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

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 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

Commission File Number 000-25991

MANHATTAN BRIDGE CAPITAL, INC.

New York

11-3474831

(State or other jurisdiction of incorporation or organization)

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

60 Cutter Mill Road, Suite 205, Great Neck, NY 11021
(Address of Principal Executive Office) (Zip Code)

(516) 444-3400

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	LOAN	The Nasdaq Capital Market

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 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports 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 earlier 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 emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☒

Emerging growth company ☐

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

Indicate by check mark whether the registrant 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 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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 these error correction are restatements that required a recovery analysis of incentive-based compensation received by any of 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 Exchange Act). Yes ☐ No ☒

The aggregate market value of the Registrant's voting and non-voting common shares held by non-affiliates of the Registrant on June 30, 2025, the last business day of the Registrant's most recently completed second fiscal quarter, computed by reference to the closing price for a common share on the Nasdaq Capital Market on such date, was approximately \$47,215,662. (For this computation, the Registrant has excluded the market value of all common shares reported as beneficially owned by executive officers and directors of the Registrant and certain other shareholders; such an exclusion shall not be deemed to constitute an admission that any such person is an "affiliate" of the Registrant.)

As of March 27, 2026, the registrant has a total of 11,429,351 common shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

MANHATTAN BRIDGE CAPITAL, INC.
FORM 10-K ANNUAL REPORT
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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (“Report”) contains forward-looking statements within the meaning of section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements are typically identified by the words “believe,” “expect,” “intend,” “estimate” and similar expressions. Those statements appear in a number of places in this Report and include statements regarding our intent, belief or current expectations or those of our directors or officers with respect to, among other things, trends affecting our financial condition and results of operations and our business and growth strategies. These forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those projected, expressed or implied in the forward-looking statements as a result of various factors (such factors are referred to herein as “Cautionary Statements”), including but not limited to the following: (i) our loan origination activities, revenues and profits are limited by available funds; (ii) we operate in a highly competitive market and competition may limit our ability to originate loans with favorable interest rates; (iii) our Chief Executive Officer is critical to our business and our future success may depend on our ability to retain him; (iv) if we overestimate the yields on our loans or incorrectly value the collateral securing the loan, we may experience losses; (v) we may be subject to “lender liability” claims; (vi) our due diligence may not uncover all of a borrower’s liabilities or other risks to its business; (vii) borrower concentration could lead to significant losses; (viii) we may choose to make distributions in our own stock, in which case you may be required to pay income taxes in excess of the cash dividends you receive; (ix) an increase in interest rates may impact our profitability; and (x) we may be unsuccessful in our efforts to extend, renew, replace, or otherwise maintain our credit facilities on acceptable terms, or at all. The accompanying information contained in this Report, including the information set forth under “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, identifies important factors that could cause such differences. These forward-looking statements speak only as of the date of this Report, and we caution potential investors not to place undue reliance on such statements. We undertake no obligation to update or revise any forward-looking statements. All subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the Cautionary Statements.

Unless the context otherwise requires, all references in this Report to “Manhattan Bridge Capital,” “the Company,” “we,” “us” and “our” refer to Manhattan Bridge Capital, Inc., a New York corporation, and its consolidated subsidiary, MBC Funding II Corp. (“MBC Funding II”), a New York corporation.

PART I

Item 1. Business

General

We are a New York-based real estate finance company that specializes in originating, servicing and managing a portfolio of first mortgage loans. We offer short-term, secured, non-banking loans (sometimes referred to as “hard money” loans), which we may renew or extend on, before or after their initial term expires, to real estate investors to fund their acquisition, renovation, rehabilitation or improvement of properties located in the New York metropolitan area, including New Jersey and Connecticut, and in Florida. We are organized and conduct our operations to qualify as a real estate investment trust for federal income tax purposes (“REIT”). We have qualified for taxation as a REIT beginning with our taxable year ended December 31, 2014. For reasons discussed below, our restated certificate of incorporation restricts the acquisition and ownership of our capital stock to 4.0% of our outstanding shares of capital stock, by value or number of shares, whichever is more restrictive.

In order to maintain our qualification for taxation as a REIT, we are required to distribute at least 90% of our REIT taxable income to our shareholders each year. To the extent we distribute less than 100% of our taxable income to our shareholders (but more than 90%) we will maintain our qualification for taxation as a REIT, but the undistributed portion will be subject to regular corporate income taxes. As a REIT, we may also be subject to federal excise taxes and minimum state taxes. We also intend to operate our business in a manner that will permit us to maintain our exemption from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”). In addition, in order for us to qualify for taxation as a REIT, not more than 50% in value of our outstanding common shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code of 1986, as amended (the “Code”) to include certain entities) at any time during the last half of each taxable year, and at least 100 persons must beneficially own our stock during at least 335 days of a taxable year of 12 months, or during a proportionate portion of a shorter taxable year. To help ensure that we meet the tests, our restated certificate of incorporation restricts the acquisition and ownership of our capital stock. The ownership limitation is fixed at 4.0% of our outstanding shares of capital stock, by value or number of shares, whichever is more restrictive. Assaf Ran, our Chief Executive Officer and founder, is exempt from this restriction.

The properties securing the loans are generally classified as residential or commercial real estate and, typically, are not income producing. All loans, except for one loan with a current outstanding principal balance of approximately \$22,000, are secured by a first mortgage lien on real estate. In addition, each loan is personally guaranteed by the principal(s) of the borrower, which guarantee may be collaterally secured by a pledge of the guarantor’s interest in the borrower. The face amount of the loans we originated in the past seven years ranged from \$40,000 to a maximum of \$3.6 million. Our lending policy limits the maximum amount of any loan to the lower of (i) 9.9% of the aggregate amount of our loan portfolio (not including the loan under consideration) and (ii) \$4 million. Most of the loans we make have a stated fixed interest rate, typically ranging from 9% to 12.5% per annum; however, a substantial portion of our loan agreements also include a provision that permits us to charge interest at a rate equal to the greater of (i) the stated loan rate and (ii) the prime rate plus 3.0% on the outstanding principal balance. In addition, we usually receive origination fees or “points” ranging from 0% to 2% of the original principal amount of the loan as well as other fees relating to underwriting and funding the loan. Interest is always payable monthly, in arrears. In the case of acquisition financing, the principal amount of the loan usually does not exceed 75% of the value of the property (as determined by an independent appraiser) and in the case of construction financing, it is typically up to 80% of construction costs.

Since commencing our business in 2007, except as set forth below, we have never foreclosed on a property, although sometimes we have renewed or extended the term of a loan to enable the borrower to avoid premature sale or refinancing of the property. When we renew or extend a loan, we generally receive additional “points” and other fees. In June 2023, we filed a foreclosure lawsuit relating to one property, as a result of a deed transfer from the borrower to a buyer without our consent. In that instance, the buyer of the property on which we had a valid mortgage suffered a data breach which resulted in the failure of the buyer to remit the funds needed for the loan payoff. In October 2023, we received the entire payoff amount for the loan receivable, including all unpaid fees, to rectify the situation.

Our executive officers are experienced in hard money lending under various economic and market conditions. Loans are underwritten and structured by our Chief Executive Officer, assisted by our Chief Financial Officer, and then managed and serviced principally by our Chief Financial Officer and our internal team. A principal source of new transactions has been repeat business from prior customers and their referral of new business. Loans are originated by our internal team, and we also receive leads for new business from real estate brokers, mortgage brokers and a limited amount of advertising.

Our primary business objective is to grow our loan portfolio while protecting and preserving capital in a manner that provides for attractive risk-adjusted returns to our shareholders over the long term through dividends. We intend to achieve this objective by continuing to selectively originate, fund loans secured by first mortgages on residential and commercial real estate held for investment located in the New York metropolitan area, including New Jersey and Connecticut, and in Florida, and to carefully manage and service our portfolio in a manner designed to generate attractive risk-adjusted returns across a variety of market conditions and economic cycles. We believe that current market dynamics specifically the demand/supply imbalance for relatively small real estate loans, presents opportunities for us to selectively originate high-quality first mortgage loans and we believe that these market conditions should persist for a number of years. We have built our business on a foundation of intimate knowledge of the New York metropolitan area real estate market combined with a disciplined credit and due diligence culture that is designed to protect and preserve capital. We believe that our flexibility and ability to structure loans that address the needs of our borrowers without compromising our standards on credit risk, our expertise, our intimate knowledge of the New York metropolitan area real estate market and our focus on newly originated first mortgage loans, has defined our success until now and should enable us to continue to achieve our objectives.

The Market Opportunity

Real estate investment is a capital-intensive business that relies heavily on debt capital to acquire, develop, improve, construct, renovate and maintain properties. We believe that the demand for relatively small loans to acquire, renovate or improve residential and commercial real estate held around the New York metropolitan area, including New Jersey and Connecticut, and in Florida markets presents a compelling opportunity to generate attractive returns for an established, well-financed, non-bank lender like us. We have competed successfully in these markets notwithstanding the fact that many traditional lenders, such as banks and other institutional lenders, also service this market. Our primary competitive advantage is our ability to approve and fund loans quickly and efficiently. In this environment, characterized by a supply-demand imbalance for financing and increasing asset values, we believe we are well positioned to capitalize and profit from these industry trends.

We believe there is a significant market opportunity for a well-capitalized “hard money” real estate finance company to originate attractively priced loans with strong credit fundamentals. Particularly around the New York metropolitan area where real estate values are relatively stable and substandard properties are being improved, rehabilitated and renovated, we believe there are many opportunities for a “hard money” lender providing capital for these purposes to small scale developers. We further believe that our flexibility to structure loans to suit the particular needs of our borrowers and our ability to close quickly make us an attractive alternative to banks and other large institutional lenders for small real estate developers and investors.

