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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to _____ to _____

Commission file number: 001-38817

MainStreet Bancshares, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Virginia **(State or Other Jurisdiction of Incorporation or Organization)**	**81-2871064** **(I.R.S. Employer Identification No.)**

10089 Fairfax Boulevard, Fairfax, VA 22030
(Address of Principal Executive Offices and Zip Code)

(703) 481-4567
(Registrant's Telephone Number, Including Area Code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	**MNSB**	**The Nasdaq Stock Market LLC**
Depositary Shares (each representing a 1/40th interest in a share of 7.50% Series A Fixed-Rate Non-Cumulative Perpetual Preferred Stock)	**MNSBP**	**The Nasdaq Stock Market LLC**

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 period 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 smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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 standards 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: As of May 1, 2025, there were 7,704,037 outstanding shares, par value $4.00 per share, of the issuer's common stock.

INDEX

PART I – FINANCIAL INFORMATION	3
Item 1 – Consolidated Financial Statements	3
Notes to Consolidated Financial Statements	8
Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations	28
Item 3 – Quantitative and Qualitative Disclosures about Market Risk	45
Item 4 – Controls and Procedures	45
PART II – OTHER INFORMATION	46
Item 1 – Legal Proceedings	46
Item 1A – Risk Factors	46
Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds	46
Item 5 - Other Information	46
Item 6 – Exhibits	47
SIGNATURES	48

PART I – FINANCIAL INFORMATION

Item 1 – Consolidated Financial Statements – Unaudited

MAINSTREET BANCSHARES, INC. AND SUBSIDIARY

Consolidated Statements of Financial Condition as of March 31, 2025 and December 31, 2024 (Dollars in thousands, except per share data)

	At March 31, 2025 (unaudited)	At December 31, 2024 (*)
Assets		
Cash and due from banks	$ 18,385	$ 21,351
Interest-bearing deposits at other financial institutions	159,582	161,866
Federal funds sold	24,673	24,491
Cash and cash equivalents	202,640	207,708
Investment securities available-for-sale (AFS), at fair value	55,935	55,747
Investment securities held-to-maturity (HTM), at amortized cost, net of allowance for credit losses of $0 and $0, respectively	15,657	16,078
Restricted securities, at amortized cost	33,611	30,623
Loans, net of allowance for credit losses of $19,460 and $19,450, respectively	1,811,789	1,810,556
Premises and equipment, net	13,020	13,287
Accrued interest and other receivables	9,607	11,311
Bank owned life insurance	39,809	39,507
Other assets	40,777	43,281
Total Assets	$ 2,222,845	$ 2,228,098
Liabilities and Stockholders' Equity		
Liabilities		
Non-interest bearing demand deposits	$ 345,319	$ 324,307
Interest-bearing demand deposits	106,033	139,780
Savings and NOW deposits	124,049	64,337
Money market deposits	511,925	560,082
Time deposits	820,999	819,288
Total deposits	1,908,325	1,907,794
Subordinated debt, net	72,138	73,039
Allowance for credit losses on off-balance sheet credit exposure	287	287
Other liabilities	32,477	38,987
Total Liabilities	2,013,227	2,020,107
Stockholders' Equity		
Preferred stock, $1.00 par value, 2,000,000 shares authorized; 28,750 shares issued and outstanding at March 31, 2025 and December 31, 2024	27,263	27,263
Common stock, $4.00 par value, 15,000,000 shares authorized; issued and outstanding 7,703,197 shares (including 251,042 nonvested shares) at March 31, 2025 and 7,603,765 shares (including 237,717 nonvested shares) at December 31, 2024	29,810	29,466
Capital surplus	67,612	67,823
Retained earnings	92,305	91,150
Accumulated other comprehensive loss	(7,372)	(7,711)
Total Stockholders' Equity	209,618	207,991
Total Liabilities and Stockholders' Equity	$ 2,222,845	$ 2,228,098

* Derived from audited consolidated financial statements.

See Notes to the Unaudited Consolidated Financial Statements

MAINSTREET BANCSHARES, INC. AND SUBSIDIARY

Unaudited Consolidated Statements of Income for the three months ended March 31, 2025 and 2024 (Dollars in thousands, except per share data)

	For the Three Months Ended March 31,	
	2025	**2024**
Interest Income		
Interest and fees on loans	$ 31,111	$ 30,582
Interest and dividends on investments securities		
U.S. government agencies	37	30
Mortgage-backed securities	86	102
Tax-exempt obligations of states and political subdivisions	263	270
Taxable obligations of states and political subdivisions	64	64
Other	233	239
Interest on interest-bearing deposits at other financial institutions	946	889
Interest on federal funds sold	223	293
Total Interest Income	32,963	32,469
Interest Expense		
Interest on interest-bearing demand deposits	1,048	1,814
Interest on savings and NOW deposits	221	157
Interest on money market deposits	5,276	5,092
Interest on time deposits	9,031	8,808
Interest on federal funds purchased	65	107
Interest on Federal Home Loan Bank advances	—	46
Interest on subordinated debt	812	820
Total Interest Expense	16,453	16,844
Net Interest Income	16,510	15,625
Provision For Credit Losses - Loans	—	164
Recovery of Credit Losses - Off-Balance Sheet Credit Exposure	—	(359)
Net Interest Income After Provision For (Recovery of) Credit Losses	16,510	15,820
Non-Interest Income		
Deposit account service charges	530	469
Bank owned life insurance income	302	292
Gain on retirement of subordinated debt	60	—
Other fee income	47	35
Total Non-Interest Income	939	796
Non-Interest Expense		
Salaries and employee benefits	8,385	7,488
Furniture and equipment expenses	1,016	935
Advertising and marketing	481	454
Occupancy expenses	396	435
Outside services	1,173	774
Franchise Tax	524	557
FDIC Insurance	360	330
Data Processing	362	312
Administrative expenses	229	242
Other operating expenses	1,388	954
Total Non-Interest Expense	14,314	12,481
Income Before Income Taxes	3,135	4,135
Income Tax Expense	682	830
Net Income	$ 2,453	$ 3,305
Preferred Stock Dividends	539	539
Net Income Available to Common Shareholders	$ 1,914	$ 2,766
Earnings Per Common Share:		
Basic	$ 0.25	$ 0.36
Diluted	$ 0.25	$ 0.36

See Notes to the Unaudited Consolidated Financial Statements

MAINSTREET BANCSHARES, INC. AND SUBSIDIARY

Unaudited Consolidated Statements of Comprehensive Income for the three months ended March 31, 2025 and 2024 (Dollars in thousands)

	For the Three Months Ended March 31,	
	2025	**2024**
Comprehensive Income, net of taxes		
Net Income	$ 2,453	$ 3,305
Other comprehensive income (loss), net of tax expense (benefit):		
Unrealized gain (loss) on available-for-sale securities arising during the period (net of tax expense (benefit), $101 and ($109), respectively, for the three months ended March 31).	339	(452)
Other comprehensive income (loss)	339	(452)
Comprehensive Income	$ 2,792	$ 2,853

See Notes to the Unaudited Consolidated Financial Statements

MAINSTREET BANCSHARES, INC. AND SUBSIDIARY

Unaudited Consolidated Statements of Stockholders' Equity for the three months ended March 31, 2025 and 2024 (Dollars in thousands, except per share data)

	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2024	$ 27,263	$ 29,466	$ 67,823	$ 91,150	$ (7,711)	$ 207,991
Vesting of restricted stock	—	444	(444)	—	—	—
Stock based compensation expense	—	—	579	—	—	579
Common stock repurchased	—	(100)	(346)	—	—	(446)
Dividends on preferred stock - ($0.47 per depositary share)	—	—	—	(539)	—	(539)
Dividends on common stock - ($0.10 per share)	—	—	—	(759)	—	(759)
Net income	—	—	—	2,453	—	2,453
Other comprehensive income	—	—	—	—	339	339
Balance, March 31, 2025	$ 27,263	$ 29,810	$ 67,612	$ 92,305	$ (7,372)	$ 209,618

	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2023	$ 27,263	$ 29,198	$ 65,985	$ 106,549	$ (7,478)	$ 221,517
Cumulative change in accounting principle (Note 1)	—	—	—	(217)	—	(217)
Vesting of restricted stock	—	408	(408)	—	—	—
Stock based compensation expense	—	—	690	—	—	690
Common stock repurchased	—	(92)	(327)	—	—	(419)
Dividends on preferred stock - ($0.47 per depositary share)	—	—	—	(539)	—	(539)
Dividends on common stock - ($0.10 per share)	—	—	—	(764)	—	(764)
Net income	—	—	—	3,305	—	3,305
Other comprehensive loss	—	—	—	—	(452)	(452)
Balance, March 31, 2024	$ 27,263	$ 29,514	$ 65,940	$ 108,334	$ (7,930)	$ 223,121

See Notes to the Unaudited Consolidated Financial Statements

MAINSTREET BANCSHARES, INC. AND SUBSIDIARY

Unaudited Consolidated Statements of Cash Flows (Dollars in thousands)

For the three months ended March 31,	2025	2024
Cash Flows from Operating Activities		
Net income	$ 2,453	$ 3,305
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and accretion, net	1,090	750
Amortization of right-of-use assets	129	123
Deferred income tax expense (benefit)	(212)	490
Gain on retirement of subordinated debt	(60)	—
Loss on disposal of premises and equipment	—	13
Recovery of credit losses, net	—	(195)
Stock based compensation expense	579	690
Income from bank owned life insurance	(302)	(292)
Subordinated debt amortization expense	99	99
Change in:		
Accrued interest receivable and other receivables	1,704	1,663
Other assets	2,481	(4,634)
Other liabilities	(6,510)	1,631
Net cash provided by operating activities	1,451	3,643
Cash Flows from Investing Activities		
Activity in available-for-sale securities:		
Payments	682	579
Purchases	(502)	—
Activity in held-to-maturity securities:		
Maturities	370	—
Calls	35	—
Purchases of restricted securities	(3,531)	(110)
Purchases of restricted investment in bank stock	(132)	(1,500)
Redemption of restricted investment in bank stock	—	1,425
Net increase in loan portfolio	(1,233)	(22,137)
Proceeds from sale of premises and equipment	—	83
Purchase of premises and equipment	(55)	(607)
Computer software developed	—	(1,034)
Net cash used in investing activities	(4,366)	(23,301)
Cash Flows from Financing Activities		
Net increase (decrease) in non-interest bearing demand deposits	21,012	(15,661)
Net increase (decrease) in interest bearing demand, savings, and time deposits	(20,481)	62,269
Net decrease in federal funds purchased	—	(15,000)
Retirement of subordinated debt	(940)	—
Cash dividends paid on preferred stock	(539)	(539)
Cash dividends paid on common stock	(759)	(764)
Repurchases of common stock	(446)	(419)
Net cash (used in) provided by financing activities	(2,153)	29,886
Increase (decrease) in Cash and Cash Equivalents	(5,068)	10,228
Cash and Cash Equivalents, beginning of period	207,708	114,513
Cash and Cash Equivalents, end of period	$ 202,640	$ 124,741
Supplementary Disclosure of Cash Flow Information		
Cash paid during the period for interest	$ 16,203	$ 16,279
Cash paid during the period for income taxes	$ —	$ —
Net unrealized gain (loss) on securities available-for-sale	$ 440	$ (561)
Net cumulative change in accounting principle	$ —	$ (217)

See Notes to the Unaudited Consolidated Financial Statements

MAINSTREET BANCSHARES, INC. AND SUBSIDIARY

Notes to Unaudited Consolidated Financial Statements

Note 1. Organization, Basis of Presentation and Impact of Recently Issued Accounting Pronouncements

Organization

MainStreet Bancshares, Inc. (the "Company") is a financial holding company incorporated under the laws of the Commonwealth of Virginia whose primary activity is the ownership and management of MainStreet Bank (the "Bank"). On October 12, 2021, the Company filed an election with the Federal Reserve Board to be a financial holding company in order to engage in a broader range of financial activities than are permitted for bank holding companies generally. The Company is authorized to issue 15,000,000 shares of common stock with a par value of $4.00 per share. Additionally, the Company is authorized to issue 2,000,000 shares of preferred stock at a par value $1.00 per share. There are currently 28,750 shares of preferred stock outstanding. The Company is regulated under the Bank Holding Company Act of 1956, as amended ("BHC Act") and is subject to inspection, examination, and supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve").

On April 18, 2019, the Company completed the registration of its common stock with the Securities Exchange Commission (the "SEC") through its filing of a General Form for Registration of Securities on Form 10 ("Form 10"), pursuant to Section 12(b) of the Securities Exchange Act of 1934. The Company was considered an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, or the "JOBS Act," and as defined in Section 2(a) of the Securities Act of 1933, as amended, or the "Securities Act" through the quarter ended September 30, 2024. The Company is no longer considered an emerging growth company but is an accelerated filer effective with the filing of the December 31, 2024 form 10-K. We are also a "smaller reporting company" as defined in Exchange Act Rule 12b-2. As such, we may elect to comply with certain reduced public company reporting requirements in future reports that we file with the SEC.

The Company was approved to list shares of our common stock on the Nasdaq Capital Market under our current symbol "MNSB" as of April 22, 2019. We were approved to list depositary shares of preferred stock on the Nasdaq Capital Market under the symbol "MNSBP" as of September 16, 2020. Each depositary share represents a 1/40th ownership interest in a share of 7.50% Series A Fixed-Rate Non-Cumulative Perpetual Preferred Stock.

In September 2021, MainStreet Bancshares, Inc. established MainStreet Community Capital, LLC, a wholly owned subsidiary, to be a community development entity ("CDE"). This CDE will be an intermediary vehicle for the provision of loans and investments in Low-Income Communities ("LICs"). In January 2022, the Community Development Financial Institutions Fund ("CDFI") of the United States Department of the Treasury certified MainStreet Community Capital, LLC as a registered CDE. MainStreet Community Capital's primary business objective will be to apply for and receive New Market Tax Credit ("NMTC") allocations that are awarded and distributed annually.

In the first quarter of 2025, the Company decided to pivot away from its Banking-as-a-service initiative and its fintech core platform Avenu, to focus on core community banking activities. Originally developed to increase low cost deposits and non-interest income, the timeline for expected return on invested capital extended beyond the Company's expected plan.

The Bank is headquartered in Fairfax, Virginia where it also operates a branch. The Bank was incorporated on March 28, 2003, and received its charter from the Bureau of Financial Institutions of the Commonwealth of Virginia (the "Bureau") on March 16, 2004. The Bank commenced regular operations on May 26, 2004, and is supervised by the Bureau and the Federal Reserve. The Bank is a member of the Federal Reserve System and the Federal Deposit Insurance Corporation. The Bank places special emphasis on serving the needs of retail customers, small and medium-sized businesses and professionals in the Washington, D.C. metropolitan area.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP") for interim information and with the instructions to the Quarterly Report on Form 10-Q, as applicable to a smaller reporting company. Accordingly, they do not include all the information and notes required by US GAAP for complete financial statements.

The financial statements are unaudited; but in the opinion of management include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation thereof. The balances as of December 31, 2024 have been derived from the audited consolidated financial statements. These interim period financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto contained in the Form 10-K for the year ended December 31, 2024, filed by the Company with the SEC on March 14, 2025. The results of operations for the three months ended March 31, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025, or any other period. The Company's significant accounting policies followed in preparation of the unaudited consolidated financial statements, are disclosed in Note 1 of the 2024 Form 10-K. There have been no significant changes to the application of significant accounting policies since December 31, 2024.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from the estimates.

Recently Adopted Accounting Developments

In November 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." The amendments in this ASU are intended to improve reportable segment disclosure requirements primarily through enhanced disclosure about significant segment expenses. This ASU requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker (CODM), an amount for other segment items by reportable segment and a description of its composition, all annual disclosures about a reportable segment profit or loss and assets currently required by FASB ASU Topic 280 in interim periods, and the title and position of the CODM and how the CODM uses the reportable measures. Additionally, this ASU requires that at least one of the reportable segment profit and loss measures should be the measure that is most consistent with the measurement principals used in an entity's consolidated financial statements. Lastly, this ASU requires public business entities with a single reportable segment to provide all disclosures required by these amendments in this ASU and all existing segment disclosures in Topic 280. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. On December 31, 2024, the Company adopted ASU 2023-07. Refer to Note 9 for updated interim disclosures due to the adoption of ASU 2023-07.

In March 2024, the Financial Accounting Standards Board (FASB) issued ASU 2024-01, “Compensation – Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards”. This ASU provides an illustrative example intended to demonstrate how entities that account for profits interest and similar awards would determine whether a profits interest award should be accounted for in accordance with Topic 718. ASU 2024-01 was effective for the Company on January 1, 2025 and there was no material impact to the consolidated financial statements.

