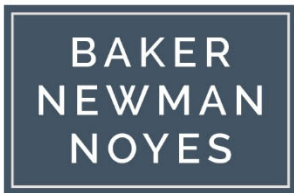


**First Greenwich Financial, Inc.  
and Subsidiary**

Consolidated Financial Statements

*December 31, 2025 and 2024  
With Independent Auditors' Report*



## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
First Greenwich Financial, Inc.

### Opinion

We have audited the consolidated financial statements of First Greenwich Financial, Inc. and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*BAKER NEWMAN & NOYES LLC*

Portland, Maine  
May 4, 2026

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

**CONSOLIDATED BALANCE SHEETS**

December 31, 2025 and 2024

(In Thousands, Except Share and Per Share Data)

	<u>2025</u>	<u>2024</u>
<b><u>ASSETS</u></b>		
Cash and due from banks	\$ 3,850	\$ 4,424
Interest-bearing demand deposits with other banks	<u>44,111</u>	<u>68,283</u>
Cash and cash equivalents	47,961	72,707
Investments in available-for-sale securities	5,556	5,732
Investments in held-to-maturity securities, net of allowance for credit losses of \$58 in 2025 and \$76 in 2024 (fair values of \$3,829 in 2025 and \$4,552 in 2024)	3,942	4,924
Federal Home Loan Bank stock, at cost	2,604	4,230
Loans, net of allowance for credit losses of \$7,871 in 2025 and \$7,501 in 2024	711,277	694,108
Premises and equipment, net	2,721	2,821
Accrued interest receivable	4,221	3,900
Bank owned life insurance	13,817	13,322
Deferred tax asset, net	2,773	2,313
Other assets	<u>9,242</u>	<u>4,720</u>
<b>Total assets</b>	<b><u>\$804,114</u></b>	<b><u>\$808,777</u></b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Deposits:		
Noninterest-bearing	\$ 138,089	\$139,341
Interest-bearing	<u>532,531</u>	<u>497,431</u>
Total deposits	670,620	636,772
Federal Home Loan Bank borrowings	55,000	97,000
Subordinated notes	12,954	12,893
Other borrowings	4,000	4,000
Other liabilities	<u>6,055</u>	<u>7,200</u>
Total liabilities	748,629	757,865
Stockholders' equity:		
Preferred stock, no par value, 500,000 shares authorized; issued 12,500 in 2025 and 2024	1,235	1,235
Common stock, \$.01 par value; 19,500,000 shares authorized; 2,691,354 issued and outstanding at December 31, 2025 and 2,593,416 issued and outstanding at December 31, 2024	25	25
Paid-in capital	31,480	30,927
Retained earnings	22,836	18,966
Accumulated other comprehensive loss	<u>(91)</u>	<u>(241)</u>
Total stockholders' equity	<u>55,485</u>	<u>50,912</u>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$804,114</u></b>	<b><u>\$808,777</u></b>

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

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31, 2025 and 2024

(In Thousands, Except Per Share Data)

	<u>2025</u>	<u>2024</u>
Interest and dividend income:		
Interest and fees on loans	\$ 39,987	\$ 34,168
Interest on securities	174	184
Other interest	2,331	3,081
Dividends on Federal Home Loan Bank stock	<u>283</u>	<u>209</u>
Total interest and dividend income	42,775	37,642
Interest expense:		
Interest on deposits	17,342	18,709
Interest on Federal Home Loan Bank advances	3,448	2,716
Interest on other borrowings	296	338
Interest on subordinated debt	<u>549</u>	<u>549</u>
Total interest expense	<u>21,635</u>	<u>22,312</u>
Net interest and dividend income	21,140	15,330
Provision for credit losses	<u>387</u>	<u>450</u>
Net interest and dividend income after provision for credit losses	20,753	14,880
Noninterest income:		
Service charges on deposit accounts	77	91
Customer service fees	433	491
Other income	<u>531</u>	<u>494</u>
Total noninterest income	1,041	1,076
Noninterest expense:		
Salaries and employee benefits	9,042	7,319
Occupancy expense	1,199	1,214
Equipment expense	225	194
Data processing expense	1,172	1,061
Professional fees	671	426
Federal Deposit Insurance Corporation assessment	625	503
Advertising and promotions	555	545
Loss on calls of available-for-sale securities, net	11	-
Other expense	<u>3,459</u>	<u>1,320</u>
Total noninterest expense	16,959	12,582
Income before income taxes	4,835	3,374
Income tax expense	<u>884</u>	<u>537</u>
Net income	<u>\$ 3,951</u>	<u>\$ 2,837</u>
Earnings per common share, basic	<u>\$ 1.49</u>	<u>\$ 1.09</u>
Earnings per common share, diluted	<u>\$ 1.46</u>	<u>\$ 1.06</u>

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

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Years Ended December 31, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
Net income	\$ 3,951	\$ 2,837
Other comprehensive income (loss):		
Net change in unrealized holding gain (loss) on available-for-sale securities, net of taxes	<u>150</u>	<u>(70)</u>
Comprehensive income	<u>\$ 4,101</u>	<u>\$ 2,767</u>

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

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

Years Ended December 31, 2025 and 2024

(Dollars In Thousands, Except Share Data)

	<u>Preferred Stock</u>	<u>Common Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive (Loss) Income</u>	<u>Total</u>
Balance, December 31, 2023	\$ 1,235	\$ 25	\$ 30,592	\$ 16,210	\$ (171)	\$ 47,891
Net income	—	—	—	2,837	—	2,837
Other comprehensive loss	—	—	—	—	(70)	(70)
Preferred stock dividends declared	—	—	—	(81)	—	(81)
Stock-based compensation	—	—	335	—	—	335
Balance, December 31, 2024	<u>\$ 1,235</u>	<u>\$ 25</u>	<u>\$ 30,927</u>	<u>\$ 18,966</u>	<u>\$ (241)</u>	<u>\$ 50,912</u>
Net income	—	—	—	3,951	—	3,951
Other comprehensive income	—	—	—	—	150	150
Preferred stock dividends declared	—	—	—	(81)	—	(81)
Stock-based compensation	—	—	553	—	—	553
Balance, December 31, 2025	<u>\$ 1,235</u>	<u>\$ 25</u>	<u>\$ 31,480</u>	<u>\$ 22,836</u>	<u>\$ (91)</u>	<u>\$ 55,485</u>

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

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Net income	\$ 3,951	\$ 2,837
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	405	450
Benefit to credit losses for held-to-maturity securities	(18)	-
Amortization of securities, net of accretion	44	52
Loss on sales and calls of available-for-sale securities	11	-
Amortization of issuance cost on subordinated debt	61	62
Bank owned life insurance income	(495)	(457)
Change in deferred loan costs/fees, net	68	45
Depreciation and amortization	219	179
Deferred income tax (benefit) expense	(503)	76
Net change in accrued interest receivable	(321)	(478)
Net change in other assets	(4,536)	719
Stock-based compensation	553	335
Net change in other liabilities	<u>(1,230)</u>	<u>(243)</u>
Net cash (used by) provided by operating activities	<u>(1,791)</u>	<u>3,577</u>
Cash flows from investing activities:		
Proceeds from paydowns, maturities and calls of available-for-sale securities	674	727
Proceeds from maturities and calls of held-to-maturity securities	1,000	-
Purchases of available-for-sale securities	(360)	-
Purchases and redemptions of Federal Home Loan Bank stock, net	1,626	(2,070)
Loan originations and principal collections, net	(17,557)	(60,085)
Participation loans purchased	-	(2,146)
Capital expenditures on premises, equipment and software	<u>(105)</u>	<u>(317)</u>
Net cash used in investing activities	<u>(14,722)</u>	<u>(63,891)</u>
Cash flows from financing activities:		
Net increase in demand deposits, NOW and savings accounts	50,941	5,103
Net (decrease) increase in time deposits	(17,093)	9,182
Net change in short-term advances from Federal Home Loan Bank	(32,000)	62,000
Repayment of long-term advances from Federal Home Loan Bank	(10,000)	(10,000)
Preferred stock dividends paid	<u>(81)</u>	<u>(81)</u>
Net cash (used) provided by financing activities	<u>(8,233)</u>	<u>66,204</u>
Net (decrease) increase in cash and cash equivalents	(24,746)	5,890
Cash and cash equivalents at beginning of year	<u>72,707</u>	<u>66,817</u>
Cash and cash equivalents at end of year	<u>\$ 47,961</u>	<u>\$ 72,707</u>

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Years Ended December 31, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
Supplemental disclosures:		
Interest paid	\$ 22,461	\$ 22,229
Taxes paid	1,261	260

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

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **1. Nature of Operations**

First Greenwich Financial, Inc. (Company) is a Connecticut corporation that was incorporated on June 16, 2016 to become the holding company of The First Bank of Greenwich (Bank). The Company's primary activity is to act as the holding company for the Bank. The Bank is a state chartered bank which was incorporated on October 25, 2005 and is headquartered in Cos Cob, Connecticut. The Bank also operates branches in Stamford, Connecticut and Port Chester, New York, and is engaged principally in the business of attracting deposits from the general public and investing those deposits in residential and commercial real estate loans, and in consumer and small business loans.

On August 2, 2021, the Bank formed First Greenwich Mortgage Company, a Passive Investment Company (PIC), headquartered in Cos Cob, Connecticut. The PIC is a wholly-owned direct subsidiary of the Bank and its sole purpose is to hold qualified loans. Income of the PIC and its dividends to the Bank are exempt from the Connecticut Corporate Business Tax.

The Company's common stock trades on the OTC Pink market under the ticker symbol "FGFI."

