
**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, 2026

or

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

For the transition period from _____ to _____

Commission File Number: 001-41315

John Marshall Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

81-5424879
(I.R.S. Employer
Identification Number)

**1943 Isaac Newton Square East
Suite 100**

Reston, VA 20190

(Address of Principal Executive Offices)

(703) 584-0840

(Registrant's telephone number)

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

Title of Each Class	Trading symbol	Name of Exchange on which registered
Common Stock, \$0.01 par value per share	JMSB	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 ☒

As of April 30, 2026, there were 14,112,223 shares of the registrant's common stock outstanding.

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PART I —FINANCIAL INFORMATION
Item 1. Financial Statements
JOHN MARSHALL BANCORP, INC.

Consolidated Balance Sheets
(In thousands, except share and per share data)
(Unaudited)

	March 31, 2026	December 31, 2025
Assets		*
Cash and due from banks	\$ 9,132	\$ 6,492
Interest-bearing deposits in other banks	141,061	123,482
Total cash and cash equivalents	150,193	129,974
Securities available-for-sale, at fair value	126,166	123,852
Securities held-to-maturity at amortized cost, fair value of \$76,669 and \$77,575 as of March 31, 2026 and December 31, 2025, respectively	87,598	88,421
Restricted securities, at cost	7,717	7,644
Equity securities, at fair value	2,886	2,843
Loans, net of unearned income	1,973,743	1,975,360
Less: Allowance for loan credit losses	(19,983)	(19,805)
Loans, net	1,953,760	1,955,555
Bank premises and equipment, net	1,191	1,315
Accrued interest receivable	6,071	5,890
Right of use assets	4,289	4,551
Other assets	12,479	12,505
Total assets	\$ 2,352,350	\$ 2,332,550
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing demand deposits	\$ 458,197	\$ 432,733
Interest-bearing demand deposits	734,164	745,323
Savings deposits	33,525	34,683
Time deposits	761,842	759,546
Total deposits	1,987,728	1,972,285
Federal Home Loan Bank advances	56,000	56,000
Subordinated debt	24,896	24,875
Accrued interest payable	1,988	2,124
Lease liabilities	4,542	4,819
Other liabilities	9,049	6,809
Total liabilities	\$ 2,084,203	\$ 2,066,912
Commitments and contingencies (Note 7)		
Shareholders' Equity		
Preferred stock, par value \$0.01 per share; authorized 1,000,000 shares; none issued	\$ —	\$ —
Common stock, nonvoting, par value \$0.01 per share; authorized 1,000,000 shares; none issued	—	—
Common stock, voting, par value \$0.01 per share; authorized 30,000,000 shares; issued and outstanding, 14,112,259 shares at March 31, 2026, including 68,207 unvested shares, 14,214,603 shares at December 31, 2025, including 68,547 unvested shares	140	141
Additional paid-in capital	93,796	95,699
Retained earnings	181,736	176,913
Accumulated other comprehensive loss	(7,525)	(7,115)
Total shareholders' equity	\$ 268,147	\$ 265,638
Total liabilities and shareholders' equity	\$ 2,352,350	\$ 2,332,550

*Derived from audited consolidated financial statements.

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

JOHN MARSHALL BANCORP, INC.
Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)

	Three months ended	
	March 31,	
	2026	2025
Interest and Dividend Income		
Interest and fees on loans	\$ 26,586	\$ 24,807
Interest on investment securities, taxable	1,165	1,032
Interest on investment securities, tax-exempt	9	9
Dividends	116	123
Interest on deposits in banks	1,206	1,334
Total interest and dividend income	<u>\$ 29,082</u>	<u>\$ 27,305</u>
Interest Expense		
Deposits	\$ 11,673	\$ 12,300
Federal Home Loan Bank advances	551	559
Subordinated debt	349	349
Total interest expense	<u>\$ 12,573</u>	<u>\$ 13,208</u>
Net Interest Income	<u>\$ 16,509</u>	<u>\$ 14,097</u>
Provision for credit losses	23	170
Net interest income after provision for credit losses	<u>\$ 16,486</u>	<u>\$ 13,927</u>
Non-interest Income		
Service charges on deposit accounts	\$ 85	\$ 82
Other service charges and fees	138	153
Insurance commissions	64	213
Gain on sale of government guaranteed loans	6	36
Non-qualified deferred compensation plan asset (losses) gains, net	(13)	24
Other income (loss)	4	(3)
Total non-interest income	<u>\$ 284</u>	<u>\$ 505</u>
Non-interest Expenses		
Salaries and employee benefits	\$ 5,621	\$ 5,099
Occupancy expense of premises	406	407
Furniture and equipment expenses	346	316
Other operating expenses	2,550	2,426
Total non-interest expenses	<u>\$ 8,923</u>	<u>\$ 8,248</u>
Income before income taxes	<u>\$ 7,847</u>	<u>\$ 6,184</u>
Income Tax Expense	<u>1,746</u>	<u>1,374</u>
Net income	<u>\$ 6,101</u>	<u>\$ 4,810</u>
Earnings per share, basic	<u>\$ 0.43</u>	<u>\$ 0.34</u>
Earnings per share, diluted	<u>\$ 0.43</u>	<u>\$ 0.34</u>

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

JOHN MARSHALL BANCORP, INC.**Consolidated Statements of Comprehensive Income**
(In thousands)
(Unaudited)

	Three months ended	
	March 31,	
	2026	2025
Net Income	\$ 6,101	\$ 4,810
Other comprehensive income:		
Unrealized (loss) gain on available-for-sale securities, net of tax of \$(107) and \$373 for the three months ended March 31, 2026 and March 31, 2025, respectively.	(403)	1,404
Amortization of unrealized gains on securities transferred to held-to-maturity, net of tax of \$(2) and \$(2) for the three months ended March 31, 2026 and March 31, 2025, respectively.	(7)	(7)
Total other comprehensive (loss) income	\$ (410)	\$ 1,397
Total comprehensive income	<u>\$ 5,691</u>	<u>\$ 6,207</u>

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

JOHN MARSHALL BANCORP, INC.

**Consolidated Statements of Shareholders' Equity
For the Three Months Ended March 31, 2026 and 2025
(In thousands, except share and per share data)
(Unaudited)**

	Shares	Common Stock	Additional Paid- In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Total Shareholders' Equity
Balance, December 31, 2024	14,215,081	\$ 142	\$ 97,173	\$ 159,951	\$ (10,652)	\$ 246,614
Net income	—	—	—	4,810	—	4,810
Other comprehensive income	—	—	—	—	1,397	1,397
Repurchase of common stock	(2,639)	—	(46)	—	—	(46)
Exercise of stock options, net of 8,598 shares surrendered	10,927	—	79	—	—	79
Restricted stock vesting, net of 762 shares surrendered	1,827	—	(14)	—	—	(14)
Share-based compensation	—	—	118	—	—	118
Balance, March 31, 2025	<u>14,225,196</u>	<u>\$ 142</u>	<u>\$ 97,310</u>	<u>\$ 164,761</u>	<u>\$ (9,255)</u>	<u>\$ 252,958</u>
Balance, December 31, 2025	14,146,056	\$ 141	\$ 95,699	\$ 176,913	\$ (7,115)	\$ 265,638
Net income	—	—	—	6,101	—	6,101
Other comprehensive loss	—	—	—	—	(410)	(410)
Repurchase of common stock	(103,507)	(1)	(2,042)	—	—	(2,043)
Dividend declared on common stock (\$0.09 per share)	—	—	—	(1,278)	—	(1,278)
Restricted stock vesting, net of 87 shares surrendered	1,503	—	(2)	—	—	(2)
Share-based compensation	—	—	141	—	—	141
Balance, March 31, 2026	<u>14,044,052</u>	<u>\$ 140</u>	<u>\$ 93,796</u>	<u>\$ 181,736</u>	<u>\$ (7,525)</u>	<u>\$ 268,147</u>

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

JOHN MARSHALL BANCORP, INC.

Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three months ended	
	March 31,	
	2026	2025
Cash Flows from Operating Activities		
Net income	\$ 6,101	\$ 4,810
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation	125	126
Right of use asset amortization	262	259
Provision for credit losses	23	170
Share-based compensation expense	141	118
Net accretion of securities	(69)	(49)
Fair value adjustment on equity securities	13	(24)
Amortization of debt issuance costs	21	21
Net loss on premises and equipment	—	3
Deferred tax benefit	(47)	(342)
Gain on sale of government guaranteed loans	(6)	(36)
Changes in assets and liabilities:		
(Increase) decrease in accrued interest receivable	(181)	94
Decrease in other assets	182	505
Decrease in accrued interest payable	(136)	(322)
Increase in other liabilities	2,084	1,626
Net cash provided by operating activities	<u>\$ 8,513</u>	<u>\$ 6,959</u>
Cash Flows from Investing Activities		
Net decrease in loans	\$ 1,573	\$ 1,355
Proceeds from sale of government guaranteed loans originally classified as held for investment	84	383
Purchase of available-for-sale securities	(15,003)	(3,643)
Proceeds from maturities, calls and principal repayments of available-for-sale securities	12,267	11,275
Proceeds from maturities, calls and principal repayments of held-to-maturity securities	795	809
Net purchases of restricted securities	(73)	—
Net purchases of equity securities	(56)	(32)
Proceeds from sale of premises and equipment	—	48
Purchases of bank premises and equipment	(1)	(342)
Net cash (used in) provided by investing activities	<u>\$ (414)</u>	<u>\$ 9,853</u>
Cash Flows from Financing Activities		
Net increase in deposits	\$ 15,443	\$ 29,760
Cash dividends paid	(1,278)	—
Issuance of common stock for share options exercised	—	79
Repurchase of shares for tax withholding on share-based compensation	(2)	(14)
Repurchase of common stock	(2,043)	(46)
Net cash provided by financing activities	<u>\$ 12,120</u>	<u>\$ 29,779</u>
Net increase in cash and cash equivalents	\$ 20,219	\$ 46,591
Cash and cash equivalents, beginning of period	129,974	122,469
Cash and cash equivalents, end of period	<u>\$ 150,193</u>	<u>\$ 169,060</u>
Supplemental Disclosures of Cash Flow Information		
Cash payments for:		
Interest	\$ 12,689	\$ 13,509
Supplemental Disclosures of Noncash Transactions		
Unrealized (loss) gain on securities available-for-sale	\$ (510)	\$ 1,777

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

JOHN MARSHALL BANCORP, INC.
Notes to Consolidated Financial Statements
(Dollars in thousands, unless otherwise stated)
(Unaudited)

Note 1— Nature of Business and Summary of Significant Accounting Policies

Nature of Banking Activities

John Marshall Bancorp, Inc. (the “Company”), headquartered in Reston, Virginia, became the registered bank holding company under the Bank Holding Company Act of 1956 for its wholly-owned subsidiary, John Marshall Bank (the “Bank”), on March 1, 2017. This reorganization was completed through a one-for-one share exchange in which the Bank’s shareholders received one share of voting common stock of the Company in exchange for each share of the Bank’s voting common stock. The Company was formed on April 21, 2016 under the laws of the Commonwealth of Virginia. The Bank was formed on April 5, 2005 under the laws of the Commonwealth of Virginia and was chartered as a bank on February 9, 2006, by the Virginia Bureau of Financial Institutions. The Bank is a member of the Federal Reserve System and is subject to the rules and regulations of the Virginia Bureau of Financial Institutions, the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the Federal Deposit Insurance Corporation (“FDIC”). The Bank opened for business on April 17, 2006 and provides banking services to its customers primarily in the Washington, D.C. metropolitan area.

Basis of Presentation

The accounting and reporting policies of John Marshall Bancorp, Inc. conform to generally accepted accounting principles in the United States of America (“GAAP”) and reflect practices of the banking industry. The accompanying unaudited consolidated financial statements have been prepared in accordance with GAAP for interim financial reporting and with applicable quarterly reporting regulations of the U.S. Securities and Exchange Commission (“SEC”). They do not include all of the information and notes required by GAAP for complete financial statements. As such, these consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto as of and for the year ended December 31, 2025, included in the Company’s 2025 Annual Report on Form 10-K filed with the SEC on March 13, 2026.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All significant intercompany accounts and transactions between the Company and the Bank have been eliminated. In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan credit losses.

In the opinion of management, all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of the results of operations in these financial statements, have been made. The results of operations for the three months ended March 31, 2026 are not necessarily indicative of the results to be expected for any other interim period or for the full year. All amounts and disclosures included in this quarterly report as of December 31, 2025, were derived from the Company’s audited consolidated financial statements.

Segment Reporting

The Company has one operating segment, the Bank, and has determined that it meets the aggregation criteria of ASC 280 Segment Reporting, as its current operating model is structured whereby all product offerings are managed through similar processes and platforms that are collectively reviewed by the Company’s President/Chief Executive Officer and Chief Financial Officer, who have been identified as the chief operating decision makers (“CODMs”).

The CODMs regularly assess performance of the aggregated single operating and reporting segment and decide how to allocate resources based on net income calculated on the same basis as is reported in the Company’s consolidated statements of income and comprehensive income. The CODMs are also regularly provided with expense information at a level consistent with that disclosed in the Company’s statements of income and comprehensive income.

Significant Accounting Policies and Estimates

Application of the principles of GAAP and practices within the banking industry requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions, and judgments are based on information available as of the date of the financial statements; accordingly, as this information changes, the financial statements may reflect different estimates, assumptions, and judgments. Certain policies inherently rely more extensively on the use of estimates, assumptions, and judgments and as such may have a greater possibility of producing results that could be materially different than originally reported.

The Company's significant accounting policies followed in the preparation of the unaudited consolidated financial statements are disclosed in Note 1 of the audited financial statements and notes for the year ended December 31, 2025 and are contained in the Company's 2025 Annual Report on Form 10-K. There have been no significant changes to the application of significant accounting policies since December 31, 2025.

Recent Accounting Pronouncements

ASU 2024-03: In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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. ASU 2024-03 is effective for public business entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. 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.

ASU 2025-08: In November 2025, the FASB issued ASU 2025-08, "Financial Instruments—Credit Losses (Topic 326): Purchased Loans." The amendments in this ASU expand the population of acquired financial assets accounted for using the gross-up approach. Acquired loans (excluding credit cards) are deemed purchased seasoned loans and accounted for using the gross-up approach upon acquisition if criteria established by the new guidance are met. This change aims to enhance comparability, consistency, and better reflect the economics of acquiring financial assets. This ASU is effective for annual reporting periods beginning after December 15, 2026, and for interim reporting periods within those annual reporting periods. Early adoption is permitted in an interim or annual reporting period in which financial statements have not yet been issued or made available for issuance. If an entity adopts this ASU in an interim reporting period, it should apply it as of the beginning of that interim reporting period or the beginning of the annual reporting period that includes that interim reporting period. The Company does not expect the adoption of ASU 2025-08 to have a material impact on its consolidated financial statements.

