

**ANNUAL  
REPORT**

---

**2025**

**NMB FINANCIAL CORPORATION**



## Message to Shareholders

Special greetings to all of you –

Fellow Shareholders and Friends, 2025 was another successful year for NMB Financial Corporation (the “Company”) and its subsidiary New Millennium Bank (the “Bank”).

In 2025, the Company continued to further enhance its capital position with another profitable year generating a record net income of \$10.9 million. This successful result afforded the Company to pay its fourth consecutive dividend to shareholders in July 2025 of \$2.1 million. Furthermore, the Board has increased the dividend in 2026 to \$0.50 per share to be distributed in July 2026.

The Company’s capital position continues to be robust – as of December 31, 2025, the Company had \$165.6 million in total stockholders’ equity representing over 17% of total assets of \$953.0 million, which denotes a significant level of capital to propel future growth.

As discussed in prior reports, in 2022, the Company was successful in receiving \$79.1 million in the form of perpetual preferred stock from the US Treasury Department’s Emergency Capital Investment Program (“ECIP”). ECIP was created to encourage minority depository institutions, such as the Bank, and to enhance their efforts to support small and minority-owned businesses and consumers in low-income and underserved communities. We are pleased to announce that the Bank has been successful on a consistent basis in achieving its loan origination goals within this program.

The Company completed December 31, 2025 with \$953.0 million in total assets as compared to \$913.7 million in total assets as of December 31, 2024, representing 4.3% growth. The Bank originated \$163.1 million in new loans and was successful in selling approximately \$27.9 million in residential mortgage loans as well as \$20.3 million in SBA loans which generated \$1.1 million in non-interest income. Accordingly, after amortization and sales, net loans increased by \$12.5 million to \$781.3 million at December 31, 2025 compared to \$768.8 million the prior year. In addition, total deposits increased \$30.1 million to \$781.3 million at December 31, 2025, compared to \$751.2 million at December 31, 2024.

The Board of Directors and Management remain committed to improving upon the Bank’s competitiveness within the New Jersey, New York and Georgia marketplaces. The banking landscape has grown much more competitive over recent years and competition for deposits is expected to increase further over the next year. As a result of that increased competition, the Bank has seen growth in certificates of deposit as a percentage of total deposits. The Bank has been successful in attracting these accounts; however, they have a higher cost due to interest rate increases over the past several years. Fortunately, the Federal Open Market Committee has lowered short-term interest rates in 2025, which has lowered the cost to the Bank to attract these funds. Furthermore, the level of demand deposits has remained at historical levels as the Bank has grown. These lower cost deposits have become more difficult to attract largely due to competition. Accordingly, in an effort to improve demand deposit balances, the Bank has embarked on a strategy to improve its digital banking services through a new state-of-the-art internet banking platform that will serve businesses and consumers to be introduced in the later part of 2026.

In addition to the competition for deposits, the Bank has also seen less demand for its loan products over 2025. The Bank, which specializes in commercial and residential real estate loans as well as Small Business Administration (“SBA”) loans, has begun to see lower customer demand as the economy has contracted over the most recent months. The higher cost of tariffs have made it more difficult for small business to generate profit margins necessary to cover the increasing cost of imported goods. Further, the more stringent citizenship requirements implemented by the U.S. Government for SBA borrowers will likely have an impact on the Bank’s ability to originate these loans. Accordingly, management is monitoring these emerging issues to assess the impact upon the growth of the loan portfolio. Fortunately, the Bank has managed its asset quality and liquidity positions to maintain strong levels in both categories, which continues to be a very important attribute in maintaining the confidence of customers and shareholders.

As we have stated before, we continue to maintain strong relations with the various regulatory agencies to which we report our results. And the Bank’s status as a Minority Depository Institution (“MDI”) is considered one of our most important designations as we continue to serve the minority communities throughout New Jersey, New York, and Georgia by operating 9 full-service branches, as well as Texas and Washington through the operation of loan production offices. The Bank has expanded its exposure to minority communities by becoming a member of the Community Development Bankers Association. Through this partnership, the Bank has been able to attract deposits from other

## Message to Shareholders



financial institutions investing to further the Community Investment credits by placing deposits with an MDI. We look forward to growing with this opportunity during 2026 and beyond.

The Board of Directors and Management of NMB Financial Corporation would like to express our sincere appreciation for your continued support. We look forward to continuing our relationship through growth in all the communities that we serve during 2026 and beyond.

Until next time, remain safe and healthy –



Dong Hwan Kim  
Chairman of the Board



Donna Baik  
Chairperson of the Board

Hong Sik Hur  
President and CEO

NMB FINANCIAL CORPORATION  
FORT LEE, NEW JERSEY

AUDIT REPORT  
DECEMBER 31, 2025

NMB FINANCIAL CORPORATION  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2025

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders  
NMB Financial Corporation  
Fort Lee, New Jersey

### **Opinion**

We have audited the accompanying consolidated financial statements of NMB Financial Corporation and subsidiaries (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 its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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.

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## **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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.

## **Other Information Included in Annual Report**

Management is responsible for the other information included in the annual report. The other information comprises a letter to shareholders but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Cranberry Township, Pennsylvania  
April 30, 2026

NMB FINANCIAL CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(dollars in thousands, except share amounts)

	December 31,	
	2025	2024
<b>ASSETS</b>		
Cash and due from banks	\$ 3,743	\$ 6,847
Interest-bearing deposits with other institutions	139,872	113,854
Federal funds sold	477	-
Total cash and cash equivalents	144,092	120,701
Interest-earning time deposits	2,262	2,165
Investment securities available for sale	1,973	1,888
Investment securities held to maturity, net of allowance for credit losses of \$0 and \$2 for 2025 and 2024, fair value of \$1,466 and \$529, respectively	1,472	537
Loans held for sale	6,615	3,681
Loans receivable, net of allowance for credit losses, of \$10,751 and \$10,112, respectively	781,335	768,804
Restricted stock, at cost	966	851
Premises and equipment, net	855	1,147
Accrued interest receivable	3,123	3,279
Other assets	10,316	10,668
<b>TOTAL ASSETS</b>	<b>\$ 953,009</b>	<b>\$ 913,721</b>
 <b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing demand	\$ 105,516	\$ 104,889
Interest-bearing demand	675,821	646,296
Total deposits	781,337	751,185
Accrued interest payable	952	1,116
Other liabilities	5,115	5,795
<b>TOTAL LIABILITIES</b>	<b>787,404</b>	<b>758,096</b>
 <b>STOCKHOLDERS' EQUITY</b>		
Senior Non-Cumulative Perpetual Preferred Stock, Series ECIP, \$1,000 liquidation value per share; 79,062 shares authorized, issued and outstanding	79,062	79,062
Common stock, no par value per share; authorized 20,000,000 shares; issued and outstanding 5,348,139 and 5,217,054 respectively	50,570	48,469
Retained earnings	36,018	28,231
Accumulated other comprehensive loss	(45)	(137)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>165,605</b>	<b>155,625</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 953,009</b>	<b>\$ 913,721</b>

See accompanying notes to the consolidated financial statements.

NMB FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME  
(dollars in thousands, except share and per share amounts)

	Year Ended December 31,	
	2025	2024
INTEREST AND DIVIDEND INCOME		
Loans receivable, including fees	\$ 52,317	\$ 48,841
Investment securities:		
Taxable	219	222
Other	4,261	4,529
Total interest and dividend income	56,797	53,592
INTEREST EXPENSE		
Deposits	25,852	26,855
Borrowings	2	-
Total interest expense	25,854	26,855
NET INTEREST INCOME	30,943	26,737
CREDIT LOSS EXPENSE		
Provision for credit loss expense	748	1,800
Total credit loss expense	748	1,800
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	30,195	24,937
OTHER INCOME		
Loan servicing fees	545	763
Customer service fees	517	418
Net realized gains on sale of foreclosed assets	-	590
Net realized gains on sale of loans	1,081	934
Other	307	183
Total other income	2,450	2,888
OTHER EXPENSE		
Salaries and employee benefits	10,425	10,261
Occupancy	1,941	1,906
Data processing and telephone	1,436	1,374
Professional fees	648	604
Furniture and equipment	308	321
Foreclosed assets	-	131
FDIC assessment	397	355
Other	2,218	1,701
Total other expense	17,373	16,653
Income before income tax expense	15,272	11,172
Income tax expense	4,363	3,089
NET INCOME	10,909	8,083
Less: Preferred Stock Dividend	(989)	(516)
Net Income Available to Common shareholders	\$ 9,920	\$ 7,567
EARNINGS PER SHARE		
Basic weighted-average common share outstanding	5,288,838	5,110,609
Diluted weighted-average common shares outstanding	5,759,189	5,531,038
Basic net income per common share	\$ 1.88	\$ 1.48
Diluted net income per common share	\$ 1.72	\$ 1.37

See accompanying notes to the consolidated financial statements.

NMB FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(dollars in thousands)

	Year Ended December 31,	
	2025	2024
Net income	\$ 10,909	\$ 8,083
Other comprehensive income (loss):		
Unrealized gains (losses) on available for sale securities arising during the year of \$131 and (\$58), net of tax (expense) benefit of (\$39) and \$17, respectively	92	(41)
Other comprehensive income (loss)	92	(41)
Comprehensive income	\$ 11,001	\$ 8,042

See accompanying notes to the consolidated financial statements.

NMB FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
(dollars in thousands)

	Preferred Stock	Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2023	\$ 79,062	\$ 45,623	\$ 22,735	\$ (96)	\$ 147,324
Exercise of 227,665 stock options	-	1,585	-	-	1,585
Share based compensation	-	1,261	-	-	1,261
Net income	-	-	8,083	-	8,083
Cash Dividend - Preferred stock	-	-	(516)	-	(516)
Cash dividend - Common stock	-	-	(2,071)	-	(2,071)
Other comprehensive loss	-	-	-	(41)	(41)
Balance, December 31, 2024	79,062	48,469	28,231	(137)	155,625
Exercise of 131,085 stock options	-	1,017	-	-	1,017
Share based compensation	-	1,084	-	-	1,084
Net income	-	-	10,909	-	10,909
Cash dividend - Preferred stock	-	-	(989)	-	(989)
Cash dividend - Common Stock	-	-	(2,133)	-	(2,133)
Other comprehensive income	-	-	-	92	92
Balance, December 31, 2025	<u>\$ 79,062</u>	<u>\$ 50,570</u>	<u>\$ 36,018</u>	<u>\$ (45)</u>	<u>\$ 165,605</u>

See accompanying notes to consolidated financial statements.