Our Business and Growth Strategies

Our objective is to protect and preserve capital in a manner that provides for attractive risk-adjusted returns to our shareholders over the long term, principally through dividends. We intend to achieve this objective by continuing to focus exclusively on selectively originating, servicing and managing a portfolio of short-term real estate loans secured by first mortgages on real estate located in the New York metropolitan area, including New Jersey and Connecticut, and in Florida, that are designed to generate attractive risk-adjusted returns across a variety of market conditions and economic cycles. We believe that our ability to react quickly to the needs of borrowers, our flexibility in terms of structuring loans to meet the needs of borrowers, our intimate knowledge of the New York metropolitan area real estate market, our expertise in “hard money” lending and our focus on newly originated first mortgage loans, should enable us to achieve this objective. Nevertheless, we will remain flexible in order to take advantage of other real estate related opportunities that may arise from time to time, whether they relate to the mortgage market or, if we determine that it is in our best interest, to make direct or indirect investments in real estate.

Our strategy to achieve our objective includes the following:

- capitalize on opportunities created by the long-term structural changes in the real estate lending market and the continuing demand for liquidity in the real estate market;
- take advantage of the prevailing economic environment as well as economic, political and social trends that may impact real estate lending currently and in the future as well as the outlook for real estate in general and particular asset classes;

- remain flexible in order to capitalize on changing sets of investment opportunities that may be present in the various points of an economic cycle; and
- operate so as to qualify for taxation as a REIT and for an exemption from registration under the Investment Company Act.

In furtherance of these strategies, we are party to a credit line agreement with Webster Bank, N.A (as successor to Webster Business Credit Corporation) (“Webster”) and Flushing Bank (“Flushing”), pursuant to which Webster and Flushing have provided us with a \$32.5 million credit line. We are also party to a letter agreement with Valley National Bank (“Valley”), pursuant to which Valley has provided MBC Funding II with a \$10.0 million credit line.

Our Competitive Strengths

We believe our competitive strengths include:

- Experienced management team. Our management team has successfully originated and serviced a portfolio of real estate mortgage loans generating attractive annual returns under varying economic and real estate market conditions. We expect that the experience of our management team will provide us with the ability to effectively deploy our capital in a manner that we believe will provide for attractive risk-adjusted returns but with a focus on capital preservation and protection.
- Long-standing relationships. A significant portion of our business comes from repeat customers with whom we have long-standing relationships. These customers are also a referral source for new borrowers. As long as these customers remain active real estate investors, they provide us with an advantage in securing new business and help us maintain a pipeline to attractive new opportunities that may not be available to many of our competitors or to the general market.
- Knowledge of the market. Our intimate knowledge of the real estate markets in the geographic areas in which we operate enhances our ability to identify attractive opportunities and helps distinguish us from many of our competitors.
- Disciplined lending. We seek to maximize our risk-adjusted returns, and preserve and protect capital, through our disciplined and credit-based approach. We utilize rigorous underwriting and loan closing procedures that include numerous checks and balances to evaluate the risks and merits of each potential transaction. We seek to protect and preserve capital by carefully evaluating the conditions of various properties, property locations, and the creditworthiness of the guarantors.
- Vertically-integrated loan origination platform. We manage and control the loan process from origination through closing with our own personnel and independent legal counsel and appraisers, with whom we have long relationships, who together constitute a highly experienced team in credit evaluation, underwriting and loan structuring. We also believe that our procedures and experience allow us to quickly and efficiently execute opportunities we deem desirable.
- Structuring flexibility. As a relatively small, non-bank real estate lender, we can move quickly and have much more flexibility than traditional lenders to structure loans to suit the needs of our clients. Our ability to customize financing structures to meet borrowers’ needs is one of our key business strengths.
- No legacy issues. Unlike many of our competitors, we are not burdened by distressed legacy real estate assets. We do not have a legacy portfolio of lower-return or problem loans that could potentially dilute the attractive returns we believe are available in the current liquidity-challenged environment and/or distract and monopolize our management team’s time and attention. We do not have any adverse credit exposure to, and we do not anticipate that our performance will be negatively impacted by, previously purchased assets.

Our Real Estate Lending Activities

Our real estate lending activities involve originating, funding, servicing and managing short-term loans (i.e.: loans with an initial term of not more than one year), secured by first mortgage liens on real estate property located in the New York metropolitan area, including New Jersey and Connecticut, and in Florida, held for investment or resale. Generally, borrowers use the proceeds from our loans for one of three purposes: (i) to acquire and renovate existing residential (single, two or three family) real estate properties; (ii) to acquire vacant land and construct residential real properties; and (iii) to purchase and hold income producing properties. Our mortgage loans are structured to fit the needs and business plans of the borrowers. Revenue is generated primarily from the interest borrowers pay on our loans and, to a lesser extent, loan fee income generated on the origination and extension of loans.

Most of our loans are funded in full at the closing. However, our loan portfolio includes a number of construction loans, which are only partially funded at closing. At December 31, 2025 and 2024, our unfunded commitment was approximately \$4.4 million and \$7.2 million, respectively. Advances under construction loans are funded against requests supported by all required documentation as and when needed to pay contractors and other costs of construction. In the case of construction loans, the borrower will either deliver multiple notes or one global note for the entire commitment. In either case, interest only accrues on the funded portion of the loan.

In general, our strategy is to service and manage the loans we originate until they are paid. However, there have been a few instances where we have either used loans as collateral, or sold participating interests in loans. At December 31, 2025, most of our loans are secured by properties located around the New York metropolitan area. Most of the properties we finance are residential, although on occasion they are classified as commercial. However, in all instances the properties are held only for investment by the borrowers. Most of these properties do not generate any cash flow.

The typical terms of our loans are as follows:

Principal amount – In the last seven years, a minimum of \$40,000 to a maximum of \$3.6 million. Our lending policy limits the maximum loan amount to the lower of (i) 9.9% of the aggregate amount of our loan portfolio (not including the loan under consideration) and (ii) \$4 million.

Loan-to-Value Ratio - Up to 75%, and/or up to 80% of construction costs.

Interest rate - Most of the loans in our portfolio have a fixed rate of typically 9% to 12.5%.

Term - Generally, one year with early termination in the event of a sale of the property or a refinancing. We entertain requests for granting extensions under certain conditions.

Prepayments - Borrower may prepay the loan at any time beginning three months after the funding date and in some instances, we waive prepayment fees.

Covenants - To timely pay all interest on the loan and to maintain hazard insurance with respect to the property.

Events of default - Include: (i) failure to comply with the loan terms; (ii) breach of a covenant.

Payment terms - Interest only is payable monthly in arrears. Principal is due in a “balloon” payment at the maturity date.

Escrow - None.

Reserves - None.

Security - The loan is evidenced by a promissory note, which is secured by a first mortgage lien on the real property owned by the borrower. In addition, each loan is guaranteed by the principals of the borrower, which may be collaterally secured by a pledge of the guarantor’s interest in the borrower.

Fees and Expenses - Borrowers generally pay an origination fee equal to 0% to 2% of the loan amount. If we agree to extend the term of the loan, we usually collect the same origination fee we charged on the initial funding of the loan. In addition, borrowers in some cases also pay a processing fee, wire fee, bounced check fee, assignment fee and, in the case of construction loans, check requisition fee for each draw from the loan. Finally, the borrower pays all expenses relating to obtaining the loan including the cost of a property appraisal, and all title, recording fees and legal fees.

Operating Data

The current high level of interest rates adversely impacts our interest costs, and also results in less competition and less liquidity in the real estate market. We have experienced a slowdown in the deployment of capital, as well as lower demand for new loans. We have increased the interest rates charged on our commercial loans in order to offset our increased interest costs. In addition, most of our loans contain an adjustable interest rate clause allowing us to charge no less than the prime rate plus 3% on the outstanding loans. Although loan origination activity slowed during 2025, we have recently experienced improved demand for new loans and faster portfolio turnover.

Our loan portfolio

The following table highlights certain information regarding our real estate lending activities for the periods indicated:

(\$ in thousands)	Year Ended December 31,	
	2025	2024
Loans originated	\$ 35,336	\$ 41,966
Loans partially or fully repaid	\$ 40,637	\$ 49,090
Mortgage lending revenues	\$ 8,666	\$ 9,689
Mortgage lending expenses	\$ 1,759	\$ 2,339
Number of loans outstanding	88	95
Principal amount of loans earning interest	\$ 60,674	\$ 65,974
Average outstanding loan balance	\$ 689	\$ 694
Percent of loans secured by New York metropolitan area properties, including in New Jersey and Connecticut ⁽¹⁾	93.18%	95.80%
Weighted average contractual interest rate	11.12%	11.36%
Weighted average term to maturity (in months) ⁽²⁾	5.52	6.35

(1) Calculated based on the number of loans.

(2) Without giving effect to extension options.

As of December 31, 2024, we had made loans to four separate entities with an aggregate principal balance of \$7,225,000, representing 11.0% of our loan portfolio, and as of December 31, 2025, we had made loans to three separate entities with an aggregate principal balance of \$6,245,000, representing 10.3% of our loan portfolio. A single individual owns at least 50% interest in each of these entities and is not affiliated with any of our officers or directors.