In March 2024, the Financial Accounting Standards Board (FASB) issued ASU 2024-02, “Codification Improvements – Amendments to Remove References to the Concepts Statements”. This ASU contains amendments to the Codification that remove references to various Concepts Statements. In most instances, the references are extraneous and not required to understand or apply the guidance. In other instances, the references were used in prior Statements to provide guidance in certain topical areas. ASU 2024-02 was effective for the Company on January 1, 2025 and there was no material impact to the consolidated financial statements.

Impact of Recently Issued Accounting Pronouncements

In October 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-06, “Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative.” This ASU incorporates certain U.S. Securities and Exchange Commission (SEC) disclosure requirements into the FASB Accounting Standards Codification. The amendments in the ASU are expected to clarify or improve disclosure and presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the SEC’s existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC’s regulations. For entities subject to the SEC’s existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer, the effective date for each amendment will be the date on which the SEC removes that related disclosure from its rules. For all other entities, the amendments will be effective two years later. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity. The Company does not expect the adoption of ASU 2023-06 to have a material impact on its consolidated financial statements.

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” The amendments in this ASU require an entity to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold, which is greater than five percent of the amount computed by multiplying pretax income by the entity’s applicable statutory rate, on an annual basis. Additionally, the amendments in this ASU require an entity to disclose the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes and the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions that are equal to or greater than five percent of total income taxes paid (net of refunds received). Lastly, the amendments in this ASU require an entity to disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and income tax expense (or benefit) from continuing operations disaggregated by federal, state, and foreign. This ASU is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied on a prospective basis; however, retrospective application is permitted. The Company does not expect the adoption of ASU 2023-09 to have a material impact on its consolidated financial statements.

In November 2024, the Financial Accounting Standards Board (FASB) issued ASU 2024-03, “Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.” ASU 2024-03 requires public companies to disclose, in the notes to the financial statements, specific information about certain costs and expenses at each interim and annual reporting period. This includes disclosing amounts related to employee compensation, depreciation, and intangible asset amortization. In addition, public companies will need to provide qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. In January 2025, the FASB subsequently issued ASU 2025-01, “Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date”, which amends the effective date of ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in ASU 2024-03 in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU 2024-03 is permitted. Implementation of ASU 2024-03 may be applied prospectively or retrospectively. The Company does not expect the adoption of ASU 2024-03 to have a material impact on its consolidated financial statements.

Note 2. Investment Securities

The following tables summarize the amortized cost and fair value of securities available-for-sale and securities held-to-maturity at March 31, 2025 and December 31, 2024 and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive loss. The Company did not record an allowance for credit losses ("ACL") on its securities available-for-sale or held-to-maturity portfolio as of March 31, 2025 and December 31, 2024.

Investment securities available-for-sale was comprised of the following:

	March 31, 2025			
(Dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Collateralized Mortgage Backed	$ 21,134	$ 6	$ (3,652)	$ 17,488
Subordinated Debt	8,970	—	(926)	8,044
Preferred Stock	456	—	—	456
Municipal Securities:				
Taxable	10,617	—	(2,164)	8,453
Tax-exempt	21,988	—	(2,820)	19,168
U.S. Governmental Agencies	2,344	5	(23)	2,326
Total	$ 65,509	$ 11	$ (9,585)	$ 55,935

Investment securities held-to-maturity was comprised of the following:

	March 31, 2025			
(Dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Municipal Securities:				
Tax-exempt	$ 13,157	$ 2	$ (292)	$ 12,867
Subordinated Debt	2,500	—	(13)	2,487
Total	$ 15,657	$ 2	$ (305)	$ 15,354

Investment securities available-for-sale was comprised of the following:

	December 31, 2024			
(Dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Collateralized Mortgage Backed	$ 21,298	$ —	$ (4,105)	$ 17,193
Subordinated Debt	8,971	—	(1,064)	7,907
Preferred Stock	453	—	—	453
Municipal Securities:				
Taxable	10,623	—	(2,422)	8,201
Tax-exempt	22,024	—	(2,403)	19,621
U.S. Governmental Agencies	2,392	4	(24)	2,372
Total	$ 65,761	$ 4	$ (10,018)	$ 55,747

Investment securities held-to-maturity was comprised of the following:

	December 31, 2024			
(Dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Municipal Securities:				
Tax-exempt	$ 13,578	$ 1	$ (200)	$ 13,379
Subordinated Debt	2,500	—	(14)	2,486
Total	$ 16,078	$ 1	$ (214)	$ 15,865

For HTM securities, the Company evaluates the credit risk of its securities on at least a quarterly basis. The primary indicators of credit quality for the Company's HTM portfolio are security type and credit rating, which is influenced by a number of factors including obligor cash flow, geography, seniority, and others. The majority of the Company's HTM securities with credit risk are obligations of states and political subdivisions. The Company's HTM securities ACL was immaterial at March 31, 2025 and December 31, 2024.

The following table presents the amortized cost of HTM securities as of March 31, 2025 and December 31, 2024 by security type and credit rating:

(Dollars in thousands)	**Municipal Securities**	**Subordinated Debt**	**Total HTM securities**
March 31, 2025			
Credit Rating:			
AAA/AA/A	$ 13,157	$ —	$ 13,157
Not Rated - Non Agency	—	2,500	2,500
Total	$ 13,157	$ 2,500	$ 15,657
December 31, 2024			
Credit Rating:			
AAA/AA/A	$ 13,578	$ —	$ 13,578
Not Rated - Non Agency	—	2,500	$ 2,500
Total	$ 13,578	$ 2,500	$ 16,078

As of March 31, 2025 and December 31, 2024, the Company had no securities held-to-maturity that were past due 30 days or more as to principal or interest payments. The Company had no securities held-to-maturity classified as nonaccrual as of March 31, 2025 and December 31, 2024.

The scheduled maturities of securities available-for-sale and held-to-maturity at March 31, 2025 were as follows:

	March 31, 2025			
	Available-for-Sale		**Held-to-Maturity**	
(Dollars in thousands)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Due in one year or less	$ 1,000	$ 995	$ —	$ —
Due from one to five years	—	—	4,016	3,984
Due from after five to ten years	14,458	13,188	5,939	5,869
Due after ten years	50,051	41,752	5,702	5,501
Total	$ 65,509	$ 55,935	$ 15,657	$ 15,354

The scheduled maturities of securities available-for-sale and held-to-maturity at December 31, 2024 were as follows:

	December 31, 2024			
	Available-for-Sale		Held-to-Maturity	
(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 1,000	$ 993	$ 370	$ 370
Due from one to five years	—	—	4,017	3,973
Due from after five to ten years	14,430	12,997	5,945	5,886
Due after ten years	50,331	41,757	5,746	5,636
Total	$ 65,761	$ 55,747	$ 16,078	$ 15,865

Securities with a fair value of $396,000 and $394,000 were pledged at March 31, 2025 and December 31, 2024, respectively.

The following tables summarize the fair value and unrealized loss positions of securities available-for-sale as of March 31, 2025 and December 31, 2024, aggregated by security type and length of time that individual securities have been in a continuous loss position:

	March 31, 2025					
	Less than 12 Months		12 Months or Longer		Total	
(Dollars in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available-for-sale:						
Collateralized Mortgage Backed	$ —	$ —	$ 16,896	$ (3,652)	$ 16,896	$ (3,652)
Subordinated Debt	215	(34)	7,329	(892)	7,544	(926)
Municipal securities:						
Taxable	—	—	8,453	(2,164)	8,453	(2,164)
Tax-exempt	3,018	(46)	16,150	(2,774)	19,168	(2,820)
U.S. Governmental Agencies	—	—	609	(23)	609	(23)
Total	$ 3,233	$ (80)	$ 49,437	$ (9,505)	$ 52,670	$ (9,585)

	December 31, 2024					
	Less than 12 Months		12 Months or Longer		Total	
(Dollars in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available-for-sale:						
Collateralized Mortgage Backed	$ —	$ —	$ 17,105	$ (4,105)	$ 17,105	$ (4,105)
Subordinated Debt	215	(35)	7,191	(1,029)	7,406	(1,064)
Municipal Securities:						
Taxable	—	—	8,201	(2,422)	8,201	(2,422)
Tax-exempt	2,658	(36)	16,593	(2,367)	19,251	(2,403)
U.S. Government Agencies	—	—	614	(24)	614	(24)
Total	$ 2,873	$ (71)	$ 49,704	$ (9,947)	$ 52,577	$ (10,018)

The factors considered in evaluating securities for impairment include whether the Bank intends to sell the security, whether it is more likely than not that the Bank will be required to sell the security before recovery of its amortized cost basis, and whether the Bank expects to recover the security's entire amortized cost basis. These unrealized losses are primarily attributable to current financial market conditions for these types of investments, particularly changes in interest rates, causing bond prices to decline, and are not attributable to credit deterioration. The following description provides the number of investment positions in an unrealized loss position and approximate duration of that loss position.

At March 31, 2025, there were six tax-exempt municipal securities with a fair value totaling $3.0 million and one subordinated debt security totaling $215,000 in an unrealized loss position of less than 12 months. At March 31, 2025, there were twenty-two collateralized mortgage backed securities with fair values totaling $16.9 million, nineteen subordinated debt securities totaling $7.3 million, twenty-eight tax-exempt municipal securities with a fair value totaling $16.2 million, eleven taxable municipal securities with fair values totaling $8.5 million, and six government agency securities with a fair value totaling $609,000 in an unrealized loss position of more than 12 months.

The Company periodically invests in New Market Tax Credit (NMTC) opportunities, related primarily to certain community development projects. The Company receives tax credits related to these investments, for which the Company typically acts as a limited partner and therefore does not exert control over the operating or financial policies of the partnerships. These tax credits are subject to recapture by taxing authorities based on compliance features required to be met at the project level. On January 1, 2024, the Company transitioned from the equity method of accounting and began applying the proportional amortization method of accounting to its qualifying new markets tax credit investments in addition to its low income housing tax credit partnerships already subject to the proportional amortization method. At March 31, 2025 and December 31, 2024, the balance of the investments in new market tax credits was $12.4 million and $9.4 million. These balances are reflected in the restricted securities at amortized cost line on the consolidated statements of financial condition. During the three-month period ended March 31, 2025 and 2024, the Company recognized amortization expense of $501,000 and $263,000, respectively, which was included within the income tax expense line item on the consolidated statements of income and the depreciation, amortization, and accretion, net line item on the consolidated statements of cash flows.

Restricted equity securities also consist of the Federal Reserve Bank and Federal Home Loan Bank of Atlanta ("FHLB") stock in the amount of $5.3 million

and $1.5 million respectively, as of March 31, 2025, compared to $5.3 million and $1.4 million, respectively, as of December 31, 2024; $126,800 in Community Bankers Bank stock as of March 31, 2025 and December 31, 2024; Low-Income Housing Tax Credits ("LIHTC") in the amount of $7.4 million and $7.6 million as of March 31, 2025 and December 31, 2024; and nonmarketable securities in the amount of $6.7 million as of March 31, 2025 and December 31, 2024.

Note 3. Loans Receivable

Loans receivable were comprised of the following:

(Dollars in thousands)	**March 31, 2025**	**December 31, 2024**
Residential Real Estate:		
Single Family	$ 204,692	$ 204,357
Multifamily	246,407	234,884
Farmland	225	240
Commercial Real Estate:		
Owner Occupied	380,894	372,412
Non-Owner Occupied	552,455	525,792
Construction and Land Development	344,816	393,385
Commercial – Non Real Estate:		
Commercial & Industrial	105,180	102,354
Consumer – Non Real Estate:		
Unsecured	287	343
Secured	1,045	1,231
Total Gross Loans	1,836,001	1,834,998
Less: Unearned Fees, net	(4,752)	(4,992)
Less: Allowance for Credit Losses - Loans	(19,460)	(19,450)
Net Loans	$ 1,811,789	$ 1,810,556

The unsecured consumer loans above include $287,000 and $343,000 of overdrafts reclassified as loans at March 31, 2025 and December 31, 2024, respectively.

The following tables present the amortized cost basis by segments of the loan portfolio summarized by aging categories as of March 31, 2025 and December 31, 2024:

	March 31, 2025					
(Dollars in thousands)	**30-59 Days Past Due**	**60-89 Days Past Due**	**Greater than 90 Days Past Due and Still Accruing**	**Nonaccrual**	**Current**	**Total Loans Receivable**
Residential Real Estate:						
Single Family	$ 4,264	$ 1,676	$ —	$ 4,897	$ 193,855	$ 204,692
Multifamily	—	—	—	606	245,801	246,407
Farmland	—	—	—	—	225	225
Commercial Real Estate:						
Owner Occupied	4,500	—	—	—	376,394	380,894
Non-Owner Occupied	—	—	—	11,160	541,295	552,455
Construction and Land Development	25,822	3,793	—	35	315,166	344,816
Commercial – Non Real Estate:						
Commercial & Industrial	—	—	—	4,966	100,214	105,180
Consumer – Non Real Estate:						
Unsecured	—	—	—	—	287	287
Secured	—	—	—	—	1,045	1,045
Total	$ 34,586	$ 5,469	$ —	$ 21,664	$ 1,774,282	$ 1,836,001

	December 31, 2024					
(Dollars in thousands)	**30-59 Days Past Due**	**60-89 Days Past Due**	**Greater than 90 Days Past Due and Still Accruing**	**Nonaccrual**	**Current**	**Total Loans Receivable**
Residential Real Estate:						
Single Family	$ —	$ 62	$ —	$ 1,162	$ 203,133	$ 204,357
Multifamily	—	—	—	—	234,884	234,884
Farmland	—	—	—	—	240	240
Commercial Real Estate:						
Owner Occupied	—	—	—	—	372,412	372,412
Non-Owner Occupied	—	—	—	11,160	514,632	525,792
Construction and Land Development	—	—	—	4,235	389,150	393,385
Commercial – Non Real Estate:						
Commercial & Industrial	—	—	—	5,093	97,261	102,354
Consumer – Non Real Estate:						
Unsecured	—	—	—	—	343	343
Secured	—	—	—	—	1,231	1,231
Total	$ —	$ 62	$ —	$ 21,650	$ 1,813,286	$ 1,834,998

The following tables summarize the activity in the allowance for credit losses on loans by loan class for the three months ended March 31, 2025 and 2024.

Allowance for Credit Losses By Portfolio Segment

For the three months ended March 31, 2025 *(Dollars in thousands)*	Real Estate					
	Residential	Commercial	Construction	Commercial	Consumer	Total
Beginning Balance	$ 2,478	$ 11,321	$ 4,648	$ 993	$ 10	$ 19,450
Charge-offs	—	—	—	—	—	—
Recoveries	2	—	—	7	1	10
Provision for (recovery of) credit losses	12	74	(546)	463	(3)	—
Ending Balance	$ 2,492	$ 11,395	$ 4,102	$ 1,463	$ 8	$ 19,460

For the three months ended March 31, 2024 *(Dollars in thousands)*	Real Estate					
	Residential	Commercial	Construction	Commercial	Consumer	Total
Beginning Balance	$ 2,594	$ 8,888	$ 3,575	$ 1,435	$ 14	$ 16,506
Charge-offs	(132)	—	—	—	(9)	(141)
Recoveries	—	—	—	—	2	2
Provision for (recovery of) credit losses	6	860	(248)	(466)	12	164
Ending Balance	$ 2,468	$ 9,748	$ 3,327	$ 969	$ 19	$ 16,531

The following table is a summary of the Company's nonaccrual loans by major categories for the periods indicated.

(Dollars in thousands)	March 31, 2025		
	Nonaccrual Loans with No Allowance	Nonaccrual Loans with an Allowance	Total Nonaccrual Loans
Residential Real Estate:			
Single Family	$ 4,897	$ —	$ 4,897
Multifamily	606	—	606
Commercial Real Estate:			
Non Owner-Occupied	11,160	—	11,160
Construction and Land Development	35	—	35
Commercial & Industrial	4,597	369	4,966
Total	$ 21,295	$ 369	$ 21,664

(Dollars in thousands)	December 31, 2024		
	Nonaccrual Loans with No Allowance	Nonaccrual Loans with an Allowance	Total Nonaccrual Loans
Residential Real Estate:			
Single Family	$ 1,162	$ —	$ 1,162
Commercial Real Estate:			
Non Owner-Occupied	11,160	—	11,160
Construction and Land Development	4,235	—	4,235
Commercial & Industrial	5,093	—	5,093
Total	$ 21,650	$ —	$ 21,650

The following table represents the accrued interest receivables written off by reversing interest income during the three months ended March 31, 2025.

