

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20429

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 31, 2025**

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: **000-55983**



(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation or organization)

83-1561918

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

9 Old Lincoln Highway, Malvern, Pennsylvania 19355

(Address of principal executive offices) (Zip Code)

(484) 568-5000

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of Exchange on Which Registered
Common Stock, par value \$1 per share	MRBK	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input checked="" type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 USC. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The approximate aggregate market value of voting stock held by non-affiliates of the registrant is \$123,587,730 as of June 30, 2025 based upon the last sales price in which our common stock was quoted on the NASDAQ Stock Market on June 30, 2025.

As of March 9, 2026 there were 11,875,178 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2026 Annual Meeting of Stockholders, are incorporated by reference into Part III of this Annual Report on Form 10-K.

MERIDIAN CORPORATION
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025
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Glossary of Acronyms, Abbreviations, and Terms

The acronyms, abbreviations, and terms listed below are used in various sections of this report. As used throughout this report, the terms "Meridian", "we", "our", or "us" refer to Meridian Corporation and its consolidated subsidiaries, unless the context otherwise requires.

Acronym	Description
ACBB	Atlantic Central Bankers Bank
ACH	Automated clearing house
ACL	Allowance for credit losses
AFS	Available-for-sale
AI	Artificial intelligence
ALCO	Asset / Liability Committee
ALM	Asset / liability management
AOCI	Accumulated other comprehensive income
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	At the Market common stock offering
BHC Act	Bank Holding Company Act of 1956
BOLI	Bank owned life insurance
BSA-AML	Bank Secrecy Act - Anti-Money Laundering
BTFP	Federal Reserve Bank Term Funding Program
CBCA	Change in Bank Control Act
CBLR	Community Bank Leverage Ratio
CDARS	Certificate of Deposit Account Registry Service
CECL	Current expected credit losses
CET1	Common equity tier 1
CFPB	Consumer Financial Protection Bureau
CMO	Collateralized mortgage obligation
CODM	Chief Operating Decision Maker
CRE	Commercial real estate
DIF	FDIC's deposit insurance fund
ECOA	Equal Credit Opportunity Act
ESOP	Employee Stock Ownership Plan
FASB	Financial Accounting Standards Board
FDIA	Federal Deposit Insurance Act
FDIC	Federal Deposit Insurance Corporation
FED	Federal Reserve System
FFIEC	Federal Financial Institutions Examination Council
FHA	Federal Housing Authority
FHFA	Federal Housing Finance Agency
FHLB	Federal Home Loan Bank of Pittsburgh
FHLMC	Federal Home Loan Mortgage Corporation or Freddie Mac
FICO	Financing Corporation
FNMA	Federal National Mortgage Association or Fannie Mae
FRB	Federal Reserve Bank of Philadelphia
FTE	Fully taxable equivalent
GAAP	U.S. generally accepted accounting principles
GLB Act	Gramm-Leach-Bliley Act
GNMA	Government National Mortgage Association or Ginnie Mae
GSE	Government-sponsored entities
HTM	Held-to-maturity
ICBA	Independent Community Bankers of America
JOBS Act	Jumpstart Our Business Startups Act of 2012
KYC	Know your customer
LBP	Look-back period
LEP	Loss emergence period
LIBOR	London Inter-bank Offering Rate
LIHTC	Low-income housing tax credit
MBS	Mortgage-backed securities

MSLP	Main Street Lending Programs
MSR	Mortgage servicing rights
NSFR	Net stable funding ratio
OFAC	Office of Foreign Assets Control
OREO	Other real estate owned
PCAOB	Public Company Accounting Oversight Board
PCD	Purchased credit default
PD	Probability of default
PDBS	Pennsylvania Department of Banking and Securities
ROU	Right-of-use
SBA	Small Business Administration
SEC	Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
SNC	Shared national credit loans
SOFR	Secured Overnight Financing Rate
TILA	Truth in Lending Act
TDR	Troubled debt restructuring
USDA	U.S. Department of Agriculture
VA	U.S. Department of Veteran's Affairs

PART I

Cautionary Statement Regarding Forward-Looking Statements

Meridian Corporation (the “Corporation” or “Meridian”) may from time to time make written or oral “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements with respect to Meridian Corporation’s strategies, goals, beliefs, expectations, estimates, intentions, capital raising efforts, financial condition and results of operations, future performance and business. Statements preceded by, followed by, or that include the words “will,” “may,” “could,” “should,” “pro forma,” “looking forward,” “would,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” “project”, or similar expressions generally indicate a forward-looking statement. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- Local, regional, national and international economic conditions and the impact they may have on us and our customers and our assessment of that impact.
- Volatility and disruption in national and international financial markets.
- Adverse developments in the banking industry highlighted by high-profile bank failures and the potential impact of such developments on customer confidence, liquidity, and regulatory responses to these developments.
- Government intervention in the U.S. financial system.
- Changes in the mix of loan geographies, sectors and types or the level of non-performing assets and charge-offs.
- Our ability to manage our commercial real estate exposure.
- Changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements.
- The effects of and changes in trade and monetary and fiscal policies and laws, including the interest rate policies of the Federal Reserve Board.
- Inflation, interest rate, securities market and monetary fluctuations.
- The effect of changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which we and our subsidiaries must comply.
- Impairment of our goodwill or other intangible assets.
- Acts of God or of war or terrorism.
- Changes in consumer spending, borrowings and savings habits.
- Changes in the financial performance and/or condition of our borrowers.
- Technological changes, including the rise of AI as a commonly used resource.
- The cost and effects of cyber incidents or other failures, interruption or security breaches of our systems or those of third-party providers.
- Acquisitions and integration of acquired businesses.
- Our ability to increase market share and control expenses.
- Our ability to attract and retain qualified employees.
- Changes in the competitive environment in our markets and among banking organizations and other financial service providers.
- The effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the PCAOB, the FASB and other accounting standard setters.
- Changes in the reliability of our vendors, internal control systems or information systems.
- Changes in our liquidity position.
- Changes in our organization, compensation and benefit plans.

- The costs and effects of legal and regulatory developments, the resolution of legal proceedings or regulatory or other governmental inquiries, the results of regulatory examinations or reviews and the ability to obtain required regulatory approvals.
- Greater than expected costs or difficulties related to the integration of new products and lines of business.
- Our success at managing the risks involved in the foregoing items.

Meridian Corporation cautions that the foregoing factors are not exclusive, and neither such factors nor any such forward-looking statement takes into account the impact of any future events.

All forward-looking statements and information set forth herein are based on management's current beliefs and assumptions as of the date hereof and speak only as of the date they are made. For a more complete discussion of the assumptions, risks and uncertainties related to our business, you are encouraged to review the Corporation's filings with the SEC, including this Annual Report on Form 10-K for the year ended December 31, 2025 and subsequently filed quarterly reports on Form 10-Q and current reports on Form 8-K that update or provide information in addition to the information included in the Form 10-K and Form 10-Q filings, if any. The Corporation does not undertake to update any forward-looking statement whether written or oral, that may be made from time to time by the Corporation or by or on behalf of Meridian Bank, except as may be required under applicable laws.

Item 1. Business

General

The Corporation is a bank holding company engaged in banking activities through its wholly-owned subsidiary, Meridian Bank (the "Bank"), a full-service, state-chartered commercial bank with offices in the Delaware Valley tri-state market, which includes Pennsylvania, New Jersey and Delaware, as well as in the Central Maryland market, and southwest Florida. We have a financial services business model with non-interest revenue streams from mortgage banking, the sale of SBA loan guarantees and wealth management services. We provide services to small and middle market businesses, professionals and retail customers throughout our market area. We have a modern, progressive, consultative approach to creating innovative solutions for our customers. We are technology driven, with a culture that incorporates significant use of customer preferred alternative delivery channels, such as mobile banking, remote deposit capture and bank-to-bank ACH. Our 'Meridian everywhere' philosophy of community presence, along with our strategic business footprint, allows us to provide the high degree of service, convenience and products our customers need to achieve their financial objectives. We provide this service through three principal business line distribution channels, described further below.

Corporate Structure and Business Lines

The Corporation is the parent to the Bank. The Bank is the parent to four wholly-owned subsidiaries: Meridian Land Settlement Services, LLC, which provides title insurance services; Apex Realty, LLC, a real estate holding company; Meridian Wealth Partners, LLC, a registered investment advisory firm, ("Meridian Wealth"); and Meridian Equipment Finance, LLC, an equipment leasing and other finance receivables company. With these subsidiaries, the Corporation is organized into the following three lines of business, or segments.

Commercial Banking

The first line of business, or segment, is our traditional banking operations, serving both commercial and consumer customers. We have a strong credit culture that promotes diversity of lending products with a focus on commercial businesses. We provide deposit and treasury management services, commercial and industrial lending and leasing, commercial real estate lending, small business lending, consumer and home equity lending, private banking, merchant services, and title and land settlement services. Our commercial and industrial lending department supports our small business and middle market borrowers with a comprehensive selection of loan products including financing solutions for wholesalers, manufacturers, distributors, service providers, importers and exporters, among others. Our portfolio includes business lines of credit, term loans, small business lending and financing, and lease financing. We have no particular credit concentration. Our commercial loans have been proactively managed in an effort to achieve a balanced portfolio with no unusual exposure to one industry.

Our SBA team and their alliances with local economic development councils provide SBA 504 and 7(a) financing options to help grow local businesses, create and retain jobs and stimulate our local economy. In addition, Meridian understands that connections with the local professional industries benefit us, not only with these individuals as customers or investors, but also given the proven potential for business referrals.

The commercial real estate division offers permanent financing for owner-occupied commercial real estate loans and land development and construction loans for residential and commercial projects. Our approach is to apply disciplined and integrated standards to underwriting, credit and portfolio management. The extensive backgrounds of our commercial real estate lending team, not only in banking, but also directly in the builder/developer fields, bring a unique perspective and ability to communicate and consider all elements of a project and related risk from the clients' viewpoint as well as ours.

Wealth Management and Advisory Services

The second line of business is wealth management and advisory services. Meridian Wealth, a registered investment advisor and wholly-owned subsidiary of the Bank, provides a comprehensive array of wealth management services and products and the trusted guidance to help its clients and our banking customers prepare for the future. Such clients include professionals, higher net worth individuals, companies seeking to provide benefits plans for their employees, business and consumer customers of the bank, and more. Acquiring and sustaining wealth is a gradual progression, one that requires a considerable amount of thought and planning. Our process takes a comprehensive approach to financial planning and encompasses all aspects of retirement, with an emphasis on

sustainability. Meridian Wealth offers a significant enhancement to both our capacity and the variety of tools we can use to help bring effective financial planning and wealth management services to a broad segment of customers.

Mortgage Banking

The third line of business is mortgage banking. Our mortgage consultants guide our clients through the complex process of obtaining a loan to meet consumer needs. Originations consist of consumer for-sale mortgage loans, loans to be held within our portfolio, and wholesale mortgage loans and home equity loans. Clients include homeowners and smaller scale investors. The mortgage segment operates and originates loans in the Delaware Valley tri-state market, Maryland markets and south Florida markets, most typically for 1-4 family dwellings, with the intention of selling substantially all of these loans in the secondary market to qualified investors, while often retaining the servicing rights on these loans. Mortgages are originated through sales and marketing initiatives, as well as realtor, builder, bank, advertising and customer referral resources. The mortgage division performs origination, processing, underwriting, closing and post-closing functions both from our East Norriton mortgage headquarters with 5 other loan production offices in the Delaware Valley tri-state market and also in Florida, and from Maryland through our footprint of 2 other production/processing offices in the state.

Market Area

Meridian is headquartered in Malvern, PA, has an operations center in Exton, PA, and seven full-service branches in Philadelphia and surrounding counties. Its main branch, in Wayne, serves the Main Line. The West Chester and Media branches serve Chester and Delaware counties, respectively, while the Doylestown and Blue Bell branches serve Bucks and Montgomery counties, respectively, and our sixth branch is in Center City Philadelphia. In 2025 we opened up our seventh branch in the southwest Florida town of Bonita Springs. These branches provide "Relationship Hubs" for our regional lending groups and allow Meridian to serve markets at or near the county seat of counties in and surrounding Philadelphia.

In addition to our deposit taking branches, there are currently 10 other locations, including Corporate headquarters, that serve as loan production offices. These offices extend from the Delaware Valley/Philadelphia market area to Delaware, Central Maryland, and southwest Florida.

Demographic information for the five county Philadelphia metropolitan area (Philadelphia County, Chester County, Delaware County, Montgomery County, Bucks County) shows our primary market to be stable, with moderate population growth. According to the U.S. Census Bureau – 2024, the median household income in this area is \$101 thousand compared to the national average of \$82 thousand, while the total population in this market was 4,218,131. Demographic information for the five county Baltimore metropolitan area (Baltimore County, Howard County, Montgomery County, Anne Arundel County, Prince George's County) also shows that this secondary market is stable. According to the U.S. Census Bureau – 2024, the median household income in the Baltimore metropolitan area is \$116 thousand compared to the national average of \$82 thousand, while the total population in this market was 4,183,315. The Delaware and Florida markets we serve are also stable with moderate population growth.

<i>(dollars in thousands / population actual)</i>	United States	Pennsylvania	Maryland
Population ⁽¹⁾	342,328,095	13,059,432	6,177,224
Median household income ⁽¹⁾	\$ 82	\$ 78	\$ 103
Unemployment rate ⁽²⁾	4.20 %	4.20 %	4.20 %

<i>(dollars in thousands / population actual)</i>	Philadelphia Metropolitan Area Counties					Total
	Bucks County	Montgomery County	Delaware County	Chester County	Philadelphia County	
Population ⁽¹⁾	646,538	856,553	534,413	576,830	1,603,797	4,218,131
Median household income ⁽¹⁾	\$ 113	\$ 112	\$ 131	\$ 90	\$ 61	\$ 101
Unemployment rate ⁽²⁾	4.00 %	3.00 %	3.50 %	2.60 %	4.50 %	

<i>(dollars in thousands / population actual)</i>	Baltimore Metropolitan Area Counties					Total
	Howard County	Montgomery County	Anne Arundel County	Prince George's County	Baltimore County	
Population ⁽¹⁾	332,317	1,062,061	967,201	967,201	854,535	4,183,315
Median household income ⁽¹⁾	\$ 152	\$ 141	\$ 99	\$ 99	\$ 88	\$ 116
Unemployment rate ⁽²⁾	3.10 %	3.50 %	3.10 %	4.30 %	3.60 %	

<i>(dollars in thousands / population actual)</i>	Delaware Counties				Florida County
	Kent County	Sussex County	New Castle County	Total	Lee County
Population ⁽¹⁾	181,851	237,378	570,719	989,948	760,822
Median household income ⁽¹⁾	\$ 81	\$ 85	\$ 90	\$ 85	\$ 84
Unemployment rate ⁽²⁾	5.6 %	5.1 %	5.0 %		4.9 %

⁽¹⁾ Source: U.S. Census Data – 2024

⁽²⁾ Source: U.S. Bureau of Labor Statistics –December 2025

Competition

Overall, the banking business in our market area is highly competitive. The Bank faces substantial competition both in attracting deposits and in originating loans. The Bank competes with local, regional and national commercial banks, savings banks, and savings and loan associations. Other competitors include non-bank fintech and finance companies, money market mutual funds, mortgage bankers, insurance companies, securities brokerage firms, regulated small loan companies, credit unions, and issuers of commercial paper and other securities.

The Bank seeks to compete for business principally on the basis of high quality, personal service to customers, customer access to our decision-makers, and customer preferred electronic delivery channels while providing an attractive banking platform and competitive interest rates and services.

Human Capital Resources

At December 31, 2025, we employed 327 individuals, nearly all of whom are full-time and of which 49% are women. Women make up 33% of all officers throughout the Meridian organization. None of these employees are covered by collective bargaining agreements, and Meridian believes it enjoys good relations with its personnel. As an integrated full-service financial institution, approximately 62% of our employees are employed through our banking segment, 34% through our mortgage segment, and 4% for our wealth segment.

The Bank is listed by the Philadelphia Inquirer in their "Top Work Places of 2025", and was named to American Bankers 2023 Top 200 Community Banks. Meridian has also been listed by the Baltimore Sun and the News Journal in their respective "Top Workplace in the Region 2025".

Since inception, Meridian has been committed to giving back to worthy organizations and institutions throughout the communities that we serve and live in. In 2025, we donated \$727 thousand in total to over 100 such organizations and institutions throughout the communities that we serve in Pennsylvania, New Jersey, Delaware, Maryland, and Florida. Meridian also sponsors individual / group service days and provides time off to employees to participate in charitable activities. Meridian encourages employees to serve on boards of community organizations.

In order to compete effectively and continue to provide excellent service to our clients, we must attract, retain, and motivate qualified professionals. During the hiring process Meridian looks to bring onboard well-qualified individuals, without bias to race or gender. As we are currently in a very competitive hiring market, we utilize various methods to find well-qualified talent including third party search firms, social media, internal candidates already in our organization and on campus recruiting at local universities.

During 2025, we hired 74 professionals, 41% of which were women, and 24% of which were ethnically diverse. For 2025, our turnover rate was approximately 1.9%, which makes our overall retention rate very high compared to peers. We believe our culture, our effort to maintain a meritocracy in terms of opportunity and our continued evolution and growth contribute to our success in attracting and retaining strong talent.

Our benefits are designed to attract and retain employees by providing employees and their families with health and wellness programs (medical, dental, vision), retirement wealth accumulation, paid time off, income replacement (paid sick and disability leaves and life insurance) and family oriented benefits (parental leaves and child care assistance).

We aim to continually build on the expertise of our workforce. At entry levels, we have implemented trainee and internship programs. During 2025 Meridian invested throughout the organization in terms of in-house and external training programs to help our employees develop leadership skills, stay current on professional development topic in their area of focus, as well as to keep up to date on cybersecurity, and risk & compliance matters that impact the organization overall.

Our Current Capital Stock Structure

As of December 31, 2025, Meridian had 13,829,645 shares of common stock, \$1 par value, issued and 11,826,462 shares outstanding. There are 2,003,183 shares held in treasury.

Information about Meridian

Our executive offices are located at 9 Old Lincoln Highway, Malvern, PA 19355 and our telephone number is (484) 568-5000. Our Internet website is www.meridianbanker.com and our investor relations page can be found at investor.meridianbanker.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and all amendments thereto have been filed, along with this Annual Report on Form 10-K, with the SEC. The Corporation's filings with the SEC can also be accessed at the SEC's internet website: <http://www.sec.gov>.

Investors can obtain copies of Meridian's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, on Meridian's website (accessible under "Investor Relations" – "SEC Filings") as soon as reasonably practicable after Meridian has filed such materials with, or furnished them to, the SEC. Meridian will also furnish a paper copy of such filings free of charge upon request. Also on our website are our Audit Committee and Compensation Committee Charters. The information contained in our website or in any websites linked by our website, is not part of this Annual Report on Form 10-K.

Reports of the Bank's condition and income, known as "Call Reports," are filed with the FDIC and the Parent Company Only Financial Statement for Small Holding Companies known as the "FR Y-9SP" with the Federal Reserve. These reports are available on the FFIEC Central Data Repository's Public Data Distribution website at cdr.ffiec.gov/public.

Supervision and Regulation

Meridian and its subsidiaries are subject to extensive regulation under federal and state banking laws that establish a comprehensive framework for our operations. This framework may materially affect our growth potential and financial performance and is intended primarily for the protection of depositors, customers, federal deposit insurance funds and the banking system as a whole, not for the protection of our shareholders and creditors. The following discussion summarizes certain laws, regulations and policies to which Corporation and the Bank are currently subject to. It does not address all applicable laws, regulations and policies that affect us currently or might affect us in the future. This discussion is qualified in its entirety by reference to the full texts of the laws, regulations and policies described.

The Bank is an FDIC-insured commercial bank chartered under the laws of Pennsylvania with regulatory oversight from the FDIC and the PDBS. The holding company, Meridian Corporation, is subject to supervision and examination by, and the regulations and reporting requirements of, the FRB, and is subject to the disclosure and regulatory requirements of the Exchange Act. In order to adhere to regulatory expectations on an ongoing basis and to successfully prepare for the normal examination processes, Meridian maintains numerous internal controls including policies and programs appropriate to maintain the Bank's safety and soundness, under such key areas as lending, compliance, BSA-AML, information security, human resources, deposit and cash management products, enterprise risk, merchant services, finance, title services, branch security and wealth management. As a public company, the Corporation also files reports with the SEC and is subject to its regulatory authority, as well as the disclosure and regulatory requirements of the Securities Act, as amended, and the Exchange Act, as amended, with respect to the Corporation's securities, financial reporting and certain governance matters. Because the Corporation's securities are listed on the NASDAQ Stock Market, we are subject to NASDAQ's rules for listed companies, including rules relating to corporate governance.

Permissible Activities for Bank Holding Companies

The Corporation is a registered bank holding company under the BHC Act. In general, the BHC Act limits the business of bank holding companies to banking, managing or controlling banks and other activities that the Federal Reserve has determined to be so closely related to banking as to be a proper incident thereto, which include certain activities relating to extending credit or acting as an investment or financial advisor.

The FRB has the power to order any bank holding company or any of its subsidiaries to terminate any activity or to terminate its ownership or control of any subsidiary when the FRB has reasonable grounds to believe that continuing such activity, ownership or control constitutes a serious risk to the financial soundness, safety or stability of any bank subsidiary of the bank holding company.

Permissible Activities for Banks

As a Pennsylvania-chartered commercial bank, our business is subject to extensive supervision and regulation by state and federal bank regulatory agencies. Our business is generally limited to activities permitted by Pennsylvania law and any applicable federal laws. Under the Pennsylvania Banking Code of 1965 (the "Pennsylvania Banking Code"), the Bank may generally engage in all usual banking activities, including, among other things, accepting deposits; lending money on personal and real estate security; issuing letters of credit; buying, selling, discounting, factoring, and negotiating promissory notes and other forms of indebtedness; buying and selling foreign currency and, subject to certain limitations, certain investment securities; engaging in certain insurance activities and management services providing cash.

The FDIC has adopted regulations pertaining to the other activity restrictions imposed upon insured state banks and their subsidiaries. Pursuant to such regulations, insured state banks engaging in impermissible activities may seek approval from the FDIC to continue such activities. State banks not engaging in such activities but that desire to engage in otherwise impermissible activities either directly or through a subsidiary may apply for approval from the FDIC to do so; however, if such bank fails to meet the minimum capital requirements or the activities present a significant risk to the Deposit Insurance Fund, such application will not be approved by the FDIC. Pursuant to this authority, the FDIC has determined that investments in certain majority-owned subsidiaries of insured state banks do not represent a significant risk to the deposit insurance funds. Investments permitted under that authority include real estate activities and securities activities.

Meridian currently conducts certain non-banking activities through certain of the Bank's non-bank subsidiaries. Meridian Bank currently operates four wholly-owned subsidiaries: Meridian Land Settlement Services, which provides title insurance services; Apex Realty, a real estate holding company; Meridian Wealth, a registered investment advisory firm, and Meridian Equipment Finance, an equipment leasing and other finance receivables company.

Pennsylvania law also imposes restrictions on the Bank's activities intended to ensure the safety and soundness of the Bank. For example, Meridian Bank is restricted under the Pennsylvania Banking Code from investing in certain types of investment securities and is generally limited in the amount of money it can lend to a single borrower or invest in securities issued by a single issuer.

Acquisitions by Bank Holding Companies

Control Acquisitions. The CBCA prohibits a person or group of persons from acquiring "control" of a bank holding company unless the Federal Reserve has been notified and has not objected to the transaction. Under a rebuttable presumption established by the Federal Reserve, the acquisition of 10% or more of a class of voting stock of a bank holding company with a class of securities registered under Section 12 of the Exchange Act, such as Meridian Corporation, would, under the circumstances set forth in the presumption, constitute acquisition of control of Meridian Corporation.

In addition, the CBCA prohibits any entity from acquiring 25% (the BHC Act has a lower limit for acquirers that are existing bank holding companies) or more of a bank holding company's or bank's voting securities, or otherwise obtaining control or a controlling influence over a bank holding company or bank without the approval of the Federal Reserve. On January 31, 2020, the Federal Reserve Board

approved the issuance of a final rule (which became effective April 1, 2020) that clarifies and codifies the Federal Reserve's standards for determining whether one company has control over another. The final rule establishes four categories of tiered presumptions of non-control that are based on the percentage of voting shares held by the investor (less than 5%, 5-9.9%, 10-14.9% and 15-24.9%) and the presence of other indicia of control. As the percentage of ownership increases, fewer indicia of control are permitted without falling outside of the presumption of non-control. These indicia of control include nonvoting equity ownership, director representation, management interlocks, business relationship and restrictive contractual covenants. Under the final rule, investors can hold up to 24.9% of the voting securities and up to 33% of the total equity of a company without necessarily having a controlling influence.

Dividends

The Corporation is a legal entity separate and distinct from the Bank and the Bank's wholly-owned subsidiaries. As a Pennsylvania banking institution, the Bank is subject to certain restrictions on its ability to pay dividends under applicable banking laws and regulations.

Federal banking regulators are authorized to determine under certain circumstances relating to the financial condition of a bank holding company or a bank that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. In particular, federal banking regulators have stated that paying dividends that deplete a banking organization's capital base to an inadequate level would be an unsafe and unsound banking practice and that banking organizations should generally pay dividends only out of current operating earnings. In addition, in the current financial and economic environment, the federal banking regulators have indicated that banks should carefully review their dividend policy and have discouraged payment ratios that are at maximum allowable levels unless both asset quality and capital are very strong. Under the Capital Rules, institutions that seek to pay dividends must maintain 2.5% in Common Equity Tier 1 capital attributable to the capital conservation buffer. See "—Regulatory Capital Requirements".

Our principal source of cash flow and income is dividends from our subsidiaries, which is also the component of our liquidity. In addition to the restrictions discussed above, the Bank is subject to limitations under Pennsylvania law regarding the level of dividends that it may pay to its shareholder. Under the Pennsylvania Banking Code, the Bank generally may not pay dividends in excess of its net profits.

Parity Regulation

A Pennsylvania banking institution may, in accordance with Pennsylvania law and regulations issued by the PDBS, exercise any power and engage in any activity that has been authorized for national banks, federal thrifts or state banks in a state other than Pennsylvania, provided that the activity is permissible under applicable federal law and not specifically prohibited by Pennsylvania law. Such powers and activities must be subject to the same limitations and restrictions imposed on the national bank, federal thrift or out-of-state bank that exercised the power or activity, subject to a required notice to the PDBS. The FDIA, however, prohibits state-chartered banks from making new investments, loans, or becoming involved in activities as principal and equity investments which are not permitted for national banks unless (1) the FDIC determines the activity or investment does not pose a significant risk of loss to the Deposit Insurance Fund and (2) the Bank meets all applicable capital requirements. Accordingly, the additional operating authority provided to the Bank by the Pennsylvania Banking Code is restricted by the FDIA.

Transactions with Affiliates and Insiders

Transactions between our subsidiaries, or between the Corporation and our subsidiaries, are regulated under Sections 23A and 23B of the Federal Reserve Act. The Federal Reserve Act imposes quantitative and qualitative requirements and collateral requirements on covered transactions by the Bank with, or for the benefit of, its affiliates. Generally, the Federal Reserve Act limits the extent to which a bank or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of a bank's capital stock and surplus, limits the aggregate amount of all such transactions with all affiliates to an amount equal to 20% of such capital stock and surplus, and requires those transactions to be on terms at least as favorable to a bank as if the transaction were conducted with an unaffiliated third party. Covered transactions are defined by statute to include a loan or extension of credit, as well as a purchase of securities issued by an affiliate, a purchase of assets (unless otherwise exempted by the Federal Reserve) from the affiliate, certain derivative transactions with an affiliate, the acceptance of securities issued by the affiliate as collateral for a loan, and the issuance of a guarantee, acceptance or letter of credit on behalf of an affiliate. In addition, any credit transactions with any affiliate, must be secured by designated amounts of specified collateral.

Federal law also limits a bank's authority to extend credit to its directors, executive officers and 10% shareholders, as well as to entities controlled by such persons. Among other things, extensions of credit to insiders are required to be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than, those prevailing for comparable transactions with unaffiliated persons. Also, the terms of such extensions of credit may not involve more than the normal risk of non-repayment or present other unfavorable features and may not exceed certain limitations on the amount of credit extended to such persons individually and in the aggregate.

Source of Strength

Federal Reserve policy and federal law require bank holding companies to act as a source of financial and managerial strength to their subsidiary banks. Under this requirement, Meridian is expected to commit resources to support the Bank, including at times when it may not be in a financial position to provide such resources, and it may not be in our, or our shareholders' or creditors', best interests to do so. In addition, any capital loans Meridian makes to the Bank are subordinate in right of payment to depositors and to certain other indebtedness of the Bank. In the event of our bankruptcy, any commitment by us to a federal banking regulatory agency to maintain the capital of the Bank will be assumed by the bankruptcy trustee and entitled to priority of payment.

Regulatory Capital Requirements

The Corporation and the Bank remain subject to regulatory capital standards administered by the Federal Reserve, the FDIC, and the Pennsylvania Department of Banking and Securities, each of which monitors capital adequacy through a combination of risk-based measures and leverage requirements.

Basel III / U.S. Capital Framework

U.S. banking organizations continue to operate under the Basel III regulatory capital regime; however, the framework is undergoing significant revision due to the federal banking agencies' ongoing "Basel III Endgame" reform process. In July 2025, U.S. regulators reaffirmed plans to implement a revised capital rule that would materially change how credit, market, and operational risks are measured, including reducing reliance on internal models and adopting enhanced standardized approaches. These reforms—initially proposed in 2023—have since been reevaluated after substantial industry feedback, with regulators signaling a more "industry-friendly" and less punitive capital framework expected to be re-proposed in early 2026.

In August 2025, the Federal Reserve publicly confirmed it is abandoning the prior, more stringent 2023 Basel III Endgame proposal in favor of a new, simplified capital framework designed to reduce unnecessary regulatory burden while maintaining safety and soundness. Although final requirements are still forthcoming, these developments reflect active regulatory recalibration that may affect future risk-based capital ratios, buffer requirements, and the treatment of certain asset classes.

Until the revised capital rule becomes effective, minimum Basel III regulatory capital requirements applicable to the Corporation and the Bank remain in place, including: (i) 4.5% CET1 to risk-weighted assets, (ii) 6% Tier 1 capital (that is, CET1 plus Additional Tier 1 capital) to risk-weighted assets, (iii) 8% total capital (that is, Tier 1 capital plus Tier 2 capital) to risk-weighted assets and (iv) 4% Tier 1 capital to average consolidated assets as reported on consolidated financial statements (known as the "leverage ratio").

Institutions must also maintain a 2.5% capital conservation buffer, resulting in effective minimum ratios of 7% CET1, 8.5% Tier 1, and 10.5% Total capital. Mortgage servicing assets, deferred tax assets, and certain other exposures remain subject to CET1 deduction thresholds. These requirements will remain applicable until superseded by the forthcoming Basel III Endgame revisions.

Community Bank Leverage Ratio (CBLR)

The Bank elected the CBLR framework in 2020. Historically, the CBLR required a leverage ratio greater than 9% for qualifying institutions. In late 2025, however, the federal banking agencies issued coordinated proposals to meaningfully revise the framework.

On November 25, 2025, the OCC, Federal Reserve, and FDIC jointly proposed lowering the CBLR threshold from greater than 9% to greater than 8%, as authorized by federal statute. The proposed rule would also extend the "grace period" for qualifying institutions that temporarily fall below the required CBLR from two quarters to four quarters, provided the leverage ratio remains above 7%. A parallel Federal Register notice published on December 1, 2025, confirms the same proposed reduction and expanded grace-period structure. Federal Reserve statements issued the same week similarly support reducing the requirement to 8% while preserving a capital level consistent with safe and sound banking. Additional industry commentary indicates that lowering the CBLR threshold is intended to broaden eligibility, reduce regulatory burden, and increase lending capacity for community banks. As of December 31, 2025, these CBLR revisions remain proposed but not yet final. With respect to the Bank, the Capital Rules also revised the prompt corrective action regulations pursuant to Section 38 of the FDIA. See "Prompt Corrective Action Framework" below.

Prompt Corrective Action Framework

The FDIC's Prompt Corrective Action framework, used to classify institutions based on capital levels, remains unchanged. Basel III Endgame discussions have not modified PCA thresholds, and institutions must continue to maintain capital ratios that satisfy the "well-capitalized" standards to avoid restrictions.

Liquidity Regulations

Historically, the regulation and monitoring of bank and bank holding company liquidity has been addressed as a supervisory matter, without required formulaic measures. The Basel final framework requires banks and bank holding companies to measure their liquidity against specific liquidity tests that, although similar in some respects to liquidity measures historically applied by banks and regulators for management and supervisory purposes, going forward would be required by regulation. One test, referred to as the liquidity coverage ratio, or LCR, is designed to ensure that the banking entity maintains an adequate level of unencumbered high-quality liquid assets equal to the entity's expected net cash outflow for a 30-day time horizon (or, if greater, 25% of its expected total cash outflow) under an acute liquidity stress scenario. The other test, referred to as the net stable funding ratio, or NSFR, is designed to promote more medium- and long-term funding of the assets and activities of banking entities over a one-year time horizon. These requirements will incentivize banking entities to increase their holdings of U.S. Treasury securities and other sovereign debt as a component of assets and increase the use of long-term debt as a funding source.

Safety and Soundness Standards

The FDIA requires the federal banking agencies to prescribe standards, by regulations or guidelines, relating to internal controls, information systems and internal audit systems, loan documentation, credit underwriting, interest rate risk exposure, asset growth, asset quality, earnings, stock valuation and compensation, fees and benefits, and such other operational and managerial standards as the agencies deem appropriate. The federal banking agencies have adopted the Interagency Guidelines for Establishing Standards for Safety and Soundness. The guidelines establish general standards relating to internal controls and information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, asset quality, earnings and compensation, fees and benefits. In general, these guidelines require, among other things, appropriate systems and practices to identify and manage the

risk and exposures specified in the guidelines. These guidelines also prohibit excessive compensation as an unsafe and unsound practice and describe compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal shareholder. In addition, the agencies adopted regulations that authorize, but do not require, an agency to order an institution that has been given notice by an agency that it is not satisfying all safety and soundness standards to submit a compliance plan. If, after being so notified, an institution fails to submit an acceptable compliance plan or fails in any material respect to implement an acceptable compliance plan, the banking regulator must issue an order directing action to correct the deficiency and may issue an order directing other actions of the types to which an undercapitalized institution may be subject under the FDIA. See “—Prompt Corrective Action Framework”. If an institution fails to comply with such an order, the banking regulator may seek to enforce such order in judicial proceedings and to impose civil money penalties.

Deposit Insurance

FDIC insurance assessments

As an FDIC-insured bank, the Bank must pay deposit insurance assessments to the FDIC based on its average total assets minus its average tangible equity. Deposits are insured up to applicable limits by the FDIC and such insurance is backed by the full faith and credit of the United States Government.

As an institution with less than \$10 billion in assets, the Bank’s assessment rates are based on the level of risk it poses to the FDIC’s DIF. The initial base rate for deposit insurance is between three and 30 basis points. Total base assessment after possible adjustments now ranges between 1.5 and 40 basis points. For established smaller institutions, like the Bank, supervisory ratings are used along with (i) an initial base assessment rate, (ii) an unsecured debt adjustment (which can be positive or negative), and (iii) a brokered deposit adjustment, to calculate a total base assessment rate.

Under the Dodd-Frank Act, the limit on FDIC deposit insurance was increased to \$250 thousand. The coverage limit is per depositor, per insured depository institution for each account ownership category. The Dodd-Frank Act also set a new minimum DIF reserve ratio at 1.35% of estimated insured deposits.

In October, 2022, the FDIC adopted a final rule to increase the initial base deposit insurance assessment rate schedules uniformly by 2 basis points beginning with the first quarterly assessment period of 2023. The increased assessment rate schedules would remain in effect unless and until the reserve ratio of the Deposit Insurance Fund meets or exceeds 2 percent. As a result of the new rule, the FDIC insurance costs of insured depository institutions, including Meridian Bank, would generally increase.

Under the FDIA, the FDIC may terminate deposit insurance upon a finding that an institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC.

Other assessments

In addition, the Deposit Insurance Funds Act of 1996 authorized the FICO to impose assessments on certain deposits in order to service the interest on the FICO’s bond obligations from deposit insurance fund assessments. The amount assessed on individual institutions is in addition to the amount, if any, paid for deposit insurance according to the FDIC’s risk-related assessment rate schedules. Assessment rates may be adjusted quarterly to reflect changes in the assessment base. FICO assessments are expected to end after the bonds mature in 2027, as of December 31, 2025, they are still in effect.

Depositor Preference

The FDIA provides that, in the event of the “liquidation or other resolution” of an insured depository institution, the claims of deposits of the institution, including the claims of the FDIC as subrogate of insured depositors, and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non-deposit creditors, including depositors whose deposits are payable only outside of the United States and the parent bank holding company, with respect to any extensions of credit they have made to such insured depository institution.

Interstate Branching

Pennsylvania banking laws authorize banks in Pennsylvania to acquire existing branches or branch de novo in other states, and also permits out-of-state banks to acquire existing branches or branch de novo in Pennsylvania.

Federal law permits state and national banks to merge with banks in other states subject to: (i) regulatory approval; (ii) federal and state deposit concentration limits; and (iii) any state law limitations requiring the merging bank to have been in existence for a minimum period of time (not to exceed five years) prior to the merger. The establishment of new interstate branches or the acquisition of individual branches of a bank in another state (rather than the acquisition of an out-of-state bank in its entirety) has historically been permitted only in those states the laws of which expressly authorize such expansion. However, the Dodd-Frank Act permits well-capitalized and well-managed banks to establish new branches across state lines without these impediments, unless expressly prohibited.

Consumer Financial Protection

The Bank is subject to a number of federal and state consumer protection laws that extensively govern our relationship with our customers. These laws include the ECOA, the Fair Credit Reporting Act, the TILA, the Truth in Savings Act, the Electronic Fund Transfer Act, the Expedited Funds Availability Act, the Home Mortgage Disclosure Act, the Fair Housing Act, the Real Estate Settlement Procedures Act, the Fair Debt Collection Practices Act, the Service Members Civil Relief Act, the Right to Financial Privacy Act,

Telephone Consumer Protection Act, CAN-SPAM Act, and these laws' respective state-law counterparts, as well as state usury laws and laws regarding unfair and deceptive acts and practices. These and other federal laws, among other things, require disclosures of the cost of credit and terms of deposit accounts, provide substantive consumer rights, prohibit discrimination in credit transactions, regulate the use of credit report information, provide financial privacy protections, restrict our ability to raise interest rates on extensions of credit and subject us to substantial regulatory oversight. Violations of applicable consumer protection laws can result in significant potential liability from litigation brought by customers, including actual damages, restitution and attorneys' fees. Federal banking regulators, state attorneys general and state and local consumer protection agencies may also seek to enforce consumer protection requirements and obtain these and other remedies, including regulatory sanctions, customer rescission rights, action by the state and local attorneys general in each jurisdiction in which we operate and civil money penalties. Failure to comply with consumer protection requirements may also result in our failure to obtain any required bank regulatory approval for merger or acquisition transactions we may wish to pursue or our prohibition from engaging in such transactions even if approval is not required.