ASU 2025-12: In December 2025, the FASB issued ASU 2025-12, "Codification Improvements." The amendments in this ASU update the FASB Accounting Standards Codification ("ASC") for a broad range of Topics arising from technical corrections, unintended application of the Codification, clarifications, and other minor improvements. The amendments in this ASU are effective for annual periods beginning after December 15, 2026, and interim periods within those annual periods. Early adoption is permitted in both interim and annual periods in which financial statements have not yet been issued or made available for issuance. If an entity adopts the amendments in this ASU in an interim period, it must adopt them as of the beginning of the annual period that includes that interim period. An entity may elect to early adopt the amendments on an issue-by-issue basis. The Company does not expect the adoption of ASU 2025-12 to have a material impact on its consolidated financial statements.

Note 2— Investment Securities
Available-for-Sale

Each of the securities in the Company's available-for-sale investment portfolio is either covered by the explicit or implied guarantee of the United States government or one of its agencies or rated investment grade or higher. All available-for-sale securities were current with no securities past due or on nonaccrual as of March 31, 2026 or December 31, 2025.

The following tables summarize the amortized cost and fair value of securities available-for-sale and the corresponding amounts of gross unrealized gains and losses at March 31, 2026 and December 31, 2025.

	March 31, 2026			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
<i>(Dollars in thousands)</i>				
Available-for-sale				
U.S. Treasuries	\$ 8,999	\$ —	\$ (42)	\$ 8,957
U.S. government and federal agencies	4,986	—	(172)	4,814
Corporate bonds	3,000	—	(177)	2,823
U.S. agency collateralized mortgage obligations	30,261	2	(5,491)	24,772
Tax-exempt municipal	1,378	—	(175)	1,203
U.S. agency mortgage-backed	87,122	53	(3,578)	83,597
Total Available-for-sale Securities	<u>\$ 135,746</u>	<u>\$ 55</u>	<u>\$ (9,635)</u>	<u>\$ 126,166</u>
	December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
<i>(Dollars in thousands)</i>				
Available-for-sale				
U.S. Treasuries	\$ 13,244	\$ —	\$ (112)	\$ 13,132
U.S. government and federal agencies	6,976	2	(158)	6,820
Corporate bonds	3,000	—	(180)	2,820
U.S. agency collateralized mortgage obligations	31,019	7	(5,333)	25,693
Tax-exempt municipal	1,378	—	(142)	1,236
U.S. agency mortgage-backed	77,306	136	(3,291)	74,151
Total Available-for-sale Securities	<u>\$ 132,923</u>	<u>\$ 145</u>	<u>\$ (9,216)</u>	<u>\$ 123,852</u>

The Company did not sell or recognize any gain or loss for any securities for the three months ended March 31, 2026 and 2025.

Available-for-sale securities having a market value of \$52.8 million and \$54.8 million at March 31, 2026 and December 31, 2025, respectively, were pledged to secure public deposits. These securities had an amortized cost of \$56.7 million and \$58.6 million at March 31, 2026 and December 31, 2025, respectively.

The following tables summarize the fair value of securities available-for-sale at March 31, 2026 and December 31, 2025 and the corresponding amounts of gross unrealized losses. Management uses the valuations as of month-end in determining when securities are

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in an unrealized loss position. Therefore, a security's market value could have exceeded its amortized cost on other days during the prior twelve-month period.

	March 31, 2026					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
<i>(Dollars in thousands)</i>						
Available-for-sale						
U.S. Treasuries	\$ —	\$ —	\$ 8,957	\$ (42)	\$ 8,957	\$ (42)
U.S. government and federal agencies	985	(1)	3,829	(171)	4,814	(172)
Corporate bonds	—	—	2,823	(177)	2,823	(177)
U.S. agency collateralized mortgage obligations	—	—	24,063	(5,491)	24,063	(5,491)
Tax-exempt municipal	—	—	1,203	(175)	1,203	(175)
U.S. agency mortgage-backed	33,425	(269)	42,982	(3,309)	76,407	(3,578)
Total Available-for-sale Securities	<u>\$ 34,410</u>	<u>\$ (270)</u>	<u>\$ 83,857</u>	<u>\$ (9,365)</u>	<u>\$ 118,267</u>	<u>\$ (9,635)</u>

	December 31, 2025					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
<i>(Dollars in thousands)</i>						
Available-for-sale						
U.S. Treasuries	\$ —	\$ —	\$ 13,132	\$ (112)	\$ 13,132	\$ (112)
U.S. government and federal agencies	—	—	5,838	(158)	5,838	(158)
Corporate bonds	—	—	2,820	(180)	2,820	(180)
U.S. agency collateralized mortgage obligations	—	—	24,930	(5,333)	24,930	(5,333)
Tax-exempt municipal	—	—	1,236	(142)	1,236	(142)
U.S. agency mortgage-backed	11,214	(28)	46,318	(3,263)	57,532	(3,291)
Total Available-for-sale Securities	<u>\$ 11,214</u>	<u>\$ (28)</u>	<u>\$ 94,274</u>	<u>\$ (9,188)</u>	<u>\$ 105,488</u>	<u>\$ (9,216)</u>

The Company had 144 and 137 securities in an unrealized loss position as of March 31, 2026 and December 31, 2025, respectively. The Company has evaluated available-for-sale securities in an unrealized loss position for credit related impairment at March 31, 2026 and December 31, 2025 and concluded no impairment existed based on a combination of factors, which included: (1) the securities are of high credit quality, (2) unrealized losses are primarily the result of market volatility and increases in market interest rates, (3) the contractual terms of the investments do not permit the issuer(s) to settle the securities at a price less than the par value of each investment, (4) issuers continue to make timely principal and interest payments, and (5) the Company does not intend to sell any of the investments and the accounting standard of "more likely than not" has not been met for the Company to be required to sell any of the investments before recovery of its amortized cost basis. As such, there was no allowance for credit losses on available-for-sale securities at March 31, 2026.

The table below summarizes the contractual maturities of our available-for-sale investment securities as March 31, 2026. Issuers may have the right to call or prepay certain obligations, and as such, the expected maturities of our securities may occur sooner than the scheduled contractual maturities presented below.

	March 31, 2026	
	Amortized Cost	Fair Value
<i>(Dollars in thousands)</i>		
Available-for-sale		
Due in one year or less	\$ 10,999	\$ 10,954
Due after one year through five years	26,630	25,847
Due after five years through ten years	46,277	45,152
Due after ten years	51,840	44,213
Total Available-for-sale Securities	<u>\$ 135,746</u>	<u>\$ 126,166</u>

In the prevailing rate environments as of both March 31, 2026 and December 31, 2025, the Company's available-for-sale investment portfolio had an estimated weighted average remaining life of approximately 3.2 years and 3.1 years, respectively.

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[Held-to-Maturity](#)

Each of the securities in the Company's held-to-maturity investment portfolio is either covered by the explicit or implied guarantee of the United States government or one of its agencies or rated investment grade or higher. All held-to-maturity securities were current with no securities past due or on nonaccrual as of March 31, 2026 or December 31, 2025.

The following tables summarize the amortized cost and fair value of securities held-to-maturity and the corresponding amounts of gross unrealized losses at March 31, 2026 and December 31, 2025, respectively.

<i>(Dollars in thousands)</i>	March 31, 2026			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Held-to-maturity				
U.S. Treasuries	\$ 6,003	\$ —	\$ (310)	\$ 5,693
U.S. government and federal agencies	35,305	—	(3,026)	32,279
U.S. agency collateralized mortgage obligations	15,807	—	(3,089)	12,718
Taxable municipal	6,020	—	(720)	5,300
U.S. agency mortgage-backed	24,463	—	(3,784)	20,679
Total Held-to-maturity Securities	\$ 87,598	\$ —	\$ (10,929)	\$ 76,669

<i>(Dollars in thousands)</i>	December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Held-to-maturity				
U.S. Treasuries	\$ 6,002	\$ —	\$ (308)	\$ 5,694
U.S. government and federal agencies	35,314	—	(2,934)	32,380
U.S. agency collateralized mortgage obligations	16,163	—	(3,006)	13,157
Taxable municipal	6,024	—	(754)	5,270
U.S. agency mortgage-backed	24,918	—	(3,844)	21,074
Total Held-to-maturity Securities	\$ 88,421	\$ —	\$ (10,846)	\$ 77,575

Held-to-maturity securities having a market value of \$47.9 million and \$45.2 million at March 31, 2026 and December 31, 2025, respectively, were pledged to secure public deposits. These securities had an amortized cost of \$52.7 million and \$49.8 million at March 31, 2026 and December 31, 2025, respectively.

The Company evaluates the credit risk of its held-to-maturity securities on at least a quarterly basis. The Company estimates expected credit losses on held-to-maturity securities on an individual basis based on a probability of default/loss given default methodology primarily using security-level credit ratings. The primary indicators of credit quality for the Company's held-to-maturity portfolio are security type and credit rating, which is influenced by a number of factors including obligor cash flow, geography, seniority, and others. The Company's held-to-maturity securities with credit risk were comprised of municipal bonds and had a credit rating of AA or better as of March 31, 2026. All other held-to-maturity securities are covered by the explicit or implied guarantee of the United States government or one of its agencies. The Company did not have an allowance for credit losses on held-to-maturity securities as of March 31, 2026 or December 31, 2025.

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The table below summarizes the contractual maturities of our held-to-maturity investment securities as of March 31, 2026. Issuers may have the right to call or prepay certain obligations and as such, the expected maturities of our securities may occur sooner than the scheduled contractual maturities presented below.

<i>(Dollars in thousands)</i>	March 31, 2026	
	Amortized Cost	Fair Value
Held-to-maturity		
Due in one year or less	\$ —	\$ —
Due after one year through five years	41,920	38,919
Due after five years through ten years	8,015	6,886
Due after ten years	37,663	30,864
Total Held-to-maturity Securities	<u>\$ 87,598</u>	<u>\$ 76,669</u>

In the prevailing rate environments as of March 31, 2026 and December 31, 2025, the Company's held-to-maturity investment portfolio had an estimated weighted average remaining life of approximately 4.9 years and 5.2 years, respectively.

Restricted Securities

The table below summarizes the carrying amounts of restricted securities as of March 31, 2026 and December 31, 2025.

<i>(Dollars in thousands)</i>	March 31, 2026	December 31, 2025
Federal Reserve Bank Stock	\$ 3,347	\$ 3,342
Federal Home Loan Bank Stock	4,310	4,242
Community Bankers' Bank Stock	60	60
Total Restricted Securities	<u>\$ 7,717</u>	<u>\$ 7,644</u>

Equity Securities

The Company held equity securities with readily determinable fair values totaling \$2.9 million and \$2.8 million at March 31, 2026 and December 31, 2025, respectively. These securities consist of mutual funds held in a trust and were obtained for the purpose of economically hedging changes in the Company's nonqualified deferred compensation liability. Changes in the fair value of these securities are reflected in earnings. A loss of \$13 thousand and a gain of \$24 thousand were recorded in non-interest income in the Consolidated Statements of Income for the three months ended March 31, 2026 and March 31, 2025, respectively.

Note 3— Loans

The following table presents the composition of the Company's loan portfolio as of March 31, 2026 and December 31, 2025.

<i>(Dollars in thousands)</i>	March 31, 2026	December 31, 2025
Real Estate Loans:		
Commercial	\$ 1,176,929	\$ 1,173,617
Construction and land development	228,591	222,659
Residential	513,650	522,990
Commercial - Non-Real Estate:		
Commercial loans	48,905	49,967
Consumer - Non-Real Estate:		
Consumer loans	760	1,043
Total Gross Loans	<u>\$ 1,968,835</u>	<u>\$ 1,970,276</u>
Allowance for loan credit losses	(19,983)	(19,805)
Net deferred loan costs	4,908	5,084
Total net loans	<u>\$ 1,953,760</u>	<u>\$ 1,955,555</u>

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[Portfolio Segments](#)

The Company currently manages its loan products and the respective exposure to credit losses by the following specific portfolio segments which are levels at which the Company develops and documents its systematic methodology to determine the allowance for loan credit losses attributable to each respective portfolio segment. These segments are:

- *Real estate - commercial loans* – The real estate commercial loans category contains commercial mortgage loans secured by owner occupied, non-owner occupied, and multifamily real estate.
- *Real estate - construction and land development loans* – The real estate construction and land development loans category contains residential and commercial construction loan financing to builders and developers and to consumers building their own homes.
- *Real estate - residential loans* – The real estate residential mortgage loans category contains permanent mortgage loans principally to consumers secured by residential real estate.
- *Commercial loans* – The commercial loans category contains business purpose loans made to provide funds for the financing of equipment, receivables, contract administration expenses, and other general corporate needs of commercial businesses.
- *Consumer loans* – The consumer loans category contains personal loans such as installment loans and lines of credit.

[Loan Servicing Rights](#)

Under the U.S Small Business Administration (“SBA”) 7(a) program, the Bank can sell in the secondary market the guaranteed portion of its SBA 7(a) loans and retain the related unguaranteed portion of these loans, as well as the servicing on such loans, for which it is paid a fee. The Company generally offers SBA 7(a) loans within a range of \$50 thousand to \$2.0 million. SBA 7(a) loans are fixed or adjustable-rate loans based on the Prime Rate. Under the SBA 7(a) program, the loans carry an SBA guaranty for up to 85% of the loan. Typical maturities for this type of loan vary but can be up to ten years. The Company holds rights to service the guaranteed portion of SBA loans sold in the secondary market. Management has elected the amortization method to account for loan servicing rights. The loan servicing spread is generally a minimum of 1.00% on all SBA 7(a) loans.

Loan servicing rights are capitalized at estimated fair value when acquired through the origination of loans that are subsequently sold with the servicing rights retained. Loan servicing rights are amortized to servicing income on loans sold approximately in proportion to and over the period of estimated net servicing income. The value of loan servicing rights at the date of the sale of loans is estimated based on the discounted present value of expected future cash flows using key assumptions for servicing income and costs and expected prepayment rates on the underlying loans.

The carrying value of loan servicing rights are periodically evaluated for impairment by comparing actual cash flows and estimated future cash flows from the loan servicing assets to those estimated at the time that the loan servicing assets were originated. Fair values are estimated using discounted expected future cash flows based on current market rates of interest. For purposes of measuring impairment, the loan servicing rights must be stratified by one or more predominant risk characteristics of the underlying loans. The Company stratifies its capitalized loan servicing rights based on product type and term of the underlying loans. The amount of impairment recognized is the amount, if any, by which the amortized cost of the loan servicing rights exceeds their carrying value. Impairment, if deemed temporary, is recognized through a valuation allowance to the extent that fair value is less than the recorded amount.

At March 31, 2026 and December 31, 2025, the total outstanding principal balance of Bank’s SBA 7(a) loan servicing portfolio, which is not included in the Company’s consolidated financial statements, totaled \$9.7 million and \$9.8 million, respectively. At March 31, 2026 and December 31, 2025, SBA servicing rights of \$130 thousand and \$138 thousand were recorded in other assets in the Consolidated Balance Sheets, respectively. There was no valuation allowance on loan servicing rights at March 31, 2026 or December 31, 2025.

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Note 4— Allowance for Loan Credit Losses

The following tables present the activity in the allowance for loan credit losses for the three months ended March 31, 2026 and 2025.