(Dollars in thousands)	**For the three months ended March 31, 2025**
Residential Real Estate:	
Single Family	$ 90
Multifamily	14
Total	$ 104

(Dollars in thousands)	**For the three months ended March 31, 2024**
Residential Real Estate:	
Single Family	$ 8
Construction and Land Development	297
Commercial & Industrial	94
Total	$ 399

The Company has certain loans for which repayment is dependent upon the operation or sale of collateral, as the borrower is experiencing financial difficulty. The underlying collateral can vary based upon the type of loan. The following provides more detail about the types of collateral that secure collateral dependent loans:

- Residential real estate loans, including equity lines of credit, are typically secured by first mortgages, and in some cases could be secured by a second mortgage.
- Commercial real estate loans can be secured by either owner-occupied commercial real estate or non-owner-occupied investment commercial real estate. Typically, owner-occupied commercial real estate loans are secured by office buildings, warehouses, manufacturing facilities and other commercial and industrial properties occupied by operating companies. Non-owner-occupied commercial real estate loans are generally secured by office buildings and complexes, retail facilities, multifamily complexes, land under development, industrial properties, as well as other commercial or industrial real estate where our borrower is the lessor.
- Construction and land development loans are secured by real property where loan funds will be used to acquire land and to construct or improve appropriately zoned real property for the creation of income producing or owner-user commercial properties.
- Commercial and industrial loans are generally secured by equipment, inventory, accounts receivable, and other commercial property.
- Consumer loans are generally secured by automobiles, motorcycles, recreational vehicles and other personal property. Some consumer loans are unsecured and have no underlying collateral.

The following table details the amortized cost of collateral dependent loans for the periods indicated:

(Dollars in thousands)	**March 31, 2025**
Residential Real Estate:	
Single Family	$ 9,169
Multifamily	3,773
Commercial Real Estate:	
Non-Owner Occupied	11,477
Construction and Land Development	25,811
Commercial & Industrial	8,712
Total	$ 58,942

(Dollars in thousands)	**December 31, 2024**
Residential Real Estate:	
Single Family	$ 5,484
Multifamily	3,197
Commercial Real Estate:	
Non-Owner Occupied	11,488
Construction and Land Development	28,374
Commercial & Industrial	8,880
Total	$ 57,423

As of March 31, 2025, there were two residential real estate loans totaling $592,600 in the process of foreclosure.

The allowance for credit losses incorporates an estimate of lifetime expected credit losses and is recorded on each asset upon asset origination or acquisition. The starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. The Company uses a weighted average remaining life model to determine the allowance for credit losses. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification.

Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the allowance for credit losses because of the measurement methodologies used to estimate the allowance, a change to the allowance for credit losses is generally not recorded upon modification. Occasionally, the Company modifies loans by providing principal forgiveness on certain loans. When principal forgiveness is provided, the amortized cost basis of the asset is written off against the allowance for credit losses. The amount of the principal forgiveness is deemed to be uncollectible; therefore, that portion of the loan is written off, resulting in a reduction of the amortized cost basis and a corresponding adjustment to the allowance for credit losses.

In some cases, the Company will modify a certain loan by providing multiple types of concessions. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted.

The following table shows the amortized cost basis of the loans modified to borrowers experiencing financial difficulty, disaggregated by class of loans and type of concession granted and describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2025 and March 31, 2024.

	March 31, 2025		
(Dollars in thousands)	**Amortized Cost Basis**	**% of Total Loan Type**	**Financial Effect**
Commercial & Industrial	$ 4,272	4.1%	Interest rate decrease; extended term for eight months
Total	$ 4,272		

	March 31, 2024		
(Dollars in thousands)	**Amortized Cost Basis**	**% of Total Loan Type**	**Financial Effect**
Residential Real Estate:			
Single Family	$ 364	0.2%	Deferred loan payment for three months
Construction and Land Development	12,057	2.9%	Extended term on interest only payments for six months
Commercial & Industrial	743	1.0%	Extended term on interest only payments for three months
Total	$ 13,164		

The Company 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. Of the loans modified during the 12 months prior to borrowers experiencing financial difficulties, only one relationship consisting of two loans for $14.2 million was over 30 days past due as of March 31, 2025 and none were in payment default as of March 31, 2025. Of the loans modified during the 12 months prior to March 31, 2024, to borrowers experiencing financial difficulties, none were past due or in payment default as of March 31, 2024.

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. Credit quality risk ratings include regulatory classifications of Pass, Watch, Criticized (Special Mention), Classified (Substandard), Doubtful, and Loss. Loans classified as Pass have quality metrics to support that the loan will be repaid according to the terms established. Loans classified as Watch have similar characteristics as Pass loans with some emerging signs of financial weaknesses that should be monitored closer. Loans classified as Watch are included in the Pass totals in the following tables. Loans classified as Criticized have potential weaknesses that deserve management's close attention. If uncorrected, the potential weaknesses may result in deterioration of prospects for repayment. Loans classified as Classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They include loans that are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified Doubtful have all the weaknesses inherent in Classified loans with the added characteristic that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable. Loans classified as a Loss are considered uncollectible and are charged to the allowance for credit losses. Loans not classified are rated Pass.

The following tables summarize the amortized cost basis by aggregate Pass and categories of Criticized and Classified within the Company's internal risk rating system by year of origination as of March 31, 2025 and December 31, 2024. The following tables also summarize gross charge-offs, by year of origination as of and for the three months ended March 31, 2025 and as of and for the year ended December 31, 2024.

March 31, 2025

	Term Loans Amortized Cost Basis by Origination Year								
(Dollars in thousands)	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior**	**Revolving Loans**	**Revolving Loans converted to term**	**Total**
Residential Real Estate - Single Family									
Pass	$ 1,964	$ 15,955	$ 43,061	$ 16,734	$ 29,971	$ 59,102	$ 24,778	$ —	$ 191,565
Criticized	—	500	—	—	—	3,436	—	—	3,936
Classified	—	200	—	1,371	6,217	1,332	71	—	9,191
Total Residential Real Estate - Single Family	$ 1,964	$ 16,655	$ 43,061	$ 18,105	$ 36,188	$ 63,870	$ 24,849	$ —	$ 204,692
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential Real Estate - Multifamily									
Pass	$ —	$ 13,128	$ 13,028	$ 69,437	$ 27,106	$ 61,848	$ 604	$ —	$ 185,151
Criticized	—	—	26,250	—	11,703	19,514	—	—	57,467
Classified	—	—	—	—	3,183	606	—	—	3,789
Total Residential Real Estate - Multifamily	$ —	$ 13,128	$ 39,278	$ 69,437	$ 41,992	$ 81,968	$ 604	$ —	$ 246,407
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential Real Estate - Farmland									
Pass	$ —	$ 95	$ —	$ —	$ —	$ 130	$ —	$ —	$ 225
Total Residential Real Estate - Farmland	$ —	$ 95	$ —	$ —	$ —	$ 130	$ —	$ —	$ 225
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial Real Estate - Owner Occupied									
Pass	$ 19,244	$ 35,372	$ 66,516	$ 80,812	$ 37,480	$ 111,270	$ 24,637	$ —	$ 375,331
Criticized	—	—	4,500	—	1,063	—	—	—	5,563
Total Commercial Real Estate - Owner Occupied	$ 19,244	$ 35,372	$ 71,016	$ 80,812	$ 38,543	$ 111,270	$ 24,637	$ —	$ 380,894
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial Real Estate - Non-Owner Occupied									
Pass	$ 4,122	$ 42,290	$ 7,470	$ 191,776	$ 55,513	$ 191,387	$ 32,859	$ —	$ 525,417
Criticized	—	—	—	—	—	15,560	—	—	15,560
Classified	—	—	11,160	—	—	318	—	—	11,478
Total Commercial Real Estate - Non-Owner Occupied	$ 4,122	$ 42,290	$ 18,630	$ 191,776	$ 55,513	$ 207,265	$ 32,859	$ —	$ 552,455
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction and Land Development									
Pass	$ 612	$ 652	$ 5,358	$ 18,417	$ 476	$ 829	$ 292,437	$ —	$ 318,781
Classified	—	—	—	1,950	—	—	24,085	—	26,035
Total Construction and Land Development	$ 612	$ 652	$ 5,358	$ 20,367	$ 476	$ 829	$ 316,522	$ —	$ 344,816
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial & Industrial									

Pass	$ 4,943	$ 34,033	$ 6,595	$ 10,043	$ 3,191	$ 8,651	$ 28,965	$ —	$ 96,421
Criticized	—	—	—	—	—	—	50	—	50
Classified	—	312	—	—	3,705	1,545	3,147	—	8,709
Total Commercial & Industrial	$ 4,943	$ 34,345	$ 6,595	$ 10,043	$ 6,896	$ 10,196	$ 32,162	$ —	$ 105,180
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer - Unsecured									
Pass	$ —	$ —	$ —	$ —	$ —	$ —	$ 287	$ —	$ 287
Total Consumer - Unsecured	$ —	$ —	$ —	$ —	$ —	$ —	$ 287	$ —	$ 287
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer - Secured									
Pass	$ 71	$ 178	$ 38	$ 148	$ —	$ 512	$ 98	$ —	$ 1,045
Total Consumer - Secured	$ 71	$ 178	$ 38	$ 148	$ —	$ 512	$ 98	$ —	$ 1,045
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total									
Pass	$ 30,956	$ 141,703	$ 142,066	$ 387,367	$ 153,737	$ 433,729	$ 404,665	$ —	$ 1,694,223
Criticized	—	500	30,750	—	12,766	38,510	50	—	82,576
Classified	—	512	11,160	3,321	13,105	3,801	27,303	—	59,202
Total	$ 30,956	$ 142,715	$ 183,976	$ 390,688	$ 179,608	$ 476,040	$ 432,018	$ —	$ 1,836,001
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

December 31, 2024

	Term Loans Amortized Cost Basis by Origination Year								
(Dollars in thousands)	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revolving Loans**	**Revolving Loans converted to term**	**Total**
Residential Real Estate - Single Family									
Pass	$ 18,439	$ 44,460	$ 17,803	$ 26,055	$ 29,482	$ 32,065	$ 24,643	$ —	$ 192,947
Criticized	500	—	393	1,596	3,436	—	—	—	5,925
Classified	200	—	—	3,507	1,338	—	440	—	5,485
Total Residential Real Estate - Single Family	$ 19,139	$ 44,460	$ 18,196	$ 31,158	$ 34,256	$ 32,065	$ 25,083	$ —	$ 204,357
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 132	$ —	$ —	$ 132
Residential Real Estate - Multifamily									
Pass	$ 12,163	$ 5,314	$ 69,629	$ 24,693	$ 38,226	$ 23,199	$ 390	$ —	$ 173,614
Criticized	—	26,250	—	11,703	606	19,514	—	—	58,073
Classified	—	—	—	3,197	—	—	—	—	3,197
Total Residential Real Estate - Multifamily	$ 12,163	$ 31,564	$ 69,629	$ 39,593	$ 38,832	$ 42,713	$ 390	$ —	$ 234,884
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential Real Estate - Farmland									
Pass	$ 106	$ —	$ —	$ —	$ —	$ 134	$ —	$ —	$ 240
Total Residential Real Estate - Farmland	$ 106	$ —	$ —	$ —	$ —	$ 134	$ —	$ —	$ 240
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial Real Estate - Owner Occupied									
Pass	$ 35,483	$ 67,043	$ 81,427	$ 41,167	$ 38,446	$ 79,425	$ 24,921	$ —	$ 367,912
Criticized	—	4,500	—	—	—	—	—	—	4,500
Classified	—	—	—	—	—	—	—	—	—
Total Commercial Real Estate - Owner Occupied	$ 35,483	$ 71,543	$ 81,427	$ 41,167	$ 38,446	$ 79,425	$ 24,921	$ —	$ 372,412
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial Real Estate - Non-Owner Occupied									
Pass	$ 46,243	$ 7,549	$ 154,994	$ 58,931	$ 46,057	$ 152,963	$ 31,903	$ —	$ 498,640
Criticized	—	—	—	—	15,664	—	—	—	15,664
Classified	—	11,160	—	—	328	—	—	—	11,488
Total Commercial Real Estate - Non-Owner Occupied	$ 46,243	$ 18,709	$ 154,994	$ 58,931	$ 62,049	$ 152,963	$ 31,903	$ —	$ 525,792
Current period gross charge-offs	$ —	$ 740	$ —	$ —	$ —	$ —	$ —	$ —	$ 740
Construction and Land Development									
Pass	$ 3,149	$ 5,358	$ 19,680	$ 8,849	$ 718	$ 234	$ 325,885	$ —	$ 363,873
Criticized	—	—	—	—	—	—	1,138	—	1,138
Classified	—	—	1,950	—	—	—	26,424	—	28,374
Total Construction and Land Development	$ 3,149	$ 5,358	$ 21,630	$ 8,849	$ 718	$ 234	$ 353,447	$ —	$ 393,385
Current period gross charge-offs	$ —	$ 289	$ —	$ 259	$ 3,136	$ —	$ —	$ —	$ 3,684
Commercial & Industrial									
Pass	$ 32,769	$ 7,197	$ 10,237	$ 3,793	$ 2,026	$ 7,550	$ 29,902	$ —	$ 93,474
Classified	319	—	—	3,712	—	1,600	3,249	—	8,880

Total Commercial & Industrial	$ 33,088	$ 7,197	$ 10,237	$ 7,505	$ 2,026	$ 9,150	$ 33,151	$ —	$ 102,354
Current period gross charge-offs	$ 4	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 4
Consumer - Unsecured									
Pass	$ —	$ —	$ —	$ —	$ —	$ —	$ 343	$ —	$ 343
Total Consumer - Unsecured	$ —	$ —	$ —	$ —	$ —	$ —	$ 343	$ —	$ 343
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer - Secured									
Pass	$ 187	$ 41	$ 184	$ —	$ 13	$ 721	$ 85	$ —	$ 1,231
Total Consumer - Secured	$ 187	$ 41	$ 184	$ —	$ 13	$ 721	$ 85	$ —	$ 1,231
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 9	$ —	$ —	$ 9
Total									
Pass	$ 148,539	$ 136,962	$ 353,954	$ 163,488	$ 154,968	$ 296,291	$ 438,072	$ —	$ 1,692,274
Criticized	500	30,750	393	13,299	19,706	19,514	1,138	—	85,300
Classified	519	11,160	1,950	10,416	1,666	1,600	30,113	—	57,424
Total	$ 149,558	$ 178,872	$ 356,297	$ 187,203	$ 176,340	$ 317,405	$ 469,323	$ —	$ 1,834,998
Current period gross charge-offs	$ 4	$ 1,029	$ —	$ 259	$ 3,136	$ 141	$ —	$ —	$ 4,569

Unfunded Commitments

The Company maintains an allowance for off-balance sheet credit exposures such as unfunded balances for existing lines of credit, commitments to extend future credit, as well as both standby and commercial letters of credit when there is a contractual obligation to extend credit and when this extension of credit is not unconditionally cancellable (i.e., the commitment cannot be canceled at any time). The allowance for off-balance sheet credit exposures is adjusted as a provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur, which is based on a historical funding study derived from internal information, and an estimate of expected credit losses on commitments expected to be funded over its estimated life, which are the same loss rates that are used in computing the allowance for credit losses on loans. The allowance for credit losses for unfunded loan commitments of $287,000 and $650,000 at March 31, 2025 and March 31, 2024, is separately classified on the balance sheet.

The following table presents the balance and activity in the allowance for credit losses for off-balance sheet credit exposure for the three months ended March 31, 2025 and 2024, respectively.

Three months ended March 31, 2025	**Total Allowance for Credit Losses on Off-Balance Sheet Credit Exposure**
(Dollars in thousands)	
Balance, December 31, 2024	$ 287
Balance, March 31, 2025	$ 287

Three months ended March 31, 2024	**Total Allowance for Credit Losses on Off-Balance Sheet Credit Exposure**
(Dollars in thousands)	
Balance, December 31, 2023	$ 1,009
Recovery of off-balance sheet credit losses, net	(359)
Balance, March 31, 2024	$ 650

Note 4. Derivatives and Risk Management Activities

The Company uses derivative financial instruments ("derivatives") primarily to assist customers with their risk management objectives. The Company classifies these items as free standing derivatives consisting of customer accommodation interest rate loan swaps ("interest rate loan swaps"). The Company enters into interest rate swaps with certain qualifying commercial loan customers to meet their interest rate risk management needs. The Company simultaneously enters into interest rate swaps with dealer counterparties, with identical notional amounts and terms. The net result of these interest rate swaps is that the customer pays a fixed rate of interest and the Company receives a floating rate. These back-to-back interest rate loan swaps qualify as financial derivatives with fair values reported in "Other assets" and "Other liabilities" in the consolidated financial statements. Changes in fair value are recorded in other noninterest expense and net to zero because of the identical amounts and terms of the interest rate loan swaps.