The CFPB has broad rule making, supervisory and enforcement powers under various federal consumer financial protection laws with respect to certain consumer financial products and services, including the ability to require reimbursements and other payments to customers for alleged legal violations. The CFPB has the authority to impose significant penalties, as well as injunctive relief that prohibits lenders from engaging in allegedly unlawful practices. The CFPB is also authorized to engage in consumer financial education, track consumer complaints, request data and promote the availability of financial services to underserved consumers and communities. Although all institutions are subject to rules adopted by the CFPB and examination by the CFPB in conjunction with examinations by the institution's primary federal regulator, the CFPB has primary examination and enforcement authority over institutions with assets of \$10 billion or more. The FDIC has primary responsibility for examination of the Bank and enforcement with respect to various federal consumer protection laws so long as the Bank has total consolidated assets of less than \$10 billion, and state authorities are responsible for monitoring our compliance with all state consumer laws. The CFPB also has the authority to require reports from institutions with less than \$10 billion in assets, such as the Bank, to support the CFPB in implementing federal consumer protection laws, supporting examination activities, and assessing and detecting risks to consumers and financial markets.

The consumer protection provisions of the Dodd-Frank Act and the examination, supervision and enforcement of those laws and implementing regulations by the CFPB have created a more intense and complex environment for consumer finance regulation. The CFPB has significant authority to implement and enforce federal consumer finance laws, including the TILA, the ECOA and new requirements for financial services products provided for in the Dodd-Frank Act.

The CFPB has broad rule making authority for a wide range of consumer financial laws that apply to all banks including, among other things, the authority to prohibit "unfair, deceptive, or abusive" acts and practices. Abusive acts or practices are defined in the Dodd-Frank Act as those that (1) materially interfere with a consumer's ability to understand a term or condition of a consumer financial product or service, or (2) take unreasonable advantage of a consumer's (a) lack of financial savvy, (b) inability to protect herself or himself in the selection or use of consumer financial products or services, or (c) reasonable reliance on a covered entity to act in the consumer's interests. The review of products and practices to prevent such acts and practices is a continuing focus of the CFPB, and of banking regulators more broadly. The ultimate impact of this heightened scrutiny is uncertain but it could result in changes to pricing, practices, products and procedures. It could also result in increased costs related to regulatory oversight, supervision and examination, additional remediation efforts and possible penalties. The Dodd-Frank Act does not prevent states from adopting stricter consumer protection standards. State regulation of financial products and potential enforcement actions could also adversely affect our business, financial condition or results of operations.

In October 2023, the Federal Reserve issued a proposal under which the maximum permissible interchange fee for an electronic debit transaction would be the sum of 14.4 cents per transaction and 4 basis points multiplied by the value of the transaction. Furthermore, the fraud-prevention adjustment would increase from a maximum of 1 cent to 1.3 cents. The proposal would adopt an approach for future adjustments to the interchange fee cap, which would occur every other year based on issuer cost data gathered by the Federal Reserve from large debit card issuers. As of December 31, 2025 the proposal had not yet been adopted.

Federal Home Loan Bank Membership

The Bank is a member of the FHLB, which serves as a central credit facility for its members. The FHLB is funded primarily from proceeds from the sale of obligations of the FHLB system. It makes loans to member banks in the form of FHLB advances. All advances from the FHLB are required to be fully collateralized as determined by the FHLB.

Ability-To-Pay Rules and Qualified Mortgages

As required by the Dodd-Frank Act, the CFPB issued a series of final rules in January 2013 amending Regulation Z, implementing TILA, which requires mortgage lenders to make a reasonable and good faith determination, based on verified and documented information, that a consumer applying for a residential mortgage loan has a reasonable ability to repay the loan according to its terms. These final rules prohibit creditors, such as the Bank, from extending residential mortgage loans without regard for the consumer's ability to repay and add restrictions and requirements to residential mortgage origination and servicing practices. In addition, these rules restrict the imposition of prepayment penalties and restrict compensation practices relating to residential mortgage loan origination. Mortgage lenders are required to determine consumers' ability to repay in one of two ways. The first alternative requires the mortgage lender to consider eight underwriting factors when making the credit decision. Alternatively, the mortgage lender can originate "qualified mortgages", which are entitled to a presumption that the creditor making the loan satisfied the ability-to-repay requirements. In general, a qualified mortgage is a residential mortgage loan that does not have certain high risk features, such as negative amortization, interest-only payments, balloon payments, or a term exceeding 30 years. In addition, to be a qualified mortgage, the points and fees paid by a consumer cannot exceed 3% of the total loan amount, and the loan must meet certain underwriting requirements. For most loans, the borrower's total debt-to-income ratio is no longer subject to a strict 43% cap: instead, a loan qualified as a General QM if its annual percentage rate does not exceed the average prime offer rate for a comparable transaction by more than 2.25 percentage points (with

higher thresholds for smaller loans). Lenders must still consider and verify income, assets, debt, and DTI as part of the underwriting process.

Commercial Real Estate Guidance

In December 2023, the FDIC released a statement entitled “Managing Commercial Real Estate Concentrations in a Challenging Economic Environment” (the “Updated CRE Guidance”). In the Updated CRE Guidance, the FDIC conveys several key risk management practices to consider in managing CRE loan concentrations in the current challenging economic environment. The advisory also continues to emphasize the importance of effectively managing liquidity and funding risks, which can compound lending risks, particularly for CRE concentrated institutions. This advisory does not create new risk management principles; however, it does update and build upon previously issued guidance. The federal banking regulators previously issued guidance in December 2006, entitled “Interagency Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices” (the “2006 CRE Guidance”) which stated that an institution is potentially exposed to significant commercial real estate concentration risk, and should employ enhanced risk management practices, where (1) total commercial real estate loans represent 300% or more of its total capital and (2) the outstanding balance of such institution’s commercial real estate loan portfolio has increased by 50% or more during the prior 36 months.

In the Updated CRE Guidance, the FDIC noted that Institutions with significant CRE concentrations are reminded that strong risk management, governance, capital, and appropriate ACL levels are needed to help mitigate risks. Institutions with overall credit risk management processes that reflect consideration of the principles of the 2006 CRE Guidance are better positioned to manage through adverse economic environments. As of December 31, 2025, the principles in the 2006 CRE Guidance remain relevant, particularly in challenging economic environments, and particularly for institutions engaged in significant CRE lending strategies to help them remain healthy and profitable while continuing to serve the credit needs of the community.

Leveraged Lending Guidance

The federal banking regulators jointly issued guidance on leveraged lending that describes regulatory expectations for the sound risk management of leveraged lending activities, including the importance for institutions to maintain, among other things, (i) a credit limit and concentration framework consistent with the institution’s risk appetite, (ii) underwriting standards that define acceptable leverage levels, (iii) strong pipeline management policies and procedures and (iv) guidelines for conducting periodic portfolio and pipeline stress tests.

Community Reinvestment Act of 1977

Under the CRA, the Bank has an obligation, consistent with safe and sound operations, to help meet the credit needs of the market areas where it operates, which includes providing credit to low and moderate-income individuals and communities. In connection with its examination of the Bank, the FDIC is required to assess our compliance with the CRA. Our bank’s failure to comply with the CRA could, among other things, result in the denial or delay in certain corporate applications filed by us, including applications for branch openings or relocations and applications to acquire, merge or consolidate with another banking institution or holding company.

In October 2023, the Federal Reserve, FDIC, and OCC issued a final rule modernizing CRA regulations. The new rule expands access to credit, investment, and basic banking services in low- and moderate-income communities, adapts to changes in the banking industry (including internet and mobile banking), provides greater clarity, consistency, and transparency in the application of the regulations, and tailors performance standards to account for differences in bank size, business model, and local conditions.

Our bank received a rating of “Satisfactory” in its most recently completed CRA examination in 2023 that was as of November 19, 2022.

Financial Privacy

The federal banking regulators have adopted rules limiting the ability of banks and other financial institutions to disclose non-public information about consumers to unaffiliated third parties. These limitations require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to an unaffiliated third party. These regulations affect how consumer information is transmitted through diversified financial companies and conveyed to outside vendors.

In October 2024, the CFPB finalized its Personal Financial Data Rights Rule, which was intended to require banks and other providers of payment accounts or products to give consumers access to their financial data and, with the consumer’s express authorization, make that data available to third parties through secure, standardized interfaces. The final rule covered information such as transaction histories, account balances, account and routing numbers, terms and conditions, upcoming bill information, and certain account-verification data, and was designed to enhance consumer control over financial data and increase competition in financial services. However, in 2025 a federal court put the rule on hold, and under new leadership the CFPB reopened the rulemaking process, issuing an Advance Notice of Proposed Rulemaking to reconsider key elements of the framework—including which third parties may access consumer data, fee structures for data access, and the scope of privacy and security requirements. As part of this process, the CFPB has indicated it expects to revise compliance timelines originally set under the 2024 final rule.

Other Legislative and Regulatory Changes

Various legislative and regulatory proposals are being considered by the executive branch of the federal government, Congress and various state governments, including Pennsylvania, that would result in substantial changes in banking, the regulation of banks, thrifts and other financial institutions, compensation, the regulation of financial markets and their participants, financial instruments and securities and the regulators and taxation of these entities.

Throughout 2025, Congress and the federal bank regulators expanded the scope of permissible digital asset activities for banks. The Government Enabling New Innovative Unstoppable Systems Act, or GENIUS Act, enacted in July 2025 as a significant piece of

legislation aimed at establishing a comprehensive regulatory framework for stablecoins and digital assets in the U.S. The GENIUS Act provides clarity on the treatment of digital currencies, including the framework for stablecoin issuances by bank and non-banking entities, custody, reserves and payments systems and adopts a supervisory framework for stablecoin issuers. Under the GENIUS Act, banks are allowed to engage in stablecoin issuances and hold related reserves, provided they comply with established AML, KYC and capital adequacy standards.

In addition, the FDIC and Federal Reserve issued revised guidance regarding their engagement in crypto-related activities. This guidance rescinds prior guidance which previously required banks to submit prior notifications to the FDIC before engaging in such activities. Under the new framework, banks may engage in permissible crypto-related services, including custody and stablecoin reserve management, without needing to receive prior FDIC approval. However, banks are still required to manage risks effectively, including market, liquidity, operational and cybersecurity risks, and to comply with all AML/CFT and consumer protection requirements.

While we are not yet involved in stablecoin issuance or similar digital asset services, we continue to monitor developments under the GENIUS Act and FDIC policy, particularly as they evolve in the areas of digital asset custody, payments systems and associated regulatory requirements. The FDIC's recent approach signals that smaller banks have greater flexibility to explore these opportunities, provided they adhere to compliance standards designed to protect customers and ensure safety and soundness.

Anti-Money Laundering and the USA PATRIOT ACT

The USA PATRIOT Act of 2001, which was enacted in the wake of the September 11, 2001 attacks, includes provisions designed to combat international money laundering and advance the U.S. government's war against terrorism. The USA PATRIOT Act and the regulations which implement it contain many obligations which must be satisfied by financial institutions, including the Bank. Those regulations impose obligations on financial institutions, such as the Bank, to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identity of their customers. The failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing could have serious legal and reputational consequences for the financial institution.

Office of Foreign Assets Control Regulation

The U.S. Treasury Department's OFAC administers and enforces economic and trade sanctions against targeted foreign countries and regimes, under authority of various laws, including designated foreign countries, nationals and others. OFAC publishes lists of specially designated targets and countries. We are responsible for, among other things, blocking accounts of, and transactions with, such targets and countries, prohibiting unlicensed trade and financial transactions with them and reporting blocked transactions after their occurrence. Failure to comply with these sanctions could have serious legal and reputational consequences and could result in civil money penalties imposed on the institution by OFAC. Failure to comply with these sanctions could also cause applicable bank regulatory authorities not to approve merger or acquisition transactions when regulatory approval is required or to prohibit such transactions even if approval is not required.

Incentive Compensation

Our primary regulator, as part of the regular, risk-focused examination process, will review the incentive compensation arrangements of banking organizations, such as us, that are not "large, complex banking organizations." These reviews will be tailored to each organization based on the scope and complexity of the organization's activities and the prevalence of incentive compensation arrangements. The findings of the supervisory initiatives will be included in reports of examination. Deficiencies will be incorporated into the organization's supervisory ratings, which can affect the organization's ability to make acquisitions and take other actions. Enforcement actions may be taken against a banking organization if its incentive compensation arrangements, or related risk management control or governance processes, pose a risk to the organization's safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies.

For regulated entities with at least \$1 billion in total assets, federal banking agencies have re-proposed, but not yet finalized, rules under Section 956 of the Dodd-Frank Act that would establish general qualitative standards for incentive-based compensation arrangements. Under the currently proposed framework, covered institutions would be required to: (i) prohibit incentive arrangements that encourage inappropriate risk-taking by providing excessive compensation; (ii) prohibit incentive arrangements that could lead to material financial loss; (iii) ensure performance measures appropriately balance risk and reward; (iv) maintain robust board-level oversight of incentive compensation programs; and (v) implement sound record-keeping practices. These requirements reflect those contained in the May 2024 Notice of Proposed Rulemaking, which re-issued the 2016 proposal; however, because the six required federal agencies have not jointly finalized the rule, these standards are not yet binding and remain subject to further revision.

Pursuant to rules adopted by the stock exchanges and approved by the SEC in January 2013 under the Dodd-Frank Act, public company compensation committee members must meet heightened independence requirements and consider the independence of compensation consultants, legal counsel and other advisors to the compensation committee. A compensation committee must have the authority to hire advisors and to have the public company fund reasonable compensation of such advisors.

In October 2022, the SEC adopted a final rule directing national securities exchanges and associations, including Nasdaq, to implement listing standards that require listed companies to adopt policies mandating the recovery or "clawback" of excess incentive-based compensation earned by a current or former executive officer during the three fiscal years preceding the date the listed company is required to prepare an accounting restatement, including to correct an error that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. The final rule requires Meridian to adopt a clawback policy within 60 days after such listing standard becomes effective, which Meridian did on November 21, 2023.

Future Legislation and Regulation

Congress may enact legislation from time to time that affects the regulation of the financial services industry, and state legislatures may enact legislation from time to time affecting the regulation of financial institutions chartered by or operating in those states. Federal and state regulatory agencies also periodically propose and adopt changes to their regulations or change the manner in which existing regulations are applied. The substance or impact of pending or future legislation or regulation, or the application thereof, cannot be predicted, although enactment of the proposed legislation could affect the regulatory structure under which we operate and may significantly increase our costs, impede the efficiency of our internal business processes, require us to increase our regulatory capital or modify our business strategy, or limit our ability to pursue business opportunities in an efficient manner. Our business, financial condition, results of operations or prospects may be adversely affected, perhaps materially, as a result.

Item 1A. Risk Factors

Investing in our common stock involves a significant degree of risk. The material risks and uncertainties that management believes affect us are described below. Before investing in our common stock, you should carefully consider the risks and uncertainties described below, in addition to the other information contained in this Annual Report. Any of the following risks, as well as risks that we do not know or currently deem immaterial, could have a material adverse effect on our business, financial condition or results of operations. As a result, the trading price of our common stock could decline, and you could lose some or all of your investment. Further, to the extent that any of the information in this Annual Report on Form 10-K constitutes forward-looking statements, the risk factors below are cautionary statements identifying important factors that could cause actual results to differ materially from those expressed in any forward-looking statements made by us or on our behalf. See “Cautionary Note Regarding Forward-Looking Statements”.

Our Annual Report is subject to Section 404(b) of the Sarbanes-Oxley Act, which requires that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. Compliance with Section 404 is expensive and time consuming for management and could result in the detection of internal control deficiencies of which we are currently unaware. The loss of “emerging growth company” status and compliance with the additional requirements substantially increases our legal and financial compliance costs and make some activities more time consuming and costly.

Risks Related to Our Business / Operations

Our business and operations may be materially adversely affected by national and local market economic conditions.

Our business and operations, which primarily consist of commercial banking, mortgage banking, and wealth management activities, including lending money to customers in the form of loans and borrowing money from customers in the form of deposits, are sensitive to general business and economic conditions in the United States generally, and in our local markets in particular. If economic conditions in the United States or any of our local markets weaken, our growth and profitability from our operations could be constrained. The current economic environment is characterized by interest rates at a moderate level after 3 rate cuts by the Fed during 2025, which impacts our ability to attract deposits and to generate attractive earnings through our loan and investment portfolios. All of these factors can individually or in the aggregate be detrimental to our business, and the interplay between these factors can be complex and unpredictable. Unfavorable market conditions can result in a deterioration in the credit quality of our borrowers and the demand for our products and services, an increase in the number of delinquencies, defaults and charge-offs, additional provisions for loan losses, a decline in the value of our collateral, and an overall material adverse effect on the quality of our loan portfolio.

The economic conditions in our local markets may be different from the economic conditions in the United States as a whole. Our success depends to a certain extent on the general economic conditions of the geographic markets that we serve in Pennsylvania, New Jersey, Delaware, Maryland, and Florida. Local economic conditions in these areas have a significant impact on our commercial, real estate and construction loans, the ability of borrowers to repay these loans and the value of the collateral securing these loans. Adverse changes in the economic conditions of the northeastern United States in general or any one or more of these local markets could negatively impact the financial results of our banking operations and have a negative effect on our profitability.

The value of the financial instruments we own may decline in the future.

As of December 31, 2025, we owned \$226 million of investment securities, which consisted primarily of our positions in U.S. government and government-sponsored enterprises and federal agency obligations, mortgage and asset-backed securities, corporate bonds, and municipal securities. As a result of inflationary pressures and the resulting rapid increases in interest rates in 2023 and 2024, the trading value of previously issued government and other fixed income securities had declined significantly. And while interest rates have moderated in 2025, the Corporation conducts a periodic review of the securities portfolio to determine if any decline in the estimated fair value of any security below its cost basis is considered impaired. Factors which are considered in the analysis include, but are not limited to, the extent to which the fair value is less than the amortized cost basis, the financial condition, credit rating and future prospects of the issuer, whether the debtor is current on contractually obligated interest and principal payments and the Corporation's intent and ability to retain the security for a period of time sufficient to allow for any anticipated recovery in fair value and the likelihood of any near-term fair value recovery. If such decline is deemed to be uncollectible, the security is written down to a new cost basis and the resulting loss will be recognized as a securities provision for credit losses through an allowance for credit losses.

For those financial instruments measured at fair value, we are required to recognize the changes in the fair value of such instruments in earnings or AOCI each quarter. Therefore, any increases or decreases in the fair value of these financial instruments have a corresponding impact on reported earnings or AOCI. Fair value can be affected by a variety of factors, many of which are beyond our control, including our credit position, interest rate volatility, capital markets volatility, and other economic factors. Accordingly, we are subject to mark-to-market risk and the application of fair value accounting may cause our earnings and AOCI to be more volatile than would be suggested by our underlying performance.

Our small business customers may lack the resources to weather a downturn in the economy.

One of our primary focuses is to serve the banking and financial services needs of small and medium sized businesses. These businesses generally have fewer financial resources than larger entities and less access to capital sources and loan facilities. If economic conditions are generally unfavorable in our market areas, our small business borrowers may be disproportionately affected and their ability to repay outstanding loans may be negatively affected, resulting in an adverse effect on our results of operations and financial condition.

We may be adversely affected by risks associated with completed and potential acquisitions.

We evaluate opportunities to acquire and invest in banks and in other complementary businesses. As a result, we may engage in negotiations or discussions that, if they were to result in a transaction, could have a material effect on our operating results and financial condition, including short and long-term liquidity and capital structure. Our acquisition activities could be material to us. For example, we could issue additional shares of common stock in a merger transaction, which could dilute current shareholders' ownership interest. An acquisition could require us to use a substantial amount of cash, other liquid assets, and/or incur debt.

Our acquisition activities could involve a number of additional risks, including the risks of:

- Incurring time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions;
- Using inaccurate estimates and judgments to evaluate credit, operations, management, and market risks with respect to the target institution or its assets;
- The time and expense required to integrate the operations and personnel of the combined businesses;
- Creating an adverse short-term effect on our results of operations;
- Failing to realize related revenue synergies and/or cost savings within expected time frames; and
- Losing key employees and customers or a reduction in our stock price as a result of an acquisition that is integrated poorly.

We may not be successful in overcoming these risks or any other problems encountered in connection with potential acquisitions. Our inability to overcome these risks could have an adverse effect on our ability to achieve our business strategy and could have an adverse effect on our financial condition and results of operations.

Liquidity risks could affect operations and jeopardize our business, financial condition and results of operations

Liquidity risk is the risk that we will not be able to meet our obligations, including financial commitments, as they come due and is inherent in our operations. Our access to funding sources in amounts adequate to finance our activities or on terms that are acceptable to us could be impaired by factors that affect us specifically or the financial services industry or economy generally. An inability to raise funds through deposits, borrowings, the sale of loans and/or investment securities and from other sources could have a substantial negative effect on our liquidity. Our most important source of funds consists of our customer deposits. Deposit balances can decrease for a variety of reasons, including when customers perceive alternative investments, such as the stock market, as providing a better risk/return trade-off. If customers move money out of bank deposits and into other investments, we could lose a stable source of funds. This loss would require us to seek other funding alternatives, in order to continue to grow, thereby potentially increasing our funding costs and reducing our net interest income and net income.

Other primary sources of funds consist of cash from operations and investment maturities, redemptions and sales. To a lesser extent, proceeds from the issuance and sale of securities to investors can become a source of funds. Additional liquidity is provided by wholesale funding such as brokered deposits and borrowings from the FRB, and the FHLB. We also may borrow from correspondent banks or third party lenders from time to time. Our access to funding sources in amounts adequate to finance or capitalize our activities or on terms that are acceptable to us could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry. Economic conditions and a loss of confidence in financial institutions may increase our cost of funding or access to certain customary sources of funds, including inter-bank borrowings, repurchase agreements and borrowings from the discount window of the Federal Reserve System.

Any decline in available funding could adversely impact our ability to continue to implement our business plan, including originating loans, investing in securities, meeting our expenses or fulfilling obligations such as repaying our borrowings and meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, financial condition and results of operations.

Loss of deposits could increase our funding costs.

As do many banking institutions, we rely on customer deposits to meet a considerable portion of our funding needs, and we continue to seek customer deposits to maintain this funding base. We accept deposits directly from consumer and commercial customers and, as of December 31, 2025, we had \$2.2 billion in deposits. These deposits are subject to potentially dramatic fluctuations in availability or the price we must pay (in the form of interest) to obtain them due to certain factors outside our control, such as a loss of confidence by customers in us or the banking sector generally, customer perceptions of our financial health and general reputation, increasing competitive pressures from other financial services firms for consumer or corporate customer deposits, changes in interest rates and returns on other investment classes, which could result in significant outflows of deposits within short periods of time or significant changes in pricing necessary to maintain current customer deposits or attract additional deposits. The loss of customer deposits for any reason could increase our funding costs.

We may need to raise additional capital in the future, and such capital may not be available when needed or at all.

We may need to raise additional capital, in the form of debt or equity securities, in the future to have sufficient capital resources to meet our commitments and fund our business needs and future growth, particularly if the quality of our assets or earnings were to deteriorate significantly. Our ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at that time, which are outside of our control, and our financial condition. We may not be able to obtain capital on acceptable terms or at all. Any occurrence that may limit our access to capital, such as a decline in the confidence of debt purchasers, depositors of the Bank or counterparties participating in the capital markets or other disruption in capital markets, may adversely affect our capital costs and our ability to raise capital and, in turn, our liquidity. Further, if we need to raise capital in the future, we may have to do so when many other financial institutions are also seeking to raise capital and would then have to compete with those institutions for investors. An inability to raise additional capital on acceptable terms when needed could have a material adverse effect on our business, financial condition or results of operations and could be dilutive to both tangible book value and our share price.

We may not be able to implement our growth strategy or manage costs effectively, resulting in lower earnings or profitability.

There can be no assurance that we will be able to continue to grow and to be profitable in future periods, or, if profitable, that our overall earnings will remain consistent or increase in the future. Our strategy is focused on organic growth, supplemented by opportunistic acquisitions.

Our growth requires that we increase our loans and deposits while managing risks by following prudent loan underwriting standards without increasing interest rate risk or compressing our net interest margin, maintaining more than adequate capital at all times, hiring and retaining qualified employees and successfully implementing strategic projects and initiatives. Even if we are able to increase our interest income, our earnings may nonetheless be reduced by increased expenses, such as additional employee compensation or other general and administrative expenses and increased interest expense on any liabilities incurred or deposits solicited to fund increases in assets. Additionally, if our competitors extend credit on terms we find to pose excessive risks, or at interest rates which we believe do not warrant the credit exposure, we may not be able to maintain our lending volume and could experience deteriorating financial performance. Our inability to manage our growth successfully or to continue to expand into new markets could have a material adverse effect on our business, financial condition or results of operations.

The occurrence of fraudulent activity, breaches or failures of our information security controls or cybersecurity-related incidents could have a material adverse effect on our business, financial condition or results of operations.

We are subject to various privacy, information security and data protection laws, including requirements concerning security breach notification, and we could be negatively affected by these laws. As a financial institution, we are susceptible to fraudulent activity, information security breaches and cybersecurity-related incidents that may be committed against us or our clients, which may result in financial losses or increased costs to us or our clients, disclosure or misuse of our information or our client information, misappropriation of assets, privacy breaches against our clients, litigation or damage to our reputation. Compliance with current or future privacy, data protection and information security laws (including those regarding security breach notification) affecting customer or employee data to which we are subject could result in higher compliance and technology costs and could restrict our ability to provide certain products and services, which could have a material adverse effect on our business, financial conditions or results of operations.

Such fraudulent activity may take many forms, including check fraud, electronic fraud, wire fraud, phishing, social engineering and other dishonest acts. Information security breaches and cybersecurity-related incidents may include fraudulent or unauthorized access to systems used by us or our clients, denial or degradation of service attacks, and malware or other cyberattacks. In recent periods, there continues to be a rise in electronic fraudulent activity, security breaches and cyberattacks within the financial services industry, especially in the commercial banking sector due to cyber criminals targeting commercial bank accounts. Consistent with industry trends, we have also experienced an increase in attempted electronic fraudulent activity, security breaches and cybersecurity-related incidents in recent periods. Moreover, in recent periods, several large corporations, including financial institutions and retail companies, have suffered major data breaches, in some cases exposing not only confidential and proprietary corporate information, but also sensitive financial and other personal information of their customers and employees and subjecting them to potential fraudulent activity. Some of our clients may have been affected by these breaches, which could increase their risks of identity theft and other fraudulent activity that could involve their accounts with us.

We also face risks related to cyberattacks and other security breaches in connection with debit card transactions that typically involve the transmission of sensitive information regarding our customers through various third parties, including retailers and payment processors. Some of these parties have in the past been the target of security breaches and cyberattacks, and because the transactions involve third parties and environments such as the point of sale that we do not control or secure, future security breaches or cyberattacks affecting any of these third parties could affect us through no fault of our own, and in some cases we may have exposure and suffer losses for breaches or attacks relating to them, including costs to replace compromised debit cards and address fraudulent transactions.

Information pertaining to us and our customers is maintained, and transactions are executed, on networks and systems maintained by us and certain third party partners, such as our online and cloud-based banking systems or third party services. The secure maintenance and transmission of confidential information, as well as execution of transactions over these systems, are essential to protect us and our customers against fraud and security breaches and to maintain our customers' confidence. Breaches of information security also may occur, through intentional or unintentional acts by those having access to our systems or our customers' or counterparties' confidential information, including employees. In addition, increases in criminal activity levels and sophistication, advances in computer capabilities, new discoveries, vulnerabilities in third party technologies (including browsers and operating systems) or other developments could result in a compromise or breach of the technology, processes and controls that we use to prevent fraudulent transactions and to protect data about us, our customers and underlying transactions, as well as the technology used

by our customers to access our systems. Although we have developed, and continue to invest in, systems and processes that are designed to detect and prevent security breaches and cyberattacks and periodically test our security, our or our third party partners' inability to anticipate, or failure to adequately mitigate, breaches of security could result in: losses to us or our customers; our loss of business and/or customers; damage to our reputation; the occurrence of additional expenses; disruption to our business; our inability to grow our online services or other businesses; additional regulatory scrutiny or penalties; or our exposure to civil litigation and possible financial liability—any of which could have a material adverse effect on our business, financial condition or results of operations.

More generally, publicized information concerning security and cyber-related problems could inhibit the use or growth of electronic or web-based applications or solutions as a means of conducting commercial transactions. Such publicity may also cause damage to our reputation as a financial institution. As a result, our business, financial condition or results of operations could be adversely affected.

We depend on information technology and telecommunications systems of third parties, and any systems failures, interruptions or data breaches involving these systems could adversely affect our operations and financial condition.

We are dependent for the majority of our technology, including our core operating system, on third-party providers. If these companies were to discontinue providing services to us, we may experience significant disruption to our business. In addition, each of these third parties faces the risk of cyber attack, information breach or loss, or technology failure. If any of our third-party service providers experience such difficulties, or if there is any other disruption in our relationships with them, we may be required to find alternative sources of such services. We are dependent on these third-party providers securing their information systems, over which we have limited control, and a breach of their information systems could adversely affect our ability to process transactions, service our clients or manage our exposure to risk and could result in the disclosure of sensitive, personal customer information, which could have a material adverse impact on our business through damage to our reputation, loss of business, remedial costs, additional regulatory scrutiny or exposure to civil litigation and possible financial liability. Assurance cannot be provided that we could negotiate terms with alternative service sources that are as favorable or could obtain services with similar functionality as found in existing systems without the need to expend substantial resources, if at all, thereby resulting in a material adverse impact on our business and results of operations.

We continually encounter technological change.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new, technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to serve customers better and to reduce costs. Our future success depends, in part, on our ability to effectively embrace technology to better serve customers and reduce costs. The Corporation may be required to expend additional resources to employ the latest technologies. Failure to keep pace with technological change could potentially have an adverse effect on our business operations and financial condition and results of operations.

Any actual or perceived failure to comply with evolving regulatory frameworks around the development and use of artificial intelligence (AI) could adversely affect our business, results of operations, and financial condition.

Our business increasingly relies on AI to improve our services and our customer's experience. The regulatory framework around the development and use of these emerging technologies is rapidly evolving, and many federal, state and foreign government bodies and agencies have introduced and/or are currently considering additional laws and regulations. As a result, implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or perception of their requirements may have on our business.

Any of the foregoing, together with developing guidance and/or decisions in this area, may affect our use of AI and our ability to provide and improve our services, require additional compliance measures and changes to our operations and processes, and result in increased compliance costs and potential increases in civil claims against us. Any actual or perceived failure to comply with evolving regulatory frameworks around the development and use of AI could adversely affect our business, results of operations, and financial condition.

We may not be able to attract and retain key personnel and other skilled employees.

We are dependent on the ability and experience of a number of key management personnel, who have substantial experience with the markets in which we offer products and services, the financial services industry, and our operations. The loss of one or more senior executives or key managers may have an adverse effect on our businesses. We maintain change in control agreements with certain executive officers to aid in our retention of these individuals. Our success depends on our ability to continue to attract, manage, and retain other qualified management personnel.

New lines of business, products, product enhancements or services may subject us to additional risks.

From time to time, we may implement new lines of business or offer new products and product enhancements as well as new services within our existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances in which the markets are not fully developed. In implementing, developing or marketing new lines of business, products, product enhancements or services, we may invest significant time and resources, but may not fully realize their expected benefits. Further, initial timetables for the introduction and development of new lines of business, products, product enhancements or services may not be achieved, and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also affect the ultimate implementation of a new line of business or offerings of new products, product enhancements or services. Furthermore, any new line of business, product, product enhancement or service or system conversion could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or offerings of new products, product enhancements or services could have a material adverse effect on our business, financial condition or results of operations.

We operate in a highly competitive and changing industry and market area and compete with both banks and non-banks.

The banking and financial services industry in our market area is highly competitive. We may not be able to compete effectively in our markets, which could adversely affect our results of operations. The increasingly competitive environment is a result of changes in regulation, advances in technology and product delivery systems, and consolidation among financial service providers. Larger institutions have greater resources and access to capital markets, with higher lending limits, more advanced technology and broader suites of services. Competition at times requires increases in deposit rates and decreases in loan rates, and may adversely impact our net interest margin.

Our ability to maintain, attract and retain customer relationships is highly dependent on our reputation.

We rely, in part, on the reputation of the Bank to attract customers and retain our customer relationships. Damage to our reputation could undermine the confidence of our current and potential customers in our ability to provide high-quality financial services. Such damage could also impair the confidence of our counterparties and vendors and ultimately affect our ability to effect transactions. Maintenance of our reputation depends not only on our success in maintaining our service-focused culture and controlling and mitigating the various risks described in this Annual Report on Form 10-K, but also on our success in identifying and appropriately addressing issues that may arise in areas such as potential conflicts of interest, anti-money laundering, customer personal information and privacy issues, customer and other third party fraud, record-keeping, regulatory investigations and any litigation that may arise from the failure or perceived failure of us to comply with legal and regulatory requirements. Maintaining our reputation also depends on our ability to successfully prevent third parties from infringing on the “Meridian” brand and associated trademarks and our other intellectual property. Defense of our reputation, trademarks and other intellectual property, including through litigation, could result in costs that could have a material adverse effect on our business, financial condition or results of operations.

Accounting standards periodically change and the application of our accounting policies and methods may require management to make estimates about matters that are uncertain.

The regulatory bodies that establish accounting standards, including, among others, the FASB and the SEC, periodically revise or issue new financial accounting and reporting standards that govern the preparation of our consolidated financial statements. The effect of such revised or new standards on our financial statements can be difficult to predict and can materially impact how we record and report our financial condition and results of operations.

In addition, management must exercise judgment in appropriately applying many of our accounting policies and methods so they comply with generally accepted accounting principles. In some cases, management may have to select a particular accounting policy or method from two or more alternatives. In some cases, the accounting policy or method chosen might be reasonable under the circumstances and yet might result in our reporting materially different amounts than would have been reported if we had selected a different policy or method. Accounting policies are critical to fairly presenting our financial condition and results of operations and may require management to make difficult, subjective or complex judgments about matters that are uncertain.

The Corporation's controls and procedures may fail or be circumvented.

Our management diligently reviews and updates the Corporation's internal controls over financial reporting, disclosure controls and procedures, and corporate governance policies and procedures. Any failure or undetected circumvention of these controls could have a material adverse impact on our financial condition and results of operations.

Risks Related to Interest Rates

We must effectively manage interest rate risk.

Our earnings and cash flows are largely dependent upon our net interest income. Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Federal Reserve. Changes in monetary policy, including changes in interest rates, could influence not only the interest we receive on loans and investments and the amount of interest we pay on deposits and borrowings, but such changes could also affect (i) our ability to originate loans and obtain deposits; (ii) the fair value of our financial assets and liabilities; and (iii) the average duration of our mortgage portfolio and other interest-earning assets. The Federal Reserve then increased the target range eleven times throughout 2022 to July 2023. In further reassessment of inflation and other factors, the Federal Reserve decreased the range three times in late 2024, and a further three times during 2025. As of December 31, 2025, the target range for the federal funds rate had been decreased to 3.50% from 3.75%. Our interest rate spread, net interest margin and net interest income improved during this period as our interest-bearing liabilities repriced at a faster pace than interest-earning assets.

If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, our net interest income, and therefore earnings, could be adversely affected. Earnings could also be adversely affected if the interest rates received on loans and other investments fall more quickly than the interest rates paid on deposits and other borrowings.

Some competitors may offer higher interest rates than the Corporation, which could decrease the deposits that the Corporation attracts or require the Corporation to increase its rates to retain existing deposits or attract new deposits. Increased deposit competition could adversely affect the Corporation's ability to generate the funds necessary for lending operations. As a result, the Corporation may need to seek other sources of funds that may be more expensive to obtain, which could increase the cost of funds and decrease profitability.

Although management believes it has implemented effective asset and liability management strategies, including the use of derivatives as hedging instruments, to reduce the potential effects of changes in interest rates on our results of operations, any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on our financial condition and results of operations, and any related economic downturn, especially domestically and in the regions in which we operate, may adversely affect

our asset quality, deposit levels, loan demand and results of operations. Also, our interest rate risk modeling techniques and assumptions likely may not fully predict or capture the impact of actual interest rate changes on our balance sheet.

The impact of interest rates on our mortgage banking business can have a significant impact on revenues.

Changes in interest rates can impact the volume of mortgage originations and re-financings, thus impacting our mortgage-related revenues and profitability of our mortgage segment. A decline in mortgage rates generally increases the demand for mortgage loans as borrowers refinance, but also generally leads to accelerated payoffs. Conversely, in a constant or increasing rate environment, we would expect fewer loans to be refinanced and a decline in payoffs. Although we use models to assess the impact of interest rates on mortgage-related revenues, the estimates of revenues produced by these models are dependent on estimates and assumptions of future loan demand, prepayment speeds and other factors which may differ from actual subsequent experience.

Changes in interest rates could also reduce the value of our residential mortgage-related securities and MSR's, which could negatively affect our earnings.

The Corporation earns revenue from the fees it receives for originating mortgage loans and for servicing mortgage loans. When rates rise, the demand for mortgage loans tends to fall, reducing the revenue the Corporation receives from loan originations. At the same time, revenue from MSR's can increase through increases in fair value. When rates fall, mortgage originations tend to increase and the value of MSR's tends to decline, also with some offsetting revenue effect. Even though the origination of mortgage loans can act as a "natural hedge," the hedge is not perfect, either in amount or timing. For example, the negative effect on revenue from a decrease in the fair value of residential MSR's is immediate, but any offsetting revenue benefit from more originations and the MSR's relating to the new loans would accrue over time. It is also possible that even if interest rates were to fall, mortgage originations may also fall or any increase in mortgage originations may not be enough to offset the decrease in the MSR's value caused by the lower rates.

The Corporation typically uses derivatives and other instruments to hedge its mortgage banking interest rate risk. The Corporation generally does not hedge all of its risks and the fact that hedges are used does not mean they will be successful. Hedging is a complex process, requiring sophisticated models and constant monitoring. The Corporation could incur significant losses from its hedging activities. There may be periods where the Corporation elects not to use derivatives and other instruments to hedge mortgage banking interest rate risk.

Risks Related to Lending Activities

We must effectively manage the credit risks of our loan portfolio.