March 31, 2026						
<i>Dollars in thousands</i>	Real Estate					
	Construction & Land					
	Commercial	Development	Residential	Commercial	Consumer	Total
Beginning balance, December 31, 2025	\$ 11,177	\$ 3,014	\$ 5,018	\$ 564	\$ 32	\$ 19,805
Charge-offs	—	—	—	—	—	—
Recoveries	—	—	—	35	—	35
Provision for (recovery of) credit losses	(144)	59	274	(18)	(28)	143
Ending balance, March 31, 2026	\$ 11,033	\$ 3,073	\$ 5,292	\$ 581	\$ 4	\$ 19,983

March 31, 2025						
<i>Dollars in thousands</i>	Real Estate					
	Construction & Land					
	Commercial	Development	Residential	Commercial	Consumer	Total
Beginning balance, December 31, 2024	\$ 11,732	\$ 1,761	\$ 4,594	\$ 548	\$ 80	\$ 18,715
Charge-offs	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—
Provision for (recovery of) credit losses	(113)	277	(24)	47	(76)	111
Ending balance, March 31, 2025	\$ 11,619	\$ 2,038	\$ 4,570	\$ 595	\$ 4	\$ 18,826

There was one individually evaluated loan as of March 31, 2026. This loan was a commercial business SBA 7(a) loan with a total outstanding principal amount of \$984 thousand, which was fully guaranteed by the SBA. As such, no individual reserve was required. As of December 31, 2025, there were no collateral dependent loans evaluated for the allowance for credit losses on an individual basis.

Delinquency Information

The following tables present a summary of past due and nonaccrual loans by segment as of March 31, 2026 and December 31, 2025.

March 31, 2026							
<i>(Dollars in thousands)</i>	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due and Still Accruing	Nonaccrual Loans	Total Past Due and Nonaccrual Loans	Current	Total Loans
Real Estate Loans							
Commercial	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,176,929	\$ 1,176,929
Construction and land development	—	—	—	—	—	228,591	228,591
Residential	445	—	—	—	445	513,205	513,650
Commercial	—	—	—	984	984	47,921	48,905
Consumer	—	—	—	—	—	760	760
Total Loans	\$ 445	\$ —	\$ —	\$ 984	\$ 1,429	\$ 1,967,406	\$ 1,968,835

December 31, 2025							
<i>(Dollars in thousands)</i>	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due and Still Accruing	Nonaccrual Loans	Total Past Due and Nonaccrual Loans	Current	Total Loans
Real Estate Loans							
Commercial	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,173,617	\$ 1,173,617
Construction and land development	—	—	—	—	—	222,659	222,659
Residential	370	756	—	—	1,126	521,864	522,990
Commercial	—	—	1,084	—	1,084	48,883	49,967
Consumer	—	—	—	—	—	1,043	1,043
Total Loans	\$ 370	\$ 756	\$ 1,084	\$ —	\$ 2,210	\$ 1,968,066	\$ 1,970,276

During the quarter ended March 31, 2026, the Company designated the aforementioned commercial business SBA 7(a) loan as non-accrual. The Company reversed uncollected accrued interest receivable in the total amount of \$9 thousand during the same period. The Company charged-off the unguaranteed portion of the loan, in the total amount of \$361 thousand, during the fourth quarter of 2025 and

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submitted a reimbursement claim to the SBA for the guaranteed portion. During the three months ended March 31, 2026, the Company recorded no charge-offs and had no other real estate owned assets as of March 31, 2026.

Credit Quality Indicators

The Company assesses credit quality indicators based on internal risk rating of loans. Each loan is evaluated at least annually with more frequent evaluation of more severely criticized loans. The indicators that determine the rating for loans as of the date presented are based on the most recent credit review performed. Internal risk rating definitions are:

Pass: These include satisfactory loans that have acceptable levels of risk.

Special Mention: Loans classified as special mention have a potential weakness that requires close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Company's credit position at some future date. These credits do not expose the Company to sufficient risk to warrant further adverse classification.

Substandard: A substandard asset is inadequately protected by the current worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified as substandard must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in a substandard asset with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

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

The Company has a portfolio of smaller homogenous loans that are not individually risk rated and include residential permanent and construction mortgages, home equity lines of credit, and consumer installment loans. For these loans, management uses payment status as the primary credit quality indicator. The payment status of these loans is then translated into an internal risk rating. The following table summarizes the translation of past due status to risk rating for loans that are not individually risk rated.

Days Past Due	Internal Risk Rating
0 - 29 days	Pass
30-59 days	Special Mention
60-89 days	Substandard
90-119 days	Doubtful
120+ days	Loss

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The following table presents the Company's recorded investment in loans by credit quality indicator by year of origination as of March 31, 2026.

<i>(Dollars in thousands)</i>	Term Loans by Year of Origination					Prior	Revolving	Total
	2026	2025	2024	2023	2022			
Real Estate Loans - Commercial								
Pass	\$ 22,333	\$ 108,556	\$ 148,841	\$ 67,030	\$ 258,211	\$ 553,306	\$ 6,028	\$ 1,164,305
Special mention	—	—	—	—	12,624	—	—	12,624
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Real Estate Loans - Commercial	<u>\$ 22,333</u>	<u>\$ 108,556</u>	<u>\$ 148,841</u>	<u>\$ 67,030</u>	<u>\$ 270,835</u>	<u>\$ 553,306</u>	<u>\$ 6,028</u>	<u>\$ 1,176,929</u>
Current period gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Real Estate Loans - Construction and land development								
Pass	\$ 2,700	\$ 84,975	\$ 49,409	\$ 16,857	\$ 15,091	\$ 15,678	\$ 43,616	\$ 228,326
Special mention	—	—	—	—	—	265	—	265
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Real Estate Loans - Construction and land development	<u>\$ 2,700</u>	<u>\$ 84,975</u>	<u>\$ 49,409</u>	<u>\$ 16,857</u>	<u>\$ 15,091</u>	<u>\$ 15,943</u>	<u>\$ 43,616</u>	<u>\$ 228,591</u>
Current period gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Real Estate Loans - Residential								
Pass	\$ 12,390	\$ 88,172	\$ 26,433	\$ 50,524	\$ 97,199	\$ 212,568	\$ 25,919	\$ 513,205
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	445	—	445
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Real Estate Loans - Residential	<u>\$ 12,390</u>	<u>\$ 88,172</u>	<u>\$ 26,433</u>	<u>\$ 50,524</u>	<u>\$ 97,199</u>	<u>\$ 213,013</u>	<u>\$ 25,919</u>	<u>\$ 513,650</u>
Current period gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial Loans								
Pass	\$ 3,619	\$ 10,184	\$ 4,238	\$ 2,766	\$ 2,752	\$ 6,273	\$ 18,089	\$ 47,921
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	984	—	—	984
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Commercial Loans	<u>\$ 3,619</u>	<u>\$ 10,184</u>	<u>\$ 4,238</u>	<u>\$ 2,766</u>	<u>\$ 3,736</u>	<u>\$ 6,273</u>	<u>\$ 18,089</u>	<u>\$ 48,905</u>
Current period gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consumer Loans								
Pass	\$ 3	\$ 187	\$ 521	\$ 33	\$ —	\$ —	\$ 16	\$ 760
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Consumer Loans	<u>\$ 3</u>	<u>\$ 187</u>	<u>\$ 521</u>	<u>\$ 33</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16</u>	<u>\$ 760</u>
Current period gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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The following table presents the Company's recorded investment in loans by credit quality indicator by year of origination as of December 31, 2025.

(Dollars in thousands)	Term Loans by Year of Origination					Prior	Revolving	Total
	2025	2024	2023	2022	2021			
Real Estate Loans - Commercial								
Pass	\$ 108,904	\$ 146,921	\$ 67,298	\$ 259,998	\$ 152,295	\$ 420,305	\$ 5,224	\$ 1,160,945
Special mention	—	—	—	12,672	—	—	—	12,672
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Real Estate Loans - Commercial	<u>\$ 108,904</u>	<u>\$ 146,921</u>	<u>\$ 67,298</u>	<u>\$ 272,670</u>	<u>\$ 152,295</u>	<u>\$ 420,305</u>	<u>\$ 5,224</u>	<u>\$ 1,173,617</u>
Current period gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Real Estate Loans - Construction and land development								
Pass	\$ 72,568	\$ 66,800	\$ 22,339	\$ 14,925	\$ 773	\$ 13,355	\$ 30,815	\$ 221,575
Special mention	—	—	—	—	—	1,084	—	1,084
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Real Estate Loans - Construction and land development	<u>\$ 72,568</u>	<u>\$ 66,800</u>	<u>\$ 22,339</u>	<u>\$ 14,925</u>	<u>\$ 773</u>	<u>\$ 14,439</u>	<u>\$ 30,815</u>	<u>\$ 222,659</u>
Current period gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Real Estate Loans - Residential								
Pass	\$ 92,918	\$ 27,336	\$ 59,483	\$ 99,049	\$ 109,931	\$ 107,162	\$ 26,355	\$ 522,234
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	756	—	756
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Real Estate Loans - Residential	<u>\$ 92,918</u>	<u>\$ 27,336</u>	<u>\$ 59,483</u>	<u>\$ 99,049</u>	<u>\$ 109,931</u>	<u>\$ 107,918</u>	<u>\$ 26,355</u>	<u>\$ 522,990</u>
Current period gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial Loans								
Pass	\$ 9,952	\$ 4,277	\$ 3,254	\$ 2,948	\$ 618	\$ 6,202	\$ 21,632	\$ 48,883
Special mention	—	—	—	1,084	—	—	—	1,084
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Commercial Loans	<u>\$ 9,952</u>	<u>\$ 4,277</u>	<u>\$ 3,254</u>	<u>\$ 4,032</u>	<u>\$ 618</u>	<u>\$ 6,202</u>	<u>\$ 21,632</u>	<u>\$ 49,967</u>
Current period gross write-offs	\$ —	\$ —	\$ —	\$ 361	\$ —	\$ —	\$ —	\$ 361
Consumer Loans								
Pass	\$ 463	\$ 529	\$ 36	\$ —	\$ —	\$ —	\$ 15	\$ 1,043
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Consumer Loans	<u>\$ 463</u>	<u>\$ 529</u>	<u>\$ 36</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 15</u>	<u>\$ 1,043</u>
Current period gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Revolving loans that are converted to term loans are treated as new originations in both tables above and are presented by year of origination.

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Modifications with Borrowers Experiencing Financial Difficulty

The allowance for loan credit losses incorporates an estimate of lifetime expected credit losses and is recorded on each asset upon asset origination. The starting point for the estimate of the allowance for loan credit losses is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. The Company may provide concessions to borrowers experiencing financial difficulty to minimize the economic loss and improve long-term loan performance and collectability. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification. The Company did not make any loan modifications to borrowers experiencing financial difficulty during the three months ended March 31, 2026 and 2025. There were also no instances of defaults on loans that occurred during the three months ended March 31, 2026 and 2025 for loans that had been modified during the previous 12 months. Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the allowance because of the measurement methodologies used to estimate the allowance, a change to the allowance is generally not recorded upon modification.

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 by the Company. The allowance for off-balance sheet credit exposures is adjusted as a provision for (or recovery of) credit losses in the Consolidated Statements of Income. 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 loan credit losses. The allowance for credit losses for unfunded loan commitments of \$1.2 million and \$1.3 million at March 31, 2026 and December 31, 2025, respectively, is separately classified within Other Liabilities on the Consolidated Balance Sheets. The recovery of the provision for credit losses recorded during the three months ended March 31, 2026 was primarily due to an decrease in unfunded commitments.

The following table presents the balance and activity in the allowance for credit losses for unfunded loan commitments for the three months ended March 31, 2026 and 2025.

	Allowance for Credit Losses Unfunded Commitments
<i>(Dollars in thousands)</i>	
Beginning balance, December 31, 2025	\$ 1,321
Provision for credit losses	(120)
Ending balance, March 31, 2026	<u>\$ 1,201</u>

	Allowance for Credit Losses Unfunded Commitments
<i>(Dollars in thousands)</i>	
Beginning balance, December 31, 2024	\$ 1,083
Provision for credit losses	59
Ending balance, March 31, 2025	<u>\$ 1,142</u>

Note 5— Derivatives

The Company enters into interest rate swap agreements (“swaps”) with commercial loan customers to provide a facility for customers to manage their interest rate risk. These swaps are matched in exact offsetting terms with swaps that the Company enters into with an independent third party. These swaps qualify as derivatives, but are not designated as hedging instruments.

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The following tables summarize the Company's swaps at March 31, 2026 and December 31, 2025.

	March 31, 2026				
	Notional Amount	Estimated Fair Value	Weighted Average Years to Maturity	Receive Rate	Pay Rate
<i>(Dollars in thousands)</i>					
Interest rate swap agreements:					
Pay fixed/receive variable swaps	\$ 22,751	\$ (152)	4.0 years	6.12 %	6.26 %
Pay variable/receive fixed swaps	22,751	152	4.0 years	6.26 %	6.12 %
Total interest rate swap agreements	<u>\$ 45,502</u>	<u>\$ —</u>	4.0 years	6.19 %	6.19 %

	December 31, 2025				
	Notional Amount	Estimated Fair Value	Weighted Average Years to Maturity	Receive Rate	Pay Rate
<i>(Dollars in thousands)</i>					
Interest rate swap agreements:					
Pay fixed/receive variable swaps	\$ 22,823	\$ (175)	4.3 years	6.00 %	6.26 %
Pay variable/receive fixed swaps	22,823	175	4.3 years	6.26 %	6.00 %
Total interest rate swap agreements	<u>\$ 45,646</u>	<u>\$ —</u>	4.3 years	6.13 %	6.13 %

The estimated fair value of the swaps at March 31, 2026 and December 31, 2025 was recorded in other assets and liabilities in the Consolidated Balance Sheets. The associated net gains and losses on the swaps are recorded in other income in the Consolidated Statements of Income.

Note 6— Deposits and Borrowings

The following tables show the components of the Company's funding sources.

<i>(Dollars in thousands)</i>	March 31, 2026	December 31, 2025
Deposits:		
Non-interest bearing demand deposits ⁽¹⁾	\$ 458,197	\$ 432,733
Interest-bearing demand deposits ⁽¹⁾	734,164	745,323
Savings deposits	33,525	34,683
Time deposits ⁽²⁾	761,842	759,546
Total Deposits	<u>\$ 1,987,728</u>	<u>\$ 1,972,285</u>

(1) Overdraft demand deposits reclassified to loans totaled \$1 thousand at March 31, 2026 and \$118 thousand at December 31, 2025.

(2) The aggregate amount of certificates of deposit with a minimum denomination of \$250,000 was \$340.9 million and \$337.6 million at March 31, 2026 and December 31, 2025, respectively.

The Company obtains certain deposits through the efforts of third-party brokers. Brokered deposits totaled \$301.9 million at March 31, 2026 and December 31, 2025, and were included primarily in time deposits on the Company's Consolidated Balance Sheets. At March 31, 2026, there were no depositors that represented 5% or more of the Company's total deposits.

The following table presents the carrying value and interest rate ranges for the Company's long-term debt as of March 31, 2026 and December 31, 2025.