The following tables summarize key elements of the Company's derivative instruments as of March 31, 2025 and December 31, 2024.

March 31, 2025

Customer-related interest rate contracts

(Dollars in thousands)	**Notional Amount**	**Number of Positions**	**Assets**	**Liabilities**	**Collateral Pledges**
Matched interest rate swap with borrower	$ 215,165	39	$ —	$ 17,233	$ —
Matched interest rate swap with counterparty	$ 215,165	39	$ 17,233	$ —	$ —

December 31, 2024

Customer-related interest rate contracts

(Dollars in thousands)	**Notional Amount**	**Number of Positions**	**Assets**	**Liabilities**	**Collateral Pledges**
Matched interest rate swap with borrower	$ 230,417	43	$ —	$ 21,715	$ —
Matched interest rate swap with counterparty	$ 230,417	43	$ 21,715	$ —	$ —

The Company is able to recognize fee income upon execution of the interest rate swap contract. The Company did not record any interest rate swap fee income for the three months ended March 31, 2025 or 2024.

Note 5. Fair Value Presentation

In accordance with FASB ASC 820, "Fair Value Measurements and Disclosure", the Bank uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability ("an exit price") in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Bank's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in the principal or most advantageous market for the asset or liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is the most representative of fair value under current market conditions.

In accordance with the guidance, a hierarchy of valuation techniques is based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Bank's market assumptions. The three levels of the fair value hierarchy under FASB ASC 820 based on these two types of inputs are as follows:

Level 1 –Valuation is based on quoted prices in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 –Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 –Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

The following describes the valuation techniques used by the Bank to measure certain financial assets and liabilities recorded at fair value on a recurring basis in the financial statements:

Securities available for sale

Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data. Third party vendors compile prices from various sources and may determine the fair value of identical or similar securities by using pricing models that consider observable market data (Level 2). In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy. As of March 31, 2025, and December 31, 2024, the Bank's entire portfolio of available for sale securities are considered to be Level 2 securities, with the exception of one subordinated debt security and one preferred stock security which are considered Level 3.

Derivative asset (liability) – interest rate swaps on loans

As discussed in "Note 4: "Derivatives and Risk Management Activities", the Bank recognizes interest rate swaps at fair value on a recurring basis. The Bank has contracted with a third party vendor to provide valuations for these interest rate swaps using standard valuation techniques and therefore classifies such interest rate swaps as Level 2.

The following tables provide the fair value for assets required to be measured and reported at fair value on a recurring basis as of March 31, 2025 and December 31, 2024:

	March 31, 2025			
(Dollars in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Investment securities available-for-sale:				
Collateralized Mortgage Backed	$ —	$ 17,488	$ —	$ 17,488
Subordinated Debt	—	7,794	250	8,044
Preferred Stock	—	—	456	456
Municipal Securities:				
Taxable	—	8,453	—	8,453
Tax-exempt	—	19,168	—	19,168
U.S. Government Agencies	—	2,326	—	2,326
Derivative asset – interest rate swap on loans	—	17,233	—	17,233
Total	$ —	$ 72,462	$ 706	$ 73,168
Liabilities:				
Derivative liability – interest rate swap on loans	$ —	$ 17,233	$ —	$ 17,233
Total	$ —	$ 17,233	$ —	$ 17,233

	December 31, 2024			
(Dollars in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Investment securities available-for-sale:				
Collateralized Mortgage Backed	$ —	$ 17,193	$ —	$ 17,193
Subordinated Debt	—	7,657	250	7,907
Preferred Stock	—	—	453	453
Municipal Securities:				
Taxable	—	8,201	—	8,201
Tax-exempt	—	19,621	—	19,621
U.S. Government Agencies	—	2,372	—	2,372
Derivative asset – interest rate swap on loans	—	21,715	—	21,715
Total	$ —	$ 76,759	$ 703	$ 77,462
Liabilities:				
Derivative liability – interest rate swap on loans	$ —	$ 21,715	$ —	$ 21,715
Total	$ —	$ 21,715	$ —	$ 21,715

The table below shows the activity to the fair value of level three instruments during the three months ended March 31, 2025.

Reconciliation of Level 3 Inputs	
(Dollars in thousands)	
December 31, 2024 fair value	$ 703
Change in fair value (1)	3
March 31, 2025 fair value	$ 706

(1) - The change in fair value from December 31, 2024 to March 31, 2025 is due to accretion of the underlying security given that it was purchased at a discount. The change in fair value is not due to fluctuating market conditions.

Certain assets are measured at fair value on a nonrecurring basis in accordance with GAAP. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets.

The Company did not have any assets that were measured at fair value on a nonrecurring basis as December 31, 2024. The following table summarizes the value of the Bank's assets as of March 31, 2025 that were measured at fair value on a nonrecurring basis during the period:

	March 31, 2025			
(Dollars in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Collateral dependent loans with a specific reserve				
Commercial & Industrial	$ —	$ —	$ 134	$ 134
Total	$ —	$ —	$ 134	$ 134

	Fair Value Measurements at March 31, 2025			
(Dollars in thousands)	**Fair Value**	**Valuation Technique(s)**	**Unobservable Inputs**	**Range of Inputs**
Collateral dependent loans with a specific				

reserve				
Commercial & Industrial	$ 134	Appraisals/Discounted Cash Flows	Discount to reflect current market conditions or cash flows and estimated selling costs.	3% - 10%
Total	$ 134			

Fair Value of Financial Instruments

FASB ASC 825, Financial Instruments, requires disclosure about fair value of financial instruments, including those financial assets and financial liabilities that are not required to be measured and reported at fair value on a recurring or nonrecurring basis. ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company. In accordance with ASU 2016-01, the Company uses the exit price notion, rather than the entry price notion, in calculating the fair values of financial instruments not measured at fair value on a recurring basis.

The following tables reflect the carrying amounts and estimated fair values of the Company's financial instruments whether or not recognized on the Consolidated Statement of Financial Condition at fair value.

March 31, 2025 *(Dollars in thousands)*	**Carrying Amount**	**Estimated Fair Value**	**Quoted Prices in Active Markets for Identical Assets** Level 1	**Significant Other Observable Inputs** Level 2	**Significant Unobservable Inputs** Level 3
Assets:					
Cash and cash equivalents	$ 202,640	$ 202,640	$ 202,640	$ —	$ —
Securities:					
Available-for-sale	55,935	55,935	—	55,229	706
Held-to-maturity	15,657	15,354	—	15,354	—
Restricted securities	33,611	33,611	—	33,611	—
Loans, net	1,811,789	1,808,292	—	—	1,808,292
Derivative asset – interest rate swap on loans	17,233	17,233	—	17,233	—
Bank owned life insurance	39,809	39,809	—	39,809	—
Accrued interest receivable	9,107	9,107	—	9,107	—
Liabilities:					
Deposits	$ 1,908,325	$ 1,908,604	$ —	$ 1,087,326	$ 821,278
Subordinated debt, net	72,138	67,658	—	67,658	—
Derivative liability – interest rate swaps on loans	17,233	17,233	—	17,233	—
Accrued interest payable	3,065	3,065	—	3,065	—

December 31, 2024 *(Dollars in thousands)*	**Carrying Amount**	**Estimated Fair Value**	**Quoted Prices in Active Markets for Identical Assets** Level 1	**Significant Other Observable Inputs** Level 2	**Significant Unobservable Inputs** Level 3
Assets:					
Cash and cash equivalents	$ 207,708	$ 207,708	$ 207,708	$ —	$ —
Securities:					
Available-for-sale	55,747	55,747	—	55,044	703
Held-to-maturity	16,078	15,865	—	15,865	—
Restricted equity securities	30,623	30,623	—	30,623	—
Loans, net	1,810,556	1,806,846	—	—	1,806,846
Derivative asset – interest rate swap on loans	21,715	21,715	—	21,715	—
Bank owned life insurance	39,507	39,507	—	39,507	—
Accrued interest receivable	9,059	9,059	—	9,059	—
Liabilities:					
Deposits	$ 1,907,794	$ 1,910,018	$ —	$ 1,088,506	$ 821,512
Subordinated debt, net	73,039	67,239	—	67,239	—
Derivative liability – interest rate swaps on loans	21,715	21,715	—	21,715	—
Accrued interest payable	3,362	3,362	—	3,362	—

The above information should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only provided for a limited portion of the Company's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company's disclosures and those of other companies may not be meaningful. Assumptions utilized in the aggregation of fair value of our loan portfolio include prepayment rates, probability of default and loss given default, and discount rates on cash flows. Our third party valuation utilizes average data by homogenous loan segments nationwide and may not properly reflect the characteristics of our specific portfolio. There were no changes in methodologies or transfers between levels at March 31, 2025 and December 31, 2024.

Note 6. Earnings Per Common Share

Basic earnings per common share excludes dilution and is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock which then shared in the earnings of the Company. There were no such potentially dilutive securities outstanding in 2025 or 2024.

The weighted average number of shares used in the calculation of basic and diluted earnings per common share includes unvested restricted shares of the Company's common stock outstanding. Applicable guidance requires that outstanding un-vested share-based payment awards that contain voting rights and rights to non-forfeitable dividends participate in undistributed earnings with common shareholders.

	For the Three Months Ended March 31,	
(Dollars in thousands, except for share and per share data)	**2025**	**2024**
Net income	$ 2,453	$ 3,305
Preferred stock dividends	(539)	(539)
Net income available to common shareholders	$ 1,914	$ 2,766
Weighted average number of common shares issued, basic and diluted	7,636,191	7,611,990
Earnings per common share:		
Basic and diluted earnings per common share	$ 0.25	$ 0.36

Note 7. Accumulated Other Comprehensive Loss

The following table presents the cumulative balances of the components of accumulated other comprehensive loss, net of deferred taxes, as of March 31, 2025 and December 31, 2024:

(Dollars in thousands)	**March 31, 2025**	**December 31, 2024**
Unrealized loss on investment securities available-for-sale	$ (9,574)	$ (10,014)
Tax benefit	2,202	2,303
Total accumulated other comprehensive loss	$ (7,372)	$ (7,711)

Note 8. Leases

Lessee Arrangements - Right-of-use assets and lease liabilities are included in other assets and other liabilities, respectively, in the Consolidated Statements of Financial Condition.

Lease liabilities represent the Company's obligation to make lease payments and are presented at each reporting date as the net present value of the remaining contractual cash flows. Cash flows are discounted at the Company's incremental borrowing rate in effect at the commencement date of the lease. The incremental borrowing rate was equal to the rate of borrowing from the FHLB that aligned with the term of the lease contract. Right-of-use assets represent the Company's right to use the underlying asset for the lease term and are calculated as the sum of the lease liability and if applicable, prepaid rent, initial direct costs and any incentives received from the lessor.

The Company's long-term lease agreements are classified as operating leases. Certain of these leases offer the option to extend the lease term and the Company has included such extensions in its calculation of the lease liabilities to the extent the options are reasonably assured of being exercised. The lease agreements do not provide for residual value guarantees and have no restrictions or covenants that would impact dividends or require incurring additional financial obligations.

The following table presents the balance of leases as of March 31, 2025 and December 31, 2024, and activity in leases for the three months ended March 31, 2025 and 2024, respectively:

(Dollars in thousands)	**As of March 31, 2025**	**As of December 31, 2024**
Lease liabilities	$ 6,349	$ 6,474
Right-of-use assets	$ 5,632	$ 5,761
Weighted-average remaining lease term – operating leases (in months).	143.2	145.4
Weighted-average discount rate – operating leases	2.81%	2.81%

(Dollars in thousands)	**For the three months ended March 31, 2025**	**2024**
Lease Cost		
Operating lease cost	$ 174	$ 171
Total lease costs	$ 174	$ 171
Cash paid for amounts included in measurement of lease liabilities	$ 170	$ 163

As of March 31, 2025 and December 31, 2024, all of the Company's lease obligations are classified as operating leases. The Company does not have any finance lease obligations.

A maturity analysis of operating lease liabilities and reconciliation of the undiscounted cash flows to the total of operating lease liabilities as of March 31, 2025 is as follows:

(Dollars in thousands)	
2025	$ 522
2026	709
2027	588
2028	594
2029	605
Thereafter	4,363
Total undiscounted cash flows	7,381
Discount	(1,032)
Lease liabilities	$ 6,349

Lessor Arrangements - The Company is the lessor for five operating leases. One lease is extended on a month-to-month basis while four of these leases have arrangements for over twelve months with an option to extend the lease terms. The lease agreements do not provide for residual value guarantees and have no restrictions or covenants that would impact dividends or require incurring additional financial obligations. The Company's leases generally do not contain non-lease components. Total rent income on these operating leases is approximately $10,000 per month.

Note 9: Segment Reporting

Segment performance is evaluated using income before income taxes. Indirect expenses are allocated on revenue. Transactions among segments are made at fair value. Information reported internally for performance assessment by the chief operating decision makers follows, inclusive of reconciliations of significant segment totals to the financial statements:

	Three months ended March 31, 2025		
(Dollars in thousands)	**Core Banking**	**Financial Technology**	**Consolidated**
Interest income - loans, including fees - (1)	$ 30,776	$ 335	$ 31,111
Interest income - investments, other	1,852	—	1,852
Service charge income	308	222	530
Other fee income	409	—	409
Total	$ 33,345	$ 557	$ 33,902
Less:			
Total consolidated interest expense	16,406	47	16,453
Segment gross profit	$ 16,939	$ 510	$ 17,449
Less:			
Salaries and employee benefits	6,894	1,491	8,385
Furniture and equipment expenses	718	298	1,016
Advertising and marketing	417	64	481
Outside services	399	774	1,173
Other operating expenses	3,150	109	3,259
Total non-interest expense	11,578	2,736	14,314
Segment profit (loss)	$ 5,361	$ (2,226)	$ 3,135
Segment assets	2,222,779	66	2,222,845

(1) - Includes transfer pricing on average deposits outstanding for the period

	Three months ended March 31, 2024		
(Dollars in thousands)	**Core Banking**	**Financial Technology**	**Consolidated**
Interest income - loans, including fees - (1)	$ 30,092	$ 490	$ 30,582
Interest income - investments, other	1,887	—	1,887
Service charge income	315	154	469
Other fee income	327	—	327
Total	$ 32,621	$ 644	$ 33,265
Less:			
Total consolidated interest expense	16,838	6	16,844
Segment gross profit	$ 15,783	$ 638	$ 16,421
Less:			
Provision for credit losses	(195)	—	(195)
Salaries and employee benefits	7,117	371	7,488
Furniture and equipment expenses	779	156	935
Advertising and marketing	427	27	454
Outside services	371	403	774
Other operating expenses	2,723	107	2,830
Total non-interest expense	11,222	1,064	12,286
Segment profit (loss)	$ 4,561	$ (426)	$ 4,135
Segment assets	2,054,247	15,768	2,070,015

(1) - Includes transfer pricing on average deposits outstanding for the period

The Software as a Service (SaaS) solution related to Avenu was deployed in October 2024. Once the software was deployed, the capitalization of certain costs ceased. During the three months ended March 31, 2025, costs that were incurred related to the software were expensed rather than capitalized, which caused the fluctuation in the segment loss for the Financial Technology segment compared to the three months ended March 31, 2024.

