sold under agreements to repurchase	\$ 19,588	\$ 17,661
Total short-term borrowings	\$ 19,588	\$ 17,661
FHLB advances	\$ —	\$ 65,000
Junior subordinated debt	30,929	30,929
Total long-term borrowings	\$ 30,929	\$ 95,929

Short-term borrowings increased by \$1.9 million due to increased balances in the overnight investment sweep product. Long-term borrowings decreased by \$65.0 million due to the full repayment of \$65.0 million in FHLB advances at their maturities in March 2026.

Liquidity Management

Liquidity is a financial institution's capability to meet customer demands for deposit withdrawals while funding all credit-worthy loans. The factors that determine the institution's liquidity are:

- Reliability and stability of core deposits;
- Cash flow structure and pledging status of investments; and
- Potential for unexpected loan demand.

We actively manage our liquidity position through meetings of a sub-committee of executive management, which looks forward 12 months at 30-day intervals. The measurement is based upon the projection of funds sold or purchased position, along with ratios and trends developed to measure dependence on purchased funds and core growth. Monthly reviews by management and quarterly reviews by the Asset and Liability Committee under prescribed policies and procedures are designed to ensure that we will maintain adequate levels of available funds.

It is our policy to manage our affairs so that liquidity needs are fully satisfied through normal Bank operations. That is, the Bank will manage its liquidity to minimize the need to make unplanned sales of assets or to borrow funds under emergency conditions. The Bank will use funding sources where the interest cost is relatively insensitive to market changes in the short run (periods of one year or less) to satisfy operating cash needs. The remaining normal funding will come from interest-sensitive liabilities, either deposits or borrowed funds. When the marginal cost of needed wholesale funding is lower than the cost of raising this funding in the retail markets, the Corporation may supplement retail funding with external funding sources such as:

- Unsecured Fed Funds lines of credit with upstream correspondent banks (M&T Bank, Atlantic Community Bankers Bank, Community Bankers Bank, PNC Financial Services, Pacific Coast Banker's Bank and Zions Bancorp).
- Secured advances with the FHLB, which are collateralized by eligible one-to-four family residential mortgage loans, home equity lines of credit, commercial real estate loans. Cash and various securities may also be pledged as collateral.
- Secured line of credit with the Federal Reserve Discount Window for use in borrowing funds up to 90 days, using eligible investment securities as collateral.
- Brokered deposits, including CDs and money market funds, provide a method to generate deposits quickly. These deposits are strictly rate driven but often provide the most cost-effective means of funding growth.
- One Way Buy CDARS/ICS funding – a form of brokered deposits that has become a viable supplement to brokered deposits obtained directly.

The following table presents sources of liquidity available to the Corporation as of March 31, 2026.

(in thousands)	Total Availability	Amount Used	Net Availability
Internal Sources			
Excess cash	\$ 70,247	\$ -	\$ 70,247
Unpledged securities	23,091	-	23,091
External Sources			
Federal Reserve (discount window)	76,832	-	76,832
Correspondent unsecured lines of credit	140,000	-	140,000
FHLB	323,632	8,921	314,711
	<u>\$ 633,802</u>	<u>\$ 8,921</u>	<u>\$ 624,881</u>

Management is not aware of any demands, commitments, events or uncertainties that are likely to materially affect our ability to meet our future capital requirements.

Market Risk and Interest Sensitivity

Our primary market risk is interest rate fluctuation. Interest rate risk results primarily from the traditional banking activities that we engage in, such as gathering deposits and extending loans. Many factors, including economic and financial conditions, movements in interest rates and consumer preferences affect the difference between the interest earned on our assets and the interest paid on our liabilities. Interest rate sensitivity refers to the degree that earnings will be impacted by changes in the prevailing level of interest rates. Interest rate risk arises from mismatches in the repricing or maturity characteristics between interest-bearing assets and liabilities. Management seeks to minimize fluctuating net interest margins, and to enhance consistent growth of net interest income through periods of changing interest rates. Management uses interest sensitivity gap analysis and simulation models to measure and manage these risks. The interest rate sensitivity gap analysis assigns each interest-earning asset and interest-bearing liability to a time frame reflecting its next repricing or maturity date. The differences between total interest-sensitive assets and liabilities at each time interval represent the interest sensitivity gap for that interval. A positive gap generally indicates that rising interest rates during a given interval will increase net interest income, as more assets than liabilities will reprice. A negative gap position would benefit us during a period of declining interest rates.