### **2. Summary of Significant Accounting Policies**

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and predominant practices within the banking industry. The consolidated financial statements were prepared using the accrual method of accounting. The significant accounting policies are summarized below to assist the reader in better understanding the financial statements and other data contained herein.

#### Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses, impairment of securities, and the valuation of deferred tax assets.

#### Basis of Presentation

The consolidated financial statements include the accounts of First Greenwich Financial, Inc., its wholly-owned subsidiary The First Bank of Greenwich, TFBG Holdings, Inc., a wholly-owned subsidiary of the Bank which holds title to foreclosed real estate, and First Greenwich Mortgage Company, a wholly-owned subsidiary of the Bank which holds qualified loans. All significant intercompany accounts and transactions have been eliminated in consolidation.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **2. Summary of Significant Accounting Policies (Continued)**

#### Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) Topic 606: *Revenue from Contracts with Customers*. The Company's principal revenue streams come from interest and dividend income and mortgage banking activities, all of which are specifically excluded from the scope of Topic 606. Revenue streams within the scope of Topic 606 include primarily customer and deposit service fees, and automated teller machine (ATM) interchange related fees, which are recognized when the Company's performance obligations have been satisfied on an individual transaction basis.

#### Cash and Cash Equivalents

For purposes of reporting consolidated statements of cash flows, cash and cash equivalents include cash on hand, cash items due from banks and interest-bearing demand deposits with other banks. The Company maintains cash balances in excess of fully insured limits.

#### Securities

The Company classifies debt securities into one of three categories: held-to-maturity, available-for-sale, or trading. These security classifications may be modified after acquisition only under certain specified conditions. Debt securities that management has the positive intent and ability to hold to maturity are classified as "held-to-maturity" and are recorded at amortized cost. Trading securities are defined as those bought and held principally for the purpose of selling them in the near term. All other securities must be classified as available-for-sale.

Investments in debt securities are adjusted for amortization of premiums and accretion of discounts computed so as to approximate the interest method. Gains or losses on sales of investment securities are recorded on the trade date and are computed using the specific identification basis.

Held-to-maturity securities are measured at amortized cost in the consolidated balance sheets. Unrealized holding gains and losses are not included in earnings or in a separate component of stockholders' equity, they are merely disclosed in the notes to the consolidated financial statements.

Available-for-sale securities are carried at fair value on the consolidated balance sheet. Unrealized holding gains and losses are not included in earnings but are reported as a net amount (less expected tax) in a separate component of stockholders' equity until realized.

Trading securities are carried at fair value on the consolidated balance sheet. Unrealized holding gains and losses for trading securities are included in earnings.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **2. Summary of Significant Accounting Policies (Continued)**

Each reporting period, the Company evaluates all securities classified as available-for-sale with a decline in fair value below the amortized cost of the investment to determine whether or not an allowance for credit losses should be recorded. The Company first assesses if there is intent to sell, or if it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through a provision for credit losses charged to earnings. For debt securities available for sale that the Company intends to hold, management evaluates whether the decline in fair value has resulted from credit losses or other factors. The Company considers both quantitative and qualitative factors in making this assessment. Credit loss is measured based on discounted cash flow analysis and recorded in a valuation allowance. The allowance is limited by the amount that the fair value is less than the amortized cost basis. Impairment that has not been recorded through an allowance for credit losses shall be recorded through other comprehensive income, net of applicable taxes. Changes in the allowance shall be recorded in the period of the change as credit loss expense (or reversal of credit loss expense).

The Company measures expected credit losses on held to maturity securities on a collective basis by major security type in accordance with the Current Expected Credit Loss (CECL) methodology and credit losses are recognized as part of the provision for credit losses.

#### Federal Home Loan Bank Stock

The Bank, as a member of the Federal Home Loan Bank (FHLB) system, is required to maintain an investment in capital stock of the FHLB. Based on redemption provisions, the stock has no quoted market value and is carried at cost. At its discretion, the FHLB may declare dividends on the stock. The Bank reviews its investment in FHLB stock for impairment based on the ultimate recoverability of the cost basis in the stock. As of December 31, 2025 and 2024, no impairment has been recognized.

#### Loans

Loans receivable that management has the intent and ability to hold until maturity or payoff, are reported at their outstanding principal balances adjusted for any charge-offs, the allowance for credit losses and any deferred fees or costs on originated loans or unamortized premiums or discounts on purchased loans.

Interest on loans is recognized on a simple interest basis. Loan origination fees and certain direct origination costs, net are deferred and amortized over the contractual life of the loan as an adjustment to yield.

Loans rated substandard or worse are considered to be individually evaluated. Loans are placed on nonaccrual status when reaching 90 days past due, except when the loans are well secured and in the process of collection. When a loan has been placed on nonaccrual status, previously accrued and uncollected interest is reversed against interest on loans. A loan can be returned to accrual status when collectibility of principal is reasonably assured and the loan has performed for a period of time, generally six months.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **2. Summary of Significant Accounting Policies (Continued)**

Cash receipts of interest income on non-accrual loans is credited to principal to the extent necessary to eliminate doubt as to the collectibility of the net carrying amount of the loan. Some or all of the cash receipts of interest income on individually evaluated loans is recognized as interest income if the remaining net carrying amount of the loan is deemed to be fully collectible. When recognition of interest income on an individually evaluated loan on a cash basis is appropriate, the amount of income that is recognized is limited to that which would have been accrued on the net carrying amount of the loan at the contractual interest rate. Any cash interest payments received in excess of the limit and not applied to reduce the net carrying amount of the loan are recorded as recoveries of charge-offs until the charge-offs are fully recovered.

#### Accrued Interest Receivable

The Company elected not to measure an allowance for credit losses for accrued interest receivable and instead elected to reverse interest income on loans or securities that are placed on nonaccrual status, which is generally when the instrument is 90 days past due, or earlier if the Company believes the collection of interest is doubtful. The Company has concluded that this policy results in the timely reversal of uncollectible interest.

#### Allowance for Credit Losses- Loans

The allowance for credit losses is based on CECL methodology.

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

Management estimates the allowance for credit losses on loans using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Qualitative and quantitative adjustments related to current conditions consider all of the following: the borrower's creditworthiness, changes in lending policy and procedures, changes in nature and volume of the loan portfolio and in the terms of loans, changes in experience, ability and depth of lending management and staff, changes in the quality of the loan review system, changes in the value of underlying collateral for collateral-dependent loans, existence and effect of any concentration of credit and changes in the level of such concentrations, effect of other external forces such as competition, legal and regulatory requirements on the level of estimated credit losses in the existing portfolio, and the current and forecasted direction of the economic and business environment.

The qualitative factors are determined based on the various risk characteristics of each loan segment. Risk characteristics relevant to each portfolio segment are as follows:

*Residential real estate:* Loans in this segment are collateralized primarily by owner-occupied residential real estate and repayment is dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **2. Summary of Significant Accounting Policies (Continued)**

*Commercial real estate:* Loans in this segment are primarily income-producing properties throughout Connecticut. The underlying cash flows generated by the properties are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which in turn, will have an effect on the credit quality in this segment. Management periodically obtains rent rolls and continually monitors the cash flows and collateral values underlying these loans.

*Construction loans:* Loans in this segment primarily include construction to permanent loans for which repayment is dependent on the credit quality of the individual borrower. Credit risk is affected by cost overruns, time to sell at an adequate price, and market conditions.

*Commercial loans:* Loans in this segment are made to businesses and are generally secured by assets of the business. Repayment is expected from the cash flows of the business. A weakened economy, and resultant decreased consumer spending, will have an effect on the credit quality in this segment.

*Consumer loans:* Loans in this segment generally consist of unsecured loans or loans secured by customer deposits, and repayment is dependent on the credit quality of the individual borrower.

The Company measures the allowance for credit losses using the SCALE method. The SCALE method is a simple, spreadsheet-based method developed by the Federal Reserve to assist community banks in calculating a CECL compliant allowance for credit losses using proxy expected lifetime loss rates. The SCALE tool is a template designed for smaller community banks with total assets of less than \$1 billion. It uses publicly available data from Schedule RI-C of the Call Report to derive the initial proxy lifetime loss rates.

#### Individually Evaluated Loans

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. For loans that are collateral dependent, that is, when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

#### Allowance for Credit Losses – Off-Balance Sheet Credit Exposures

The Company has off-balance sheet financial instruments, which include commitments to extend credit, standby letters of credit and commercial letters of credit. The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The Company's allowance for credit losses on off-balance sheet credit exposures is recognized as a liability in other liabilities on the consolidated balance sheets, with adjustments to the reserve recognized in the provision for credit losses in the consolidated statements of net income. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **2. Summary of Significant Accounting Policies (Continued)**

#### *Other Real Estate Owned and In-Substance Foreclosures*

Other real estate owned includes properties acquired through foreclosure and properties classified as in-substance foreclosures. These properties are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure or transfer, establishing a new cost basis. Subsequent to foreclosure or transfer, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Any writedown from cost to estimated fair value required at the time of foreclosure or classification as in-substance foreclosure is charged to the allowance for credit losses. Expenses incurred in connection with maintaining these assets, subsequent writedowns and gains or losses recognized upon sale are included in other expense.

The Company classifies commercial loans as in-substance repossessed or foreclosed if the Company receives physical possession of the debtor's assets regardless of whether formal foreclosure proceedings take place. An in-substance repossession or foreclosure occurs, and the Company is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan upon either: (1) obtaining legal title to the residential real estate property upon completion of a foreclosure; or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement.

There was no other real estate owned at December 31, 2025 and December 31, 2024.

#### *Bank-owned Life Insurance*

Bank-owned life insurance policies are reflected on the consolidated balance sheets at cash surrender value. Changes in cash surrender value are reflected in other income on the consolidated statements of income.