Our business depends on the creditworthiness of our customers. There are risks inherent in making loans, including risks of nonpayment, risks resulting from uncertainties of the future value of collateral, and risks resulting from changes in economic and industry conditions. We attempt to reduce our credit risk through prudent loan application, underwriting and approval procedures, including internal loan reviews before and after proceeds have been disbursed, careful monitoring of the concentration of our loans within specific industries, and collateral and guarantee requirements. These procedures cannot, however, be expected to completely eliminate our credit risks, and we can make no guarantees concerning the strength of our loan portfolio.

Nonperforming assets take significant time to resolve and adversely affect the Corporation's results of operations and financial condition.

The Corporation's nonperforming assets adversely affect its net income in various ways. The Corporation does not record interest income on nonaccrual loans, which adversely affects its income and increases credit administration costs. When the Corporation receives collateral through foreclosures and similar proceedings, it is required to mark the related asset to the then fair market value of the collateral less estimated selling costs, which may, and often does, result in a loss. An increase in the level of nonperforming assets also increases the Corporation's risk profile and may impact the capital levels regulators believe are appropriate in light of such risks. The Corporation utilizes various techniques such as workouts, restructurings, and loan sales to manage problem assets. Increases in or negative adjustments in the value of these problem assets, the underlying collateral, or in the borrowers' performance or financial condition, could adversely affect the Corporation's business, results of operations and financial condition. In addition, the resolution of nonperforming assets requires significant commitments of time from management and staff, which can be detrimental to the performance of their other responsibilities, including generation of new loans. There can be no assurance that the Corporation will avoid increases in nonperforming loans in the future.

Our allowance for credit losses may be insufficient, and an increase in the allowance would reduce earnings.

ASU 2016-13 (Topic 326 - Credit Losses), commonly referenced as CECL, became effective for the Corporation on January 1, 2023. Under CECL, credit losses are measured based on past events, current conditions and reasonable and supportable forecasts of future conditions that affect the collectability of financial assets. The CECL framework can result in greater volatility in the level of the allowance for credit losses, depending on various factors and assumptions applied in the model, such as the reasonable and supportable forecasted economic conditions and loan payment behaviors. Determination of the allowance is inherently subjective as it requires significant estimates and management's judgment of credit risks and future trends, all of which may undergo material changes. Deterioration in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require an increase in the allowance for credit losses. In addition, bank regulatory agencies periodically review our allowance and may require an increase in the provision for credit losses or the recognition of additional loan charge-offs, based on judgments different from those of management. Also, if charge-offs in future periods exceed the allowance for credit losses, we will need additional provisions to increase the allowance. Any increases in provisions will

result in a decrease in net income and capital and may have a material adverse effect on our financial condition and results of operations.

Our business, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, third parties who owe us money, securities or other assets or whose securities or obligations we hold.

In addition to relying on borrowers to repay their loans and leases, we are exposed to the risk that third parties that owe us money, securities or other assets will not perform their obligations. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. A default by a significant market participant, or concerns that such a party may default, could lead to significant liquidity problems, losses or defaults by other parties, which in turn could adversely affect us.

We are also subject to the risk that our rights against third parties may not be enforceable in all circumstances. Deterioration in the credit quality of third parties whose securities or obligations we hold, including the FHLMC, GNMA and municipalities, could result in significant losses.

Our mortgage banking business may not provide us with significant non-interest income.

The residential mortgage business is highly competitive, and highly susceptible to changes in market interest rates, consumer confidence levels, employment statistics, availability of homes for sale, the capacity and willingness of secondary market purchasers to acquire and hold or securitize loans, and other factors beyond our control.

Because we sell substantially all of the mortgage loans we originate, the profitability of our mortgage banking business also depends in large part on our ability to aggregate a high volume of loans and sell them in the secondary market at a gain. Thus, in addition to our dependence on the interest rate environment, we are dependent upon (i) the existence of an active secondary market and (ii) our ability to profitably sell loans or securities into that market. If our level of mortgage production declines, the profitability will depend upon our ability to reduce our costs commensurate with the reduction of revenue from our mortgage operations.

Our ability to originate and sell mortgage loans readily is dependent upon the availability of an active secondary market for single-family mortgage loans, which in turn depends in part upon the continuation of programs currently offered by GSEs and other institutional and non-institutional investors. These entities account for a substantial portion of the secondary market in residential mortgage loans. We are highly dependent on these purchasers continuing their mortgage purchasing programs. Additionally, because the largest participants in the secondary market are GNMA, FNMA and FHLMC, GSEs whose activities are governed by federal law, any future changes in laws that significantly affect the activity of these GSEs could, in turn, adversely affect our operations. Since September 2008 FNMA and FHLMC have been operating in a conservatorship setup by the U.S. government as a response to the financial crisis of 2008. The FHFA continues to carry out its responsibilities as conservator.

Our SBA lending program is dependent upon the federal government and we face specific risks associated with originating SBA loans.

Our SBA lending program is dependent upon the federal government. As an SBA Preferred Lender, we enable our clients to obtain SBA loans without being subject to the potentially lengthy SBA approval process necessary for lenders that are not SBA Preferred Lenders. The SBA periodically reviews the lending operations of participating lenders to assess, among other things, whether the lender exhibits prudent risk management. When weaknesses are identified, the SBA may request corrective actions or impose enforcement actions, including revocation of the lender's Preferred Lender status. If we lose our status as a Preferred Lender, we may lose some or all of our customers to lenders who are SBA Preferred Lenders. Also, any changes to the SBA program, including changes to the level of guarantee provided by the federal government on SBA loans, could adversely affect our business and earnings.

We may sell the guaranteed portion of our SBA 7(a) program loans in the secondary market. These sales have resulted in premium income for us at the time of sale. We may not be able to continue originating these loans or selling them in the secondary market. Furthermore, even if we are able to continue originating and selling SBA 7(a) program loans in the secondary market, we might not continue to realize premiums upon the sale of the guaranteed portion of these loans. When we sell the guaranteed portion of our SBA 7(a) program loans, we incur credit risk on the non-guaranteed portion of the loans, and if a customer defaults on the non-guaranteed portion of a loan, we share any loss and recovery related to the loan pro-rata with the SBA. If the SBA establishes that a loss on an SBA guaranteed loan is attributable to significant technical deficiencies in the manner in which the loan was originated, funded or serviced by us, the SBA may seek recovery of the principal loss related to the deficiency from us, which could adversely affect our business and earnings.

The laws, regulations and standard operating procedures that are applicable to SBA loan products may change in the future. We cannot predict the effects of these changes on our business and profitability. Because government regulation greatly affects the business and financial results of all commercial banks and bank holding companies, changes in the laws, regulations and procedures applicable to SBA loans could adversely affect our business and earnings.

Our loan servicing rights could become impaired, which may require us to take non-cash charges.

Because we retain the servicing rights on many loans we sell in the secondary market, we are required to record mortgage servicing right assets and SBA servicing right assets, which we test quarterly for impairment. The values of these servicing rights are heavily dependent on market interest rates and tends to increase with rising interest rates and decrease with falling interest rates. If we are required to record an impairment charge, it would adversely affect our financial condition and results of operations.

We may be required to repurchase mortgage loans or indemnify buyers against losses in some circumstances, which could harm liquidity, results of operations and financial condition.

We sell substantially all of the mortgage loans held for sale that we originated. When mortgage loans are sold, whether as whole loans or pursuant to a securitization, we are required to make customary representations and warranties to purchasers, guarantors and insurers, including the GSEs, about the mortgage loans and the manner in which they were originated. Whole loan sale agreements require that we repurchase or substitute mortgage loans, or indemnify buyers against losses, in the event we breach these representations or warranties. In addition, we may be required to repurchase mortgage loans as a result of early payment default of the borrower on a mortgage loan, resulting in these mortgage loans being placed on our books and subjecting us to the risk of a potential default.

We are subject to environmental liability risk associated with our lending activities and with the properties we own.

In the course of our business, we may foreclose and take title to real estate and could be subject to environmental liabilities with respect to these properties. The Corporation may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination or the release of hazardous or toxic substances at a property. Our policies and procedures require environmental factors to be considered during the loan application process. An environmental review is performed before initiating any commercial foreclosure action; however, these reviews may not be sufficient to detect all potential environmental hazards. Possible remediation costs and liabilities could have a material adverse effect on our financial condition.

Our business is significantly dependent on the real estate markets in which we operate, as a large percentage of our loan portfolio is secured by real estate or mortgage loans originated for sale.

As of December 31, 2025, our real estate loans, excluding mortgages held for sale, included \$879.4 million of CRE loans (39.9% of total portfolio loans), \$330.5 million of construction and development loans (15.0% of total portfolio loans), and for consumer loans, \$236.1 million of residential mortgage loans, and \$107.0 million of home equity loans (15.6% of total portfolio loans), with the majority of these real estate loans concentrated in the southeast Pennsylvania, Delaware, Maryland, southern New Jersey, and to a lesser degree in southwest Florida. Real property values in our market may be different from, and in some instances worse than, real property values in other markets or in the United States as a whole, and may be affected by a variety of factors outside of our control and the control of our borrowers, including national and local economic conditions, and weather related events, generally. Southeast Pennsylvania, Delaware, Maryland, southern New Jersey, and southwest Florida have experienced volatility in real estate values over the past decade. Declines in real estate values, including prices for homes and commercial properties in southeast Pennsylvania, Delaware, Maryland, southern New Jersey, and southwest Florida, could result in a deterioration of the credit quality of our borrowers, an increase in the number of loan delinquencies, defaults and charge-offs, and reduced demand for our products and services, generally.

CRE loans generally involve a greater degree of credit risk than residential real estate mortgage loans because they typically have larger balances and are more affected by adverse conditions in the economy. Because payments on loans secured by commercial real estate often depend upon the successful operation and management of the properties and the businesses which operate from within them, repayment of such loans may be affected by factors outside the borrower's control, such as adverse conditions in the real estate market or the economy or changes in government regulations. Commercial real estate markets were particularly impacted by the economic disruption resulting from the COVID-19 pandemic which was a catalyst for the evolution of various remote work options which may still have an impact on the long-term performance of some types of office properties within our commercial real estate portfolio. Accordingly, the federal banking regulatory agencies have expressed concerns about weaknesses in the current commercial real estate market. Failures in our risk management policies, procedures and controls could adversely affect our ability to manage this portfolio going forward and could result in an increased rate of delinquencies in, and increased losses from, this portfolio, which, accordingly, could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to our Wealth Management Business

Revenues and profitability from our wealth management business may be adversely affected by any reduction in assets under management, which could reduce fees earned.

The majority of the revenue from the wealth management business is generated from investment advisory contracts with clients. Under these contracts, the investment advisory fees paid to us are typically based on the market value of assets under management. Assets under management may decline for various reasons including declines in the market value of the assets in the funds and accounts managed, which could be caused by price declines in the securities markets generally or by price declines in specific market segments. Assets under management may also decrease due to redemptions and other withdrawals by clients or termination of contracts. This could be in response to adverse market conditions or in pursuit of other investment opportunities. If our assets under management decline and there is a related decrease in fees, it will negatively affect our results of operations.

The wealth management business is subject to extensive regulation, supervision and examination by regulators, and any enforcement action or adverse changes in the laws or regulations governing our business could decrease our revenues and profitability.

The wealth management business is subject to regulation by regulatory agencies that are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of customers participating in those markets. In the event of non-compliance with regulation, governmental regulators, including the SEC and the Financial Industry Regulatory Authority, may institute administrative or judicial proceedings that may result in censure, fines, civil money penalties, the issuance of cease-and-desist orders, the deregistration or suspension of the non-compliant introducing broker-dealer or investment adviser or other adverse consequences. The imposition of any such penalties or orders could have a material adverse effect on the wealth management segment's operating

results and financial condition. The wealth management segment also may be adversely affected as a result of new or revised legislation or regulations. Regulatory changes have imposed and may continue to impose additional costs, which could adversely impact our profitability.

We may not be able to attract and retain wealth management clients.

Due to strong competition, our wealth management business may not be able to attract and retain clients. Competition is strong because there are numerous well-established and successful investment management and wealth advisory firms with which we compete, including commercial banks and trust companies, investment advisory firms, mutual fund companies, stock brokerage firms, and other financial companies. Many of our competitors have greater resources than we have.

Our ability to successfully attract and retain wealth management clients is dependent upon our ability to compete with competitors' investment products, our level of investment performance, our client services, our fees and marketing and distribution capabilities. If we are not successful, our results of operations and financial condition may be negatively impacted.

Risks Related to Regulation

Changes in laws and regulations and the cost of regulatory compliance with new laws and regulations may adversely affect our operations and/or increase our costs of operations.

We are subject to extensive regulation, supervision, and examination by our primary regulators, the Pennsylvania Department of Banking and Securities and federal regulators of the FDIC and the FRB. Also, as a member of the FHLB, the Bank must comply with applicable regulations of the FHFA and the FHLB. Regulation by these agencies is intended primarily for the protection of our depositors and the deposit insurance fund and not for the benefit of our shareholders. The Bank's activities are also regulated under consumer protection laws applicable to our lending, deposit, and other activities. A large claim against the Bank under these laws or an enforcement action by our regulators could have a material adverse effect on our financial condition and results of operations. Regulatory authorities have extensive discretion in their supervisory and enforcement activities, including the ability to impose restrictions on our operations, comments on the classification of our assets, and determine the level of our allowance for credit losses. These regulations, along with the currently existing tax, accounting, securities, deposit insurance and monetary laws, rules, standards, policies, and interpretations, control the ways financial institutions conduct business, implement strategic initiatives, and prepare financial reporting and disclosures. Changes in such regulation and oversight, whether in the form of regulatory policy, new regulations, legislation or supervisory action, may have a material impact on our operations. Further, compliance with such regulation may increase our costs and limit our ability to pursue business opportunities.

We cannot predict the effect of legislative and regulatory initiatives, which could increase our costs of doing business and adversely affect our results of operations and financial condition.

Changes to statutes, regulations, regulatory or accounting policies could affect the Corporation in substantial and unpredictable ways. Such changes could subject the Corporation to additional costs, limit the types of financial services and products the Corporation may offer, limit the fees we may charge, increase the ability of non-banks to offer competing financial services and products, change regulatory capital requirements or the required size of our allowance for credit losses and change deposit insurance assessments, any of which would negatively impact our financial condition and result of operations. Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil money penalties and/or reputation damage, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

We are subject to capital adequacy requirements and may be subject to more stringent capital requirements.

We are subject to capital adequacy guidelines and other regulatory requirements specifying minimum amounts and types of capital that we must maintain. From time to time, the regulators change these regulatory capital adequacy and liquidity guidelines. If we fail to meet these minimum capital adequacy and liquidity guidelines and other regulatory requirements, we or our subsidiaries may be restricted in the types of activities we may conduct and we may be prohibited from taking certain capital actions, such as paying dividends and repurchasing or redeeming capital securities. See "Supervision and Regulation—Regulatory Capital Requirements" for more information on the capital adequacy standards that we must meet and maintain.

The failure to meet applicable regulatory capital requirements could result in one or more of our regulators placing limitations or conditions on our activities, including our growth initiatives, or restricting the commencement of new activities, and could affect customer and investor confidence, our costs of funds and level of required deposit insurance assessments to the FDIC, our ability to pay dividends on our capital stock, our ability to make acquisitions, and our business, results of operations and financial conditions, generally.

General Risk Factors

Our stock price, like many of our peers, may be volatile, and you could lose part or all of your investment as a result.

Our stock price may fluctuate significantly in response to a variety of factors including, among other things:

- actual or anticipated variations in our quarterly results of operations;
- the failure of securities analysts to cover, or continue to cover, us after this offering;
- operating and stock price performance of other companies that investors deem comparable to us;
- news reports relating to trends, concerns and other issues in the financial services industry;
- perceptions in the marketplace regarding us, our competitors or other financial institutions;
- future sales of our common stock;
- departure of our management team or other key personnel;

- new technology used, or services offered, by competitors;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- changes or proposed changes in laws or regulations, or differing interpretations thereof affecting our business, or enforcement of these laws and regulations;
- litigation and governmental investigations; and
- geopolitical conditions such as acts or threats of terrorism or military conflicts.

Certain banking laws and certain provisions of our articles of incorporation may have an anti-takeover effect.

Provisions of federal banking laws, including regulatory approval requirements, could make it difficult for a third party to acquire us, even if doing so would be perceived to be beneficial to our shareholders. Acquisition of 10% or more of any class of voting stock of a bank holding company or depository institution, generally creates a rebuttable presumption that the acquirer “controls” the bank holding company or depository institution. Also, a bank holding company must obtain the prior approval of the Federal Reserve before, among other things, acquiring direct or indirect ownership or control of more than 5% of the voting shares of any bank, including the Bank.

There also are provisions in our articles of incorporation and our bylaws, such as limitations on the ability to call a special meeting of our shareholders, that may be used to delay or block a takeover attempt. In addition, our board of directors are authorized under our articles of incorporation to issue shares of our preferred stock, and determine the rights, terms conditions and privileges of such preferred stock, without shareholder approval. These provisions may effectively inhibit a non-negotiated merger or other business combination, which, in turn, could have a material adverse effect on the market price of our common stock.

Natural disasters, acts of war or terrorism, outbreaks or escalations of hostilities and other external events could negatively impact the Corporation.

Natural disasters, acts of war or terrorism, outbreaks or escalations of hostilities, the emergence of widespread health emergencies or pandemics and other adverse external events could have a significant impact on the Corporation's ability to conduct business. In addition, such events could affect the stability of the Corporation's deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue and/or cause the Corporation to incur additional expenses. We have established disaster recovery policies and procedures that are expected to support our operations if events related to natural or man-made disasters occur; however, the occurrence of any such event and the impact of an overall economic decline resulting from such a disaster could have a material adverse effect on the Corporation's financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

We have taken a cross-departmental approach to addressing cybersecurity risk, including input from employees and our Board of Directors (the "Board"). The Board, Audit Committee, senior management and the IT Steering Committee (a task force comprised of senior representatives from all functional areas of the bank) devote significant resources to cybersecurity and risk management processes to adapt to the changing cybersecurity landscape and respond to emerging threats in a timely and effective manner. We regularly assess the threat landscape and take a holistic view of cybersecurity risks, with a layered cybersecurity strategy based on prevention, detection and mitigation. Our information technology (IT) security team reviews enterprise risk management-level cybersecurity risks annually, and key cybersecurity risks are incorporated into the IT Steering Committee's framework. In addition, we have a set of Company-wide policies and procedures concerning cybersecurity matters, which include an IT security manual as well as other policies that directly or indirectly relate to cybersecurity, such as policies related to encryption standards, antivirus protection, remote access, multifactor authentication, confidential information and the use of the internet, social media, email and wireless devices. These policies go through an internal review process and are approved by appropriate members of management. We have designed our enterprise-wide information security programs consistent with industry standards using the National Institute of Standards and Technology Cybersecurity Framework.

The Corporation's Information Security Officer is responsible for developing and implementing our information security program and reporting on cybersecurity matters to the Board. Our Information Security Officer has over a decade of experience in cyber security, and others on our IT security team have cybersecurity experience or certifications. We view cybersecurity as a shared responsibility, and we periodically perform simulations and tabletop exercises at a management level and incorporate external resources and advisors as needed. All employees are required to complete cybersecurity trainings on an annual basis and have access to more frequent cybersecurity trainings through online trainings. We also require employees in certain roles to complete additional role-based, specialized cybersecurity trainings.

We have continued to expand investments in IT security, including additional end-user training, using layered defenses, identifying and protecting critical assets, strengthening monitoring and alerting, and engaging experts. We regularly test defenses by performing simulations and drills at both a technical level (including through penetration tests) and by reviewing our operational policies and procedures with third-party experts. At the management level, our IT security team regularly monitors alerts and meets to discuss threat levels, trends and remediation. The team also prepares a monthly cyber scorecard, regularly collects data on cybersecurity threats and risk areas and conducts an annual risk assessment. Further, we conduct periodic external penetration tests, and maturity testing to assess our processes and procedures and the threat landscape. These tests and assessments are useful tools for maintaining a robust cybersecurity program to protect our investors, customers, employees, vendors, and intellectual property. In addition to assessing our own cybersecurity preparedness, we also consider and evaluate cybersecurity risks associated with use of third-party service providers.

Our Internal Audit team conducts an annual review of third-party hosted applications with a specific focus on any sensitive data shared with third parties. The internal business owners of the hosted applications are required to document user access reviews at least annually and provide from the vendor a System and Organization Controls (SOC) 1 or SOC 2 report. If a third-party vendor is not able to provide a SOC 1 or SOC 2 report, we take additional steps to assess their cybersecurity preparedness and assess our relationship on that basis. Our assessment of risks associated with use of third-party providers is part of our overall cybersecurity risk management framework.

The IT Steering Committee and the full Board actively participate in discussions with management regarding cybersecurity risks. The IT Steering Committee performs an annual review of the Corporation's cybersecurity program, which includes discussion of management's actions to identify and detect threats, as well as planned actions in the event of a response or recovery situation. The IT Steering Committee's annual review also includes review of recent enhancements to the Corporation's defenses and management's progress on its cybersecurity strategic roadmap. In addition, the Board receives quarterly cybersecurity reports, which include a review of key performance indicators, test results and related remediation, and recent threats and how the Corporation is managing those threats. Further, at least annually, the Board receives updates on the Corporation's Incident Response Plan, which covers, among other things, potential cybersecurity incidents, data privacy and its compliance programs. To aid the Board with its cybersecurity and data privacy oversight responsibilities, the Board periodically hosts experts for presentations on these topics.

We face a number of cybersecurity risks in connection with our business. Although such risks have not materially affected us, including our business strategy, results of operations or financial condition, to date, we have, from time to time, experienced threats to and breaches of our data and systems, including malware and computer virus attacks. For more information about the cybersecurity risks we face, see the risk factor entitled "The occurrence of fraudulent activity, breaches or failures of our information security controls or cybersecurity-related incidents could have a material adverse effect on our business, financial condition or results of operations." in Item 1A- Risk Factors.

Item 2. Properties

The Corporation is headquartered in Malvern, PA and has seven full-service branches. Its main branch, in Wayne, serves the Main Line. The West Chester and Media branches serve Chester and Delaware counties, respectively, while the Doylestown and Blue Bell branches serve Bucks and Montgomery counties, respectively, and a branch serving Center City Philadelphia. Our seventh, and newest branch, is located in the southwest Florida town of Bonita Springs. In addition to our deposit taking branches, there are currently 10 other offices, including headquarters for Corporate and Operations, the Wealth Division and the Mortgage Division. Other than our corporate and operations headquarters, all of our offices are leased. The Bank had a net book value of \$10.7 million for all locations at December 31, 2025.

Branch locations:

- Wayne Branch – 220 W Lancaster Avenue, Wayne, PA 19087
- West Chester Branch – 16 W. Market Street, West Chester, PA 19382
- Media Branch – 100 E. State Street, Media, PA 19063
- Doylestown Branch – 1719A S. Easton Road, Doylestown, PA 18901
- Blue Bell Branch – 653 Skippack Pike, Ste. 116, Blue Bell, PA 19422
- Philadelphia Branch – 1760 Market Street, Philadelphia, PA 19103
- Bonita Springs Branch - 12611 Bonita Beach Rd SE, Suite 1, Bonita Springs, FL 34135

Other offices:

- Corporate Headquarters – 9 Old Lincoln Highway, Malvern, PA 19355
- Mortgage Headquarters – 301 E. Germantown Pike, Suite 201, East Norriton, PA 19401
- Operations Headquarters – 367 Eagleview Boulevard, Exton, PA 19341
- Meridian Wealth Office – 301 E. Germantown Pike, Suite 201, East Norriton, PA 19401
- SBA Lending Group Office -1760 Market Street, Suite 704, Philadelphia, PA 19103
- Commercial Loan Office – 3450 Lakeside Drive, Suite 350, Miramar, FL 33027
- Commercial Loan / Mortgage Loan Production Office – 8894 Stanford Boulevard, Suite 203, Columbia, MD 21045
- Mortgage Loan Production Office – 5301 Limestone Road, Suite 202, Wilmington, DE 19801
- Mortgage Loan Production Office – 22128 Sussex Highway, Seaford, DE 19973
- Mortgage Loan Production Office - 301 E. Germantown Pike, Suite 201, East Norriton, PA 19401
- Mortgage Loan Production Office – 350 Highland Drive, Suite 160, Mountville, PA 17554
- Mortgage Loan Production Office – 2330 New Road, Northfield, NJ 08225
- Mortgage Loan Production Office – 110 West Road, Suite 500, Towson, MD 21204
- Mortgage Loan Production Office – 8894 Stanford Boulevard, Suite 203, Columbia, MD 21045

Item 3. Legal Proceedings

None.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Shares of our common stock trade on the NASDAQ Global Select Market under the symbol "MRBK". As of March 9, 2026, there were approximately 5,269 registered shareholders of the Corporation's common stock. Certain shares are held in "nominee" or "street" name and accordingly, the number of beneficial owners of such shares is not known or included in the foregoing number.

On February 20, 2025 the Corporation entered into an Equity Distribution Agreement (or Sales Agreement) relating to shares of our common stock. During 2025 the Corporation sold a total of 488,478 shares of common stock and raised approximately \$7.5 million in net proceeds. We expect to use the net proceeds for general corporate purposes, which includes working capital and the funding of organic growth at Meridian Bank, as described in our prospectus filed with the SEC on February 20, 2025 pursuant to Rule 424(b)(5) under the Securities Act.

Share Repurchases

The Corporation had a stock repurchase plan that expired in 2023. The total amount of stock repurchased under the plan was \$19.6 million. The Corporation has not repurchased any shares since the plan expired.

Dividend Policy

In 2020 the Corporation commenced quarterly cash dividends on its common stock. Future dividend payments will depend upon maintenance of a strong financial condition, future earnings and capital and regulatory requirements. Also, the Corporation and the Bank are subject to restrictions on the amount of dividends that may be paid without approval of banking regulatory authorities. Dividend amounts have been adjusted to reflect the two-for-one stock split effective February 28, 2023. During 2025, and 2024, the Board of Directors paid cash dividends as follows:

Date Declared	Date of Record	Date Paid	Quarterly Dividend \$
January 26, 2024	February 12, 2024	February 20, 2024	\$0.125
April 25, 2024	May 13, 2024	May 20, 2024	0.125
July 25, 2024	August 12, 2024	August 19, 2024	0.125
October 22, 2024	November 12, 2024	November 19, 2024	0.125
January 23, 2025	February 10, 2025	February 18, 2025	0.125
April 24, 2025	May 12, 2025	May 19, 2025	0.125
July 24, 2025	August 11, 2025	August 18, 2025	0.125
October 23, 2025	November 10, 2025	November 17, 2025	0.125

On January 29, 2026, the Board of Directors declared a quarterly cash dividend of \$0.14 per common share, payable February 17, 2026 to shareholders of record as of February 9, 2026. This is an increase of \$0.015 or 12%, compared to the quarterly cash dividend of \$0.125 per common share declared in the prior quarter.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to assist in understanding the financial condition and results of operations of Meridian as of and for the year ended December 31, 2025. The information contained in this section should be read together with the December 31, 2025 audited Consolidated Financial Statements and the accompanying Notes included in Item 8. Financial Statements And Supplementary Data of this Form 10-K.

This section of this Form 10-K generally discusses 2025 and 2024 items and year-to-year comparisons between 2025 and 2024.

Critical Accounting Policies and Estimates

Our accounting and reporting policies conform to GAAP and conform to general practices within the industry in which we operate. To prepare financial statements in conformity with GAAP, management makes estimates, assumptions and judgments based on available information. These estimates, assumptions and judgments affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the financial statements and, as this information changes, actual results could differ from the estimates, assumptions and judgments reflected in the financial statements. In particular, management has identified the provision and allowance for credit losses as the accounting policy that, due to the estimates, assumptions and judgments inherent in that policy, is critical in understanding our financial statements. Management has presented the application of this policy to the audit committee of our board of directors.

The following is a discussion of the critical accounting policies and significant estimates that require us to make complex and subjective judgments. Additional information about these policies can be found in Note 1 - Summary of Significant Accounting Policies, to the Corporation's Consolidated Financial Statements as of and for the years ended December 31, 2025 and 2024.

Provision and allowance for credit losses

The ACL is a valuation reserve established and maintained by charges against operating income. It is an estimate of expected credit losses, measured over the contractual life of a loan, that considers historical loss experience, current conditions and forecasts of future economic conditions.

Management's evaluation process used to determine the appropriateness of the ACL is complex and requires the use of estimates, assumptions and judgments which are inherently subject to high uncertainty. The evaluation process combines several factors: historical loan loss experience, managements ongoing review of lending policies and practices, experience and depth of staff, quality of the loan grading system, the fair value of underlying collateral, concentration of loans to specific borrowers or industries, existing economic conditions and forecasts, segment specific risks and other quantitative and qualitative factors which could affect future credit losses. Our reasonable and supportable forecast is for a period of four quarters. For periods beyond our one-year forecast, we revert to historical loss rates over one quarter. Because current economic conditions and forecasts can change and future events are inherently difficult to predict, the anticipated amount of estimated credit losses on loans and the appropriateness of the ACL could change significantly. It is challenging to estimate how potential changes in any one economic factor or input might affect the overall allowance because a wide variety of factors and inputs may be directionally inconsistent, such that improvement in one factor may offset deterioration in others.

Executive Overview

The following items highlight the Corporation's changes in its financial condition as of December 31, 2025 compared to December 31, 2024 and the results of operations for the year ended December 31, 2025 compared to the same period in 2024. More detailed information related to these highlights can be found in the sections that follow.

Changes in Financial Condition

- Total assets increased \$176.1 million, or 7.4%, to \$2.6 billion as of December 31, 2025.
- Portfolio loans, increased \$141.4 million, or 7.0%, to \$2.2 billion as of December 31, 2025.

Results of Operations

- Consolidated net income increased \$5.5 million, or 33.6%, to \$21.8 million.
- The return on average assets and return on average equity was 0.87% and 12.00%, respectively, for the year ended December 31, 2025, compared to 0.70% and 9.93%, respectively, for the year ended December 31, 2024.
- Net interest income was up \$16.7 million, or 23.5% due to higher volume of earning assets.
- Non-interest income decreased \$2.2 million or 5.2% due largely to a decline in MSR sales and a decline in other non-interest income.

Key Performance Ratios

The following table presents key financial performance ratios for the periods indicated:

	Year Ended December 31,	
	2025	2024
Return on average assets	0.87 %	0.70 %
Return on average equity	12.00 %	9.93 %
Net interest margin (tax effected yield)	3.64 %	3.16 %
Basic earnings per share	\$ 1.93	\$ 1.47
Diluted earnings per share	\$ 1.89	\$ 1.45

The following table presents certain key period-end balances and ratios at the dates indicated:

<i>(dollars in thousands, except per share amounts)</i>	December 31,	December 31,
	2025	2024
Book value per common share	\$ 16.89	\$ 15.26
Tangible book value per common share ⁽¹⁾	\$ 16.59	\$ 14.93
Allowance as a percentage of loans and leases held for investment	0.99 %	0.91 %
Allowance as a percentage of loans and leases held for investment (excl. loans at fair value) ⁽¹⁾	1.00 %	0.91 %
Tier I capital to risk weighted assets - Corporation	8.7 %	8.1 %
Tangible common equity to tangible assets ratio ⁽¹⁾	7.7 %	7.0 %
Loans and other finance receivables, net of fees and costs	\$ 2,170,600	\$ 2,030,437
Total assets	\$ 2,561,995	\$ 2,385,867
Total stockholders' equity	\$ 199,716	\$ 171,522

(1) Non-GAAP financial measure. See "Non-GAAP Financial Measures" below for Non-GAAP to GAAP reconciliation.

Components of Net Income

Net income is comprised of five major elements:

- **Net Interest Income**, or the difference between the interest income earned on loans, leases and investments and the interest expense paid on deposits and borrowed funds;
- **Provision For Credit Losses**, or the amount added to the ACL to provide for current expected credit losses on portfolio loans and leases;
- **Non-interest Income**, which is made up primarily of mortgage banking income, wealth management income, SBA loan sale income, fair value adjustments, gains and losses from the sale of loans, gains and losses from the sale of investment securities available for sale and other fees from loan and deposit services;
- **Non-interest Expense**, which consists primarily of salaries and employee benefits, occupancy, professional fees, advertising & promotion, data processing & software, loan expenses, and other operating expenses; and
- **Income Taxes**, which include state and federal jurisdictions.

NET INTEREST INCOME

Net interest income is an integral source of the Corporation's income. The tables below present a summary for the years ended December 31, 2025 and 2024, of the Corporation's average balances and yields earned on its interest-earning assets and the rates paid on its interest-bearing liabilities. The net interest margin is the net interest income as a percentage of average interest-earning assets. The net interest spread is the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities. The difference between the net interest margin and the net interest spread is the result of net free funding sources such as non-interest bearing deposits and stockholders' equity.

Analyses of Interest Rates and Interest Differential

The tables below present the major asset and liability categories on an average daily balance basis for the periods presented, along with interest income, interest expense and key rates and yields on a tax equivalent basis.

	For the Year Ended December 31,					
	2025			2024		
	Average Balance	Interest Income/Expense	Yields/Rates	Average Balance	Interest Income/Expense	Yields/Rates
<i>(dollars in thousands)</i>						
Assets:						
Cash and cash equivalents	\$ 41,052	\$ 1,800	4.39 %	\$ 35,915	\$ 1,848	5.14 %
Investment securities - taxable	168,172	7,271	4.32	140,602	5,739	4.08
Investment securities - tax exempt ⁽¹⁾	54,525	1,546	2.84	56,698	1,604	2.83
Loans held for sale	29,771	1,864	6.26	34,775	2,226	6.40
Loans held for investment ⁽¹⁾	2,125,591	154,128	7.25	1,986,211	144,940	7.30
Total loans	2,155,362	155,992	7.24	2,020,986	147,166	7.28
Total interest-earning assets	2,419,111	166,609	6.89 %	2,254,201	156,357	6.94 %
Noninterest earning assets	90,199			95,069		
Total assets	<u>\$ 2,509,310</u>			<u>\$ 2,349,270</u>		
Liabilities and stockholders' equity:						
Interest-bearing demand deposits	\$ 162,107	\$ 5,083	3.14 %	\$ 136,387	\$ 5,280	3.87 %
Money market and savings deposits	965,264	32,167	3.33	810,344	32,778	4.04
Time deposits	734,168	30,919	4.21	748,417	35,979	4.81
Total interest - bearing deposits	1,861,539	68,169	3.66	1,695,148	74,037	4.37
Borrowings	129,796	6,204	4.78	159,483	7,878	4.94
Subordinated debentures	49,789	4,263	8.56	49,892	3,116	6.25
Total interest-bearing liabilities	2,041,124	78,636	3.85	1,904,523	85,031	4.46
Noninterest-bearing deposits	250,999			241,990		
Other noninterest-bearing liabilities	35,204			38,121		
Total liabilities	2,327,327			2,184,634		
Total stockholders' equity	181,983			164,636		
Total stockholders' equity and liabilities	<u>\$ 2,509,310</u>			<u>\$ 2,349,270</u>		
Net interest income and spread ⁽¹⁾		<u>\$ 87,973</u>	3.04		<u>\$ 71,326</u>	2.48
Net interest margin ⁽¹⁾			3.64 %			3.16 %

(1) Yields and net interest income are reflected on a tax-equivalent basis.

Rate/Volume Analysis

The rate/volume analysis table below analyzes dollar changes in the components of interest income and interest expense as they relate to the change in balances (volume) and the change in interest rates (rate) of tax-equivalent net interest income for the year ended December 31, 2025 as compared to the year ended December 31, 2024, allocated by rate and volume. Changes in interest income and/or expense attributable to both volume and rate have been allocated proportionately based on the relationship of the absolute dollar amount of the change in each category.

<i>(dollars in thousands)</i>	2025 Compared to 2024		
	Rate	Volume	Total
Interest income:			
Cash and cash equivalents	\$ (292)	\$ 244	\$ (48)
Investment securities - taxable	355	1,177	1,532
Investment securities - tax exempt ⁽¹⁾	4	(62)	(58)
Loans held for sale	(48)	(314)	(362)
Loans held for investment ⁽¹⁾	(924)	10,112	9,188
Total loans	(972)	9,798	8,826
Total interest income	\$ (905)	\$ 11,157	\$ 10,252
Interest expense:			
Interest-bearing demand deposits	\$ (1,098)	\$ 901	\$ (197)
Money market and savings deposits	(6,303)	5,692	(611)
Time deposits	(4,386)	(674)	(5,060)
Total interest - bearing deposits	(11,787)	5,919	(5,868)
Borrowings	(248)	(1,426)	(1,674)
Subordinated debentures	1,153	(6)	1,147
Total interest expense	(10,882)	4,487	(6,395)
Interest differential	\$ 9,977	\$ 6,670	\$ 16,647

(1) Yields and net interest income are reflected on a tax-equivalent basis.

Interest income increased \$10.3 million on a tax equivalent basis, year over year, due to a higher level of average earning assets, which increased by \$164.9 million, offset somewhat by a lower yield on earning assets, which decreased 5 basis points. Average total loans held for investment increased \$139.4 million, most notably in commercial real estate and construction, commercial loans and small business loans, which increased \$160.7 million on average, combined. Home equity loans and residential real estate loans held in portfolio increased \$14.4 million on average, combined. Residential loans for sale decreased \$5.0 million on average. The average yield on loans held for investment decreased 5 basis points while the yield on cash and investments increased 9 basis points in total, reflecting the impact on rates caused by the Federal Reserve's monetary policy.

Interest expense decreased \$6.4 million, year over year, due primarily to market interest rate declines, partially offset by an increase of \$166.4 million in average interest bearing deposits. Interest expense on deposits decreased \$5.9 million with the cost of interest-bearing deposits having decreased 71 basis points to 3.66%. Total cost of deposits decreased 59 basis points reflecting an increase of \$9.0 million in average non-interest bearing deposits. Interest expense on borrowings decreased \$1.7 million as the cost decreased 16 basis points, and total average borrowings balances decreased \$29.7 million.

Net interest margin increased 48 basis points to 3.64% for the year ended December 31, 2025 from 3.16% for the year ended December 31, 2024, as the increase in the volume of interest earning assets outpaced the volume increase in interest-bearing liabilities, while the decline in yield on earnings assets was outpaced by the decline in costs of funds, impacted also by the \$9.0 million increase in average non-interest bearing deposits.

PROVISION FOR CREDIT LOSSES

The provision for credit losses was \$15.2 million for the year ended December 31, 2025, compared to a \$11.4 million provision for the year ended December 31, 2024, an increase of \$3.8 million. The overall provision for credit losses is comprised of provisioning for funded loans as well as unfunded loan commitments. The increase in provision for funded loans of \$3.4 million for the year ended December 31, 2025 was the result of an increase in net charge-offs on construction and small business loans and the resulting increase in specific reserves as nonperforming loans increased \$9.9 million, largely small business loans. The increase in provision was also impacted by an upgrade to the third-party macroeconomic forecast model used to estimate credit losses on the loan portfolio. The model upgrade was based on re-assessing the current macroeconomic variable relationships to expected results. The overall impact to the ACL from the model upgrade, before applying qualitative adjustments, was not considered material.