At March 31, 2026, we were asset sensitive.

Our interest rate risk management goals are:

- Ensure that the Board of Directors and senior management will provide effective oversight and ensure that risks are adequately identified, measured, monitored and controlled;
- Enable dynamic measurement and management of interest rate risk;
- Select strategies that optimize our ability to meet our long-range financial goals while maintaining interest rate risk within policy limits established by the Board of Directors;
- Use both income and market value-oriented techniques to select strategies that optimize the relationship between risk and return; and
- Establish interest rate risk exposure limits for fluctuation in net interest income (“NII”), net income and economic value of equity.

To manage interest sensitivity risk, management formulates guidelines regarding asset generation and pricing, funding sources and pricing, and off-balance sheet commitments. These guidelines are based on management’s outlook regarding future interest rate movements, the state of the regional and national economy, and other financial and business risk factors. Management uses computer simulations to measure the effect on net interest income of various interest rate scenarios. Key assumptions used in the computer simulations include cash flows and maturities of interest rate sensitive assets and liabilities, changes in asset volumes and pricing, and management’s capital plans. This modeling reflects interest rate changes and the related impact on net interest income over specified periods.

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We evaluate the effect of a change in interest rates of +/-100 basis points to +/-400 basis points on both NII and Net Portfolio Value (“NPV”) / Economic Value of Equity (“EVE”). We concentrate on NII rather than net income as long as NII remains the significant contributor to net income.

NII modeling allows management to view how changes in interest rates will affect the spread between the yield paid on assets and the cost of deposits and borrowed funds. Unlike traditional Gap modeling, NII modeling takes into account the different degree to which installments in the same repricing period will adjust to a change in interest rates. It also allows the use of different assumptions in a falling versus a rising rate environment. The period considered by the NII modeling is the next eight quarters.

NPV / EVE modeling focuses on the change in the market value of equity. NPV / EVE is defined as the market value of assets less the market value of liabilities plus/minus the market value of any off-balance sheet positions. By effectively looking at the present value of all future cash flows on or off the balance sheet, NPV / EVE modeling takes a longer-term view of interest rate risk. This complements the shorter-term view of the NII modeling.

Measures of NII at risk produced by simulation analysis are indicators of an institution’s short-term performance in alternative rate environments. These measures are typically based upon a relatively brief period, usually one year. They do not necessarily indicate the long-term prospects or economic value of the institution.

Based on the simulation analysis performed at March 31, 2026 and December 31, 2025, management estimated the following changes in net interest income, assuming the indicated rate changes:

(in thousands)	March 31, 2026	December 31, 2025
+400 basis points	\$ 6,792	\$ 5,866
+300 basis points	\$ 6,321	\$ 5,578
+200 basis points	\$ 5,044	\$ 4,511
+100 basis points	\$ 2,850	\$ 2,557
-100 basis points	\$ (3,534)	\$ (3,192)
-200 basis points	\$ (7,022)	\$ (6,365)
-300 basis points	\$ (10,068)	\$ (9,569)
-400 basis points	\$ (14,423)	\$ (13,657)

The Corporation became slightly more asset sensitive as of March 31, 2026 when compared to December 31, 2025 as a result of increased reductions of liabilities related to the repayment of the brokered CD and FHLB borrowings. All changes in net interest income from our simulation analysis remain within our policy limits.

This estimate is based on assumptions that may be affected by unforeseeable changes in the general interest rate environment and any number of unforeseeable factors. Rates on different assets and liabilities within a single maturity category adjust to changes in interest rates to varying degrees and over varying periods of time. The relationships between lending rates and rates paid on purchased funds are not constant over time. Management can respond to current or anticipated market conditions by lengthening or shortening the Bank’s sensitivity through loan repricings or changing its funding mix. The rate of growth in interest-free sources of funds will influence the level of interest-sensitive funding sources. In addition, the absolute level of interest rates will affect the volume of earning assets and funding sources. As a result of these limitations, the interest-sensitive gap is only one factor to be considered in estimating the net interest margin.

Management believes that no material changes in our market risks, our procedures used to evaluate and mitigate those risks, or our actual or simulated sensitivity positions have occurred since December 31, 2025. Our NII simulation analysis as of December 31, 2025 is included in Item 7 of Part II of our Annual Report on Form 10-K for the year ended December 31, 2025 under the heading “Market Risk and Interest Sensitivity”.