<i>(Dollars in thousands)</i>	Stated Interest Rate Range	Weighted-Average Interest Rate	March 31, 2026 Carrying Value	December 31, 2025 Carrying Value
Long-term Debt:				
Federal Home Loan Bank advances	3.61% - 3.98 %	3.85 %	\$ 56,000	\$ 56,000
Subordinated debt	5.25 %	5.25 %	24,896	24,875
Total Long-term Debt			<u>\$ 80,896</u>	<u>\$ 80,875</u>

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The Company completed a private placement of a \$25.0 million fixed-to-floating subordinated note on June 15, 2022. Subject to limited exceptions permitting earlier redemption, the note is callable, in whole or in part, commencing July 1, 2027. Unless redeemed earlier, the note will mature on July 1, 2032. The note bears interest at a fixed rate of 5.25% to but excluding July 1, 2027, and will bear interest at a floating rate equal to the three-month Secured Overnight Financing Rate plus 245 basis points thereafter. The note is carried at its principal amount, less unamortized issuance costs.

The Company, from time to time, uses Federal Home Loan Bank of Atlanta (“FHLB”) advances as a source of funding and to manage interest rate risk. FHLB advances are secured by a blanket floating lien on all real estate mortgage loans secured by 1-to-4 family residential, multi-family and commercial real estate properties. During the first quarter of 2026, a \$15.0 million FHLB advance, carrying an interest rate of 4.14%, matured and was replaced with the FHLB advance of the same principal amount at an interest rate of 3.61%. The interest rates on three outstanding advances range from 3.61% to 3.98%. At March 31, 2026, these three outstanding FHLB advances totaled \$56.0 million. Available FHLB borrowing capacity based on collateral value amounted to approximately \$470.6 million as of March 31, 2026.

The Company also has the capacity to borrow up to \$157.5 million at the Federal Reserve discount window of which none had been drawn upon at March 31, 2026. The Bank had loans pledged at the Federal Reserve discount window totaling \$189.9 million as of March 31, 2026.

The Company also has federal funds lines of credit with correspondent banks available for overnight borrowing of \$110 million as of March 31, 2026. None of the federal funds lines of credit were drawn upon as of March 31, 2026.

The following table shows the carrying amount of the Company’s time deposits by contractual maturity as of March 31, 2026.

<i>(Dollars in thousands)</i>	March 31, 2026
2026	\$ 403,257
2027	261,175
2028	93,589
2029	1,640
2030	1,957
Thereafter	224
Total	\$ 761,842

Note 7— Commitments and Contingencies

The Company is party to financial instruments with off balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments. The Company’s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit and financial guarantees written is represented by the contractual notional amount of those instruments.

The Company uses the same credit policies in making commitments and conditional obligations as it does for on balance sheet instruments.

The following table summarizes the contract or notional amount of the Company’s exposure to off-balance sheet risk as of March 31, 2026 and December 31, 2025.

<i>(Dollars in thousands)</i>	March 31, 2026	December 31, 2025
Commitments to extend credit	\$ 334,044	\$ 343,944
Standby letters of credit	\$ 11,260	\$ 10,073

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer’s credit worthiness on a case-by-case basis. The amount of collateral

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obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property and equipment, income-producing commercial properties, and other real estate properties.

Unfunded commitments under lines of credit are commitments for possible future extensions of credit to existing customers. Those lines of credit may not be drawn upon to the total extent to which the Company is committed.

Standby letters of credit written are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Note 8— Fair Value Measurements

Determination of Fair Value

The Company determines the fair values of its financial instruments based on the fair value hierarchy established by ASC Topic 820 – *Fair Value Measurement*, which defines fair value as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market and in an orderly transaction between market participants on the measurement date.

The fair value measurements and disclosures topic specifies a hierarchy of valuation techniques 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 Company's market assumptions.

Fair Value Hierarchy

In accordance with this guidance, the Company groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

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 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

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

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets Measured at Fair Value on a Recurring Basis

In accordance with ASC Topic 820, the following describes the valuation techniques used by the Company to measure certain financial assets recorded at fair value on a recurring basis in the financial statements.

Securities Available-for-sale and Equity Securities

Securities available-for-sale and equity securities with readily determinable fair values 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 (Level 2). If the inputs used to provide the evaluation for certain securities are unobservable and/or there is little, if any, market activity then the security would fall to the lowest level of the hierarchy (Level 3).

The Company's investment portfolio is primarily valued using fair value measurements that are considered to be Level 2. The Company has contracted with a third-party portfolio accounting service vendor for valuation of its portfolio of debt securities. The vendor's primary source for security valuation is ICE Data Services, which evaluates securities based on market data. ICE Data Services utilizes evaluated pricing models that vary by asset class and include available trade, bid, and other market information. Generally, the methodology includes broker quotes, proprietary models, vast descriptive terms and conditions databases, as well as extensive quality control programs.

The vendor utilizes proprietary valuation matrices for valuing all municipals securities. The initial curves for determining the price, movement, and yield relationships within the municipal matrices are derived from industry benchmark curves or sourced from a municipal trading desk. The securities are further broken down according to issuer, credit support, state of issuance and rating to incorporate additional spreads to the industry benchmark curves.

Interest Rate Swap Agreements

Interest rate swap agreements are measured by alternative pricing sources using a discounted cash flow method that incorporates current market interest rates. Based on the complex nature of interest rate swap agreements, the markets these instruments trade in are not as efficient and are less liquid than that of the more mature Level 1 markets. These characteristics classify interest rate swap agreements as Level 2 in the fair value hierarchy.

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The following tables summarize the fair value of assets measured at fair value on a recurring basis as of March 31, 2026 and December 31, 2025.

(Dollars in thousands)	Balance as of March 31, 2026	Fair Value Measurements at March 31, 2026 Using		
		Quoted Prices in Active Markets for	Significant Other	Significant Unobservable
		Identical Assets (Level 1)	Observable Inputs (Level 2)	Inputs (Level 3)
Assets:				
Securities available-for-sale:				
U.S. Treasuries	\$ 8,957	\$ —	\$ 8,957	\$ —
U.S. government and federal agencies	4,814	—	4,814	—
Corporate bonds	2,823	—	2,823	—
U.S. agency collateralized mortgage obligations	24,772	—	24,772	—
Tax-exempt municipal	1,203	—	1,203	—
U.S. agency mortgage-backed	83,597	—	83,597	—
Equity securities, at fair value	2,886	2,886	—	—
Interest rate swap agreements	152	—	152	—
Total assets at fair value	\$ 129,204	\$ 2,886	\$ 126,318	\$ —
Liabilities:				
Interest rate swap agreements	\$ 152	\$ —	\$ 152	\$ —
Total liabilities at fair value	\$ 152	\$ —	\$ 152	\$ —

(Dollars in thousands)	Balance as of December 31, 2025	Fair Value Measurements at December 31, 2025 Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Securities available-for-sale:				
U.S. Treasuries	\$ 13,132	\$ —	\$ 13,132	\$ —
U.S. government and federal agencies	6,820	—	6,820	—
Corporate bonds	2,820	—	2,820	—
Collateralized mortgage obligations	25,693	—	25,693	—
Tax-exempt municipal	1,236	—	1,236	—
Mortgage-backed	74,151	—	74,151	—
Equity securities, at fair value	2,843	2,843	—	—
Interest rate swap agreements	175	—	175	—
Total assets at fair value	\$ 126,870	\$ 2,843	\$ 124,027	\$ —
Liabilities:				
Interest rate swap agreements	\$ 175	\$ —	\$ 175	\$ —
Total liabilities at fair value	\$ 175	\$ —	\$ 175	\$ —

Assets Measured at Fair Value on a Non-recurring Basis

Under certain circumstances, the Company makes adjustments to fair value for assets and liabilities although they are not measured at fair value on an ongoing basis. The following describes the valuation techniques used by the Company to measure certain assets recorded at fair value on a non-recurring basis in the financial statements:

Collateral Dependent Loans

In accordance with ASC 326, loans that do not share risk characteristics are evaluated on an individual basis. The Company designates individually evaluated loans on nonaccrual status as collateral dependent loans, as well as other loans that management of the Company designates as having higher risk and loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral. The measurement of loss associated with collateral dependent loans can be based on either the observable market price of the loan or the fair value of the collateral. Collateral may be in the form of real estate or business assets including equipment, inventory, and accounts receivable. The vast majority of the Company's collateral is real estate. The value of real estate collateral is determined utilizing a market valuation approach based on an appraisal, of one year or less, conducted by an independent, licensed appraiser using observable market data (Level 2). However, if the collateral is a house or building in the process of construction, or if an appraisal of the property is more than one-year-old and not solely based on observable market comparables, or management determines the fair value of the collateral is further impaired below the appraised value, then a Level 3 valuation is considered to measure the fair value. The value of business equipment is based upon an outside appraisal, of one year or less, if deemed significant, or the net book value on the applicable business's financial statements if not considered significant using observable market data. Likewise, values for inventory and accounts receivables collateral are based on financial statement balances or aging reports (Level 3). Any fair value adjustments are recorded in the period incurred as provision for credit losses on the Consolidated Statements of Income. As of both March 31, 2026 and December 31, 2025, there were no collateral dependent loans evaluated for the allowance of credit losses on an individual basis.

Other Real Estate Owned ("OREO")

OREO is carried at the lower of cost or fair value less selling costs. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. When the fair value of the collateral is based on an observable market price or a current appraised value using observable market data, the Company records the property as Level 2. When an appraised value using observable market data is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the property as Level 3 valuation. Any fair value adjustments are recorded in the period incurred and expensed against current earnings. The Company had no OREO as of March 31, 2026 or December 31, 2025.

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The following tables present the carrying value and estimated fair value, including the level within the fair value hierarchy, of the Company's financial instruments as of March 31, 2026 and December 31, 2025.

		Fair Value Measurements at March 31, 2026 Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of March 31, 2026
<i>(Dollars in thousands)</i>	Carrying Value as of March 31, 2026				
Assets:					
Cash and cash equivalents	\$ 150,193	\$ 150,193	\$ —	\$ —	\$ 150,193
Securities:					
Available-for-sale	126,166	—	126,166	—	126,166
Held-to-maturity	87,598	—	76,669	—	76,669
Equity securities, at fair value	2,886	2,886	—	—	2,886
Restricted securities, at cost	7,717	—	7,717	—	7,717
Loans, net of allowance	1,953,760	—	—	1,898,126	1,898,126
Interest rate swap agreements	152	—	152	—	152
Accrued interest receivable	6,071	—	6,071	—	6,071
Liabilities:					
Time deposits	\$ 761,842	\$ —	\$ 762,755	\$ —	\$ 762,755
Other deposits	1,225,886	1,225,886	—	—	1,225,886
Federal Home Loan Bank advances	56,000	—	56,138	—	56,138
Subordinated debt	24,896	—	—	22,972	22,972
Interest rate swap agreements	152	—	152	—	152
Accrued interest payable	1,988	—	1,988	—	1,988

		Fair Value Measurements at December 31, 2025 Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of December 31, 2025
<i>(Dollars in thousands)</i>	Carrying Value as of December 31, 2025				
Assets:					
Cash and cash equivalents	\$ 129,974	\$ 129,974	\$ —	\$ —	\$ 129,974
Securities:					
Available-for-sale	123,852	—	123,852	—	123,852
Held-to-maturity	88,421	—	77,575	—	77,575
Equity securities, at fair value	2,843	2,843	—	—	2,843
Restricted securities, at cost	7,644	—	7,644	—	7,644
Loans, net of allowance	1,955,555	—	—	1,889,187	1,889,187
Interest rate swap agreements	175	—	175	—	175
Accrued interest receivable	5,890	—	5,890	—	5,890
Liabilities:					
Time deposits	\$ 759,546	\$ —	\$ 762,056	\$ —	\$ 762,056
Other deposits	1,212,739	1,212,739	—	—	1,212,739
Federal Home Loan Bank advances	56,000	—	55,922	—	55,922
Subordinated debt	24,875	—	—	23,142	23,142
Interest rate swap agreements	175	—	175	—	175
Accrued interest payable	2,124	—	2,124	—	2,124

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Note 9— Earnings per Common Share

Earnings per common share is calculated in accordance with ASC 260 - *Earnings Per Share*, which provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method.

Under the two-class method, basic earnings per common share is computed by dividing net earnings allocated to common stock by the weighted-average number of voting common shares outstanding during the applicable period, excluding outstanding participating securities. Diluted earnings per common share is computed using the weighted-average number of shares determined for the basic earnings per common share computation plus the dilutive effect of stock compensation using the treasury stock method.

The following table summarizes the computation of earnings per share for the three months ended March 31, 2026 and 2025.

	Three months ended March 31,	
	2026	2025
Earnings per common share - basic:		
Income available to common shareholders (in thousands):		
Net income	\$ 6,101	\$ 4,810
Less: Income attributable to unvested restricted stock awards	(29)	(18)
Net income available to common shareholders	<u>\$ 6,072</u>	<u>\$ 4,792</u>
Weighted average shares outstanding:		
Common shares outstanding, including unvested restricted stock	14,193,373	14,275,608
Less: Unvested restricted stock	(67,724)	(52,604)
Weighted-average common shares outstanding - basic	<u>14,125,649</u>	<u>14,223,004</u>
Earnings per common share - basic	\$ 0.43	\$ 0.34
Earnings per common share - diluted:		
Income available to common shareholders (in thousands):		
Net income	\$ 6,101	\$ 4,810
Less: Income attributable to unvested restricted stock awards	(29)	(18)
Net income available to common shareholders	<u>\$ 6,072</u>	<u>\$ 4,792</u>
Weighted average shares outstanding:		
Common shares outstanding, including unvested restricted stock	14,193,373	14,275,608
Less: Unvested restricted stock	(67,724)	(52,604)
Plus: Effect of dilutive options	—	18,068
Weighted-average common shares outstanding - diluted	<u>14,125,649</u>	<u>14,241,072</u>
Earnings per common share - diluted	\$ 0.43	\$ 0.34

The Company had no outstanding stock options during the three months ended March 31, 2026. All stock options outstanding during the three months ended March 31, 2025 were included in computing diluted earnings per share for the three months ended March 31, 2025, as none had anti-dilutive effects.

Note 10— Stock Based Compensation Plan

The Company's share-based compensation plan, approved by stockholders on June 17, 2025 ("2025 Plan"), provides for the grant of share-based awards in the form of incentive stock options, non-incentive stock options, restricted stock awards and restricted stock units to directors and employees. The Company reserved 425,000 shares of voting common stock for issuance under the 2025 Plan, of which 381,863 was available for grant in future periods as of March 31, 2026. Stock options to be granted under the 2025 Plan typically vest over five years and expire 10 years from the grant date. Under the 2025 Plan, the exercise price of options may not be less than 100% of fair market value at the grant date with a maximum term for an option award of 10 years from the grant date. The Company's

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Compensation Committee administers the 2025 Plan and has the authority to determine the terms and conditions of each award thereunder.