NMB FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(dollars in thousands)

	Year Ended December 31,	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 10,909	\$ 8,083
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	748	1,800
Provision for depreciation	343	386
Amortization and provision for servicing assets	778	807
Accretion of discounts on retained SBA loans	(627)	(724)
Net amortization of securities	3	2
Net realized gain on sale of foreclosed assets	-	(590)
Accretion of net loan origination fees and costs	-	(234)
Deferred tax expense	(211)	(502)
Loans originated for sale	(50,889)	(18,509)
Proceeds from sales of loans	49,084	16,282
Gains on sales of loans	(1,129)	(934)
Stock options expense	1,084	1,261
(Increase) decrease in accrued interest receivable and other assets	(99)	9,811
Decrease in accrued interest payable and other liabilities	(544)	(183)
Net cash provided by operating activities	9,450	16,756
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investment securities	(1,035)	-
Proceeds from calls, maturities of and principal repayments on securities available for sale	46	60
Proceeds from calls, maturities of and principal repayments on securities held to maturity	100	139
Purchase of interest earning time deposits	(4,563)	(2,334)
Redemption of interest-earning time deposits	4,466	2,350
Net increase in loans	(12,954)	(91,119)
Purchase of restricted stock	(115)	(59)
Purchase of premises and equipment	(51)	(123)
Proceeds from sale of foreclosed real estate	-	952
Net cash used for investing activities	(14,106)	(90,134)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in deposits, net	30,152	121,771
Cash dividends - Preferred stock	(989)	(516)
Cash dividends - Common stock	(2,133)	(2,071)
Exercise of stock options	1,017	1,585
Net cash provided by financing activities	28,047	120,769
Increase (decrease) in cash and cash equivalents	23,391	47,391
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	120,701	73,310
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 144,092	\$ 120,701

See accompanying notes to the consolidated financial statements.

NMB FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)  
(dollars in thousands)

	Year Ended December 31,	
	2025	2024
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Cash paid:		
Interest	\$ 26,018	\$ 26,617
Income taxes	4,490	3,643
 <b>SUPPLEMENTARY SCHEDULE OF NONCASH INVESTING ACTIVITIES</b>		
Other real estate acquired in settlement of loans	\$ -	\$ 225
Initial recognition of right-of-use asset	779	762
Initial recognition of lease liability	779	762

See accompanying notes to the consolidated financial statements.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**1. Organization and Nature of Operations**

NMB Financial Corporation (the “Company”), is a New Jersey corporation and bank holding company whose sole business is the ownership and operation of New Millennium Bank (the "Bank"). The Company is subject to the regulations of the Federal Reserve Bank of New York.

The Bank, incorporated on November 3, 1998, was granted a New Jersey state charter on July 12, 1999, and commenced operations on July 19, 1999. The Bank generates commercial, mortgage, and consumer loans and receives deposits from customers primarily in Bergen, Middlesex, and Somerset Counties, New Jersey and New York City, New York. The Bank’s customers are predominantly small and middle-market businesses and professionals. The Bank is subject to regulation of the New Jersey Department of Banking and Insurance (NJDOBI) and the Federal Deposit Insurance Corporation (FDIC). On May 8, 2009, the Bank formed a real estate holding company, New Millennium Bank Realty Company, to hold foreclosed assets.

**2. Summary of Significant Accounting Policies**

*Principles of Consolidation*

The consolidated financial statements include the accounts of NMB Financial Corporation and its wholly owned subsidiary, New Millennium Bank, and its wholly owned subsidiary, New Millennium Bank Realty Company. All significant intercompany accounts and transactions have been eliminated.

*Estimates and Assumptions*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the 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 loan losses, the valuation of foreclosed assets and loan servicing rights, the determination of other-than-temporary impairment on securities, the fair value of financial instruments, and the valuation of deferred tax assets.

*Significant Group Concentrations of Credit Risk*

The concentrations of credit by type of loan are set forth in Note 4. Although the Company has a diversified loan portfolio, its debtors’ ability to honor their contracts is influenced by the regional and national economy. Note 3 discusses the types of securities in which the Company invests. The Company does not have any significant concentrations in any one industry or customer.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

***Presentation of Cash Flows***

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, interest-bearing deposits with banks, and federal funds sold, all with original maturities of 90 days or less. Generally, federal funds are purchased and sold for one-day periods.

***Interest-Earning Time Deposits***

Interest-earning time deposits are carried at cost. The Company's time deposits mature within one year and are maintained with major financial institutions in the United States.

***Investment Securities***

Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates such designation as of each balance sheet date.

Securities classified as available for sale are those debt securities that the Company intends to hold for an indefinite period of time, but not necessarily to maturity. Any decision to sell a security classified as available for sale would be based on various factors, including significant movement in interest rates, changes in maturity mix of the Company's assets and liabilities, liquidity needs, regulatory capital considerations, and other similar factors. Securities available for sale are carried at fair value. Unrealized gains or losses are reported as increases or decreases in other comprehensive income, net of the related deferred tax effect. Realized gains or losses, determined on the basis of the cost of the specific securities sold, are included in earnings. Premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

Investment securities classified as held to maturity are those debt securities that the Company has both the intent and ability to hold to maturity, regardless of changes in market conditions, liquidity needs, or changes in general economic conditions. These securities are carried at cost adjusted for the amortization of premium and accretion of discount, computed by a method that approximates the interest method over their contractual lives.

***Allowance for Credit Losses – Held-to-Maturity Securities***

The Company measures expected credit losses on held-to-maturity debt securities, which are comprised of U.S. government - sponsored enterprise residential mortgage-backed securities and corporate securities. The Company's residential mortgage-backed security holdings are issued by U.S. government entities and agencies and are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses.

Accrued interest receivable on held-to-maturity debt securities totaled \$7,000 and \$3,000 at December 31, 2025 and 2024, respectively, are included within accrued interest receivable on the Consolidated Balance Sheets. This amount is excluded from the estimate of expected credit losses. Held-to-maturity debt securities are typically classified as nonaccrual when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about the further collectability of principal or interest. When held-to-maturity debt securities are placed on nonaccrual status, unpaid interest credited to income is reversed.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

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

The Company measures expected credit losses on available-for-sale debt securities when the Company does not intend to sell, or when it is not more likely than not that it 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 income. For available-for-sale debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this evaluation indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, equal to the amount that the fair value is less than the amortized cost basis. Economic forecast data is utilized to calculate the present value of expected cash flows. Management evaluates the various scenarios to determine a reasonable and supportable scenario, and utilizes a single scenario in the model. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

The allowance for credit losses on available-for-sale debt securities is included within investment securities available-for-sale on the Consolidated Balance Sheet. Changes in the allowance for credit losses are recorded within provision for credit losses on the Consolidated Statements of Income. Losses are charged against the allowance when the Company believes the collectability of an available-for-sale security is in jeopardy or when either of the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on available-for-sale debt securities totaled \$25,000 and \$25,000 at December 31, 2025 and 2024, respectively, are included within accrued interest receivable on the Consolidated Balance Sheets. This amount is excluded from the estimate of expected credit losses. Available-for-sale debt securities are typically classified as nonaccrual when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about the further collectability of principal or interest. When available-for-sale debt securities are placed on nonaccrual status, unpaid interest credited to income is reversed.

***Investment in Restricted Stock, at Cost***

Investment in restricted stock, at cost, is principally comprised of restricted stock in the Federal Home Loan Bank of New York, which is carried at cost. Federal law requires a member institution of the Federal Home Loan Bank to hold stock according to a predetermined formula. The Federal Home Loan Bank stock was carried at \$929,000 and \$814,000 at December 31, 2025 and 2024, respectively. Restricted stock also includes stock of the Atlantic Community Bankers Bank in the amount of \$37,000 at both December 31, 2025 and 2024. Management reviews for impairment based on the ultimate recoverability of the cost basis in the restricted stock.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

***Loans Held for Sale***

Loans held for sale are carried at the lower of cost or fair value, as determined on an aggregate basis. Gains and losses on sales of loans held for sale are recognized on settlement dates and are determined by the difference between the sale proceeds and the carrying value of loans. All sales are made with limited recourse.

***Loans Receivable***

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at their outstanding unpaid principal balances, net of an allowance for credit losses and any deferred fees or costs. Accrued interest receivable on loan receivable totaled \$3,074,000 and \$3,232,000 at December 31, 2025 and 2024, respectively, and was reported in accrued interest receivable on the Consolidated Balance Sheets and is excluded from the estimate of credit losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the yield (interest income) of the related loans. The Bank is generally amortizing these amounts over the contractual life of the loan. Premiums and discounts on purchased loans are amortized as adjustments to interest income using the effective yield method.

The loans receivable portfolio is segmented into commercial and consumer loans. Commercial loans consist of the following classes: commercial and industrial, commercial real estate, and construction. Consumer loans consist of the following classes: residential real estate and other consumer loans.

For all classes of loans receivable, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on nonaccrual status, unpaid interest credited to income in the current year is reversed, and unpaid interest accrued in prior years is charged against the allowance for credit losses. Interest received on nonaccrual loans is generally either applied against principal or reported as interest income, according to management's judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time (generally six months), and the ultimate collectability of the total contractual principal and interest is no longer in doubt. The past-due status of all classes of loans receivable is determined based on contractual due dates for loan payments.

***Allowance for Credit Losses – Loans***

The allowance for credit losses ("ACL") is a valuation reserve established and maintained by charges against income and is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans, or portions thereof, are charged off against the ACL when they are deemed uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

The ACL is an estimate of expected credit losses, measured over the contractual life of a loan, that considers our historical loss experience, current conditions and forecasts of future economic conditions. Determination of an appropriate ACL is inherently subjective and may have significant changes from period to period.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

***Allowance for Credit Losses – Loans (Continued)***

The methodology for determining the ACL has two main components: evaluation of expected credit losses for certain groups of homogeneous loans that share similar risk characteristics and evaluation of loans that do not share risk characteristics with other loans.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist.