Impact of Inflation – Our assets and liabilities are primarily monetary in nature, and as such, future changes in prices do not affect the obligations to pay or receive fixed and determinable amounts of money. During inflationary periods, monetary assets lose value in terms of purchasing power and monetary liabilities have corresponding purchasing power gains. The concept of purchasing

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power is not an adequate indicator of the impact of inflation on financial institutions because it does not incorporate changes in our earnings.

Capital Resources

We require capital to fund loans, satisfy our obligations under the Bank's letters of credit, meet the deposit withdrawal demands of the Bank's customers, and satisfy our other monetary obligations. To the extent that deposits are not adequate to fund our capital requirements, we can rely on the funding sources identified above under the heading "Liquidity Management".

In addition to operational requirements, the Bank is subject to risk-based capital regulations, which were adopted and are monitored by federal banking regulators. These regulations are used to evaluate capital adequacy and require an analysis of an institution's asset risk profile and off-balance sheet exposures, such as unused loan commitments and stand-by letters of credit.

The following table presents the Bank's capital ratios as of the dates indicated:

	March 31, 2026	December 31, 2025	Required for Capital Adequacy Purposes	Required to be Well Capitalized
Total Capital (to risk-weighted assets)	15.37 %	15.19 %	8.00 %	10.00 %
Tier 1 Capital (to risk-weighted assets)	14.12 %	13.94 %	6.00 %	8.00 %
Common Equity Tier 1 Capital (to risk-weighted assets)	14.12 %	13.94 %	4.50 %	6.50 %
Tier 1 Capital (to average assets)	11.13 %	11.01 %	4.00 %	5.00 %

As of both March 31, 2026 and December 31, 2025, the Bank was considered "well capitalized" under the regulatory framework for prompt corrective action.

Contractual Obligations, Commitments and Contingent Liabilities

Contractual Obligations

The Corporation enters into contractual obligations in the normal course of business. Among these obligations are FHLB advances and junior subordinated debentures, operating lease agreements for banking and subsidiaries' offices and for data processing and telecommunications equipment. Comparing March 31, 2026 to December 31, 2025, short-term borrowings increased by \$1.9 million due to increases in the overnight investment sweep product. Long-term borrowings decreased by \$65.0 million due to the full repayment of \$65.0 million in FHLB advances at their maturities in March 2026.

Commitments

Loan commitments are made to accommodate the financial needs of our customers. Loan commitments have credit risk essentially the same as that involved in extending loans to customers and are subject to normal credit policies. Commitments to extend credit generally have fixed expiration dates, may require payment of a fee, and contain cancellation clauses in the event of an adverse change in the customer's credit quality.

The contractual amounts of commitments to extend credit at the dates indicated were as follows:

(in thousands)	March 31, 2026	December 31, 2025
Residential mortgage - home equity	\$ 74,919	\$ 73,155
Residential mortgage - construction	15,342	14,515
Commercial	203,017	177,791
Consumer - personal credit lines	5,993	4,531
Standby letters of credit	16,253	16,350
Total	<u>\$ 315,524</u>	<u>\$ 286,342</u>

The increase of \$29.2 million in commitments at March 31, 2026 when compared to December 31, 2025 was primarily due to new commercial business commitments originated during the first quarter of 2026.

For the three-month periods ended March 31, 2026 and 2025, net credit loss expense/(credit) for off-balance sheet exposures was approximately \$0.2 million and (\$1,000), respectively.

We do not issue any guarantees that would require liability recognition or disclosure other than the standby letters of credit issued by the Bank. Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party to support contractual obligations and to ensure job performance. Generally, the Bank's letters of credit are issued with expiration dates within one year. Historically, most letters of credit expire unfunded, and therefore, cash requirements are substantially less than the total commitment. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank generally holds collateral and/or personal guarantees supporting letters of credit.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

First United Corporation is a "smaller reporting company" as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and, accordingly, is not required to include the information required by this item.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act with the SEC, such as this Quarterly Report, is recorded, processed, summarized and reported within the periods specified in those rules and forms, and that such information is accumulated and communicated to our management, including First United Corporation's principal executive officer ("PEO") and its principal financial officer ("PFO"), as appropriate, to allow for timely decisions regarding required disclosure. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

An evaluation of the effectiveness of these disclosure controls as of March 31, 2026 was carried out under the supervision and with the participation of management, including the PEO and the PFO. Based on that evaluation, management, including the PEO and the PFO, has concluded that our disclosure controls and procedures are, in fact, effective at the reasonable assurance level.