#### *Employee Retention Credit*

The Employee Retention Credit (ERC) program was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in March 2020 to help businesses retain employees. Eligible businesses could receive a quarterly refundable payroll tax credit. ERCs are claimed primarily on federal payroll tax forms. During 2022, the Company determined that it qualified for the Employee Retention Credit and has filed for a credit against payroll taxes previously paid of approximately \$1,235,000. The Company has elected to account for the ERC in accordance with its accounting policy for government assistance. During 2024 the Company received the \$1,126,000 ERC, net of consulting fees, and recognized a credit to payroll tax expense, included in salaries and employee benefits expense.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **2. Summary of Significant Accounting Policies (Continued)**

#### *Premises and Equipment*

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Cost and related allowances for depreciation and amortization of premises and equipment retired or otherwise disposed of are removed from the respective accounts with any gain or loss included in income or expense. Depreciation and amortization are calculated principally on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the shorter of the improvement's useful life or the lease term.

Premises and equipment are periodically evaluated for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. Impairment exists when the expected undiscounted future cash flows of premises and equipment are less than its carrying amount. In that event, the Company records a loss for the difference between the carrying amount and the fair value of the asset based on quoted market prices, if applicable, or a discounted cash flow analysis.

#### *Leases*

The Company determines if an arrangement is a lease at inception. Operating lease right-of-use ("ROU") assets are included in other assets and operating lease liabilities are included in other liabilities in the consolidated balance sheet. The Company does not have any finance leases.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the incremental borrowing rate is used, which is generally the Federal Home Loan Bank classic advance rate, based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset is net of lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain the option will be exercised. For operating leases, lease expense is recognized on a straight-line basis over the lease term.

#### *Earnings Per Common Share*

Earnings per share is calculated by dividing net income available to common stockholders by the weighted-average number of common shares outstanding during the period. Rights to dividends on unvested stock awards that are non-forfeitable are considered participating securities in the computation of earnings per share using the two-class method. As of December 31, 2025 and 2024, dividends on unvested stock awards outstanding were forfeitable and, therefore, the related shares were not considered participating securities and were excluded from the computation of basic earnings per share.

Diluted earnings per share using the treasury stock method is computed in a similar manner except that the weighted-average number of common shares outstanding includes any incremental shares that would have been outstanding if all potentially dilutive securities were issued during the period.

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**2. Summary of Significant Accounting Policies (Continued)**

Reconciliation of the numerators and the denominators of the basic and diluted per share computations for net income available to common stockholders are as follows for the years ended December 31 (In Thousands, except share and per share data):

	<u>2025</u>	<u>2024</u>
Basic earnings per share:		
Net income	\$ 3,951	\$ 2,837
Dividends on preferred stock	<u>(81)</u>	<u>(81)</u>
Income available to common stockholders	<u>\$ 3,870</u>	<u>\$ 2,756</u>
Weighted-average common shares outstanding – basic	2,599,415	2,535,367
Earnings per share – basic	\$ 1.49	\$ 1.09
Diluted earnings per share:		
Income available to common stockholders	\$ 3,870	\$ 2,756
Effect on income upon assumed conversion:		
Dividends on preferred stock	<u>81</u>	<u>81</u>
Income available to common stockholders assuming dilution	<u>\$ 3,951</u>	<u>\$ 2,837</u>
Weighted-average common shares outstanding – basic	2,599,415	2,535,367
Effect of dilutive securities: <sup>(1)</sup>		
Incremental shares on exercise of stock options	11,390	44,916
Incremental shares of unvested restricted stock	1,913	2,138
Assumed conversion of convertible preferred stock	<u>100,000</u>	<u>100,000</u>
Weighted-average common shares outstanding – diluted	<u>2,712,718</u>	<u>2,682,421</u>
Earnings per share – diluted	\$ 1.46	\$ 1.06

<sup>(1)</sup> At December 31, 2025 and 2024, the computation of diluted earnings per share excluded 139,712 and 150,711, respectively, of potentially dilutive securities because they were antidilutive.

Advertising

The Company directly expenses costs associated with advertising as they are incurred.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **2. Summary of Significant Accounting Policies (Continued)**

Assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the “more-likely-than-not” threshold, based upon the technical merits of the position. Estimated interest and penalties, if applicable, related to uncertain tax positions are included as a component of income tax expense.

It is the Company’s policy to provide for uncertain tax positions and the related interest and penalties based upon management’s assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. As of December 31, 2025 and 2024, the Company has concluded there were no material uncertain tax positions related to federal and state income tax matters.

#### Stock-Based Compensation

At December 31, 2025 and 2024, the Company had stock-based compensation plans described more fully in Note 18 and accounted for under Accounting Standards Codification (ASC) 718-10, *Compensation – Stock Compensation – Overall*. Stock based compensation is based on the measurement date fair value of each option or award. Each option is valued using the Black-Scholes option pricing model, and recognized on a straight-line basis over the requisite service period of the award, with forfeitures recognized as they occur. Unvested restricted stock awards and any related dividends are held in escrow and released to the grantee when fully vested, or reverted to the Company in the event of forfeiture.

#### Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

#### Segment Reporting

The Company’s reportable segment is determined by the Chief Executive Officer, who is designated as the Chief Operating Decision Maker (“CODM”). Based upon information provided about the Company’s products and services offered, the CODM has concluded the Company has one reportable segment which is its banking business. This consists of a full range of banking lending, savings, and small business offerings. The CODM regularly assesses the performance of the aggregated single operating and reporting segment and decides how to allocate resources based on net income calculated on the same basis as is net income reported in the Company’s consolidated statements of income and other comprehensive income. The CODM is also regularly provided with expense information at a level consistent with that disclosed in the Company’s consolidated statements of income and other comprehensive income.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **2. Summary of Significant Accounting Policies (Concluded)**

#### Recent Accounting Pronouncements

In December 2023, the FASB issued Accounting Standards Update (ASU) ASU 2023-09, *Income Taxes—Improvements to Income Tax Disclosures* (Topic 740), which requires entities to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. On an annual basis, entities must disclose: (1) the amount of income taxes paid, net of refunds, disaggregated by federal, state, and foreign; and (2) the amount of income taxes paid, net of refunds, disaggregated by individual jurisdictions in which income taxes paid, net of refunds received, for amounts equal to or greater than 5% of total income taxes paid. Further, the amendments also require entities to disclose: (1) income or loss from continued operations before income tax expense (or benefit) disaggregated between domestic and foreign sources; and (2) income or loss from continued operations disaggregated by federal, state, and foreign sources. This ASU, as amended, is effective for the Company in fiscal years beginning after December 15, 2025, and is not expected to have a material impact on the Company's consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures" (Subtopic 220-40): Disaggregation of Income Statement Expenses." Additionally, in January 2025, the FASB issued ASU No. 2025-01 to clarify the effective date of ASU No. 2024-03. The new guidance is intended to improve disclosures about a public business entity's expenses by enhancing specified information about certain costs and expenses at each interim and annual reporting period so that investors can better understand an entity's overall performance, including its cost structure, and assess potential future cash flows. This guidance is effective for fiscal years beginning after December 15, 2026 and interim periods within annual reporting periods beginning after December 15, 2027, on a retrospective or prospective basis, with early adoption permitted. The Company is in the process of evaluating the impact that this guidance will have on the consolidated financial statements and related disclosures.

In July 2025, the FASB issued 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets* to simplify the application of the current expected credit loss (CECL) model under ASC 326 for current accounts receivable and current contract assets arising from transactions accounted for under ASC 606, Revenue from Contracts with Customers. All entities may elect a practical expedient to assume that current conditions as of the balance sheet date remain unchanged for the remaining life of the asset when estimating expected credit losses. Entities may also choose to consider subsequent cash collection activity after the balance sheet date when estimating expected credit losses. The guidance applies only to assets classified as current and arising from ASC 606 transactions, including those acquired in a business combination or through consolidation of a variable interest entity that is not a business. This ASU is effective for fiscal years beginning after December 15, 2025. Early adoption is permitted. The Company is currently evaluating the potential impact of adopting this guidance on its consolidated financial statements.

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**3. Investments**

The amortized cost basis of securities and their approximate fair values are as follows as of December 31:

	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	
(In thousands)					
Available-for-sale securities:					
<u>2025</u>					
Municipal bonds	\$ 3,911	\$ 3	\$ 77	\$ 3,837	
Mortgage-backed securities	901	9	25	885	
Asset-backed securities	861	3	30	834	
	<u>\$ 5,673</u>	<u>\$ 15</u>	<u>\$ 132</u>	<u>\$ 5,556</u>	
<u>2024</u>					
Municipal bonds	\$ 3,957	\$ -	\$ 189	\$ 3,768	
Mortgage-backed securities	1,070	4	64	1,010	
Asset-backed securities	1,017	1	64	954	
	<u>\$ 6,044</u>	<u>\$ 5</u>	<u>\$ 317</u>	<u>\$ 5,732</u>	
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Allowance for Credit Losses
(In thousands)					
Held-to-maturity securities:					
<u>2025</u>					
Corporate bonds	\$ 4,000	\$ -	\$ 171	\$ 3,829	\$ 58
	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 171</u>	<u>\$ 3,829</u>	<u>\$ 58</u>
<u>2024</u>					
Corporate bonds	\$ 5,000	\$ -	\$ 448	\$ 4,552	\$ 76
	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 448</u>	<u>\$ 4,552</u>	<u>\$ 76</u>

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**3. Investments (Continued)**

The scheduled maturities of debt securities were as follows as of December 31, 2025:

	<u>Available-For-Sale</u>		<u>Held-to-Maturity</u>	
	<u>Amortized Cost Basis</u>	<u>Fair Value</u>	<u>Amortized Cost Basis</u>	<u>Fair Value</u>
	(In thousands)			
Due in one year or less	\$ —	\$ —	\$ —	\$ —
Due after one year through five years	—	—	—	—
Due after five years through ten years	2,556	2,545	4,000	3,829
Due after ten years	1,355	1,292	—	—
Mortgage-backed securities	901	885	—	—
Asset-backed securities	<u>861</u>	<u>834</u>	<u>—</u>	<u>—</u>
	<u>\$ 5,673</u>	<u>\$ 5,556</u>	<u>\$ 4,000</u>	<u>\$ 3,829</u>

During the years ended December 31, 2025 one municipal security held by the Bank was called through a restructuring that resulted in the creation of two new securities and recognition of a loss on the transaction of \$11,000. This transaction was structured to be net neutral to the Bank's balance sheet. During 2024, there were no sales of available-for-sale securities.