The Company's previous share-based compensation plan, the 2015 Stock Option Plan ("2015 Plan"), provided for the grant of share-based awards in the form of incentive stock options, non-incentive stock options, restricted stock and restricted stock units to directors and employees. The 2015 Plan provided for awards of up to 976,211 shares of voting common stock. The 2015 Plan expired on April 28, 2025 and was replaced by the 2025 Plan. Share-based awards outstanding prior to April 28, 2025 were granted under the 2015 Plan and are subject to the provisions of the 2015 Plan.

There were no options granted during the three months ended March 31, 2026 and March 31, 2025. The Company had no outstanding options as of March 31, 2026.

The Company did not record any share-based compensation expense applicable to the Company's share-based compensation plans for stock options during the three months ended March 31, 2026 and March 31, 2025.

The table below provides a summary of the restricted stock award activity for the three months ended March 31, 2026.

	March 31, 2026	
	Shares	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2026	68,547	\$ 21.28
Granted	1,250	19.72
Vested	(1,590)	15.72
Forfeited	—	—
Nonvested at March 31, 2026	68,207	21.38

Compensation expense for restricted stock grants is recognized over the vesting period of the awards based on the fair value of the Company's voting common stock at issue date. The fair value of the stock was determined using the closing stock price on the day of grant. The restricted stock grants vest over two to five years. The Company awarded restricted stock grants for 1,250 shares of common stock during the three months ended March 31, 2025.

Share-based compensation expense applicable to the Company's share-based compensation plans for restricted stock grants was \$141 thousand and \$118 thousand for the three months ended March 31, 2026 and March 31, 2025, respectively. The total fair value of the shares, which vested during the three months ended March 31, 2026 and March 31, 2025, was \$32 thousand and \$50 thousand, respectively.

Unrecognized share-based compensation expense related to nonvested restricted stock grants amounted to \$1.3 million as of March 31, 2026. This amount is expected to be recognized over a weighted-average period of 2.00 years.

Note 11— Regulatory Capital

The Company is a bank holding company with less than \$3 billion in assets and does not (i) have significant off balance sheet exposure, (ii) engage in significant non-banking activities, or (iii) have a material amount of securities registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"). As a result, the Company qualifies as a small bank holding company under the Federal Reserve's Small Bank Holding Company Policy Statement and is currently not subject to consolidated regulatory capital requirements.

The Bank is subject to capital adequacy standards adopted by the Federal Reserve, including the capital rules that implemented the Basel III regulatory capital reforms developed by the Basel Committee on Banking Supervision. Failure to meet minimum capital requirements can initiate certain mandatory – possibly additional discretionary – actions by regulators that, if undertaken, could have a direct material effect on the financial statements. Under capital adequacy guidelines, the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Management believes that the Bank met all capital adequacy requirements to which it was subject as of March 31, 2026 and December 31, 2025.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital to risk-weighted assets, common equity Tier 1 to risk-weighted assets, and Tier 1 capital to average assets.

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In addition to the minimum regulatory capital required for capital adequacy purposes, the Bank is required to maintain a minimum capital conservation buffer above those minimums in the form of common equity. The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of common equity Tier 1 to risk-weighted assets above the minimum but below the conservation buffer will face constraints on dividends, equity repurchases, and discretionary compensation paid to certain officers, based on the amount of the shortfall. The capital conservation buffer was 2.5% at March 31, 2026, and is applicable for the common equity Tier 1, Tier 1, and total capital ratios.

As of March 31, 2026, the most recent notification from the Federal Reserve Bank of Richmond (“Federal Reserve Bank”) categorized the Bank as “well capitalized” under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the institution must maintain minimum total risk-based, common equity Tier 1, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since the notification that management believes have changed the Bank’s category.

The table below provides a summary of the Bank’s capital ratios as of March 31, 2026 and December 31, 2025.

<i>(Dollars in thousands)</i>			Minimum Capital Requirement ⁽¹⁾		Minimum To Be Well Capitalized Under Prompt Corrective Action	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of March 31, 2026						
Total capital (to risk weighted assets)	\$ 316,016	16.5 %	\$ 201,299	10.5 %	\$ 191,714	10.0 %
Tier 1 capital (to risk weighted assets)	294,832	15.4 %	162,956	8.5 %	153,371	8.0 %
Common equity tier 1 capital (to risk weighted assets)	294,832	15.4 %	134,199	7.0 %	124,614	6.5 %
Tier 1 capital (to average assets)	294,832	12.6 %	93,591	4.0 %	116,988	5.0 %
As of December 31, 2025						
Total capital (to risk weighted assets)	\$ 311,288	16.3 %	\$ 201,106	10.5 %	\$ 191,529	10.0 %
Tier 1 capital (to risk weighted assets)	290,735	15.2 %	162,800	8.5 %	153,224	8.0 %
Common equity tier 1 capital (to risk weighted assets)	290,735	15.2 %	134,071	7.0 %	124,494	6.5 %
Tier 1 capital (to average assets)	290,735	12.5 %	93,144	4.0 %	116,430	5.0 %

(1) Including capital conservation buffer.

Note 12— Revenue

Certain of the Company’s non-interest revenue streams are derived from short-term contracts associated with services provided to deposit account holders as well as other ancillary services, which are accounted for in accordance with ASC 606 – *Revenue Recognition*. For most of these revenue streams, the duration of the contract does not extend beyond the services performed. Due to the short duration of most customer contracts that generate non-interest income, no significant judgments must be made in the determination of the amount and timing of revenue recognized.

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The following table shows the components of non-interest income for the three months ended March 31, 2026 and 2025.

<i>(Dollars in thousands)</i>	Three months ended	
	March 31,	
	2026	2025
Service charges on deposit accounts ⁽¹⁾		
Overdrawn account fees	\$ 14	\$ 18
Account service fees	71	64
Other service charges and fees ⁽¹⁾		
Interchange income	72	80
Other charges and fees	66	73
Net gain (loss) on premises and equipment ⁽¹⁾	—	(3)
Insurance commissions ⁽¹⁾	64	213
Gain on sale of government guaranteed loans	6	36
Non-qualified deferred compensation plan asset (losses) gains, net	(13)	24
Other operating income ⁽²⁾	4	—
Total non-interest income	<u>\$ 284</u>	<u>\$ 505</u>

(1) Income within the scope of ASC 606.

(2) Includes other operating income within the scope of ASC 606 amounting to \$4 thousand and \$0 thousand for the three months ended March 31, 2026 and March 31, 2025, respectively. Includes no other operating income related to swap fee income on a back-to-back loan swaps for both the three months ended March 31, 2026 and March 31, 2025, respectively, which is outside the scope of ASC 606.

A description of the Company's revenue streams accounted for under ASC 606 follows:

Service charges on deposit accounts

Service charges on deposit accounts consist of overdrawn account fees and account service fees. Overdrawn account fees are recognized at the point in time that the overdraft occurs. Account service fees consist primarily of account analysis and other maintenance fees and are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Payment for service charges on deposit accounts is received immediately or in the following month through a direct charge to customers' accounts.

Other service charges and fees

Other service charges and fees are primarily comprised of interchange income and other charges and fees. Interchange income is earned whenever the Company's debit and credit cards are processed through card payment networks such as Visa. Other charges and fees include revenue from processing wire transfers, cashier's checks, and other transaction-based services. The Company's performance obligation for these charges and fees is largely satisfied, and related revenue recognized, when the services are rendered or upon completion. Payment is typically received immediately or in the following month.

Net gains (losses) on premises and equipment

The Company records a gain or loss on the disposition of premises and equipment when control of the property transfers or is involuntarily converted to a monetary asset (e.g., insurance proceeds). This income is reflected in other operating income on the Company's Consolidated Statements of Income.

Insurance commissions

The Company performs the function of an insurance intermediary by introducing the policyholder and insurer and is compensated in the form of a commission for placement of an insurance policy based on a percentage of premiums issued and maintained during the period. Revenue is recognized when received.

Note 13— Other Operating Expenses

The following table shows the components of other operating expenses for the three months ended March 31, 2026 and March 31, 2025.

<i>(Dollars in thousands)</i>	Three months ended	
	March 31,	
	2026	2025
Advertising expense	\$ 124	\$ 162
Data processing	595	589
FDIC insurance	276	247
Professional fees	254	221
State franchise tax	666	597
Director costs	179	169
Other operating expenses	456	441
Total other operating expenses	<u>\$ 2,550</u>	<u>\$ 2,426</u>

Note 14— Accumulated Other Comprehensive Income (Loss)

The following table presents the changes in accumulated other comprehensive income (loss), by category, net of tax for the three months ended March 31, 2026 and March 31, 2025.

<i>(Dollars in thousands)</i>	March 31, 2026		
	Unrealized Loss on Available-for-sale Securities	Unrealized Gains on Securities Transferred from Available-for-sale to Held-to-maturity	Accumulated Other Comprehensive Loss
Beginning balance, January 1, 2026	\$ (7,166)	\$ 51	\$ (7,115)
Net change during the period	(403)	(7)	(410)
Ending Balance, March 31, 2026	<u>\$ (7,569)</u>	<u>\$ 44</u>	<u>\$ (7,525)</u>

<i>(Dollars in thousands)</i>	March 31, 2025		
	Unrealized Loss on Available-for-sale Securities	Unrealized Gains on Securities Transferred from Available-for-sale to Held-to-maturity	Accumulated Other Comprehensive Loss
Beginning balance, January 1, 2025	\$ (10,732)	\$ 80	\$ (10,652)
Net change during the period	1,404	(7)	1,397
Ending Balance, March 31, 2025	<u>\$ (9,328)</u>	<u>\$ 73</u>	<u>\$ (9,255)</u>

The Company did not have any items reclassified out of accumulated other comprehensive income (loss) to net income during the three months ended March 31, 2026 and 2025.

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

The following discussion and analysis of the consolidated financial condition and results of operations of the Company and its subsidiary should be read in conjunction with the consolidated financial statements and related notes presented in Item 1, Financial Statements, of this Form 10-Q. Historical results of operations and the percentage relationships among any amounts included, and any trends that may appear, may not indicate results of operations or trends in operations for any future periods.

Use of Non-GAAP Financial Measures

This discussion and analysis contains financial information determined by methods other than in accordance with generally accepted accounting principles in the United States of America (“GAAP”). Management believes that the supplemental non-GAAP information provides a better comparison of period-to-period operating performance. Additionally, the Company believes this information is utilized by regulators and market analysts to evaluate a company’s financial condition and therefore, such information is useful to investors. The non-GAAP measure used in this report is tax-equivalent net interest income.

These disclosures should not be viewed as a substitute for or more important than financial results in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures which may be presented by other companies. Where the non-GAAP financial measure is used, the comparable GAAP financial measure, as well as reconciliation to that comparable GAAP financial measure, as well as a statement of the company’s reasons for utilizing the non-GAAP financial measure, can be found within this discussion and analysis.

Cautionary Note on Forward-Looking Statements

In addition to historical information, this Form 10-Q of John Marshall Bancorp, Inc. (the “Company”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on certain assumptions and describe future plans, strategies and expectations of the Company. These forward-looking statements are generally identified by use of the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project,” “will,” “should,” “may,” “view,” “opportunity,” “potential,” or similar expressions. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. These forward-looking statements are based on our beliefs and assumptions and on the information available to us at the time that these disclosures were prepared, and involve known and unknown risks, uncertainties and other factors that may cause our actual results to differ materially from any future results expressed or implied by such forward-looking statements. Although we believe the expectations reflected in such forward-looking statements are reasonable, we can give no assurance such expectations will prove to have been correct. Should any known or unknown risks and uncertainties develop into actual events, those developments could have material adverse effects on our business, financial condition and results of operations. Factors that could have an adverse effect on the operations of the Company and its wholly-owned subsidiary, John Marshall Bank (the “Bank”), include, but are not limited to, the following:

- the concentration of our business in the Washington, D.C. metropolitan area and the effect of changes in the economic, political and environmental conditions on this market, including shutdowns and potential reductions in spending by the U.S. Government, and related reductions in the federal workforce;
- adequacy of our allowance for loan credit losses, allowance for unfunded commitments credit losses, and allowance for credit losses associated with our held-to-maturity and available-for-sale securities portfolios;
- deterioration of our asset quality;
- future performance of our loan portfolio with respect to recently originated loans;
- the level of prepayments on loans and mortgage-backed securities;
- liquidity, interest rate and operational risks associated with our business;
- changes in our financial condition or results of operations that reduce capital;
- our ability to maintain existing deposit relationships or attract new deposit relationships;
- changes in consumer spending, borrowing and savings habits;
- inflation and changes in interest rates that may reduce our margins or reduce the fair value of financial instruments;
- changes in the monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Board of Governors of the Federal Reserve System (the “Federal Reserve”);
- additional risks related to new lines of business, products, product enhancements or services;
- increased competition with other financial institutions and fintech companies;
- adverse changes in the securities markets;
- changes in the financial condition or future prospects of issuers of securities that we own;

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- our ability to maintain an effective risk management framework;
- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory structure and in regulatory fees and capital requirements;
- compliance with legislative or regulatory requirements;
- 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 similar actions;
- potential claims, damages, and fines related to litigation or government actions;
- 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;
- geopolitical conditions, including trade restrictions and tariffs, and acts or threats of terrorism and/or military conflicts, or actions taken by the U.S. or other governments in response to trade restrictions and tariffs, and acts or threats of terrorism and/or military conflicts, negatively impacting business and economic conditions in the U.S. and abroad;
- the effects of weather-related or natural disasters, which may negatively affect our operations and/or our loan portfolio and increase our cost of conducting business;
- public health events (such as the COVID-19 pandemic) and governmental and societal responses thereto;
- technological risks and developments, and cyber threats, attacks, or events;
- changes in accounting policies and practices;
- our ability to successfully capitalize on growth opportunities;
- our ability to retain key employees;
- deteriorating economic conditions, either nationally or in our market area, including higher unemployment and lower real estate values;
- implications of our status as a smaller reporting company and as an emerging growth company; and
- other factors discussed in Item 1A. Risk Factors in the Company's 2025 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on March 13, 2026.

These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We do not undertake, and specifically disclaim any obligation, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary note.

Overview

We are a bank holding company headquartered in Reston, Virginia primarily serving the Washington, D.C. metropolitan area. The material business operations of our organization are performed through the Bank. As a result, the discussion and analysis within this section primarily relate to activities conducted at the Bank.

As with most community banks, the Bank derives a significant portion of its income from interest received on loans and investments. The Bank's primary source of funding is deposits, both interest-bearing and non-interest-bearing. To account for credit risk inherent in all loans, the Bank maintains an allowance for loan credit losses to absorb lifetime losses on existing loans. The Bank establishes and maintains this allowance by recording a provision for credit losses against earnings. In addition to net interest income, the Bank also generates income through service charges on deposits, insurance commission income, merchant services fee income, swap fee income and gain on sale of the guaranteed portion of U.S. Small Business Administration ("SBA") 7(a) loans. In order to maintain its operations, the Bank incurs various operating expenses which are further described within the "Results of Operations" later in this section.

As of March 31, 2026, the Company had total consolidated assets of \$2.35 billion, total loans net of unearned income of \$1.97 billion, total deposits of \$1.99 billion and total shareholders' equity of \$268.1 million.