The following table sets forth information regarding the types of properties securing our mortgage loans outstanding at December 31, 2025 and 2024, and the interest earned, on the active loans, in each category (dollars in thousands):

	2025			2024		
	Number of Loans	Interest Earned	Percentage	Number of Loans	Interest Earned	Percentage
Residential	79	\$ 4,904	86%	85	\$ 4,515	85%
Commercial	7	724	12%	6	801	11%
Mixed Use	2	89	2%	4	161	4%
Total	88	\$ 5,717	100%	95	\$ 5,477	100%

Our Origination Process and Underwriting Criteria

We primarily rely on our relationships with existing and former borrowers, real estate investors, real estate brokers, loan initiators, and mortgage brokers to originate loans. Many of our borrowers are “repeat customers.” When underwriting a loan, the primary focus of our analysis is the value of a property and the credit worthiness of the borrower and its principals. Prior to making a final decision on a loan application we conduct extensive due diligence of the borrower and its principals. In terms of the property, we require an assessment report and evaluation. We also order title, lien and judgment searches. We will also evaluate the neighborhood in order to determine the liquidity of the property. Finally, we analyze and assess financial and

operational data provided by the borrower relating to its operation and maintenance of the property. In terms of the borrower and its principals, we usually obtain third party credit reports from one of the major credit reporting services as well as personal financial information provided by the borrower and its principals. We analyze all this information carefully prior to making a final determination. Ultimately, our decision is based on our conclusions regarding the value of the property, which takes into account factors such as the neighborhood in which the property is located, the current use and potential alternative use of the property, current and potential net income from the property, the local market, sales information of comparable properties, existing zoning regulations, the creditworthiness of the borrower and its principals and their experience in real estate ownership, construction, development and management. In conducting our due diligence, we rely, in part, on third party professionals and experts including appraisers, title insurers and attorneys.

Before a loan commitment is issued, the loan must be reviewed and approved by our Chief Executive Officer. Our loan commitments are generally issued subject to receipt by us of title documentation and title report, in a form satisfactory to us, for the underlying property. We require a personal guarantee from the principal or principals of the borrower.

Our Current Financing Strategies

Our financing strategies are critical to the success and growth of our business. Our financing strategies at this time are limited to equity and debt offerings, as well as lines of credit from banks. Our principal capital raising transactions have consisted of the following:

Credit facilities. We currently maintain a credit facility with Webster and Flushing pursuant to which are eligible to borrow up to \$32.5 million, secured by assignments of mortgages and other collateral (the “Webster Credit Line”), and a credit facility with Valley pursuant to which MBC Funding II is eligible to borrow up to \$10.0 million, secured by assignments of mortgages (the “Valley Credit Line”), each as described in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – under “Liquidity and Capital Resources”, below. As of December 31, 2025, borrowings under the Webster Credit Line bore interest, at the Company’s election for each drawdown, at either (i) the Secured Overnight Financing Rate (“SOFR”) plus an applicable premium, which rate was 7.3%, inclusive of a 0.5% agency fee, or (ii) the Base Rate (as defined in the Amended and Restated Credit Agreement) plus 2.00%, plus a 0.5% agency fee. As of December 31, 2025, borrowings under the Valley Credit Line bore interest at the forward-looking term rate based on SOFR for the applicable interest period (“Term SOFR”), subject to a floor, plus an applicable margin and customary fees, which rate was 6.7%. See Note 5 to the financial statements included elsewhere in this Report. As of December 31, 2025 and March 24, 2026, \$11,558,632 and \$13,825,320, respectively, were outstanding under the Webster Credit Line. As of December 31, 2025 and March 24, 2026, an aggregate of \$6,042,500 was outstanding under the Valley Credit Line. The following table shows our capitalization, including our financing arrangements, and our loan portfolio as of December 31, 2025:

Capitalization (\$ in thousands):

Sources of capital:	
Lines of credit	\$ 17,601
Other liabilities, net of deferred origination and other fees	1,650
Capital (equity)	43,100
Total sources of capital	<u>\$ 62,351</u>
Assets:	
Loans, net of deferred origination and other fees	\$ 60,219
Other assets	2,132
Total assets	<u>\$ 62,351</u>

Competition

The real estate finance market around the New York metropolitan area is highly competitive. We face competition for lending and investment opportunities from a variety of institutional lenders and investors and many other market participants, including specialty finance companies, mortgage/other REITs, commercial banks and thrift institutions, investment banks, insurance companies, hedge funds and other financial institutions as well as private equity funds, family offices and high net worth individuals. Many of these competitors enjoy competitive advantages over us, including greater name recognition, established lending relationships with customers, financial resources, and access to capital. However, we have seen less competition and less liquidity in the real estate market due to the interest rate increases in recent years. We also believe that we benefit from our low debt-to-equity ratio in the current market condition.

Notwithstanding some of our competitive disadvantages, we believe we have carved a niche for ourselves among small real estate developers, owners and contractors throughout the New York metropolitan area because of our ability to structure each loan to suit the needs of each individual borrower and our ability to act quickly. In addition, we believe we have developed a reputation among these borrowers as offering reasonable terms and providing outstanding customer service. We believe our future success will depend on our ability to maintain and capitalize on our existing relationships with borrowers and brokers and to expand our borrower base by continuing to offer attractive loan products, remain competitive in pricing and terms, and provide superior service.

In addition, we have also begun operating in the New Jersey, Connecticut and Florida markets. As we have not operated in those markets for an extended period of time, we have faced competition from more established lenders, as well as some smaller lenders, in those markets.

Sales and Marketing

We rely on our internal team to generate lending opportunities as well as referrals from existing or former borrowers, brokers and bankers and advertising to generate lending opportunities. A principal source of new transactions has been repeat business from prior customers and their referral of new leads. We also engage with third parties in order to support sales and marketing efforts as needed.

Intellectual Property

Our business does not depend on exploiting or leveraging any intellectual property rights. To the extent we own any rights to intellectual property, we rely on a combination of federal, state and common law trademarks, service marks and trade names, copyrights and trade secret protection. We have registered some of our trademarks and service marks in the United States Patent and Trademark Office including “Manhattan Bridge Capital”.

The protective steps we have taken may not deter misappropriation of our proprietary information. These claims, if meritorious, could require us to license other rights or subject us to damages and, even if not meritorious, could result in the expenditure of significant financial and managerial resources on our part.

Employees

As of December 31, 2025, we employed six employees. In addition, during 2025 we used outside lawyers and other independent professionals to verify titles and ownership, to file liens and to consummate the transactions. Outside appraisers were used to assist management in evaluating the worth of collateral, when deemed necessary by management. We also used construction inspectors as well as mortgage brokers and deal initiators.

Regulation

Our operations are subject, in certain instances, to supervision and regulation by state and federal governmental authorities and may be subject to various laws and judicial and administrative decisions imposing various requirements and restrictions. In addition, we may rely on exemptions from various requirements of the Securities Act of 1933, as amended (the “Securities Act”), the Exchange Act, the Investment Company Act and ERISA. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third parties who we do not control.

Regulation of Commercial Real Estate Lending Activities

Although most states do not regulate commercial finance, certain states impose limitations on interest rates and other charges and on certain collection practices and creditor remedies, and require licensing of lenders and financiers and adequate disclosure of certain contract terms. We also are required to comply with certain provisions of, among other statutes and regulations, certain provisions of the Equal Credit Opportunity Act that are applicable to commercial loans, The USA PATRIOT Act, regulations promulgated by the Office of Foreign Asset Control and federal and state securities laws and regulations.

Investment Company Act Exemption

Although we reserve the right to modify our business methods at any time, we are not currently required to register as an investment company under the Investment Company Act. However, we cannot assure you that our business strategy will not evolve over time in a manner that could subject us to the registration requirements of the Investment Company Act.

Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. Government securities and cash items) on an unconsolidated basis, which we refer to as the 40% test.

We rely on the exception set forth in Section 3(c)(5)(C) of the Investment Company Act which excludes from the definition of investment company "[a]ny person who is not engaged in the business of issuing redeemable securities, face-amount certificates of the installment type or periodic payment plan certificates, and who is primarily engaged in one or more of the following businesses... (C) purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." This exception generally requires that at least 55% of an entity's assets be comprised of mortgages and other liens on and interests in real estate, also known as "qualifying interests," and at least another 25% of the entity's assets must be comprised of real estate-type interests reduced by any amount of qualifying interests that the entity holds in excess of the 55% minimum limit (with no more than 20% of the entity's assets comprised of miscellaneous assets). At the present time, we qualify for the exception under this section and our current intention is to continue to focus on originating short-term loans secured by first mortgages on real property. However, if, in the future, we do acquire non-real estate assets without the acquisition of substantial real estate assets, we may be deemed to be an "investment company" and be required to register as such under the Investment Company Act, which could have a material adverse effect on us.

If we were required to register as an investment company under the Investment Company Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use leverage), management, operations, transactions with affiliated persons (as defined in the Investment Company Act), portfolio composition, including restrictions with respect to diversification and industry concentration, and other matters.

Qualification for exclusion from the definition of an investment company under the Investment Company Act will limit our ability to make certain investments. In addition, complying with the tests for such exclusion could restrict the time at which we can acquire and sell assets.

Environmental Laws

Our borrowers, who own properties, may be subject to various environmental laws of federal, state and local governments. To the extent that an owner of a property underlying one of our debt instruments becomes liable for removal costs, the ability of the owner to make payments to us may be reduced, which in turn may adversely affect the value of the relevant mortgage asset held by us and our ability to make distributions to our shareholders. To date, our borrowers' compliance with existing laws has not had a material adverse effect on our earnings and we do not have reason to believe it will have such an impact in the future. However, we cannot predict the impact of unforeseen environmental contingencies or new or changed laws or regulations on the properties owned by our borrowers.

Available information

We make available our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (Exchange Act), as amended, free of charge on our website at www.manhattanbridgecapital.com, as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission. The information on our website is not incorporated by reference into this Report.