NON-INTEREST INCOME

The following table presents the components of non-interest income for the periods indicated:

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
<i>(Dollars in thousands)</i>				
Mortgage banking income	\$ 20,783	\$ 21,044	\$ (261)	(1.2)%
Wealth management income	6,316	5,735	581	10.1 %
SBA loan income	5,452	3,458	1,994	57.7 %
Earnings on investment in life insurance	956	868	88	10.1 %
Net gain on sale of MSRs	403	3,992	(3,589)	(89.9)%
Net (loss) gain on sale of loans	(434)	15	(449)	(2993.3)%
Net change in the fair value of derivative instruments	373	30	343	1143.3 %
Net change in the fair value of loans held-for-sale	310	(25)	335	(1340.0)%
Net change in the fair value of loans held-for-investment	659	214	445	207.9 %
Net (loss) on hedging activity	(151)	(87)	(64)	73.6 %
Net gain (loss) on sale of investments AFS	501	(57)	558	(978.9)%
Other	4,012	6,152	(2,140)	(34.8)%
Total non-interest income	<u>\$ 39,180</u>	<u>\$ 41,339</u>	<u>\$ (2,159)</u>	<u>(5.2)%</u>

Total non-interest income decreased \$2.2 million, or 5.2%, from the year-ended December 31, 2024 to the year-end December 31, 2025. Year over year there was a \$2.0 million increase in SBA loan sale income, an increase in wealth management revenue of \$581 thousand, as well as an increase of \$1.1 million overall in changes in fair values. SBA loan sale income increased due to an increase of \$38.3 million, or 64.4%, in the volume of loans sold in 2025 to \$97.8 million compared to 2024. The gross margin on SBA sales in 2025 was 7.1% overall, compared to 8.0% for 2024 sales. The \$581 thousand increase in wealth management revenue was due to increased assets under management and better market conditions in general year over year. The \$1.1 million increase in the changes in fair values was due to a \$343 thousand increase in the fair value of derivative instruments, a \$335 thousand increase in fair value of loans held-for-sale, and a \$445 thousand increase in the fair value of loans held-for-investment.

Offsetting these increases in non-interest income was a \$3.6 million decrease in the net gain on sale of MSRs, a decline in net gains on sale of non-SBA related loans, and a decline on other non-interest income. For the year-ended December 31, 2024 a gain of \$4.0 million was recorded on the sale of \$6.6 million in residential loan servicing rights, while for the year-ended December 31, 2025 there were sales of \$979 thousand in residential loan servicing rights. The sale of non-SBA loans resulted in a net loss of \$434 thousand for the year-ended December 31, 2025, compared to a net gain of \$15 thousand for the year-ended December 31, 2024. These sales included a \$25.0 million portion of the residential mortgage portfolio that was sold at the end of 2025 and a \$440 thousand sale of a commercial loan in the third quarter of 2025. Other non-interest income decreased \$1.8 million due to smaller decreases in several miscellaneous income types.

NON-INTEREST EXPENSE

The following table presents the components of non-interest expense for the periods indicated:

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
<i>(Dollars in thousands)</i>				
Salaries and employee benefits	\$ 51,280	\$ 47,268	\$ 4,012	8.5 %
Occupancy and equipment	4,576	5,976	(1,400)	(23.4)%
Professional fees	4,095	4,767	(672)	(14.1)%
Data processing and software	7,031	6,144	887	14.4 %
Advertising and promotion	3,877	3,293	584	17.7 %
Pennsylvania bank shares tax	1,016	972	44	4.5 %
Other	11,429	10,729	700	6.5 %
Total non-interest expense	<u>\$ 83,304</u>	<u>\$ 79,149</u>	<u>\$ 4,155</u>	<u>5.2 %</u>

Total non-interest expense increased \$4.2 million, or 5.2% to \$83.3 million for the year ended December 31, 2025. The main drivers of this increase were salaries and employee benefits which increased \$4.0 million, data processing and software expense increased \$887 thousand, advertising and promotion expense increased \$584 thousand, and other non-interest expense increased by \$700 thousand.

Salaries and employee benefits increased \$4.0 million due to the rising costs of benefits and headcount being up for the bank and wealth segments, leading to a nearly \$2.5 million increase in salaries and related benefits and taxes. There was also a nearly \$1.5 million increase in incentive related expenses due to increased profitability in the current year. Data processing and software expense increased \$887 thousand due an increase in customer transaction volume and a continued investment in new and innovative technology to improve back-office and customer facing systems. Advertising and promotion expense increased \$584 thousand as the result of a television and digital advertising campaign that ran during 2025, combined with a higher level of charitable donations and

business development activities during the year. Other expense increased \$700 thousand due to an increase in OREO expenses related to the \$2.3 million increase in the OREO balance year-over-year as 4 properties were added to this balance in 2025, combined with an increase in employee related expenses and certain loan expenses.

Partially offsetting these increases was a decrease of \$1.4 million in occupancy and equipment expense and a decrease in professional fees. Occupancy expense decreased year-over-year largely due to costs incurred in 2024 for the early termination of leases. Professional fees decreased \$672 thousand largely due to savings realized from a change in an internal audit outsourcing and tax accounting relationships, as well as legal costs related to the mortgage segment from 2024.

INCOME TAX EXPENSE

The following table presents income tax expense and related metrics for the periods indicated:

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
<i>(Dollars in thousands)</i>				
Income before income taxes	\$ 28,402	\$ 21,786	\$ 6,616	30.4 %
Income tax expense	\$ 6,566	\$ 5,440	\$ 1,126	20.7 %
Effective tax rate	23.12 %	24.97 %	(1.85)%	(7.4)%

While income tax expense increased primarily due to the increase in income before income taxes, the effective tax rate decreased related to the impact of solar tax credits purchased at the end of 2025. The effective tax rate reflects the recognition of certain tax benefits in the financial statements including those benefits from tax-exempt interest income, federal low-income housing tax credits, and excess tax benefits from recognized stock compensation. These tax benefits are offset by the tax effect of stock-based compensation expense related to incentive stock options and a provision for state income tax expense.

We frequently analyze our projections of taxable income and make adjustments to our provision for income taxes accordingly.

Balance Sheet Summary

Assets

As of December 31, 2025, total assets were \$2.6 billion which increased \$176.1 million, or 7.4%, from December 31, 2024. This growth in assets over the prior period was due primarily to loan portfolio growth, as detailed in the following section.

Loans

Our loan portfolio is the largest category of our interest-earning assets. As of December 31, 2025 and 2024, our total loans and other finance receivables amounted to \$2.2 billion, and \$2.1 billion, respectively. Our loan portfolio is comprised of loans originated to be held in portfolio, as well as residential mortgage loans originated for sale. Meridian engages in the origination of residential mortgages, most typically for 1-4 family dwellings, with the intention of the Corporation to principally sell substantially all of these loans in the secondary market to qualified investors. Our loans held in portfolio are originated by our commercial and consumer loan divisions. We have a strong credit culture that promotes diversity of lending products with a focus on commercial businesses. We have no particular credit concentration. Our commercial loans have been proactively managed in an effort to achieve a balanced portfolio with no unusual exposure to one industry.

The following table presents our loans and other finance receivables portfolio at the dates indicated:

	December 31, 2025	December 31, 2024	\$ Change	% Change
<i>(Dollars in thousands)</i>				
Mortgage loans held for sale	\$ 33,762	\$ 32,413	\$ 1,349	4.2 %
Real estate loans:				
Commercial mortgage	879,440	823,976	55,464	6.7 %
Home equity lines and loans	107,002	90,721	16,281	17.9 %
Residential mortgage	236,135	252,565	(16,430)	(6.5)%
Construction	330,543	259,553	70,990	27.4 %
Total real estate loans	1,553,120	1,426,815	126,305	8.9 %
Commercial, industrial & other finance receivables	428,981	367,366	61,615	16.8 %
Small business loans	139,765	155,775	(16,010)	(10.3)%
Consumer	329	349	(20)	(5.7)%
Leases, net	45,489	75,987	(30,498)	(40.1)%
Loans and other finance receivables	\$ 2,167,684	\$ 2,026,292	\$ 141,392	7.0 %
Total loans and other finance receivables	\$ 2,201,446	\$ 2,058,705	\$ 142,741	6.9 %

Portfolio loans increased \$141.4 million, or 7.0% to \$2.2 billion as of December 31, 2025, from \$2.0 billion as of December 31, 2024.

The following table shows the amounts of loans and other finance receivables outstanding as of December 31, 2025 which, based on remaining scheduled repayments of principal, are due in the periods indicated:

<i>(dollars in thousands)</i>	12 months or Less	1 - 5 years	5 - 15 years	After 15 years	Total
Commercial mortgage	\$ 66,313	\$ 333,463	\$ 475,815	\$ 3,849	\$ 879,440
Home equity lines and loans	1,995	2,909	99,546	2,552	107,002
Residential mortgage	229	1,895	1,245	232,766	236,135
Construction	137,048	100,366	91,886	1,243	330,543
Commercial, industrial & other finance receivables	58,321	144,833	76,162	149,665	428,981
Small business loans	432	11,368	86,583	41,382	139,765
Consumer	17	92	216	4	329
Leases, net	5,235	39,084	1,170	—	45,489
Loans and other finance receivables	<u>\$ 269,590</u>	<u>\$ 634,010</u>	<u>\$ 832,623</u>	<u>\$ 431,461</u>	<u>\$ 2,167,684</u>

The amounts have been classified according to sensitivity to changes in interest rates as of December 31, 2025. Variance rate loans are those loans with floating or adjustable interest rates.

<i>(dollars in thousands)</i>	Fixed Rate	Variable Rate	Total
Commercial mortgage	\$ 180,806	\$ 698,634	\$ 879,440
Home equity lines and loans	5,320	101,682	107,002
Residential mortgage	58,720	177,415	236,135
Construction	11,010	319,533	330,543
Commercial, industrial & other finance receivables	62,811	366,170	428,981
Small business loans	5,429	134,336	139,765
Consumer	259	70	329
Leases, net	45,489	—	45,489
Loans and other finance receivables	<u>\$ 369,844</u>	<u>\$ 1,797,840</u>	<u>\$ 2,167,684</u>

Commercial real estate loans. Our commercial real estate loans are secured by real estate that is both owner-occupied and investor owned. Owner-occupied commercial real estate loans generally involve less risk than an investment property and are distinctly reported from non-owner occupied commercial real estate loans for measuring loan concentrations for regulatory purposes. Our owner-occupied commercial real estate loans are originated and managed within our commercial loan department and amounted to \$335 million at December 31, 2025. The remaining commercial real estate loans are managed by our commercial real estate department which offer the following commercial real estate products:

- Permanent – Investor Real Estate Loans
- Purchase and refinance loan opportunities for a number of product types, including single-family rentals, multi-family residential as well as tenanted income producing properties in a variety of real estate types, including office, retail, industrial, and flex space
- Construction Loans
- Residential construction loans to finance new construction and renovation of single and 1-4 family homes located within our market area
- Commercial construction loans for investment properties, generally with semi-permanent attributes
- Construction loans for new, expanded or renovated operations for our owner occupied business clients
- Land Development Loans
- Meridian considers a limited number of strictly land development oriented loans based upon the risk, merit of the future project and strength of the borrower/guarantor relationship

Our commercial real estate loans increased by \$55.5 million, or 6.7%, to \$879.4 million at December 31, 2025 from \$824.0 million at December 31, 2024. Our commercial real estate loan portfolio represented 39.9% and 40.0% of our total loan portfolio at December 31, 2025 and 2024, respectively. Construction loans increased \$71.0 million, or 27.4%, to \$330.5 million at December 31, 2025 from \$259.6 million at December 31, 2024. Construction loans represented 15.0% and 12.6% of our total loan portfolio at December 31, 2025 and 2024, respectively.

Commercial and Industrial Loans (C & I) and Other Finance Receivables

We provide a variety of variable and fixed rate commercial business loans, lines of credit and other financing facilities. These credit facilities are made to small and medium-sized manufacturers and wholesale, retail and service-related businesses. Additionally, we lend to companies in the technology, healthcare, real estate and financial service industries. Commercial business loans generally include lines of credit and term loans with a maturity of five years or less. Other finance receivables include advances to merchants for short-term cash flow needs. The primary source of repayment for commercial credit is generally operating cash flows of the business and may also include collateralization of inventory, accounts receivable, equipment and/or personal guarantees. Our C & I loans increased \$61.6 million, or 16.8%, to \$429.0 million at December 31, 2025 from \$367.4 million at December 31, 2024. C & I loans overall represented 19.5% and 17.8% of our total loan portfolio at December 31, 2025 and 2024, respectively.

Our 10 largest C & I relationships represented 11% of our C & I portfolio and 5% of the total loan portfolio at December 31, 2025. The average loan size outstanding in C & I portfolio, excluding leases, was \$403 thousand at December 31, 2025 and the weighted average risk rating of the C & I portfolio is pass, based on our credit rating scale of 1 through 9, where ratings 1 through 5 are considered pass.

Small Business Loans

We provide financing to small businesses in various industries that include guarantees under the Small Business Administration's (SBA's) loan programs. Our small business loans decreased by \$16.0 million, or 10.3%, to \$139.8 million at December 31, 2025 from \$155.8 million at December 31, 2024, due to an increase in sale of such loans during 2025. During 2025 we sold \$97.8 million in SBA loans, an increase of \$38.3 million, or 64.4%, from \$59.4 million in SBA loans sold in 2024. The small business loans portfolio represented 6.3% and 7.6% of our total loan portfolio at December 31, 2025 and 2024, respectively.

Consumer and Personal Loans

Our consumer-lending department principally originates residential mortgage and home equity based products for our clients and prospects. These loans typically fund completely at closing. Additional products include smaller dollar personal loans and our student loan refinance product, designed to provide additional flexibility in repayment terms desired in the marketplace. Home equity lines and loans increased \$16.3 million, or 17.9%, to \$107.0 million at December 31, 2025 from \$90.7 million at December 31, 2024, while residential mortgage loans decreased by \$16.4 million, or 6.5%, to \$236.1 million at December 31, 2025 from \$252.6 million at December 31, 2024. Overall the total consumer loan portfolio represented 15.6% and 16.7% of our total loan portfolio at December 31, 2025 and 2024, respectively.

Leases, net

Meridian Equipment Finance specializes in small ticket equipment leases for small and mid-sized businesses nationally and through a broad range of industries. Leases decreased \$30.5 million, or 40.1% to \$45.5 million at December 31, 2025 as we continue to shift focus to commercial relationship lending.

Investments

Our securities portfolio is used to make various term investments, maintain a source of liquidity and serve as collateral for certain types of deposits and borrowings. We manage our investment portfolio according to written investment policies approved by our board of directors. Investments in our securities portfolio may change over time based on our funding needs and interest rate risk management objectives. Our liquidity levels take into account anticipated future cash flows and other available sources of funds and are maintained at levels that we believe are appropriate to provide the necessary flexibility to meet our anticipated funding requirements.

As of December 31, 2025 our available-for-sale investment portfolio had a fair value of \$193.5 million, with an effective tax equivalent yield of 3.84% and an estimated duration of approximately 3.7 years. The largest category of this investment portfolio, or 45.7%, consists of U.S. agency securities, along with 20.7% in municipal securities, and 8.4% in U.S. Treasury securities. The remainder of our available-for-sale securities portfolio is invested in other securities. We regularly evaluate the composition of our investment portfolio as the interest rate yield curve changes and may sell investment securities from time to time to adjust our exposure to interest rates or to provide liquidity to meet loan demand. Not included in the tables below are equity investments that had fair values of \$2.2 million and \$2.1 million, as of December 31, 2025 and 2024, respectively. As of December 31, 2025 we also had a held-to-maturity investment portfolio with amortized cost of \$32.5 million.

The following table presents the amortized cost and fair value of securities at the dates indicated:

	December 31, 2025					
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Allowance for credit losses	Fair value	# of Securities in unrealized loss position
<i>(dollars in thousands)</i>						
Securities available-for-sale:						
U.S. asset backed securities	\$ 26,385	\$ 51	\$ (219)	\$ —	\$ 26,217	13
U.S. government agency MBS	22,396	223	(268)	—	22,351	6
U.S. government agency CMO	67,216	441	(1,526)	—	66,131	38
State and municipal securities	43,282	151	(3,401)	—	40,032	31
U.S. Treasuries	17,039	—	(833)	—	16,206	16
Non-U.S. government agency CMO	8,786	27	(207)	—	8,606	9
Corporate bonds	14,023	266	(375)	—	13,914	11
Total securities available-for-sale	<u>\$ 199,127</u>	<u>\$ 1,159</u>	<u>\$ (6,829)</u>	<u>\$ —</u>	<u>\$ 193,457</u>	<u>124</u>

	Amortized cost	Gross unrecognized gains	Gross unrecognized losses	Allowance for credit losses	Fair value	# of Securities in unrecognized loss position
State and municipal securities						
Total securities held-to-maturity	\$ 32,544	\$ 22	\$ (2,414)	\$ —	\$ 30,152	19
	<u>\$ 32,544</u>	<u>\$ 22</u>	<u>\$ (2,414)</u>	<u>\$ —</u>	<u>\$ 30,152</u>	<u>19</u>

December 31, 2024						
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Allowance for credit losses	Fair value	# of Securities in unrealized loss position
<i>(dollars in thousands)</i>						
Securities available-for-sale:						
U.S. asset backed securities	\$ 29,931	\$ 73	\$ (160)	\$ —	\$ 29,844	12
U.S. government agency MBS	21,392	96	(617)	—	20,871	14
U.S. government agency CMO	48,051	23	(2,461)	—	45,613	42
State and municipal securities	40,854	1	(4,159)	—	36,696	31
U.S. Treasuries	17,039	—	(1,589)	—	15,450	16
Non-U.S. government agency CMO	12,082	59	(412)	—	11,729	9
Corporate bonds	14,415	448	(762)	—	14,101	15
Total securities available-for-sale	<u>\$ 183,764</u>	<u>\$ 700</u>	<u>\$ (10,160)</u>	<u>\$ —</u>	<u>\$ 174,304</u>	<u>139</u>

	Amortized cost	Gross unrecognized gains	Gross unrecognized losses	Allowance for credit losses	Fair value	# of Securities in unrecognized loss position
Securities held to maturity:						
State and municipal securities	\$ 33,771	\$ 7	\$ (3,286)	\$ —	\$ 30,492	19
Total securities held-to-maturity	<u>\$ 33,771</u>	<u>\$ 7</u>	<u>\$ (3,286)</u>	<u>\$ —</u>	<u>\$ 30,492</u>	<u>19</u>

Asset Quality Summary

The ratio of non-performing assets to total assets increased to 2.38% as of December 31, 2025, from 1.90% as of December 31, 2024. There was \$3.6 million and \$159 thousand in other real estate property, as well as \$2.4 million and \$117 thousand of repossessed assets, included in non-performing assets as of December 31, 2025 and 2024, respectively. The balance in OREO as of December 31, 2025 consisted of 4 well secured commercial properties, while the balance as of December 31, 2024 related to a well secured residential property. The balance in repossessed assets as of December 31, 2025 consisted of a billboard asset from a commercial loan relationship and repossessed equipment that collateralized leases, while the balance as of December 31, 2024 related solely to repossessed equipment.

The ratio of non-performing loans to total loans increased to 2.50% as of December 31, 2025, from 2.19% as of December 31, 2024. Total non-performing loans were \$55.1 million and \$45.1 million as of December 31, 2025 and December 31, 2024, respectively. The increase in non-performing loans over the period was due to increases in non-performing small business loans, residential mortgage loans, and commercial mortgage loans of \$12.5 million, \$2.5 million, and \$1.7 million, respectively, partially offset by a decrease of \$5.2 million in non-performing commercial loans due to the charge-off of a few commercial loans. Included in non-performing small business loans as of December 31, 2025 and December 31, 2024, are \$13.2 million and \$6.5 million in SBA guarantees, respectively. Non-performing loans, net of the SBA guaranteed portion, as a percent of total loans were 1.90% and 1.87% as of December 31, 2025, and 2024, respectively.

Meridian realized net charge-offs of \$11.9 million, or 0.55%, of total average loans for the year ended December 31, 2025, compared to net charge-offs of \$15.8 million, or 0.78%, of total average loans for the year ended December 31, 2024. A majority of net charge-offs for the year ended December 31, 2025 were from small business loans of \$5.0 million, commercial loans of \$2.4 million, finance receivables of \$2.2 million, and equipment leases of \$1.5 million. The ratio of allowance for credit losses to total loans held for investment, excluding loans at fair value (a non-GAAP measure, see reconciliation in the Appendix), was 1.00% as of December 31, 2025 compared to 0.91% as of December 31, 2024. The increase in coverage ratio was driven by several factors including: reserving for the year over year increase in non-performing loans and an increase in the baseline loss rates used in the ACL calculation for portfolios that drove the increase in non-performing loans, combined with an increase in qualitative reserve factors year-over-year.

As of December 31, 2025 there were specific reserves of \$3.4 million against individually evaluated loans, an increase from \$2.7 million as of December 31, 2024. The drivers of the increase related to a \$1.2 million increase in SBA loan specific reserves, partially offset with a \$524 thousand decline in specific reserves on commercial loans.

The Corporation is proactive with its loan review process that utilizes the engagement of an independent outside loan review firm, which helps identify developing credit issues. Proactive steps that are taken include the procurement of additional collateral (preferably outside the current loan structure) whenever possible and frequent contact with the borrower. The Corporation believes that timely identification of credit issues and appropriate actions early in the process serve to mitigate overall risk of loss.

The following table presents nonperforming assets and related ratios for the periods indicated:

<i>(dollars in thousands)</i>	December 31, 2025	December 31, 2024
Non-performing assets:		
Nonaccrual loans:		
Real estate loans:		
Commercial mortgage	\$ 2,472	\$ 809
Home equity lines and loans	2,023	1,716
Residential mortgage	10,385	7,900
Construction	6,650	8,613
Total real estate loans	21,530	19,038
Commercial, industrial & other finance receivables	6,770	11,966
Small business loans ⁽¹⁾	24,781	12,270
Leases	1,979	1,851
Total nonaccrual loans	55,060	45,125
Other real estate owned	3,592	159
Repossessed assets	2,405	117
Total non-performing assets	<u>\$ 61,057</u>	<u>\$ 45,401</u>
Asset quality ratios:		
Non-performing assets to total assets	2.38 %	1.90 %
Non-performing loans to:		
Total loans and other finance receivables	2.54 %	2.22 %
Total loans and other finance receivables (excluding loans at fair value) ⁽²⁾	2.55 %	2.24 %
Allowance for credit losses to:		
Total loans and other finance receivables	0.99 %	0.91 %
Total loans and other finance receivables (excluding loans at fair value) ⁽²⁾	1.00 %	0.91 %
Non-performing loans	39.18 %	40.86 %
Total loans and leases	\$ 2,204,362	\$ 2,062,850
Total loans and other finance receivables	2,170,600	2,030,437
Total loans and other finance receivables (excluding loans at fair value)	2,156,204	2,015,936
Allowance for credit losses	21,573	18,438

(1) Included in non-performing small business loans as of December 31, 2025, and 2024, respectively, are \$13.2 million and \$6.5 million in SBA guarantees.

(2) The allowance for credit losses to total loans held-for-investment (excluding loans at fair value) ratio is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for a reconciliation of this measure to its most comparable GAAP measure.

Allowance for Credit Losses

The following is a summary of the allocation of the allowance for credit losses by loan category for the periods presented.

<i>(dollars in thousands)</i>	December 31, 2025	% of Loan Type to Total Loans	December 31, 2024	% of Loan Type to Total Loans
Commercial mortgage	\$ 3,676	41%	\$ 3,469	41%
Home equity lines and loans	1,162	5%	1,147	4%
Residential mortgage	926	11%	1,021	12%
Construction	2,067	15%	923	13%
Commercial, industrial & other finance receivables	2,982	20%	3,098	18%
Small business loans	9,321	6%	6,304	8%
Leases	1,439	2%	2,476	4%
Total	<u>\$ 21,573</u>	<u>100%</u>	<u>\$ 18,438</u>	<u>100%</u>

The following table provides information on net (charge-offs) and recoveries by loan category for the years ended:

	December 31, 2025	December 31, 2024
Home equity lines and loans	\$ 6	\$ (56)
Residential mortgage	2	13
Construction	(738)	—
Commercial, industrial & other finance receivables	(4,632)	(6,304)
Small business loans	(4,951)	(4,164)
Consumer	(7)	(1)
Leases	(1,538)	(5,324)
Total Net Charge-offs	<u>\$ (11,858)</u>	<u>\$ (15,836)</u>

Deposits

The following table presents the major categories of deposits at the dates indicated:

<i>(Dollars in thousands)</i>	December 31, 2025	December 31, 2024	\$ Change	% Change
Noninterest-bearing deposits	\$ 245,377	\$ 240,858	\$ 4,519	1.9 %
Interest-bearing deposits:				
Interest-bearing demand deposits	157,360	141,439	15,921	11.3 %
Money market and savings deposits	1,023,290	913,536	109,754	12.0 %
Time deposits	732,101	709,535	22,566	3.2 %
Total interest-bearing deposits	1,912,751	1,764,510	148,241	8.4 %
Total deposits	<u>\$ 2,158,128</u>	<u>\$ 2,005,368</u>	<u>\$ 152,760</u>	<u>7.6 %</u>

Total deposits were \$2.2 billion as of December 31, 2025, up \$152.8 million, or 7.6%, from December 31, 2024. Non-interest bearing deposits increased \$4.5 million, or 1.9%, from December 31, 2024. Interest-bearing demand deposits increased \$15.9 million, or 11.3%, from December 31, 2024, while money market accounts and savings deposits increased \$109.8 million, or 12.0%, during the period. Business accounts comprised 52% of all deposits, consumer accounts and municipal deposits comprised 14% and 12%, respectively, and wholesale funding was approximately 22%. Wholesale funding supports loan growth as business accounts from lending relationships tend to lag and wholesale funding can easily be managed through term.

Time deposits of \$250 thousand or more had remaining maturities as follows:

<i>(Dollars in thousands)</i>	Year Ended December 31, 2025	
	Amount	%
3 months or less	\$ 144,428	27.6%
Over 3 months through 6 months	133,151	25.5%
Over 6 months through 12 months	182,904	35.0%
Over 12 months	62,185	11.9%
Total	<u>\$ 522,668</u>	<u>100.0%</u>

Equity

Consolidated stockholders' equity of the Corporation was \$199.7 million, or 7.8% of total assets as of December 31, 2025 as compared to \$171.5 million, or 7.2% of total assets as of December 31, 2024. The increase in stockholders' equity is the result of net income for the year ended December 31, 2025 of \$21.8 million, net proceeds from the sale of common stock of \$7.5 million, comprehensive income of \$2.9 million, and \$596 thousand in stock-based compensation and stock options exercised, partially offset by dividends paid of \$5.7 million, and an increase of \$425 thousand in ESOP leverage.

On February 28, 2023, the Corporation approved and declared a two-for-one stock split in the form of a 100% stock dividend, payable March 20, 2023, to shareholders of record as of March 14, 2023. Under the terms of the stock split, the Corporation's shareholders received a dividend of one share for every share held on the record date. The par value of the Corporation's stock was not affected by the split and remained at \$1.00 per share. All share and per share amounts reported in the consolidated financial statements have been adjusted to reflect the two-for-one stock split effective February 28, 2023.

Non-GAAP Financial Measures

Meridian believes that non-GAAP measures are meaningful because they reflect adjustments commonly made by management, investors, regulators and analysts to evaluate performance trends and the adequacy of common equity. This non-GAAP disclosure has limitations as an analytical tool, should not be viewed as a substitute for performance and financial condition measures determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of Meridian's results as reported under GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies.

The tables below provides the non-GAAP reconciliation for the Corporation's pre-provision net revenue.

	Year Ended	
	December 31, 2025	December 31, 2024
<i>(dollars in thousands)</i>		
Income before income tax expense	\$ 28,402	\$ 21,786
Provision for credit losses	15,152	11,400
Pre-provision net revenue	<u>\$ 43,554</u>	<u>\$ 33,186</u>

	Year Ended	
	December 31, 2025	December 31, 2024
<i>(dollars in thousands)</i>		
Bank	\$ 40,140	\$ 26,698
Wealth	2,337	2,375
Mortgage	1,077	4,113
Pre-provision net revenue	<u>\$ 43,554</u>	<u>\$ 33,186</u>

The table below provides the non-GAAP reconciliation for the Corporation's tangible common equity ratio and tangible book value per common share.

	December 31, 2025	December 31, 2024
<i>(dollars in thousands)</i>		
Total stockholders' equity (GAAP)	\$ 199,716	\$ 171,522
Less: Goodwill and intangible assets	(3,462)	(3,666)
Tangible common equity (non-GAAP)	<u>\$ 196,254</u>	<u>\$ 167,856</u>
Total assets (GAAP)	2,561,995	2,385,867
Less: Goodwill and intangible assets	(3,462)	(3,666)
Tangible assets (non-GAAP)	<u>\$ 2,558,533</u>	<u>\$ 2,382,201</u>
Stockholders' equity to total assets (GAAP)	7.80%	7.19%
Tangible common equity to tangible assets (non-GAAP)	7.67%	7.05%
Shares outstanding	11,826	11,240
Book value per share (GAAP)	\$ 16.89	\$ 15.26
Tangible book value per share (non-GAAP)	\$ 16.59	\$ 14.93

The following is a reconciliation of the allowance for credit losses to loans and other finance receivables ratio at December 31, 2025. This is considered a non-GAAP measure as the calculation excludes the impact of loans held for investment that are fair valued as these loan types are not included in the allowance for credit losses calculation.

	December 31, 2025	December 31, 2024
<i>(dollars in thousands)</i>		
Allowance for credit losses (GAAP)	\$ 21,573	\$ 18,438
Loans and other finance receivables (GAAP)	2,170,600	2,030,437
Less: Loans at fair value	(14,396)	(14,501)
Loans and other finance receivables, excluding loans at fair value (non-GAAP)	<u>\$ 2,156,204</u>	<u>\$ 2,015,936</u>
ACL to loans and other finance receivables (GAAP)	0.99%	0.91%
ACL to loans and other finance receivables, excluding loans at fair value (non-GAAP)	1.00%	0.91%

Liquidity

Management maintains liquidity to meet depositors' needs for funds, to satisfy or fund loan commitments, and for other operating purposes. Meridian's foundation for liquidity is a stable and loyal customer deposit base, cash and cash equivalents, and a marketable investment portfolio that provides periodic cash flow through regular maturities and amortization or that can be used as collateral to secure funding. In addition, as part of its liquidity management, Meridian maintains a portion of commercial loan assets that are comprised of SNCs, which have a national market and can be sold in a timely manner. Meridian's available liquidity, which totaled \$346.3 million at December 31, 2025, compared to \$315.8 million at December 31, 2024, includes investments, SNCs, Federal funds sold, mortgages held-for-sale and cash and cash equivalents, less the amount of securities required to be pledged for certain liabilities. Meridian also anticipates scheduled payments and prepayments on its loan and mortgage-backed securities portfolios.

In addition, Meridian maintains borrowing arrangements with various correspondent banks, the FHLB and the FRB to meet short-term liquidity needs. Through its relationship at the FRB, Meridian had available credit of approximately \$4.2 million at December 31, 2025. At December 31, 2025, Meridian had \$0 in borrowings from the Federal Reserve. As a member of the FHLB, we are eligible to borrow up to a specific credit limit, which is determined by the amount of our residential mortgages, commercial mortgages and other loans that have been pledged as collateral. As of December 31, 2025, Meridian's maximum borrowing capacity with the FHLB was \$751.5 million. At December 31, 2025, Meridian had borrowed \$115.8 million and the FHLB had issued letters of credit, on Meridian's behalf, totaling \$178.6 million against its available credit lines. At December 31, 2025, Meridian also had available \$56.0 million of unsecured federal funds lines of credit with other financial institutions as well as \$306.8 million of available short or long term funding through the CDARS program and brokered CD arrangements. Management believes that Meridian has adequate resources to meet its short-term and long-term funding requirements.

Loan Commitments

At December 31, 2025, Meridian had \$651.3 million in unfunded loan commitments. Management anticipates these commitments will be funded by means of normal cash flows. Certificates of deposit greater than or equal to \$250 thousand scheduled to mature in one year or less from December 31, 2025 totaled \$460.5 million. Management believes that the majority of such deposits will be reinvested with Meridian and that certificates that are not renewed will be funded by a reduction in cash and cash equivalents or by pay-downs and maturities of loans and investments. At December 31, 2025, Meridian had a reserve for unfunded loan commitments of \$976 thousand.

Capital Resources

Meridian meets the definition of "well capitalized" for regulatory purposes on December 31, 2025. Our capital category is determined for the purposes of applying the bank regulators' "prompt corrective action" regulations and for determining levels of deposit insurance assessments and may not constitute an accurate representation of Meridian's overall financial condition or prospects.

Under federal banking laws and regulations, Meridian is required to maintain minimum capital as determined by certain regulatory ratios. Capital adequacy for regulatory purposes, and the capital category assigned to an institution by its regulators, may be determinative of an institution's overall financial condition. Under the final capital rules that became effective as of January 1, 2019, a capital conservation buffer is fully phased in at 2.5%.

Community banks have long raised concerns with bank regulators about the regulatory burden, complexity, and costs associated with certain provisions of the Basel III Rule. In response, Congress provided an "off-ramp" for institutions, like us, with total consolidated assets of less than \$10 billion. Section 201 of the Regulatory Relief Act instructed the federal banking regulators to establish a single CBLR of between 8 and 10%. The Bank adopted this framework in 2020. Under the final rule, a community banking organization is eligible to elect the new framework if it has: less than \$10 billion in total consolidated assets, limited amounts of certain assets and off-balance sheet exposures, and a CBLR greater than 9%. The Bank's CBLR was 9.50% and 9.21% as of December 31, 2025 and 2024, respectively, but reports all ratios for comparative purposes.

Tables presenting the Bank's capital amounts and ratios as of December 31, 2025 and 2024 are included in Note 18 - Regulatory Matters.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our primary market risk is interest rate risk, which is defined as the risk of loss of net interest income or net interest margin because of changes in interest rates.

Asset/Liability Management

As a financial institution, one of our primary market risks is interest rate volatility. Changes in market interest rates, whether they are increases or decreases, can trigger repricing and changes in the pace of payments for both assets and liabilities (prepayment risk), which individually or in combination may affect our net income, net interest income and net interest margin, either positively or negatively. In recognition of this, we actively manage our assets and liabilities to minimize the impact of changing interest rates on our net interest margin and maximize our net interest income and the return on equity, while maintaining adequate liquidity and capital.

Our board of directors has established a Board Risk Committee that, among other duties, sets broad ALM policy and directives for asset/liability management, as well as establishes review and control procedures to ensure adherence to this policy. The board of directors has delegated authority for the development and implementation of all asset and liability management policies, procedures, and strategies to the ALCO. ALCO is comprised of various members of senior management responsible for interpreting the longer range objectives established by the board of directors. As such, ALCO sets basic direction for the Corporation's sources and uses of funds, establishes numerical ranges for primary and secondary objectives, monitors risk and the delivery of services, establishes subs to manage specific ALM activities, and monitors the counterparties engaged in ALM activities. Our ALM policy is reviewed by ALCO and the board of directors at least annually, which includes an evaluation of the ALM policy limits and guidelines in light of our risk profile, business strategies, regulatory guidelines and overall market conditions.

As part of our management of interest rate risk, we utilize the following modeling techniques that simulate the effects of variations in interest rates: (1) repricing gap analysis; (2) net interest income simulation; and (3) economic value of equity simulation. These models require that we use various assumptions, including asset and liability pricing responses, asset and liability new business, repayment and redemption responses, behavior of embedded options and sensitivity of relationships across different rate indexes and product types. These assumptions are inherently uncertain and, as a result, the models cannot precisely predict the fluctuations in market interest rates or precisely measure the impact of future changes in interest rates. Actual results will differ from the model's simulated results due to timing, magnitude and frequency of interest rate changes as well as changes in market conditions and the application and timing of various management strategies.

Simulations of net interest income. We use a simulation model on a quarterly basis to measure and evaluate potential changes in our net interest income resulting from various hypothetical interest rate scenarios. Our model incorporates various assumptions that management believes to be reasonable, but which may have a significant impact on results such as:

- The timing of changes in interest rates;
- Shifts or rotations in the yield curve;
- Repricing characteristics for market rate sensitive instruments on the balance sheet;
- Differing sensitivities of financial instruments due to differing underlying rate indices;
- Varying timing of loan prepayments for different interest rate scenarios;
- The effect of interest rate floors, periodic loan caps and lifetime loan caps;
- Overall growth rates and product mix of interest-earning assets and interest-bearing liabilities.

Because of the limitations inherent in any approach used to measure interest rate risk, simulated results are not intended to be used as a forecast of the actual effect of a change in market interest rates on our results, but rather as a means to better plan and execute appropriate ALM strategies.

Potential changes to our net interest income between a flat interest rate scenario and hypothetical rising and declining interest rate scenarios, measured over a one-year period as of December 31, 2025 and 2024 are presented in the following table. The simulation assumes rate shifts occur upward and downward on the yield curve in even increments over the first twelve months (ramp), followed by rates held constant thereafter.

Rate Ramp:

Changes in Market Interest Rates	December 31, 2025	December 31, 2024
+300 basis points over next 12 months	1.32 %	1.87 %
+200 basis points over next 12 months	1.10 %	1.48 %
+100 basis points over next 12 months	0.67 %	0.92 %
No Change		
-100 basis points over next 12 months	(0.60)%	(1.08)%
-200 basis points over next 12 months	(0.76)%	(1.82)%
-300 basis points over next 12 months	(0.25)%	(1.84)%

The above interest rate simulation suggests that the Corporation's balance sheet is asset sensitive as of December 31, 2025. In its current position, the table indicates that a 100-300 basis point increase in interest rates would have a positive impact from rising rates on net interest income over the next 12 months and a negative impact in a falling rate scenario. The simulated exposure to a change in interest rates is contained, manageable and well within policy guidelines.

Simulation of economic value of equity. To quantify the amount of capital required to absorb potential losses in value of our interest-earning assets and interest-bearing liabilities resulting from adverse market movements, we calculate economic value of equity on a quarterly basis. We define economic value of equity as the net present value of our balance sheet's cash flow, and we calculate economic value of equity by discounting anticipated principal and interest cash flows under the prevailing and hypothetical interest rate environments. Potential changes to our economic value of equity between a flat rate scenario and hypothetical rising and declining rate scenarios, measured as of December 31, 2025 and 2024, are presented in the following table. The projections assume shifts upward and downward in the yield curve of 100, 200 and 300 basis points occurring immediately. Management has and continues to employ strategies to mitigate risk in these scenarios. Strategies include actively lowering deposit and funding rates as well as adding and maintaining the use of interest rate floors on floating rate loans.