Critical Accounting Policies and Estimates

The Company's accounting and reporting policies conform to GAAP, as well as general practices within the banking industry. Application of these principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions, and judgments are based on information available as of the date of the financial statements; accordingly, as this information changes, the financial statements may reflect different estimates, assumptions, and judgments. Certain policies inherently rely more extensively on the use of estimates, assumptions, and judgments and as such may have a greater possibility of producing results that could be materially different than originally reported.

Our most significant accounting policies are described in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 1 to our audited financial statements for the year ended December 31, 2025, included in the Company's 2025 Annual Report on Form 10-K filed with the SEC on March 13, 2026.

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Selected Financial Data

The following table contains selected historical consolidated financial data as of the dates and for the periods shown. The selected balance sheet data as of March 31, 2026 and 2025 and the selected income statement data for the three months ended March 31, 2026 and March 31, 2025 have been derived from our consolidated financial statements.

<i>(Dollars in thousands, except per share data)</i>	As of or for the Three Months Ended	
	March 31, 2026	March 31, 2025
Balance Sheet Data:		
Loans, net of unearned income	\$ 1,973,743	\$ 1,870,472
Allowance for loan credit losses	19,983	18,826
Total assets	2,352,350	2,272,432
Deposits	1,987,728	1,922,175
Shareholders' equity	268,147	252,958
Asset Quality Data:		
Net recoveries to average total loans, net of unearned income	0.01 %	0.00 %
Allowance for loan credit losses to nonperforming assets	20.3 x	N/M
Allowance for loan credit losses to total gross loans net of unearned income	1.01 %	1.01 %
Non-performing assets to total assets	0.04 %	0.00 %
Non-performing loans to total loans	0.05 %	0.00 %
Capital Ratios (Bank level):		
Equity-to-total assets ratio	12.2 %	11.9 %
Total risk-based capital ratio	16.5 %	16.5 %
Tier 1 risk-based capital ratio	15.4 %	15.4 %
Common equity tier 1 ratio	15.4 %	15.4 %
Leverage ratio	12.6 %	12.6 %
Income Statement Data:		
Interest and dividend income	\$ 29,082	\$ 27,305
Interest expense	12,573	13,208
Net interest income	\$ 16,509	\$ 14,097
Provision for credit losses	23	170
Non-interest income	284	505
Non-interest expense	8,923	8,248
Income before taxes	\$ 7,847	\$ 6,184
Income tax expense	1,746	1,374
Net income	\$ 6,101	\$ 4,810
Per Share Data and Shares Outstanding:		
Weighted average common shares (basic)	14,125,649	14,223,046
Weighted average common shares (diluted)	14,125,649	14,241,114
Common shares outstanding	14,112,259	14,275,885
Earnings per share, basic	\$ 0.43	\$ 0.34
Earnings per share, diluted	\$ 0.43	\$ 0.34
Book value per share	\$ 19.00	\$ 17.72
Performance Ratios:		
Return on average assets ("ROAA") ⁽¹⁾	1.06 %	0.87 %
Return on average equity ("ROAE") ⁽²⁾	9.19 %	7.76 %
Net interest margin	2.87 %	2.58 %
Non-interest expense to average assets ⁽³⁾	1.54 %	1.50 %
Efficiency ratio ⁽⁴⁾	53.1 %	56.5 %

N/M – Not meaningful

(1) ROAA is calculated by dividing year-to-date net income annualized by year-to-date average assets.

(2) ROAE is calculated by dividing year-to-date net income annualized by year-to-date average equity.

(3) Non-interest expense to average assets is calculated by dividing year-to-date annualized non-interest expense by year-to-date average assets.

(4) The efficiency ratio is calculated by dividing non-interest expense by the sum of net interest income and non-interest income.

Results of Operations – Three Months Ended March 31, 2026 and March 31, 2025

Overview

The Company reported net income of \$6.1 million for the three months ended March 31, 2026, an increase of \$1.3 million or 26.8% when compared to \$4.8 million for the three months ended March 31, 2025. Diluted earnings per common share were \$0.43 for the three months ended March 31, 2026, compared to diluted earnings per common share of \$0.34 for the three months ended March 31, 2025, an increase of 26.5%.

Net interest income for the three months ended March 31, 2026 increased \$2.4 million or 17.1% to \$16.5 million compared to \$14.1 million for the three months ended March 31, 2025, driven primarily by the lower cost of interest-bearing deposits coupled with higher average balances and yields of loans. During the same period, interest income increased \$1.8 million or 6.5%, driven by higher interest income on loans, while interest expense declined by \$0.6 million or 4.8%, predominantly due to lower interest expense on time deposits, interest-bearing demand deposits, and money market accounts. The annualized net interest margin for the three months ended March 31, 2026 was 2.87% as compared to 2.58% for the same period in 2025.

The Company recorded a \$23 thousand provision for credit losses for the three months ended March 31, 2026 compared to a provision for credit losses of \$170 thousand for the three months ended March 31, 2025. Additional discussion of the provision for credit losses is included below under the heading *Provision for Credit Losses*.

Non-interest income decreased \$221 thousand during the three months ended March 31, 2026 compared to the three months ended March 31, 2025. This decrease was primarily attributable to a \$149 thousand decrease in insurance commissions, in combination with a \$37 thousand decrease in mark-to-market adjustments on investments related to the Company's nonqualified deferred compensation ("NQDC") plan and a \$30 thousand decline in gains recorded on sales of the guaranteed portions of the SBA 7(a) loans.

Non-interest expense increased \$0.7 million or 8.2% during the three months ended March 31, 2026 compared to the three months ended March 31, 2025, primarily due to a \$522 thousand or 10.2% increase in salaries and employee benefits, as a result of increases in employee headcount coupled with annual salary merit increases. Other expenses grew \$124 thousand due to a combination of higher state franchise taxes and Federal Deposit Insurance Corporation ("FDIC") insurance, due to higher assessment bases, partially offset by lower marketing expense.

The ROAA for the three months ended March 31, 2026 and March 31, 2025 were 1.06% and 0.87%, respectively. The ROAE for the three months ended March 31, 2026 and March 31, 2025 were 9.19% and 7.76%, respectively.

Net Interest Income and Net Interest Margin

The following table presents the average balance for each principal balance sheet category, and the amount of interest income or expense associated with that category, as well as corresponding average yields earned and rates paid for the three months ended March 31, 2026 and March 31, 2025.

Average Balance Sheets and Interest Rates on Interest-Earning Assets and Interest-Bearing Liabilities

(Dollars in thousands)	For the Three Months Ended March 31, 2026			For the Three Months Ended March 31, 2025		
	Average Balance	Interest Income / Expense	Average Rate	Average Balance	Interest Income / Expense	Average Rate
Assets:						
Securities:						
Taxable	\$ 224,526	\$ 1,281	2.31 %	\$ 230,100	\$ 1,155	2.04 %
Tax-exempt ⁽¹⁾	1,378	11	3.24 %	1,379	11	3.24 %
Total securities	<u>\$ 225,904</u>	<u>\$ 1,292</u>	2.32 %	<u>\$ 231,479</u>	<u>\$ 1,166</u>	2.04 %
Loans, net of unearned income ⁽²⁾ :						
Taxable	1,953,760	26,403	5.48 %	1,851,627	24,679	5.41 %
Tax-exempt ⁽¹⁾	20,405	232	4.61 %	16,676	162	3.94 %
Total loans, net of unearned income	<u>\$ 1,974,165</u>	<u>\$ 26,635</u>	5.47 %	<u>\$ 1,868,303</u>	<u>\$ 24,841</u>	5.39 %
Interest-bearing deposits in other banks	\$ 131,744	\$ 1,206	3.71 %	\$ 120,948	\$ 1,334	4.47 %
Total interest-earning assets	<u>\$ 2,331,813</u>	<u>\$ 29,133</u>	5.07 %	<u>\$ 2,220,730</u>	<u>\$ 27,341</u>	4.99 %
Total non-interest earning assets	11,644			13,031		
Total assets	<u>\$ 2,343,457</u>			<u>\$ 2,233,761</u>		
Liabilities & Shareholders' Equity:						
Interest-bearing deposits:						
NOW accounts	\$ 371,418	\$ 1,926	2.10 %	\$ 357,206	2,127	2.41 %
Money market accounts	374,848	2,183	2.36 %	339,248	2,281	2.73 %
Savings accounts	34,972	69	0.80 %	43,062	104	0.98 %
Time deposits	756,391	7,495	4.02 %	720,658	7,788	4.38 %
Total interest-bearing deposits	<u>\$ 1,537,629</u>	<u>\$ 11,673</u>	3.08 %	<u>\$ 1,460,174</u>	<u>\$ 12,300</u>	3.42 %
Federal funds purchased	1	—	N/M	—	—	N/M
Subordinated debt	24,883	349	5.69 %	24,799	349	5.71 %
Federal Home Loan Bank advances	55,834	551	4.00 %	56,001	559	4.05 %
Total interest-bearing liabilities	<u>\$ 1,618,347</u>	<u>\$ 12,573</u>	3.15 %	<u>\$ 1,540,974</u>	<u>\$ 13,208</u>	3.48 %
Demand deposits	439,692			424,795		
Other liabilities	16,091			16,433		
Total liabilities	<u>\$ 2,074,130</u>			<u>\$ 1,982,202</u>		
Shareholders' equity	<u>\$ 269,327</u>			<u>\$ 251,559</u>		
Total liabilities and shareholders' equity	<u>\$ 2,343,457</u>			<u>\$ 2,233,761</u>		
Tax-equivalent net interest income and spread (Non-GAAP) ⁽¹⁾		\$ 16,560	1.92 %		\$ 14,133	1.51 %
Less: tax-equivalent adjustment		51			36	
Net interest income and spread (GAAP)		<u>\$ 16,509</u>	1.91 %		<u>\$ 14,097</u>	1.51 %
Interest income/earnings assets			5.06 %			4.99 %
Interest expense/earning assets			2.19 %			2.41 %
Net interest margin			<u>2.87 %</u>			<u>2.58 %</u>

N/M – Not meaningful

(1) Income and yields for all periods presented are reported on a tax-equivalent basis using the federal statutory tax rate of 21%.

(2) Non-accrual loans are included in the average balances.

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Tax-equivalent net interest income is calculated by adding the tax benefit on certain securities and loans, whose interest is tax-exempt, to total interest income then subtracting total interest expense. The following table, “Tax-Equivalent Net Interest Income,” reconciles net interest income to tax-equivalent net interest income, which is a non-GAAP measure.

Tax-Equivalent Net Interest Income

<i>(Dollars in thousands)</i>	Three months ended March 31,	
	2026	2025
GAAP Financial Measurements:		
Interest Income - Loans	\$ 26,586	\$ 24,807
Interest Income - Securities and Other Interest-Earning Assets	2,496	2,498
Interest Expense - Deposits	11,673	12,300
Interest Expense - Borrowings	900	908
Total Net Interest Income (GAAP)	\$ 16,509	\$ 14,097
Non-GAAP Financial Measurements:		
Add: Tax Benefit on Tax-Exempt Interest Income - Loans	49	34
Add: Tax Benefit on Tax-Exempt Interest Income - Securities	2	2
Total Tax Benefit on Tax-Exempt Interest Income ⁽¹⁾	\$ 51	\$ 36
Tax-Equivalent Net Interest Income (Non-GAAP)	\$ 16,560	\$ 14,133

(1) Tax benefit was calculated using the federal statutory tax rate of 21%.

Tax-equivalent net interest income increased \$2.4 million or 17.2% for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, driven primarily by higher average balances and yields of the loan portfolio coupled with the lower rates on interest-bearing deposits.

The net interest margin was 2.87% for the three months ended March 31, 2026, compared to 2.58% for the three months ended March 31, 2025. The 29 basis point increase in net interest margin was primarily due to a 34 basis point reduction in rates on interest-bearing deposits and an eight basis point increase in yields on the Company’s loans. In addition, average loans increased \$105.9 million between the three months ended March 31, 2025 and the three months ended March 31, 2026, which was primarily attributable to origination volume in the construction and development, and residential mortgage loan portfolios subsequent to March 31, 2025.

The loan portfolio’s yield for the three months ended March 31, 2026 was 5.47% compared to 5.39% for the three months ended March 31, 2025. The increase of eight basis points was primarily attributable to increase in yield on the Company’s residential mortgage portfolio along with higher average loan balances.

The yield on interest-bearing deposits due from banks for the three months ended March 31, 2026 was 3.71% compared to 4.47% for the three months ended March 31, 2025. The decrease of 76 basis points was directly attributable to three fed funds rate cuts totaling 75 basis points over the preceding twelve months.

The cost of interest-bearing liabilities was 3.15% for the three months ended March 31, 2026 compared to 3.48% for the three months ended March 31, 2025. Rates declined across all deposit categories, most notably in money market accounts, time deposits and interest-bearing demand deposits, which declined by 37 basis points, 36 basis points, and 31 basis points, respectively.

The following table presents the effects of changing rates and volumes on tax-equivalent net interest income for the periods indicated. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The net column represents the sum of the prior columns. For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated to volume.

Rate/Volume Analysis

	For the Three Months Ended March 31, 2026 and 2025		
	Increase (Decrease) Due to		Total Increase (Decrease)
(Dollars in thousands)	Volume	Rate	
Interest-earning Assets:			
Securities:			
Taxable	\$ (32)	\$ 158	\$ 126
Tax-exempt ⁽¹⁾	—	—	—
Total securities	<u>\$ (32)</u>	<u>\$ 158</u>	<u>\$ 126</u>
Loans, net of unearned income:			
Taxable	1,380	344	1,724
Tax-exempt ⁽¹⁾	42	28	70
Total loans, net of unearned income	<u>\$ 1,422</u>	<u>\$ 372</u>	<u>\$ 1,794</u>
Interest-bearing deposits in other banks	<u>\$ 97</u>	<u>\$ (225)</u>	<u>\$ (128)</u>
Total interest-earning assets	<u><u>\$ 1,487</u></u>	<u><u>\$ 305</u></u>	<u><u>\$ 1,792</u></u>
Interest-bearing Liabilities:			
Interest-bearing deposits:			
NOW accounts	\$ 30	\$ (231)	\$ (201)
Money market accounts	191	(289)	(98)
Savings accounts	(16)	(19)	(35)
Time deposits	352	(645)	(293)
Total interest-bearing deposits	<u>\$ 557</u>	<u>\$ (1,184)</u>	<u>\$ (627)</u>
Federal funds purchased	—	—	—
Subordinated debt	—	—	—
Federal Reserve Bank borrowings	—	—	—
Federal Home Loan Bank advances	(2)	(6)	(8)
Total interest-bearing liabilities	<u>\$ 555</u>	<u>\$ (1,190)</u>	<u>\$ (635)</u>
Change in tax-equivalent net interest income (Non-GAAP)	<u>\$ 932</u>	<u>\$ 1,495</u>	<u>\$ 2,427</u>

(1) Income and yields for all periods presented are reported on a tax-equivalent basis using the federal statutory tax rate of 21%.

Interest Income

Interest income increased \$1.8 million or 6.6% to \$29.1 million on a fully tax-equivalent basis for the three months ended March 31, 2026 compared to \$27.3 million for the three months ended March 31, 2025, driven primarily by higher average balances and yields on the Company's loan portfolio.