Item 1A. Risk Factors

The following risk factors, among others, could affect our actual results of operations and could cause our actual results to differ materially from those expressed in forward-looking statements made by us. These forward-looking statements are based on current expectations and except as required by law we assume no obligation to update this information. These disclosures reflect the Company's beliefs and opinions as to factors that could materially affect the Company and its securities in the future. References to past events are provided by way of example only and are not intended to be a complete listing or a representation as to whether or not such factors have occurred in the past or their likelihood of occurring in the future. You should carefully consider the risks described below and elsewhere in this Report before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. Our common stock is considered speculative and the trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. The following risk factors are not the only risk factors facing our Company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business.

Summary of Risk Factors

Our business is subject to a number of risks, including risks that may adversely affect our business, financial condition and results of operations. These risks are discussed more fully below and include, but are not limited to, risks related to:

Risks Relating to Our Business

- our loan origination activities, revenues and profits are limited by available funds;
- the competitive real estate lending market and competition;
- our investment, leverage and financing strategies;
- the broad authority of our management team in making lending decisions and their importance to our business;
- the impact of potential security breaches;

Risks Related to Our Portfolio

- the impact of interest rates on our borrowing and business and the requirement to meet covenants contained in our credit line facilities;
- the impact of overestimating loan yields or the value of collateral and interest rate fluctuations;
- market conditions for mortgages and mortgage-related assets;
- extension of existing loans;
- potential lender liability claims;
- the impact of the timing of prepayment of loans;
- the liquidity of our loan portfolio;
- the geographic concentration of our loan portfolio;
- our exposure to economic slowdowns or recessions;
- our ability to foreclose as promptly as may be necessary;
- potential liability relating to environmental matters;
- loan defaults;

- casualty events occurring on properties securing our loans;
- borrower concentration;

Risks Related to Financing Transactions

- complying with covenants in our existing credit lines;
- our use of leverage;

Risks Related to REIT Status and Investment Company Act Exemption

- potential challenges by the Internal Revenue Service (the “IRS”);
- compliance with REIT requirements, including REIT distribution requirements;
- potential tax liabilities and our reliance on tax and legal advice on our REIT status;
- the impact of our distributions and the tax impact of our dividend payments;
- the impact of the liquidation of our assets;
- the ownership restrictions set forth in our restated certificate of incorporation;
- our ability to generate sufficient cash flow to make distributions;
- the impact of being deemed an investment company under the Investment Company Act;

Risks Related to Our Common Shares

- the potential for our largest shareholder’s interests not aligning with those of our other shareholders;

Risks Related to Our Organization and Structure

- the impact of certain provisions of New York law;
- our capital structure may prevent a change in control and the limited rights of shareholders to take action against our officers and directors;

General Risk Factors

- access to financing;
- the limited trading and volatility in our common stock;
- future events that may impact the price of our common stock; and
- future offerings may adversely affect the market and our stockholders.

Risks Related to Our Business

Our loan origination activities, revenues and profits are limited by available funds. If we do not increase our working capital, we will not be able to grow our business.

As a real estate finance company, our revenues and net income are derived primarily from interest and fees received or accrued on our loan portfolio. Our ability to originate real estate loans depends on the funds available to us. As of March 24, 2026, we had approximately \$22.6 million of aggregate available borrowing capacity under the Webster Credit Line and the Valley Credit Line, which mature on February 28, 2029 and December 12, 2027, respectively. Although we do not currently

anticipate any difficulty in extending these credit lines or obtaining a comparable credit facility from another lender prior to their respective maturities, there can be no assurance that we will be able to do so on acceptable terms, or at all. We intend to use repayments of outstanding loans and additional borrowing capacity under these credit lines to fund the origination of additional real estate loans. However, if demand for our mortgage loans increases, we cannot assure you that we will be able to meet that demand in light of the limited funds available to us for loan originations.

We operate in a highly competitive market and competition may limit our ability to originate loans with favorable interest rates.

We operate in a highly competitive market, and we believe these conditions will persist for the foreseeable future as the financial services industry continues to consolidate, producing larger, better capitalized and more geographically diverse companies with broad product and service offerings. Thus, our profitability depends, in large part, on our ability to compete effectively. Our competition includes mortgage/other REITs, specialty finance companies, savings and loan associations, banks, mortgage banks, insurance companies, mutual funds, pension funds, private equity funds, hedge funds, institutional investors, investment banking firms, non-bank financial institutions, governmental bodies, family offices and high net worth individuals. We may also compete with companies that partner with and/or receive financing from the U.S. Government. Many of our competitors are substantially larger and have considerably greater financial, technical, marketing and other resources than we do. In addition, larger and more established competitors may enjoy significant competitive advantages, including enhanced operating efficiencies, more extensive referral networks, greater and more favorable access to investment capital and more desirable lending opportunities. Several of these competitors, including mortgage REITs, have recently raised or are expected to raise, significant amounts of capital, which enables them to make larger loans or a greater number of loans. Some competitors may also have a lower cost of funds and access to funding sources that may not be available to us, such as funding from various governmental agencies or under various governmental programs for which we are not eligible. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of possible loan transactions or to offer more favorable financing terms than we would. Finally, as a REIT and because we operate in a manner so as to be exempt from the requirements of the Investment Company Act, we may face further restrictions to which some of our competitors may not be subject. As a result, we may find that the pool of potential borrowers available to us is limited. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations.

We may change our investment, leverage, financing and operating strategies, policies or procedures without shareholder consent, which may adversely affect the market value of our common shares and our ability to make distributions to shareholders.

We may amend or revise our policies, including our policies with respect to growth strategy, operations, indebtedness, capitalization, financing alternatives and underwriting criteria and guidelines, or approve transactions that deviate from our existing policies at any time, without a vote of, or notice to, our shareholders. For example, we may decide that in order to compete effectively, we should relax our underwriting guidelines and make riskier loans, which could result in a higher default rate on our portfolio. We may also decide to expand our business focus to other targeted asset classes, such as participation interests in mortgage loans, mezzanine loans and subordinate interests in mortgage loans. We could also decide to adopt investment strategies that include securitizing our portfolio, hedging transactions and swaps. We may even decide to broaden our business to include acquisitions of real estate assets, which we may or may not operate. Finally, as the market evolves, we may determine that the residential and commercial real estate markets do not offer the potential for attractive risk-adjusted returns for an investment strategy that is consistent with our intention to remain qualified for taxation as a REIT and to operate in a manner to remain exempt from registration under the Investment Company Act. If we believe it would be advisable for us to be a more active seller of loans and/or interests thereon, we may determine that we should conduct such business through a taxable REIT subsidiary or that we should cease to maintain our qualification for taxation as a REIT. These changes may increase our exposure to interest rate risk, default risk, financing risk and real estate market fluctuations, which could adversely affect our business, operations and financial conditions as well as the value of our securities and our ability to make distributions to our shareholders.

Management has broad authority to make lending decisions. If management fails to generate attractive risk-adjusted loans on a consistent basis, our revenue and income could be materially and adversely affected and the market price of a share of our common shares is likely to decrease.

Our board of directors has given management broad authority to make decisions to originate loans. The only limitation imposed by the board of directors is that no single loan may exceed the lower of (i) 9.9% of our loan portfolio (without taking into account the loan under consideration) and (ii) \$4 million. Within these broad guidelines, our Chief Executive Officer has the absolute authority to make all lending decisions. Thus, management could authorize transactions that may be costly and/or risky, which could result in returns that are substantially below expectations or that result in losses, which would materially and adversely affect our business operations and results. Further, management's decisions may not fully reflect the best interests of our shareholders. Our board of directors may periodically review our underwriting guidelines but will not, and will not be required to, review all of our proposed loans. In conducting periodic reviews, our board of directors will rely primarily on information provided to them by management.

Our Chief Executive Officer and Chief Financial Officer are each critical to our business and our future success may depend on our ability to retain them. In addition, as our business grows we will need to hire additional personnel.

Our future success depends to a significant extent on the continued efforts of our founder, president and Chief Executive Officer, Assaf Ran, and our Chief Financial Officer, Vanessa Kao. Mr. Ran generates most, if not all, of our loan applications, supervises all aspects of the underwriting and due diligence process in connection with each loan, structures each loan and has absolute authority (subject only to the maximum amount of the loan) as to whether or not to approve the loan. Ms. Kao services all loans in our portfolio. If Mr. Ran is unable to continue to serve as our Chief Executive Officer on a full-time basis, we might not be able to generate sufficient loan applications and our business and operations would be adversely affected. In addition, in the future we may need to attract and retain qualified senior management and other key personnel, particularly individuals who are experienced in the real estate finance business and people with experience in managing a mortgage REIT. If we are unable to recruit and retain qualified personnel in the future, our ability to continue to operate and to grow our business will be impaired.

Terrorist attacks and other acts of violence or war may affect the real estate industry generally and our business, financial condition and results of operations.

The risk of terrorist attacks by extremist groups has risen over the last few years. Any future terrorist attacks, the anticipation of any such attacks, and the consequences of any military or other response by the United States and its allies may have an adverse impact on the U.S. financial markets and the economy in general. In addition, a significant terrorist attack in New York City could have a material adverse impact on the New York real estate market, which, in turn, could make it more difficult for our borrowers to repay their loans. We cannot predict the severity of the effect that any such future events would have on the U.S. financial markets, including the real estate capital markets, the economy or our business. Any future terrorist attacks could adversely affect the credit quality of some of our loan portfolio. We may suffer losses as a result of the adverse impact of any future terrorist attacks and these losses may adversely impact our results of operations.