The Company utilizes a Weighted Average Remaining Life (WARM) method to calculate the expected losses for each portfolio segment. The WARM method is also known as Remaining Life method, is conceptually similar to the previous incurred loss methodology used to calculate the current expected credit losses (“CECL”), and as such, it is also based on historical loss experience. This method is preferable by small to mid-size financial institutions as it does not require historical loan level details, which may not be available or technologically feasible for the smaller financial institutions. WARM methodology calculates an average historical charge-off rate on an average annual asset pool balance over its lifetime. The average historical charge-off rate is applied to estimated annual paydown of the current asset pool portfolio balance, over its lifetime. The forecast of the estimated paydown includes prepayment experience for that asset pool. The accumulation of the forecasted charge-offs is used to calculate unadjusted historical charge-off rate for the asset pool’s actual amortized cost.

After consideration of the historic loss calculation, management applies qualitative adjustments to reflect the current conditions and reasonable and supportable forecasts not already reflected in the historical loss information at the balance sheet date. To determine its reasonable and supportable forecast, management accesses the level of risk based on certain criteria related to each qualitative factor.

The qualitative adjustments for current conditions are based upon changes in lending policies and practices, experience and ability of lending staff, past due, nonaccrual and classified loans, quality of the bank’s loan review system, value of underlying collateral, the existence of and changes in concentrations, economic factors, and other external factors. These modified historical loss rates are multiplied by the outstanding principal balance of each loan to calculate the required reserve.

The Company has elected to exclude accrued interest receivable from the measurement of its ACL. When a loan is placed on non-accrual status, any outstanding accrued interest is reversed against interest income.

The ACL for individual loans begins with the use of normal credit review procedures to identify whether a loan no longer shares similar risk characteristics with other pooled loans and therefore, should be individually assessed. We evaluate all loans that meet the following criteria: 1) when it is determined that foreclosure is probable, 2) when a loan is classified as a substandard, doubtful or nonperforming loan, 3) when it is determined by management that a loan does not share similar risk characteristics with other loans. Specific reserves are established based on the following three acceptable methods for measuring the ACL: 1) the present value of expected future cash flows discounted at the loan’s original effective interest rate; 2) the loan’s observable market price; or 3) the fair value of the collateral when the loan is collateral dependent. Our individual loan evaluations consist primarily of the fair value of collateral method because most of our loans are collateral dependent. Collateral values are discounted to consider disposition costs when appropriate. A specific reserve is established or a charge-off is taken if the fair value of the loan is less than the loan balance.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

*Allowance for Credit Losses on Off-Balance Sheet Credit Exposures*

The Company estimates expected credit losses over the contractual period in which the Bank is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted through credit loss expense. 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.

*Premises and Equipment*

Premises and equipment are stated at cost, and less accumulated depreciation. Depreciation is computed on the straight-line method over the following estimated useful lives of the related assets:

	<u>Years</u>
Leasehold improvements	5–20
Furniture, fixtures, and equipment	3–10
Equipment	3–20

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

***Foreclosed Assets***

Foreclosed assets are comprised of property acquired through a foreclosure proceeding or acceptance of a deed-in-lieu of foreclosure and loans classified as in-substance foreclosure. A loan is classified as in-substance foreclosure when the Company has taken possession of the collateral, regardless of whether formal foreclosure proceedings take place. Foreclosed assets initially are recorded at fair value, net of estimated selling costs, at the date of foreclosure, establishing a new cost basis. After foreclosure, valuations are periodically performed by management, and the assets are carried at the lower of cost or fair value minus estimated costs to sell. Revenues and expenses from operations and changes in the valuation allowance are included in other expenses. Any gain or loss upon the sale of foreclosed assets is charged to operations as incurred.

***Transfers of Financial Assets***

Transfers of financial assets, including loan and loan participation sales, are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

***Loan Servicing Rights***

When loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in net gain on sales of loans. Fair value is based on market prices for comparable servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income.

The Company subsequently measures servicing rights using the amortization method. It evaluates servicing rights for impairment at each reporting date and reports impairment charges and subsequent recoveries in earnings. Such changes are included with loan servicing fees on the income statement.

Servicing fee income, which is reported on the income statement as loan servicing fees, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal, or a fixed amount per loan and are recorded as income when earned. Servicing fees totaled approximately \$1,323,000 and \$1,571,000 for the years ended December 31, 2025 and 2024, respectively. Late fees and ancillary fees related to loan servicing are not material.

***Advertising Costs***

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising costs were \$144,000 and \$143,000 for the years ended December 31, 2025 and 2024, respectively.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

***Income Taxes***

Deferred income taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and net operating losses and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and net operating loss carryforwards and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company follows the accounting guidance related to the accounting for uncertainty in income taxes. Under the “more likely than not” threshold guidelines, the Company believes no significant uncertain tax positions exist, either individually or in the aggregate, that would give rise to the non-recognition of an existing tax benefit. As of December 31, 2025 and 2024, the Company had no material unrecognized tax benefits or accrued interest and penalties. The Company’s policy is to account for interest as a component of interest expense and penalties as a component of other expense. The Company is no longer subject to examination by taxing authorities for the years before January 1, 2022.

***Off-Balance-Sheet Financial Instruments***

In the ordinary course of business, the Company has entered into off-balance-sheet financial instruments consisting of commitments to extend credit and letters of credit. Such financial instruments are recorded in the Consolidated Balance Sheets when they are funded.

***Earnings Per Share***

Basic earnings per share represents the net income by the weighted-average number of common shares outstanding during the period. Diluted income per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate solely to outstanding stock options and are determined using the treasury stock method.

The following table presents the potential common shares related solely to the Company’s outstanding stock options.

	2025	2024
Net income available to common shareholder (in thousands)	\$ 9,920	\$ 7,567
Weighted-average shares outstanding	5,288,838	5,110,609
Dilutive effect of potential common shares, stock options	470,351	420,429
Diluted weighted-average common shares outstanding	5,759,189	5,531,038
Basic net income per common share	\$ 1.88	\$ 1.48
Diluted net income per common share	\$ 1.72	\$ 1.37

For the years ended December 31, 2025 and 2024, no stock options were anti-dilutive, respectively, and not included in diluted earnings per share.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

***Stock Compensation Plans***

The Company has stock option plans in place for employees and directors. The Company recognizes the cost of services received in exchange for stock option awards based on the grant date fair value of the award. A Black-Scholes model is used to estimate the fair value of stock options. The model requires the use of subjective assumptions that can materially affect fair value estimates. The fair value of each option is amortized into compensation expense on a straight-line basis between the grant date for the option and each vesting date. The fair value of each stock option granted was estimated using the following weighted-average assumptions for grants on April 1, 2024 (1) risk-free interest rate of 4.33 percent; (2) expected volatility of 21.30 percent; and (3) expected lives of options of 7.0 years. The fair value of each stock option granted was estimated using the following weighted-average assumptions for grants on July 1, 2024; (1) risk-free interest rate of 4.45 percent; (2) expected volatility of 11.50 percent; and (3) expected lives of options of 7.0 years. There were no stock options granted in 2025.

***Revenue Recognition***

ASC Topic 606 implements a common revenue standard that clarifies the principles for recognizing revenue from contracts. The majority of the Company's revenues come from interest income and other sources, including loans and securities that are outside the scope of Topic 606. The Company's services that fall within the scope of Topic 606 are presented within other income and are recognized as revenue as the Company satisfies its obligation to the customer. Services within the scope of Topic 606 include service charges on deposits, interchange income. The Company generally acts in a principal capacity, on its own behalf, in most of its contracts with customers. In such transactions, revenue is recognized and the related costs to provide services is recognized on a gross basis in the financial statements.

***Reclassification of Comparative Amounts***

Certain comparative amounts for the prior year have been reclassified to conform to current-year classifications. Such reclassifications had no effect on stockholders' equity or net income.

***Adoption of New Accounting Standards***

During the year ended December 31, 2025, the Company adopted **ASU 2023-09, *Improvements to Income Tax Disclosure***, which expands the disclosure requirements for income taxes. The amendment in this update improves financial reporting by requiring disclosure of greater disaggregation of information in the income tax rate reconciliation. The amendment in this update also improves financial reporting by requiring disclosure of income taxes paid by jurisdiction to improve visibility of income taxes paid information. The adoption did not have a material impact on the Company's consolidated financial statements. See Note 13 *Income Taxes* for more information.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**3. Investment Securities**

The amortized cost, gross unrealized gains and losses, approximate fair value, and allowance for credit losses of investment securities are summarized as follows (in thousands):

December 31, 2025				
	Amortized Cost <sup>(1)</sup>	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Available for Sale</b>				
Corporate securities	\$ 1,000	\$ -	\$ (67)	\$ 933
U.S. government-sponsored enterprises, residential mortgage-backed securities	1,038	4	(2)	1,040
Total	\$ 2,038	\$ 4	\$ (69)	\$ 1,973
<b>Held to Maturity</b>				
December 31, 2025				
	Amortized Cost, net <sup>(1)</sup>	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate securities	\$ 250	\$ -	\$ -	\$ 250
U.S. government-sponsored enterprises, residential mortgage-backed securities	1,222	4	(10)	1,216
Total	\$ 1,472	\$ 4	\$ (10)	\$ 1,466

<sup>(1)</sup> At December 31, 2025, there was no allowance for credit losses on investment securities.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**3. Investment Securities (Continued)**

	December 31, 2024			
	Amortized Cost <sup>(2)</sup>	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Available for Sale</b>				
Corporate securities	\$ 1,000	\$ -	\$ (165)	\$ 835
U.S. government-sponsored enterprises, residential mortgage-backed securities	1,084	-	(31)	1,053
Total	\$ 2,084	\$ -	\$ (196)	\$ 1,888

	December 31, 2024			
	Amortized Cost, net <sup>(1)</sup>	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Held to Maturity</b>				
Corporate securities	\$ 247	\$ -	\$ (3)	\$ 244
U.S. government-sponsored enterprises, residential mortgage-backed securities	290	2	(7)	285
Total	\$ 537	\$ 2	\$ (10)	\$ 529

<sup>(1)</sup> Amortized cost is reported net of ACL of \$2 at December 31, 2024.