Fully tax-equivalent interest income on loans increased \$1.8 million or 7.2% as a result of volume and rates increases. Average loans increased \$105.9 million between the three months ended March 31, 2025 and the three months ended March 31, 2026, which was primarily attributable to origination volume in the construction and development and residential mortgage loan portfolios subsequent to March 31, 2025.

Fully tax-equivalent interest income on investment securities increased \$126 thousand or 10.8% primarily as a result of an increase in rates. The yield on investment securities increased to 2.32% at March 31, 2026 from 2.04% at March 31, 2025.

Interest income on interest-bearing deposits in other banks decreased \$128 thousand as a result of a decrease in rates, partially offset by an increase in volume. The yield on interest-bearing deposits in other banks decreased from 4.47% to 3.71%, while average balances increased \$10.8 million from \$120.9 million to \$131.7 million between March 31, 2025 and March 31, 2026.

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Interest Expense

Interest expense decreased \$635 thousand to \$12.6 million for the three months ended March 31, 2026 compared to \$13.2 million for the three months ended March 31, 2025, primarily due to a decrease in rates on interest-bearing deposits, partially offset by an increase in volume of interest-bearing deposits. The decrease in rates on deposits was mainly a result of the repricing of the Company's deposit accounts in conjunction with the decrease in federal funds benchmark interest rates that took place starting in September of 2025.

Provision for Credit Losses

The Company recorded a \$23 thousand provision for credit losses for the three months ended March 31, 2026 compared to a provision for credit losses of \$170 thousand for the three months ended March 31, 2025. The provision for credit losses for the three months ended March 31, 2026 that is directly attributable to the funded loan portfolio was \$143 thousand, while provision for credit losses on unfunded loan commitments was a recovery of \$120 thousand.

The provision for credit losses on funded loans during the most recent quarter reflected the change in the Company's loan portfolio mix quarter-over-quarter along with the updated forecasted economic variables utilized in the quantitative portion of the allowance calculation. Recovery of the provision for credit losses on unfunded loan commitments was due to lower amount of available loan commitments at March 31, 2026 as compared to December 31, 2025.

See "Asset Quality" section below for additional information on the credit quality of the loan portfolio.

Non-interest Income

The following table summarizes non-interest income for the three months ended March 31, 2026 and March 31, 2025.

<i>(Dollars in thousands)</i>	Three months ended		\$ Change	% Change
	March 31, 2026	March 31, 2025		
Service charges on deposit accounts				
Overdrawn account fees	\$ 14	\$ 18	\$ (4)	(22.2)%
Account service fees	71	64	7	10.9 %
Other service charges and fees				
Interchange income	72	80	(8)	(10.0)%
Other charges and fees	66	73	(7)	(9.6)%
Net losses on premises and equipment	—	(3)	3	N/M
Insurance commissions	64	213	(149)	(70.0)%
Gain on sale of government guaranteed loans	6	36	(30)	(83.3)%
Non-qualified deferred compensation plan asset gains/ (losses), net	(13)	24	(37)	N/M
Other operating income	4	—	4	N/M
Total non-interest income	<u>\$ 284</u>	<u>\$ 505</u>	<u>\$ (221)</u>	(43.8)%

N/M – Not meaningful

Non-interest income was \$284 thousand for the three months ended March 31, 2026 compared to \$505 thousand for the same period in the prior year. The \$221 thousand decrease in non-interest income was primarily attributable to a \$149 thousand decrease in insurance commissions, in combination with a \$37 thousand decrease in mark-to-market adjustments on investments related to the Company's NQDC plan and a \$30 thousand decline in gains recorded on sales of the guaranteed portions of the SBA 7(a) loans.

Non-interest Expense

The following table summarizes non-interest expense for the three months ended March 31, 2026 and March 31, 2025.

	Three months ended			
	March 31,			
<i>(Dollars in thousands)</i>	2026	2025	\$ Change	% Change
Salaries and employee benefits expense	\$ 5,621	\$ 5,099	\$ 522	10.2 %
Occupancy expense of premises	406	407	(1)	(0.2)%
Furniture and equipment expenses	346	316	30	9.5 %
Advertising expense	124	162	(38)	(23.5)%
Data processing	595	589	6	1.0 %
FDIC insurance	276	247	29	12 %
Professional fees	254	221	33	14.9 %
State franchise tax	666	597	69	11.6 %
Bank insurance	63	59	4	6.8 %
Vendor services	151	164	(13)	(7.9)%
Supplies, printing, and postage	19	23	(4)	(17.4)%
Director costs	179	169	10	5.9 %
Other operating expenses	223	195	28	14.4 %
Total non-interest expense	\$ 8,923	\$ 8,248	\$ 675	8.2 %

Non-interest expense increased \$675 thousand or 8.2% during the three months ended March 31, 2026 compared to the three months ended March 31, 2025 primarily as a result of an increase in salaries and employee benefits expense, which was mainly related to increases in headcount within the Bank during the preceding twelve months and an annual salary merit increase in combination with lower direct loan origination costs when compared to the same period of the prior year. Salaries and employee benefit expense is reduced to account for the portion of salary costs incurred to originate a loan and is subsequently amortized into interest income to match the costs incurred with the economic benefit derived from originating a loan. State franchise taxes and FDIC insurance increased by \$69 thousand and \$29 thousand, respectively, due to higher assessment bases mainly a result of the growth of the Company's assets and shareholder's equity during the period.

Income Taxes

Income tax expense increased \$372 thousand to \$1.7 million for the three months ended March 31, 2026 compared to \$1.4 million for the three months ended March 31, 2025. Our effective tax rate for the three months ended March 31, 2026 was 22.3% compared to 22.2% for the same period ended March 31, 2025.

Discussion and Analysis of Financial Condition

Assets, Liabilities, and Shareholders' Equity

The Company's total assets increased \$19.8 million or 0.8% to \$2.35 billion at March 31, 2026 compared to \$2.33 billion at December 31, 2025. The increase in total assets was predominantly attributable to an increase in the Company's interest-bearing deposits in banks, which grew by \$17.6 million or 14.2%. All other asset categories, including the Company's loan portfolio, stayed relatively unchanged since December 31, 2025.

The Company's total liabilities increased \$17.3 million or 0.8% to \$2.08 billion at March 31, 2026 compared to \$2.07 billion at December 31, 2025. The increase in total liabilities was almost entirely due to a \$15.4 million or 0.8% increase in total deposits, predominantly driven by a \$25.5 million or 5.9% increase in non-interest bearing deposits.

Shareholders' equity increased \$2.5 million or 0.9% to \$268.1 million at March 31, 2026 compared to \$265.6 million at December 31, 2025. The increase in shareholders' equity was primarily attributable to net income earned during the current year, partially offset by cash dividends paid and a reduction of additional paid-in capital due to the Company's share repurchases during the three months ended March 31, 2026. Book value per share was \$19.00 as of March 31, 2026 compared to \$18.69 as of December 31, 2025, an increase of 1.7%. During the three months ended March 31, 2026, the Company repurchased 103,507 shares of its common stock at a weighted average price of \$19.69.

Investment Securities

The Company maintains a primarily fixed income investment securities portfolio that had a total carrying value of \$213.8 million at March 31, 2026 and \$212.3 million at December 31, 2025. The investment portfolio provides liquidity, interest income, credit risk diversification, means to manage interest rate sensitivity and collateral for secured public funds and secured credit lines. Investment securities are classified as available-for-sale or held-to-maturity based on management's investment strategy and management's assessment of the intent and ability to hold the securities until maturity. Investment securities that we may sell prior to maturity in response to changes in management's investment strategy, liquidity needs, interest rate risk profile or for other reasons are classified as available-for-sale. The Company also had restricted stock and equity securities within its investment securities portfolio with total carrying values of \$7.7 million and \$2.9 million, respectively, at March 31, 2026 compared to \$7.6 million and \$2.8 million, respectively, at December 31, 2025.

The Company purchased seven agency mortgage-backed fixed income securities, designated as available-for-sale, with the total carrying amount of \$15.0 million and a weighted average purchase yield of 4.08% during the three months ended March 31, 2026. The Company did not sell any fixed income investment securities during the three months ended March 31, 2026. The Company had \$13.1 million in maturities and principal repayments on securities during the three months ended March 31, 2026, which were comprised of \$5.7 million of U.S. agency mortgage-backed securities, \$4.3 million of U.S. Treasuries, \$2.0 million of U.S. government and federal agencies securities and \$1.1 million of U.S. agency collateralized mortgage obligation securities.

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The following table summarizes the amortized cost and fair value of the Company's fixed income investment portfolio as of March 31, 2026 and December 31, 2025, respectively.

	March 31, 2026		December 31, 2025	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<i>(Dollars in thousands)</i>				
Held-to-maturity				
U.S. Treasuries	\$ 6,003	\$ 5,693	\$ 6,002	\$ 5,694
U.S. government and federal agencies	35,305	32,279	35,314	32,380
U.S. agency collateralized mortgage obligations	15,807	12,718	16,163	13,157
Taxable municipal	6,020	5,300	6,024	5,270
U.S. agency mortgage-backed	24,463	20,679	24,918	21,074
Total Held-to-maturity Securities	<u>\$ 87,598</u>	<u>\$ 76,669</u>	<u>\$ 88,421</u>	<u>\$ 77,575</u>
Available-for-sale				
U.S. Treasuries	\$ 8,999	\$ 8,957	\$ 13,244	\$ 13,132
U.S. government and federal agencies	4,986	4,814	6,976	6,820
Corporate bonds	3,000	2,823	3,000	2,820
U.S. agency collateralized mortgage obligations	30,261	24,772	31,019	25,693
Tax-exempt municipal	1,378	1,203	1,378	1,236
U.S. agency mortgage-backed	87,122	83,597	77,306	74,151
Total Available-for-sale Securities	<u>\$ 135,746</u>	<u>\$ 126,166</u>	<u>\$ 132,923</u>	<u>\$ 123,852</u>

In the prevailing rate environments as of both March 31, 2026 and December 31, 2025, the Company's fixed income investment portfolio had an estimated weighted average remaining life of approximately 3.9 years. The available-for-sale investment portfolio had an estimated weighted average remaining life of approximately 3.2 years and 3.1 years at March 31, 2026 and December 31, 2025, respectively. The held-to-maturity investment portfolio had an estimated weighted average remaining life of approximately 4.9 years and 5.2 years as of March 31, 2026 and December 31, 2025, respectively.

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The following table summarizes the maturity composition of our fixed income investment securities as of March 31, 2026, including the weighted average yield of each maturity band. Maturities are based on the final contractual payment date, and do not reflect the effect of scheduled principal repayments, prepayments, or early redemptions that may occur. The weighted-average yield below represents the effective yield for the investment securities and is calculated based on the amortized cost of each security.

<i>(Dollars in thousands)</i>	March 31, 2026		
	Amortized Cost	Fair Value	Weighted-Average Yield
Held-to-maturity			
Due in one year or less	\$ —	\$ —	—
Due after one year through five years	41,920	38,919	1.28 %
Due after five years through ten years	8,015	6,886	2.02 %
Due after ten years	37,663	30,864	1.44 %
Total Held-to-maturity Securities	<u>\$ 87,598</u>	<u>\$ 76,669</u>	<u>1.42 %</u>
Available-for-sale			
Due in one year or less	\$ 10,999	\$ 10,954	1.30 %
Due after one year through five years	26,630	25,847	2.74 %
Due after five years through ten years	46,277	45,152	3.70 %
Due after ten years	51,840	44,213	1.93 %
Total Available-for-sale Securities	<u>\$ 135,746</u>	<u>\$ 126,166</u>	<u>2.64 %</u>

Loan Portfolio

Gross loans, net of unearned income, decreased \$1.6 million to \$1.97 billion as of March 31, 2026 compared to \$1.98 billion as of December 31, 2025. The decrease in loans from December 31, 2025, was primarily attributable to a decline in residential real estate loans, partially offset by a growth in construction and development loans. The Company continues to maintain its disciplined underwriting standards while prudently pursuing loan growth opportunities that provide acceptable risk-adjusted returns.

The following table presents the Company's composition of loans held for investment, net of deferred fees and costs, in dollar amounts and as a percentage of total gross loans as of March 31, 2026 and December 31, 2025.

<i>(Dollars in thousands)</i>	March 31, 2026		December 31, 2025	
	Amount	Percent	Amount	Percent
Real Estate Loans:				
Commercial	\$ 1,176,929	59.78 %	\$ 1,173,617	59.57 %
Construction and land development	228,591	11.61 %	222,659	11.30 %
Residential	513,650	26.09 %	522,990	26.54 %
Commercial - Non Real Estate:				
Commercial loans	48,905	2.48 %	49,967	2.54 %
Consumer - Non-Real Estate:				
Consumer loans	760	0.04 %	1,043	0.05 %
Total Gross Loans	<u>\$ 1,968,835</u>	<u>100.00 %</u>	<u>\$ 1,970,276</u>	<u>100.00 %</u>
Allowance for loan credit losses	(19,983)		(19,805)	
Net deferred loan costs	4,908		5,084	
Total net loans	<u>\$ 1,953,760</u>		<u>\$ 1,955,555</u>	

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The Company maintains policies and procedures to promote sound underwriting and to mitigate credit risk. The Chief Credit Officer is responsible for establishing credit risk policies and procedures, including underwriting and hold guidelines and credit approval authority, and monitoring credit exposure and performance of the Company's lending-related transactions.

The Company's asset quality remained strong during the quarter ended March 31, 2026. The Company recorded no charge-offs during the period and had no other real estate owned assets as of March 31, 2026. During the most recent quarter, management placed one SBA 7(a) loan in the total amount of \$984 thousand on non-accrual status, representing the Company's only non-accrual loan as of March 31, 2026. As a result, the Company reversed uncollected accrued interest receivable in the total amount of \$9 thousand. The entire outstanding loan amount is fully guaranteed by the SBA. This is the only non-accrual loan since the third quarter of 2019. The Company charged-off the unguaranteed portion of the loan in the total amount of \$361 thousand during the fourth quarter of 2025. The Company has submitted the guaranty purchase to the SBA and expects to receive the full guarantee payment. The Company did not have any nonaccrual loans as of December 31, 2025. A loan is placed on nonaccrual status when (i) the Company is advised by the borrower that scheduled principal or interest payments cannot be met, (ii) when management's best judgment indicates that payment in full of principal and interest can no longer be expected, or (iii) when any such loan or obligation becomes delinquent for 90 days, unless it is both well-secured and in the process of collection.

The following table summarizes the Company's asset quality as of March 31, 2026 and December 31, 2025.

<i>(Dollars in thousands)</i>	March 31, 2026	December 31, 2025
Nonaccrual loans	\$ 984	\$ —
Loans past due 90 days and accruing interest	—	1,084
Other real estate owned and repossessed assets	—	—
Total nonperforming assets	<u>\$ 984</u>	<u>\$ 1,084</u>
Allowance for loan credit losses to nonperforming assets	20.3 x	18.3 x
Nonaccrual loans to total loans	0.05 %	0.00 %
Nonperforming loans to total loans	0.05 %	0.05 %

Allowance for Loan Credit Losses

Refer to the discussion in Note 1 of the audited financial statements and notes for the year ended December 31, 2025 contained in the Company's 2025 Annual Report on Form 10-K for management's approach to estimating the allowance for loan credit losses.