There were no securities of issuers other than those issued by the U.S. government or its agencies, whose aggregate carrying value exceeded 10% of stockholders' equity as of December 31, 2025 and 2024.

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**3. Investments (Continued)**

The aggregate fair value and unrealized losses of securities that have been in a continuous unrealized loss position for less than twelve months and for twelve months or more are as follows as of December 31:

	<u>Less than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
	(In Thousands)					
<u>2025</u>						
Held-to-maturity						
Corporate bonds	\$ —	\$ —	\$ 3,829	\$ 171	\$ 3,829	\$ 171
Available-for-Sale						
Municipal bonds	—	—	1,769	77	1,769	77
Mortgage-backed securities	—	—	620	25	620	25
Asset-backed securities	<u>—</u>	<u>—</u>	<u>628</u>	<u>30</u>	<u>628</u>	<u>30</u>
Total Securities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,846</u>	<u>\$ 303</u>	<u>\$ 6,846</u>	<u>\$ 303</u>
<u>2024</u>						
Held-to-maturity						
Corporate bonds	\$ 915	\$ 85	\$ 3,637	\$ 363	\$ 4,552	\$ 448
Available-for-Sale						
Municipal bonds	1,000	15	2,769	173	3,769	188
Mortgage-backed securities	—	—	718	64	718	64
Asset-backed securities	<u>—</u>	<u>—</u>	<u>691</u>	<u>64</u>	<u>691</u>	<u>64</u>
Total Securities	<u>\$ 1,915</u>	<u>\$ 100</u>	<u>\$ 7,815</u>	<u>\$ 664</u>	<u>\$ 9,730</u>	<u>\$ 764</u>

The unrealized losses on the Company's investment in U.S. government guaranteed residential mortgage-backed and asset backed securities, corporate bonds and municipal bonds were primarily caused by interest rate risk. There are five municipal securities, five mortgage-backed securities, two asset-backed securities and six corporate bonds in an unrealized loss position at December 31, 2025. Many of these investments are guaranteed by the U.S. Government or an agency thereof. Accordingly, it is expected that the securities would not be settled at a price less than the par value of the investment. The total loss represents 4.2% of the total amortized cost basis.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### 3. Investments (Concluded)

#### Allowance for Credit Losses – Available for Sale Securities

Available-for-sale securities which are guaranteed by government agencies do not currently have an allowance for credit loss as the Company determined these securities are either backed by the full faith and credit of the U.S. government and/or there is an unconditional commitment to make interest payments and to return the principal investment in full to investors when a debt security reaches maturity. In assessing the Company's investments in government-sponsored and U.S. government guaranteed mortgage-backed securities and government-sponsored enterprise obligations, the contractual cash flows of these investments are guaranteed by the respective government-sponsored enterprise; Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA"), Federal Farm Credit Bank ("FFCB"), or Federal Home Loan Bank ("FHLB"). Accordingly, it is expected that the securities would not be settled at a price less than the par value of the Company's investments. The Company evaluates this position no less than annually, however, certain items which may cause the Company to change this methodology include legislative changes that remove a government-sponsored enterprise's ability to draw funds from the U.S. government, or legislative changes to housing policy that reduce or eliminate the U.S. government's implicit guarantee on such securities. Municipal securities are evaluated no less than annually. There were no allowance for credit losses established on available for sale debt securities during the year ended December 31, 2025 or 2024.

Unrealized losses on municipal bonds and other securities have not been recognized into income because the issuers' bonds are of high credit quality (rated AA or higher), management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The issuers' continue to make timely principal and interest payments on the bonds and notes. The fair value is expected to recover as the bonds and notes approach maturity.

#### Allowance for Credit Losses- Held to Maturity Securities

The Company monitors the credit quality of securities held to maturity through the use of publicly available data on a quarterly basis. These securities consist of subordinated debt in financial institutions and are not rated by a rating agency. Any expected credit losses on held to maturity securities would be presented as an allowance for credit loss.

As of December 31, 2025, and 2024, there are no securities held to maturity on nonaccrual status and there are no securities held to maturity past due 90 days or more and still accruing interest. During the years ended December 31, 2025, and 2024, the Company did not recognize any interest income on nonaccrual securities held to maturity.

The following table summarizes the activity in the allowance for credit losses for debt securities held to maturity by security type for the years ended December 31, 2025, and 2024:

	<u>Corporate</u>	<u>Total</u>
	(In thousands)	
Balance at December 31, 2024	\$ 76	\$ 76
Provision (benefit) for credit losses (benefit)	(18)	-
Balance at December 31, 2025	<u>\$ 58</u>	<u>\$ 76</u>

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Years Ended December 31, 2025 and 2024

**4. Loans and Allowance for Credit Losses**

Loans consisted of the following as of December 31:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Real estate:		
Residential	\$256,377	\$264,792
Commercial	362,206	350,577
Construction	35,051	29,988
Commercial	61,169	54,610
Consumer	<u>5,105</u>	<u>2,335</u>
 Total loans	 719,908	 702,302
 Less: Allowance for credit losses	 (7,871)	 (7,501)
Deferred origination fees, net	<u>(760)</u>	<u>(693)</u>
 Loans, net	 <u>\$711,277</u>	 <u>\$694,108</u>

The Company has pledged 1-4 family residential loans, commercial real estate loans and home equity lines of credit to secure outstanding and available borrowings from the Federal Home Loan Bank of Boston (see note 8).

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**4. Loans and Allowance for Credit Losses (Continued)**

Certain directors and executive officers of the Company and entities in which they have a significant ownership interest were customers of the Bank. Total loans and available lines of credit to such persons and their related entities amounted to \$5,665,000 and \$5,714,000 as of December 31, 2025 and 2024, respectively.

The following represents the composition of the Company's provision for credit loss expense for the years ended December 31 (in thousands):

	<u>2025</u>	<u>2024</u>
Loans	\$320	\$475
Off-balance sheet credit exposures	85	(25)
Held to maturity debt securities	(18)	-
Total provision for credit losses	<u>\$387</u>	<u>\$450</u>

The following tables set forth information regarding the allowance for credit losses for the years ended December 31, 2025 and 2024 and allocation of the allowances to loan segments as of December 31, 2025 and 2024 follows:

	<u>Real Estate</u>						
	<u>Residential</u>	<u>Commercial</u>	<u>Construction</u>	<u>Commercial</u>	<u>Consumer</u>	<u>Unallocated</u>	<u>Total</u>
	(In Thousands)						
<b><u>2025</u></b>							
<u>Allowance for credit losses - loans</u>							
Beginning balance	\$ 2,134	\$ 4,034	\$ 439	\$ 647	\$ 61	\$ 186	\$ 7,501
Charge-offs	-	-	-	-	-	-	-
Recoveries	-	-	-	-	50	-	50
Provision (benefit)	<u>(16)</u>	<u>127</u>	<u>74</u>	<u>94</u>	<u>40</u>	<u>1</u>	<u>320</u>
Ending balance	<u>\$ 2,118</u>	<u>\$ 4,161</u>	<u>\$ 513</u>	<u>\$ 741</u>	<u>\$ 151</u>	<u>\$ 187</u>	<u>\$ 7,871</u>
<b><u>2024</u></b>							
<u>Allowance for credit losses - loans</u>							
Beginning balance	\$ 2,110	\$ 3,767	\$ 248	\$ 620	\$ 25	\$ 256	\$ 7,026
Charge-offs	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-
Provision (benefit)	<u>24</u>	<u>267</u>	<u>191</u>	<u>27</u>	<u>36</u>	<u>(70)</u>	<u>475</u>
Ending balance	<u>\$ 2,134</u>	<u>\$ 4,034</u>	<u>\$ 439</u>	<u>\$ 647</u>	<u>\$ 61</u>	<u>\$ 186</u>	<u>\$ 7,501</u>

The increase in the allowance for credit losses in both 2025 and 2024 reflected incremental allowance related to loan growth.