The enactment of the Terrorism Risk Insurance Act of 2002 (the "TRIA"), and the subsequent enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007, which extended TRIA through the end of 2020, which in turn was extended by the Terrorism Risk Insurance Program Reauthorization Act of 2019 through the end of 2027 requires insurers to make terrorism insurance available under their property and casualty insurance policies in order to receive federal compensation under TRIA for insured losses. However, this legislation does not regulate the pricing of such insurance. The absence of affordable insurance coverage may adversely affect the general real estate lending market, lending volume and the market's overall liquidity and may reduce the number of suitable financing opportunities available to us and the pace at which we are able to make loans. If property owners are unable to obtain affordable insurance coverage, the value of their properties could decline and in the event of an uninsured loss, we could lose all or a portion of our investment.

Our existing credit lines have numerous covenants. If we are unable to comply with these covenants, or obtain necessary waivers, the outstanding amount of our loans could become due and payable.

The Webster Credit Line and the Valley Credit Line contain customary covenants and restrictions, including limitations on borrowings based on the value of the underlying collateral, requirements to maintain specified financial ratios and restrictions on the terms of loans we may originate. If we fail to comply with any of these covenants and do not obtain a waiver, we will be in default under the applicable credit agreements. Upon an event of default, Webster and/or Valley could declare outstanding amounts immediately due and payable, terminate their commitments, require additional collateral and/or

exercise remedies against the collateral securing our obligations. Any such action could materially reduce our liquidity, require us to sell assets to repay outstanding indebtedness, materially and adversely affect our business, financial condition, results of operations and ability to make distributions, and cause the value of our outstanding securities to decline. A default could also materially limit our financing alternatives, impair our ability to execute our leverage strategy and adversely affect our returns.

Our indebtedness could adversely affect our financial flexibility and our competitive position.

We have, and expect that we will continue to have a significant amount of indebtedness. As of December 31, 2025, we had approximately \$17.6 million of debt outstanding, consisting of the amounts outstanding under the Webster Credit Line and Valley Credit Line. The Webster Credit Line expires on February 28, 2029, and the Valley Credit Line expires on December 12, 2027. As of March 24, 2026, we have approximately \$22.6 million available under the credit lines. This level of indebtedness and the pending maturity of such indebtedness increase the risk that we may be unable to generate sufficient cash to pay amounts due in respect of our indebtedness. Our indebtedness could have other important consequences to you and significantly impact our business. For example, it could:

- make it more difficult for us to satisfy our obligations;
- increase our vulnerability to adverse changes in general economic, industry and competitive conditions;
- require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limit our ability to make material acquisitions or take advantage of business opportunities that may arise;
- expose us to fluctuations in interest rates, to the extent our borrowings bear variable rates of interest;
- expose us to higher costs or interest rates if we extend or refinance such indebtedness and the risk that we will not be able to extend the Webster Credit Line or the Valley Credit Line;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business plan or other general corporate purposes on reasonable terms or at all;
- reduce the amount of surplus funds distributable by our subsidiary to us for use in our business, such as for the payment of indebtedness and dividends to our shareholders; and
- lead us to elect to make additional investments in our subsidiary if their cash flow from operations is insufficient for them to make payments on their indebtedness.

We may incur additional debt, which could exacerbate the risks associated with our leverage.

We and our subsidiary may incur substantial additional indebtedness in the future. The covenants in the agreement governing the Webster Credit Line and the Valley Credit Line may limit our ability and the ability of our subsidiary to incur additional indebtedness. To the extent that we are nevertheless able to incur additional indebtedness or such other obligations, the risks associated with our indebtedness described above, including our possible inability to service our debt, will increase.

While we are implementing protocols to prevent future cyber-security incidents, these protocols may not prevent future incidents and any significant similar future incidents could expose us to liability and have a negative impact on our business and our reputation.

During June 2022, we experienced a cybersecurity incident in which one of our unused computer servers as well as one of our executive's personal computers were hacked and rendered inoperable. We did not suffer any financial loss as a result of the cybersecurity incident, though it is possible that unauthorized individuals did obtain copies of our clients' records. To date, the cybersecurity incident has not had any effect on our ability to meet our financial obligations, including our ability to carry out our operations and business activities.

We are constantly exploring new and advanced security protection measures to prevent future cybersecurity incidents. These steps may include working with a cybersecurity consultant as well as potential additional measures. We continually assess cybersecurity threats and make investments to increase internal protection, detection, and response capabilities to address this risk. To date, we have not experienced any material impact to our business or operations resulting from information or cybersecurity attacks, including the incident mentioned above; however, because of the frequently changing attack techniques, along with the increased volume and sophistication of the attacks, there is the potential for us to be adversely impacted. In addition, any cybersecurity breach could compromise our networks and the information stored there could be accessed, publicly

disclosed, lost or stolen. In addition, such cybersecurity breach could impact our borrowers if sensitive borrower information is compromised. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to our operations and the services we provide to customers or damage our reputation, which could materially and adversely affect us. This impact could result in reputational, competitive, operational or other business harm as well as financial costs and regulatory action. See Item 1C. “Cybersecurity”, for additional information.

Risks Related to Our Portfolio

Interest rate fluctuations could reduce our ability to generate income and may cause losses.

Our primary interest rate exposures relate to the yield on our loan portfolio and the financing cost of our debt. In that regard, we have observed a steady increase in interest rates on our debt which, if rates continue to remain high, may have an impact on our income, as well as may impact the rate of our dividends. Our operating results depend, in part, on differences between the interest income generated by our loan portfolio net of credit losses and our financing costs. Thus, changes in interest rates will affect our revenue and net income in one or more of the following ways:

- an increase or continued high level in the SOFR rate impacts our cost of borrowing under the Webster Credit Line and the Valley Credit Line;
- our operating expenses may increase;
- our ability to originate loans may be adversely impacted;
- to the extent we use our credit lines or other forms of debt financing to originate loans, our borrowing costs would rise, reducing the “spread” between our cost of funds and the yield on our outstanding mortgage loans, which tend to be fixed rate obligations;
- a rise in, or high level of, interest rates may discourage potential borrowers from refinancing existing loans or defer plans to renovate or improve their properties;
- a drop in interest rates may reduce our revenues by requiring us to reduce the interest rates we charge potential borrowers;
- borrower default rates may increase;
- property values may be negatively impacted, making our existing loans riskier and new loans that we originate smaller; and
- rising or continued high interest rates could also result in reduced turnover of properties which may reduce the demand for new mortgage loans.

Rising, declining, or volatile interest rates may reduce our profitability and may cause losses.

Our borrowings under the Webster Credit Line and the Valley Credit Line are based on SOFR and therefore expose us to changes in short-term interest rates. In addition, we may enter into other financing arrangements that reference floating-rate benchmarks such as SOFR or a Treasury index. As a result, changes in market interest rates may increase our cost of funds, reduce our net interest margin, and adversely affect our results of operations and financial condition.

Interest rates increased significantly beginning in March 2022 and, more recently, have been volatile and have declined from prior elevated levels. While declining rates may reduce our borrowing costs, they may also reduce the yields we can earn on new originations and on loans that reprice or are refinanced, and may increase prepayments or early payoffs, which could require us to redeploy capital at lower yields. Conversely, if interest rates increase again or remain elevated, our borrowing costs would increase further or remain high. Competitive pressures, borrower affordability constraints, and contractual terms may limit our ability to reprice loans quickly or fully in response to changes in market rates.

Many of our loans have a stated fixed interest rate; however, a substantial portion of our loan agreements also includes provisions that permit us to charge interest at a rate equal to the greater of (i) the stated loan rate and (ii) the prime rate plus 3.0% on the outstanding principal balance. These provisions may not fully offset changes in our cost of funds, particularly during periods of rapid interest rate movements, reduced loan demand, or weakening real estate market conditions.

Changes in interest rates can also affect real estate values, transaction volumes, and borrowers’ ability to refinance or sell properties, which may adversely affect collateral coverage and credit performance. If interest rates rise, decline further, or continue to be volatile, we may experience reduced loan originations, increased delinquencies or defaults, or losses, and our earnings and cash available for distribution to shareholders may be adversely affected.

If we overestimate the yields on our loans or incorrectly value the collateral securing the loan, we may experience losses.

Loan decisions are typically made based on the credit-worthiness of the borrower and the value of the collateral securing the loan. We cannot assure you that our assessments will always be accurate or the circumstances relating to a borrower or the collateral will not change during the loan term, which could lead to losses and write-offs. Losses and write-offs could materially and adversely affect our business, operations and financial condition and the market price of our securities.

Difficult conditions in the markets for mortgages and mortgage-related assets as well as the broader financial markets have resulted in a significant contraction in liquidity for mortgages and mortgage-related assets, which may adversely affect the value of the assets that we intend to originate.

Our results of operations will be materially affected by conditions in the markets for mortgages and mortgage-related assets as well as the broader financial markets and the economy generally. Significant adverse changes in financial market conditions may result in a decline in real estate values, jeopardizing the performance and viability of many real estate loans. As a result, many traditional mortgage lenders may suffer severe losses and even fail. This situation may negatively affect both the terms and availability of financing for small non-bank real estate finance companies. This could have an adverse impact on our financial condition, business and operations.

Loans on which the maturity date has been extended may involve a greater risk of loss than traditional mortgage loans.

Borrowers usually use the proceeds of a long-term mortgage loan or sale to repay our loans. We may therefore depend on a borrower's ability to obtain permanent financing or sell the property to repay our loan, which could depend on market conditions and other factors. Our loans are also subject to risks of borrower defaults, bankruptcies, fraud, losses and special hazard losses that are not covered by standard hazard insurance. In the event of a default, we bear the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the principal amount and unpaid interest of the loan. To the extent we suffer such losses with respect to our loans, our enterprise value and the price of our securities may be adversely affected.

We may be subject to "lender liability" claims. Our financial condition could be materially and adversely impacted if we were to be found liable and required to pay damages.