Changes in Market Interest Rates	December 31, 2025	December 31, 2024
+300 basis points over next 12 months	7 %	4 %
+200 basis points over next 12 months	6 %	4 %
+100 basis points over next 12 months	4 %	3 %
No Change		
-100 basis points over next 12 months	(7)%	(6)%
-200 basis points over next 12 months	(18)%	(16)%
-300 basis points over next 12 months	(34)%	(33)%

This economic value of equity profile at December 31, 2025 suggests that we would experience a negative effect from a decrease in rates, and that the impact would become greater as rates continue to fall due to the duration of our interest-earning assets. While an instantaneous shift in interest rates is used in this analysis to provide an estimate of exposure, we believe that a gradual shift in interest rates would have a much more modest impact. Since economic value of equity measures the discounted present value of cash flows over the estimated lives of instruments, the change in economic value of equity does not directly correlate to the degree that earnings would be impacted over a shorter time horizon.

The results of our net interest income and economic value of equity simulation analysis are purely hypothetical, and a variety of factors might cause actual results to differ substantially from what is depicted. For example, if the timing and magnitude of interest rate changes differ from that projected, our net interest income might vary significantly. Non-parallel yield curve shifts or changes in interest rate spreads would also cause our net interest income to be different from that projected. An increasing interest rate environment could reduce projected net interest income if deposits and other short-term interest-bearing liabilities reprice faster than expected or faster than our interest-earning assets. Actual results could differ from those projected if we grow interest-earning assets and interest-bearing liabilities faster or slower than estimated, or otherwise change its mix of products. Actual results could also differ from those projected if we experience substantially different repayment speeds in our loan portfolio than those assumed in the simulation model. Furthermore, the results do not take into account the impact of changes in loan prepayment rates on loan discount accretion. If prepayment rates were to increase on our loans, we would recognize any remaining loan discounts into interest income. This would result in a current period offset to declining net interest income caused by higher rate loans prepaying. Finally, these simulation results do not contemplate all the actions that we may undertake in response to changes in interest rates, such as changes to our loan, investment, deposit, funding or other strategies.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements are set forth in this Annual Report on Form 10-K as follows:

- i. Report of Crowe LLP, Independent Registered Public Accounting Firm (PCAOB ID 173)
- ii. Consolidated Balance Sheets
- iii. Consolidated Statements of Income
- iv. Consolidated Statements of Comprehensive Income
- v. Consolidated Statements of Stockholders' Equity
- vi. Consolidated Statements of Cash Flows
- vii. Notes to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and the Board of Directors of
Meridian Corporation and Subsidiaries
Malvern, Pennsylvania

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Meridian Corporation and Subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above 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 each of the years in the two-year period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework: (2013) issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses – Qualitative Risk Factors

The Company has identified the allowance for credit losses ("ACL") as a critical accounting estimate. The ACL includes quantitative and qualitative factors that comprise management's current estimate of expected credit losses, including portfolio mix and segmentation, modeling methodology, historical loss experience, relevant available information from internal and external sources relating to reasonable and supportable forecasts about future economic conditions, prepayment speeds and qualitative adjustment factors as discussed in Note 1 and 6 in the consolidated financial statements. As of December 31, 2025, the allowance for credit losses attributable to loans held for investment is \$21.6 million.

We determined that auditing the qualitative factors in the allowance for credit losses on loans was a critical audit matter because of the extent of auditor judgement applied and significant audit effort to evaluate the significant subjective and complex judgments made by management.

The primary procedures we performed to address this critical audit matter included:

- Testing the effectiveness of the following controls:
 - Management's review of the completeness and accuracy of internally produced data and the relevance and reliability of the external data used in the determination of the qualitative adjustment factors.
 - Management's review of the accuracy of the calculation of the qualitative adjustment factors
 - Management's review of the reasonableness of the judgments applied in the qualitative adjustment factors.
- Substantively testing management's process to determine the allowance for credit losses, including:
 - Testing the relevance and reliability of the external data utilized and the completeness and accuracy of internally produced data utilized in the determination of the qualitative adjustment factors.
 - Testing the mathematical accuracy of the calculation of the qualitative adjustment factors.
 - Evaluating the reasonableness of management's judgments used in the determination of the qualitative adjustment factors.


Crowe LLP

We have served as the Company's auditor since 2020.

Washington, D.C.
March 13, 2026

MERIDIAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<i>(dollars in thousands)</i>	December 31, 2025	December 31, 2024
Assets:		
Cash and due from banks	\$ 10,358	\$ 5,598
Interest-bearing deposits at other banks	25,420	21,864
Cash and cash equivalents	35,778	27,462
Securities available-for-sale, at fair value (amortized cost of \$199,127 and \$183,764, respectively)	193,457	174,304
Securities held-to-maturity, at amortized cost (fair value of \$30,152 and \$30,492, respectively)	32,544	33,771
Equity investments	2,166	2,086
Mortgage loans held for sale	33,762	32,413
Loans and other finance receivables, net of fees and costs	2,170,600	2,030,437
Allowance for credit losses	(21,573)	(18,438)
Loans and other finance receivables, net of the allowance for credit losses	2,149,027	2,011,999
Restricted investment in bank stock	7,811	7,753
Bank premises and equipment, net	12,402	12,151
Bank owned life insurance	30,687	29,712
Accrued interest receivable	10,724	9,958
OREO and other repossessed assets	5,997	276
Deferred income taxes	4,215	4,669
Servicing assets	3,932	4,382
Goodwill	899	899
Intangible assets	2,563	2,767
Other assets	36,031	31,265
Total assets	<u>\$ 2,561,995</u>	<u>\$ 2,385,867</u>
Liabilities:		
Deposits:		
Non-interest bearing	\$ 245,377	\$ 240,858
Interest bearing	1,912,751	1,764,510
Total deposits	2,158,128	2,005,368
Borrowings	117,338	124,471
Subordinated debentures	49,853	49,743
Accrued interest payable	6,531	6,860
Other liabilities	30,429	27,903
Total liabilities	<u>2,362,279</u>	<u>2,214,345</u>
Stockholders' equity:		
Common stock, \$1 par value: 25,000,000 shares authorized; 13,829,645 and 13,243,258 shares issued, respectively; and 11,826,462 and 11,240,075 shares outstanding, respectively.	13,830	13,243
Surplus	90,352	81,545
Treasury stock - 2,003,183 and 2,003,183 shares, respectively, at cost	(26,079)	(26,079)
Unearned common stock held by ESOP	(1,232)	(1,006)
Retained earnings	128,124	111,961
Accumulated other comprehensive loss	(5,279)	(8,142)
Total stockholders' equity	199,716	171,522
Total liabilities and stockholders' equity	<u>\$ 2,561,995</u>	<u>\$ 2,385,867</u>

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

MERIDIAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,	
	2025	2024
<i>(dollars in thousands, except per share data)</i>		
Interest income:		
Loans and other finance receivables, including fees	\$ 155,987	\$ 147,157
Securities - taxable	7,271	5,739
Securities - tax-exempt	1,256	1,283
Cash and cash equivalents	1,800	1,848
Total interest income	166,314	156,027
Interest expense:		
Deposits	68,169	74,037
Borrowings and subordinated debentures	10,467	10,994
Total interest expense	78,636	85,031
Net interest income	87,678	70,996
Provision for credit losses	15,152	11,400
Net interest income after provision for credit losses	72,526	59,596
Non-interest income:		
Mortgage banking income	20,783	21,044
Wealth management income	6,316	5,735
SBA loan income	5,452	3,458
Earnings on investment in life insurance	956	868
Net gain on sale of MSR's	403	3,992
Net (loss) gain on sale of loans	(434)	15
Net change in the fair value of derivative instruments	373	30
Net change in the fair value of loans held-for-sale	310	(25)
Net change in the fair value of loans held-for-investment	659	214
Net (loss) on hedging activity	(151)	(87)
Net gain (loss) on sale of investments AFS	501	(57)
Other	4,012	6,152
Total non-interest income	39,180	41,339
Non-interest expense:		
Salaries and employee benefits	51,280	47,268
Occupancy and equipment	4,576	5,976
Professional fees	4,095	4,767
Data processing and software	7,031	6,144
Advertising and promotion	3,877	3,293
Pennsylvania bank shares tax	1,016	972
Other	11,429	10,729
Total non-interest expense	83,304	79,149
Income before income taxes	28,402	21,786
Income tax expense	6,566	5,440
Net income	\$ 21,836	\$ 16,346
Basic earnings per common share	\$ 1.93	\$ 1.47
Diluted earnings per common share	\$ 1.89	\$ 1.45
Basic weighted average shares outstanding	11,326	11,113
Diluted weighted average shares outstanding	11,538	11,243

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

MERIDIAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(dollars in thousands)</i>	Year Ended December 31,	
	2025	2024
Net income:	\$ 21,836	\$ 16,346
Net change in unrealized gains on investment securities available for sale:		
Change in fair value of investment securities available for sale, net of tax of \$992, and \$239, respectively	3,327	718
Reclassification adjustment for net (gains) losses realized in net income, net of tax effect of \$(116), and \$14, respectively	(385)	43
Reclassification adjustment for securities transferred from available-for-sale to held-to-maturity, net of tax effect of \$28, and \$28, respectively	88	88
Unrealized investment gains, net of tax effect of \$904, and \$281, respectively	3,030	849
Net change in unrealized (losses) gains on interest rate swaps used in cash flow hedges, net of tax effect of \$53 and \$(129), respectively	(167)	431
Total other comprehensive income	2,863	1,280
Total comprehensive income	\$ 24,699	\$ 17,626

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

MERIDIAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<i>(dollars in thousands, except per share data)</i>	Common Stock	Surplus	Treasury Stock	Unearned ESOP	Retained Earnings	AOCI	Total
Balance at January 1, 2024	\$ 13,186	\$ 80,325	\$ (26,079)	\$ (1,204)	\$ 101,216	\$ (9,422)	\$ 158,022
Net income	—	—	—	—	16,346	—	16,346
Other comprehensive income	—	—	—	—	—	1,280	1,280
Dividends declared, \$0.50 per share	—	—	—	—	(5,601)	—	(5,601)
Common stock issued through share-based awards and exercises (57,000)	57	442	—	—	—	—	499
ESOP shares committed to be released (26,656)	—	322	—	198	—	—	520
Stock based compensation expense	—	456	—	—	—	—	456
Balance at December 31, 2024	<u>\$ 13,243</u>	<u>\$ 81,545</u>	<u>\$ (26,079)</u>	<u>\$ (1,006)</u>	<u>\$ 111,961</u>	<u>\$ (8,142)</u>	<u>\$ 171,522</u>
Net income	—	—	—	—	21,836	—	21,836
Other Comprehensive income	—	—	—	—	—	2,863	2,863
Dividends declared, \$0.50 per share	—	—	—	—	(5,673)	—	(5,673)
Shares purchased for ESOP plan (29,253)	—	—	—	(425)	—	—	(425)
Net issuance of common stock (488,478)	489	7,030	—	—	—	—	7,519
Common stock issued through share-based awards and exercises (98,000)	98	787	—	—	—	—	885
ESOP shares committed to be released (26,656)	—	394	—	199	—	—	593
Stock based compensation expense	—	596	—	—	—	—	596
Balance at December 31, 2025	<u>\$ 13,830</u>	<u>\$ 90,352</u>	<u>\$ (26,079)</u>	<u>\$ (1,232)</u>	<u>\$ 128,124</u>	<u>\$ (5,279)</u>	<u>\$ 199,716</u>

(1) See Note 1 - Summary of Significant Accounting Policies for additional information.

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

**MERIDIAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS**

<i>(dollars in thousands)</i>	Year Ended December 31,	
	2025	2024
Net income	\$ 21,836	\$ 16,346
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gain) loss on sale of investment securities available-for-sale	(501)	57
Net amortization of investment premiums and discounts and change in fair value of equity securities	1,738	3,991
Depreciation and amortization (accretion), net	(292)	818
Provision for credit losses	15,152	11,400
Amortization of issuance costs on subordinated debt	123	122
Stock based compensation	1,189	976
Net change in fair value of derivative instruments	(373)	(30)
Net change in fair value of loans held for sale	(310)	25
Net change in fair value of loans held for investment	(659)	(214)
Amortization and net impairment of servicing rights	(529)	1,481
Net gain on sale of MSR	(403)	(3,992)
Gain on sale of OREO	(15)	(317)
SBA loan income	(5,452)	(3,458)
Proceeds from sale of loans	800,565	807,803
Loans originated for sale	(780,821)	(794,381)
Mortgage banking income	(20,783)	(21,044)
Increase in accrued interest receivable	(766)	(633)
Lease early termination	—	1,097
Increase in other assets	(6,885)	(4,559)
Earnings from investment in bank owned life insurance	(956)	(868)
Increase in deferred income tax	(373)	(799)
Decrease in accrued interest payable	(329)	(3,464)
Increase (decrease) in other liabilities	3,142	(760)
Net cash provided by operating activities	24,298	9,597
Cash flows from investing activities:		
Activity in available-for-sale securities:		
Maturities, repayments and calls	19,019	19,824
Sales	14,365	16,004
Purchases	(49,937)	(66,764)
Activity in held-to-maturity securities:		
Maturities, repayments and calls	3,000	1,720
Purchases	(2,000)	—
Proceeds from sale of OREO	15	1,861
Proceeds from sale of MSR	1,382	9,877
Proceeds from sale of loans held for investment	122,721	59,446
Net purchases of restricted investments in bank stocks	(58)	319
Net increase in loans	(270,698)	(206,715)
Purchases of premises and equipment	(1,732)	(568)
Net purchase of bank owned life insurance	(19)	—
Disposal of premise and equipment	40	—
Net cash used in investing activities	(163,902)	(164,996)

Cash flows from financing activities:		
Net increase in deposits	152,760	181,906
Increase (decrease) in short-term borrowings	8,112	(42,592)
Decrease in long-term debt	(15,245)	(7,833)
Repayment of subordinated debt	(13)	(215)
Dividends paid	(5,673)	(5,601)
Stock based awards and exercises	885	499
Shares purchased for ESOP plan	(425)	—
Proceeds from issuance of common stock	7,519	—
Net cash provided by financing activities	147,920	126,164
Net change in cash and cash equivalents	8,316	(29,235)
Cash and cash equivalents at beginning of period	27,462	56,697
Cash and cash equivalents at end of period	\$ 35,778	\$ 27,462

Supplemental disclosure of cash flow information:

Cash paid during the period for:		
Interest	\$ 78,965	\$ 88,495
Income taxes:		
Federal	10,224	2,500
State	989	583
Total Income taxes	11,213	3,083
Carrying value of residential portfolio loans sold	24,480	—
Net loans sold, not settled	1,834	9,674
Non-cash transfers from loans receivable to OREO	3,592	—
Non-cash transfers from loans receivable to repossessed assets	2,405	—

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

MERIDIAN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Nature of Operations

Meridian Corporation (“Meridian” or the “Corporation”) is a bank holding company engaged in banking activities through its wholly-owned subsidiary, Meridian Bank (the “Bank”), a full-service, state-chartered commercial bank with offices in the Delaware Valley tri-state market, which includes Pennsylvania, New Jersey and Delaware, as well as the Central Maryland market area, and Florida. We have a financial services business model with significant noninterest income streams from mortgage banking, SBA lending and wealth management services. We provide services to small and middle market businesses, professionals and retail customers throughout our market area. We have a modern, progressive, consultative approach to creating innovative solutions for our customers. We are technology driven, with a culture that incorporates significant use of customer preferred alternative delivery channels, such as mobile banking, remote deposit capture and bank-to-bank ACH. Our ‘Meridian everywhere’ philosophy of community presence, along with our strategic business footprint, allows us to provide the high degree of service, convenience and products our customers need to achieve their financial objectives. We provide this service through three principal business line distribution channels, described further below.

The Corporation operates in highly competitive market areas that includes local, regional, and national banks as competitors along with savings banks, credit unions, fintech companies, insurance companies, trust companies and registered investment advisors. The Corporation and its subsidiaries are regulated by many regulatory agencies including the SEC, FDIC, the FRB and the PDBS.

The Bank was incorporated on March 16, 2004 under the laws of the Commonwealth of Pennsylvania and is a Pennsylvania state-chartered bank. The Bank commenced operations on July 8, 2004 and is a full-service bank providing personal and business lending and deposit services through 7 full-service banking offices (6 in Pennsylvania and 1 in Florida), 5 mortgage loan production offices throughout the Delaware Valley, 2 mortgage loan production offices in Maryland, and a lending office in Florida. The Bank and Corporation are headquartered in Malvern, Pennsylvania, located in the western suburbs of Philadelphia.

Basis of Presentation

The accounting policies of the Corporation conform to U.S. GAAP.

The consolidated financial statements include accounts of the Corporation and its wholly owned subsidiary, the Bank, and the wholly owned subsidiaries of the Bank: Meridian Land Settlement Services LLC (“MLSS”); APEX Realty LLC (“APEX”); Meridian Wealth Partners LLC (“MWP”); and Meridian Equipment Finance LLC (“MEF”). All significant intercompany balances and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year’s presentation. Reclassifications had no effect on prior year net income or total stockholders’ equity.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant Concentrations of Credit Risk

Most of the Corporation’s activities are with customers located in the Delaware Valley tri-state market and the central Maryland market area. Note 4 discusses the types of securities that the Corporation invests in, and Note 5 discusses types of lending that the Corporation engages in. Although the Corporation has a diversified loan portfolio, its debtors’ ability to honor their contracts is influenced by the region’s economy. The Corporation does not have any significant concentrations to any one industry or customer, however there is significant concentration of commercial real estate-backed loans, amounting to 41% and 41% of total loans held for investment, as of December 31, 2025 and December 31, 2024, respectively.

Presentation of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks and federal funds sold. Generally, federal funds are purchased or sold for one day periods. The FRB removed cash minimum reserve requirements in March 2020. Net cash flows are reported for customer loan and deposit transactions, interest bearing deposits in other financial institutions, and the federal funds purchased and repurchased agreements.

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 securities that the Corporation intends to hold for an indefinite period of time but not necessarily to maturity. Securities available-for-sale are carried at fair value. Unrealized gains and losses are reported as increases or decreases in other comprehensive income. Gains or losses on disposition are based on the net proceeds and cost of the securities sold, adjusted for the amortization of premiums and accretion of discounts, using the specific identification method.

Securities classified as held to maturity are those debt securities the Corporation 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 on a level yield basis.

Investments in equity securities are recorded in accordance with ASC 321-10, *Investments - Equity Securities*. Equity securities are carried at fair value, with changes in fair value reported in net income. At December 31, 2025 and 2024, investments in equity securities consisted of an investment in mutual funds with a fair value of \$2.2 million, and \$2.1 million, respectively.

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

We follow ASC 326-20, Financial Instruments - Credit Loss - Measured at Amortized Cost, to measure expected credit losses on held-to-maturity debt securities on a collective basis by security investment grade. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts.

The Corporation classifies the held-to-maturity debt securities into the following major security types: state and municipal securities. These securities are highly rated with a history of no credit losses, and are assigned ratings based on the most recent data from ratings agencies depending on the availability of data for the security. Credit ratings of held-to-maturity debt securities, which are a significant input in calculating the expected credit loss, are reviewed on a quarterly basis.

Accrued interest receivable on held-to-maturity debt securities is excluded from the estimate of credit losses and is included in Accrued interest receivable on the Consolidated Balance Sheets.

Allowance for Credit Losses - Available-for-Sale Debt Securities

We follow ASC 326-30, Financial Instruments - Credit Loss - Available-for-Sale Debt Securities, which provides guidance related to the recognition of and expanded disclosure requirements for expected credit losses on available-for-sale debt securities. For available-for-sale debt securities in an unrealized loss position, the Corporation first evaluates whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either criteria is met, the security's amortized cost basis is reduced to fair value and recognized as a reduction to Noninterest income in the Consolidated Statements of Income.

For debt securities available-for-sale which the Corporation does not intend to sell, or it is not likely the security would be required to be sold before recovery, we evaluate whether a decline in fair value has resulted from credit losses or other adverse factors, such as a change in the security's credit rating. In assessing whether a credit loss exists, the Corporation compares the present value of cash flows expected to be collected from the security with 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 is recorded, limited to the fair value of the security.

Management performs this analysis on a quarterly basis to review the conditions and risks associated with the individual securities. Credit losses on an impaired security shall continue to be measured using the present value of expected future cash flows. Any impairment not recorded through an allowance for credit loss is included in other comprehensive income (loss), net of the tax effect. We are required to use our judgment in determining impairment in certain circumstances. For additional detail regarding debt securities, see Note 4.

Loans and Other Finance Receivables

Loans and other finance receivables 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. 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 Corporation generally amortizes these amounts over the contractual life of the loan.

Loans that were originated by the Corporation and intended for sale in the secondary market to permanent investors, but were either repurchased or unsalable due to defect, are held for the foreseeable future or until maturity or payoff, are carried at fair value.

Past Due and Nonaccrual Loans

Past due loans and leases are defined as loans and leases contractually past due 30 - 89 days as to principal or interest payments but which remain in accrual status, or loans delinquent 90 days or more but are considered well secured and in the process of collection.

Nonaccruing loans and leases are those on which the accrual of interest has ceased. Loans are placed on nonaccrual status immediately if, in the opinion of management, collection is doubtful, or when principal or interest is past due 90 days or more and the loan is not well secured and in the process of collection. Interest accrued but not collected at the date a loan is placed on nonaccrual status is reversed and charged against interest income. A loan that is not past due more than 90 days could be classified as nonaccrual if management comes to the conclusion that we will not be in a position to collect all principal and interest. In addition, the amortization of net deferred loan fees is suspended when a loan is placed on nonaccrual status. Subsequent cash receipts are applied either to the outstanding principal balance or recorded as interest income, depending on management's assessment of the ultimate collectability of principal and interest. Loans are returned to accrual status when it is determined that the borrower has the ability to make all principal and interest payments in accordance with the terms of the loan (i.e. a consistent repayment record, generally six consecutive payments, has been demonstrated).

Unless loans are well-secured and collection is imminent, for loans greater than 90 days past due their respective reserves are generally charged off once the loss has been confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged off and expected to be charged off.

Allowance for Credit Losses - Loans and Leases

The Corporation's portfolio segments, established based on similar risk characteristics and loss behaviors, are:

- Commercial mortgage, commercial and industrial, construction, SBA loans, and commercial small business leases (commercial loans), and
- Residential, equity secured lines and loans, and installment loans (retail loans).

Commercial mortgage – Our commercial real estate loans are secured by real estate that is both owner-occupied and investor owned. Owner-occupied commercial real estate loans generally involve less risk than an investment property and are distinctly reported from non-owner occupied commercial real estate loans for measuring loan concentrations for regulatory purposes. Repayment of commercial real estate loans depends on the cash flow of the borrower and the net operating income of the property, the borrower's profitability, and the value of the underlying property. Of primary concern in commercial real estate lending is the borrower's creditworthiness and the cash flows from the property. Payments on loans secured by income properties often depend on successful operation and management of the properties. As a result, repayment of such loans may be subject, to a greater extent than residential real estate loans, to adverse conditions in the real estate market or the economy. Commercial real estate is also subject to adverse market conditions that cause a decrease in market value or lease rates, obsolescence in location or function and market conditions associated with oversupply of units in a specific region.

Commercial and Industrial – We provide a variety of variable and fixed rate commercial business loans, lines of credit, and other finance receivables. These credit facilities are made to small and medium-sized manufacturers and wholesale, retail and service-related businesses. Commercial business loans generally include lines of credit and term loans with a maturity of 5 years or less. The primary source of repayment for commercial business loans and other finance receivables is generally operating cash flows of the business and may also include collateralization of inventory, accounts receivable, equipment and/or personal guarantees. As a result, the availability of funds for repayment may depend substantially on the success of the business itself. Furthermore, any collateral may depreciate over time, may be difficult to appraise, and may fluctuate in value.

Construction – Construction financing is generally considered to involve a higher degree of risk of loss than long-term financing on improved, occupied real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the property's value at completion of construction and the estimated cost of construction. During the construction phase, a number of factors could result in delays and cost overruns. If the estimate of construction costs proves to be inaccurate, additional funds may be required to be advanced in excess of the amount originally committed to permit completion of the building.

Leases – Meridian Equipment Finance specializes in small ticket equipment leases for small and mid-sized businesses nationally and through a broad range of industries. The Bank's credit risk generally results from the potential default of borrowers which may be driven by customer specific or broader industry related conditions.

Residential mortgage – Residential loans held in portfolio are primarily secured by single-family homes located in our market areas. Residential loans are generally made on the basis of the borrower's ability to make repayment from employment income or other income, and are secured by real property whose value tends to be more easily ascertainable. Repayment of single-family loans are subject to adverse employment conditions in the local economy leading to increased default rates and decreased market values, including from oversupply in a geographic area. In general, these loans depend on the borrower's continuing financial stability and, therefore, are likely to be adversely affected by various factors, including job loss, divorce, illness, or personal bankruptcy. Furthermore, the application of various federal and state laws, including federal and state bankruptcy and insolvency laws, may limit the amount that can be recovered on such loans.

Consumer, including home equity – Our consumer-lending department principally originates home equity based products for our clients and prospects. These loans typically fund completely at closing. Additional products include smaller dollar personal loans and our student loan refinance product, designed to provide additional flexibility in repayment terms desired in the marketplace. Most consumer loans are originated in Meridian's primary market and surrounding areas.

The largest component of Meridian's consumer loan portfolio consists of fixed rate home equity loans and variable rate home equity lines of credit. Substantially all home equity loans and lines of credit are secured by junior lien mortgages on principal residences. The Bank will lend amounts, which, together with all prior liens, typically may be up to 90% of the appraised value of the property securing the loan. Home equity term loans may have maximum terms up to 20 years, while home equity lines of credit generally have maximum terms of 15 years.

Credit risk on such loans is mitigated through prudent underwriting standards, including evaluation of the creditworthiness of the borrower through credit scores and debt-to-income ratios and, if secured, the collateral value of the assets.

Expected credit losses are estimated over the contractual term, adjusted for expected prepayments and recoveries. The contractual term excludes any extensions, renewals and modifications unless the Corporation has reasonable expectations at the reporting date that it will result in a modification, or they are not unconditionally cancellable. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

The allowance includes two primary components: (i) an allowance established on loans which share similar risk characteristics collectively evaluated for credit losses (collective basis) and (ii) an allowance established on loans which do not share similar risk characteristics with any loan segment and are individually evaluated for credit losses (individual basis).

Loans that share similar risk characteristics are collectively reviewed for credit loss and are evaluated based on the Corporation's historical loss experience and peer loss rate data, adjusted for current economic conditions and future economic forecasts. Estimated losses are determined differently for commercial and consumer loans, and each portfolio segment is further segmented by internally assessed risk ratings.

Management uses a third-party economic forecast to modify the calculated historical loss rates of the portfolio segments. The Corporation's economic forecast extends out 4 quarters (the forecast period) and reverts to the historical loss rates on a straight-line basis over 1 quarter (the reversion period) as we believe this to be reasonable and supportable in the current environment. The economic forecast and reversion periods will be evaluated periodically by management and updated as appropriate.

During the fourth quarter of 2025 the third-party macroeconomic model we use was upgraded based on re-assessing the current macroeconomic variable relationships to expected results, and by expanding the dataset used to estimate losses to include more recent periods.. The resulting ACL from the model upgrade, before applying qualitative adjustments, was consistent with the ACL level before the upgrade.

The historical loss rates for commercial loans are estimated by determining the PD and expected LGD. The PD is calculated based on the historical rate of migration to an event of credit loss during the look-back period. The historical loss rates for retail loans is calculated based solely on average net loss rates over the same look-back period. The Corporation's current look-back period is 44 quarters which helps to ensure that historical loss rates are adequately considering losses over a full economic cycle.

Qualitative adjustment factors consider various internal and external conditions which are allocated among loan segments and take into consideration:

- Current underwriting policies, staff and portfolio concentrations,
- Risk rating accuracy, credit and administration,
- Internal risk emergence (including internal trends of delinquency, portfolio growth, and collateral value), and
- , Competitive environment, as it could impact loan structure and underwriting.

These factors are based on their relative standing compared to the period in which historical losses are used in quantitative reserve estimates and current directional trends, and reasonable and supportable forecasts. Qualitative factors in the model can add to or subtract from quantitative reserves.

Loans that do not share similar risk characteristics with any loan segments are evaluated on an individual basis. These loans, which may include borrowers experiencing financial difficulties, are not included in the collective basis evaluation. When it is probable that collection of all principal and interest due according to their contractual terms is not likely, which is assessed based on the credit characteristics of the loan and/or payment status, these loans are individually reviewed and measured for potential credit loss.

The amount of the potential credit loss is measured using one of three methods: (i) the present value of expected future cash flows discounted at the loan's effective interest rate; (ii) the fair value of collateral, if the loan is collateral dependent; or (iii) the loan's observable market price. If the measured fair value of the loan is less than the amortized cost basis of the loan, an allowance for credit loss is recorded.

For collateral dependent loans, the expected credit losses at the individual asset level is the difference between the collateral's fair value (less cost to sell) and the amortized cost.

Loan officers and risk managers meet at least quarterly to discuss and review the conditions and risks associated with individual problem loans. In addition, various regulatory agencies periodically review our loan ratings and allowance for credit losses and the Bank's internal loan review department performs loan reviews.

Accrued interest receivable on loans is excluded from the estimate of credit losses and is included in accrued interest receivable on the Consolidated Balance Sheets.

For additional detail regarding the allowance for credit losses and the provision for credit losses, see Note 6.

Mortgage Banking Activities and Mortgage Loans Held for Sale

The Corporation's mortgage banking division operates 5 offices in the tri-state area of Pennsylvania, Delaware and New Jersey and another 2 offices in Maryland. The mortgage banking division originates conventional mortgages, FHA, VA, USDA, and other state insured mortgages. The loans are generally sold to various investors in the secondary market.

Mortgage loans originated by the Corporation and intended for sale in the secondary market to permanent investors are classified as mortgage loans held for sale on the balance sheet as the Corporation has elected to measure loans held for sale at fair value. Fair value is based on outstanding investor commitments or, in the absence of such commitments, on current investor yield requirements based on third party models. Gains and losses on sales of these loans, as well as loan origination costs, are recorded as a component of non-interest income in the consolidated statements of income. The Corporation's current practice is to sell residential mortgage loans and retain the servicing rights, as discussed further below. Interest on loans held for sale is credited to income based on the principal amounts outstanding.

The Corporation enters into commitments to originate loans whereby the interest rate on the loan is determined prior to funding (interest rate lock commitments). Rate lock commitments on mortgage loans that are intended to be sold are considered to be derivatives. Time elapsing between the issuance of a loan commitment and closing and sale of the loan generally ranges from 30 days to 120 days. The Corporation protects itself from changes in interest rates through the use of best efforts forward sale contracts, whereby the Corporation commits to sell a loan at the time the borrower commits to an interest rate with the intent that the buyer has assumed interest rate risk

on the loan. The Corporation may also commit to loan sales through a mandatory sales channel which are economically hedged by the future sale of mortgage-backed securities to third-party counterparties to mitigate the effect of changes in interest rates on the values of both the interest rate locks and mortgage loans held for sale. By entering into best efforts commitments and economically hedging the mandatory commitments, the Corporation limits its exposure to loss and its realization of significant gains related to its rate lock commitments due to changes in interest rates.

The Corporation utilizes a third-party model to determine the fair value of rate lock commitments or forward sale contracts. This model uses investor quotes while taking into consideration the probability that the rate lock commitments will close. Net derivative assets and liabilities are recorded within other assets or other liabilities, respectively, on the consolidated balance sheets, with changes in fair value during the period recorded within net change in the fair value of derivative instruments on the consolidated statements of income.

Loan Servicing Rights

The Corporation sells substantially all of the residential mortgage loans originated for sale in the secondary market; however, the Corporation may retain the servicing rights related to some of these loans. A fee, usually based on a percentage of the outstanding principal balance of the loan, is received in return for these services. MSR's are recognized when a loan's servicing rights are retained upon sale of a loan. When mortgage loans are sold with servicing retained, MSR's are initially recorded at fair value with the income effect recorded in non-interest income.

The Corporation also sells the guaranteed portion of certain SBA loans to third parties and retains servicing rights and receives servicing fees. All such transfers are accounted for as sales. While the Corporation may retain a portion of certain sold SBA loans, its continuing involvement in the portion of the loan that was sold is limited to certain servicing responsibilities.

These servicing assets amortize in proportion to, and over the period of, the estimated future net servicing life of the underlying loans. The servicing assets are evaluated quarterly for impairment based upon the fair value of the rights as compared to their amortized cost. Impairment is recognized on the income statement to the extent the fair value is less than the capitalized amount of the servicing assets. The Corporation may elect, from time to time, to sell portions of its servicing portfolio. Such sales are recorded in income at the time of the sale when servicing fee income is transferred to the buyer. During the year ended December 31, 2025, the Corporation sold approximately \$979 thousand of residential mortgage loan servicing rights associated with \$110.2 million of serviced loans, and recorded a net gain on sale of \$403 thousand.

Other Real Estate Owned

OREO is comprised of property acquired through a foreclosure proceeding or acceptance of a deed-in-lieu of foreclosure. The Corporation acquires OREO through the wholly owned subsidiary of the Bank, Apex Realty. OREO is recorded at the fair value of the collateral less estimated selling costs, at the date of foreclosure. The cost basis of OREO is its recorded value at the time of acquisition. After acquisition, valuations are periodically performed by management and subsequent changes in the valuation allowance are charged to OREO expense. Revenues, such as rental income, and holding expenses, as applicable, are included in other income and other expenses, respectively. The Corporation had four properties totalling \$3.6 million and one property of \$159 thousand OREO at December 31, 2025 and December 31, 2024, respectively. During the year-ended December 31, 2025, one property was sold and a gain of \$15 thousand was recognized, while for the year-ended December 31, 2024, one property was sold and a gain of \$317 thousand was recognized.

Repossessed Assets

Repossessed assets, which exclude OREO, is comprised of other loan and lease related collateral acquired through foreclosure or similar proceedings. These assets are initially recorded at the lower of cost or fair value less estimated selling costs at the time of acquisition. Subsequent to acquisition, the assets are periodically evaluated, and any declines in fair value below the carrying amount are recognized as a valuation allowance or direct write-down, with such losses reflected in non-interest expense. The \$2.4 million balance of repossessed assets as of December 31, 2025 was comprised of a billboard that was collateral for a non-performing commercial loan, in addition to small equipment items that were previously collateralizing leases, while the \$117 thousand balance as of December 31, 2024 was comprised of small equipment items that were previously collateralizing leases.

Restricted Investment in Bank Stock

Restricted bank stock is principally comprised of stock in the FHLB. Federal law requires a member institution of the FHLB to hold stock according to a predetermined formula. As of December 31, 2025, and 2024, the Corporation had an investment of \$7.8 million and \$7.7 million, respectively, related to the FHLB stock. Also included in restricted stock is secondary stock from a correspondent bank in the amount of \$50 thousand as of December 31, 2025 and 2024. All restricted stock is carried at cost.

Management's determination of whether these investments are impaired is based on their assessment of the ultimate recoverability of their cost rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of their cost is influenced by criteria such as (1) significance of the decline in net assets of the banks as compared to the capital stock amount and the length of time this situation has persisted, (2) commitments by the banks to make payments required by law or regulation and the level of such payments in relation to the operating performance of the banks, and (3) the impact of legislative and regulatory changes on institutions and, accordingly, on the customer base of the banks.

Management believes no impairment charge is necessary related to these bank restricted stocks as of December 31, 2025 or 2024.

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

Corporation, (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 Corporation does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Bank Premises and Equipment

Bank premises and equipment are stated at cost less accumulated depreciation. Land is carried at cost. Buildings and related components are depreciated using the straight-line method with useful lives ranging from 12 to 40 years. Furniture, fixtures and equipment are depreciated using the straight-line method with useful lives ranging from 3 to 7 years and 3 to 5 years for computer software and hardware, respectively. Leasehold improvements are amortized over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter. The costs of maintenance and repairs are expensed as incurred; while major replacements, improvements and additions are capitalized.

Lease Liabilities and Right of Use Assets

The Corporation is obligated under non-cancelable operating leases for premises for various retail branch locations and loan production offices. The Corporation determines if an arrangement is a lease at inception by assessing whether a contract contains a right to control an identified asset for a period of time in exchange for consideration. Operating leases are included in operating lease right-of-use assets and operating lease liabilities in the consolidated balance sheets. For purposes of calculating operating lease liabilities, lease terms include options to extend or terminate the lease when it is reasonably certain that the Corporation will exercise that option and begins when the Corporation has control and possession of the leased property, which may be before rental payments are due under the lease. Right-of use assets and operating lease liabilities are recognized based on the present value of lease payments, discounted using the Corporation's incremental borrowing rate, over the lease term at the possession date. The Corporation determines its incremental borrowing rate using publicly available information available for debt issuers with similar credit ratings as the Bank, as the substantial majority of the Corporation's leases are related to properties of the Bank. The Corporation separately accounts for lease and non-lease components such as property taxes, insurance, and maintenance costs. Operating lease expense for the Corporation's leases, which generally have escalating rental payments over the term of the lease, is recognized on a straight-line basis over the lease term. At December 31, 2025, the Corporation's leases have remaining terms of 8 months to 14 years.

Bank-Owned Life Insurance

The Corporation invests in BOLI as a source of funding for employee benefit expenses. BOLI involves the purchasing of life insurance by the Corporation on a chosen group of employees. The Corporation is the owner and beneficiary of the policies. This life insurance investment is carried at the cash surrender value of the underlying policies. Earnings from the increase in cash surrender value of the policies are included in non-interest income on the consolidated statements of income.

Advertising Costs

The Corporation follows the policy of charging the costs of advertising to expense as incurred.

Employee Benefit Plans

The Corporation has a 401(k) Plan (the Plan) and an ESOP. All employees are eligible to participate in the Plan and ESOP after they have attained the age of 21 and have also completed three months consecutively of service. Employees must participate in the Plan to be eligible for participation in the ESOP. The employees may contribute to the Plan up to the maximum percentage allowable by law of their compensation. The Corporation may make a discretionary matching contribution to the Plan and the ESOP. Full vesting in the Corporation's contribution to the Plan and ESOP is over a three-year period. The Corporation recorded expense for the Plan and ESOP of \$1.0 million and \$918 thousand, respectively for the year ended December 31, 2025 and \$905 thousand and \$799 thousand, respectively for the year ended December 31, 2024. The expense recorded by the Corporation for the ESOP for the year ended December 31, 2025 included a \$525 thousand employer contribution, in addition to \$593 thousand in stock compensation related expense. The expense recorded by the Corporation for the ESOP for the year ended December 31, 2024 included a \$490 thousand employer contribution, in addition to \$520 thousand in stock compensation related expense.