The Company recorded \$35 thousand of net recoveries during the three months ended March 31, 2026 and had no net charge-offs or recoveries during the three months ended March 31, 2025. At March 31, 2026, the allowance for loan credit losses was \$20.0 million or 1.01% of outstanding loans, net of unearned income, compared to \$19.8 million or 1.00% of outstanding loans, net of unearned income, at December 31, 2025. Management continues to assess credit risk exposure and monitor macroeconomic indicators that may impact borrower behavior and repayment capacity. Management believes the current allowance for credit losses is appropriate given the composition and performance of the loan portfolio.

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The following table summarizes the Company's loan loss experience by loan portfolio for the three months ended March 31, 2026 and March 31, 2025.

	Three Months Ended			
	March 31, 2026		March 31, 2025	
	Net (charge-offs) recoveries	Net (charge-off) recovery rate ⁽¹⁾	Net (charge-offs) recoveries	Net (charge-off) recovery rate ⁽¹⁾
<i>(Dollars in thousands)</i>				
Real estate loans:				
Commercial	\$ —	—	\$ —	—
Construction and land development	—	—	—	—
Residential	—	—	—	—
Commercial loans	35	0.30 %	—	—
Consumer loans	—	—	—	—
Total	<u>\$ 35</u>		<u>\$ —</u>	
Average loans outstanding during the period	\$ 1,974,165		\$ 1,868,303	
Allowance coverage ratio ⁽²⁾		1.01 %		1.01 %
Total net (charge-off) recovery rate (annualized)		0.01 %		— %
Allowance to nonaccrual loans ratio ⁽³⁾		20.3 x		N/M

N/M – Not meaningful

- (1) The net (charge-off) recovery rate is calculated by dividing annualized total net (charge-offs) recoveries during the period by average gross loans outstanding during the period.
- (2) The allowance coverage ratio is calculated by dividing the allowance for loan credit losses at the end of the period by gross loans, net of unearned income at the end of the period.
- (3) The allowance to nonaccrual loans ratio is calculated by dividing the allowance for loan credit losses at the end of the period by nonaccrual loans at the end of the period.

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The following tables summarize the allowance for loan credit losses by portfolio with a comparison of the percentage composition in relation to total allowance for loan credit losses and total loans as of March 31, 2026 and December 31, 2025.

	March 31, 2026		
	Allowance for Loan Credit Losses	Percent of Allowance in Each Category to Total Allocated Allowance	Percent of Loans in Each Category to Total Loans
<i>(Dollars in thousands)</i>			
Real Estate Loans:			
Commercial	\$ 11,033	55.21 %	59.78 %
Construction and land development	3,073	15.38 %	11.61 %
Residential	5,292	26.48 %	26.09 %
Commercial - Non-Real Estate:			
Commercial loans	581	2.91 %	2.48 %
Consumer - Non-Real Estate:			
Consumer loans	4	0.02 %	0.04 %
Total	\$ 19,983	100.00 %	100.00 %

	December 31, 2025		
	Allowance for Loan Credit Losses	Percent of Allowance in Each Category to Total Allocated Allowance	Percent of Loans in Each Category to Total Loans
<i>(Dollars in thousands)</i>			
Real Estate Loans:			
Commercial	\$ 11,177	56.43 %	59.57 %
Construction and land development	3,014	15.22 %	11.30 %
Residential	5,018	25.34 %	26.54 %
Commercial - Non-Real Estate:			
Commercial loans	564	2.85 %	2.54 %
Consumer - Non-Real Estate:			
Consumer loans	32	0.16 %	0.05 %
Total	\$ 19,805	100.00 %	100.00 %

Management believes that the allowance for loan credit losses is adequate to absorb lifetime expected credit losses inherent in the portfolio as of March 31, 2026. There can be no assurance, however, that adjustments to the provision for (recovery of) credit losses will not be required in the future. Changes in the economic assumptions underlying management's estimates and judgments; adverse developments in the economy, on a national basis or in the Company's market area; or changes in the circumstances of particular borrowers are criteria that could change and make adjustments to the provision for (recovery of) credit losses necessary.

Deposits

Total deposits increased \$15.4 million or 0.8% to \$1.99 billion as of March 31, 2026 compared to \$1.97 billion as of December 31, 2025.

Non-interest bearing demand deposits increased \$25.5 million or 5.9% to \$458.2 million as of March 31, 2026 compared to \$432.7 million at December 31, 2025. Non-interest bearing demand deposits represented 23.1% and 21.9% of total deposits at March 31, 2026 and December 31, 2025, respectively.

Interest-bearing deposits, which include NOW accounts, regular savings accounts, money market accounts, and time deposits, decreased \$10.0 million or 0.7% to \$1.53 billion as of March 31, 2026 compared to \$1.54 billion as of December 31, 2025. Interest-bearing deposits represented 76.9% and 78.1% of total deposits at March 31, 2026 and December 31, 2025, respectively.

The Company focuses on funding asset growth with deposit accounts, with an emphasis on core deposit growth, as its primary source of deposits. Core deposits consist of checking accounts, NOW accounts, money market accounts, regular savings accounts, time deposits, reciprocal IntraFi Demand® deposits, reciprocal IntraFi Money Market® deposits and reciprocal IntraFi CD® deposits. Core deposits totaled \$1.69 billion or 84.8% of total deposits and \$1.67 billion or 84.7% of total deposits at March 31, 2026 and December 31, 2025, respectively.

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The following table sets forth the average balances of deposits and the average interest rates paid for the three months ended March 31, 2026 and 2025.

<i>(Dollars in thousands)</i>	March 31, 2026		March 31, 2025	
	Average Amount	Rate	Average Amount	Rate
Non-interest bearing	\$ 439,692		\$ 424,795	
Interest bearing:				
NOW accounts	371,418	2.10 %	357,206	2.41 %
Money market accounts	374,848	2.36 %	339,248	2.73 %
Savings accounts	34,972	0.80 %	43,062	0.98 %
Time deposits	756,391	4.02 %	720,658	4.38 %
Total interest-bearing	1,537,629	3.08 %	1,460,174	3.42 %
Total	\$ 1,977,321	2.39 %	\$ 1,884,969	2.65 %

The following table sets forth the maturity ranges of certificates of deposit with balances of \$250,000 or more as of March 31, 2026.

<i>(Dollars in thousands)</i>	March 31, 2026	
	Total	Uninsured
Three months or less	\$ 54,074	\$ 36,574
Over three through 6 months	82,432	66,182
Over 6 through 12 months	84,473	76,973
Over 12 months	119,872	92,872
Total	\$ 340,851	\$ 272,601

The total amount of our uninsured deposits (deposits in excess of \$250,000, as calculated in accordance with FDIC regulations) was estimated at \$887.3 million at March 31, 2026 and \$853.4 million at December 31, 2025. Included in these amounts were \$162.8 million and \$161.8 million of public fund deposits that are collateralized as of March 31, 2026 and December 31, 2025, respectively. Deposits that were not insured or not collateralized represented 36.5% and 35.1% of total deposits at March 31, 2026 and December 31, 2025, respectively.

Capital Resources

The Company is a bank holding company with less than \$3 billion in assets and does not (i) have significant off balance sheet exposure, (ii) engage in significant non-banking activities, or (iii) have a material amount of securities registered under the Exchange Act. As a result, the Company qualifies as a small bank holding company under the Federal Reserve's Small Bank Holding Company Policy Statement and is currently not subject to consolidated regulatory capital requirements.

The Bank is subject to capital adequacy standards adopted by the Federal Reserve, including the capital rules that implemented the Basel III regulatory capital reforms developed by the Basel Committee on Banking Supervision.

Note 11 to the Consolidated Financial Statements, included in Item 1 of this Form 10-Q, contains additional discussion and analysis regarding the Company and Bank's regulatory capital requirements.

Shareholders' equity increased \$2.5 million or 0.9% to \$268.1 million at March 31, 2026 compared to \$265.6 million at December 31, 2025. During the three months ended March 31, 2026, the increase in shareholders' equity was primarily attributable to a \$4.8 million increase in retained earnings, partially offset by a \$1.9 million decrease in additional paid-in capital due to the Company's share repurchases coupled with a \$0.4 million increase in accumulated other comprehensive loss on the Company's available-for-sale securities. Book value per share was \$19.00 as of March 31, 2026 compared to \$18.69 as of December 31, 2025.

In August of 2025, the Company's Board of Directors authorized the extension of the Company's stock repurchase program that was originally adopted in August of 2021. Under the stock repurchase program, the Company may repurchase up to 700,000 shares of its common stock, par value of \$0.01 per share, or approximately 5% of its outstanding shares of common stock. The stock repurchase program will expire on August 31, 2026, or earlier if all the authorized shares have been repurchased. The Company repurchased 103,507 shares of its outstanding common stock under the program during the three months ended March 31, 2026.

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Liquidity

Liquidity reflects a financial institution's ability to fund assets and meet current and future financial obligations. Liquidity is essential in all banks to meet customer withdrawals, compensate for balance sheet fluctuations, and provide funds for growth. Monitoring and managing both liquidity measurements is critical in developing prudent and effective balance sheet management. Management conducts liquidity stress testing on a quarterly basis to prepare for unexpected adverse scenarios and contemporaneously develops mitigating strategies to reduce losses in the event of an economic downturn.

The Company's principal source of liquidity and funding is its deposit base. The level of deposits necessary to support the Company's lending and investment activities is determined through monitoring loan demand.

In addition to the liquidity provided by balance sheet cash flows, the Company supplements its liquidity with additional sources such as secured borrowing credit lines with the FHLB and the Federal Reserve Bank. Specifically, the Company has pledged a portion of its commercial real estate and residential real estate loan portfolios to the FHLB and commercial loans to the Federal Reserve Bank. Based on collateral pledged as of March 31, 2026, the remaining FHLB available borrowing capacity was \$470.6 million. Additional borrowing capacity with the Federal Reserve Bank was approximately \$157.5 million as of March 31, 2026.

During the first quarter of 2026, a \$15.0 million FHLB advance, carrying an interest rate of 4.14%, matured and was replaced with the FHLB advance of the same principal amount at an interest rate of 3.61%. At March 31, 2026, the Company had three outstanding FHLB advances totaling \$56.0 million with interest rates ranging from 3.61% to 3.98%.

Total liquidity, defined as cash and cash equivalents, unencumbered securities at fair value, and available secured borrowing capacity, was \$881.0 million at March 31, 2026 compared to \$827.0 million at December 31, 2025.

In addition to available secured borrowing capacity, the Company had available federal funds lines with correspondent banks of \$110.0 million at March 31, 2026.

Off-Balance Sheet Arrangements

The Company enters into certain off-balance sheet arrangements in the normal course of business to meet the financing needs of its customers. These off-balance sheet arrangements include commitments to extend credit, standby letters of credit and financial guarantees which would impact the Company's liquidity and capital resources to the extent customers accept and or use these commitments. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. With the exception of these off-balance sheet arrangements, the Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources, that is material to investors. For further information, see Note 7 to the Consolidated Financial Statements, included in Item 1 of this Form 10-Q, for further discussion of the nature, business purpose and elements of risk involved with these off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required for smaller reporting companies.

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 Exchange Act) as of March 31, 2026. 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 SEC 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 15d-15(f) under the Exchange Act) occurred during the first fiscal quarter of 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of our operations, the Company and its subsidiary are parties to various claims and lawsuits. Currently, we are not party to any material legal proceedings, and no such proceedings are, to management’s knowledge, threatened against us.

Item 1A. Risk Factors

There have been no material changes in the risk factors that were disclosed in Item 1A, under the caption “Risk Factors” in our 2025 Annual Report on Form 10-K, which we filed with the SEC on March 13, 2026.

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

(a) Not applicable.

(b) Not applicable.

(c) Issuer purchases of Registered Equity Securities:

On August 18, 2021, the Company’s Board of Directors approved a share repurchase plan (the “Plan”) of up to 5% of outstanding common stock. As announced in a Current Report of Form 8-K filed with the SEC on August 19, 2025, the Plan, which was set to expire on August 31, 2025, was extended to August 31, 2026. The first repurchase under the Plan occurred in May 2024. The following table reflects share repurchase activity during the three months ended March 31, 2026:

	Total Number of Shares Repurchased	Average Price Paid Per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number of Shares that May Yet Be Purchased Under the Plan
January 2026	960	\$ 20.14	960	560,397
February 2026	—	—	—	560,397
March 2026	102,547	19.69	102,547	457,850
	<u>103,507</u>	<u>\$ 19.69</u>	<u>103,507</u>	

(1) The average price paid per share is calculated on a trade date basis for all open market transactions and excludes commissions and other transaction expenses.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

(a) None.

(b) None.

(c) During the fiscal quarter ended March 31, 2026, none of the Company’s directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408(a) of Regulation S-K).

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Item 6. Exhibits

Exhibit No.	Description
31.1†	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2†	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1†	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.0†	Interactive data files formatted in Inline eXtensible Business Reporting Language pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of March 31, 2026 (unaudited) and December 31, 2025, (ii) the Consolidated Statements of Income for the three months ended March 31, 2026 and March 31, 2025 (unaudited), (iii) the Consolidated Statements of Comprehensive Income for the three months ended March 31, 2026 and March 31, 2025 (unaudited), (iv) the Consolidated Statements of Shareholders' Equity for the three months ended March 31, 2026 and March 31, 2025 (unaudited), (v) the Consolidated Statements of Cash Flows for the three months ended March 31, 2026 and March 31, 2025 (unaudited) and (vi) the Notes to the Consolidated Financial Statements.
104†	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101.0)

† 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.

Date: May 8, 2026

JOHN MARSHALL BANCORP, INC.

By: /s/ Christopher W. Bergstrom

Name: Christopher W. Bergstrom

Title: President, Chief Executive Officer
(Principal Executive Officer)

By: /s/ Kent D. Carstater

Name: Kent D. Carstater

Title: Senior Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Section 302 Certification

I, Christopher W. Bergstrom, certify that:

1. I have reviewed this quarterly report on Form 10-Q of John Marshall Bancorp, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Christopher W. Bergstrom

Date: May 8, 2026

Christopher W. Bergstrom

President and Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Section 302 Certification

I, Kent D. Carstater, certify that:

1. I have reviewed this quarterly report on Form 10-Q of John Marshall Bancorp, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kent D. Carstater

Date: May 8, 2026

Kent D. Carstater

Senior Executive Vice President and Chief Financial Officer

**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 of John Marshall Bancorp, Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned Chief Executive Officer and Chief Financial Officer of the Company hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002 that based on their knowledge and belief: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, 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 periods covered in the Report.

/s/ Christopher W. Bergstrom

Christopher W. Bergstrom

President and Chief Executive Officer

/s/ Kent D. Carstater

Kent D. Carstater

Senior Executive Vice President and Chief Financial Officer

May 8, 2026