In recent years, a number of judicial decisions have upheld the right of borrowers to sue lenders on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. We cannot assure you that such claims will not arise or that we will not be subject to significant liability if a claim of this type did arise.

An increase in the rate of prepayment of outstanding loans may have an adverse impact on the value of our portfolio as well as our revenue and income.

The value of our loan portfolio may be affected by prepayment rates and a significant increase in the rate of prepayments could have an adverse impact on our operating results. Prepayment rates cannot be predicted with certainty and no strategy can completely insulate us from prepayment or other such risks. In periods of declining interest rates, prepayment rates on mortgage and other real estate-related loans generally increase. Proceeds of prepayments received during such periods are likely to be reinvested by us in new loans yielding less than the yields on the loans that were prepaid, resulting in lower revenues and possibly, lower profits. A portion of our loan portfolio requires prepayment fees if a loan is prepaid. However, there can be no assurance that these fees will make us whole for the detriment incurred by virtue of the prepayment.

The lack of liquidity in our portfolio may adversely affect our business.

The illiquidity of our loan portfolio may make it difficult for us to sell such assets if the need or desire arises. As a result, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the outstanding loan balance.

The geographic concentration of our loan portfolio may make our revenues and the values of the mortgages and real estate securing our portfolio vulnerable to adverse changes in economic conditions around the New York metropolitan area.

Under our current business model, we have one asset class — mortgage loans that we originate, service and manage — and we have no current plans to diversify. Moreover, most of our collateral is located in a limited geographic area. At December 31, 2025, most of our outstanding loans are secured by properties located in the New York metropolitan area. A lack of geographical diversification makes our mortgage portfolio more sensitive to local and regional economic conditions. A significant decline around the New York metropolitan area economy could result in a greater risk of default compared with the default rate for loans secured by properties in other geographic locations. This could result in a reduction of our revenues and provision for loan loss allowances, which might not be as acute if our loan portfolio were more geographically diverse. Therefore, our loan portfolio is subject to greater risk than other real estate finance companies that have a more diversified asset base and broader geographic footprint. To the extent that our portfolio is concentrated in one region and/or one type of asset, downturns relating generally to such region or type of asset may result in defaults on a number of our assets within a short time period, which may reduce our net income and the value of our securities and accordingly reduce our ability to make distributions to our shareholders.

A prolonged economic slowdown, a lengthy or severe recession or declining real estate values could impair our investments and harm our operations.

A prolonged economic slowdown, a recession or declining real estate values could impair the performance of our assets and harm our financial condition and results of operations, increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. Thus, we believe the risks associated with our business will be more severe during periods of economic slowdown or recession because these periods are likely to be accompanied by declining real estate values. Declining real estate values are likely to have one or more of the following adverse consequences:

- reduce the level of new mortgage and other real estate-related loan originations since borrowers often use appreciation in the value of their existing properties to support the purchase or investment in additional properties;
- make it more difficult for existing borrowers to remain current on their payment obligations; and
- significantly increase the likelihood that we will incur losses on our loans in the event of default because the value of our collateral may be insufficient to cover our cost on the loan.

Any sustained period of increased payment delinquencies, foreclosures or losses could adversely affect both our net interest income from loans in our portfolio as well as our ability to originate new loans, which would materially and adversely affect our results of operations, financial condition, liquidity and business and our ability to make distributions to our shareholders.

We evaluate expected credit losses under Accounting Standards Update (“ASU”) 2016-13, Financial Instruments – Credit Losses (ASU Topic 326), and our allowance for credit losses was zero as of December 31, 2025. If we are required to record credit losses or write off all or a portion of any loan in our portfolio, our net income will be adversely impacted.

We evaluate expected credit losses on our loans receivable in accordance with ASU Topic 326. Our allowance for credit losses was zero as of December 31, 2025. Estimating expected credit losses involves significant judgment and is particularly difficult in a turbulent economic environment, including periods in which the availability of real estate credit is limited and real estate transaction activity has decreased.

If actual credit losses differ from our expectations, or if we determine that a loan or a portion of a loan is not collectible, we may be required to record credit loss expense, increase our allowance for credit losses, or write off all or a portion of the loan. Any such credit loss expense, increase in the allowance for credit losses, or loan write-off would reduce our net income and could adversely affect our results of operations and financial condition.

Our evaluation of expected credit losses and collectability is based on a number of factors, which may include projected cash flows from collateral securing our loans (if any), loan structure (including the availability of reserves and recourse guarantees), the borrower’s ability and willingness to repay, the likelihood of repayment or refinancing at maturity, the relative strength or weakness of the refinancing market, and expected market discount rates for varying property types. If our estimates and judgments are incorrect, or if economic and market conditions deteriorate, we could experience losses on our loan portfolio and our results of operations and financial condition could be adversely impacted.

Our due diligence may not reveal all of a borrower's liabilities and may not reveal other weaknesses in its business.

Before making a loan to a borrower, we assess the strength and skills of such entity's management and other factors that we believe are material to the performance of the loan. In making the assessment and otherwise conducting customary due diligence, we rely on the resources available to us and, in some cases, services provided by third parties. This process is particularly important and subjective with respect to newly organized entities because there may be little or no information publicly available about the entities. There can be no assurance that our due diligence processes will uncover all relevant facts or that the borrower's circumstances will not change after the loan is funded. In either case, this could adversely impact the performance of the loan and our operating results.

Our loans are usually made to entities to enable them to acquire, develop or renovate residential or commercial property, which may involve a greater risk of loss than loans to individual owners of residential real estate.

We make loans to corporations, partnerships and limited liability companies that are looking to purchase, renovate and/or improve residential or commercial real estate held for resale or investment. More often than not, the property is underutilized, poorly managed, or located in a recovering neighborhood. These loans may have a higher degree of risk than loans to individual property owners with respect to their primary residence or to owners of commercial operating properties because of a variety of factors. For instance, our borrowers usually do not have the need to occupy the property, or an emotional attachment to the property as borrowers of owner-occupied residential properties typically have, and therefore they do not always have the same incentive to avoid foreclosure. Similarly, in the case of non-residential property, a majority of the properties securing our loans have little or no cash flow. If the neighborhood in which the asset is located fails to recover according to the borrower's projections, or if the borrower fails to improve the quality of the property's performance and/or the value of the property, the borrower may not receive a sufficient return on the property to satisfy the loan, and we bear the risk that we may not recover some or all of our principal. Finally, there are difficulties associated with collecting debts from entities that may be judgment proof. While we try to mitigate these risks in various ways, including by getting personal guarantees from the principals of the borrower, we cannot assure you that these lending and credit enhancement strategies will be successful.

Volatility of values of residential and commercial properties may adversely affect our loans and investments.

Residential and commercial property values are subject to volatility and may be affected adversely by a number of factors, including, but not limited to, events such as natural disasters, including hurricanes and earthquakes, acts of war and/or terrorism and others that may cause unanticipated and uninsured performance declines and/or losses to us or the owners and operators of the real estate securing our investment; national, regional and local economic conditions, such as what we have experienced in recent years (which may be adversely affected by industry slowdowns and other factors); local real estate conditions (such as an oversupply of housing, retail, industrial, office or other commercial space); changes or continued weakness in specific industry segments; construction quality, construction cost, age and design; demographic factors; retroactive changes to building or similar codes; and increases in operating expenses (such as energy costs). In the event of a decline in the value of a property securing one of our loans, the borrower may have difficulty repaying our loan, which could result in losses to us. In addition, decreases in property values reduce the value of the collateral and the potential proceeds available to a borrower to repay our loans, which could also cause us to suffer losses.

Our inability to promptly foreclose on defaulted loans could increase our costs and/or losses.

The performance of first mortgage loans may depend on the performance of the underlying real estate collateral. In particular, mortgage loans secured by property held for investment or resale are subject to risks of delinquency and foreclosure, and risks of loss that are greater than similar risks associated with loans secured by owner-occupied residential properties. The ability of a borrower under a first mortgage loan to repay a loan secured by an income-producing property typically depends primarily on the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan is impaired and the borrower defaults, we may lose all or substantially all of our investment. If the property is not income producing, as is the case with most of our loans, the risks are even greater. While we have certain rights with respect to the real estate collateral underlying a first mortgage loan, and rights against the borrower and guarantor(s), in the event of a default there are a variety of factors that may inhibit our ability to enforce our rights to collect the loan, whether through a non-payment action against the borrower, a foreclosure proceeding against the underlying property or a collection or enforcement proceeding against the guarantor. These factors include, without limitation, state foreclosure timelines and deferrals associated therewith (including with respect to litigation); unauthorized occupants living in the property; federal, state or local legislative action or initiatives designed to provide residential property owners with assistance in avoiding foreclosures and that serve to delay the foreclosure process; government programs that require specific procedures to be followed to explore the refinancing of a residential mortgage loan prior to the commencement of a foreclosure proceeding; and continued declines in real estate values and sustained high levels of unemployment that increase the number of foreclosures and place additional pressure on the already overburdened judicial and administrative systems.

Our loans are typically not funded with interest reserves and our borrowers may be unable to pay the interest accruing on the loans when due, which could have a material adverse impact on our financial condition.

Our loans are typically not funded with an interest reserve. Thus, we rely on the borrowers to make interest payments as and when due from other sources of cash. Given the fact that most of the properties securing our loans are not income producing or even cash producing and most of the borrowers are entities with no assets other than the single property that is the subject of the loan, some of our borrowers have considerable difficulty servicing our loans and the risk of a non-payment or default is considerable. We depend on the borrower's ability to refinance the loan at maturity or sell the property for repayment. If the borrower is unable to repay the loan, together with all the accrued interest, at maturity, our operating results and cash flows would be materially and adversely affected. Foreclosure of a mortgage loan can be an expensive and lengthy process that could have a substantial negative effect on our anticipated return on the foreclosed mortgage loan. In addition, in the event of the bankruptcy of the borrower, we may not have full recourse to the assets of the borrower, or the assets of the borrower or the guarantor may not be sufficient to satisfy the debt.