<sup>(2)</sup> At December 31, 2025, there was no allowance for credit losses on available for sale securities.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**3. Investment Securities (Continued)**

The following tables show the Company's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position (in thousands):

	2025					
	Less than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities available for sale:						
Corporate securities	\$ -	-	933	(67)	933	(67)
U.S. government-sponsored enterprises, residential mortgage-backed securities	-	-	103	(2)	103	(2)
	\$ -	\$ -	\$ 1,036	\$ (69)	\$ 1,036	\$ (69)

	2024					
	Less than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities available for sale:						
Corporate securities	\$ -	-	835	(165)	835	(165)
U.S. government-sponsored enterprises, residential mortgage-backed securities	5	-	1,020	(31)	1,025	(31)
	\$ 5	\$ -	\$ 1,855	\$ (196)	\$ 1,860	\$ (196)

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**3. Investment Securities (Continued)**

The Company had 0 securities and 1 security in a gross unrealized loss position for less than 12 months with 0.00% and 0.22% at December 31, 2025 and 2024, respectively. The Company had 4 securities and 8 securities in a gross unrealized loss position for 12 months or more with 5.22% and 76.49% at December 31, 2025 and 2024, respectively.

The unrealized losses on the Company's available-for-sale debt securities have not been recognized into income because management does not intend to sell and it is not more-likely-than-not it will be required to sell any of the available-for-sale debt securities before recovery of its amortized cost basis. Furthermore, the unrealized losses are due to changing interest rates and other market condition, were not reflective of credit events and the issuers continue to make timely principal and interest payments on the bonds. Agency-backed and government-sponsored enterprise securities have a long history with no credit losses, including during times of severe stress. The principal and interest payments on agency-guaranteed debt is backed by the U.S. government. Government-sponsored enterprises similarly guarantee principal and interest payments and carry an implicit guarantee from the U.S. Department of the Treasury. Additionally, government-sponsored enterprise securities are exceptionally liquid, readily marketable, and provide a substantial amount of price transparency and price parity, indicating a perception of zero credit losses.

Unrealized losses on the Company's available-for-sale corporate securities have not been recognized into income because 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 issuer(s) continues to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bond(s) approach maturity.

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

	2025				
	Beginning Balance	Charge-offs	Recoveries	Provisions (Reductions)	Ending Balance
Allowance for credit losses:					
Corporate securities	\$ 2	\$ -	\$ -	\$ (2)	\$ -
U.S.government-soponsored enterprises, residential mortgage-backed securities	-	-	-	-	-
	\$ 2	\$ -	\$ -	\$ (2)	\$ -
	2024				
	Beginning Balance	Charge-offs	Recoveries	Provisions (Reductions)	Ending Balance
Allowance for credit losses:					
Corporate securities	\$ 2	\$ -	\$ -	\$ -	\$ 2
U.S.government-soponsored enterprises, residential mortgage-backed securities	-	-	-	-	-
	\$ 2	\$ -	\$ -	\$ -	\$ 2

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**3. Investment Securities (Continued)**

The Company monitors the credit quality of debt securities held-to-maturity primarily through utilizing credit rating. The Bank monitors the credit rating on a quarterly basis. The following table summarizes the amortized cost of debt securities held-to-maturity at December 31, 2025 and December 31, 2024, aggregated by credit quality indicator:

	2025		2024	
	U.S. government- sponsored enterprises, residential mortgage- backed securities	Corporate Securities	U.S. government- sponsored enterprises, residential mortgage- backed securities	Corporate Securities
<b>Held to Maturity</b>				
Credit Rating				
AAA/AA/A	\$ 1,222	\$ -	\$ 290	\$ -
BBB/BB/B	-	250	-	247
Lower than B	-	-	-	-
	\$ 1,222	\$ 250	\$ 290	\$ 247

The amortized cost and carrying value of securities are shown below by contractual maturity at December 31, 2025. Actual maturities may differ from contractual maturities, as issuers may have to call or prepay obligations with or without call or prepayment penalties (in thousands).

	Held to Maturity		Available for Sale	
	Amortized Cost, net	Fair Value	Amortized Cost	Fair Value
Due one year or less	\$ -	\$ -	\$ -	\$ -
Due after one year through five years	250	250	-	-
Due after five years through ten years	-	-	1,000	933
Due after ten years	-	-	-	-
U.S. government-sponsored enterprises, residential mortgage-backed securities	1,222	1,216	1,038	1,040
Total	\$ 1,472	\$ 1,466	\$ 2,038	\$ 1,973

There were no sales of securities in 2025 and 2024.

Investment securities with a carrying value of approximately \$339,000 and \$468,000 at December 31, 2025 and 2024, respectively, were pledged to secure public deposits and for other purposes required or permitted by applicable laws and regulations.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

The components of loans receivable are as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Commercial and industrial	\$ 54,885	\$ 48,987
Commercial real estate	397,104	382,755
Construction	7,229	6,345
Residential real estate	336,107	344,441
Consumer, other	<u>122</u>	<u>116</u>
	795,447	782,644
Allowance for credit losses	(10,751)	(10,112)
Unearned net loan origination fees and costs	<u>(3,361)</u>	<u>(3,728)</u>
 Total	 \$ <u>781,335</u>	 \$ <u>768,804</u>

For purposes of determining the ACL on loans, the Company disaggregates its loans into portfolio segments. Each portfolio segment possesses unique risk characteristics that are considered when determining the appropriate level of allowance. As of December 31, 2025, the Company's loan portfolio segments, as determined based on the unique risk characteristics of each, included the following:

**Commercial and industrial:** 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.

**Commercial real estate:** Loans in this segment are primarily financing commercial properties, either owner-occupied or rental properties. The underlying cash flows generated by the properties are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates or a general slowdown in business which, in turn, will have an effect on the credit quality of this segment. Management obtains rent rolls and business financial statements on an annual basis at least and continually monitors the cash flows of these loans.

**Construction:** Loans in this segment are a short-term loan used to finance the building of a home or another real estate project. After completion of the project, loans are converted to permanent commercial real estate loans. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality of this segment.

**Residential real estate:** All loans in this segment are collateralized 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 of this segment.

**Multifamily:** Loans in this segment are collateralized by 5 or more residential real estate property. The underlying cash flows generated by the properties are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, will have an effect on the credit quality of this segment. Management obtains rent rolls and its financial statements on an annual basis at least and continually monitors the cash flows of these loans.

**Consumer:** Consumer loan products include personal lines of credit and amortizing loans made to qualified individuals for various purposes such as education, auto loans, debt consolidation, personal expenses, or

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

overdraft protection. The Company currently has deposit overdraft in this segment, which mostly recovered the following business day. There is a minimal credit loss risk.

The following table presents the activity in the allowance for credit losses by portfolio segment for the year ended December 31 (in thousands):

<u>December 31, 2025</u>				Provison for (Reversal of)			Ending Balance	Ending Balance
	Beginning Balance	Charge-offs	Recoveries	Credit Losses	Ending Balance	Individually Evaluated	Collectively Balance	Collectively Balance
Allowance for credit losses:								
Commercial and industrial	\$ 1,370	\$ 464	\$ 809	\$ (111)	\$ 1,604	\$ 52	\$ 1,552	\$ 1,552
Commercial real estate	5,362	877	107	1,233	5,825	-	5,825	5,825
Construction	69	-	-	10	79	-	79	79
Residential real estate	3,311	-	14	(82)	3,243	-	3,243	3,243
Consumer, other	-	-	-	-	-	-	-	-
Unallocated	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 10,112</b>	<b>\$ 1,341</b>	<b>\$ 930</b>	<b>\$ 1,050</b>	<b>\$ 10,751</b>	<b>\$ 52</b>	<b>\$ 10,699</b>	<b>\$ 10,699</b>

<u>December 31, 2024</u>				Provison for (Reversal of)			Ending Balance	Ending Balance
	Beginning Balance	Charge-offs	Recoveries	Credit Losses	Ending Balance	Individually Evaluated	Collectively Balance	Collectively Balance
Allowance for credit losses:								
Commercial and industrial	\$ 1,692	\$ 1,296	\$ 143	\$ 831	\$ 1,370	\$ 236	\$ 1,134	\$ 1,134
Commercial real estate	4,027	-	397	938	5,362	-	5,362	5,362
Construction	24	-	-	45	69	-	69	69
Residential real estate	3,308	-	6	(3)	3,311	-	3,311	3,311
Consumer, other	1	2	-	1	-	-	-	-
Unallocated	12	-	-	(12)	-	-	-	-
<b>Total</b>	<b>\$ 9,064</b>	<b>\$ 1,298</b>	<b>\$ 546</b>	<b>\$ 1,800</b>	<b>\$ 10,112</b>	<b>\$ 236</b>	<b>\$ 9,876</b>	<b>\$ 9,876</b>

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

The following tables present the loan segments by individually evaluated and collectively evaluated as of December 31:

	Loans Receivable		
	Total	Individually Evaluated	Collectively Evaluated
			For Impairment
<u>December 31, 2025</u>			
Commercial and industrial	\$ 54,885	\$ 1,308	\$ 53,577
Commercial real estate	397,104	1,102	396,002
Construction	7,229	-	7,229
Residential real estate	336,107	1,736	334,371
Consumer, other	122	-	122
Total	<u>\$ 795,447</u>	<u>\$ 4,146</u>	<u>\$ 791,301</u>

	Loans Receivable		
	Total	Individually Evaluated	Collectively Evaluated
			For Impairment
<u>December 31, 2024</u>			
Commercial and industrial	\$ 48,987	\$ 419	\$ 48,568
Commercial real estate	382,755	84	382,671
Construction	6,345	-	6,345
Residential real estate	344,441	2,255	342,186
Consumer, other	116	-	116
Total	<u>\$ 782,644</u>	<u>\$ 2,758</u>	<u>\$ 779,886</u>

The following table present the amortized cost basis of loans on nonaccrual status and loans past due over 90 days still accruing interest (in thousand):

<u>December 31, 2025</u>	Nonaccrual with no ACL	Nonaccrual with ACL	Total Nonaccrual	Past Due Over 90 Days and Accruing	Total Nonperforming
Commercial and industrial	\$ 1,245	\$ 63	\$ 1,308	\$ -	\$ 1,308
Commercial real estate	1,102	-	1,102	-	1,102
Residential real estate	1,736	-	1,736	438	2,174
Total	<u>\$ 4,083</u>	<u>\$ 63</u>	<u>\$ 4,146</u>	<u>\$ 438</u>	<u>\$ 4,584</u>