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Years Ended December 31, 2025 and 2024

**4. Loans and Allowance for Credit Losses (Continued)**

The following tables set forth information regarding nonaccrual loans and past-due loans as of December 31:

	<u>30-59</u>	<u>60-89</u>	<u>90 +</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>90 Days</u>	<u>Non-</u>
	<u>Days</u>	<u>Days</u>	<u>Days</u>	<u>Past Due</u>	<u>Current</u>	<u>Loans</u>	<u>Past Due</u>	<u>accrual</u>
							<u>and</u>	<u>Loans</u>
							<u>Accruing</u>	
<u>2025</u>								
Real estate:								
Residential	\$ -	\$ 432	\$ -	\$ 432	\$ 255,945	\$ 256,377	\$ -	\$ -
Commercial	-	534	2,155	2,689	359,517	362,206	2,155	-
Construction	-	-	-	-	35,051	35,051	-	-
Commercial	-	-	5,025	5,025	56,144	61,169	5,025	-
Consumer	-	-	-	-	5,105	5,105	-	-
	<u>\$ -</u>	<u>\$ 966</u>	<u>\$ 7,180</u>	<u>\$ 8,146</u>	<u>\$711,762</u>	<u>\$ 719,908</u>	<u>\$7,180</u>	<u>\$ -</u>

	<u>30-59</u>	<u>60-89</u>	<u>90 +</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>90 Days</u>	<u>Non-</u>
	<u>Days</u>	<u>Days</u>	<u>Days</u>	<u>Past Due</u>	<u>Current</u>	<u>Loans</u>	<u>Past Due</u>	<u>accrual</u>
							<u>and</u>	<u>Loans</u>
							<u>Accruing</u>	
<u>2024</u>								
Real estate:								
Residential	\$ -	\$ -	\$ -	\$ -	\$ 264,792	\$ 264,792	\$ -	\$ -
Commercial	-	-	-	-	350,577	350,577	-	-
Construction	-	-	-	-	29,988	29,988	-	-
Commercial	-	-	-	-	54,610	54,610	-	-
Consumer	-	-	-	-	2,335	2,335	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$702,302</u>	<u>\$ 702,302</u>	<u>\$ -</u>	<u>\$ -</u>

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **4. Loans and Allowance for Credit Losses (Continued)**

#### *Loans Past Due 90 Days or More and Still Accruing Interest*

As of December 31, 2025, the Bank had one commercial borrowing relationship with loans that were more than 90 days past due and still accruing interest. In accordance with the Bank's nonaccrual policy, loans may continue to accrue interest when they are well secured and in the process of collection. Management determined that continued accrual was appropriate for this relationship based on the collateral coverage and the status of collection efforts.

The relationship consisted of the following loans with aggregate outstanding balances:

- Commercial loans: Four loans totaling \$5,025,000.
- Commercial real estate loans: Three loans totaling \$2,155,000.

All loans within this relationship were well collateralized and actively monitored. These loans were evaluated individually for expected credit losses in accordance with the Bank's allowance for credit losses methodology. Management believes the likelihood of loss on these loans is low based on collateral values and collection activity as of the reporting date.

#### *Individually Evaluated Loans*

At December 31, 2025, and 2024, the Company had \$3,522,000 and \$2,988,000, respectively, in individually evaluated loans, collateralized by real estate property, and \$5,115,000 and \$5,025,000, respectively, in individually evaluated commercial loans, collateralized by business assets. There is no related allowance on loans individually evaluated.

#### *Modified Loans*

Occasionally, the Company will modify the contractual terms of loans to a borrower experiencing financial difficulties as a way to mitigate loss, proactively work with borrowers in financial difficulty, or to comply with regulations regarding the treatment of certain bankruptcy filing and discharge situations. Loans are designated as modified when, as part of an agreement to modify the original contractual terms of the loan as a result of financial difficulties of the borrower, the Company grants the borrower a concession on the terms that would not otherwise be considered. Typically, such concessions may consist of a reduction in interest rate to a below market rate, taking into account the credit quality of the note, extension of additional credit based on receipt of adequate collateral, or a deferment or reduction of payments (principal or interest) which materially alters the Company's position or significantly extends the note's maturity date, such that the present value of cash flows to be received is materially less than those contractually established at the loan's origination. When principal forgiveness is provided, the amount forgiven is charged-off against the allowance for credit losses on loans.

There were no loan modifications to borrowers experiencing financial difficulty during the years ended December 31, 2025 or 2024.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **4. Loans and Allowance for Credit Losses (Continued)**

#### *Credit Quality Information*

The Company utilizes an eight grade internal loan rating system for commercial real estate, construction and commercial loans as follows:

Loans rated 1 – 4: Loans in these categories are considered “pass” rated loans with low to average risk.

Loans rated 5: Loans in this category are considered “special mention.” These loans are starting to show signs of potential weakness and are being closely monitored by management.

Loans rated 6: Loans in this category are considered “substandard.” Generally, a loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligors and/or the collateral pledged. There is a distinct possibility that the Company will sustain some loss if the weakness is not corrected.

Loans rated 7: Loans in this category are considered “doubtful.” Loans classified as doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, highly questionable and improbable.

Loans rated 8: Loans in this category are considered uncollectible (loss) and of such little value that their continuance as loans is not warranted.

On an annual basis, or more often if needed, the Company formally reviews the ratings on all commercial real estate and construction loans over \$1,000,000 and commercial loans over \$500,000. For residential real estate and consumer loans, the Company initially assesses credit quality based upon the borrower’s ability to pay and subsequently monitors these loans based on the borrower’s payment activity.

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

(In Thousands)

**4. Loans and Allowance for Credit Losses (Continued)**

The following table details the amortized cost balances of the Company's loan portfolios, presented by credit quality indicator and origination year as of December 31:

	Term Loans Amortized Cost Basis by Origination Year (in thousands)						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Prior</u>			
<u>December 31, 2025</u>									
Commercial real estate:									
Risk rating:									
Pass (1-4)	\$ 22,195	\$ 34,814	\$ 55,934	\$ 76,868	\$ 47,558	\$ 103,515	\$ 2,040	\$ 13,224	\$ 356,148
Special Mention (5)	-	-	-	1,413	-	1,197	-	-	2,610
Substandard (6)	-	-	-	-	535	2,913	-	-	3,448
Total commercial real estate	<u>\$ 22,195</u>	<u>\$ 34,814</u>	<u>\$ 55,934</u>	<u>\$ 78,281</u>	<u>\$ 48,093</u>	<u>\$ 107,625</u>	<u>\$ 2,040</u>	<u>\$ 13,224</u>	<u>\$ 362,206</u>
Construction:									
Risk rating:									
Pass (1-4)	\$ 7,813	\$ 13,338	\$ 13,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,051
Special Mention (5)	-	-	-	-	-	-	-	-	-
Substandard (6)	-	-	-	-	-	-	-	-	-
Total construction	<u>\$ 7,813</u>	<u>\$ 13,338</u>	<u>\$ 13,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,051</u>
Commercial:									
Risk rating:									
Pass (1-4)	\$ 14,045	\$ 3,859	\$ 1,816	\$ 8,024	\$ 3,293	\$ 1,786	\$ 22,047	\$ 1,017	\$ 55,887
Special Mention (5)	167	-	-	-	-	-	-	-	167
Substandard (6)	117	800	800	-	-	925	2,473	-	5,115
Total commercial	<u>\$ 14,329</u>	<u>\$ 4,659</u>	<u>\$ 2,616</u>	<u>\$ 8,024</u>	<u>\$ 3,293</u>	<u>\$ 2,711</u>	<u>\$ 24,520</u>	<u>\$ 1,017</u>	<u>\$ 61,169</u>

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**4. Loans and Allowance for Credit Losses (Continued)**

December 31, 2024	Term Loans Amortized Cost Basis by Origination Year (in thousands)						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2024	2023	2022	2021	2020	Prior			
Commercial real estate:									
Risk rating:									
Pass (1-4)	\$ 38,325	\$ 60,774	\$ 77,748	\$ 50,797	\$ 24,883	\$ 86,511	\$ 2,150	\$ 3,413	\$ 344,601
Special Mention (5)	-	-	1,469	-	-	1,519	-	-	2,988
Substandard (6)	-	-	-	-	-	2,988	-	-	2,988
Total commercial real estate	<u>\$ 38,325</u>	<u>\$ 60,774</u>	<u>\$ 79,217</u>	<u>\$ 50,797</u>	<u>\$ 24,883</u>	<u>\$ 91,018</u>	<u>\$ 2,150</u>	<u>\$ 3,413</u>	<u>\$ 350,577</u>
Construction:									
Risk rating:									
Pass (1-4)	\$ 11,985	\$ 18,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,988
Special Mention (5)	-	-	-	-	-	-	-	-	-
Substandard (6)	-	-	-	-	-	-	-	-	-
Total construction	<u>\$ 11,985</u>	<u>\$ 18,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,988</u>
Commercial:									
Risk rating:									
Pass (1-4)	\$ 7,536	\$ 3,713	\$ 11,490	\$ 3,789	\$ 1,603	\$ 1,098	\$ 20,260	\$ -	\$ 49,489
Special Mention (5)	-	-	-	-	-	-	171	-	171
Substandard (6)	800	800	-	-	-	925	2,425	-	4,950
Total commercial	<u>\$ 8,336</u>	<u>\$ 4,513</u>	<u>\$ 11,490</u>	<u>\$ 3,789</u>	<u>\$ 1,603</u>	<u>\$ 2,023</u>	<u>\$ 22,856</u>	<u>\$ -</u>	<u>\$ 54,610</u>

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**4. Loans and Allowance for Credit Losses (Continued)**

The Company considers the performance of the loan portfolio and its impact on the allowance for credit losses. For residential and consumer loan classes, the Company also evaluates credit quality based on the aging status of the loan, which was previously presented, and by payment activity. The following table presents the amortized cost in residential and consumer loans based on payment activity:

Term Loans Amortized Cost Basis by Origination Year  
(in thousands)

<u>December 31, 2025</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Prior</u>	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Residential:									
Payment performance:									
Performing	\$ 9,779	\$ 26,588	\$ 14,927	\$ 41,131	\$ 47,072	\$ 94,555	\$ 21,290	\$ 1,035	\$ 256,377
Nonperforming	-	-	-	-	-	-	-	-	-
Total residential	\$ 9,779	\$ 26,588	\$ 14,927	\$ 41,131	\$ 47,072	\$ 94,555	\$ 21,290	\$ 1,035	\$ 256,377
Consumer:									
Payment performance:									
Performing	\$ 4,886	\$ 30	\$ 26	\$ 13	\$ -	\$ 86	\$ 64	\$ -	\$ 5,105
Nonperforming	-	-	-	-	-	-	-	-	-
Total consumer	\$ 4,886	\$ 30	\$ 26	\$ 13	\$ -	\$ 86	\$ 64	\$ -	\$ 5,105
Gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**4. Loans and Allowance for Credit Losses (Concluded)**

Term Loans Amortized Cost Basis by Origination Year  
(in thousands)

December 31, 2024	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Residential:									
Payment performance:									
Performing	\$ 21,143	\$ 23,817	\$ 43,771	\$ 49,478	\$ 26,553	\$ 73,737	\$ 19,341	\$ 6,952	\$ 264,792
Nonperforming	-	-	-	-	-	-	-	-	-
Total residential	\$ 21,143	\$ 23,817	\$ 43,771	\$ 49,478	\$ 26,553	\$ 73,737	\$ 19,341	\$ 6,952	\$ 264,792
Consumer:									
Payment performance:									
Performing	\$ 2,149	\$ 46	\$ 22	\$ -	\$ -	\$ 86	\$ 32	\$ -	\$ 2,335
Nonperforming	-	-	-	-	-	-	-	-	-
Total consumer	\$ 2,149	\$ 46	\$ 22	\$ -	\$ -	\$ 86	\$ 32	\$ -	\$ 2,335
Gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

As of December 31, 2025 and 2024 there were no consumer mortgage loans collateralized by residential real estate in the process of foreclosure.