Liability relating to environmental matters may impact the value of properties that we may acquire or the properties underlying our investments.

Under various U.S. federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of hazardous substances may adversely affect an owner's ability to sell real estate or borrow using real estate as collateral. To the extent that an owner of a property underlying one of our debt instruments becomes liable for removal costs, the ability of the owner to make payments to us may be reduced, which in turn may adversely affect the value of the relevant mortgage asset held by us and our ability to make distributions to our shareholders. If we acquire any properties by foreclosure or otherwise, the presence of hazardous substances on a property may adversely affect our ability to sell the property and we may incur substantial remediation costs, thus harming our financial condition. The discovery of material environmental liabilities attached to such properties could have a material adverse effect on our results of operations and financial condition and our ability to make distributions to shareholders.

Defaults on our loans may cause declines in revenues and net income.

Defaults by borrowers could result in one or more of the following adverse consequences:

- a decrease in interest income, profitability and cash flow;
- the establishment of or an increase in loan loss reserves;
- write-offs and losses;
- an increase in legal and enforcement costs, as we seek to protect our rights and recover the amounts owed; and
- default under our credit facilities.

As a result, we will have less cash available for paying our other operating expenses and for making distributions to our shareholders. This would have a material adverse effect on the market value of our securities.

Our revenues and the value of our portfolio may be negatively affected by casualty events occurring on properties securing our loans.

We require our borrowers to obtain, for our benefit, all risk property insurance covering the property and any improvements to the property collateralizing our loan in an amount intended to be sufficient to provide for the cost of replacement in the event of casualty. However, the amount of insurance coverage maintained for any property may not be sufficient to pay the full replacement cost following a casualty event. Furthermore, there are certain types of losses, such as those arising from earthquakes, floods, hurricanes and terrorist attacks, that may be uninsurable or that may not be economically feasible to insure. Changes in zoning, building codes and ordinances, environmental considerations and other factors may make it impossible for our borrowers to use insurance proceeds to replace damaged or destroyed improvements at a property. If any of these or similar events occur, the amount of coverage may not be sufficient to replace a damaged or destroyed property and/or to repay in full the amount due on loans collateralized by such property. As a result, our returns and the value of our investment may be reduced.

Borrower concentration could lead to significant losses, which could have a material adverse impact on our operating results and financial condition.

A single borrower or a group of affiliated borrowers may account for more than 10% of our loan portfolio. A default by one borrower in a group is likely to result in a default by the other borrowers in the group. At December 31, 2025, we have made loans to three different entities in the aggregate amount of \$6.2 million or representing 10.3% of our loan portfolio. One individual holds at least a fifty percent interest in each of the different entities. This individual is not affiliated with any of our officers or directors. Concentration of loans to one borrower or a group of affiliated borrowers poses a significant risk, as default would have a material adverse impact on our operating results, cash flow, financial condition and our ability to service our debt.

Risks Related to Financing Transactions

Our existing credit lines have numerous covenants with which we must comply. If we are unable to comply with these covenants, the outstanding amounts of our loans could become due and payable and we may have to sell off a portion of our loan portfolio to pay off the debt.

We have a \$32.5 million credit line with Webster and Flushing that expires on February 28, 2029 and a \$10.0 million credit line with Valley that expires on December 12, 2027. The Webster Credit Line and the Valley Credit Line contain various covenants and restrictions that are typical for these kinds of credit facilities, including limiting the amount that we can borrow relative to the value of the underlying collateral, maintaining various financial ratios and limitations on the terms of loans we make to our customers. The Webster Credit Line and the Valley Credit Line impose certain restrictions which may adversely impact our ability to grow and/or maintain our qualification for taxation as a REIT. Certain of these restrictions apply to both facilities, while others apply only to specific facilities. These limitations include the following:

- limit our ability to pay dividends under certain circumstances;
- limit our ability to make certain investments or acquisitions;
- limit our ability to reduce liquidity below certain levels;
- limit our ability to redeem debt or equity securities;
- limit our ability to determine our operating policies and investment strategies; and
- limit our ability to repurchase our common shares, sell assets, engage in mergers or consolidations, grant liens and enter into transactions with affiliates.

If we fail to meet or satisfy any of these covenants, we would be in default under the terms of the Webster Credit Line or the Valley Credit Line and the lenders could elect to declare outstanding amounts due and payable, terminate the commitments to us, require us to post additional collateral and/or enforce their interests against existing collateral. Acceleration of our debt to Webster, Flushing and/or Valley could also make it difficult for us to satisfy the requirements necessary to maintain our qualification for taxation as a REIT, significantly reduce our liquidity or require us to sell our assets to repay amounts due and outstanding. This would significantly harm our business, financial condition, results of operations and ability to make distributions and could result in the foreclosure of our assets which secure our obligations, which could cause the value of our outstanding securities to decline. A default could also significantly limit our financing alternatives such that we would be unable to pursue our leverage strategy, which could adversely affect our returns.

Under the terms of the agreement governing the Webster Credit Line, our borrowing capacity is limited to 70% of Eligible Mortgage Loans (as defined). Moreover, Webster, in its discretion, may reduce this percentage. This borrowing limitation is determined, in part, by the value of the real estate securing the loans in our portfolio. Thus, a general decline in real estate values or a change in the percentage will adversely impact our ability to borrow under the Webster Credit Line and could even result in a situation where any amount in excess of the borrowing limitation will become immediately due and payable. If we default and Webster accelerates the loan we would have to repay the debt immediately with our working capital (*i.e.*, proceeds from loan repayments), sell a portion of our loan portfolio and use the proceeds to repay the debt or refinance with another lender. We cannot assure you that we would be able to replace the Webster Credit Line on similar terms or on any terms. If we have to sell a portion of our loan portfolio, the amount we realize may be less than the face amount of the loans sold, resulting in a loss. If we sell a portion of our portfolio or use proceeds from loan repayments to pay the debt incurred pursuant to the Webster Credit Line, our opportunities to grow our business will be negatively impacted.

Similarly, the Valley Credit Line, under which MBC Funding II is the borrower and the Company is a guarantor, is subject to borrowing base limitations and other financial and operational covenants that are determined, in part, by the value and eligibility of the underlying collateral securing the loans in our portfolio. Any decline in the value of such collateral, deterioration in loan performance, or failure to satisfy the applicable covenants or borrowing base requirements under the Valley Credit Line could reduce MBC Funding II's borrowing capacity or result in amounts outstanding becoming immediately due and payable. In such circumstances, MBC Funding II may be required, and the Company as guarantor may also be required, to repay amounts under the Valley Credit Line using available liquidity, sell portions of our loan portfolio, or seek alternative financing, which may not be available on favorable terms or at all. Any such actions could adversely affect our liquidity, financial condition, and ability to grow our business.

Our use of leverage may adversely affect the return on our assets and may reduce cash available for distribution to our shareholders, as well as increase losses when economic conditions are unfavorable.

We do not have a formal policy limiting the amount of debt we incur and our governing documents contain no limitation on the amount of leverage we may use. We may significantly increase the amount of leverage we utilize at any time without approval of our board of directors. In addition, we may leverage individual assets at substantially higher levels. Incurring substantial debt could subject us to many risks that, if realized, would materially and adversely affect us, including the risk that:

- our cash flow from operations may be insufficient to make required payments of principal and interest on our outstanding indebtedness or we may fail to comply with other covenants contained in the debt, which is likely to result in (i) acceleration of such debt (and any other debt containing a cross-default or cross-acceleration provision) that we may be unable to repay from internal funds or to refinance on favorable terms, or at all, (ii) our inability to borrow unused amounts under our financing arrangements, even if we are current in payments on borrowings under those arrangements and/or (iii) the loss of some or all of our assets pledged or lien to secure our indebtedness to foreclosure or sale;
- our debt may increase our vulnerability to adverse economic and industry conditions with no assurance that yields will increase with higher financing costs;
- we may be required to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for operations, future business opportunities, shareholder distributions or other purposes; and
- we are not able to refinance debt that matures prior to the asset it was used to finance on favorable terms, or at all.

Our board of directors may adopt leverage policies at any time without the consent of our shareholders, which could result in a portfolio with a different risk profile.

Risks Related to REIT Status and Investment Company Act Exemption

Our investments in construction loans require us to make estimates about the fair value of land improvements that may be challenged by the IRS.

We may invest in construction loans, the interest from which would be qualifying income for purposes of the gross income tests applicable to REITs, provided that the loan value of the real property securing the construction loan was equal to or greater than the highest outstanding principal amount of the construction loan during any taxable year. For purposes of construction loans, the loan value of the real property is generally the fair value of the land plus the reasonably estimated cost of the improvements or developments that secure the loan and that are to be constructed from the proceeds of the loan. There can be no assurance that the IRS, will not challenge our estimates of the loan values of the real property related to any construction loans in which we invest.

Complying with REIT requirements may hinder our ability to maximize profits, which would reduce the amount of cash available to be distributed to our shareholders. This could have a negative impact on the value of our securities.