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

<u>December 31, 2024</u>	Nonaccrual with no ACL	Nonaccrual with ACL	Total Nonaccrual	Past Due Over 90 Days and Accruing	Total Nonperforming
Commercial and industrial	\$ 161	\$ 257	\$ 418	\$ -	\$ 418
Commercial real estate	84	-	84	-	84
Residential real estate	2,255	-	2,255	-	2,255
Total	<u>\$ 2,500</u>	<u>\$ 257</u>	<u>\$ 2,757</u>	<u>\$ -</u>	<u>\$ 2,757</u>

***Credit Quality Indicators***

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information and current economic trends, among other factors. The Company analyzes loans individually to classify the loans as to credit risk. This analysis includes all loans risk rated special mention, substandard or doubtful, or 60 or more days past due. The Company uses the following definitions for risk ratings:

**Special Mention.** Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

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

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

Based on the most recent analysis performed, the following table presents the recorded investment in non-homogeneous loans by internal risk rating system as of December 31, 2025 and 2024 (in thousands)

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

December 31, 2025	Term Loans Amortized Costs Basis by Origination Year						Revolving	Revolving	Total
	2025	2024	2023	2022	2021	Prior	Loans Amortized Cost Basis	Loans Converted to Term	
<b>Commercial and industrial</b>	-								
Risk Rating									
Pass	\$ 12,229	\$ 14,733	\$ 5,497	\$ 5,318	\$ 2,656	\$ 5,181	-	-	\$ 45,614
Special Mention	-	98	2,401	279	397	1,290	-	-	4,465
Substandard	-	437	2,398	791	-	1,180	-	-	4,806
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 12,229</u>	<u>\$ 15,268</u>	<u>\$ 10,296</u>	<u>\$ 6,388</u>	<u>\$ 3,053</u>	<u>\$ 7,651</u>	<u>-</u>	<u>-</u>	<u>\$ 54,885</u>
<b>Commercial and industrial</b>									
Current period gross charge-offs	-	323	-	90	-	51	-	-	464
<b>Commercial real estate</b>									
Risk Rating									
Pass	\$ 59,930	\$ 69,973	\$ 48,285	\$ 107,481	\$ 33,579	\$ 44,474	-	-	\$ 363,722
Special Mention	-	3,447	4,881	-	1,518	9,027	-	-	18,873
Substandard	-	2,202	1,270	4,615	-	6,422	-	-	14,509
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 59,930</u>	<u>\$ 75,622</u>	<u>\$ 54,436</u>	<u>\$ 112,096</u>	<u>\$ 35,097</u>	<u>\$ 59,923</u>	<u>-</u>	<u>-</u>	<u>\$ 397,104</u>
<b>Commercial real estate</b>									
Current period gross charge-offs	-	-	96	-	-	781	-	-	877
<b>Construction</b>									
Risk Rating									
Pass	\$ 832	\$ 4,736	\$ 748	\$ 913	-	-	-	-	\$ 7,229
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 832</u>	<u>\$ 4,736</u>	<u>\$ 748</u>	<u>\$ 913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 7,229</u>
<b>Construction</b>									
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
<b>Total</b>									
Risk Rating									
Pass	\$ 72,991	\$ 89,442	\$ 54,530	\$ 113,712	\$ 36,235	\$ 49,655	-	-	\$ 416,565
Special Mention	-	3,545	7,282	279	1,915	10,317	-	-	23,338
Substandard	-	2,639	3,668	5,406	-	7,602	-	-	19,315
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 72,991</u>	<u>\$ 95,626</u>	<u>\$ 65,480</u>	<u>\$ 119,397</u>	<u>\$ 38,150</u>	<u>\$ 67,574</u>	<u>-</u>	<u>-</u>	<u>\$ 459,218</u>
Current period gross charge-offs	-	323	96	90	-	832	-	-	1,341

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

	Term Loans Amortized Costs Basis by Origination Year						Revolving	Revolving	Total
	2024	2023	2022	2021	2020	Prior	Loans Amortized Cost Basis	Loans Converted to Term	
<b>December 31, 2024</b>	-								
<b>Commercial and industrial</b>	-								
Risk Rating									
Pass	\$ 8,588	\$ 9,258	\$ 7,935	\$ 3,699	\$ 985	\$ 4,520	\$ 7,523	\$ -	\$ 42,508
Special Mention	457	2,507	883	430	-	926	-	-	5,203
Substandard	-	-	92	-	-	1,184	-	-	1,276
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 9,045</u>	<u>\$ 11,765</u>	<u>\$ 8,910</u>	<u>\$ 4,129</u>	<u>\$ 985</u>	<u>\$ 6,630</u>	<u>\$ 7,523</u>	<u>\$ -</u>	<u>\$ 48,987</u>
<b>Commercial and industrial</b>									
Current period gross charge-offs	\$ -	\$ -	\$ 1,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,296
<b>Commercial real estate</b>									
Risk Rating									
Pass	\$ 75,406	\$ 51,212	\$ 111,238	\$ 40,019	\$ 20,781	\$ 42,176	\$ -	\$ -	\$ 340,832
Special Mention	-	1,377	9,140	4,255	6,050	4,575	-	-	25,397
Substandard	-	4,948	4,050	1,102	-	6,426	-	-	16,526
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 75,406</u>	<u>\$ 57,537</u>	<u>\$ 124,428</u>	<u>\$ 45,376</u>	<u>\$ 26,831</u>	<u>\$ 53,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 382,755</u>
<b>Commercial real estate</b>									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Construction</b>									
Risk Rating									
Pass	\$ 4	\$ 4,231	\$ 748	\$ -	\$ 1,362	\$ -	\$ -	\$ -	\$ 6,345
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 4</u>	<u>\$ 4,231</u>	<u>\$ 748</u>	<u>\$ -</u>	<u>\$ 1,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,345</u>
<b>Construction</b>									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>									
Risk Rating									
Pass	\$ 83,998	\$ 64,701	\$ 119,921	\$ 43,718	\$ 23,128	\$ 46,696	\$ 7,523	\$ -	\$ 389,685
Special Mention	457	3,884	10,023	4,685	6,050	5,501	-	-	30,600
Substandard	-	4,948	4,142	1,102	-	7,610	-	-	17,802
Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>\$ 84,455</u>	<u>\$ 73,533</u>	<u>\$ 134,086</u>	<u>\$ 49,505</u>	<u>\$ 29,178</u>	<u>\$ 59,807</u>	<u>\$ 7,523</u>	<u>\$ -</u>	<u>\$ 438,087</u>
Current period gross charge-offs	\$ -	\$ -	\$ 1,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,296

There were no loans classified as doubtful or loss as of December 31, 2025 and 2024.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

The Company monitors the credit risk profile by payment activity for residential and consumer loan classes. Loans past due 90 days or more and loans on nonaccrual status are considered nonperforming. Nonperforming loans are reviewed monthly. The following table presents the amortized cost in residential and consumer loans based on payment activity:

	Term Loans Amortized Costs Basis by Origination Year						Revolving	Revolving	Total
	2025	2024	2023	2022	2021	Prior	Loans Amortized Cost Basis	Loans Converted to Term	
<b>December 31, 2025</b>									
<b>Residential real estate</b>									
Payment Performance									
Performing	\$ 52,547	\$ 27,289	\$ 36,802	\$ 181,244	\$ 25,020	\$ 11,441	\$ 28	\$ -	\$ 334,371
Nonperforming	-	-	-	876	-	859	1	-	1,736
Total	<u>\$ 52,547</u>	<u>\$ 27,289</u>	<u>\$ 36,802</u>	<u>\$ 182,120</u>	<u>\$ 25,020</u>	<u>\$ 12,300</u>	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ 336,107</u>
<b>Residential real estate</b>									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Consumer</b>									
Payment Performance									
Performing	\$ 122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122
Nonperforming	-	-	-	-	-	-	-	-	-
Total	<u>\$ 122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122</u>
<b>Consumer</b>									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payment Performance									
Performing	\$ 52,669	\$ 27,289	\$ 36,802	\$ 181,244	\$ 25,020	\$ 11,441	\$ 28	\$ -	\$ 334,493
Nonperforming	-	-	-	876	-	859	1	-	1,736
Total	<u>\$ 52,669</u>	<u>\$ 27,289</u>	<u>\$ 36,802</u>	<u>\$ 182,120</u>	<u>\$ 25,020</u>	<u>\$ 12,300</u>	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ 336,229</u>
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

	Term Loans Amortized Costs Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2024	2023	2022	2021	2020	Prior			
<b>December 31, 2024</b>									
<b>Residential real estate</b>									
Payment Performance									
Performing	\$ 54,098	\$ 44,642	\$ 198,578	\$ 28,124	\$ 7,710	\$ 8,998	\$ 35	\$ -	\$ 342,185
Nonperforming	-	-	876	-	946	429	5	-	2,256
Total	<u>\$ 54,098</u>	<u>\$ 44,642</u>	<u>\$ 199,454</u>	<u>\$ 28,124</u>	<u>\$ 8,656</u>	<u>\$ 9,427</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 344,441</u>
<b>Residential real estate</b>									
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Consumer</b>									
Payment Performance									
Performing	\$ 116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116
Nonperforming	-	-	-	-	-	-	-	-	-
Total	<u>\$ 116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116</u>
<b>Consumer</b>									
Current period gross charge-offs	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2
Payment Performance									
Performing	\$ 54,214	\$ 44,642	\$ 198,578	\$ 28,124	\$ 7,710	\$ 8,998	\$ 35	\$ -	\$ 342,301
Nonperforming	-	-	876	-	946	429	5	-	2,256
Total	<u>\$ 54,214</u>	<u>\$ 44,642</u>	<u>\$ 199,454</u>	<u>\$ 28,124</u>	<u>\$ 8,656</u>	<u>\$ 9,427</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 344,557</u>
Current period gross charge-offs	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2

The performance and credit quality of the loan portfolio is also monitored by analyzing the age of the loans receivable, as determined by the length of time a recorded payment is past due. The following tables present the classes of the loan portfolio summarized by the past-due status (in thousands):

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

	2025					
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Total Loans Receivable
Commercial and industrial \$	53,572	\$ -	\$ 5	\$ 1,308	\$ 1,313	\$ 54,885
Commercial real estate	394,366	614	1,022	1,102	2,738	397,104
Construction	7,229	-	-	-	-	7,229
Residential real estate	332,487	1,446	-	2,174	3,620	336,107
Consumer, other	122	-	-	-	-	122
Total	\$ 787,776	\$ 2,060	\$ 1,027	\$ 4,584	\$ 7,671	\$ 795,447

	2024					
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Total Loans Receivable
Commercial and industrial \$	48,567	\$ 134	\$ 29	\$ 257	\$ 420	\$ 48,987
Commercial real estate	382,197	116	442	-	558	382,755
Construction	6,345	-	-	-	-	6,345
Residential real estate	343,582	-	-	859	859	344,441
Consumer, other	116	-	-	-	-	116
Total	\$ 780,807	\$ 250	\$ 471	\$ 1,116	\$ 1,837	\$ 782,644

***Modifications to Borrowers Experiencing Financial Difficulty***

Occasionally, the Company modifies loans to borrowers in financial distress by providing interest rate reductions, extensions of maturity, principal forgiveness, or payment modifications. When principal forgiveness is provided, the amount of forgiveness is charged-off against the allowance for credit losses.