During 2020 the Corporation established a \$2 million loan with the ESOP, and the ESOP used all of the loan proceeds to purchase 266,560 Corporation common shares in that year (the "2020 ESOP Loan"). As of December 31, 2025, 159,936 of these common shares were released to the ESOP, leaving 106,624 unallocated shares.

During 2025 the Corporation established a second \$2 million loan with the ESOP, and the ESOP used a portion of the loan proceeds to purchase 29,253 Corporation common shares in the year (the "2025 ESOP Loan"). As of December 31, 2025, 0 of these common shares were released to the ESOP, leaving all 29,253 common shares unallocated.

Overall between the two ESOP loans, during the year ended December 31, 2025, 29,253 shares were purchased by the ESOP, and for the year ended December 31, 2024, 0 shares were purchased by the ESOP. Overall, as of December 31, 2025, 159,936 of these common shares were released to the ESOP leaving 135,877 unallocated shares. Shares in the ESOP that are committed to be released to employees are treated as outstanding shares in the Corporation's computation of earnings per share.

There were 483,205 shares in the ESOP as of December 31, 2025. Shares in the ESOP would be impacted by any stock dividends and stock splits in the same manner as all other outstanding common shares of the Corporation.

Income Taxes

Deferred income taxes are provided on the asset and 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 carry-forwards and their tax basis. 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 Corporation follows accounting guidance related to accounting for uncertainty in income taxes. Under the “more likely than not” threshold guidelines, the Corporation 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 Corporation had no material unrecognized tax benefits or accrued interest and penalties. The Corporation’s policy is to account for interest as a component of interest expense and penalties as a component of other expense. The Corporation is no longer subject to examination by federal, state and local taxing authorities for years before January 1, 2022.

Stock Compensation Plans

Stock compensation accounting guidance requires that the compensation cost relating to share-based payment transactions be recognized in the consolidated financial statements. That cost will be measured based on the grant date fair value of the equity or liability instruments issued. The stock compensation accounting guidance covers a wide range of share-based compensation arrangements including stock options and restricted share plans.

The stock compensation accounting guidance requires that compensation cost for all stock awards be calculated and recognized over the employees’ service period, generally defined as the vesting period. For awards with graded-vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. A Black-Scholes model is used to estimate the fair value of stock options, while the market price of the Corporation’s common stock at the date of grant is used for restricted stock awards.

Comprehensive Income

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

The components of other comprehensive income (loss) for the years ended December 31, 2025 and 2024 consist of unrealized holding gains and (losses) arising during the year on available-for-sale securities, unrealized gains and (losses) arising during the year on interest rate swaps used in cash flow hedges.

Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Corporation 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 balance sheet when they are funded.

Unfunded Lending Commitments

For unfunded lending commitments, the Corporation estimates expected credit losses over the contractual period in which the Corporation is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Corporation. The estimate includes consideration of the probability of default and utilization rate at default to calculate expected credit losses on commitments expected to be funded over its estimated life of one year, based on historical losses, and qualitative adjustment factors.

The allowance for credit losses for off-balance sheet exposures is included in Other liabilities on the Consolidated Balance Sheets and the provision for credit losses for off-balance sheet exposure is included in the provision for credit losses on the Consolidated Statements of Income for the periods ended December 31, 2025, and December 31, 2024. The allowance for credit losses for off-balance sheet exposures was \$976 thousand and \$817 thousand as of December 31, 2025 and December 31, 2024, respectively.

Derivative Financial Instruments

The Corporation recognizes all derivative financial instruments related to its mortgage banking activities on its balance sheet at fair value. The Corporation utilizes investor quotes to determine the fair value of interest rate lock commitment derivatives and market pricing to determine the fair value of forward security purchase commitment derivatives. All changes in fair value of derivative instruments are recognized in earnings.

The Corporation enters into interest rate swaps that allow commercial loan customers to effectively convert a variable-rate commercial loan agreement to a fixed-rate commercial loan agreement. The interest rate swaps are recognized on the Corporation’s balance sheet at fair value. Under these agreements, the Corporation originates variable-rate loans with customers in addition to interest rate swap agreements, which serve to effectively swap the customers’ variable-rate loans into fixed-rate loans. The Corporation then enters into corresponding swap agreements with swap dealer counterparties to economically hedge its exposure on the variable and fixed components of the customer agreements. The interest rate swaps with both the customers and third parties are not designated as hedges under ASC 815 and are marked to market through earnings. As the interest rate swaps are structured to offset each other, changes to the underlying benchmark interest rates considered in the valuation of these instruments do not result in an impact to earnings; however, there may be fair value adjustments related to credit quality variations between counterparties, which may impact earnings as required by ASC 820.

Cash flow hedges are used to mitigate the variability in the cash flows of borrowings, caused by interest rate fluctuations. The changes in the fair value of cash flow hedges are initially reported in other comprehensive income. Amounts are subsequently reclassified from

accumulated other comprehensive income to earnings when the hedged transactions occur, specifically within the same line item as the hedged item.

Earnings per Common Share

Basic earnings per common share excludes dilution and is computed by dividing income available to common shareholders by the weighted-average common shares outstanding during the period reduced by unearned ESOP Plan shares and treasury stock. Diluted earnings per common share takes into account the potential dilution that would occur if in-the-money stock options were exercised and converted into shares of common stock and restricted stock awards and performance-based stock awards were vested. Proceeds assumed to have been received on options exercises are assumed to be used to purchase shares of the Corporation's common stock at the average market price during the period, as required by the treasury stock method of accounting. The effects of stock options are excluded from the computation of diluted earnings per share in periods in which the effect would be antidilutive.

Revenue Recognition

The Corporation recognizes all sources of income on the accrual method, with the exception of nonaccrual loans and leases. In addition to lending and related activities, the Corporation offers various services that generate revenue, certain of which are in the scope of ASC 606, and are recognized within non-interest income and include wealth management fees and transaction based fees. Revenue is recognized when the transactions occur or as services as performed over primarily monthly or quarterly periods. Payment is typically received in the period the transactions occur. Fees may be fixed or, where applicable based on a percentage of transaction size. Wealth management income for the years ended December 31, 2025 and 2024 was \$6.3 million and \$5.7 million. Within other non-interest income is \$815 thousand and \$716 thousand for the years ended December 31, 2025 and 2024, respectively, which are in the scope of ASC 606. These amounts include wire transfer fees, ATM/debit card commissions, title fee income.

The Corporation earns wealth management fee income from investment advisory services provided to individual and 401k customers. Fees that are determined based on the market value of the assets held in their accounts are generally billed quarterly, in advance, based on the market value of assets at the end of the previous billing period. Other related services that are based on a fixed fee schedule are recognized when the services are rendered. Fees that are transaction based, including trade execution services, are recognized at the point in time that the transaction is executed, i.e. the trade date. Included in other assets on the balance sheet is a receivable for wealth management fees that have been earned but not yet collected.

The Corporation earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Corporation fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Corporation satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Other sources of the Corporation's non-interest income that are not within the scope of ASC 606 include mortgage banking income, SBA loan income, net changes in fair values, hedging gains and losses, earnings on investments in life insurance, gains or losses on sale of investment securities, and dividends on FHLB stock.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe such matters will have a material effect on the financial statements.

Operating Segments

While the chief operating decision maker monitors the revenue streams of the various products and services, operations are managed and financial performance is evaluated on a Corporation-wide basis. The Corporation has identified three segments: a banking segment, a wealth management segment and a mortgage banking segment, as more fully disclosed in Note 21 - Segments.

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 19 - Fair Value Measurements and Disclosures. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

Recent Accounting Pronouncements

Pronouncements Adopted in 2025

The following pronouncements were adopted in 2025, but did not have a material impact on our consolidated financial statements.

FASB ASU 2024-01 Stock Compensation - Scope Application of Profits Interest and Similar Awards

The amendments in this update improve the understandability of paragraph 718-10-15-3 and apply to all entities that enter into share-based payments transactions and are effective for fiscal years beginning after December 15, 2024 and are to be applied on a prospective basis. The adoption of this guidance did not have a material impact on the Corporation's consolidated financial statements.

FASB ASU 2023-09, "Income Taxes (Topic 740) Improvements to Income Tax Disclosures"

On December 31, 2025, the Corporation adopted ASU 2023-09 which enhances income tax disclosures to help investors better assess how a company's operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. The amendments in this update led to a further disaggregation of information about our effective tax rate reconciliation and information on income taxes paid in these footnotes. We adopted ASU 2023-09 on a retrospective basis. The adoption of this guidance did not have a material impact on the Corporation's consolidated financial statements.

Pronouncements Not Effective as of December 31, 2025:

FASB ASU No. 2023-06, "Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative"

This ASU amends the disclosure or presentation requirements related to various subtopics in the ASC. The amendments are expected to clarify or improve disclosure and presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC's regulations. For entities subject to the SEC's existing disclosure requirements the effective date for each amendment will be the date on which the SEC removes that related disclosure from its rules. For all other entities, the amendments will be effective two years later. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity.

FASB ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)"

This amendment requires enhanced disaggregation of certain expense categories within the income statement to provide more detailed information about the nature and function of expenses. The objective is to improve the transparency and usefulness of financial statements for users by offering greater insight into the components of operating expenses. The amendments in this update are effective for fiscal years beginning after December 15, 2026. These changes may be applied prospectively or retroactively. Early adoption is permitted. The Corporation is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

FASB ASU 2025-01, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date"

This amendment addresses questions that were raised regarding the effective date of ASU 2024-03 for public business entities with non-calendar year ends. The amendment clarifies that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Corporation is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

FASB ASU 2025-06, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40)."

This update modernizes internal-use software guidance to apply regardless of the method used to develop software. The amendment will be effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period. The Corporation is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

FASB ASU 2025-07, "Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606) – Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract"

This update refines the scope of Topic 815 to clarify which contracts are subject to derivative accounting and clarifies guidance under Topic 606 for share-based noncash consideration from a customer in revenue contracts. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026. The Corporation is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

FASB ASU 2025-08, "Financial Instruments - Credit Losses (Topic 326): Purchased Loans"

This ASU changes the accounting for certain acquired loans by requiring entities to apply a "gross-up" approach at acquisition for purchased seasoned loans, recognizing an allowance for credit losses as part of the acquisition accounting rather than through a post-acquisition provision. The amendments are to be applied prospectively to loans acquired on or after the initial application date. The ASU will be effective for the annual reporting period beginning after December 15, 2026. Early adoption is permitted. The Corporation is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

FASB ASU 2025-11, "Interim Reporting (Topic 270) Narrow-Scope Improvements."

This ASU clarifies when Topic 270 applies and enhances usability by (among other changes) specifying the form/content of interim financial statements, providing a comprehensive list of required interim disclosures, and introducing a disclosure principle for material events since the last annual period-without intending to significantly expand or reduce interim disclosure requirements. The amendments in this update are effective for the annual reporting period beginning after December 15, 2027. The Corporation is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

FASB ASU 2025-12, "Codification Improvements."

This ASU is part of the FASB's standing "evergreen" project and makes a broad set of technical corrections, clarifications, and other minor improvements across many Topics to make the Codification easier to understand and apply. The amendments in this update are effective for the annual reporting period beginning after December 15, 2026, and interim periods within that fiscal year. The Corporation is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

(2) Earnings per Common Share

Basic earnings per common share excludes dilution and is computed by dividing income available to common shareholders by the weighted-average common shares outstanding during the period reduced by unearned ESOP Plan shares and treasury shares. Diluted earnings per common share takes into account the potential dilution, computed pursuant to the treasury stock method, that could occur if stock options were exercised and converted into common stock; and if restricted stock awards were vested. The effects of stock options are excluded from the computation of diluted earnings per share in periods in which the effect would be anti-dilutive.

	Year Ended December 31,	
	2025	2024
<i>(dollars in thousands, except per share data)</i>		
Numerator for earnings per share:		
Net income available to common stockholders	\$ 21,836	\$ 16,346
Denominators for earnings per share:		
Weighted average shares outstanding	11,446	11,260
Average unearned ESOP shares	(120)	(147)
Basic weighted average shares outstanding	11,326	11,113
Dilutive effects of assumed exercises of stock options	212	130
Diluted weighted average shares outstanding	11,538	11,243
Basic earnings per share	\$ 1.93	\$ 1.47
Diluted earnings per share	\$ 1.89	\$ 1.45
Antidilutive shares excluded from computation of average dilutive earnings per share	502	603

(3) Goodwill and Other Intangibles

The Corporation's goodwill and intangible assets are detailed below:

	December 31, 2024	Amortization Expense	December 31, 2025	Amortization Period (in years)
<i>(dollars in thousands)</i>				
Goodwill	\$ 899	\$ —	\$ 899	Indefinite
Intangible assets - customer relationships	266	—	266	Indefinite
Intangible assets - non competition agreements	2,501	(204)	2,297	20
Total Intangible Assets	\$ 2,767	\$ (204)	\$ 2,563	

Accumulated amortization of intangible assets was \$2.0 million and \$1.8 million as of December 31, 2025 and 2024, respectively.

In accordance with ASC Topic 350, the Corporation performed a qualitative assessment of goodwill and identifiable intangible assets as of December 31, 2025 and determined it was more likely than not that the fair value of the Corporation was more than its carrying amount.

At December 31, 2025, the schedule of future intangible asset amortization is as follows (in thousands):

2026	\$ 204
2027	204
2028	204
2029	204
2030	204
Thereafter	1,277
Total	\$ 2,297

(4) Securities

The following table presents the amortized cost, allowance for credit losses, and fair value of securities at the dates indicated:

December 31, 2025						
<i>(dollars in thousands)</i>	Amortized cost	Gross unrealized gains	Gross unrealized losses	Allowance for credit losses	Fair value	# of Securities in unrealized loss position
Securities available-for-sale:						
U.S. asset backed securities	\$ 26,385	\$ 51	\$ (219)	\$ —	\$ 26,217	13
U.S. government agency MBS	22,396	223	(268)	—	22,351	6
U.S. government agency CMO	67,216	441	(1,526)	—	66,131	38
State and municipal securities	43,282	151	(3,401)	—	40,032	31
U.S. Treasuries	17,039	—	(833)	—	16,206	16
Non-U.S. government agency CMO	8,786	27	(207)	—	8,606	9
Corporate bonds	14,023	266	(375)	—	13,914	11
Total securities available-for-sale	\$ 199,127	\$ 1,159	\$ (6,829)	\$ —	\$ 193,457	124
<i>(dollars in thousands)</i>	Amortized cost	Gross unrecognized gains	Gross unrecognized losses	Allowance for credit losses	Fair value	# of Securities in unrecognized loss position
Securities held-to-maturity:						
State and municipal securities	\$ 32,544	\$ 22	\$ (2,414)	\$ —	\$ 30,152	19
Total securities held-to-maturity	\$ 32,544	\$ 22	\$ (2,414)	\$ —	\$ 30,152	19

December 31, 2024						
<i>(dollars in thousands)</i>	Amortized cost	Gross unrealized gains	Gross unrealized losses	Allowance for credit losses	Fair value	# of Securities in unrealized loss position
Securities available-for-sale:						
U.S. asset backed securities	\$ 29,931	\$ 73	\$ (160)	\$ —	\$ 29,844	12
U.S. government agency MBS	21,392	96	(617)	—	20,871	14
U.S. government agency CMO	48,051	23	(2,461)	—	45,613	42
State and municipal securities	40,854	1	(4,159)	—	36,696	31
U.S. Treasuries	17,039	—	(1,589)	—	15,450	16
Non-U.S. government agency CMO	12,082	59	(412)	—	11,729	9
Corporate bonds	14,415	448	(762)	—	14,101	15
Total securities available-for-sale	\$ 183,764	\$ 700	\$ (10,160)	\$ —	\$ 174,304	139
<i>(dollars in thousands)</i>	Amortized cost	Gross unrecognized gains	Gross unrecognized losses	Allowance for credit losses	Fair value	# of Securities in unrecognized loss position
Securities held-to-maturity:						
State and municipal securities	\$ 33,771	\$ 7	\$ (3,286)	\$ —	\$ 30,492	19
Total securities held-to-maturity	\$ 33,771	\$ 7	\$ (3,286)	\$ —	\$ 30,492	19

Although the Corporation's investment portfolio overall is in a net unrealized loss position at December 31, 2025, the temporary impairment in the above noted securities is primarily the result of changes in market interest rates subsequent to purchase and it is more likely than not that the Corporation will not be required to sell these securities prior to recovery to satisfy liquidity needs, and therefore, no securities warranted an ACL.

The following table shows the Corporation's investment gross unrealized losses and fair value aggregated by investment category and length of time that individual securities have been in continuous unrealized loss position at the dates indicated:

	December 31, 2025					
	Less than 12 Months		12 Months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
<i>(dollars in thousands)</i>						
Securities available-for-sale:						
U.S. asset backed securities	\$ 6,504	\$ (39)	\$ 11,285	\$ (180)	\$ 17,789	\$ (219)
U.S. government agency MBS	3,881	(38)	3,945	(230)	7,826	(268)
U.S. government agency CMO	20,511	(178)	17,074	(1,348)	37,585	(1,526)
State and municipal securities	—	—	35,212	(3,401)	35,212	(3,401)
U.S. Treasuries	—	—	16,206	(833)	16,206	(833)
Non-U.S. government agency CMO	456	—	5,235	(207)	5,691	(207)
Corporate bonds	1,476	(26)	4,879	(349)	6,355	(375)
Total securities available-for-sale	<u>\$ 32,828</u>	<u>\$ (281)</u>	<u>\$ 93,836</u>	<u>\$ (6,548)</u>	<u>\$ 126,664</u>	<u>\$ (6,829)</u>

	December 31, 2025					
	Less than 12 Months		12 Months or more		Total	
	Fair value	Unrecognized losses	Fair value	Unrecognized losses	Fair value	Unrecognized losses
Securities held-to-maturity:						
State and municipal securities	\$ 2,087	\$ (69)	\$ 25,842	\$ (2,345)	\$ 27,929	\$ (2,414)
Total securities held-to-maturity	<u>\$ 2,087</u>	<u>\$ (69)</u>	<u>\$ 25,842</u>	<u>\$ (2,345)</u>	<u>\$ 27,929</u>	<u>\$ (2,414)</u>

	December 31, 2024					
	Less than 12 Months		12 Months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
<i>(dollars in thousands)</i>						
Securities available-for-sale:						
U.S. asset backed securities	\$ 12,708	\$ (56)	\$ 3,568	\$ (104)	\$ 16,276	\$ (160)
U.S. government agency MBS	5,773	(183)	9,050	(434)	14,823	(617)
U.S. government agency CMO	22,351	(506)	18,876	(1,955)	41,227	(2,461)
State and municipal securities	—	—	35,199	(4,159)	35,199	(4,159)
U.S. Treasuries	—	—	15,450	(1,589)	15,450	(1,589)
Non-U.S. government agency CMO	1,403	(12)	5,204	(400)	6,607	(412)
Corporate bonds	1,688	(41)	7,479	(721)	9,167	(762)
Total securities available-for-sale	<u>\$ 43,923</u>	<u>\$ (798)</u>	<u>\$ 94,826</u>	<u>\$ (9,362)</u>	<u>\$ 138,749</u>	<u>\$ (10,160)</u>

	December 31, 2024					
	Less than 12 Months		12 Months or more		Total	
	Fair value	Unrecognized losses	Fair value	Unrecognized losses	Fair value	Unrecognized losses
Securities held-to-maturity:						
State and municipal securities	\$ 1,048	\$ (15)	\$ 27,271	\$ (3,271)	\$ 28,319	\$ (3,286)
Total securities held-to-maturity	<u>\$ 1,048</u>	<u>\$ (15)</u>	<u>\$ 27,271</u>	<u>\$ (3,271)</u>	<u>\$ 28,319</u>	<u>\$ (3,286)</u>

Amortized cost and carrying value of securities are shown below by contractual maturities at the dates indicated. Actual maturities may differ from contractual maturities as issuers may have the right to call or repay obligations with or without call or prepayment penalties.

	December 31, 2025			
	Available-for-sale		Held-to-maturity	
	Amortized cost	Fair value	Amortized cost	Fair value
<i>(dollars in thousands)</i>				
Due in one year or less	\$ —	\$ —	\$ —	\$ —
Due after one year through five years	22,746	21,762	2,967	2,842
Due after five years through ten years	19,640	19,456	5,775	5,095
Due after ten years	58,343	55,151	23,802	22,215
Subtotal	100,729	96,369	32,544	30,152
Mortgage-related securities	98,398	97,088	—	—
Total	<u>\$ 199,127</u>	<u>\$ 193,457</u>	<u>\$ 32,544</u>	<u>\$ 30,152</u>

The following table presents the gross gains and losses on sale of investment securities available for sale on the dates indicated:

	Year Ended December 31,	
	2025	2024
<i>(dollars in thousands)</i>		
Proceeds from sale of investment securities	\$ 14,365	\$ 16,004
Gross gain on sale of available for sale investments	594	—
Gross loss on sale of available for sale investments	(93)	(57)

ACL on Securities AFS and HTM

We use credit ratings quarterly and the most recent financial information of securities' issuers annually to help evaluate the credit quality of our securities AFS and HTM portfolios on a quarterly basis. The securities portfolio consists primarily of U.S. government treasuries and U.S. government agency asset backed securities which have no probability of default. The remaining portfolio consists of highly rated municipal bonds, non-agency CMO, and corporate bonds that have a low probability of default.

For the years ended December 31, 2025 and December 31, 2024, we had no ACL or provision expense and no charge-offs or recoveries on AFS or HTM securities.

Pledged Securities

At December 31, 2025 and December 31, 2024, securities having a carrying value of \$69.5 million and \$43.3 million, respectively, were specifically pledged as collateral for public funds, the FRB discount window program, FHLB borrowings and other purposes. There is a blanket lien on non-pledged, mortgage-related loans and securities as part of the Corporation's borrowing agreement with the FHLB.

(5) Loans and Other Finance Receivables

The following table presents loans and other finance receivables, net of fees and costs detailed by category at the dates indicated:

	December 31, 2025	December 31, 2024
<i>(dollars in thousands)</i>		
Real estate loans:		
Commercial mortgage	\$ 879,440	\$ 823,976
Home equity lines and loans	107,002	90,721
Residential mortgage	236,135	252,565
Construction	330,543	259,553
Total real estate loans	1,553,120	1,426,815
Commercial, industrial & other finance receivables	428,981	367,366
Small business loans	139,765	155,775
Consumer	329	349
Leases, net	45,489	75,987
Loans and other finance receivables	<u>\$ 2,167,684</u>	<u>\$ 2,026,292</u>
Balances included in loans and other finance receivables		
Residential mortgage real estate loans accounted under fair value option, at fair value	\$ 14,396	\$ 14,501
Residential mortgage real estate loans accounted under fair value option, at amortized cost	16,169	16,543
Unearned lease income included in leases, net	(4,980)	(9,057)
Unamortized net deferred loan origination costs, not included in loans above	2,916	4,145

Fair Value Option for Residential Mortgage Real Estate Loans

Residential mortgage real estate loans that were originated by the Corporation and intended for sale in the secondary market to permanent investors, but in prior years were either repurchased or unsalable due to defect and that the Corporation has the ability and intent to hold for the foreseeable future or until maturity or payoff are carried at fair value pursuant to the Corporation's election of the fair value option for these loans. The remaining loans, net of fees and costs are stated at their outstanding unpaid principal balances, net of deferred fees or costs since the original intent for these loans was to hold them until payoff or maturity.

Past Due and Nonaccrual Loans

The following tables present an aging of the Corporation's loans at the dates indicated:

December 31, 2025								
(dollars in thousands)	30-59 days past due	60-89 days past due	Total past due	Current	Total Accruing Loans and leases	Nonaccrual loans and leases	Total loans	% Delinquent
Commercial mortgage	\$ 1,059	\$ 328	\$ 1,387	\$ 875,581	\$ 876,968	\$ 2,472	\$ 879,440	0.44 %
Home equity lines and loans	513	—	513	104,466	104,979	2,023	107,002	2.37
Residential mortgage ⁽¹⁾	1,843	621	2,464	223,286	225,750	10,385	236,135	5.44
Construction	—	—	—	323,893	323,893	6,650	330,543	2.01
Commercial, industrial & other finance receivables	1,099	—	1,099	421,112	422,211	6,770	428,981	1.83
Small business loans	739	—	739	114,245	114,984	24,781	139,765	18.26
Consumer	—	—	—	329	329	—	329	—
Leases, net	699	249	948	42,562	43,510	1,979	45,489	6.43 %
Total	\$ 5,952	\$ 1,198	\$ 7,150	\$ 2,105,474	\$ 2,112,624	\$ 55,060	\$ 2,167,684	2.87 %

(1) Includes \$14.4 million of loans at fair value of which \$13.3 million are current, \$604 thousand are 30-89 days past due, and \$510 thousand are nonaccrual.

December 31, 2024								
(dollars in thousands)	30-59 days past due	60-89 days past due	Total past due	Current	Total Accruing Loans and leases	Nonaccrual loans and leases	Total loans	% Delinquent
Commercial mortgage	\$ 1,290	\$ —	\$ 1,290	\$ 821,877	\$ 823,167	\$ 809	\$ 823,976	0.25 %
Home equity lines and loans	176	154	330	88,675	89,005	1,716	90,721	2.26
Residential mortgage ⁽¹⁾	3,259	—	3,259	241,406	244,665	7,900	252,565	4.42
Construction	1,000	—	1,000	249,940	250,940	8,613	259,553	3.70
Commercial, industrial & other finance receivables	—	—	—	355,400	355,400	11,966	367,366	3.26
Small business loans	1,351	—	1,351	142,154	143,505	12,270	155,775	8.74
Consumer	—	—	—	349	349	—	349	—
Leases, net	1,046	457	1,503	72,633	74,136	1,851	75,987	4.41 %
Total	\$ 8,122	\$ 611	\$ 8,733	\$ 1,972,434	\$ 1,981,167	\$ 45,125	\$ 2,026,292	2.66 %

(1) Includes \$14.5 million of loans at fair value of which \$13.7 million are current, \$473 thousand are 30-89 days past due and \$340 thousand are nonaccrual.

There were no loans in the tables above as of December 31, 2025 or December 31, 2024 that were 90+days past due and still accruing interest.

Foreclosed and Repossessed Assets

At December 31, 2025 and December 31, 2024, there were 11 and 4 consumer mortgage loans, respectively, totaling \$3.1 million and \$1.3 million, respectively, secured by residential real estate properties (included in loans, net of fees and costs on the Consolidated Balance Sheets) for which formal foreclosure proceedings were in process.

Risks and Uncertainties

We have no particular credit concentration. Our commercial loans have been proactively managed in an effort to achieve a balanced portfolio with no unusual exposure to one industry. Additionally, most of our lending activity occurs within our primary market areas which are concentrated in southeastern Pennsylvania, Delaware, and Maryland as well as other contiguous markets and represents a geographic concentration. Additionally, our loan portfolio is concentrated in commercial loans. Commercial loans are generally viewed as having more inherent risk of default than residential real estate loans or other consumer loans. Also, the commercial loan balance

per borrower is typically larger than that for residential real estate loans and consumer loans, implying higher potential losses on an individual loan basis.

Past Due and Nonaccrual Status

The following table presents the amortized costs basis of loans and leases on nonaccrual status, net of fees and costs as of December 31, 2025 and 2024. As of these dates there were no loans 90 days or more past due and still accruing.

<i>(dollars in thousands)</i>	December 31, 2025			December 31, 2024		
	Nonaccrual Without ACL	Nonaccrual With ACL	Total Nonaccrual	Nonaccrual Without ACL	Nonaccrual With ACL	Total Nonaccrual
Commercial mortgage	\$ 2,472	\$ —	\$ 2,472	\$ 809	\$ —	\$ 809
Home equity lines and loans	2,023	—	2,023	1,716	—	1,716
Residential mortgage	9,020	1,365	10,385	7,518	382	7,900
Construction	1,889	4,761	6,650	8,613	—	8,613
Commercial, industrial & other finance receivables	6,770	—	6,770	9,166	2,800	11,966
Small business loans ⁽¹⁾	18,050	6,731	24,781	8,179	4,091	12,270
Leases, net	—	1,979	1,979	1,851	—	1,851
Total	<u>\$ 40,224</u>	<u>\$ 14,836</u>	<u>\$ 55,060</u>	<u>\$ 37,852</u>	<u>\$ 7,273</u>	<u>\$ 45,125</u>

(1) Included in non-performing small business loans as of December 31, 2025, and 2024, respectively, are \$13.2 million and \$6.5 million in SBA guarantees.

Collateral-dependent Loans

The following table presents the amortized cost basis of non-accruing collateral-dependent loans by class of loans and type of collateral identified as of December 31, 2025 and 2024 under the current expected credit loss model:

<i>(dollars in thousands)</i>	December 31, 2025			December 31, 2024		
	Real Estate	Equipment and Other	Total	Real Estate	Equipment and Other	Total
Commercial mortgage	\$ 2,472	\$ —	\$ 2,472	\$ 809	\$ —	\$ 809
Home equity lines and loans	2,023	—	2,023	1,716	—	1,716
Residential mortgage	10,385	—	10,385	7,900	—	7,900
Construction	6,650	—	6,650	8,613	—	8,613
Commercial, industrial & other finance receivables	1,372	5,398	6,770	1,344	10,622	11,966
Small business loans	19,287	5,494	24,781	10,164	2,106	12,270
Total	<u>\$ 42,189</u>	<u>\$ 10,892</u>	<u>\$ 53,081</u>	<u>\$ 30,546</u>	<u>\$ 12,728</u>	<u>\$ 43,274</u>

(6) Allowance for Credit Losses

The ACL is maintained at a level considered adequate to provide for estimated expected credit losses within the loan portfolio over the contractual life of an instrument that considers our historical loss experience, current conditions and forecasts of future economic conditions as of the balance sheet date. Management's periodic evaluation of the adequacy of the ACL is based on known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is subjective as it requires material estimates that may be susceptible to significant revisions as more information becomes available.

Roll-Forward of Allowance by Portfolio Segment

The following tables provide the activity of our ACL for the years ended December 31, 2025 and 2024 under the CECL model in accordance with ASC 326:

	Year Ended December 31, 2025				
	Beginning Balance	Charge-offs	Recoveries	Provision (recovery of provision) for credit losses	Ending Balance
<i>(dollars in thousands)</i>					
Commercial mortgage	\$ 3,469	\$ —	\$ —	\$ 207	\$ 3,676
Home equity lines and loans	1,147	—	6	9	1,162
Residential mortgage	1,021	—	2	(97)	926
Construction	923	(738)	—	1,882	2,067
Commercial, industrial & other finance receivables	3,098	(4,788)	156	4,516	2,982
Small business loans	6,304	(4,989)	38	7,968	9,321
Consumer	—	(11)	4	7	—
Leases	2,476	(2,358)	820	501	1,439
Total	\$ 18,438	\$ (12,884)	\$ 1,026	\$ 14,993	\$ 21,573

	Year Ended December 31, 2024					
	Beginning Balance	Initial PCD on purchased loan ⁽¹⁾	Charge-offs	Recoveries	Provision (recovery of provision) for credit losses	Ending Balance
<i>(dollars in thousands)</i>						
Commercial mortgage	\$ 4,375	\$ —	\$ —	\$ —	\$ (906)	\$ 3,469
Home equity lines and loans	998	—	(86)	30	205	1,147
Residential mortgage	1,020	—	—	13	(12)	1,021
Construction	485	—	—	—	438	923
Commercial, industrial & other finance receivables	4,518	574	(6,367)	63	4,310	3,098
Small business loans	7,005	—	(4,300)	136	3,463	6,304
Consumer	—	—	(5)	4	1	—
Leases	3,706	—	(5,916)	592	4,094	2,476
Total	\$ 22,107	\$ 574	\$ (16,674)	\$ 838	\$ 11,593	\$ 18,438

(1) - Meridian repurchased, at a discount of \$574 thousand, the remaining balance of a commercial loan participation to another bank. The discount was recorded as a PCD loan in the ACL rollforward as presented above. At the time of purchase the determination was made that this loan had experienced more than insignificant deterioration in credit quality since origination. The impact of this loan repurchase increased the balance of non-performing loans by \$2.1 million and also increased the ACL by \$574 thousand as this loan is classified as a PCD loan. This initial measurement of expected credit losses on a PCD loan has no impact on net income. Subsequent changes to the ACL on the PCD loan would be recognized through a provision for credit losses.

Reconciliation of Provision for Credit Losses

The following table provides a reconciliation of the provision for credit losses on the consolidated statements of income between the funded and unfunded components at the dates indicated:

	Year Ended December 31,	
	2025	2024
<i>(dollars in thousands)</i>		
Provision for credit losses - funded loans	\$ 14,993	\$ 11,593
Provision (recovery) for credit losses - unfunded loans	159	(193)
Total provision for credit losses	\$ 15,152	\$ 11,400

Allowance Allocated by Portfolio Segment

The following tables detail the allocation of the ACL and the carrying value for loans and leases by portfolio segment based on the methodology used to evaluate the loans and leases at the dates indicated:

<i>(dollars in thousands)</i>	December 31, 2025					
	Allowance for credit losses			Carrying value of loans and leases		
	Individually evaluated	Collectively evaluated	Total	Individually evaluated	Collectively evaluated	Total
Commercial mortgage	\$ —	\$ 3,676	\$ 3,676	\$ 2,472	\$ 876,968	\$ 879,440
Home equity lines and loans	—	1,162	1,162	2,023	104,979	107,002
Residential mortgage ⁽¹⁾	122	804	926	9,875	211,864	221,739
Construction	331	1,736	2,067	6,650	323,893	330,543
Commercial, industrial & other finance receivables	—	2,982	2,982	6,770	422,211	428,981
Small business loans	2,986	6,335	9,321	24,781	114,984	139,765
Consumer	—	—	—	—	329	329
Leases, net	—	1,439	1,439	—	45,489	45,489
Total ⁽²⁾	\$ 3,439	\$ 18,134	\$ 21,573	\$ 52,571	\$ 2,100,717	\$ 2,153,288

(1) Excludes \$14.4 million of loans at fair value.

(2) Excludes deferred fees.

<i>(dollars in thousands)</i>	December 31, 2024					
	Allowance for credit losses			Carrying value of loans and leases		
	Individually evaluated	Collectively evaluated	Total	Individually evaluated	Collectively evaluated	Total
Commercial mortgage	\$ —	\$ 3,469	\$ 3,469	\$ 809	\$ 823,167	\$ 823,976
Home equity lines and loans	—	1,147	1,147	1,716	89,005	90,721
Residential mortgage ⁽¹⁾	29	992	1,021	7,560	230,504	238,064
Construction	—	923	923	8,613	250,940	259,553
Commercial, industrial & other finance receivables	855	2,243	3,098	11,966	355,400	367,366
Small business loans	1,808	4,496	6,304	12,270	143,505	155,775
Consumer	—	—	—	—	349	349
Leases	—	2,476	2,476	—	75,987	75,987
Total ⁽²⁾	\$ 2,692	\$ 15,746	\$ 18,438	\$ 42,934	\$ 1,968,857	\$ 2,011,791

(1) Excludes \$14.5 million of loans at fair value.

(2) Excludes deferred fees.

The \$3.1 million increase in the overall funded ACL from December 31, 2024 to December 31, 2025 was driven by increases in the ACL on small business loans due to an increase in nonperforming loans and net charge-offs, combined with an increase in net charge-offs on construction loans during 2025. These increases in ACL were partially offset by a decline in the ACL on the lease portfolio as this portfolio continues to run off.

Credit Quality Indicators

As part of the process of determining the ACL to the different segments of the loan and lease portfolio, Management considers certain credit quality indicators. For the commercial mortgage, construction and commercial and industrial loan segments, periodic reviews of the individual loans are performed by Management. The results of these reviews are reflected in the risk grade assigned to each loan. These internally assigned grades are as follows:

- **Pass** – Loans considered to be satisfactory with no indications of deterioration.
- **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 payment capacity of the obligor or of the collateral pledged, if any. Substandard loans 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. Loan balances classified as doubtful have been reduced by partial charge-offs and are carried at their net realizable values.