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

(In Thousands)

**5. Premises and Equipment**

The following is a summary of premises and equipment as of December 31:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Premises:		
Land	\$ 421	\$ 421
Buildings	2,221	2,221
Leasehold improvements	1,028	1,022
Furniture and equipment	1,733	1,635
Bank vehicles	107	106
Fixed assets in process	<u>3</u>	<u>3</u>
	5,513	5,408
Accumulated depreciation and amortization	<u>(2,792)</u>	<u>(2,587)</u>
	<u>\$ 2,721</u>	<u>\$ 2,821</u>

Depreciation and amortization expense amounted to \$205,000 and \$164,000 for the years ending December 31, 2025 and 2024, respectively.

**6. Leases**

A lease is defined as a contract, or part of a contract that conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration.

*Lessee Accounting*

Substantially all of the leases in which the Company is the lessee are comprised of real estate property for branches, and office space with terms extending through 2031. All of the Company's leases are classified as operating leases.

The following table represents the financial statement classification of the Company's Right of Use (ROU) assets and lease liabilities. These leases include two leases to a company owned by a director of the Company. The Company elected not to include short-term leases (i.e. leases with initial terms of twelve months or less) on the consolidated balance sheets:

	<u>Classification</u>	<u>At December 31, 2025</u>	<u>At December 31, 2024</u>
		(In Thousands)	
Operating lease right-of-use assets	Other assets	\$ <u>3,228</u>	\$ <u>3,831</u>
Operating lease liabilities	Other liabilities	\$ <u>3,484</u>	\$ <u>4,081</u>

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**6. Leases (Concluded)**

The calculated amount of the ROU assets and lease liabilities in the table above are impacted by the length of the lease term and the discount rate used to present value the minimum lease payments. The Company's lease agreements often include one or more options to renew at the Company's discretion. If at lease inception, the Company considers the exercising of a renewal option to be reasonably certain, the Company will include the extended term in the calculation of the ROU asset and lease liability. Regarding the discount rate, Topic 842 requires the use of the rate implicit in the lease whenever this rate is readily determinable. As this rate is rarely determinable, the Company utilizes its incremental borrowing rate at lease inception, on a collateral basis, over a similar term.

	<u>At December 31, 2025</u>	<u>At December 31, 2024</u>
Weighted-average remaining lease term:		
Operating leases	5.0 years	5.9 years
Weighted-average discount rate:		
Operating leases	1.7%	1.6%

Total lease costs for the years ending December 31, 2025 and 2024 were \$732,000 and \$736,000, respectively.

The following is a schedule by years of the present value of the net minimum lease payments as of December 31, 2025 (in thousands):

2026	\$ 736
2027	695
2028	715
2029	709
2030	730
Thereafter	<u>136</u>
Total future minimum lease payments	3,721
Amounts representing interest	<u>(237)</u>
Present value of net future minimum lease payments	\$ <u>3,484</u>

The remaining obligation of leases payments due to a related party amounted to \$3,504,000 at December 31, 2025.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### 7. Deposits

The aggregate amount of time deposit accounts in denominations that meet or exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000 as of December 31, 2025 and 2024 amounted to \$82,570,000 and \$90,089,000, respectively.

As of December 31, 2025, the Company has time deposits outstanding that are scheduled to mature as follows (in thousands):

2026	\$237,459
2027	982
2028	108
2029	4
2030	40,015
Thereafter	<u>10,001</u>
	<u>\$288,569</u>

Brokered time deposits, included in the above, totaled \$110,241,000 and \$94,828,000 at December 31, 2025 and 2024, respectively.

Deposits from related parties held by the Company as of December 31, 2025 and 2024 amounted to \$30,276,000 and \$32,308,000, respectively.

### 8. Federal Home Loan Bank Advances, Subordinated Debt and Other Borrowed Funds

#### Federal Home Loan Bank Advances

Advances consist of funds borrowed from the Federal Home Loan Bank of Boston (FHLBB).

Maturities of advances from the FHLBB for the years ending after December 31, 2025 are summarized as follows:

	<u>Amount</u> (In Thousands)	<u>Weighted- Average Rate</u>
2026	<u>\$55,000</u>	<u>3.95%</u>
	<u>\$55,000</u>	<u>3.95%</u>

At December 31, 2025, there were no FHLBB advances redeemable at par at the option of the FHLBB.

As of December 31, 2025 and December 31, 2024, the interest rates on FHLBB advances ranged from 3.82% to 4.45% and 1.17% to 4.53%, respectively.

As of December 31, 2025 and 2024, the Company has pledged one-to-four family residential mortgage loans, home equity lines of credit and commercial real estate loans with a total carrying amount of \$423,735,000 and \$376,356,000, respectively, to secure available borrowings at the FHLBB.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **8. Federal Home Loan Bank Advances, Subordinated Debt and Other Borrowed Funds (Concluded)**

As of December 31, 2025 and 2024, the Company had available borrowing capacity of \$229,860,000 and \$145,686,000, respectively, from the FHLBB.

#### Subordinated Debt

On September 30, 2021, the Company completed an offering of \$13.0 million in aggregate principal amount of its 3.75% fixed-to-floating rate subordinated notes (the “Notes”) to certain qualified institutional buyers in a private placement transaction.

Unless earlier redeemed, the Notes mature on September 30, 2031. The Notes will bear interest from the initial issue date to, but excluding, September 30, 2031, or the earlier redemption date, at a fixed rate of 3.75% per annum, payable semi-annually on March 30 and September 30 beginning March 30, 2022, and from and including October 1, 2026, but excluding the maturity date or earlier redemption date, equal to the benchmark rate, which is the Three-Month Term SOFR, plus 370 basis points, determined on the determination date of the applicable interest period, payable quarterly in arrears on December 30, March 30, June 30, and September 30 of each year. The Company may also redeem the Notes, in whole or in part, on or after October 1, 2026, and at any time upon the occurrence of certain events, subject in each case to the approval of the Board of Governors of the Federal Reserve System (the “Federal Reserve”). The Notes were designed to qualify as Tier 2 capital under the Federal Reserve’s capital adequacy regulations.

#### Federal Reserve Borrowings

The Bank participates in the Borrower-in-Custody Program (the “BIC Program”) of the FRB. Through the BIC Program, a broad range of loans (including commercial, consumer, and residential mortgages) may be pledged as collateral for borrowings through the FRB Discount Window. As of December 31, 2025 and 2024, pledged collateral that is related to this credit facility amounted to \$68.0 million and \$64.8 million, respectively, net of haircut, mainly commercial and construction loans, which is fully available for funding. The FRB Discount Window program provides the opportunity to access a low-rate short-term source of funding in a high volatility market environment.

#### Other Borrowings

The Company has a \$9.0 million Line of Credit with related parties. The Line of Credit bears an interest rate tied to the Prime Rate and is secured by the First Bank of Greenwich stock. The Line of Credit matures on October 1, 2026, subject to one or more extensions. Beginning in year two, the Lenders will determine if the Line of Credit will be extended for an additional year. The Lenders must provide 90 days notice prior to the then-current maturity date, and the Company must notify the Lenders of 60 days prior to the then-current maturity date to extend or not. The interest is payable quarterly. As of December 31, 2025 and 2024, there was \$4.0 million outstanding.

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**9. Passive Investment Company**

In August, 2021, the Company formed First Greenwich Mortgage Company, a Passive Investment Company (“PIC”) organized for state income tax purposes. The PIC is a wholly-owned subsidiary of the Bank operating in accordance with Connecticut statutes. The PIC’s activities are limited in scope to holding and managing loans that are collateralized by real estate. Income earned by a PIC is determined in accordance with the statutory requirements for a passive investment company and the dividends paid by the PIC to the Bank are not taxable income for Connecticut income tax purposes. As a result of the formation of the PIC, the Company no longer expects to be subject to Connecticut income tax. State taxes are being recognized for income taxes on income earned in other states.