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

The following table shows the amortized cost basis at the end of the reporting period of the loans modified to borrowers experiencing financial difficulty, disaggregated by class of financing receivable and type of concession granted (in thousands):

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

***Modifications to Borrowers Experiencing Financial Difficulty (Continued)***

Loan Modifications Made to Borrowers Experiencing Financial Difficulty

	Amortized Cost Basis at December 31, 2025	% of Total Class of Financing Receivable	Amortized Cost Basis at December 31, 2024	% of Total Class of Financing Receivable
Commercial and industrial	\$ 124	0.23%	240	0.49%
Commercial real estate	1,822	0.46%	-	0.00%
Residential real estate	876	0.26%	876	0.25%
Total	<u>\$ 2,822</u>		<u>1,116</u>	

The Company has no additional amounts of commitment to the borrowers included in the previous table.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the year ended December 31, 2025 and 2024:

Loan Type	Payment deferral / modification
Loan Type	Financial Effect
Commercial and industrial	Provided six-month payment deferrals to borrowers through our standard deferral program. Deferred payments were not added to the end of the term of the loans for these borrowers.
Commercial real estate	Provided six-month payment deferrals to borrowers through our standard deferral program. Deferred payments were not added to the end of the term of the loans for these borrowers.
Residential real estate	Provided payment modification to borrowers by entering forbearance agreement. Forbearance agreements were not extended the original term of loans.

The Company did not have any modification loans that subsequently defaulted, within 12 months of the original modification, during the year ended December 31, 2025 and 2024.

Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

The Company closely monitors the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table depicts the performance of loans that have been modified during the year ended December 31, 2025 and 2024 (in thousands):

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

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

*Modifications to Borrowers Experiencing Financial Difficulty (Continued)*

		2025			
		31-60 Days Past Due	61-90 Days Past Due	Greater Than 90 Days Past Due	Total
		Current	Past Due	Past Due	Past Due
Commercial and industrial	\$ 48	\$ -	\$ -	\$ 62	\$ 110
Commercial real estate	-	-	-	-	-
Residential real estate	-	-	-	-	-
Total	\$ 48	\$ -	\$ -	\$ 62	\$ 110

		2024			
		31-60 Days Past Due	61-90 Days Past Due	Greater Than 90 Days Past Due	Total
		Current	Past Due	Past Due	Past Due
Commercial and industrial	\$ 107	\$ 133	\$ -	\$ -	\$ 240
Commercial real estate	-	-	-	-	-
Residential real estate	876	-	-	-	876
Total	\$ 983	\$ 133	\$ -	\$ -	\$ 1,116

*Allowance for Credit Losses on Off-Balance Sheet Commitments*

The following table presents the activity in the allowance for credit losses related to off-balance sheet commitments, that is included in Other Liabilities on the Consolidated Balance Sheets for the end of December 31, 2025 and 2024.

	Allowance for Credit Loss
Balance - December 31, 2023	430
Provision for credit loss	-
Balance - December 31, 2024	\$ 430
Provision for credit loss	(300)
Balance - December 31, 2025	\$ 130

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**5. Loan Servicing Rights**

The Company originated and sold loans guaranteed by the SBA. The Company retained the unguaranteed portion of the loans and the servicing on the loans sold and received a fee based upon the principal balance outstanding. Loans serviced totaled \$135,703,000 and \$147,782,000 at December 31, 2025 and 2024, respectively.

Whether sold or not, the guarantee associated with SBA loans is contingent upon the Company following specific policies and procedures set by the SBA. This creates off-balance-sheet risk should the SBA determine the Company is not in compliance with these policies and procedures.

The amortization of loan servicing assets is netted against loan servicing fee income in the Consolidated Statements of Income. The Company obtains updated fair values from an independent third party, and to the extent that the carrying value exceeds fair value, the adjustments to fair value are presented in the loan servicing fees in the Consolidated Statements of Income.

The following table presents changes in the servicing assets, net of valuation allowance (in thousands):

	2025	2024
Balance, beginning of year	\$ 1,917	\$ 2,398
Additions	454	326
Amortization	(778)	(807)
Balance, end of year	\$ 1,593	\$ 1,917

For the purposes of measuring impairment, servicing assets were stratified into commercial and industrial and commercial real estate loan categories, and fair value was determined.

**6. Premises and Equipment**

The components of premises and equipment are as follows (in thousands):

	2025	2024
Leasehold improvements	\$ 1,757	\$ 1,757
Furniture and fixtures	625	625
Equipment	3,250	3,199
	5,632	5,581
Less accumulated depreciation	(4,777)	(4,434)
Total	\$ 855	\$ 1,147

Depreciation and amortization expense was \$343,000 and \$386,000 for the years ended December 31, 2025 and 2024, respectively.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**7. Deposits**

The components of deposits were as follows (in thousands):

	<u>2025</u>	<u>2024</u>
	<u>Amount</u>	<u>Amount</u>
Demand, noninterest bearing	\$ 105,516	\$ 104,889
Demand, interest bearing	28,403	12,649
Savings	73,546	59,899
Time, less than \$250	350,623	355,494
Time, over \$250	<u>223,249</u>	<u>218,254</u>
	<u>\$ 781,337</u>	<u>\$ 751,185</u>

At December 31, 2025, the scheduled maturities of time deposits are as follows (in thousands):

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2026	\$ 560,386
2027	12,772
2028	307
2029	31
2030	<u>376</u>
Total	<u>\$ 573,872</u>

**8. Borrowings**

There were no outstanding borrowings at December 31, 2025 and 2024.

The Company has reserve lines totaling \$29 million at three of our correspondent banks as of December 31, 2025. During 2020, the Company secured a line of credit at FHLBNY, collateralized by residential real estate loans. The Company has a line of credit in the amount of \$115.2 million as of December 31, 2025. During 2024, the Company secured a line of credit at FRBNY, collateralized by commercial real estate loans. The Company has a line of credit in the amount of \$43.2 million as of December 31, 2025. The Company does not have any loans outstanding against the lines as of December 31, 2025 and 2024.

**9. Lease Commitments and Total Rental Expense**

The Company has historically entered into a number of lease arrangements under which it is the lessee. Specifically, all of our leases for our branches and our corporate headquarters facility are subject to operating leases. In addition, we have elected the short-term lease practical expedient related to leases of various equipment used in our locations. All of our leases include optional renewal periods. Upon opening a new branch location, we typically install brand-specific leasehold improvements with a useful life of ten years. To the extent that the initial lease term of the related lease is less than the useful life of the leasehold improvements, we conclude that it is reasonably certain that a renewal option will be exercised, and thus that renewal period is included in the lease term, and the related payments are reflected in the right-of-use (ROU) asset and lease liability. Generally, we do not consider any additional renewal periods to be reasonably certain of being exercised, as comparable locations could generally be identified within the same trade areas

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**9. Lease Commitments and Total Rental Expense (Continued)**

for comparable lease rates.

All of our leases are fixed rental payments. While the majority of our leases are gross leases, we also have a number of leases in which we make separate payments to the lessor based on the lessor's property and casualty insurance costs and the property taxes assessed on the property, as well as a portion of the common area maintenance associated with the property. We have elected the practical expedient not to separate lease and non-lease components for all of our building leases.

As of December 31, 2025 and 2024, the weighted-average remaining lease term for all operating leases is 3.57 years and 3.97 years, respectively. Because the rate implicit in the lease is not apparent, we utilize as the discount rate our incremental borrowing rate (FHLB collateralized borrowing rate for similar term) at the later of the adoption date or lease commencement date. The weighted-average discount rate associated with operating leases in 2025 is 3.05 percent and in 2024 is 2.95 percent.

As of December 31, 2025 and 2024, amounts recognized as right-of-use assets related to operating leases of approximately \$3,364,000 and \$3,704,000, respectively, are included in other assets, in the accompanying Consolidated Balance Sheets, while related lease liabilities of approximately \$3,692,000 and \$4,110,000, respectively, are included in other liabilities. Cash paid for amounts included in the measurement of lease liabilities was \$1,305,000 and \$1,276,000 for the years ended December 31, 2025 and 2024, respectively.

The total rental expense, including common area maintenance changes, included in the Consolidated Statements of Income for the years ended December 31, 2025 and 2024, is approximately \$1,508,000 and \$1,473,000, respectively.

The future payments due under operating leases as of December 31, 2025, are as follows:

Year Ending December 31,	
2026	\$ 1,340
2027	1,030
2028	665
2029	599
2030	201
Thereafter	65
Total future minimum lease payments	3,900
Less: imputed interest	(208)
Total lease liabilities	\$ 3,692

**10. Accumulated Other Comprehensive Loss**

U.S. GAAP requires that recognized revenue, expenses, gains, and losses be included in net income or loss. Certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as components of comprehensive income (loss).

The components of accumulated other comprehensive loss and related tax effects are as follows (in thousands):

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**10. Accumulated Other Comprehensive Loss (Continued)**

	2025	2024
Unrealized losses on available for sale securities	\$ (65)	\$ (196)
Tax effect	20	59
Net of tax	\$ (45)	\$ (137)

**11. Stockholders' Equity and Stock Option Plans**

In 2014, the stockholders approved the 2014 stock option plan – A, which may grant 540,000 options under the plan. Plan A may issue incentive stock options (ISO) to employees of the Bank and 180,000 non-qualified stock options (NQO) to nonemployee directors. The plan was approved by the NJDOBI in 2015. There are 492,000 options granted under the plan, with 48,000 remaining.