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

The following discussion and analysis is intended as a review of significant factors affecting the Company's consolidated financial condition and results of operations for the periods indicated. This discussion and analysis should be read in conjunction with the accompanying consolidated financial statements and the related notes and the Company's Annual Report on Form 10-K, which contains audited consolidated financial statements of the Company as of and for the year ended December 31, 2024, previously filed with the SEC on March 14, 2025. Results for the three months ended March 31, 2025 are not necessarily indicative of results for the year ending December 31, 2025 or any future period.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain forward-looking statements and information relating to the Company within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on the beliefs of management as well as assumptions made by and information currently available to management. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like "believe," "expect," "anticipate," "estimate," and "intend" or future or conditional verbs such as "will," "should," "could," or "may" and similar expressions or the negative thereof. Important factors that could cause actual results to differ materially from those in the forward–looking statements included herein include, but are not limited to:

- general economic conditions, either nationally or in our market area, that are worse than expected;
- competition among depository and other financial institutions, particularly intensified competition for deposits;
- inflation and an interest rate environment that may reduce our margins or reduce the fair value of certain of our financial instruments;
- adverse changes in the securities markets;
- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory structure and in regulatory fees and capital requirements;
- the impact of significant changes in accounting procedures or requirements on our financial condition or results of operations;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- our ability to successfully integrate acquired and newly organized entities;
- changes in consumer spending, borrowing and savings habits;
- changes in accounting policies and practices;
- changes in our organization, compensation and benefit plans;
- our ability to attract and retain key employees;
- changes in our financial condition or results of operations that reduce capital;
- changes in the financial condition or future prospects of issuers of securities that we own;
- the concentration of our business in the Northern Virginia as well as the greater Washington, DC metropolitan area and the effect of changes in the economic, political and environmental conditions on those markets;
- adequacy of or increases in the allowance for credit losses;
- cyber threats, attacks or other data security events;
- fraud or misconduct by internal or external parties;
- reliance on third parties for key services;
- deterioration of our asset quality, including an increase in loan delinquencies, problem assets and foreclosures;
- future performance of our loan portfolio with respect to recently originated loans;
- additional risks related to new lines of business, products, product enhancements or services;
- results of examination of us by our regulators, including the possibility that our regulators may require us to increase our allowance for credit losses or to write-down assets or take other supervisory action;
- the effectiveness of our internal controls over financial reporting and our ability to remediate any future material weakness in our internal controls

over financial reporting;

- liquidity, interest rate and operational risks associated with our business;
- implications of our status as a smaller reporting company;
- a work stoppage, forced quarantine, or other interruption or the unavailability of key employees;
- volatility in the financial institution industry, including failures and/or rumors of possible failures of other financial institutions and actions by regulatory authorities in response thereto;
- litigation or governmental actions;
- impairment of a material asset; and
- other risk factors and information included in our Annual Report on Form 10-K for the year ended December 31, 2024 and this Quarterly Report on Form 10-Q.

Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. We caution readers not to place undue reliance on forward-looking statements. The Company disclaims any obligation to revise or update any forward-looking statements contained in this Form 10-Q to reflect future events or developments.

Economic Impact of Federal Spending Reductions

The Company recognizes that the economic impact of federal spending reductions, including dismissals of federal employees in the Company's primary market areas, may have an adverse effect on the Company, particularly after severance payments to terminated federal employees have expired. In addition, consumer confidence and the strength of the US dollar may have been negatively affected by uncertainty associated with proposed tariffs on many imports. We cannot assure you that the economic impacts of these actions would not be material and adverse to our business, financial condition, or results of operations.

Overview

As used herein, the "Company," "we," "our," and "us" refer to MainStreet Bancshares, Inc. and its subsidiaries, and the "Bank" refers to MainStreet Bank.

MainStreet Bancshares, Inc.

MainStreet Bancshares, Inc. is a financial holding company that owns 100% of MainStreet Bank and MainStreet Community Capital, LLC.

The Company and its subsidiaries are incorporated in and chartered by the Commonwealth of Virginia. The Company's executive offices are located at 10089 Fairfax Boulevard, Fairfax, Virginia. Our telephone number is (703) 481-4567, and our internet address is www.mstreetbank.com. The information contained on our website shall not be considered part of this Quarterly Report on Form 10-Q, and the reference to our website does not constitute incorporation by reference of the information contained on the website.

MainStreet Bank

MainStreet Bank is a community commercial bank incorporated in and chartered by the Commonwealth of Virginia. The Bank is a member of the Federal Reserve Bank of Richmond, and its deposits are insured by the FDIC. The Bank opened for business on May 26, 2004, and is headquartered in Fairfax, Virginia. We currently operate six Bank branches; located in Herndon, Fairfax, McLean, Clarendon, and Leesburg in Virginia, and one in Washington D.C.

We emphasize providing responsive and personalized services to our clients. Due to the consolidation of financial institutions in our primary market area, we believe there is a significant opportunity for a local bank to provide a full range of financial services. By offering highly professional, personalized banking products and service delivery methods and employing advanced banking technologies, we seek to distinguish ourselves from larger, regional banks operating in our market area and believe we are able to compete effectively with other community banks.

We believe we have a solid franchise that meets the financial needs of our clients and communities by providing an array of personalized products and services delivered by seasoned banking professionals with decisions made at the local level. We believe a significant customer base in our market prefers to do business with a local institution that has a local management team, a local Board of Directors and local founders and that this customer base may not be satisfied with the responsiveness of larger regional banks. By providing quality services, coupled with the opportunities provided by the economies in our market area, we have generated and expect to continue to generate organic growth.

We service Northern Virginia as well as the greater Washington, D.C. metropolitan area. Our goal is to deliver a customized and targeted mix of products and services that meets or exceeds customer expectations. To accomplish this goal, we have deployed a premium operating system that gives customers access to up-to-date banking technology. These systems and our highly skilled staff have allowed us to compete with larger financial institutions. The combination of sophisticated technology and personal service sets us apart from our competition. We strive to be the leading community bank in our market.

The Company's business is conducted through two reportable segments; Core Banking and Financial Technology. Core Banking encompasses the community bank where we offer a full range of banking services to individuals, small to medium-sized businesses and professionals through both traditional and electronic delivery. The Financial Technology segment provides services to money service business, payment processors, and Banking as a Service ("BaaS") for fintechs, social media solutions, application developers, money movers and entrepreneurs who want to embed financials services into their solutions. As of March 31, 2025, the Company has pivoted away from operating BaaS services. Activity resulting from this business line for the quarters ended March 31, 2025 and March 31, 2024 are reported in Note 9 in the Notes to the Consolidated Financial Statements.

We were the first community bank in the Washington, D.C. metropolitan area to offer a full online business banking solution, including remote check scanners on a business customer's desktop. We offer mobile banking apps for iPhones, iPads and Android devices that provide for remote deposit of checks. In addition, we were the first bank headquartered in the Commonwealth of Virginia to offer CDARS, the Certificate of Deposit Account Registry Service. We offer our customers a suite of reciprocal deposit options through IntraFI, an innovative reciprocal deposit placement service that offers FDIC insurance on deposits up to $265 million. We believe that enhanced electronic delivery systems and technology increase profitability through greater productivity and cost control and allow us to offer new and better products and services.

Our products and services include: business and consumer checking, premium interest-bearing checking, business account analysis, savings, certificates of deposit and other depository services, as well as a broad array of commercial, real estate and consumer loans. Internet account access is available for all personal and business accounts, internet bill payment services are available on most accounts, and a robust online cash management system is available for business customers.

MainStreet Community Capital, LLC

In September 2021, the Company created a community development entity ("CDE") subsidiary, MainStreet Community Capital, LLC, a Virginia limited liability company, to apply for New Market Tax Credit ("NMTC") allocations from the U.S. Department of Treasury's Community Development Financial Institutions Fund. To promote development in economically distressed areas, the NMTC program was established under the Community Renewal Tax Relief Act of 2000 to provide tax incentives for capital investment in disadvantaged market areas that have not experienced economic expansion. The program establishes a tax credit for investment in a CDE and ongoing compliance with the program is accomplished through a governing board and an advisory board which maintains accountability to residents and businesses in the aforementioned disadvantaged areas. This CDE will be an intermediary vehicle for the provision of loans and investments in Low-Income Communities ("LICs"). In January 2022, the Community Development Financial Institutions Fund ("CDFI") of the United States Department of the Treasury certified MainStreet Community Capital, LLC as a registered CDE. In December 2024, MainStreet Community Capital submitted an application to apply for the 2024 NMTC program allocation. Allocation awards are expected to be announced during the fourth quarter of 2025.

Critical Accounting Policies

The accounting and financial reporting policies of the Company conform to accounting principles generally accepted in the United States of America and to general practices within the banking industry. Accordingly, the financial statements require certain estimates, judgments, and assumptions, which are believed to be reasonable, based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the periods presented. Critical accounting policies comprise those that management believes are the most critical to aid in fully understanding and evaluating our reported financial results. These policies require numerous estimates or economic assumptions that may prove inaccurate or may be subject to variations which may significantly affect our reported results and financial condition for the current period or in future periods.

Our critical accounting policies involving significant judgments and assumptions used in the preparation of the consolidated financial statements as of March 31, 2025, have remained unchanged since our Annual Report on Form 10-K for the year ended December 31, 2024 was filed, unless noted herein. Any changes are discussed in our Recently Issued Accounting Pronouncements.

Comparison of Statements of Income for the Three Months Ended March 31, 2025 and 2024

General

Total interest income increased $0.5 million for the three months ended March 31, 2025 from the same period in 2024. The increase was primarily the result of an increase in interest and fees on loans of $0.5 million. Total interest expense decreased $0.4 million for the three months ended March 31, 2025 from the same period in 2024 due to fluctuations in deposit interest expense described below. Net interest income increased $0.9 million for the three months ended March 31, 2025 from the same period in 2024. The provision for credit losses was $0 for the three months ended March 31, 2025 compared to a recovery of credit losses of $195,000 for the three months ended March 31, 2024. Non-interest income increased $143,000 for the three months ended March 31, 2025 from the same period in 2024. The increase in non-interest income was primarily due to a $61,000 increase in deposit account service charges and a $60,000 gain on retirement of subordinated debt. Non-interest expense increased by $1.8 million for the three months ended March 31, 2025 compared to the same period in 2024, primarily due to increases in salaries and employee benefits, other operating expenses, and outside services. Net income decreased $0.9 million to $2.5 million for the three months ended March 31, 2025 from $3.3 million for the three months ended March 31, 2024. The decrease in net income was primarily impacted by the increase in non-interest expense.

Interest Income

Total interest income increased $0.5 million, or 1.5%, to $33 million for the three months ended March 31, 2025 from $32.5 million for the three months ended March 31, 2024, on a tax equivalent basis. The increase was primarily the result of an increase in interest and fees on loans of $0.5 million. Total average interest-earning assets increased $124.2 million, to $2.04 billion for the three months ended March 31, 2025 from $1.91 billion for the same period in 2024 primarily because of an increase of $109.6 million in the average balance of loans and by an increase of $20.5 million in the average balance of interest bearing deposits at other financial institutions. These increases were offset by a $5.1 million decrease in the average balance of investment securities. The average yield on our interest-earning assets decreased 25 basis points to 6.57% for the three months ended March 31, 2025 as compared to 6.82% for the three months ended March 31, 2024 primarily due to market conditions. For the three months ended March 31, 2025, the Company reversed $104,000 in accrued interest income in relation to loans placed on nonaccrual, as compared to $399,000 for the three months ended March 31, 2024.

Interest and fees on loans increased $0.5 million, to $31.1 million for the three months ended March 31, 2025 from $30.6 million for the same period in 2024. This was primarily due to an increase in the average loans outstanding increasing $109.6 million, which increased to $1.84 billion for the three months ended March 31, 2025 from $1.73 billion for the three months ended March 31, 2024. The average yield on loans decreased 24 basis points, or 3.3%, for the three months ended March 31, 2025 as compared to the three months ended March 31, 2024.

Interest income on federal funds sold and interest-earning deposits decreased by $13,000 to $1.17 million for the three months ended March 31, 2025, from $1.18 million for the three months ended March 31, 2024. The decrease was primarily due to the reduction in yield of 91 basis points. The average balance of interest-earning deposits and federal funds sold increased $19.7 million to $111.7 million for the three months ended March 31, 2025 from $92.0 million for the same period in 2024. The average yield decreased to 4.24% for the three months ended March 31, 2025 from 5.15% for the same period in 2024.

Interest on investment securities decreased by $24,000 to $753,000 for the three months ended March 31, 2025 from $777,000 for the three months ended March 31, 2024 on a fully tax-equivalent basis. Interest on investments in U.S. Government Agencies and U.S. Municipals was $364,000 for the three months ended March 31, 2025 and March 31, 2024. Interest on mortgage-backed securities decreased by $16,000, or 15.7%, to $86,000 for the three months ended March 31, 2025, from $102,000 for the three months ended March 31, 2024. Subordinated debt interest income decreased by $4,000, or 2.9%, to $132,000 for the three months ended March 31, 2025, from $136,000 for the three months ended March 31, 2024. The average yield on taxable securities increased 9 basis points, to 3.21% and the average yield on tax-exempt securities increased 18 basis points, to 3.84% on a tax equivalent basis for the three months ended March 31, 2025, from 3.12% and 3.66%, respectively, for the same period in 2024. Despite the increase in average yield, interest on investment securities decreased given that the average balance of investment securities decreased by $5.1 million, to $88.3 million for the three months ended March 31, 2025, from $93.4 million for the three months ended March 31, 2024.

Interest Expense

Total interest expense decreased $391,000, to $16.5 million for the three months ended March 31, 2025 from $16.8 million for the three months ended March 31, 2024, primarily due to a $766,000 decrease in interest expense on interest bearing demand deposits and a $96,000 decrease in total interest expense paid on borrowings. These decreases were offset by a $223,000 increase in interest expense on time deposits and a $184,000 increase in interest expense on money market deposits.

Interest expense on deposits decreased $295,000 to $15.6 million for the three months ended March 31, 2025 from $15.9 million for the three months ended March 31, 2024 primarily as a result of a decrease in cost of funds. The increase in average balance of interest-bearing deposits was $180.9 million to $1.52 billion during the three months ended March 31, 2025 as compared to $1.33 billion for the three months ended March 31, 2024. The increase in the average balance of interest-bearing deposits was primarily a result of a $104.1 million increase in the average balance of money market deposit accounts and by a $88 million increase in the average balance of time deposits. The average cost of interest-bearing deposits was 417 basis points for the three months ended March 31, 2025, compared to 477 basis points for the three months ended March 31, 2024. The average rate paid on money market deposits decreased 73 basis points to 3.98% for the three months ended March 31, 2025 from 4.71% for the three months ended March 31, 2024. The average rate paid on interest-bearing demand deposits decreased 117 basis points to 3.81% for the three months ended March 31, 2025 from 4.98% for the three months ended March 31, 2024 primarily due to market competition and the interest rate environment. The average cost of certificates of deposit decreased by 39 basis points to 4.59% for the three months ended March 31, 2025 as compared to 4.98% for the three months ended March 31, 2024. The average balance of non-interest bearing demand deposits and other liabilities decreased $44.1 million to $353.7 million for the three months ended March 31, 2025, compared to $397.8 million for the three months ended March 31, 2024. The decrease was primarily the result of depositors looking for higher yielding products and market competition.

Net Interest Income

Net interest income increased approximately $0.9 million, or 5.6%, to $16.6 million for the three months ended March 31, 2025 from $15.7 million for the three months ended March 31, 2024, on a tax equivalent basis, despite our net interest-earning assets decreasing $51.8 million to $444.7 million for the three months ended March 31, 2025 from $496.6 million for the three months ended March 31, 2024. The interest rate spread increased by 33 basis points to 2.38% for the three months ended March 31, 2025 from 2.05% for the three months ended March 31, 2024, on a tax equivalent basis. The net interest margin increased slightly by 1 basis point from 3.29% for the three months ended March 31, 2024 to 3.30% for the three months ended March 31, 2025 on a tax equivalent basis. Refer to “Use of Certain Non-GAAP Financial Measures,” below, for a reconciliation of adjusted net interest margin.

Average Balances, Net Interest Income, Yields Earned and Rates Paid

The following table shows for the periods indicated the total dollar amount of interest from average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates, and the net interest margin. All average balances are based on daily balances.

	For the Three Months Ended March 31,					
	2025			2024		
	Average Balance	Interest Income/ Expense(6)	Yield/ Cost(5)(6)	Average Balance	Interest Income/ Expense(6)	Yield/ Cost(5)(6)
	(Dollars in thousands)					
Interest-earning assets:						
Loans(1)	$ 1,838,358	$ 31,111	6.86%	$ 1,728,761	$ 30,582	7.10%
Investment securities:						
Taxable	53,143	420	3.21%	56,001	435	3.12%
Tax-exempt	35,200	333	3.84%	37,420	342	3.66%
Interest-bearing deposits at other financial institutions	86,715	946	4.42%	66,253	889	5.38%
Federal funds sold	24,975	223	3.62%	25,740	293	4.57%
Total interest-earning assets	$ 2,038,391	$ 33,033	6.57%	$ 1,914,175	$ 32,541	6.82%
Non-interest-earning assets	117,070			123,294		
Total assets	$ 2,155,461			$ 2,037,469		
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 111,413	$ 1,048	3.81%	$ 146,248	$ 1,814	4.98%
Savings and NOW deposits	67,851	221	1.32%	44,219	157	1.42%
Money market deposits	537,733	5,276	3.98%	433,654	5,092	4.71%
Time deposits	798,007	9,031	4.59%	710,019	8,808	4.98%
Total interest bearing deposits	$ 1,515,004	$ 15,576	4.17%	$ 1,334,140	$ 15,871	4.77%
Federal funds purchased	5,610	65	4.70%	7,476	107	5.74%
Federal Home Loan Bank advances	—	—	—	3,297	46	5.60%
Subordinated debt, net	73,043	812	4.51%	72,703	820	4.52%
Total interest-bearing liabilities	$ 1,593,657	$ 16,453	4.19%	$ 1,417,616	$ 16,844	4.77%
Non-interest-bearing liabilities:						
Demand deposits and other liabilities	353,711			397,753		
Total liabilities	$ 1,947,368			$ 1,815,369		
Stockholders' equity	208,093			222,100		
Total liabilities and stockholders' equity	$ 2,155,461			$ 2,037,469		
Net interest income		$ 16,580			$ 15,697	
Interest rate spread(2)			2.38%			2.05%
Net interest-earning assets(3)	$ 444,734			$ 496,559		
Net interest margin(4)			3.30%			3.29%
Average interest-earning assets to average interest-bearing liabilities	127.9%			135.0%		

(1) Includes loans classified as non-accrual.
(2) Interest rate spread represents the difference between the average yield on average interest–earning assets and the average cost of average interest-bearing liabilities.
(3) Net interest earning assets represent total average interest–earning assets less average interest–bearing liabilities.
(4) Net interest margin represents net interest income divided by total average interest-earning assets.
(5) Annualized.
(6) Income and yields for all periods presented are reported on a fully tax-equivalent basis using the federal statutory tax rate of 21%. Refer to "Use of Certain Non-GAAP Financial Measures."