**10. Income Tax Expense**

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

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Current:		
Federal	\$ 1,318	\$ 457
State	<u>69</u>	<u>4</u>
	1,387	461
Deferred:		
Federal	(462)	75
State	<u>(41)</u>	<u>1</u>
	<u>(503)</u>	<u>76</u>
Total income tax expense	\$ <u>884</u>	\$ <u>537</u>

The reasons for the differences between the statutory federal income tax rate and the effective tax rates are summarized as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
	% of	% of
	<u>Pre-Tax</u>	<u>Pre-Tax</u>
	<u>Income</u>	<u>Income</u>
Federal income tax at statutory rate	21.0%	21.0%
(Decrease) increase in tax rates resulting from:		
Tax exempt income	(0.5)	(0.7)
Other	(2.7)	(4.5)
State tax, net of federal tax	<u>0.5</u>	<u>0.1</u>
Effective tax rates	<u>18.3%</u>	<u>15.9%</u>

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**10. Income Tax Expense (Concluded)**

The Company had gross deferred tax assets and gross deferred tax liabilities as follows as of December 31:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Deferred tax assets:		
Allowance for credit losses	\$ 1,861	\$ 1,764
Accrued bonus	132	108
Step-up lease expense	57	55
Net operating loss carryforward	1,124	1,186
Allowance for wire fraud	433	-
Organizational expenses	8	9
Unrealized holding loss on available-for-sale securities	27	70
Stock awards	161	99
Other	<u>-</u>	<u>2</u>
Gross deferred tax assets	3,803	3,293
Valuation allowance	<u>(752)</u>	<u>(752)</u>
Gross deferred tax asset, net of valuation allowance	3,051	2,541
Deferred tax liabilities:		
Deferred loan costs, net	(188)	(201)
Prepaid expenses	(20)	(16)
Interest on non-performing loans	(21)	-
Premises and equipment	(42)	(11)
Other	<u>(7)</u>	<u>-</u>
Gross deferred tax liabilities	<u>(278)</u>	<u>(228)</u>
Net deferred tax asset	\$ <u>2,773</u>	\$ <u>2,313</u>

As of December 31, 2025, the Company has federal net operating loss carryforwards of \$5,647,000 which will expire in the years 2027 through 2031 and no state operating loss carryforwards.

Due to an ownership change as defined under Internal Revenue Code Section 382 and related regulations, federal net operating losses incurred prior to September 9, 2011 of \$9,582,000 are subject to an annual utilization limit of \$296,000 per year and expire in 2031. Any amount not utilized in a given year will be carried forward and added to the next year losses until utilized or expired. As a result, there is a related valuation allowance of \$752,000 at December 31, 2025 and 2024.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **11. Employee Benefits**

#### *Defined Contribution Plan*

The Company has a 401(k) plan covering all eligible employees. The plan is a Safe Harbor Plan and the Company makes contributions equal to 3% of each eligible employee's compensation. For the years ended December 31, 2025 and 2024, contributions to the plan amounted to \$194,000 and \$198,000, respectively.

### **12. Fair Value Measurements**

ASC 820-10, *Fair Value Measurement – Overall*, provides a framework for measuring fair value under generally accepted accounting principles.

In accordance with ASC 820-10, the Company groups its financial assets and financial 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 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other methodologies, including option pricing models, discounted cash flow models and similar techniques, are not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

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

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of the Company's financial assets and financial liabilities carried at fair value for December 31, 2025 and 2024.

The Company's investment in mortgage-backed securities and other debt securities available-for-sale is generally classified within Level 2 of the fair value hierarchy. For these securities, the Company obtains fair value measurements from independent pricing services. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, trading levels, market consensus prepayment speeds, credit information and the instrument's terms and conditions.

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**12. Fair Value Measurements (Continued)**

The following summarizes assets measured at fair value as of December 31, 2025 and 2024.

Assets Measured at Fair Value on a Recurring Basis

	Fair Value Measurements at Reporting Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
	(In Thousands)			
<u>2025</u>				
Municipal bonds	\$ 3,837	\$ –	\$ 3,837	\$ –
Mortgage-backed securities	885	–	885	–
Asset-backed securities	<u>834</u>	<u>–</u>	<u>834</u>	<u>–</u>
	<u>\$ 5,556</u>	<u>\$ –</u>	<u>\$ 5,556</u>	<u>\$ –</u>
<u>2024</u>				
Municipal bonds	\$ 3,768	\$ –	\$ 3,768	\$ –
Mortgage-backed securities	1,010	–	1,010	–
Asset-backed securities	<u>954</u>	<u>–</u>	<u>954</u>	<u>–</u>
	<u>\$ 5,732</u>	<u>\$ –</u>	<u>\$ 5,732</u>	<u>\$ –</u>

The Company may also be required, from time to time, to measure certain assets and liabilities at fair value on a non-recurring basis in accordance with generally accepted accounting principles although they are not measured at fair value on an ongoing basis. These adjustments to fair value usually result from application of lower-of-cost-or-market accounting or write-downs of individual assets. There were no assets or liabilities measured at fair value on a non-recurring basis at December 31, 2025 and 2024.

The estimated fair values, and related carrying amounts, of the Company's financial instruments are as follows. Certain financial instruments and all nonfinancial instruments are exempt from disclosure requirements. Accordingly, the aggregate fair value amounts presented herein may not necessarily represent the underlying fair value of the Company.

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**12. Fair Value Measurements (Concluded)**

The estimated fair values of the Company's financial instruments at December 31, 2025 and 2024 are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
(In Thousands)					
<u>2025</u>					
Financial assets:					
Cash and cash equivalents	\$ 47,961	\$47,961	\$ –	\$ –	\$ 47,961
Available-for-sale securities	5,556	–	5,556	–	5,556
Held-to-maturity securities	3,942	–	3,829	–	3,829
Federal Home Loan Bank stock	2,604	–	2,604	–	2,604
Loans, net	711,277	–	–	686,383	686,383
Accrued interest receivable	4,221	4,221	–	–	4,221
Financial liabilities:					
Deposits	670,620	–	645,258	–	645,258
Federal Home Loan Bank advances	55,000	–	55,104	–	55,104
Subordinated notes	12,954	–	–	13,001	13,001
Other borrowings	4,000	–	–	3,997	3,997
<u>2024</u>					
Financial assets:					
Cash and cash equivalents	\$ 72,707	\$72,707	\$ –	\$ –	\$ 72,707
Available-for-sale securities	5,732	–	5,732	–	5,732
Held-to-maturity securities	4,924	–	4,552	–	4,552
Federal Home Loan Bank stock	4,230	–	4,230	–	4,230
Loans, net	694,108	–	–	656,859	656,859
Accrued interest receivable	3,900	3,900	–	–	3,900
Financial liabilities:					
Deposits	636,772	–	606,192	–	606,192
Federal Home Loan Bank advances	97,000	–	97,084	–	97,084
Subordinated notes	12,893	–	–	11,991	11,991
Other borrowings	4,000	–	–	4,013	4,013

The carrying amounts of financial instruments shown in the above table are included in the consolidated balance sheets under the indicated captions.

At December 31, 2025 and 2024, all of the Company's financial instruments were held for purposes other than trading.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **13. Financial Instruments**

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 and standby letters of credit. The instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheets. The contract 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 loan commitments is represented by the contractual amounts of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance by a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company's outstanding letters of credit generally have a term of less than one year. If a letter of credit is drawn upon, the Company may seek recourse through the customer's underlying line of credit. If the customer's line of credit is also in default, the Company may take possession of the collateral, if any, securing the line of credit.

Commitments to extend credit are agreements to lend to a customer provided 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 commitments expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but may include secured interests in mortgages, accounts receivable, inventory, property, plant and equipment and income-producing properties.

Notional amounts of financial instruments with off-balance sheet credit risk are as follows as of December 31:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Commitments to originate loans	\$ 4,393	\$16,064
Standby letters of credit	775	775
Unadvanced portions of loans:		
Home equity	17,580	15,700
1 – 4 family residential construction	3,612	502
Commercial	44,011	39,935
Consumer	<u>195</u>	<u>175</u>
	<u>\$70,566</u>	<u>\$73,151</u>

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **14. Contingencies**

The Bank is involved in various legal and operational matters arising in the normal course of business. In management's opinion, the resolution of such matters is not expected to have a material adverse effect on the Bank's consolidated financial position or results of operations, except as described below.

During the year ended December 31, 2025, the Bank became aware of a fraud event involving a customer that resulted in unauthorized wire transfers totaling approximately \$7.6 million. In response, the Bank entered into an arrangement with the customer to mitigate the financial impact and facilitate recovery of the funds, including the establishment of a note receivable with an availability up to \$7.6 million.

The matter is currently subject to confidential arbitration proceedings. Based on the information available, management recorded a fraud loss of approximately \$1.9 million during the year ended December 31, 2025. The fraud loss, which is presented within other expense on the consolidated statements of income, represents management's best estimate of the Bank's probable loss related to this matter. The recorded amount reflects management's estimate based on currently available information and accounting requirements and does not represent an admission or determination of liability.

The note receivable, which is presented within other assets in the consolidated balance sheets given its nature as part of the resolution of this matter, bears interest at a rate of 3.95%, with payments applied to reduce the outstanding principal balance. The balance of the note is subject to ongoing recovery efforts, including amounts recovered from third parties, which are applied as reductions of principal. The timing and amount of any future recoveries remain uncertain.

Subsequent to year end, the Bank received partial recoveries related to this matter, which were applied to reduce the outstanding balance of the note receivable. Management evaluates the collectibility of the note receivable based on expected recoveries and other relevant factors. No insurance recoveries have been recognized as of December 31, 2025.

Management believes that the recorded loss represents a reasonable and conservative estimate of the Bank's loss exposure. At this time, management does not currently anticipate any additional material loss related to this matter; however, the ultimate outcome of the arbitration process is uncertain, and actual results could differ from current estimates. Management continues to monitor this matter.