In 2014, the stockholders approved the 2014 Stock Option Plan – B, which may grant 180,000 options under the plan. Plan B may issue grants for NQOs to nonemployee directors. This plan was approved by the NJDOBI in 2015. There are 176,917 options granted under the plan with 3,083 remaining.

In June 2022, the NMB Financial Corporation's stockholders approved the 2022 Equity Incentive Plan which authorized 1,250,000 shares under the plan and enabled the Board of Directors to grant stock options or other equity-based awards to employees, directors, or its subsidiaries. Further, this plan was approved by the New Jersey Department of Banking and Insurance in 2022. Also in June 2022, the Board of Directors approved 720,000 stock options to be granted. 360,000 of these were designated to be issued as non-qualified stock options (NQO) to non-employee directors of the Bank while the remaining may be issued as incentive stock options (ISO) to employees of the Bank. In June 2024, the Board of Directors approved the remaining authorized options of 530,000 shares to be granted allowing for the issuance of 420,000 non-qualified stock options (NQO) to non-employee directors while the remaining may be issued as incentive stock options (ISO) to employees of the Bank. There are 1,242,500 options granted under the plan with 7,500 remaining.

The stock option plans are administered by the Compensation Committee. The committee members have the authority to determine (i) the individuals to whom and the time at which options are to be granted; (ii) whether such options are to be ISOs or NQOs (subject to requirements of the Internal Revenue Code); (iii) the terms and conditions of any option granted, including any vesting period; (iv) the exercise price; and (v) the administration of the stock option plans. There are 58,583 options available under the Stock Option Plans as of December 31, 2025.

Options granted pursuant to the stock option plans must be exercisable at a price greater than or equal to the par value of the common stock, but in no event may the option price be lower than (i) in the case of the ISO, the fair market value of the shares subject to the ISO on the date of grant; (ii) in the case of a NQO issued to a director as compensation for serving as a director or as a member of the advisory boards of the Bank, the fair market value of the shares subject to the NQO on the date of grant, and (iii) in the case of a NQO issued to a grantee as employment compensation, 85 percent of the fair market value of the shares subject to the NQO on the date of grant. In addition, no ISO may be granted to an employee who owns common stock possessing more than 10 percent of the total combined voting power of the Bank's common stock, unless

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**11. Stockholders' Equity and Stock Option Plans (Continued)**

the price is at least 110 percent of the fair market value (on the date of grant) of the common stock.

Total stock-based compensation related to stock options was \$1,084,000 and \$1,261,000 for the years ended December 31, 2025 and 2024, respectively.

The following summarizes changes in stock options outstanding under the plans (in thousands):

	2025			2024		
	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (In Years)	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (In Years)
Outstanding, beginning of year	1,252,752	\$ 8.44	8.29	824,417	7.47	7.49
Granted	-	-	-	678,500	9.10	9.50
Exercised	(131,085)	7.76	-	(227,665)	6.96	-
Forfeited	(26,500)	5.85	-	(22,500)	8.00	-
Outstanding, end of year	<u>1,095,167</u>	\$ 8.58	7.56	<u>1,252,752</u>	8.44	8.29
Exercisable at year-end	<u>982,367</u>	\$ 8.52	7.45	<u>382,587</u>	7.47	6.44

Stock options outstanding at December 31, 2025 and 2024 are exercisable between \$5.00 per share and \$9.17 per share. There were no options granted during the year ended December 31, 2025.

At December 31, 2025 and 2024, options outstanding and exercisable had an intrinsic value of \$7,646,000 and \$2,499,000, respectively.

At December 31, 2025, unrecognized share-based compensation expense related to nonvested options amounted to approximately \$244,000. This amount is expected to be recognized over the next forty-two months.

**12. Employee Benefit Plan**

The Company has a 401(k) defined contribution salary deferral plan that covers substantially all full-time employees. The plan provides for contributions by the Company in such amounts as its Board of Directors determines. There were \$160,000 and \$108,000 charged to expense for the years ended December 31, 2025 and 2024, respectively.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**13. Income Taxes**

The components of income tax expense are as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Current payable:		
Federal	\$ 3,185	\$ 2,798
State	<u>1,389</u>	<u>793</u>
	4,574	3,591
Deferred	<u>(211)</u>	<u>(502)</u>
Total	<u>\$ 4,363</u>	<u>\$ 3,089</u>

A reconciliation of the statutory federal income tax at a rate of 21 percent to the income tax expense included in the Consolidated Statements of Income is as follows (in thousands):

	<u>2025</u>		<u>2024</u>	
	Amount	Percent	Amount	Percent
Federal tax expense at statutory rate	\$ 3,207	21.0%	\$ 2,346	21.0%
NJ State income taxes, net of federal income tax effect	561	3.7%	245	2.2%
NY State income taxes, net of federal income tax effect	240	1.6%	172	1.5%
NYC State income taxes, net of federal income tax effect	247	1.6%	171	1.5%
Other State income taxes, net of federal income tax effect	50	0.3%	38	0.4%
Meals and entertainment	18	0.1%	21	0.2%
Other	<u>40</u>	0.3%	<u>96</u>	0.9%
Effective tax rate	<u>\$ 4,363</u>	28.6%	<u>\$ 3,089</u>	27.7%

Net deferred tax assets consisted of the following components (in thousands):

	<u>2025</u>	<u>2024</u>
Deferred tax assets:		
Allowance for loan losses	\$ 2,986	\$ 2,865
Nonaccrual interest	105	45
Net operating loss carryforwards	422	469
Lease liability	1,002	1,105
Unrealized losses on securities available for sale	19	59
Other	<u>509</u>	<u>402</u>
Total gross deferred tax assets	<u>5,043</u>	<u>4,945</u>
Deferred tax liabilities:		
Prepaid expenses	(91)	(82)
Right-of-use asset	<u>(914)</u>	<u>(996)</u>
Total gross deferred tax liabilities	<u>(1,005)</u>	<u>(1,078)</u>
Net deferred tax assets	<u>\$ 4,038</u>	<u>\$ 3,867</u>

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**13. Income Taxes (Continued)**

The net deferred tax assets as of December 31, 2025 and 2024, are included in other assets on the Company's Consolidated Balance Sheets.

The Company has net operating loss carryforwards available for federal income tax purposes of approximately \$2.0 million, which will begin to expire in 2032.

**14. Transactions with Officers, Directors, and Principal Stockholders**

The Company has had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, officers, principal stockholders, their immediate families, and affiliated companies (commonly referred to as related parties). At December 31, 2025 and 2024, these persons were indebted to the Company for loans totaling \$2.0 million and \$53 thousand, respectively.

As of December 31, 2025 and 2024, deposits from directors, officers, and their affiliates amounted to approximately \$14.3 million and \$15.8 million, respectively.

**15. Financial Instruments with Off-Balance-Sheet Risk**

The Bank is a 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 letters of credit. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the Consolidated Balance Sheets.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

A summary of the Company's financial instrument commitments is as follows (in thousands):

	2025	2024
Commitments to grant loans	\$ 1,768	\$ 7,695
Unfunded commitments under lines of credit	23,666	33,652
Standby letter of credit	1,456	751
	<u>\$ 26,890</u>	<u>\$ 42,098</u>

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation. Collateral held varies, but may include personal or commercial real estate, deposit accounts, accounts receivable, inventory, and equipment.

Outstanding letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The majority of these standby letters of credit expire within the next 12 months. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending other

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**15. Financial Instruments with Off-Balance-Sheet Risk (Continued)**

loan commitments. The Bank requires collateral supporting these letters of credit as deemed necessary. Management believes that the proceeds obtained through a liquidation of such collateral would be sufficient to cover the maximum potential amount of future payments required under the corresponding guarantees. The current amount of the liability as of December 31, 2025 and 2024, for guarantees under standby letters of credit issued is not material.

**16. Regulatory Matters**

The Bank is subject to various regulatory capital requirements administered by the federal and state 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 Bank'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.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth below) of total, Tier I capital, and common Tier 1 (as defined in the regulations) to risk-weighted assets and of tier I capital to average assets. To be categorized as well capitalized, the Bank must maintain minimum Total risk-based, Tier 1 risk-based, common Tier 1, and Tier 1 leverage ratios as set forth in the table (dollar amounts in thousands).

	2025			2024	
	Amount	Ratio		Amount	Ratio
<u>Total capital</u>					
<u>(to risk-weighted assets)</u>					
Actual	\$ 131,953	21.38	%	\$ 118,787	19.60
For capital adequacy purposes	49,368	8.00		48,497	8.00
To be well capitalized	61,710	10.00		60,621	10.00
<u>Tier 1 capital</u>					
<u>(to risk-weighted assets)</u>					
Actual	\$ 124,200	20.13	%	\$ 111,173	18.34
For capital adequacy purposes	37,026	6.00		36,373	6.00
To be well capitalized	49,368	8.00		48,497	8.00
<u>Common equity Tier 1 capital</u>					
<u>(to risk-weighted assets)</u>					
Actual	\$ 124,200	20.13	%	\$ 111,173	18.34
For capital adequacy purposes	27,770	4.50		27,279	4.50
To be well capitalized	40,112	6.50		39,404	6.50
<u>Tier 1 capital</u>					
<u>(to average assets)</u>					
Actual	\$ 124,200	13.20	%	\$ 111,173	12.48
For capital adequacy purposes	37,647	4.00		35,623	4.00
To be well capitalized	47,058	5.00		44,529	5.00

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**16. Regulatory Matters (Continued)**

At December 31, 2025, the Bank maintained capital levels that met or exceeded the levels required to be considered well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's category. The capital position of the Company does not differ significantly from the Bank's capital position.

Federal regulations require the Company and the Bank to maintain minimum amounts of capital. Specifically, each is required to maintain certain minimum dollar amounts and ratios of Total Tier I and Common Equity Tier 1 capital to risk-weighted assets and of Tier I capital to average total assets.

In addition to the capital requirements, the Federal Deposit Insurance Corporation Improvement Act ("FDICIA") established five capital categories ranging from "well capitalized" to "critically undercapitalized." Should any institution fail to meet the requirements to be considered "adequately capitalized," it would become subject to a series of increasingly restrictive regulatory actions.