Rate/ Volume Analysis

The following table presents the effects of changing rates and volumes on net interest income for the periods indicated. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior average volume). The volume column shows the effects attributable to changes in volume (changes in average volume multiplied by prior rate). Changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately. The Total Increase (Decrease) column represents the sum of the prior columns.

	For the Three Months Ended March 31, 2025 and 2024		
	Increase (Decrease) Due to		Total Increase (Decrease)
	Volume	Rate	
	(Dollars in thousands)		
Interest-earning assets:			
Loans	$ 5,757	$ (5,228)	$ 529
Investment securities	(43)	19	(24)
Interest-bearing deposits at other financial institutions	842	(785)	57
Federal funds sold	(9)	(61)	(70)
Total interest-earning assets	6,547	(6,055)	492
Interest-bearing liabilities:			
Interest-bearing demand deposits	(386)	(380)	(766)
Savings and NOW accounts	134	(70)	64
Money market deposits	3,959	(3,775)	184
Time deposits	3,530	(3,307)	223
Total interest-bearing deposits	7,237	(7,532)	(295)
Federal funds purchased	(24)	(18)	(42)
Federal Home Loan Bank advances	(46)	—	(46)
Subordinated debt	4	(12)	(8)
Total interest-bearing liabilities	7,171	(7,562)	(391)
Change in net interest income	$ (624)	$ 1,507	$ 883

Provision for Credit Losses

Management believes that the allowance for credit losses recorded for the period ended March 31, 2025 reflects a balance sufficient to provide for each allowance segment, using objective data and information available to us at this time in evaluating our standard analysis of local/national economic data, changes in underwriting quality, portfolio concentrations, experience of lending team, credit quality and supportable forecasts. We will continuously review the credit portfolio to determine the depth and breadth of potential credit losses. As we obtain additional information and to more accurately assess the full nature and extent of elevated risk to the credit portfolio that may arise, additional provision expenses may be required.

The provision for credit losses, which is an operating expense, is maintained to ensure that the allowance for credit losses is maintained at levels we consider necessary and appropriate to absorb expected credit losses as of the balance sheet date. In determining the level of the allowance for credit losses on loans and off-balance sheet credit exposure, we consider past and current loss experience, evaluations of real estate collateral, current and future economic conditions, volume and type of lending, adverse situations that may affect a borrower's ability to repay a loan and the levels of non-performing loans. The amount of the allowance is based on estimates, and actual losses may vary from such estimates as more information becomes available over time or economic conditions change. This evaluation is inherently subjective, as it requires estimates and assumptions that are susceptible to significant revision as circumstances change or as more information becomes available. The allowance for credit losses is assessed monthly and provisions are made for credit losses as required in order to maintain the overall allowance.

The provision for credit losses on loans was $0 for the three months ended March 31, 2025 compared to a provision of credit losses on loans of $164,000 for the three months ended March 31, 2024. The Company had no charge offs during the quarter, which are normally replaced through provision expense. Loan growth for the quarter was not significant and therefore, did not impact the allowance for credit losses on loans significantly. Loan originations, which totaled approximately $34.0 million for the three months ended March 31, 2024 decreased $0.8 million to $33.2 million for the three months ended March 31, 2025. Non-performing loans at March 31, 2025 remained stable with a balance of $21.7 million compared to December 31, 2024 but increased $12.4 million from $9.3 million at March 31, 2024. 52% of this balance is attributable to one relationship and the remaining 48% are confined to eight relationships that experienced liquidity constraints. The Company is proactive in identifying any potential issues and acts decisively when prudent. Past due loans excluding non-performing loans, increased to $40.1 million as of March 31, 2025 compared to $62,000 as of December 31, 2024. The increase in past due loans was isolated to a limited number of borrowers and was due to timing of payments received rather than deteriorating credit, and therefore, did not significantly impact the allowance for credit losses on loans as of March 31, 2025.

The provision of credit losses on off-balance sheet credit exposure was $0 for the three months ended March 31, 2025 compared to a recovery of credit losses of $359,000 for the three months ended March 31, 2024. The stabilization of the provision for off-balance sheet credit exposure was primarily related to the utilization of revolving lines of credit.

During the three months ended March 31, 2025, criticized loans decreased $2.7 million and classified loans increased $1.8 million when compared to December 31, 2024, to a balance of $82.6 million and $59.2 million, respectively.

Criticized loans and classified loans have increased by $66.6 million and $38.1 million respectively as of March 31, 2025 compared to the same period in

2024. The majority of the criticized loan increases consist of two multi-family relationships impacted by rising interest rates and Washington D.C. government policies. Approximately 44% of the classified loan balances are related to a segment of loans that share similar characteristics. The majority of this segment that is rated classified originated during 2021 and experienced increases in operating costs, permit delays, and liquidity tightening as a result of the sharp increase in interest rates. Approximately 36% of classified loans are made up of smaller credits that have been either placed on nonaccrual or the Company is monitoring closely to be able to assess repayment. The remaining 20% is expected to be repaid at par upon successful court-approved resolution. As interest rates have risen significantly over the last two years, management believes in taking a proactive approach to risk management in the loan portfolio, particularly as credits are due to reprice in a new rate environment. The Company routinely charges off potential exposure as identified, and identifies and executes the best course of action to minimize any further loss exposure. During the three months ended March 31, 2025, there were $0 charge-offs incurred and recoveries of $10,000 were received.

Non-Interest Income

Non-interest income increased $143,000, or 18%, to $939,000 for the three months ended March 31, 2025 from $796,000 for the three months ended March 31, 2024. The increase in non-interest income was primarily due to a $60,000 gain on retirement of subordinated debt. Additionally, deposit account service charges increased $61,000 in the three months ended March 31, 2025 compared to the same period in 2024. The increase in account service charges was in addition to an increase of $10,000 in bank owned life insurance income for the three months ended March 31, 2025. The Company continues to focus on increasing non-interest income as it continues to add services that strategically benefit our customers.

Non-Interest Expense

Non-interest expense increased $1.8 million, or 15%, to $14.3 million for the three months ended March 31, 2025, from $12.5 million for the three months ended March 31, 2024 primarily because of increases in salaries and employee benefits of $897,000. The Company incurred higher payroll costs for the three months ended March 31, 2025 compared to the same period in 2024 given a higher number of employees for most of the quarter and non-recurring severance costs incurred as reductions were made during the end of the quarter. Other operating expenses increased $434,000, or 45%, to $1.4 million for the three months ended March 31, 2025, from $954,000 for the three months ended March 31, 2024 primarily due to increases in loan workout expenses as the Company has resolved some of the non-performing loans. Outside services, which includes professional fees for attorneys, accountants, consultants, and cloud services, increased $399,000 to $1.2 million for the three months ended March 31, 2025, from $774,000 for the three months ended March 31, 2024. This increase is driven by regulatory requirements in audits, routine legal assistance as the Company grows, and from increased cloud services costs. Information security tools, a subset of furniture and equipment expenses, increased approximately $37,000 to $164,000 for the three months ended March 31, 2025, from $127,000 for the three months ended March 31, 2024. Data processing increased approximately $50,000 to $362,000 for the three months ended March 31, 2025, from $312,000 for the three months ended March 31, 2024. Offsetting these increases was a decrease in occupancy expenses of $39,000, or 9%, to $396,000 for the three months ended March 31, 2025 from $435,000 for the three months ended March 31, 2024 due to expense management.

Income Tax Expense

Income tax expense decreased $148,000, or 18%, to $682,000 for the three months ended March 31, 2025 from $830,000 for the three months ended March 31, 2024. The decrease in federal income tax expense for the three months ended March 31, 2025 compared to the same period a year ago was driven by the decrease in income before income taxes of $1 million, to income before income tax of $3.1 million for the three months ended March 31, 2025 compared to income before income tax expense of $4.1 million for the same period in the prior year. The Company accrues taxes based on an estimated tax rate basis using inputs and assumptions about pre-tax income. As the inputs and assumptions change, the estimated tax accruals will change throughout the year. The Company also invests in projects that have tax credit benefits in order to help reduce its overall tax liability, timing of these tax credits are layered into our overall assessment. As a result of expanding its footprint, the Company has included assessments in income tax expense for potential state tax liabilities which totaled $79,000 for the three months ended March 31, 2025. For the three months ended March 31, 2025, the Company had an effective income tax expense rate of 21.8%, compared to an effective income tax expense rate of 20.1% for the three months ended March 31, 2024.

Comparison of Statements of Financial Condition at March 31, 2025 and December 31, 2024

Total Assets

Total assets decreased $5.3 million, or 0.2%, to $2.22 billion at March 31, 2025 from $2.23 billion at December 31, 2024. The decrease was primarily the result of decreases in cash and cash equivalents of $5.1 million as of March 31, 2025 as well as decreases of $2.5 million in other assets, due to a decline in the fair value of the interest rate loan swaps discussed in Note 4, and $1.7 million in accrued interest and other receivables. These decreases were offset by an increase in restricted securities of $3 million and an increase in net loans of $1.2 million.

Investment Securities

Investment securities increased $2.8 million, or 2.7%, from $102.4 million at December 31, 2024 to $105.2 million at March 31, 2025. The increase was primarily due to new investments of restricted equities of $3.5 million which was offset by paydowns on the available-for-sale investment securities and calls on the held-to-maturity securities as well as amortization of the restricted equities. At March 31, 2025, our held-to-maturity portion of the securities portfolio, at amortized cost, was $15.7 million, and our available-for-sale portion of the securities portfolio, at fair value, was $55.9 million compared to our held-to-maturity portion of the securities portfolio of $16.1 million and our available-for-sale portion of the securities portfolio of $55.7 million at December 31, 2024.

Net Loans

Net loans increased $1.2 million, or 0.1%, to $1.81 billion at March 31, 2025 from $1.81 billion at December 31, 2024. Residential real estate loans increased $11.8 million, or 2.7%, to $451.3 million at March 31, 2025 from $439.5 million at December 31, 2024. Commercial real estate loans increased by $35.1 million from $898.2 million at December 31, 2024 to $933.3 million at March 31, 2025. Commercial and industrial loans increased by $2.8 million from $102.4 million at December 31, 2024 to $105.2 million at March 31, 2025. Construction and land development loans decreased $48.6 million to $344.8 million at March 31, 2025 from $393.4 million at December 31, 2024. Consumer loans decreased by $242,000 from $1.6 million at December 31, 2024 to $1.3 million at March 31, 2025. The decrease in consumer loans is primarily a result of management's decision to let the indirect lending portfolio amortize off the balance sheet.

A significant portion of the loan portfolio consists of commercial, construction and commercial real estate loans, primarily made in the Washington, D.C. metropolitan area and secured by real estate or other collateral in that market. Although these loans are made to a diversified pool of unrelated borrowers across numerous businesses, adverse developments in the Washington, D.C. metropolitan real estate market could have an adverse impact on this portfolio of loans and the Company's income and financial position. While our basic market area is the Washington, D.C. metropolitan area, the Bank has made loans outside that market area where the applicant is an existing customer, and the nature and quality of such loans was consistent with the Company's lending policies.

The federal banking Agencies issued guidance in 2006 which addresses institutions with increased concentrations of commercial real estate (CRE) loans. The guidance does not establish specific CRE lending limits; rather, it promotes sound risk management practices and appropriate levels of capital that will enable institutions to continue to pursue CRE lending in a safe and sound manner. In developing this guidance, the Agencies recognized that different types of CRE lending present different levels of risk, and that consideration should be given to the lower risk profiles and historically superior performance of certain types of CRE, such as well-structured multifamily housing finance, when compared to others, such as speculative office space construction. As discussed under "CRE Concentration Assessments," institutions are encouraged to segment their CRE portfolios to acknowledge these distinctions for risk management purposes. The guidance focuses on those CRE loans for which the cash flow from the real estate is the primary source of repayment rather than loans to a borrower for which real estate collateral is taken as a secondary source of repayment or through an abundance of caution. Thus, for the purposes of the guidance, CRE loans include those loans with risk profiles sensitive to the condition of the general CRE market (for example, market demand, changes in capitalization rates, vacancy rates, or rents). CRE loans are land development and construction loans (including 1- to 4-family residential and commercial construction loans) and other land loans. CRE loans also include loans secured by multifamily property, and nonfarm nonresidential property where the primary source of repayment is derived from rental income associated with the property (that is, loans for which 50 percent or more of the source of repayment comes from third party, nonaffiliated, rental income) or the proceeds of the sale, refinancing, or permanent financing of the property. Excluded from the scope of this Guidance are loans secured by nonfarm nonresidential properties where the primary source of repayment is the cash flow from the ongoing operations and activities conducted by the party, or affiliate of the party, who owns the property.

As part of their ongoing supervisory monitoring processes, the Agencies use certain criteria to identify institutions that are potentially exposed to significant CRE concentration risk. An institution that has experienced rapid growth in CRE lending, has notable exposure to a specific type of CRE, or is approaching or exceeds the following supervisory criteria may be identified for further supervisory analysis of the level and nature of its CRE concentration risk:

1. Total reported loans for construction, land development, and other land represent 100 percent or more of the institution's total risk-based capital; or

2. Total commercial real estate loans as defined in this guidance represent 300 percent or more of the institution's total risk-based capital, and the outstanding balance of the institution's commercial real estate loan portfolio has increased by 50 percent or more during the prior 36 months.

The Agencies use the criteria as a preliminary step to identify institutions that may have CRE concentration risk. Because regulatory reports capture a broad range of CRE loans with varying risk characteristics, the supervisory monitoring criteria do not constitute limits on an institution's lending activity but rather serve as high-level indicators to identify institutions potentially exposed to CRE concentration risk.

The Company holds a concentration in commercial real estate loans. As of March 31, 2025, construction, land development and other land loans represented 115.6% of consolidated risk-based capital. Total commercial real estate loans as defined by the Agency guidance represented 388.2% of consolidated risk-based capital. During the prior 36 months, the Company has experienced an increase in its commercial real estate portfolio by 59%.

The management team has extensive experience in underwriting commercial real estate loans and has implemented and continues to maintain heightened risk management procedures and strong underwriting criteria with respect to its commercial real estate portfolio. The Board of Directors has established internal maximum limits on CRE to better manage and control the exposure to property classes during periods of changing economic conditions. The Board of Directors also has minimum targets for regulatory capital ratios that are in excess of well capitalized ratios.

Our risk management process begins with a robust underwriting program. The underwriting and risk rating of all loans is completed by an underwriting team that is independent of the originating lender(s). The underwriting analysis of commercial real estate loans includes pre-origination stress testing utilizing the portfolio stress testing methods to fully understand the potential exposure before we originate the credit. Once originated, each loan receives ongoing quarterly stress tests to evaluate the risk profile over the life of the credit.

We stress test earning assets on a quarterly basis and measure the results against the Bank's risk-based capital. For commercial loans, residential real estate loans, owner-occupied commercial real estate loans and consumer installment loans, we multiply the total outstanding amount for each loan category by our highest quarter historical loss for that category as a surrogate in order to calculate a stressed loss.

For our non-owner occupied commercial real estate loans, we use three separate methodologies in our stress test. If a property fails more than one of the three tests, we extend the test with the highest exposure value and add an additional 10% for selling costs.