The following tables detail the carrying value of loans and leases by portfolio segment based on the credit quality indicators used to determine the allowance for credit losses at the dates indicated:

<i>(dollars in thousands)</i>	December 31, 2025						Revolving Loans Converted to Term Loans	Revolving Loans	Total
	Term Loans								
	2025	2024	2023	2022	2021	Prior			
Commercial mortgage									
Pass/Watch	\$ 116,630	\$ 116,852	\$ 102,516	\$ 162,329	\$ 127,627	\$ 227,348	\$ —	\$ —	\$ 853,302
Special Mention	—	—	4,487	1,474	—	4,159	—	—	10,120
Substandard	—	—	1,029	8,074	—	6,915	—	—	16,018
Total	\$ 116,630	\$ 116,852	\$ 108,032	\$ 171,877	\$ 127,627	\$ 238,422	\$ —	\$ —	\$ 879,440
Year-to-date gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Construction									
Pass/Watch	\$ 117,778	\$ 118,733	\$ 19,858	\$ 9,212	\$ 3,373	\$ 8,263	\$ —	\$ 29,906	\$ 307,123
Special Mention	—	—	6,245	—	—	—	—	—	6,245
Substandard	1,430	211	1,185	9,096	1,826	492	—	2,935	17,175
Total	\$ 119,208	\$ 118,944	\$ 27,288	\$ 18,308	\$ 5,199	\$ 8,755	\$ —	\$ 32,841	\$ 330,543
Year-to-date gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (738)	\$ (738)
Commercial, industrial & other finance receivables									
Pass/Watch	\$ 84,183	\$ 62,904	\$ 16,119	\$ 17,270	\$ 9,224	\$ 21,836	\$ —	\$ 193,356	\$ 404,892
Special Mention	—	—	—	145	3,857	—	—	4,608	8,610
Substandard	—	—	850	—	523	5,360	—	8,746	15,479
Total	\$ 84,183	\$ 62,904	\$ 16,969	\$ 17,415	\$ 13,604	\$ 27,196	\$ —	\$ 206,710	\$ 428,981
Year-to-date gross charge-offs	\$ (739)	\$ (1,487)	\$ (160)	\$ (23)	\$ (1,089)	\$ —	\$ —	\$ (1,290)	\$ (4,788)
Small business loans									
Pass/Watch	\$ 29,760	\$ 17,403	\$ 17,955	\$ 16,903	\$ 9,448	\$ 8,935	\$ —	\$ 10,713	\$ 111,117
Special Mention	—	477	134	—	—	—	—	140	751
Substandard	2,567	2,127	3,893	874	10,523	4,002	—	3,911	27,897
Total	\$ 32,327	\$ 20,007	\$ 21,982	\$ 17,777	\$ 19,971	\$ 12,937	\$ —	\$ 14,764	\$ 139,765
Year-to-date gross charge-offs	\$ (1,211)	\$ (433)	\$ (550)	\$ (233)	\$ (692)	\$ (1,057)	\$ —	\$ (813)	\$ (4,989)
Total by risk rating									
Pass/Watch	\$ 348,351	\$ 315,892	\$ 156,448	\$ 205,714	\$ 149,672	\$ 266,382	\$ —	\$ 233,975	1,676,434
Special Mention	—	477	10,866	1,619	3,857	4,159	—	4,748	25,726
Substandard	3,997	2,338	6,957	18,044	12,872	16,769	—	15,592	76,569
Total	\$ 352,348	\$ 318,707	\$ 174,271	\$ 225,377	\$ 166,401	\$ 287,310	\$ —	\$ 254,315	\$1,778,729
Total year-to-date gross charge-offs	\$ (1,950)	\$ (1,920)	\$ (710)	\$ (256)	\$ (1,781)	\$ (1,057)	\$ —	\$ (2,841)	\$ (10,515)

<i>(dollars in thousands)</i>	December 31, 2024						Revolving Loans Converted to Term Loans	Revolving Loans	Total
	Term Loans								
	2024	2023	2022	2021	2020	Prior			
Commercial mortgage									
Pass/Watch	\$ 118,289	\$ 99,971	\$ 162,831	\$ 140,046	\$ 92,705	\$ 184,157	\$ 511	\$ 189	\$ 798,699
Special Mention	—	3,471	11,258	972	47	767	667	—	17,182
Substandard	—	200	30	—	4,681	3,184	—	—	8,095
Total	\$ 118,289	\$ 103,642	\$ 174,119	\$ 141,018	\$ 97,433	\$ 188,108	\$ 1,178	\$ 189	\$ 823,976
Year-to-date gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Construction									
Pass/Watch	\$ 89,417	\$ 61,040	\$ 38,315	\$ 10,935	\$ 7,015	\$ 4,229	\$ 123	\$ 34,613	\$ 245,687
Special Mention	160	1,185	2,948	—	—	—	—	—	4,293
Substandard	—	—	1,277	1,605	516	2,608	—	3,567	9,573
Total	\$ 89,577	\$ 62,225	\$ 42,540	\$ 12,540	\$ 7,531	\$ 6,837	\$ 123	\$ 38,180	\$ 259,553
Year-to-date gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial, industrial & other finance receivables									
Pass/Watch	\$ 81,352	\$ 23,658	\$ 16,844	\$ 15,634	\$ 8,499	\$ 23,220	\$ —	\$ 162,980	\$ 332,187
Special Mention	—	850	2,599	438	—	—	—	2,455	6,342
Substandard	—	115	3,813	2,365	—	9,978	—	12,566	28,837
Total	\$ 81,352	\$ 24,623	\$ 23,256	\$ 18,437	\$ 8,499	\$ 33,198	\$ —	\$ 178,001	\$ 367,366
Year-to-date gross charge-offs	\$ (351)	\$ (1,136)	\$ (41)	\$ —	\$ —	\$ (1,324)	\$ —	\$ (3,515)	\$ (6,367)
Small business loans									
Pass/Watch	\$ 35,720	\$ 23,714	\$ 24,446	\$ 22,800	\$ 6,699	\$ 6,226	\$ —	\$ 13,818	\$ 133,423
Special Mention	—	425	507	2,335	1,332	—	—	—	4,599
Substandard	—	1,804	1,294	8,481	4,085	—	—	2,089	17,753
Total	\$ 35,720	\$ 25,943	\$ 26,247	\$ 33,616	\$ 12,116	\$ 6,226	\$ —	\$ 15,907	\$ 155,775
Year-to-date gross charge-offs	\$ —	\$ (118)	\$ (1,986)	\$ (1,064)	\$ (352)	\$ —	\$ —	\$ (780)	\$ (4,300)
Total by risk rating									
Pass/Watch	\$ 324,778	\$ 208,383	\$ 242,436	\$ 189,415	\$ 114,918	\$ 217,832	\$ 634	\$ 211,600	\$ 1,509,996
Special Mention	160	5,931	17,312	3,745	1,379	767	667	2,455	32,416
Substandard	—	2,119	6,414	12,451	9,282	15,770	—	18,222	64,258
Total	\$ 324,938	\$ 216,433	\$ 266,162	\$ 205,611	\$ 125,579	\$ 234,369	\$ 1,301	\$ 232,277	\$ 1,606,670
Total year-to-date gross charge-offs	\$ (351)	\$ (1,254)	\$ (2,027)	\$ (1,064)	\$ (352)	\$ (1,324)	\$ —	\$ (4,295)	\$ (10,667)

The Corporation had no loans with a risk rating of Doubtful included within recorded investment in loans and leases held for investment at December 31, 2025 and December 31, 2024.

In addition to credit quality indicators as shown in the above tables, allowance allocations for residential mortgages, consumer loans and leases are also applied based on their performance status at the dates indicated:

(dollars in thousands)	December 31, 2025							Revolving Loans	Total
	Term Loans								
	2025	2024	2023	2022	2021	Prior			
Home equity lines and loans									
Performing	\$ 1,103	\$ 658	\$ 196	\$ 534	\$ 207	\$ 3,102	\$ 99,179	\$ 104,979	
Nonperforming	—	—	—	—	91	342	1,590	2,023	
Total	\$ 1,103	\$ 658	\$ 196	\$ 534	\$ 298	\$ 3,444	\$ 100,769	\$ 107,002	
Year-to-date gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Residential mortgage ⁽¹⁾									
Performing	\$ 25,957	\$ 8,080	\$ 26,278	\$ 122,566	\$ 15,775	\$ 13,208	\$ —	\$ 211,864	
Nonperforming	—	437	672	3,398	737	4,631	—	9,875	
Total	\$ 25,957	\$ 8,517	\$ 26,950	\$ 125,964	\$ 16,512	\$ 17,839	\$ —	\$ 221,739	
Year-to-date gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Consumer									
Performing	\$ —	\$ 5	\$ 22	\$ 12	\$ —	\$ 220	\$ 70	\$ 329	
Nonperforming	—	—	—	—	—	—	—	—	
Total	\$ —	\$ 5	\$ 22	\$ 12	\$ —	\$ 220	\$ 70	\$ 329	
Year-to-date gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (11)	\$ (11)	
Leases, net									
Performing	\$ 6,232	\$ 482	\$ 10,149	\$ 19,369	\$ 6,561	\$ 717	\$ —	\$ 43,510	
Nonperforming	—	—	518	1,099	342	20	—	1,979	
Total	\$ 6,232	\$ 482	\$ 10,667	\$ 20,468	\$ 6,903	\$ 737	\$ —	\$ 45,489	
Year-to-date gross charge-offs	\$ —	\$ —	\$ (90)	\$ (1,472)	\$ (756)	\$ (40)	\$ —	\$ (2,358)	
Total by Payment Performance									
Performing	\$ 33,292	\$ 9,225	\$ 36,645	142,481	\$ 22,543	\$ 17,247	\$ 99,249	\$ 360,682	
Nonperforming	—	437	1,190	4,497	1,170	4,993	1,590	13,877	
Total	\$ 33,292	\$ 9,662	\$ 37,835	\$ 146,978	\$ 23,713	\$ 22,240	\$ 100,839	\$ 374,559	
Total year-to-date gross charge-offs	\$ —	\$ —	\$ (90)	\$ (1,472)	\$ (756)	\$ (40)	\$ (11)	\$ (2,369)	

(1) Excludes \$14.4 million of loans at fair value.

December 31, 2024

<i>(dollars in thousands)</i>	Term Loans						Revolving Loans	Total
	2024	2023	2022	2021	2020	Prior		
Home equity lines and loans								
Performing	\$ 705	\$ 332	\$ 620	\$ 211	\$ 328	\$ 3,313	\$ 83,016	\$ 88,525
Nonperforming	—	—	—	91	—	342	1,763	2,196
Total	\$ 705	\$ 332	\$ 620	\$ 302	\$ 328	\$ 3,655	\$ 84,779	\$ 90,721
Year-to-date gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (86)	\$ (86)
Residential mortgage ⁽¹⁾								
Performing	\$ 13,878	\$ 43,860	\$ 140,953	\$ 16,761	\$ 6,808	\$ 8,245	\$ —	\$ 230,505
Nonperforming	129	253	2,323	752	357	3,745	—	7,559
Total	\$ 14,007	\$ 44,113	\$ 143,276	\$ 17,513	\$ 7,165	\$ 11,990	\$ —	\$ 238,064
Year-to-date gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consumer								
Performing	\$ 14	\$ 32	\$ 22	\$ —	\$ —	\$ 241	\$ 40	\$ 349
Nonperforming	—	—	—	—	—	—	—	—
Total	\$ 14	\$ 32	\$ 22	\$ —	\$ —	\$ 241	\$ 40	\$ 349
Year-to-date gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (5)	\$ (5)
Leases, net								
Performing	\$ 741	\$ 15,594	\$ 36,229	\$ 17,253	\$ 4,326	\$ —	\$ —	\$ 74,143
Nonperforming	—	298	945	493	108	—	—	1,844
Total	\$ 741	\$ 15,892	\$ 37,174	\$ 17,746	\$ 4,434	\$ —	\$ —	\$ 75,987
Year-to-date gross charge-offs	\$ —	\$ (968)	\$ (3,606)	\$ (1,077)	\$ (265)	\$ —	\$ —	\$ (5,916)
Total by Payment Performance								
Performing	\$ 15,338	\$ 59,818	\$ 177,824	\$ 34,225	\$ 11,462	\$ 11,799	\$ 83,056	\$ 393,522
Nonperforming	129	551	3,268	1,336	465	4,087	1,763	11,599
Total	\$ 15,467	\$ 60,369	\$ 181,092	\$ 35,561	\$ 11,927	\$ 15,886	\$ 84,819	\$ 405,121
Total year-to-date gross charge-offs	\$ —	\$ (968)	\$ (3,606)	\$ (1,077)	\$ (265)	\$ —	\$ (91)	\$ (6,007)

(1) Excludes \$14.5 million of loans at fair value.

Modifications to Borrowers Experiencing Financial Difficulty

An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification. Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the ACL on loans and leases, a change to the allowance for credit losses is generally not recorded upon modification. However, when principal forgiveness is provided, the amortized cost basis of the asset is written off against the ACL on loans and leases. The amount of the principal forgiveness is deemed to be uncollectible; therefore, that portion of the loan is written off, resulting in a reduction of the amortized cost basis and a corresponding adjustment to the allowance for credit losses.

The following presents, by class of loans, information regarding accruing and nonaccrual modified loans to borrowers experiencing financial difficulty during the years ended December 31, 2025 and 2024.

(dollars in thousands)	Year Ended December 31, 2025				Year Ended December 31, 2024			
	Number of Loans	Amortized Cost Basis	% of Total Class of Financing Receivable	Related Reserve	Number of Loans	Amortized Cost Basis	% of Total Class of Financing Receivable	Related Reserve
Accruing Modified Loans to Borrowers Experiencing Financial Difficulty:								
Small business loans	4	\$ 1,556	1.1%	\$ —	6	\$ 3,534	2.3%	\$ —
Construction	2	10,526	3.2%	—	—	—	—%	—
Commercial mortgage	3	1,388	0.2%	—	—	—	—%	—
Commercial, industrial & other finance receivables	1	1,099	0.3%	—	7	3,156	0.9%	—
Leases	7	271	0.6%	9	—	—	—%	—
Total	17	\$ 14,840		\$ 9	13	\$ 6,690		\$ —
Nonaccrual Modified Loans to Borrowers Experiencing Financial Difficulty:								
Small business loans	9	\$ 4,083	2.9%	\$ 1,512	3	\$ 1,663	1.1%	\$ —
Construction	3	4,331	1.3%	185	2	1,856	0.7%	—
Commercial, industrial & other finance receivables	2	850	0.2%	—	5	2,792	0.8%	—
Leases	18	606	1.3%	19	—	—	—%	—
Home equity lines and loans	1	456	0.4%	—	—	—	—%	—
Residential mortgage	2	905	0.4%	—	3	546	0.2%	19
Total	35	\$ 11,231		\$ 1,716	13	\$ 6,857		\$ 19

The following presents, by class of loans, information regarding accruing and nonaccrual modified loans to borrowers experiencing financial difficulty during the years ended December 31, 2025 and 2024.

	Year Ended December 31, 2025		Year Ended December 31, 2024	
	Number of Loans	Financial Effect	Number of Loans	Financial Effect
Accruing Modified Loans to Borrowers Experiencing Financial Difficulty:				
Small business loans	4	Extend maturity date	6	Extend maturity date
Construction	2	Extend maturity date and allow additional funding	—	Extend maturity date
Commercial mortgage	3	Extend maturity date and allow additional funding	—	
Commercial, industrial & other finance receivables	1	Extend maturity date	7	Extend maturity date and allow additional funding
Leases	7	Extend maturity date	—	
Total	17		13	
Nonaccrual Modified Loans to Borrowers Experiencing Financial Difficulty:				
Small business loans	9	Extend maturity date	3	Extend maturity date
Construction	3	Extend maturity date	2	Extend maturity date
Commercial, industrial & other finance receivables	2	Extend maturity date	5	Extend maturity date and allow additional funding
Leases	18	Extend maturity date	—	
Home equity lines and loans	1	Extend maturity date	—	
Residential mortgage	2	Extend maturity date	3	Extend maturity date
Total	35		13	

There were 52 and 26 modifications granted to borrowers experiencing financial difficulty for the year ended December 31, 2025 and December 31, 2024, respectively. There were no loans that had a payment default that were modified in the 12 months before the years ended December 31, 2025 and December 31, 2024. There were \$2.1 million and zero, in commitments to lend additional funds to the borrowers experiencing financial difficulty that had modifications during the years ended December 31, 2025 and December 31, 2024, respectively.

The increase period over period in assistance provided to borrowers experiencing financial difficulty was seen in small business loans, leases, and construction loans. The primary factor for the financial difficulty generally comes from higher interest rates (small business loans) or higher rates for longer periods (which for construction, caused the borrower to go through their interest reserve quicker).

The following presents, by class of loans, the amortized cost and performance status of accruing and nonaccrual modified loans to borrowers experiencing financial difficulty that have been modified in the last 12 months as of December 31, 2025 and 2024.

December 31, 2025						
<i>(dollars in thousands)</i>	Current	30-59 days past due	60-89 days past due	90+ days past due and still accruing	Nonaccrual loans and leases	Total
Small business loans	\$ 1,556	\$ —	\$ —	\$ —	\$ 4,083	\$ 5,639
Construction	10,526	—	—	—	4,331	14,857
Commercial mortgage	—	1,060	328	—	—	1,388
Commercial, industrial & other finance receivables	—	1,099	—	—	850	1,949
Leases	271	—	—	—	606	877
Home equity lines and loans	—	—	—	—	456	456
Residential mortgage	—	—	—	—	905	905
Total	<u>\$ 12,353</u>	<u>\$ 2,159</u>	<u>\$ 328</u>	<u>\$ —</u>	<u>\$ 11,231</u>	<u>\$ 26,071</u>

December 31, 2024						
<i>(dollars in thousands)</i>	Current	30-59 days past due	60-89 days past due	90+ days past due and still accruing	Nonaccrual loans and leases	Total
Small business loans	\$ 3,534	\$ —	\$ —	\$ —	\$ 1,663	\$ 5,197
Construction	—	—	—	—	1,856	1,856
Commercial, industrial & other finance receivables	3,156	—	—	—	2,792	5,948
Residential mortgage	—	—	—	—	546	546
Total	<u>\$ 6,690</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,857</u>	<u>\$ 13,547</u>

(7) OREO and Other Repossessed Assets

Changes in the balance of OREO is summarized as follows:

<i>(dollars in thousands)</i>	December 31, 2025	December 31, 2024
OREO balance, beginning of year	\$ 159	\$ —
Loans transferred to other real estate owned	3,592	159
Valuation allowance for losses	—	—
Sales	(159)	—
OREO balance, end of year	<u>\$ 3,592</u>	<u>\$ 159</u>

During the year ended December 31, 2025, the Corporation foreclosed on four commercial loans and transferred the collateral property to OREO. Additionally, during the year ended December 31, 2025, the Corporation sold a residential real estate property and recorded a gain of \$15 thousand. During the year ended December 31, 2024, the Corporation foreclosed on one residential real estate property and transferred the collateral property to OREO. Additionally, during the year ended December 31, 2024, the Corporation sold a residential real estate property and recorded a gain of \$317 thousand. There were no valuation allowances against OREO for either period presented above.

Changes in the balance of repossessed assets are summarized as follows:

<i>(dollars in thousands)</i>	December 31, 2025	December 31, 2024
Repossessed asset balance, beginning of year	\$ 117	\$ —
Loans & leases transferred to repossessed assets	2,357	117
Valuation allowance for losses	—	—
Sales	(69)	—
Repossessed asset balance, end of year	<u>\$ 2,405</u>	<u>\$ 117</u>
Total OREO and other repossessed assets	<u>\$ 5,997</u>	<u>\$ 276</u>

During the year ended December 31, 2025, the Corporation repossessed a billboard asset from a commercial loan relationship, as well as equipment from lease relationships, and reclassified into other repossessed assets. Additionally, during the year ended December 31, 2025, the Corporation sold approximately \$69 thousand in repossessed equipment that had previously been used as collateral on leases. During the year ended December 31, 2024, the Corporation repossessed equipment from lease relationships and reclassified into other repossessed assets. There were no valuation allowances against repossessed assets for either period presented above.

(8) Bank Premises and Equipment

The components of premises and equipment at December 31, 2025 and 2024 are as follows:

<i>(dollars in thousands)</i>	December 31, 2025	December 31, 2024
Buildings	\$ 9,416	\$ 9,416
Leasehold improvements	4,479	3,256
Land	600	600
Land Improvements	218	218
Furniture, fixtures and equipment	3,415	3,613
Computer equipment and data processing software	9,975	9,575
Construction in process	—	50
Less: accumulated depreciation	(15,703)	(14,577)
Total	<u>\$ 12,402</u>	<u>\$ 12,151</u>

Total depreciation expense for the years ended December 31, 2025 and 2024 totaled \$1.4 million and \$2.0 million, respectively.

Leasehold improvements decreased during the year ended December 31, 2025 due to the early termination of our Blue Bell office lease.

(9) Deposits

The components of deposits at December 31, 2025 and 2024 are as follows:

<i>(dollars in thousands)</i>	December 31, 2025	December 31, 2024
Demand, non-interest bearing	\$ 245,377	\$ 240,858
Demand, interest bearing	157,360	141,439
Savings accounts	11,842	15,710
Money market accounts	1,011,448	897,826
Time deposits	732,101	709,535
Total	<u>\$ 2,158,128</u>	<u>\$ 2,005,368</u>

Included in time deposits as of December 31, 2025, and 2024, are \$484.3 million and \$500.4 million of brokered time deposits, respectively.

The aggregate amount of time deposits in denominations over \$250 thousand were \$522.7 million and \$545.7 million as of December 31, 2025 and 2024, respectively.

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

2026	\$ 661,114
2027	70,265
2028	298
2029	413
2030	11
Total	<u>\$ 732,101</u>

(10) Short-Term Borrowings and Long-Term Debt

The Corporation's short-term borrowings generally consist of federal funds purchased and short-term borrowings extended under agreements with the FHLB or other correspondent banks. The Corporation has 4 unsecured borrowing facilities with correspondent banks for up to \$56.0 million in total. Federal funds purchased generally represent one-day borrowings. The Corporation had \$0 and \$0 in Federal funds purchased at December 31, 2025 and December 31, 2024, respectively. The Corporation also has a facility with the Federal Reserve Bank discount window of \$4.2 million. This facility is fully secured by investment securities and pledged loans. There were no borrowings under this at December 31, 2025 and December 31, 2024. The Corporation's facility with the Federal Reserve's BTFP expired in March 2024. The Corporation has a revolving line of credit with ACBB of \$5.0 million that is used to fund operating activities of the Corporation and had an outstanding balance of \$1.5 million at December 31, 2025.

The following table presents short-term borrowings at the dates indicated:

<i>(dollars in thousands)</i>	Maturity date	Interest rate	December 31, 2025	December 31, 2024
FHLB Open Repo Plus Weekly	6/15/2026	3.93%	\$ 89,999	\$ 75,205
FHLB Mid-term Repo Fixed	7/14/2026	4.57%	15,245	—
ACBB Holding Company Revolving LOC	7/24/2026	7.00%	1,500	5,000
FHLB Mid-term Repo Fixed	10/14/2025	5.16%	—	9,492
FHLB Mid-term Repo Fixed	12/22/2025	4.23%	—	8,935
Total Short-Term Borrowings			<u>\$ 106,744</u>	<u>\$ 98,632</u>

The following table presents long-term borrowings at the dates indicated:

<i>(dollars in thousands)</i>	Maturity date	Interest rate	December 31, 2025	December 31, 2024
FHLB Mid-term Repo Fixed	5/20/2027	4.70%	\$ 10,594	\$ 10,594
FHLB Mid-term Repo Fixed	7/14/2026	4.57%	—	15,245
Total Long-Term Borrowings			<u>\$ 10,594</u>	<u>\$ 25,839</u>

The FHLB has also issued \$178.6 million of letters of credit to the Corporation for the benefit of the Corporation's public deposit funds and loan customers. These letters of credit expire throughout 2026.

The Corporation has a maximum borrowing capacity with the FHLB of \$751.5 million as of December 31, 2025 and \$699.3 million as of December 31, 2024. All advances and letters of credit from the FHLB are secured by a blanket lien on non-pledged, mortgage-related loans and securities as part of the Corporation's borrowing agreement with the FHLB.

(11) Subordinated Debentures

The following table presents subordinated debentures at the dates indicated:

<i>(dollars in thousands)</i>	Maturity date	Interest rate	December 31, 2025	December 31, 2024
2023 Debentures	08/31/2033	8.00%	\$ 9,740	\$ 9,740
2019 Debentures	12/30/2029	8.26%	40,000	40,000
2013 Debentures	12/31/2028	6.50%	398	398
2011 Debentures	12/31/2026	6.00%	219	231
Debt Origination Costs			(504)	(626)
Total Subordinated Debentures			<u>\$ 49,853</u>	<u>\$ 49,743</u>

Interest accrues at fixed rates of 8.00%, 6.50%, and 6.00% on the 2023, 2013 and 2011 Debentures, respectively. Interest accrued at a fixed rate of 5.38% on the 2019 Debentures from the date of issuance up to and including December 30, 2024. Starting on December

31, 2024, the 2019 Debentures converted to a floating rate instrument resetting quarterly at 395 basis points over the 30 day term SOFR. Interest is paid semi-annually on the 2023 and 2019 Debentures, and paid quarterly on the 2013 and 2011 debentures.

The 2013 and 2011 Debentures are included in Tier 2 capital for the Bank. The 2019 and 2023 Debentures are included as Tier 2 capital for the Corporation and as Tier 1 capital for the Bank through its investment in sub. The debt issuance costs are included as a direct deduction from the debt liability and these costs are amortized to interest expense using the effective yield method.

(12) Servicing Assets

The Corporation sells certain residential mortgage loans and the guaranteed portion of certain SBA loans to third parties and retains servicing rights and receives servicing fees. All such transfers are accounted for as sales. When the Corporation sells a residential mortgage loan, it does not retain any portion of that loan and its continuing involvement in such transfers is limited to certain servicing responsibilities. While the Corporation may retain a portion of certain sold SBA loans, its continuing involvement in the portion of the loan that was sold is limited to certain servicing responsibilities. When the contractual servicing fees on loans sold with servicing retained are expected to be more than adequate compensation to a servicer for performing the servicing, a capitalized servicing asset is recognized.

Residential Mortgage Loans

The related MSR asset is amortized over the period of the estimated future net servicing life of the underlying assets. MSR assets are evaluated quarterly for impairment based upon the fair value of the rights as compared to their amortized cost. Impairment is recognized on the income statement to the extent the fair value is less than the capitalized amount of the MSR.

During the year ended December 31, 2025, the Corporation sold approximately \$979 thousand of residential mortgage loan servicing rights associated with \$110.2 million of serviced loans, while for the year ended 2024 approximately \$6.6 million of residential mortgage loan servicing rights associated with \$777.2 million of serviced loans were sold.

The Corporation has \$10.3 million of residential mortgage loans being serviced as of December 31, 2025 compared to \$121.8 million as of December 31, 2024. During the year ended December 31, 2025 the Corporation recognized servicing fee income of \$108 thousand compared to \$2.0 million, during the year ended December 31, 2024.

Changes in the MSR balance are summarized as follows:

	Year Ended December 31,	
	2025	2024
<i>(dollars in thousands)</i>		
Balance at beginning of the period	\$ 1,124	\$ 8,621
Servicing rights capitalized	31	97
Amortization of servicing rights	(90)	(1,136)
Sale of servicing rights	(979)	(6,458)
Balance at end of the period	<u>\$ 86</u>	<u>\$ 1,124</u>

The Corporation uses assumptions and estimates in determining the fair value of MSR assets. These assumptions include prepayment speeds and discount rates. The assumptions used in the valuation were based on input from buyers, brokers and other qualified personnel, as well as market knowledge. At December 31, 2025, the key assumptions used to determine the fair value of the Corporation's MSR assets included a lifetime constant prepayment rate equal to 9.60% and a discount rate equal to 9.50%. At December 31, 2024, the key assumptions used to determine the fair value of the Corporation's MSR assets included a lifetime constant prepayment rate equal to 10.97% and a discount rate equal to 9.50%. As interest rates increased and the number of mortgage refinancings have declined, model inputs have been adjusted to align the MSR assets fair value with market conditions.

The sensitivity of the current fair value of the residential mortgage servicing rights to immediate 10% and 20% favorable and unfavorable changes in key economic assumptions are included in the following table.

<i>(dollars in thousands)</i>	December 31, 2025	December 31, 2024
Fair value of residential mortgage servicing rights	\$ 114	\$ 1,494
Weighted average life (months)	43	43
Prepayment speed	9.60 %	10.97 %
Impact on fair value:		
10% adverse change	\$ (5)	\$ (63)
20% adverse change	(10)	(121)
Discount rate	9.50 %	9.50 %
Impact on fair value:		
10% adverse change	\$ (4)	\$ (53)
20% adverse change	(9)	(102)

The sensitivity calculations above are hypothetical and should not be considered to be predictive of future performance. As indicated, changes in fair value based on adverse changes in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of an adverse variation in a particular assumption on the fair value of the MSR is calculated without changing any other assumption; while in reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in lower prepayments), which may magnify or counteract the effect of the change.

SBA Loans

SBA loan servicing assets are amortized over the period of the estimated future net servicing life of the underlying assets. SBA loan servicing assets are evaluated quarterly for impairment based upon the fair value of the rights as compared to their amortized cost. Impairment is recognized on the income statement to the extent the fair value is less than the capitalized amount of the SBA loan servicing asset. The Corporation serviced \$305.3 million and \$246.3 million of SBA loans, as of December 31, 2025 and December 31, 2024, respectively.

Changes in the SBA loan servicing asset balance are summarized as follows:

<i>(dollars in thousands)</i>	Year Ended December 31,	
	2025	2024
Balance at beginning of the period	\$ 3,258	\$ 3,127
Servicing rights capitalized	1,719	998
Amortization of servicing rights	(1,166)	(1,061)
Change in valuation allowance	35	194
Balance at end of the period	<u>\$ 3,846</u>	<u>\$ 3,258</u>

Activity in the valuation allowance for SBA loan servicing assets was as follows:

<i>(dollars in thousands)</i>	Year Ended December 31,	
	2025	2024
Valuation allowance, beginning of period	\$ (74)	\$ (268)
Impairment	(3)	(7)
Recovery	38	201
Valuation allowance, end of period	<u>\$ (39)</u>	<u>\$ (74)</u>

The Corporation uses assumptions and estimates in determining the fair value of SBA loan servicing rights. These assumptions include prepayment speeds, discount rates, and other assumptions. The assumptions used in the valuation were based on input from buyers, brokers and other qualified personnel, as well as market knowledge. At December 31, 2025, the key assumptions used to determine the fair value of the Corporation's SBA loan servicing rights included a lifetime constant prepayment rate equal to 17.10% and a discount rate equal to 12.91%. At December 31, 2024, the key assumptions used to determine the fair value of the Corporation's SBA loan servicing rights included a lifetime constant prepayment rate equal to 17.18% and a discount rate equal to 13.40%.

The sensitivity of the current fair value of the SBA loan servicing rights to immediate 10% and 20% favorable and unfavorable changes in key economic assumptions are included in the following table.

<i>(dollars in thousands)</i>	December 31, 2025	December 31, 2024
Fair value of SBA loan servicing rights	\$ 4,522	\$ 3,670
Weighted average life (years)	3.3	3.2
Prepayment speed	17.10 %	17.18 %
Impact on fair value:		
10% adverse change	\$ (207)	\$ (166)
20% adverse change	(397)	(317)
Discount rate	12.91 %	13.40 %
Impact on fair value:		
10% adverse change	\$ (101)	\$ (81)
20% adverse change	(197)	(159)

The sensitivity calculations above are hypothetical and should not be considered to be predictive of future performance. As indicated, changes in fair value based on adverse changes in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of an adverse variation in a particular assumption on the fair value of the SBA servicing rights is calculated without changing any other assumption; while in reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in lower prepayments), which may magnify or counteract the effect of the change.

(13) Lease Commitments

The Corporation's operating leases consist of various retail branch locations and loan production offices. As of December 31, 2025, the Corporation's leases have remaining lease terms ranging from 8 months to 14 years, including extension options.

The Corporation's leases include fixed rental payments, and certain of our leases also include variable rental payments where lease payments may increase at pre-determined dates based on the change in the consumer price index. The Corporation's lease agreements include gross leases as well as leases in which we make separate payments to the lessor for items such as the property taxes assessed on the property or 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. The Corporation also elected to not recognize ROU assets and lease liabilities for short-term leases.

As of December 31, 2025, the Corporation's ROU assets and related lease liabilities were \$10.4 million and \$10.7 million, respectively. As of December 31, 2024, the Corporation's ROU assets and related lease liabilities were \$6.9 million and \$7.0 million, respectively. These amounts are included within other assets and other liabilities, respectively.

The components of lease expense were as follows:

<i>(dollars in thousands)</i>	Year Ended December 31,	
	2025	2024
Operating lease expense	\$ 1,739	\$ 3,031
Short term lease expense	35	—
Total lease expense	<u>\$ 1,775</u>	<u>\$ 3,031</u>

Operating lease expense decreased \$1.4 million, net, due to fees, credits and other disposal costs for the early termination of the Blue Bell lease.

Supplemental cash flow information related to leases was as follows:

<i>(dollars in thousands)</i>	December 31, 2025	December 31, 2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 1,553	\$ 2,890
ROU asset obtained in exchange for lease liabilities	4,941	(491)

Maturities of operating lease liabilities were as follows for the period indicated:

<i>(dollars in thousands)</i>	December 31, 2025
2026	\$ 1,651
2027	1,692
2028	1,256
2029	1,260
2030	1,028
Thereafter	6,666
	<u>\$ 13,553</u>
Less: Present value discount	(2,823)
Total operating lease liabilities	<u>\$ 10,730</u>

As of December 31, 2025, the weighted-average remaining lease term for all operating leases, including extension options that the Corporation is reasonably certain will be exercised for retail branch locations, is 10.3 years.

Because we generally do not have access to the rate implicit in the lease, we utilize our incremental borrowing rate as the discount rate. The weighted average discount rate associated with operating leases as of December 31, 2025 and 2024 was 4.13% and 3.09%, respectively.

(14) Stock-Based Compensation

The Corporation has issued stock options under the Meridian Bank 2004 Stock Option Plan (2004 Plan). The 2004 Plan authorized the Board of Directors to grant options up to an aggregate of 892,182 shares, as adjusted for the 5% stock dividends in 2012, 2014 and 2016, and the two-for-one stock split effective February 28, 2023, to officers, other employees and directors of the Corporation. No additional shares are available for future grants. The shares granted under the 2004 Plan to directors are nonqualified options. The shares granted under the 2004 Plan to officers and other employees are incentive stock options, and are subject to the limitations under Section 422 of the Internal Revenue Code.

The Meridian Bank 2016 Equity Incentive Plan (2016 Plan) was amended on May 25, 2023 to authorize the Board of Directors to grant up to an aggregate of 1,673,800 stock awards that can take different forms. A total of 1,513,000 stock options and 91,776 shares of restricted stock have been granted under the 2016 Plan through December 31, 2025. As of December 31, 2025 there were 208,980 stock awards remaining to be issued after adjusting for 139,956 options previously forfeited and available for future grant. Options granted under the 2016 Plan to directors are nonqualified options, while options granted to officers and other employees are incentive stock options, and are subject to the limitations under Section 422 of the Internal Revenue Code.

Stock Options

Stock-based compensation cost is measured at the grant date, based on the fair value of the award and the cost is recognized as an expense over the vesting period. The fair value of stock option grants is determined using the Black-Scholes pricing model. The assumptions necessary for the calculation of the fair value are expected life of options, annual volatility of stock price, risk-free interest rate and annual dividend yield.

Stock option awards granted under the 2016 Plan have a term that does not exceed 10 years and vest according to each award's specific vesting schedule. Currently, all option awards granted to date vest 25% upon grant and become fully exercisable after 3 years of service from the grant date.

The following table provides information about stock options outstanding as of December 31, 2025 and 2024:

	Shares	Weighted average exercise price	Weighted average grant date fair value
Outstanding at December 31, 2023	1,099,798	\$ 11.55	\$ 3.56
Exercised	(51,700)	8.74	2.49
Granted	143,250	14.46	6.36
Forfeited	(29,550)	14.39	4.86
Outstanding at December 31, 2024	<u>1,161,798</u>	\$ 11.96	\$ 3.92
Exercised	(102,530)	9.38	2.87
Granted	147,750	14.44	6.60
Forfeited	(12,250)	15.47	5.16
Outstanding at December 31, 2025	<u>1,194,768</u>	\$ 12.45	\$ 4.33
Exercisable at December 31, 2025	988,070	12.14	3.97
Nonvested at December 31, 2025	206,698	13.93	6.02

The weighted average remaining contractual life of the outstanding stock options at December 31, 2025 is 6 years. At December 31, 2025 the range of exercise prices is \$6.74 to \$17.76. The aggregate intrinsic value of options outstanding and exercisable was \$6.1 million and \$5.4 million, respectively, as of December 31, 2025.

The fair value of each option granted in 2025 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: dividend yield of 3.6%, risk-free interest rate of 3.90%, expected life of 5.75 years, and volatility of 33.4% based on an average of the Corporation's share price since going public. The weighted average fair value of options granted in 2025 was \$6.60 per share.

The fair value of each option granted in 2024 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: dividend yield of 3.6%, risk-free interest rate of 4.36%, expected life of 5.75 years, and volatility of 33.1% based on an average of the Corporation's share price since going public. The weighted average fair value of options granted in 2024 was \$6.36 per share.

Total stock option compensation cost for the years ended December 31, 2025 and 2024 was \$596 thousand and \$456 thousand, respectively. During the year ended December 31, 2025 and 2024, the Corporation received \$787 thousand and \$442 thousand from the exercise of stock options, respectively. The Corporation recognized \$52 thousand and \$18 thousand in excess tax benefits related to stock compensation cost for the twelve months ended December 31, 2025 and 2024.

In accordance with ASU 2016-09 – Compensation – Stock Compensation (ASU 2016-09), forfeitures are recognized as they occur instead of applying an estimated forfeiture rate to each grant. For purposes of the determination of stock-based compensation expense for the years ended December 31, 2025, and 2024, we recognized the forfeiture of 12,250, and 29,550 of shares of stock options that were previously granted to officers and other employees, respectively.

As of December 31, 2025, there was \$1.2 million of unrecognized compensation cost related to issued but nonvested stock options. This cost will be recognized over a weighted average period of 6.2 years. During 2025, the intrinsic value of options exercised was \$627 thousand.

(15) Income Taxes

The following table presents the components of federal and state income tax expense for the periods indicated. The Corporation did not have any foreign operations.

<i>(dollars in thousands)</i>	December 31, 2025	December 31, 2024
Current Expense		
Federal	\$ 6,042	\$ 5,551
State	897	688
Total current income tax expense	<u>\$ 6,939</u>	<u>\$ 6,239</u>
Deferred Expense		
Federal	\$ (330)	\$ (725)
State	(43)	(74)
Total deferred income tax expense	<u>\$ (373)</u>	<u>\$ (799)</u>
Total income tax expense	<u><u>\$ 6,566</u></u>	<u><u>\$ 5,440</u></u>

A reconciliation of the statutory income tax at 21% to the income tax expense included in the statement of operations is as follows for 2025 and 2024, respectively:

<i>(dollars in thousands)</i>	December 31, 2025		December 31, 2024	
Federal income tax at statutory rate	\$ 5,965	21.0 %	\$ 4,575	21.0 %
State tax expense, net of federal benefit ⁽¹⁾	675	2.4	485	2.2
Tax credits, net of amortization	(548)	(1.9)	(164)	(0.8)
Nontaxable or nondeductible items				
Tax exempt interest, net	76	0.3	(11)	(0.1)
Bank owned life insurance	46	0.2	(182)	(0.8)
Stock based compensation	34	0.1	70	0.3
ESOP	38	0.1	23	0.1
Prior year return to provision adjustment	195	0.7	490	2.3
Other	85	0.2	154	0.8
Effective income tax rate	<u><u>\$ 6,566</u></u>	<u><u>23.1 %</u></u>	<u><u>\$ 5,440</u></u>	<u><u>25.0 %</u></u>

⁽¹⁾ State taxes in Maryland and Delaware made up the majority (greater than 50%) of the tax effect in this category for both periods presented.

The components of the net deferred tax asset at December 31, 2025 and 2024 are as follows:

<i>(dollars in thousands)</i>	December 31, 2025	December 31, 2024
Deferred tax assets:		
Allowance for credit losses	\$ 4,920	\$ 4,179
Accrued retirement	1,196	948
Unrealized loss on available for sale securities	1,496	2,373
Unrealized loss on derivatives	64	14
Mortgage pipeline fair-value adjustment	324	541
Deferred rent	70	30
Mortgage repurchase reserve	116	113
Unfunded commitment reserve	222	185
Other	206	187
Total deferred tax asset	<u>\$ 8,614</u>	<u>\$ 8,570</u>
Deferred tax liabilities:		
Property and equipment	\$ (735)	\$ (616)
Intangibles	(201)	(154)
Loan servicing rights	(897)	(993)
Hedge instrument fair-value adjustment	(77)	(50)
Prepaid expenses	(375)	(293)
Deferred loan costs	(1,975)	(1,612)
Other	(139)	(183)
Total deferred tax liability	<u>\$ (4,399)</u>	<u>\$ (3,901)</u>
Net deferred tax asset	<u>\$ 4,215</u>	<u>\$ 4,669</u>

The effective tax rates for the twelve-month periods ended December 31, 2025 and 2024 were 23.1% and 25.0% respectively. The decrease in rate between 2024 and 2025 was primarily related to the impact of solar related tax credits purchased at the end of 2025, partially offset by the tax impact of a surrender of certain bank owned life insurance policies.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Corporation will realize the benefits of these deferred tax assets.