### **15. Significant Group Concentrations of Credit Risk**

Most of the Company's business activity is with customers located within Connecticut and New York. There are no concentrations of credit to borrowers that have similar economic characteristics. The majority of the Company's loan portfolio is comprised of loans collateralized by real estate located in Connecticut and New York.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **16. Other Comprehensive Income (Loss)**

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities are reported as a separate component of the stockholders' equity section of the consolidated balance sheets, such items, along with net income, are components of comprehensive income.

The components of other comprehensive income (loss) are as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Net change in unrealized holding gain (loss) on available-for-sale securities	\$ <u>193</u>	\$ <u>(47)</u>
Other comprehensive income (loss), before income tax effect	193	(47)
Income tax expense, benefit	<u>(43)</u>	<u>(23)</u>
Other comprehensive income (loss) , net of tax	\$ <u>150</u>	\$ <u>(70)</u>

Accumulated other comprehensive loss as of December 31, 2025 and 2024 consists of net unrealized holding losses on available-for-sale securities, net of taxes.

### **17. Regulatory Matters**

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Management believes, as of December 31, 2025, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2025, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain minimum total risk-based, Common Equity Tier 1 and Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**17. Regulatory Matters (Concluded)**

The Bank's actual capital amounts and ratios are also presented in the table as of December 31:

	<u>Actual</u>		<u>For Capital Adequacy Purposes</u>		<u>To Be Well Capitalized Under Prompt Corrective Action Provisions</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
	(Dollars in Thousands)					
<u>2025</u>						
Total capital (to risk-weighted assets)	\$79,964	11.9%	\$53,653	8.0%	\$67,066	10.0%
Tier 1 capital (to risk-weighted assets)	71,611	10.7	40,240	6.0	53,653	8.0
Common Equity Tier 1 capital (to risk-weighted assets)	71,611	10.7	30,180	4.5	43,593	6.5
Tier 1 capital (to average assets)	71,611	9.1	31,530	4.0	39,413	5.0
<u>2024</u>						
Total capital (to risk-weighted assets)	\$75,144	11.7%	\$51,447	8.0%	\$64,309	10.0%
Tier 1 capital (to risk-weighted assets)	67,228	10.5	38,585	6.0	51,447	8.0
Common Equity Tier 1 capital (to risk-weighted assets)	67,228	10.5	28,939	4.5	41,801	6.5
Tier 1 capital (to average assets)	67,228	8.6	31,347	4.0	39,184	5.0

In addition to the above minimum requirements, the Bank is subject to a Capital Conservation Buffer requirement of 2.5%. The requirement limits capital distributions and certain discretionary bonus payments to management if the Bank does not maintain the minimum Capital Conservation Buffer. At December 31, 2025, the Bank exceeded the minimum Capital Conservation Buffer.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **18. Stock Option Plan and Stock Awards**

On June 23, 2022 and September 22, 2022, the Board of Directors and the stockholders of the Company, respectively, adopted the First Greenwich Financial, Inc. 2022 Stock Award and Option Plan (the 2022 Plan). Under the 2022 Plan, common stock awards and stock options may be granted to non-employee directors, officers and employees of the Company. Grants of options may be incentive stock options or nonstatutory stock options. The number of shares of common stock reserved for grants is 162,211.

Under the 2022 Plan, the stock option price is set by the Company, but shall not be less than the fair market value of the Company's common stock on the date of grant. The Company also determines the term of each grant, but in no event may a participant exercise a stock option more than ten years from the date of grant.

The Board of Directors or its designated committee shall determine the vesting schedule of awards granted under the 2022 Plan.

On July 18, 2024 and September 26, 2024, the Board of Directors and the stockholders of the Company, respectively, adopted the First Greenwich Financial, Inc. 2024 Stock Award and Option Plan (the 2024 Plan). Under the 2024 Plan, common stock awards and stock options may be granted to non-employee directors, officers and employees of the Company. Grants of options may be incentive stock options or nonstatutory stock options. The number of shares of common stock reserved for grants is 200,000.

The Board of Directors or its designated committee shall determine the vesting schedule of awards granted under the 2024 Plan.

On July 17, 2025 the Company granted options to purchase 50,000 shares of common stock with an exercise price of \$19.00 per share. The fair value of each option granted was estimated on the measurement date using the Black-Sholes option-pricing model with the following assumptions:

	<u>July 17, 2025</u>
Fair value of shares underlying each option	\$ 19.00
Expected volatility	5.00%
Expected term (in years)	7.0
Risk-free rate	4.22%
Expected dividends	None

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**18. Stock Option Plan and Stock Awards (Continued)**

On November 21, 2024 the Company granted options to purchase 59,712 shares of common stock with an exercise price of \$17.00 per share. The fair value of each option granted was estimated on the measurement date using the Black-Sholes option-pricing model with the following assumptions:

	November 21, 2024
Fair value of shares underlying each option	\$ 17.00
Expected volatility	5.00%
Expected term (in years)	7.0
Risk-free rate	4.36%
Expected dividends	None

Options granted in 2025 and 2024 had a weighted-average grant date fair value of \$4.82 and \$4.44, respectively, and an aggregate grant-date fair value of \$241,000 and \$265,000, respectively.

A summary of the status of the Company's stock options as of December 31, 2025 and 2024 and changes during the years then ended are presented below:

	2025		2024	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
<u>Fixed Options</u>				
Outstanding at beginning of period	294,711	\$ 13.92	234,999	\$ 13.14
Granted	50,000	19.00	59,712	17.00
Expired during the period	—	—	—	—
Exercised during the period (1)	<u>(159,999)</u>	11.92	<u>—</u>	—
Outstanding at end of period	<u>184,712</u>	17.03	<u>294,711</u>	13.92
Exercisable at end of period	<u>96,942</u>	16.14	<u>210,249</u>	12.81

(1) Includes 99,561 surrendered in connection with net-settled exercises during 2025.

The weighted-average remaining contractual life on options outstanding and exercisable at December 31, 2025 and 2024 was 3.2 years and .9 years, respectively.

All stock options vest over a period of three or five years. During the years ended December 31, 2025 and 2024, the Company recorded \$157,000 and \$71,000, respectively, of compensation cost related to stock options that vested. As of December 31, 2025, unrecognized compensation on unvested stock options amounted to \$372,000 to be recognized over a weighted-average period of 3.7 years. The aggregate intrinsic value of stock options outstanding was \$511,000 and \$907,000 at December 31, 2025 and 2024, respectively.

**FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

**18. Stock Option Plan and Stock Awards (Concluded)**

During 2025, the Company granted 37,500 shares of restricted stock to executive officers and members of the Board of Directors. The aggregate grant-date fair value of the awards was \$713,000. The restricted shares vest ratably over a five-year service period beginning on the grant date, with 20% of the shares vesting on each annual anniversary of the grant date. The restricted shares entitle the holders to voting and dividend rights and are subject to forfeiture and other restrictions in accordance with the terms and conditions of the applicable award agreements. No restricted stock awards were granted during 2024.

During the years ended December 31, 2025 and 2024, the Company recognized \$396,000 and \$264,000, respectively, in share-based compensation expense relating to restricted share awards. As of December 31, 2025, the remaining unrecognized compensation expense amounted to \$1,030,000 and will be recognized over a period of 3.2 years. As of December 31, 2024, the remaining unrecognized compensation expense amounted to \$714,000 to be recognized over a period of 3.9 years.

A summary of the status of the Company's non-vested restricted stock awards for the year ended December 31,

	2025		2024	
	Nonvested Restricted Stock Awards	Weighted- Average Grant Price	Nonvested Restricted Stock Awards	Weighted- Average Grant Price
Outstanding at beginning of period	43,664	\$ 17.94	57,332	\$ 17.79
Granted	37,500	19.00	-	-
Vested	<u>(21,164)</u>	17.91	<u>(13,668)</u>	17.31
Outstanding at end of period	<u>60,000</u>	18.62	<u>43,664</u>	17.94

**19. Employment and Change in Control Agreements**

The Company and/or the Bank have entered into Employment and, in some cases, Change in Control Agreements with certain executive officers, including the President and Chief Executive Officer. The Employment and Change in Control Agreements contain automatic renewal provisions, unless either party to the agreement gives written notice to the other at least ninety days prior to the applicable anniversary date. The agreements, as amended from time to time, provide for certain salary and customary benefits as specified within the agreements.

# FIRST GREENWICH FINANCIAL, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

### **20. Perpetual Preferred Stock**

On December 20, 2018 the Company issued 50,000 shares of Non-Cumulative Convertible Perpetual Preferred Stock, Series A. All of the shares are non-voting except for certain matters that affect their rights. Holders of the stock are eligible to receive non-cumulative cash dividends in an amount per share equal, on an annual basis, to 6.5% of the liquidation preference of \$100.00 per share, payable on a semi-annual basis to holders of record of shares on the dividend record date. In the event of liquidation, the holders of these shares are entitled to a preference in liquidation equal to the issue price of \$100.00 per share plus an amount equal to all accrued but unpaid dividends on such shares. Each outstanding share of preferred stock may, at the option of the holder thereof, be converted into eight shares of common stock. As of September 30, 2021, the Company repurchased 37,500 shares of Non-Cumulative Convertible Perpetual Preferred Stock, Series A for a total amount of \$3,750,000. The balance remaining as of December 31, 2025 and 2024 was \$1,235,000, net of unamortized issuance costs.

For the year ended December 31, 2025, dividends on preferred stock amounted to \$81,000 and were charged against retained earnings. For the year ended December 31, 2024, dividends on preferred stock amounted to \$81,000 and were charged against retained earnings.

### **21. Subsequent Events**

Management has evaluated subsequent events through May 4, 2026, which is the date the December 31, 2025 consolidated financial statements were available to be issued. There were no subsequent events that require adjustments to or disclosure in the consolidated financial statements.