- An immediate and sustained 3.0% increase in interest rates,
- An immediate and sustained 5.0% increase in vacancy rates, and
- An immediate and sustained 2.0% change in the capitalization rate, or “cap rate.”

We stress test the construction lending portfolio by applying exponential discounting (using a "k factor" of 2) to each project based upon its percentage of completion. The project is stressed using the as-is and as-complete appraised values and assumes 10% selling costs.

For all other loans, we utilize the Bank's historic loss rates or if not available, the average loss rates of FFIEC Uniform Bank Performance Report Group 4 banks, for bank owned life insurance we utilize default rates from S&P Global ratings, and for securities we obtain an independent fair market value and if it is less than the book value, we subtract the fair market value from the book value to determine the stress loss. The following table shows the Company's earning assets and the results of the stress test performed for the periods indicated.

	March 31, 2025		
	Outstanding Balance	Stress Test Results (1)	Stressed Loss Percent
		(Dollars in thousands)	
Earning Asset Component			
Construction and land development	$ 344,816	$ (4,809)	(1.39)%
Non-Owner Occupied CRE (2)	798,862	(11,431)	(1.43)%
All Other Loans	692,323	(21,739)	(3.14)%
AFS Securities, at amortized cost	65,509	(7,372)	(11.25)%
HTM Securities	15,657	(239)	(1.53)%
Swap Portfolio	—	—	—
Bank Owned Life Insurance	39,809	(39)	(0.10)%
Total	$ 1,956,976	$ (45,629)	(2.33)%

(1) Net tax effective loss at the statutory rate of 21%
(2) Non-Owner Occupied CRE includes call codes 1E2 and 1D

	December 31, 2024		
	Outstanding Balance	Stress Test Results (1)	Stressed Loss Percent
		(Dollars in thousands)	
Earning Asset Component			
Construction and land development	$ 393,385	$ (5,625)	(1.43)%
Non-Owner Occupied CRE (2)	760,676	(10,844)	(1.43)%
All Other Loans	680,937	(21,312)	(3.13)%
AFS Securities, at amortized cost	65,760	(7,711)	(11.73)%
HTM Securities	16,078	(169)	(1.05)%
Swap Portfolio	—	—	—
Bank Owned Life Insurance	39,507	(39)	(0.10)%
Total	$ 1,956,343	$ (45,700)	(2.34)%

(1) Net tax effective loss at the statutory rate of 21%
(2) Non-Owner Occupied CRE includes call codes 1E2 and 1D

The total estimated stress test loss is deducted from capital and we recalculate the capital ratios. As shown in the tables below, as of March 31, 2025 and December 31, 2024, the post-stress capital ratios well exceed our Board target ratios as well as Agency minimums (with buffer). For Non-Owner Occupied CRE & Multifamily the stress test is bifurcated with a low-end loss estimate and high-end estimate. The Low Estimate produces loss amounts for loans that are flagged for default (per the model) and floors the loss amount at zero. The High Estimate executes similar to the low estimate but floors the Loss-Given-Default rate at 10%, per Basel Committee on Banking Supervision rules. It also has a collective loss held on all loans regardless of if the loan is flagged for default.

March 31, 2025 Bank Capital Adequacy Ratios Pre- and Post-Stress (Tax-Effective)

	Well Capitalized with Buffer	Bank Minimum Target	As of March 31, 2025	Post Stress, Low Estimate	Post Stress, High Estimate
Leverage Ratio	5.00%	7.50%	12.90%	11.35%	11.13%
Total Risk-Based Capital	10.00%	11.50%	15.83%	14.04%	13.80%
Tier 1 Risk-Based Capital	8.00%	9.50%	14.78%	13.00%	12.75%
Common Equity Tier 1 Risk-Based Capital	6.50%	8.00%	14.78%	12.61%	12.36%

December 31, 2024 Bank Capital Adequacy Ratios Pre- and Post-Stress (Tax-Effective)

	Well Capitalized with Buffer	Bank Minimum Target	As of December 31, 2024	Post Stress, Low Estimate	Post Stress, High Estimate
Leverage Ratio	5.00%	7.50%	12.08%	10.61%	10.42%
Total Risk-Based Capital	10.00%	11.50%	15.69%	13.91%	13.68%
Tier 1 Risk-Based Capital	8.00%	9.50%	14.64%	12.86%	12.63%
Common Equity Tier 1 Risk-Based Capital	6.50%	8.00%	14.64%	12.46%	12.22%

The following two tables break down the March 31, 2025 and December 31, 2024 non-owner occupied CRE portfolio balances by showing the current balance in each sub-category and location. The tables also display very favorable weighted average interest rates and weighted average loan-to-values for both periods. The weighted average occupancy percentages are also broadly favorable for both periods.

March 31, 2025
(Dollars in thousands)

Non-Owner Occupied CRE (2)	Location					Weighted Average Rate	Weighted Average Loan-to-Value (1)	Weighted Average Occupancy %
	DC	MD	VA	Other	Total			
Multifamily	$ 236,616	$ 3,018	$ 6,773	$ —	$ 246,407	6.65%	65%	69%
Office								
Mixed use	601	2,662	2,860	—	6,123	5.41%	49%	81%
Medical	—	22,050	19,768	414	42,232	5.87%	61%	74%
Office	—	1,892	3,415	—	5,307	6.37%	61%	89%
Office to Residential Conversion	11,160	—	32,135	—	43,295	10.83%	58%	55%
Hospitality	28,614	75,146	85,412	—	189,172	6.29%	61%	-- (3)
Retail/Commercial	63,076	38,116	92,697	9,133	203,022	6.35%	58%	76%
Industrial	37,296	14,748	5,475	5,785	63,304	6.27%	57%	96%
Total Non-Owner Occupied CRE	377,363	157,632	248,535	15,332	798,862	6.54%	61%	69%
Construction and Land Development								
Multifamily	82,514	—	14,747	15,000	112,261	7.23%	60%	N/A
1-4 family	72,877	—	63,513	—	136,390	8.25%	64%	N/A
Retail/Commercial	19,491	—	—	—	19,491	7.15%	63%	N/A
Industrial	—	—	820	15,522	16,342	7.05%	33%	N/A
Mixed use	10,752	—	—	—	10,752	8.02%	57%	N/A
Other	245	21,591	19,961	7,783	49,580	8.10%	53%	N/A
Total Construction and Land Development	185,879	21,591	99,041	38,305	344,816	7.83%	60%	N/A
Total Construction, Land Development, and Non-Owner Occupied CRE	$ 563,242	$ 179,223	$ 347,576	$ 53,637	$ 1,143,678	7.00%	60%	N/A

(1) Loan-to-value is based on maximum potential outstanding at time of origination
(2) Non-Owner Occupied CRE includes call codes 1E2 and 1D
(3) Hospitality relies upon individual STR data

Non-Owner Occupied CRE (2)	December 31, 2024 (Dollars in thousands) Location					Weighted Average Rate	Weighted Average Loan-to-Value (1)	Weighted Average Occupancy %
	DC	MD	VA	Other	Total			
Multifamily	$ 224,848	$ 3,025	$ 7,011	$ —	$ 234,884	6.06%	66%	73%
Office:								
Mixed use	605	2,676	2,909	—	6,190	5.41%	64%	81%
Medical	—	22,169	15,395	431	37,995	5.61%	63%	69%
Office	—	1,892	3,451	—	5,343	6.37%	61%	89%
Office to Residential Conversion	11,160	—	32,136	—	43,296	10.83%	58%	55%
Hospitality	28,797	75,504	98,352	—	202,653	5.93%	64%	-- (3)
Retail/Commercial	60,194	41,892	92,917	9,156	204,159	6.06%	57%	78%
Industrial	—	14,801	5,521	5,834	26,156	6.29%	59%	87%
Total Non-Owner Occupied CRE	325,604	161,959	257,692	15,421	760,676	6.14%	62%	67%
Construction and Land Development								
Multifamily	91,424	—	13,386	15,000	119,810	7.32%	64%	N/A
1-4 family	71,234	—	63,430	—	134,664	8.32%	57%	N/A
Retail/Commercial	19,534	—	—	—	19,534	7.15%	63%	N/A
Industrial	37,467	—	980	—	38,447	5.85%	57%	N/A
Mixed use	12,705	—	—	—	12,705	7.95%	58%	N/A
Other	247	21,135	23,815	23,028	68,225	7.90%	37%	N/A
Total Construction and Land Development	232,611	21,135	101,611	38,028	393,385	7.73%	56%	N/A
Total Construction, Land Development, and Non-Owner Occupied CRE	$ 558,215	$ 183,094	$ 359,303	$ 53,449	$ 1,154,061	6.71%	60%	NA

(1) Loan-to-value is based on maximum potential outstanding at time of origination
(2) Non-Owner Occupied CRE includes call codes 1E2 and 1D
(3) Hospitality relies upon individual STR data

The Company also underwrites and originates owner-occupied commercial real estate loans. These loans are typically term loans made to support properties that rely upon the operations of the business occupying the property for repayment. The Agencies specifically excluded owner-occupied commercial real estate from their concentration guidance, as the primary source of repayment is the cash flow from the ongoing operations and activities conducted by the party, or affiliate of the party, who owns the property.

The following two tables depict a well-diversified portfolio of owner-occupied commercial real estate as of March 31, 2025 and December 31, 2024. The properties are distributed nicely among the Company's footprint. This loan segment continues to perform very well and is supported by strong loan-to-values (LTVs). The following table sets forth our owner-occupied CRE portfolio by the business industry groups that occupy the properties for the periods indicated.

Owner Occupied CRE	March 31, 2025 (Dollars in thousands) Location					Weighted Average Rate	Weighted Average Loan-to-Value (1)
	DC	MD	VA	Other	Total		
Accommodation and food services	$ 18,553	$ 2,898	$ 10,713	$ 5,447	$ 37,611	5.63%	67%
Administrative and support	—	4,500	4,674	—	9,174	5.57%	54%
Arts and recreation	—	—	37,297	—	37,297	6.32%	59%
Construction services	14,851	4,614	15,477	—	34,942	5.84%	63%
Education services	27,510	—	5,626	—	33,136	6.12%	52%
Health care	4,666	17,433	15,133	4,094	41,326	6.79%	60%
Information	—	—	4,374	—	4,374	4.37%	45%
Manufacturing	—	—	4,630	—	4,630	3.93%	48%
Other Services	5,997	16,413	65,620	927	88,957	6.31%	67%
Professional, scientific, tech services	2,840	—	5,397	—	8,237	6.41%	60%
Real estate and rental leasing	734	3,663	3,684	—	8,081	6.50%	64%
Retail trade	1,773	20,092	43,203	—	65,068	6.58%	61%
Wholesale trade	—	161	908	6,992	8,061	6.01%	69%

Total Owner Occupied CRE	$ 76,924	$ 69,774	$ 216,736	$ 17,460	$ 380,894	6.21%	62%

(1) Loan-to-value is based on maximum potential outstanding at time of origination

December 31, 2024 (Dollars in thousands)							
Owner Occupied CRE	**Location**					**Weighted Average Rate**	**Weighted Average Loan-to-Value (1)**
	DC	**MD**	**VA**	**Other**	**Total**		
Accommodation and food services	$ 18,669	$ 2,921	$ 10,775	$ 10,853	$ 43,218	5.89%	72%
Administrative and support	—	4,500	4,716	—	9,216	5.53%	56%
Arts and recreation	—	—	36,517	—	36,517	5.73%	62%
Construction services	14,947	4,003	15,688	37	34,675	5.39%	76%
Education services	27,856	—	5,660	—	33,516	5.98%	59%
Health care	4,697	17,488	15,275	135	37,595	6.92%	65%
Information	—	—	4,365	—	4,365	4.36%	50%
Manufacturing	—	—	4,701	—	4,701	4.02%	53%
Religious and other	6,027	16,646	66,173	931	89,777	6.18%	69%
Professional, scientific, tech services	2,845	—	5,577	—	8,422	6.31%	73%
Real estate and rental leasing	738	3,701	3,705	—	8,144	6.27%	70%
Retail trade	866	10,564	40,127	2,604	54,161	6.03%	64%
Wholesale trade	—	165	915	7,025	8,105	5.94%	73%
Total Owner Occupied CRE	$ 76,645	$ 59,988	$ 214,194	$ 21,585	$ 372,412	5.98%	67%

(1) Loan-to-value is based on maximum potential outstanding at time of origination

Allowance for Credit Losses - Loans

The allowance for credit losses on loans represents an amount that, in our judgment, will be adequate to absorb current and expected losses in the loan portfolio. The provision for credit losses on loans increases the allowance, and loans charged off, net of recoveries, reduce the allowance. The table below summarizes the allowance activity for the periods indicated:

	For the Three Months Ended March 31, 2025	**For the Year Ended December 31, 2024**
	(Dollars in thousands)	
Balance at beginning of year	$ 19,450	$ 16,506
Charge-offs:		
Residential real estate	—	(132)
Commercial real estate	—	(740)
Construction and land development	—	(3,684)
Commercial and industrial	—	(4)
Consumer	—	(9)
Total charge-offs	—	(4,569)
Recoveries:		
Residential real estate	2	—
Commercial and industrial	7	19
Consumer	1	9
Total recoveries	10	28
Net (charge-offs) recoveries	10	(4,541)
Provision for credit losses - loans	—	7,485
Balance at end of period	$ 19,460	$ 19,450
Ratios:		
Net charge-offs to average loans outstanding	0.00%	0.25%
Allowance for credit losses on loans to non-performing loans	89.83%	89.84%
Allowance for credit losses on loans to gross loans at end of period	1.06%	1.06%

Nonperforming Assets

The following table presents information regarding nonperforming assets at the dates indicated:

	March 31, 2025	December 31, 2024
	(Dollars in thousands)	
Non-accrual loans:		
Residential real estate:		
Single family	4,897	1,162
Multifamily	606	—
Construction and land development	35	4,235
Commercial Real Estate:		
Non owner-occupied	11,160	11,160
Commercial and industrial	4,966	5,093
Total non-accrual loans	21,664	21,650
Loans 90 days past due and still accruing	—	—
Total non-performing loans	21,664	21,650
Other real estate owned	—	—
Total non-performing assets	$ 21,664	$ 21,650
Ratios:		
Total non-performing loans to gross loans receivable	1.18%	1.18%
Total non-performing loans to total assets	0.97%	0.97%
Total non-performing assets to total assets	0.97%	0.97%

Deposits

Deposits increased $531,000, or 0.03% to $1.91 billion at March 31, 2025 from $1.91 billion at December 31, 2024. Our core deposits decreased $109.3 million, or 7.6%, to $1.33 billion at March 31, 2025 from $1.44 billion at December 31, 2024. Non-interest bearing demand deposits increased $21 million, or 6.5%, to $345.3 million at March 31, 2025 from $324.3 million at December 31, 2024. Interest-bearing demand deposits decreased $33.7 million, or 24.1%, to $106 million at March 31, 2025 from $139.8 million at December 31, 2024. Time deposits increased $1.7 million, or 0.2%, to $821 million at March 31, 2025 from $819.3 million at December 31, 2024. Money market demand deposits decreased $48.2 million, or 8.6%, to $511.9 million at March 31, 2025 from $560.1 million at December 31, 2024. Savings and NOW deposits increased $59.7 million or 92.8% from $64.3 million at December 31, 2024 to $124 million at March 31, 2025.

The following table presents the Company's deposits segregated by major category as of March 31, 2025 and December 31, 2024:

	March 31, 2025		December 31, 2024	
(Dollars in thousands)				
Deposit type:	**Balance**	**Percent %**	**Balance**	**Percent %**
Interest-bearing demand deposits	$ 106,033	5.6%	$ 139,780	7.3%
Savings and NOW deposits	124,049	6.5%	64,337	3.4%
Money market demand deposits	511,925	26.8%	560,082	29.4%
Time deposits	820,999	43.0%	819,288	42.9%
Interest-bearing deposits	1,563,006	81.9%	1,583,487	83.0%
Non-interest bearing demand deposits	345,319	18.1%	324,307	17.0%
Total deposits	$ 1,908,325	100.0%	$ 1,907,794	100.0%

The Company uses wholesale deposits as a funding source in addition to customer deposits. Wholesale deposits provide a diversified and stable source of funding during times of market volatility. As of March 31, 2025, the Company had $577.9 million of total wholesale deposit balances, an increase of $109.8 million compared to December 31, 2024, which totaled $468.1 million.

Given the interest rate environment and strategic initiatives in 2024, the Company replaced maturing lower yielding wholesale CDs with higher market rate CDs that included call options at our discretion if economic conditions changed. The Company began exercising these call options in order to lower funding costs as market conditions shifted. The Company also utilized additional wholesale demand deposits to provide liquidity and more effectively balance our interest rate sensitivity. During the three months ended March 31, 2025, total wholesale deposit funding accounted for approximately 36.8% of our interest expense.