As of December 31, 2025, the Corporation had an investment in low-income housing tax credits of \$4.2 million on which it recognized tax credits of \$448 thousand, amortization of \$413 thousand and tax benefits from losses of \$91 thousand during the year ended December 31, 2025. As of December 31, 2024, the Corporation had an investment in low-income housing tax credits of \$4.6 million on which it recognized tax credits of \$415 thousand, amortization of \$448 thousand and tax benefits from losses of \$99 thousand during the year ended December 31, 2024.

(16) Transactions with Executive Officers, Directors and Principal Stockholders

The Corporation has had, and may be expected to have in the future, banking transactions in the ordinary course of business with its executive officers, directors, principal stockholders, their immediate families and affiliated companies (commonly referred to as related parties)

<i>(dollars in thousands)</i>	Year Ended December 31,	
	2025	2024
Loans receivable from related parties - balance at beginning of period	\$ 1,518	\$ 1,579
Advances to related parties	1,282	106
Repayments from related parties	(828)	(167)
Loans receivable from related parties - balance at end of period	<u>\$ 1,972</u>	<u>\$ 1,518</u>

Deposits of related parties totaled \$40.9 million and \$36.5 million at December 31, 2025 and 2024, respectively. Subordinated debt held by related parties totaled \$844 thousand and \$844 thousand at December 31, 2025 and 2024, respectively.

(17) Financial Instruments with Off-Balance Sheet Risk, Commitments and Contingencies

The Corporation 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. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet.

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

A summary of the Corporation's financial instrument commitments at the dates indicated:

<i>(dollars in thousands)</i>	December 31, 2025	December 31, 2024
Commitments to fund loans and commitments under lines of credit	\$ 641,906	\$ 603,144
Letters of credit	9,367	15,456

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Corporation evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include personal or commercial real estate, accounts receivable, inventory and equipment.

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

Loans sold under FHA or investor programs are subject to indemnification or repurchase if they fail to meet the origination criteria of those programs or if the loan is two or three months delinquent during a set period that usually varies from the first six months to a year after the loan is sold. There was 6 indemnifications signed for the year ended December 31, 2025 for \$1.3 million, and 4 indemnification signed for the year ended December 31, 2024 for \$1.2 million. A repurchase reserve of \$510 thousand was recorded at December 31, 2025, as compared to \$500 thousand as of December 31, 2024. There was 2 loan repurchased for the year ended December 31, 2025 with a total unpaid principal balance of \$720 thousand, as compared to 5 loans repurchased for the year ended December 31, 2024 with an unpaid principal balance of \$1.1 million.

(18) Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet the 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 their 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 and Tier 1 capital (as defined in the regulations) to risk-weighted assets, and of Tier 1 capital to average assets. Management believes, as of December 31, 2025, that the Bank met all capital adequacy requirements to which it is subject.

Community banks have long raised concerns with bank regulators about the regulatory burden, complexity, and costs associated with certain provisions of the Basel III Rule. In response, Congress provided an "off-ramp" for institutions, like us, with total consolidated assets of less than \$10 billion. Section 201 of the Regulatory Relief Act instructed the federal banking regulators to establish a single CBLR of between 8% and 10%. Under the Community Bank Leverage Ratio framework, a community banking organization that is less than \$10 billion in total consolidated assets, and has limited amounts of certain assets and off-balance sheet exposures, and a CBLR greater than 9% can elect to report a single regulatory capital ratio. The Corporation has elected to be measured under this framework for Bank capital adequacy and had ratios of 9.50% and 9.21% at December 31, 2025 and December 31, 2024, respectively. The Corporation is exempt from CBLR.

As of December 31, 2025, the FDIC categorized the Bank as 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 Bank is subject to certain restrictions on the amount of dividends that it may declare and pay to the Corporation due to regulatory considerations. The Pennsylvania Banking Code provides that cash dividends may be declared and paid only out of accumulated net earnings.

The Banks's actual and required capital amounts and ratios under the CBLR rules at December 31, 2025 and 2024 are presented below.

	Bank		Well-capitalized minimum
	December 31, 2025	December 31, 2024	
Tier 1 leverage ratio (CBLR)	9.50 %	9.21 %	5.00 %
Common tier 1 risk-based capital ratio	10.66 %	10.33 %	6.50 %
Tier 1 risk-based capital ratio	10.66 %	10.33 %	8.00 %
Total risk-based capital ratio	11.65 %	11.20 %	10.00 %

(19) Fair Value Measurements and Disclosures

The Corporation uses fair value measurements to record fair value adjustments to certain assets and liabilities. 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 Corporation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in 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 techniques or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

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

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

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

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

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis.

Securities

The fair value of securities available-for-sale (carried at fair value) and held to maturity (carried at amortized cost) are determined by matrix pricing (Level 2), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices. The fair value of certain other securities available-for-sale (carried at fair value) are based on quoted prices obtained from dealers or brokers in active over-the-counter markets (Level 1).

Mortgage Loans Held for Sale

The fair value of loans held for sale is based on secondary market prices.

Mortgage Loans Held for Investment

The fair value of mortgage loans held for investment is based on the price secondary markets are currently offering for similar loans using observable market data.

Derivative Financial Instruments

The fair values of forward commitments and interest rate swaps are based on market pricing and therefore are considered Level 2. Derivatives classified as Level 3 consist of interest rate lock commitments related to mortgage loan commitments. The determination of fair value includes assumptions related to the likelihood that a commitment will ultimately result in a closed loan, which is a significant unobservable assumption. A significant increase or decrease in the external market price would result in a significantly higher or lower fair value measurement.

The following table presents the fair value of financial assets measured at fair value on a recurring basis by level within the fair value hierarchy at the dates indicated:

<i>(dollars in thousands)</i>	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Assets				
Securities available for sale:				
U.S. asset backed securities	\$ 26,217	\$ —	\$ 26,217	\$ —
U.S. government agency MBS	22,351	—	22,351	—
U.S. government agency CMO	66,131	—	66,131	—
State and municipal securities	40,032	—	40,032	—
U.S. Treasuries	16,206	16,206	—	—
Non-U.S. government agency CMO	8,606	—	8,606	—
Corporate bonds	13,914	—	13,914	—
Equity investments	2,166	—	2,166	—
Mortgage loans held for sale	33,762	—	33,762	—
Mortgage loans held for investment	14,396	—	14,396	—
Interest rate lock commitments	402	—	—	402
Customer derivatives - interest rate swaps	1,909	—	1,909	—
Fair Value Hedge	21	—	21	—
Total	<u>\$ 246,112</u>	<u>\$ 16,206</u>	<u>\$ 229,504</u>	<u>\$ 402</u>
Liabilities				
Interest rate lock commitments	\$ 13	\$ —	\$ —	\$ 13
Forward commitments	32	—	—	32
Customer derivatives - interest rate swaps	1,929	—	1,929	—
Customer derivatives - Risk Participation Agreements	23	—	23	—
Interest rate swaps	281	—	281	—
Total	<u>\$ 2,278</u>	<u>\$ —</u>	<u>\$ 2,233</u>	<u>\$ 45</u>
December 31, 2024				
<i>(dollars in thousands)</i>	Total	Level 1	Level 2	Level 3
Assets				
Securities available for sale:				
U.S. asset backed securities	\$ 29,844	\$ —	\$ 29,844	\$ —
U.S. government agency MBS	20,871	—	20,871	—
U.S. government agency CMO	45,613	—	45,613	—
State and municipal securities	36,696	—	36,696	—
U.S. Treasuries	15,450	15,450	—	—
Non-U.S. government agency CMO	11,729	—	11,729	—
Corporate bonds	14,101	—	14,101	—
Equity investments	2,086	—	2,086	—
Mortgage loans held for sale	32,413	—	32,413	—
Mortgage loans held for investment	14,501	—	14,501	—
Interest rate lock commitments	216	—	—	216
Forward commitments	30	—	30	—
Customer derivatives - interest rate swaps	2,755	—	2,755	—
Fair Value Hedge	3	—	3	—
Interest rate swaps	9	—	9	—
Total	<u>\$ 226,317</u>	<u>\$ 15,450</u>	<u>\$ 210,651</u>	<u>\$ 216</u>
Liabilities				
Interest rate lock commitments	\$ 35	\$ —	\$ —	\$ 35
Customer derivatives - interest rate swaps	2,745	—	2,745	—
Customer derivatives - Risk Participation Agreements	91	—	91	—
Interest rate swaps	61	—	61	—
Total	<u>\$ 2,932</u>	<u>\$ —</u>	<u>\$ 2,897</u>	<u>\$ 35</u>

The following table presents assets measured at fair value on a nonrecurring basis at the dates indicated:

<i>(dollars in thousands)</i>	December 31, 2025	December 31, 2024
Mortgage servicing rights	\$ 86	\$ 1,124
SBA loan servicing rights	3,846	3,258
OREO and other repossessed assets	5,997	276
Individually evaluated loans ⁽¹⁾		
Commercial and industrial	—	1,944
Construction	4,430	—
Small business loans	3,745	2,284
Total	<u>\$ 18,103</u>	<u>\$ 8,886</u>

(1) Individually evaluated loans are those in which the Corporation has measured impairment generally based on the fair value of the loan's collateral.

The following table details the valuation techniques for Level 3 collateral dependent loans.

<i>(dollars in thousands)</i>					
December 31, 2025					
Financial Instrument	Fair Value	Valuation Technique	Unobservable Input	Range of Inputs	Weighted Average
OREO and other repossessed assets	\$ 5,997	Appraisal of collateral	Costs to sell	6% - 13% discount	10%
Individually evaluated loans	8,175	Appraisal of collateral	Costs to sell	2%-48% discount	24%

<i>(dollars in thousands)</i>					
December 31, 2024					
Financial Instrument	Fair Value	Valuation Technique	Unobservable Input	Range of Inputs	Weighted Average
OREO and other repossessed assets	\$ 276	Appraisal of collateral	Costs to sell	NM	NM
Individually evaluated loans	4,228	Appraisal of collateral	Costs to sell	2%-33% discount	12%

Below is management's estimate of the fair value of all financial instruments, whether carried at cost or fair value on the Corporation's balance sheet. The following information should not be interpreted as an estimate of the fair value of the entire Corporation since a fair value calculation is only provided for a limited portion of the Corporation's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Corporation's disclosures and those of other companies may not be meaningful. The following methods and assumptions were used to estimate the fair value of the Corporation's financial instruments:

Cash and Cash Equivalents

The carrying amounts reported in the balance sheet for cash and short-term instruments approximate those assets' fair values.

Loans Receivable

The fair value of loans receivable is estimated using discounted cash flow analyses, using market rates at the balance sheet date that reflect the credit and interest rate-risk inherent in the loans. Projected future cash flows are calculated based upon contractual maturity or call dates, projected repayments and prepayments of principal. Generally, for variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair value below is reflective of an exit price.

Servicing Assets

The Corporation estimates the fair value of mortgage servicing rights and SBA loan servicing rights using discounted cash flow models that calculate the present value of estimated future net servicing income. The model uses readily available prepayment speed assumptions for the interest rates of the portfolios serviced. These servicing rights are classified within Level 3 in the fair value hierarchy based upon management's assessment of the inputs. The Corporation reviews the servicing rights portfolios on a quarterly basis for impairment.

Other Real Estate Owned

Other real estate owned ("OREO") consists of loan collateral which has been repossessed through foreclosure or other measures. Initially, foreclosed assets are recorded at the fair value of the collateral less estimated selling costs. Subsequent to foreclosure, valuations are updated periodically and the assets may be marked down further, reflecting a new cost basis. The fair value of OREO was estimated using Level 3 inputs based on appraisals, letters of intent or agreement of sale received from third parties.

Repossessed Assets

Repossessed assets represents non-real estate assets that the Corporation has acquired by taking possession of the asset that collateralized a loan or lease. The Corporation reports repossessed assets at the fair value less cost to sell, adjusted periodically based on a current appraisal provided by a third party based on their assumptions and quoted market prices for similar assets, when available.

Write-downs and any gain or loss upon the sale of repossessed assets is recorded in other noninterest income. The fair value of repossessed assets was estimated using Level 3 inputs based on appraisals, letters of intent or agreement of sale received from third parties.

Individually Evaluated Loans

Individually evaluated loans are those in which the Corporation 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. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements. Individually evaluated loans are evaluated on a quarterly basis for additional impairment and adjusted in accordance with the ACL policy.

Accrued Interest Receivable and Payable

The carrying amount of accrued interest receivable and accrued interest payable approximates its fair value.

Deposit Liabilities

The fair values disclosed for demand deposits (e.g., interest and noninterest checking, passbook savings and money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Short-Term Borrowings

The carrying amounts of short-term borrowings approximate their fair values.

Long-Term Debt

Fair values of FHLB advances and the acquisition purchase note payable are estimated using discounted cash flow analysis, based on quoted prices for new FHLB advances with similar credit risk characteristics, terms and remaining maturity. These prices obtained from this active market represent a market value that is deemed to represent the transfer price if the liability were assumed by a third party.

Subordinated Debt

Fair values of junior subordinated debt are estimated using discounted cash flow analysis, based on market rates currently offered on such debt with similar credit risk characteristics, terms and remaining maturity.

Off-Balance Sheet Financial Instruments

Off-balance sheet instruments are primarily comprised of loan commitments, which are generally priced at market at the time of funding. Fees on commitments to extend credit and stand-by letters of credit are deemed to be immaterial and these instruments are expected to be settled at face value or expire unused. It is impractical to assign any fair value to these instruments and as a result they are not included in the table below. Fair values assigned to the notional value of interest rate lock commitments and forward sale contracts are based on market quotes.

Derivative Financial Instruments

The fair value of forward commitments and interest rate swaps is based on market pricing and therefore are considered Level 2. Derivatives classified as Level 3 consist of interest rate lock commitments related to mortgage loan commitments. The determination of fair value includes assumptions related to the likelihood that a commitment will ultimately result in a closed loan, which is a significant unobservable assumption. A significant increase or decrease in the external market price would result in a significantly higher or lower fair value measurement.

The following table presents the estimated fair values of the Corporation's financial instruments at the dates indicated:

	Fair Value Hierarchy Level	December 31, 2025		December 31, 2024	
		Carrying amount	Fair value	Carrying amount	Fair value
<i>(dollars in thousands)</i>					
Financial assets:					
Cash and cash equivalents	Level 1	\$ 35,778	\$ 35,778	\$ 27,462	\$ 27,462
Mortgage loans held for sale	Level 2	33,762	33,762	32,413	32,413
Loans and other finance receivables, net of ACL	Level 3	2,134,630	2,108,242	1,997,498	1,967,986
Mortgage loans held for investment	Level 2	14,396	14,396	14,501	14,501
Financial liabilities:					
Deposits	Level 2	\$ 2,158,128	\$ 2,179,800	\$ 2,005,368	\$ 2,014,200
Borrowings	Level 2	117,338	117,700	124,471	133,200
Subordinated debentures	Level 2	49,853	49,597	49,743	48,752

The following table includes a rollforward of interest rate lock commitments for which the Corporation utilized Level 3 inputs to determine fair value on a recurring basis for the periods indicated.

	Year Ended December 31,	
	2025	2024
<i>(dollars in thousands)</i>		
Balance at beginning of the period	\$ 216	\$ 214
Increase in value	186	2
Balance at end of the period	<u>\$ 402</u>	<u>\$ 216</u>

The following table details the valuation techniques for Level 3 interest rate lock commitments.

<i>(dollars in thousands)</i>	Fair Value	Valuation Technique	Unobservable Input	Range of Inputs	Weighted Average
December 31, 2025	\$ 402	Market comparable pricing	Pull through	1% - 99%	85.31%
December 31, 2024	216	Market comparable pricing	Pull through	1% - 99%	83.27%

(20) Derivative Financial Instruments

Risk Management Objective of Using Derivatives

The Corporation is exposed to certain risk arising from both its business operations and economic conditions. The Corporation principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Corporation manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Corporation enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Corporation's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Corporation's known or expected cash receipts and its known or expected cash payments principally related to the Corporation's loan portfolio.

Interest Rate Swaps

The Corporation uses interest rate swap agreements to modify interest rate characteristics from variable to fixed or fixed to variable in order to reduce the impact of interest rate changes on future net interest income. The Corporation's credit exposure on interest rate swaps includes changes in fair value and any collateral that is held by a third party.

In June 2023, the Corporation entered into three interest rate swaps classified as cash flow hedges with notional amounts of \$25 million each, to hedge the interest payments received on short term borrowings. Under the terms of the three swap agreements, the Corporation pays average fixed rates of 4.070%, 4.027% and 4.117%, and receives variable rates in return indexed to SOFR. The swaps mature between May, June, and December 2026. The Corporation performed an assessment of the hedge for effectiveness at the inception of the hedge and performs an assessment on a recurring basis and determined that the derivative currently is and is expected to be highly effective in offsetting changes in cash flows of the hedged item. For the years ended December 31, 2025 and 2024, \$167 thousand and \$431 thousand, net of tax, are recorded in total comprehensive income as unrealized losses and unrealized gains, respectively. This amount could differ from amounts actually recognized due to changes in interest rates, hedge de-designations and the addition of other hedges subsequent to December 31, 2025. As of December 31, 2025 and 2024, the combined notional amount of the interest rate swaps was \$75 million in each period and the fair value was a liability of \$281 thousand and \$52 thousand, respectively.

In August 2024 the Corporation entered into an interest rate swap classified as a fair value hedge with a notional amount of \$40 million, to hedge the interest payments received on a pool of residential mortgage loans held in portfolio. Under the terms of the swap agreement, the Corporation pays an average fixed rate of 3.60% and receives a variable rate in return indexed to SOFR. The swap matures August 2027. The Corporation performed an assessment of the hedge for effectiveness at the inception of the hedge and performs an assessment on a recurring basis and determined that the derivative currently is and is expected to be highly effective in offsetting changes in fair value of the hedged item. For the years ended December 31, 2025 and 2024, approximately \$18 thousand and \$3 thousand, respectively and net of tax, is recorded as fair value adjustments. These amounts could differ from amounts actually recognized due to changes in interest rates, hedge de-designations and the addition of other hedges subsequent to December 31, 2025.

Mortgage Banking Derivatives

In connection with its mortgage banking activities, the Corporation enters into commitments to originate certain fixed rate residential mortgage loans for customers, also referred to as interest rate locks. In addition, the Corporation may enter into forward commitments for the future sales or purchases of mortgage-backed securities to or from third-party counterparties to hedge the effect of changes in interest rates on the values of both the interest rate locks and mortgage loans held for sale. Forward sales commitments may also be in

the form of commitments to sell individual mortgage loans or interest rate locks at a fixed price at a future date. The amount necessary to settle each interest rate lock is based on the price that secondary market investors would pay for loans with similar characteristics, including interest rate and term, as of the date fair value is measured. Interest rate lock commitments and forward commitments are recorded within other assets/liabilities on the consolidated balance sheets, with changes in fair values during the period recorded within net change in the fair value of derivative instruments on the consolidated statements of income.

Customer Derivatives

Derivatives not designated as hedges are not speculative and result from a service the Corporation provides to certain customers to swap a fixed rate product for a variable rate product, or vice versa. The Corporation executes interest rate derivatives with commercial banking customers to facilitate their respective risk management strategies. Those interest rate derivatives are simultaneously hedged by offsetting derivatives that the Corporation executes with a third party, such that the Corporation minimizes its net interest rate risk exposure resulting from such transactions. As the interest rate derivatives associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings.

The following table presents a summary of notional amounts and fair values of derivative financial instruments at the dates indicated:

	Balance Sheet Line Item	December 31, 2025		December 31, 2024	
		Notional Amount	Asset (Liability) Fair Value	Notional Amount	Asset (Liability) Fair Value
<i>(dollars in thousands)</i>					
Interest Rate Lock Commitments					
Positive fair values	Other assets	\$ 40,370	\$ 402	\$ 35,820	\$ 216
Negative fair values	Other liabilities	2,735	(13)	9,049	(35)
Total		\$ 43,105	\$ 389	\$ 44,869	\$ 181
Forward Commitments					
Positive fair values	Other assets	\$ —	\$ —	\$ 4,250	\$ 30
Negative fair values	Other liabilities	8,000	(32)	500	—
Total		\$ 8,000	\$ (32)	\$ 4,750	\$ 30
Customer Derivatives - Interest Rate Swaps					
Positive fair values	Other assets	\$ 53,954	\$ 1,909	\$ 47,676	\$ 2,755
Negative fair values	Other liabilities	53,954	(1,929)	47,676	(2,745)
Total		\$ 107,908	\$ (20)	\$ 95,352	\$ 10
Customer Derivatives - Risk Participation Agreements					
Positive fair values	Other assets	\$ —	\$ —	\$ —	\$ —
Negative fair values	Other liabilities	24,166	(23)	7,382	(91)
Total		\$ 24,166	\$ (23)	\$ 7,382	\$ (91)
Fair Value Hedge					
Positive fair values	Other assets	\$ 40,000	\$ 21	\$ 40,000	\$ 3
Negative fair values	Other liabilities	—	—	—	—
Total		\$ 40,000	\$ 21	\$ 40,000	\$ 3
Interest Rate Swaps					
Positive fair values	Other assets	\$ —	\$ —	\$ 25,000	\$ 9
Negative fair values	Other liabilities	75,000	(281)	50,000	(61)
Total		\$ 75,000	\$ (281)	\$ 75,000	\$ (52)
Total derivative financial instruments		\$ 298,179	\$ 54	\$ 267,353	\$ 81

Interest rate lock commitments are considered Level 3 in the fair value hierarchy, while the forward commitments and interest rate swaps are considered Level 2 in the fair value hierarchy.

The following table presents a summary of the fair value (losses) gains on derivative financial instruments:

	Year Ended December 31,	
	2025	2024
<i>(dollars in thousands)</i>		
Interest Rate Lock Commitments	\$ 208	\$ (16)
Forward Commitments	(62)	71
Customer Derivatives - Interest Rate Swaps	(30)	26
Customer Derivatives - Risk Participation Agreements	257	(51)
Net change in the fair value of derivative instruments	<u>\$ 373</u>	<u>\$ 30</u>

Net realized activity on derivative hedging activities were losses of \$151 thousand and gains of \$87 thousand for the years ended December 31, 2025 and 2024, respectively, and are included in non-interest income in the consolidated statements of income.

(21) Segments

The Corporation's reportable segments are determined by the Chief Executive Officer, who is designated as the chief operating decision maker, based upon information provided about the Corporation's products and services offered, primarily distinguished between banking, wealth management, and mortgage banking operations. They are also distinguished by the level of information provided to the chief operating decision maker, who uses such information to review performance of various components of the business, which are then aggregated if operating performance, products/services, and customers are similar. The chief operating decision maker evaluates the financial performance of the Corporation's business components such as by evaluating revenue streams, significant expenses, and budget to actual results in assessing the performance of the Corporation's segments and in the determination of allocating resources. The chief operating decision maker uses revenue streams to evaluate product pricing and significant expenses to assess performance of each segment. All operations are domestic.

Our Banking segment ("Bank") consists of commercial and consumer banking. Segment income before income taxes is used to assess the performance of the banking segment by monitoring the margin between interest income and interest expense. The Banking segment generates interest income from its lending and investing activities and is dependent on the gathering of deposits from its branch network or borrowed funds from other sources for funding its loans, resulting in the generation of net interest income. The Banking segment also derives revenues from other sources including gains on the sale of SBA loans, sales of available for sale investment securities, service charges on deposit accounts, cash sweep fees, overdraft fees, BOLI income, title insurance fees, and other less significant non-interest income. Interest expense, provisions for credit losses, and payroll provide the significant expenses in the banking operation.

Meridian Wealth ("Wealth"), a registered investment advisor and wholly-owned subsidiary of the Bank, provides a comprehensive array of wealth management services and products and the trusted guidance to help its clients and our banking customers prepare for the future. Segment income before income taxes is used to assess the performance of the wealth segment by monitoring the generation of wealth management income as the wealth segment generates non-interest income through advisory fees. The cost of marketing, business development, and payroll provide the significant expenses in wealth.

Meridian's mortgage banking segment ("Mortgage") consists of 7 loan production offices throughout suburban Philadelphia and Maryland. Segment income before income taxes is used to assess the performance of the mortgage banking segment by monitoring the gains received on loan sales. The Mortgage segment originates 1 – 4 family residential mortgages and sells nearly all of its production to third party investors. The unit generates net interest income on the loans it originates and holds temporarily, then earns fee income (primarily gain on sales) at the time of the sale. The unit also recognizes income from document preparation fees, changes in portfolio pipeline fair values and related net hedging gains (losses). The cost of loans sales and payroll provide the significant expenses in mortgage banking.

The table below summarizes income and expenses, directly attributable to each business line, which has been included in the statement of operations. Total assets for each segment is also provided.

	Segment Information							
	Year Ended December 31, 2025				Year Ended December 31, 2024			
	Bank	Wealth	Mortgage	Total	Bank	Wealth	Mortgage	Total
<i>(dollars in thousands)</i>								
Interest income	\$ 164,474	\$ —	\$ 1,840	\$ 166,314	\$ 153,809	\$ —	\$ 2,218	\$ 156,027
Interest expense	77,295	(176)	1,517	78,636	83,103	(146)	2,074	85,031
Net interest income	87,179	176	323	87,678	70,706	146	144	70,996
Provision for loan losses	15,152	—	—	15,152	11,400	—	—	11,400
Net interest income after provision	72,027	176	323	72,526	59,306	146	144	59,596
Non-interest Income:								
Mortgage banking income	185	—	20,598	20,783	188	—	20,856	21,044
Wealth management income	—	6,316	—	6,316	1	5,734	—	5,735
SBA income	5,452	—	—	5,452	3,458	—	—	3,458

Gain on sale of MSRs	20	—	383	403	—	—	3,992	3,992
Net loss on sale of loans	(434)	—	—	(434)	15	—	—	15
Net change in fair values	228	—	1,114	1,342	(23)	—	242	219
Net gain on hedging activity	(1)	—	(150)	(151)	1	—	(88)	(87)
Other	4,798	—	671	5,469	3,936	1	3,026	6,963
Non-interest income	10,248	6,316	22,616	39,180	7,576	5,735	28,028	41,339
Non-interest expense:								
Salaries and employee benefits	31,385	2,928	16,967	51,280	27,891	2,252	17,125	47,268
Occupancy and equipment	3,154	29	1,393	4,576	3,307	237	2,432	5,976
Professional fees	3,556	174	365	4,095	3,598	40	1,129	4,767
Data processing and software	5,342	175	1,514	7,031	4,577	169	1,398	6,144
Advertising and promotion	3,000	409	468	3,877	2,465	362	466	3,293
Pennsylvania bank shares tax	999	17	—	1,016	953	19	—	972
Other	9,851	423	1,155	11,429	8,793	427	1,509	10,729
Non-interest expense	57,287	4,155	21,862	83,304	51,584	3,506	24,059	79,149
Income before income taxes	\$ 24,988	\$ 2,337	\$ 1,077	\$ 28,402	\$ 15,298	\$ 2,375	\$ 4,113	\$ 21,786
Total Assets	\$2,484,836	\$ 13,059	\$ 64,100	\$2,561,995	\$2,337,092	\$ 10,893	\$ 37,882	\$2,385,867

(22) Parent Company Financial Statements

The condensed financial statements of the Corporation (parent company only) are presented below. These statements should be read in conjunction with the notes to the consolidated financial statements.

Condensed Balance Sheets

	December 31, 2025	December 31, 2024
<i>(dollars in thousands, except share data)</i>		
Assets:		
Cash and due from banks	\$ 5,240	\$ 3,028
Investments in subsidiaries	243,943	219,119
Other assets	1,600	4,083
Total assets	<u>\$ 250,783</u>	<u>\$ 226,230</u>
Liabilities:		
Short-term borrowing	\$ 1,500	\$ 5,000
Subordinated debentures	49,238	49,115
Accrued interest payable	318	320
Other liabilities	11	273
Total liabilities	<u>\$ 51,067</u>	<u>\$ 54,708</u>
Stockholders' equity:		
Common stock, \$1 par value: 25,000,000 shares authorized; 13,829,645 and 13,243,258 shares issued, respectively; and 11,826,462 and 11,240,075 shares outstanding, respectively.	13,830	13,243
Surplus	90,352	81,545
Treasury Stock - 2,003,183 and 2,003,183 shares, respectively, at cost	(26,079)	(26,079)
Unearned common stock held by employee stock ownership plan	(1,232)	(1,006)
Retained earnings	128,124	111,961
Accumulated other comprehensive income	(5,279)	(8,142)
Total stockholders' equity	<u>\$ 199,716</u>	<u>\$ 171,522</u>
Total liabilities and stockholders' equity	<u>\$ 250,783</u>	<u>\$ 226,230</u>

Condensed Statements of Income

	Year Ended December 31,	
	2025	2024
<i>(dollars in thousands)</i>		
Dividends from Bank	\$ 10,164	\$ 6,404
Other income	163	494
Total operating income	10,327	6,898
Interest expense	4,412	3,136
Other expense	1,421	982
Income before equity in undistributed income of subsidiaries	4,494	2,780
Equity in undistributed income of subsidiaries	16,100	12,753
Income before income taxes	20,594	15,533
Income tax benefit	(1,242)	(813)
Net income	21,836	16,346
Total other comprehensive income	2,863	1,280
Total comprehensive income	<u>\$ 24,699</u>	<u>\$ 17,626</u>

Condensed Statements of Cash Flows

	Year Ended December 31,	
	2025	2024
<i>(dollars in thousands)</i>		
Cash flows from operating activities:		
Net Income	\$ 21,836	\$ 16,346
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Equity in undistributed income of subsidiaries	(16,100)	(12,753)
Share-based compensation	1,189	976
Amortization of issuance costs on subordinated debt	123	123
Increase (decrease) in accrued interest payable	(2)	100
Other, net	740	(4,262)
Net cash provided by operating activities	<u>7,786</u>	<u>530</u>
Cash flows from investing activities:		
Investment in subsidiaries	(4,380)	—
Net cash used in investing activities	<u>(4,380)</u>	<u>—</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(3,500)	5,000
Dividends paid	(5,673)	(5,601)
Shares purchased for ESOP plan	(425)	—
Share based awards and exercises	885	499
Proceeds from issuance of common stock	7,519	—
Net cash (used in) provided by financing activities	<u>(1,194)</u>	<u>(102)</u>
Net change in cash and cash equivalents	2,212	428
Cash and cash equivalents at beginning of period	3,028	2,600
Cash and cash equivalents at end of period	<u>\$ 5,240</u>	<u>\$ 3,028</u>

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management, with the participation of the Corporation's President/Chief Executive Officer and its Chief Financial Officer, evaluated the effectiveness of the design and operation of the Corporation's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of December 31, 2025. Based on this evaluation, the Corporation's President /Chief Executive Officer and Chief Financial Officer have concluded, as of and for the end of the period covered by this report, that such disclosure controls and procedures were effective.

Design and Evaluation of Internal Control Over Financial Reporting

Pursuant to Section 404 of Sarbanes-Oxley, the following is a report of management's assessment of the design and effectiveness of our internal controls for the fiscal year ended December 31, 2025.

Management's Report on Internal Control Over Financial Reporting

The Corporation is responsible for the preparation, integrity, and fair presentation of the consolidated financial statements included in this Annual Report on Form 10-K. The consolidated financial statements and notes included in this Annual Report on Form 10-K have been prepared in conformity with United States generally accepted accounting principles and necessarily include some amounts that are based on Management's best estimates and judgments.

The Corporation's Management is responsible for establishing and maintaining effective internal control over financial reporting that is designed to produce reliable financial statements in conformity with United States generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles; provide a reasonable assurance that receipts and expenditures of the Corporation are only being made in accordance with authorizations of Management and directors of the Corporation; and provide a reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements. The system of internal control over financial reporting as it relates to the financial statements is evaluated for effectiveness by Management and tested for reliability through a program of internal audits. Actions are taken to correct potential deficiencies as they are noted.

Any system of internal control, no matter how well designed, has inherent limitations, including the possibility that a control can be circumvented or overridden and misstatements due to error or fraud may occur and not be detected. Also, because of changes in conditions, internal control effectiveness may vary over time. Accordingly, even an effective system of internal control will provide only reasonable assurance with respect to financial statement preparation.

The Corporation's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Management, including the Corporation's Chief Executive Officer and Chief Financial Officer, assessed the Corporation's system of internal control over financial reporting as of December 31, 2025, in relation to the criteria for effective control over financial reporting as described in "Internal Control – Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Based on this assessment, Management concludes that, as of December 31, 2025, the Corporation's system of internal control over financial reporting is effective.

The 2025 financial statements have been audited by the independent registered public accounting firm of Crowe LLP ("Crowe"). Crowe has also issued a report on the effectiveness of internal control over financial reporting. That report appears in Item 8 of this Form 10-K and is incorporated into this item by reference.

Changes in Internal Control Over Financial Reporting

There was no change in the Corporation's internal control over financial reporting identified during the fourth quarter ended December 31, 2025 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 is incorporated by reference to information appearing in Meridian Corporation's definitive proxy statement to be used in connection with the 2026 Annual Meeting of Shareholders under the headings, "ELECTION OF DIRECTORS," "EXECUTIVE OFFICERS," "SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE," "CODE OF ETHICS," "CORPORATE GOVERNANCE," and "AUDIT COMMITTEE."

Item 11. Executive Compensation

The information required by Item 11 is incorporated by reference to the information appearing in Meridian Corporation's definitive proxy statement to be used in connection with the 2026 Annual Meeting of Shareholders under the headings, "EXECUTIVE COMPENSATION," "SUMMARY COMPENSATION TABLE," "OUTSTANDING AWARDS AT FISCAL YEAR-END TABLE," "EXECUTIVE INCENTIVE, EMPLOYMENT AND CHANGE IN CONTROL ARRANGEMENTS," and "DIRECTOR COMPENSATION."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 is incorporated by reference to the information appearing in Meridian Corporation's definitive proxy statement to be used in connection with the 2026 Annual Meeting of Shareholders under the headings, "EQUITY COMPENSATION PLAN INFORMATION" and "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT."

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is incorporated by reference to the information appearing in Meridian Corporation's definitive proxy statement to be used in connection with the 2026 Annual Meeting of Shareholders under the headings, "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS" and "DIRECTOR INDEPENDENCE."

Item 14. Principal Accounting Fees and Services

The information required by Item 14 is incorporated by reference to the information appearing in Meridian Corporation's definitive proxy statement to be used in connection with the 2026 Annual Meeting of Shareholders under the heading, "PROPOSAL TO RATIFY THE APPOINTMENT OF CROWE LLP AS THE CORPORATION'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2026."

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1) The following portions of the Corporation's consolidated financial statements are set forth in Item 8 – "Financial Statements and Supplementary Data":

- Report of Crowe LLP, Independent Registered Public Accounting Firm (PCAOB ID 173)
- Consolidated Balance Sheets
- Consolidated Statements of Income
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Stockholders' Equity
- Consolidated Statements of Cash Flows
- Notes to Consolidated Financial Statements

(a)(2) The financial statement schedules required by this Item are omitted because the information is either inapplicable, not required or is presented in the consolidated financial statements or notes thereto.

(a)(3) The following exhibits are incorporated by reference herein or filed with this Form 10-K:

Exhibit Number	Description
3.1	Amended Articles of Incorporation of Registrant, filed as Exhibit 3.1 to Form 10-Q on August 16, 2021 and incorporated herein by reference.
3.2	Bylaws of Registrant, filed as Exhibit 3.2 to Form 8-K on August 24, 2018 and incorporated herein by reference.
4.1	Description of Capital Securities, filed herewith
10.1	Meridian Bank 2016 Equity Incentive Plan, filed as Exhibit 10.1 of the Registration Statement on Form 10, filed with the FDIC on September 29, 2017 and incorporated herein by reference.
10.2	Employment Agreement between Meridian Bank and Christopher Annas, effective April 11, 2019, filed as Exhibit 10.1 to Form 8-K on April 11, 2019 and incorporated herein by reference.
10.3	Amendment to Meridian Corporation Supplemental Executive Retirement and Deferred Compensation Plan, filed as Exhibit 10.1 to Form 8-K on March 12, 2020 and incorporated herein by reference.
10.4	Meridian Bank Employee Stock Ownership Plan, filed as Exhibit 10.4 of the Registration Statement on Form 10, filed with the FDIC on September 29, 2017 and incorporated herein by reference.
10.5	Employment Agreement between Meridian Bank and Denise Lindsay, effective July 23, 2018, filed as Exhibit 10.2, to Form 8-K with the FDIC on July 23, 2018, and incorporated herein by reference.
10.6	Meridian Bank 2004 Stock Option Plan, as amended June 15, 2006 and incorporated herein by reference.
19	Insider Trading Policy
21.1	List of Subsidiaries, filed herewith
23.1	Consent of Crowe LLP, Independent Registered Public Accounting Firm
31.1	Rule 13a-14(a)/ 15d-14(a) Certification of the Principal Executive Officer, filed herewith.

- 31.2 Rule 13a-14(a)/ 15d-14(a) Certification of the Principal Financial Officer, filed herewith.
- 32 Section 1350 Certifications, filed herewith
- 97 Policy relating to recovery of erroneously awarded compensation, as required by applicable listing standards adopted pursuant to 17 CFR 240.10D-1.
- 101.INS Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.*
- 101.SCH Inline XBRL Taxonomy Extension Schema Document.*
- 101.CAL Inline XBRL Taxonomy Calculation Linkbase Document.*
- 101.LAB Inline XBRL Taxonomy Label Linkbase Document.*
- 101.PRE Inline XBRL Taxonomy Presentation Linkbase Document.*
- 101.DEF Inline XBRL Taxonomy Definition Document.*
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 13, 2026

Meridian Corporation

By:

/s/ Christopher J. Annas

Christopher J. Annas
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Christopher J. Annas</u> Christopher J. Annas	Chairman of the Board	March 13, 2026
<u>/s/ Denise Lindsay</u> Denise Lindsay	Director, Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 13, 2026
<u>/s/ Robert M. Casciato</u> Robert M. Casciato	Director	March 13, 2026
<u>/s/ George C. Collier</u> George C. Collier	Director	March 13, 2026
<u>/s/ Robert T. Holland</u> Robert T. Holland	Director	March 13, 2026
<u>/s/ Edward J. Hollin</u> Edward J. Hollin	Director	March 13, 2026
<u>/s/ Anthony M. Imbesi</u> Anthony M. Imbesi	Director	March 13, 2026
<u>/s/ Christine M. Helmig</u> Christine M. Helmig	Director	March 13, 2026

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