As of December 31, 2025 and 2024, the FDIC categorized the Company and the Bank as well capitalized under the regulatory framework for prompt corrective action. To be classified as a well-capitalized financial institution, Total risk-based, Common Equity Tier I, Tier I risk-based, and Tier I leverage capital ratios must be at least 10 percent, 6.50 percent, 8 percent, and 5 percent, respectively.

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**17. Fair Value Measurements and Disclosures**

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

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

In accordance with this guidance, the Company groups its assets and financial liabilities generally 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 I* - Valuation is based on unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level I assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

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

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

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used are as follows (in thousands):

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**17. Fair Value Measurements and Disclosures (Continued)**

	December 31, 2025			
	Level I	Level II	Level III	Total
Investment securities available for sale:				
U.S. Treasury	\$ -	\$ -	\$ -	\$ -
U.S. government-sponsored enterprises, residential mortgage-backed securities	-	1,040	-	1,040
Corporate securities	-	933	-	933
	-	1,973	-	1,973
Total	\$ -	\$ 1,973	\$ -	\$ 1,973
	December 31, 2024			
	Level I	Level II	Level III	Total
Investment securities available for sale:				
U.S. Treasury	\$ -	\$ -	\$ -	\$ -
U.S. government-sponsored enterprises, residential mortgage-backed securities	-	1,053	-	1,053
Corporate securities	-	835	-	835
	-	1,888	-	1,888
Total	\$ -	\$ 1,888	\$ -	\$ 1,888

All collateral dependent individually evaluated loans have an independent third-party full appraisal to determine the NRV based on the fair value of the underlying collateral, less cost to sell (6%) and other costs, such as unpaid real estate taxes, that have been identified. The appraisal will be based on an “as-is” valuation and will follow a reasonable valuation method that addresses the direct sales comparison, income, and cost approaches to market value, reconciles those approaches, and explains the elimination of each approach not used. Appraisal are updated every 12 months or sooner if we have identified possible further deterioration in value. However, the Company did not have any collateral dependent loans for the periods ended December 31, 2025 and 2024.

Real estate properties acquired through, or in lieu of, foreclosure are to be sold and are carried at fair value less estimated cost to sell. Fair value is based upon independent market prices or appraised value of the property. These assets are included in Level III fair value based upon the lowest level of input that is significant to the fair value measurement. However, the Company did not have any foreclosed assets for the periods ended December 31, 2025 and 2024.

Below is management’s estimate of the fair value of all financial instruments, whether carried at cost or fair value on the Company’s Consolidated Balance Sheets.

Fair values are made at a specific point in time, based on relevant market information and information about the financial instrument. These fair values do not reflect any premium or discount that could result from offering for sale at one time the Company’s entire holdings of a particular financial instrument. Also, it is the Company’s general practice and intention to hold most of its financial instruments to maturity and not to engage in trading or sales activities. Because no market exists for a significant portion of the Company’s financial instruments, fair values are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These fair values are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions can significantly

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**17. Fair Value Measurements and Disclosures (Continued)**

affect the fair values. The carrying amounts for cash and cash equivalents, interest-earning time deposits, restricted stock, accrued interest receivable and payable approximate fair value and are considered Level I measurements.

***Collateral Dependent Impaired Loans (Generally Carried at Fair Value)***

Collateral dependent impaired loans are those for which the Company has measured impairment generally based on the fair value of the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds. These assets are included as Level III fair values, based upon the lowest level of input that is significant to the fair value measurements. However, the Company did not have any collateral dependent loans for the periods ended December 31, 2025 and 2024.

***Foreclosed Assets***

Foreclosed assets consist of properties acquired as a result of deeds in lieu of foreclosure, foreclosure, or through other means related to collateral on Company loans. Costs relating to the development or improvement of assets are capitalized, and costs relating to holding the property are charged to expense. These assets are included as Level III fair values, based upon the highest level of input that is significant to the fair value measurements. However, the Company had no foreclosed assets as of December 31, 2025 and 2024.

The estimated fair values of the Company's financial instruments were as follows (in thousands):

		2025				
		Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:						
Securities held to maturity	\$	1,472	\$ 1,466	-	\$ 1,466	-
Loans receivable, net of allowance, including loans held for sale		787,950	783,296	-	-	783,296
Loan servicing assets		1,593	2,845	-	2,845	-
Financial liabilities:						
Deposits	\$	781,337	\$ 786,945	-	\$ 786,945	-
		2024				
		Carrying Value	Fair Value	Level I	Level II	Level III
Financial assets:						
Securities held to maturity	\$	537	\$ 529	-	\$ 529	-
Loans receivable, net of allowance, including loans held for sale		772,485	758,733	-	-	758,733
Loan servicing assets		1,917	3,060	-	3,060	-
Financial liabilities:						
Deposits	\$	751,185	\$ 757,259	-	\$ 757,259	-

**NMB Financial Corporation**  
**Notes to Consolidated Financial Statements**

**18. Emergency Capital Investment Program**

Established by the Consolidated Appropriations Act, 2021, the Emergency Capital Investment Program (ECIP) was created to encourage Community Development Financial Institutions, such as the Bank, and minority depository institutions to augment their efforts to support small and minority-owned businesses and consumers in low-income and underserved communities. The Company issued \$79.1 million of Senior Preferred Stock to the U.S Department of the Treasury (Treasury) pursuant to ECIP on June 7, 2022. The ECIP investment from the Treasury is intended to qualify as Tier 1 capital of the Company for regulatory capital purposes.

The Senior Preferred issued to the Treasury will pay non-cumulative dividends, payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year beginning on the first dividend payment date after the two- year anniversary of the date of issuance. The dividend rate to be paid on the Senior Preferred is 2% but may adjust annually based on certain measurements of the Company's extensions of credit to minority, rural, and urban low-income and underserved communities and low- and moderate-income borrowers. The Company is entitled to redeem the Senior Preferred on or after the fifth anniversary of the issuance of Senior Preferred, subject to approval by the Federal Reserve and in accordance with applicable regulatory capital regulations.

**19. Subsequent Events**

The Company has evaluated events and transactions occurring subsequent to the Consolidated Balance Sheet date of December 31, 2025 for items that should potentially be recognized or disclosed in these consolidated financial statements. No other events have occurred that would require adjustment to or disclosure in these consolidated financial statements. The evaluation was conducted through April 30, 2026, the date these consolidated financial statements were available to be issued.

## ORGANIZATION

### BOARD OF DIRECTORS

**Byungkuk Lee**  
President & CEO  
Leeward International Inc.

**Dong Hwan Kim**  
Chairman of the Board  
NMB Financial Corporation  
President & CEO  
Powerline Imports Inc.

**Young Kil Kim**  
Chairman  
Bethel Industries, Inc.

**Donna Baik**  
Chairman of the Board  
New Millennium Bank  
President  
Lovely Homes LLC

**In Jin Choi**  
Private Investor

**Yeong S. Shim**  
CEO  
DHY Sonamoo, LLC

**Jason Chon**  
CEO  
Missha US, Inc.

**Hong Sik Hur**  
President & CEO  
NMB Financial Corporation  
New Millennium Bank

### EXECUTIVE OFFICERS

**Hong Sik Hur**  
President & Chief Executive Officer

**James S. Ryu**  
SVP & Chief Corporate Officer

**Frank J. Gleeson**  
SVP & Chief Financial Officer

**Justin Kim**  
SVP & Chief Credit Officer

**Chan Park**  
SVP & Chief Marketing Officer

**Anthony TK Suh**  
SVP & Chief Branch Banking Officer

### RELATIONSHIP OFFICERS

**Susan Oh**  
SVP & Chief Relationship Officer

**Kwan Sop Song**  
SVP & LPO Manager  
Seattle Office

**Pyung Moo Lee**  
SVP & LPO Manager  
Dallas Office

**Keun Joo Lee**  
FVP & NY Regional  
Loan Center Manager

**Marie Lee**  
FVP & Senior Marketing Officer

**Hitesh Patel**  
FVP & Relationship Manager  
New Brunswick Branch

### ADMINISTRATIVE OFFICERS

**William Lee**  
SVP & CCLO  
Home Mortgage Department

**Bo-Young K. Lee**  
SVP & Controller

**Jessica Kim**  
SVP & Head of Operations and  
Compliance

**Steven Chang**  
SVP & SBA Manager

**Hack Chull Kim**  
SVP & Commercial Loan Manager

**Archita Roy**  
FVP & BSA Officer

**Ja Young Choi**  
FVP & Note Manager

# ORGANIZATION



## OFFICE LOCATIONS

**Corporate Headquarters**  
222 Bridge Plaza South  
Suite 400  
Fort Lee, NJ 07024  
Tel: 201-585-6090

**SBA Loan Center**  
222 Bridge Plaza South  
Suite 400  
Fort Lee, NJ 07024  
Tel: 201-585-6090

**Dallas Loan Production Office**  
2560 Royal Lane  
Suite 210  
Dallas, TX 75229  
Tel: 773-727-3139

**Seattle Loan Production Office**  
1133 164<sup>th</sup> St. SW  
Suite 204  
Lynnwood, WA 98087  
Tel: 425-478-4136

## BRANCH LOCATIONS

**New Brunswick Branch**  
350 Handy Street  
New Brunswick, NJ 08901  
Tel: 732-729-1100

**Fort Lee Branch**  
1625 Lemoine Avenue  
Fort Lee, NJ 07024  
Tel: 201-944-1110

**Bayside Branch**  
209-25 Northern Boulevard  
Bayside, NY 11361  
Tel: 347-836-4914

**Fort Lee Corporate Branch**  
222 Bridge Plaza South  
Suite 400  
Fort Lee, NJ 07024  
Tel: 201-585-6090

**Manhattan Branch**  
312 5<sup>th</sup> Avenue, 3<sup>rd</sup> Floor  
New York, NY 10001  
Tel: 212-239-1023

**Palisades Park Branch**  
136 Broad Avenue  
Palisades Park, NJ 07650  
Tel: 201-944-1983

**Flushing Branch**  
141-28 Northern Boulevard  
Flushing, NY 11354  
Tel: 718-888-1895

**Closter Branch**  
570 Piermont Road, A-2  
Closter, NJ 07624  
Tel: 551-303-5125

**Duluth Branch**  
3350 Steve Reynolds Blvd Unit #106  
Duluth, GA 30096  
Tel: 678-266-6269

## OTHER INFORMATION

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**| We're Your Community  
We're Your Community Bank**