The following table presents the Company's total wholesale deposit composition, concentrations, current rate and remaining duration, if applicable as of March 31, 2025.

(Dollars in thousands)	**March 31, 2025**				**December 31, 2024**			
Wholesale Money Market Deposits Accounts (MMDA)	**Balance**	**Percent %**	**Weighted Average Rate**	**Weighted Remaining Maturity (in months)**	**Balance**	**Percent %**	**Weighted Average Rate**	**Weighted Remaining Maturity (in months)**
Wholesale MMDAs	$ 200,720	34.7%	4.50%	N/A	$ 100,334	21.4%	4.50%	N/A
Wholesale Time Deposits								
Listing Service CDs (1)	24,558	4.3%	4.78%	10	25,231	5.4%	4.79%	13
Wholesale CDs:								
Term	342,657	59.3%	4.38%	11	220,357	47.1%	4.56%	7
Term with Call Option	10,000	1.7%	4.90%	53	122,216	26.1%	5.12%	30
Total Wholesale CDs	352,657				342,573			
Total Wholesale Deposits	$ 577,935	100.0%			$ 468,138	100.0%		

(1) Listing service CDs are excluded from being classified as wholesale deposits, per FDIC call report instructions

Regulatory Defined Wholesale Deposits

Each quarter the Bank files a bank call report with the FDIC, which has a specific way it defines wholesale brokered deposits. As of March 31, 2025, the Company had $553.4 million of wholesale deposits outstanding, as defined by FDIC, an increase of $110.5 million from December 31, 2024. In addition, pursuant to rule 12 CFR 337.6(e), well-capitalized and well-rated institutions are not required to treat reciprocal deposits as wholesale deposits up to the lesser of 20 percent of their total liabilities or $5 billion. Reciprocal core deposits exceeding this threshold must be reported additionally as wholesale deposits for call report purposes only. As of March 31, 2025, the Company additionally reported $87.8 million in reciprocal deposits considered wholesale for call report purposes only, bringing regulatory defined wholesale deposits to $641.1 million as of March 31, 2025. As of December 31, 2024, the Company additionally reported $259.9 million in reciprocal deposits considered wholesale for call report purposes only, bringing regulatory defined wholesale deposits to $702.8 million as of December 31, 2024. As of March 31, 2025 and December 31, 2024, all of the Company's reciprocal deposits were core deposits from customers who placed their deposits in the reciprocal network for additional FDIC insurance coverage.

Liquidity and Capital Resources

Liquidity Management. Liquidity describes our ability to meet the financial obligations that arise in the ordinary course of business. Liquidity is primarily needed to meet the borrowing and deposit withdrawal requirements of our customers and to fund current and planned expenditures. Deposits are the primary source of funds for lending and investing activities. The Company uses wholesale deposits in addition to customer deposits, as funding sources. Scheduled payments, as well as prepayments, and maturities from portfolios of loans and investment securities also provide a stable source of funds. FHLB secured advances, other secured borrowings, federal funds purchased, and other short-term unsecured borrowed funds, as well as longer-term debt issued through the capital markets, all provide supplemental liquidity sources. Additional liquidity can be obtained through the Federal Reserve Bank discount window. The Company's funding activities are monitored and governed through the Company's asset/liability management process. MainStreet Bank had no federal funds purchased outstanding and an additional secured borrowing capacity of $554.8 million as of March 31, 2025. Additionally, at March 31, 2025, we had the ability to borrow up to $144.0 million from other financial institutions.

The Board of Directors, management, and the Asset Liability Committee (ALCO) are responsible for establishing and monitoring our liquidity targets and strategies in order to ensure that sufficient liquidity exists for meeting the borrowing needs and deposit withdrawals of our customers as well as unanticipated contingencies. We believe that we have enough sources of liquidity to satisfy our short and long-term liquidity needs as of March 31, 2025.

We monitor and adjust our investments in liquid assets based upon our assessment of expected loan demand; expected deposit flows; yields available on interest-earning deposits and securities; and the objectives of our asset/liability management program. Excess liquid assets are invested generally in interest-earning deposits and short-and intermediate-term securities.

While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. Our most liquid assets are cash and cash equivalents, which include federal funds sold, interest-earning deposits in other banks, and other cash due from banks. The levels of these assets are dependent on our operating, financing, lending and investing activities during any given period. At March 31, 2025, cash and cash equivalents totaled $202.6 million. Finally, securities classified as available-for-sale, which provide additional sources of liquidity, totaled $55.9 million at March 31, 2025.

Our cash flows are provided by and used in three primary activities: operating activities, investing activities, and financing activities. Net cash provided by operating activities was $1.5 million and $3.6 million for the three months ended March 31, 2025 and March 31, 2024, respectively. There were no sales of securities in the three months ended March 31, 2025 or for three months ended March 31, 2024. Net cash used in investing activities, which consist primarily of disbursements for loan originations and the purchase of securities, offset by principal collections on loans and proceeds from maturing securities, was $4.4 million and $23.3 million for the three months ended March 31, 2025 and March 31, 2024, respectively. Net cash used in financing activities was $2.2 million and provided by financing activities was $29.9 million for the three months ended March 31, 2025 and 2024, respectively.

We are committed to maintaining a strong liquidity position. We monitor our liquidity position daily. We anticipate that we have sufficient funds to meet our current funding commitments. Certificates of deposit due within one year of March 31, 2025, totaled $645.7 million of total deposits. If these deposits do not remain with us, we will be required to seek other sources of funds, including other deposits, Federal Home Loan Bank advances and commitments from other financial institutions. Depending on market conditions, we may be required to pay higher rates on such deposits or borrowings than we currently pay. We believe, however, based on experience that a significant portion of such deposits will remain with us. We can attract and retain deposits by adjusting the interest rates offered.

Regulatory Capital

Information presented for March 31, 2025 and December 31, 2024, reflects the Basel III capital requirements that became effective January 1, 2015 for the Bank. Under these capital requirements and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk- weightings and other factors.

The Basel III Capital Rules, a comprehensive capital framework for U.S. banking organizations, became effective for the Bank on January 1, 2015 (subject to a phase-in period for certain provisions). Under the Basel III rules, the Bank must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. The capital conservation buffer for 2025 and 2024 is 2.50%. Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of Total capital, Common Equity Tier 1 capital, and Tier 1 capital (as defined in the regulations) to risk weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Management believes, as of March 31, 2025, the Bank meet all capital adequacy requirements to which it is subject.

The Bank's actual capital amounts and ratios are presented in the table (dollars in thousands):

	Actual		Capital Adequacy Purposes		To Be Well Capitalized Under the Prompt Corrective Action Provision	
(Dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
As of March 31, 2025						
Total capital (to risk-weighted assets)	$ 298,327	15.83%	$ 150,770	≥ 8.0%	$ 188,463	≥ 10.0%
Common equity tier 1 capital (to risk-weighted assets)	$ 278,580	14.78%	$ 84,808	≥ 4.5%	$ 122,501	≥ 6.5%
Tier 1 capital (to risk-weighted assets)	$ 278,580	14.78%	$ 113,078	≥ 6.0%	$ 150,770	≥ 8.0%
Tier 1 capital (to average assets)	$ 278,580	12.90%	$ 86,362	≥ 4.0%	$ 107,953	≥ 5.0%
As of December 31, 2024						
Total capital (to risk-weighted assets)	$ 296,584	15.69%	$ 151,269	≥ 8.0%	$ 189,086	≥ 10.0%
Common equity tier 1 capital (to risk-weighted assets)	$ 276,847	14.64%	$ 85,089	≥ 4.5%	$ 122,906	≥ 6.5%
Tier 1 capital (to risk-weighted assets)	$ 276,847	14.64%	$ 113,451	≥ 6.0%	$ 151,269	≥ 8.0%
Tier 1 capital (to average assets)	$ 276,847	12.08%	$ 91,708	≥ 4.0%	$ 114,635	≥ 5.0%

Off-Balance Sheet Arrangements and Contractual Obligations

Commitments. As a financial services provider, we routinely are a party to various financial instruments with off-balance-sheet risks, such as commitments to extend credit and unused lines of credit. While these contractual obligations represent our future cash requirements, a significant portion of commitments to extend credit may expire without being drawn upon. Such commitments are subject to the same credit policies and approval process accorded to loans we make. At March 31, 2025, we had outstanding loan commitments of $186.4 million and $241,500 in outstanding stand-by letters of credit. We anticipate that we will have sufficient funds available to meet our current lending commitments.

Use of Certain Non-GAAP Financial Measures

The accounting and reporting policies of the Company conform to U.S. GAAP and prevailing practices in the banking industry. However, certain non-GAAP measures are used by management to supplement the evaluation of the Company's performance. These measures include adjusted net interest income and net interest margin.

Management believes that the use of these non-GAAP measures provides meaningful information about operating performance by enhancing comparability with other financial periods and other financial institutions. The non-GAAP measures used by management enhance comparability by excluding the effects of items that do not reflect ongoing operating performance, including non-recurring gains or charges. These non-GAAP financial measures should not be considered an alternative to, or more important than, U.S. GAAP-basis financial measures, and other bank holding companies may define or calculate these or similar measures differently. A reconciliation of the non-GAAP financial measures used by the Company to evaluate and measure the Company's performance to the most directly comparable U.S. GAAP financial measures is presented below.

	As of and for the three months ended March 31,	
(Dollars in thousands, except for per share data)	**2025**	**2024**
Net interest margin, fully-taxable equivalent (FTE)		
Net interest income (GAAP)	$ 16,510	$ 15,625
FTE adjustment on tax-exempt securities	70	72
Net interest income (FTE) (non-GAAP)	$ 16,580	$ 15,697
Average interest earning assets	2,038,391	1,914,175
Net interest margin (GAAP)	3.28%	3.27%
Net interest margin (FTE) (non-GAAP)	3.30%	3.29%
Yield on earning assets (FTE)		
Total interest income (GAAP)	$ 32,963	$ 32,469
FTE adjustment on tax-exempt securities	70	72
Total interest income (FTE) (non-GAAP)	33,033	32,541
Average interest earning assets	2,038,391	1,914,175
Yield on earning assets (GAAP)	6.56%	6.80%
Yield on earning assets (FTE) (non-GAAP)	6.57%	6.82%
Net interest spread (FTE)		
Yield on earning assets (GAAP)	6.56%	6.80%
Yield on earning assets (FTE) (non-GAAP)	6.57%	6.82%
Yield on interest-bearing liabilities (GAAP)	4.19%	4.77%
Net interest spread (GAAP)	2.37%	2.03%
Net interest spread (FTE) (non-GAAP)	2.38%	2.05%
Tangible common stockholders' equity		
Total stockholders equity (GAAP)	$ 209,618	$ 223,121
Less: intangible assets	—	(15,691)
Tangible stockholders' equity (non-GAAP)	209,618	207,430
Less: preferred stock	(27,263)	(27,263)
Tangible common stockholders' equity (non-GAAP)	182,355	180,167
Common shares outstanding	7,703,197	7,614,090
Tangible book value per common share (non-GAAP)	$ 23.67	$ 23.66

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

Market Risk Management

The effective management of market risk is essential to achieving the Company's strategic financial objectives. As a financial institution, the Company's most significant market risk exposure is interest rate risk in its balance sheet; however, market risk also includes product liquidity risk, price risk and volatility risk in the Company's lines of business. The primary objectives of market risk management are to minimize any adverse effect that changes in market risk factors may have on net interest income, and to offset the risk of price changes for certain assets recorded at fair value.

Interest Rate Market Risk

The Company's net interest income and the fair value of its financial instruments are influenced by changes in the level of interest rates. The Company manages its exposure to fluctuations in interest rates through policies established by its Asset/Liability Committee. The Asset/Liability Committee meets regularly and has responsibility for approving asset/liability management policies, formulating strategies to improve balance sheet positioning and/or earnings and reviewing the interest rate sensitivity of the Company.

We estimate what our net interest income would be for a 12-month period. We then calculate what the net interest income would be for the same period under different interest rate assumptions. These estimates require certain assumptions to be made, including loan and mortgage-related investment prepayment speeds, reinvestment rates, and deposit maturity and decay rates. These assumptions are inherently uncertain. As a result, no simulation model can precisely predict the impact of changes in interest rates on our net interest income.

The table below sets forth, as of March 31, 2025, the calculation of the estimated changes in our net interest income that would result from changes in market interest rates over one year if we take no action from our current plan.

Net Interest Income Stress Simulation
March 31, 2025

Basis Point Change in Interest Rates (1)	Net Interest Income Year 1 Forecast (2)	Year 1 Change From Level
	(Dollars in thousands)	
+400	$83,276	5.70%
+300	$82,869	5.18%
+200	$81,859	3.90%
+100	$80,643	2.36%
Level	$78,786	—
-100	$77,278	(1.91)%
-200	$77,096	(2.15)%
-300	$80,462	2.13%
-400	$83,944	6.55%

(1) Interest rate changes are immediate and sustained for the entire 12-month period
(2) Simulation model assumptions are locked for the entire 12-month period.

Item 4 – Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of March 31, 2025. Based on their evaluation of the Company's disclosure controls and procedures, the Company's Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and regulations are designed and operating in an effective manner.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) occurred during the first fiscal quarter of 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. There has been no significant effect or impact on internal controls over financial reporting as the Company implemented the current expected credit loss accounting standard.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings

At March 31, 2025, the Company was not involved in any pending legal proceedings other than routine legal proceedings occurring in the ordinary course of business which involve amounts in the aggregate believed by management to be immaterial to the financial condition and operating results of the Company. In addition, no material proceedings are pending or known to be threatened or contemplated against the Company or its subsidiary by governmental authorities.

Item 1A – Risk Factors

Not required for smaller reporting companies. Reference is made to "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 14, 2025. For a discussion of certain risk factors affecting the Company, see our disclosure under "Forward-Looking Statements" in Part I, Item 2 in this Form 10-Q.

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

The following table summarized the common shares repurchased during the three months ended March 31, 2025.

(Dollars in thousands, except for per share amounts)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or Programs
January 1, 2025 - January 31, 2025	24,909	$ 17.88	24,909	$ 3,093
February 1, 2025 - February 28, 2025	—	$ —	—	$ 3,093
March 1, 2025 - March 31, 2025	—	$ —	—	$ 3,093
Total	24,909	$ —	24,909	$ 3,093

Item 5 - Other Information

During the fiscal quarter ended March 31, 2025, none of the Company's directors or executive officers informed the Company of the adoption, modification, or termination of any contract, instruction, or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any non-Rule 10b5-1 trading arrangement.

Item 6 – Exhibits

31.1	Rule 13a-14(a) Certification of the Chief Executive Officer *
31.2	Rule 13a-14(a) Certification of the Chief Financial Officer *
32.0	Section 1350 Certification *
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 formatted in Inline XBRL, filed herewith: (i) the Consolidated Statements of Financial Condition (unaudited), (ii) the Consolidated Statements of Income (unaudited), (iii) the Consolidated Statements of Comprehensive Income (unaudited), (iv) the Consolidated Statements of Stockholders' Equity (unaudited), (v) the Consolidated Statements of Cash Flows (unaudited) and (vi) the Notes to Consolidated Financial Statements (unaudited)
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, formatted in Inline XBRL (included with Exhibit 101)

* Filed herewith

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.

MAINSTREET BANCHSHARES, INC
(Registrant)

Date: May 9, 2025 By: /s/ Jeff W. Dick
Jeff W. Dick
Chairman & Chief Executive Officer
(Principal Executive Officer)

Date: May 9, 2025 By: /s/ Thomas J. Chmelik
Thomas J. Chmelik
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

Certification

I, Jeff W. Dick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MainStreet Bancshares, Inc.;

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)) 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) 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

   (c) 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.

Dated: May 9, 2025

/s/ Jeff W. Dick
Jeff W. Dick
Chairman and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

Certification

I, Thomas J. Chmelik, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MainStreet Bancshares, Inc.;

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))) 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) 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

   (c) 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.

Dated: May 9, 2025

/s/ Thomas J. Chmelik
Thomas J. Chmelik
Senior Executive Vice President and
Chief Financial Officer
(principal financial officer)

Exhibit 32.0

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of MainStreet Bancshares, Inc. (the "Company") for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission (the "Report"), I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

By: /s/ Jeff W. Dick
Jeff W. Dick
Chairman and Chief Executive Officer
(principal executive officer)
May 9, 2025

By: /s/ Thomas J. Chmelik
Thomas J. Chmelik
Senior Executive Vice President and
Chief Financial Officer
(principal financial officer)
May 9, 2025