During the three months ended March 31, 2026, there was no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

The risks and uncertainties to which our financial condition and operations are subject are discussed in detail in Item 1A of Part I of First United Corporation's Annual Report on Form 10-K for the year ended December 31, 2025. Management does not believe that any material changes in our risk factors have occurred since they were last disclosed.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following tables summarizes stock repurchases for the three-months ended March 31, 2026:

Issuer Purchases of Equity Securities					
Period	Total Number of Shares (or Units) Purchased		Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1)
					1,000,000
January 2026	—	\$	—	—	1,000,000
February 2026	1,600		35.50	1,600	998,400
March 2026	59,000		35.83	59,000	939,400
Total	60,600	\$	35.82	60,600	939,400

Note:

(1) All shares were purchased in open-market transactions pursuant to First United Corporation's stock repurchase program that was effective on January 26, 2026. The program authorizes the repurchase of up to 1,000,000 shares of common stock of First United Corporation. The program authorizes the repurchases to be conducted through open market or private transactions at such times, in such amounts, and, within certain limits, at such prices per transaction as the President and Chief Executive Officer of First United Corporation determines to be appropriate. The program was publicly announced on January 27, 2026.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

During the three months ended March 31, 2026, based on information provided to the Corporation, no director or officer of the Corporation adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of securities of the registrant intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b51 trading arrangement" (as defined in Item 408(c) of the SEC's Registration S-K).

Item 6. Exhibits

The exhibits filed or furnished with this quarterly report are listed in the following Exhibit Index.

Exhibit	Description
10.1	Second Amended and Restated Agreement Under the First United Corporation Change in Control Severance Plan, dated as of March 11, 2026, by and between First United Corporation and Jason B. Rush (incorporated by reference to Exhibit 10.1 to the Corporation's Current Report on Form 8-K filed on March 11, 2026)
10.2	Revised Appendix A to the First United Corporation Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Corporation's Current Report on Form 8-K filed on March 12, 2026)
10.3	Revised Appendix A to the First United Corporation Short-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Corporation's Current Report on Form 8-K filed on March 12, 2026)*
31.1	Certifications of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith)
31.2	Certifications of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith)
32	Certification of the Principal Executive Officer and the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith)
101.INS	Inline XBRL Instance Document (filed herewith)
101.SCH	Inline XBRL Taxonomy Extension Schema (filed herewith)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase (filed herewith)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase (filed herewith)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase (filed herewith)
104	The cover page of First United Corporation's Quarterly Report on Form 10Q for the quarter ended March 31, 2026 formatted in Inline XBRL, included within the Exhibit 101 attachments (filed herewith).

* Portions of Exhibit 10.3, identified in brackets, are excluded because they are both not material and would likely cause competitive harm to the Corporation if publicly disclosed. Such information will be disclosed as, if and when required pursuant to Item 402 of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST UNITED CORPORATION

Date: May 8, 2026

/s/ Jason B. Rush

Jason B. Rush
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 8, 2026

/s/ Tonya K. Sturm

Tonya K. Sturm, Executive Vice President,
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Certifications of the Principal Executive Officer
Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14
As adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jason B. Rush, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First United Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2026

/s/ Jason B. Rush

Jason B. Rush,
President and Chief Executive Officer
(Principal Executive Officer)

**Certifications of the Principal Financial Officer
Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14
As adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Tonya K. Sturm, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First United Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2026

/s/ Tonya K. Sturm

Tonya K. Sturm,
Executive Vice President,
Chief Financial Officer
(Principal Financial Officer)

Certification of Periodic Report
Pursuant to 18 U.S.C. § Section 1350
As adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to, and for purposes only of, 18 U.S.C. § 1350, each of the undersigned hereby certifies that (i) the Quarterly Report of First United Corporation on Form 10-Q for the quarter ended March 31, 2026 filed with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of First United Corporation.

Date: May 8, 2026

/s/ Jason B. Rush

Jason B. Rush,
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 8, 2026

/s/ Tonya K. Sturm

Tonya K. Sturm,
Executive Vice President,
Chief Financial Officer
(Principal Financial Officer)