In order to maintain our qualification for taxation as a REIT, we must continually satisfy tests concerning among other things, the composition of our assets, our sources of income, the amounts we distribute to our shareholders and the ownership of our capital stock. Specifically, we must ensure that at the end of each calendar quarter at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets. The remainder of our investment in securities of any issuer (excluding those of our taxable REIT subsidiaries and our qualified REIT subsidiaries) cannot include more than 10% of the outstanding voting securities of such issuer, more than 10% of the total value of the outstanding securities

of such issuer or exceed more than 5% of the value of our assets. If we fail to comply with these requirements, we must dispose of the portion of our assets in excess of such amounts within 30 days after the end of the calendar quarter in order to maintain our qualification for taxation as a REIT and to avoid suffering other adverse tax consequences. In such event, we may be forced to sell non-qualifying assets at less than their fair market value. In addition, we may also be required to make distributions to shareholders at times when we do not have funds readily available for distribution or are otherwise not optional for us. Accordingly, compliance with REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Our failure to remain qualified for taxation as a REIT would subject us to U.S. federal income tax and applicable state and local income taxes, which would reduce the amount of cash available for distribution to our shareholders.

We intend to continue to operate in a manner that will enable us to continue to remain qualified for taxation as a REIT as long as we believe it is in the best interests of our shareholders. While we believe that we qualified for taxation as a REIT for the taxable year ended December 31, 2025, we have not requested and do not intend to request a ruling from the IRS that we so qualified in 2024 or that we will qualify in future years. The U.S. federal income tax laws and the Treasury Regulations promulgated thereunder governing REITs are complex. In addition, judicial and administrative interpretations of the U.S. federal income tax laws governing REIT qualification are limited. To qualify for taxation as a REIT, we must meet, on an ongoing basis, various tests regarding the nature of our assets and our income, the ownership of our outstanding shares, and the amount of our distributions. Our ability to satisfy the asset tests depends on our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT income and quarterly asset test requirements also depends on our ability to successfully manage the composition of our income and assets on an ongoing basis. Thus, while we intend to operate so that we will continue to qualify for taxation as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given that we will so qualify for any particular year. These considerations also might restrict the types of assets that we can acquire in the future.

If we fail to qualify for taxation as a REIT in any taxable year, and we do not qualify for certain statutory relief provisions, we would be required to pay U.S. federal income tax on our taxable income, and distributions to our shareholders would not be deductible by us in determining our taxable income. In such a case, we might need to borrow money or sell assets in order to pay our taxes. Our payment of income tax would decrease the amount of our income available for distribution to our shareholders. Furthermore, if we fail to maintain our qualification for taxation as a REIT, we no longer would be required to distribute substantially all of our taxable income to our shareholders. In addition, unless we were eligible for certain statutory relief provisions, we could not re-elect to qualify for taxation as a REIT until the fifth calendar year following the year in which we failed to qualify.

REIT distribution requirements could adversely affect our ability to execute our business plan and may require us to incur debt or sell assets to make such distributions.

In order to qualify for taxation as a REIT, we must distribute to our shareholders, each calendar year, at least 90% of our REIT taxable income (including certain items of non-cash income), determined without regard to the deduction for dividends paid and excluding net capital gain. To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our taxable income, we are subject to U.S. federal income tax on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. We intend to distribute our net income to our shareholders in a manner that will satisfy the REIT 90% distribution requirement and avoid the 4% nondeductible excise tax.

Under the terms of the agreement governing the Webster Line of Credit, we are prohibited from paying dividends with respect to our common shares if at the time during the 90-day period before the payment of the dividend and the 90-day period following the payment of the dividend we are within \$500,000 of our maximum borrowing ability under the facility. Under these circumstances, we would have to choose to either pay the dividend putting us in default under the Webster Credit Line and maintain our qualification for taxation as a REIT or not pay the dividend and jeopardize our REIT status. In either case, there would be material adverse consequences to us and our shareholders.

Our taxable income may substantially exceed our net income as determined by accounting principles generally accepted in the United States of America (“U.S. GAAP”) and differences in timing between the recognition of taxable income and the actual receipt of cash may occur. For example, we may be required to accrue interest and discount income on mortgage loans before we receive any payments of interest or principal on such assets. In addition, the Code requires that we accrue income no later than when it is taken into account on applicable financial statements, even if financial statements take such

income into account before it would accrue under the original discount rules, the market discount rules, or other rules in the Code. Thus, we may be required under the terms of the indebtedness that we incur, to use cash received from interest payments to make principal payment on that indebtedness, with the effect that we will recognize income but will not have a corresponding amount of cash available for distribution to our shareholders.

As a result of the foregoing, we may generate less cash flow than taxable income in a particular year and find it difficult or impossible to meet the REIT distribution requirements in certain circumstances. In such circumstances, we may be required to: (i) sell assets in adverse market conditions, (ii) borrow on unfavorable terms, (iii) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt, (iv) make a taxable distribution of our shares as part of a distribution in which shareholders may elect to receive shares or (subject to a limit measured as a percentage of the total distribution) cash or (v) use cash reserves, in order to comply with the REIT distribution requirements and to avoid federal income tax and the 4% nondeductible excise tax. Thus, compliance with the REIT distribution requirements may hinder our ability to grow, which could adversely affect the value of our securities.

Even if we remain qualified for taxation as a REIT, we may face tax liabilities that reduce our cash flow.

As a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, franchise, property and transfer taxes, including mortgage recording taxes. In addition, in order to meet the REIT qualification requirements, or to avoid the imposition of a 100% tax that applies to certain gains derived by a REIT from sales of inventory or property held primarily for sale to customers in the ordinary course of business, we may create “taxable REIT subsidiaries” to hold some of our assets. Any taxes paid by such subsidiary corporations would decrease the cash available for distribution to our shareholders.

Our qualification for taxation as a REIT may depend on the accuracy of legal opinions or advice rendered or given and the inaccuracy of any such opinions, advice or statements may adversely affect our REIT qualification and result in significant corporate-level tax.

In determining whether we qualify for taxation as a REIT, we may rely on opinions or advice of counsel as to whether certain types of assets that we hold or acquire are deemed REIT real estate assets for purposes of the REIT asset tests and produce income which qualifies under the gross income tests. The inaccuracy of any such opinions, advice or statements may adversely affect our qualification for taxation as a REIT and result in significant corporate-level tax.

We may choose to make distributions in shares of our capital stock, in which case you may be required to pay income taxes in excess of the cash dividends you receive.

We may distribute taxable dividends that are payable in cash and/or common shares at the election of each shareholder. Shareholders receiving such dividends will be required to include the full amount of the dividend as ordinary income. As a result, shareholders may be required to pay income taxes with respect to such dividends in excess of the cash portion of the dividend. Accordingly, shareholders receiving a distribution of common shares may be required to sell those shares or may be required to sell other assets they own at a time that may be disadvantageous in order to satisfy any tax imposed on the distribution they receive from us. If a shareholder sells the common shares that he or she receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common shares at the time of the sale. Furthermore, with respect to certain non-U.S. shareholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common shares, by withholding or disposing of some of the common shares in the distribution and using the proceeds of such disposition to satisfy the withholding tax imposed. In addition, if a significant number of our shareholders determine to sell our common shares in order to pay taxes owed on dividends, such sales may put downward pressure on the trading price of our common shares.

Dividends paid by REITs do not qualify for the reduced tax rates on dividend income from regular corporations, which could adversely affect the value of our common shares.

Dividends paid by REITs are not generally eligible for reduced rates applicable to “qualified” dividends paid by other corporations but are taxed at the same rate as ordinary income. However, REIT dividends paid to noncorporate U.S. shareholders that meet specified holding requirements are generally taxed at an effective tax rate lower than applicable ordinary income tax rates due to the availability of a deduction under the Code for specified forms of income from passthrough entities. More favorable rates will nevertheless continue to apply to regular corporate “qualified” dividends, which may cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends. This could have an adverse impact on the market price of our common shares.

Liquidation of our assets may jeopardize our qualification for taxation as a REIT.

To qualify for taxation as a REIT, we must comply with requirements regarding our assets and our sources of income. If we are compelled to liquidate our assets to repay obligations to our lenders, we may be unable to comply with these requirements, thereby jeopardizing our qualification for taxation as a REIT. In addition, we may be subject to a 100% tax on any gain realized from the sale of assets that are treated as inventory or property held primarily for sale to customers in the ordinary course of business.

The ownership restrictions set forth in our restated certificate of incorporation may not prevent five or fewer shareholders from owning 50% or more of our outstanding shares of capital stock causing us to lose our status as a REIT, which may inhibit market activity in our common shares and restrict our business combination opportunities.

In order for us to qualify for taxation as a REIT, not more than 50% in value of our outstanding common shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year, and at least 100 persons must beneficially own our stock during at least 335 days of a taxable year of 12 months, or during a proportionate portion of a shorter taxable year. To help ensure that we meet the tests, our restated certificate of incorporation restricts the acquisition and ownership of our capital stock. The ownership limitation is fixed at 4.0% of our outstanding shares of capital stock, by value or number of shares, whichever is more restrictive. Assaf Ran, our Chief Executive Officer and founder, is exempt from this restriction. As of December 31, 2025, Mr. Ran owns 22.8% of our outstanding common shares. In addition, our board of directors may grant such an exemption to such limitations in its sole discretion, subject to such conditions, representations and undertakings as it may determine. These ownership limits could delay or prevent a transaction or a change in control of our company that might involve a premium price for shares of our common shares or otherwise be in the best interest of our shareholders.

Legislative or other actions affecting REITs could materially and adversely affect us and our shareholders.

The rules dealing with U.S. federal, state, and local taxation are constantly under review by persons involved in the legislative process and by the IRS, the U.S. Department of the Treasury, and other taxation authorities. Changes to the tax laws, with or without retroactive application, could materially and adversely affect us and our shareholders. We cannot predict how changes in the tax laws might affect us or our shareholders. New legislation, Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to remain qualified for taxation as a REIT or the tax consequences of such qualification.

We may be unable to generate sufficient cash flows from our operations to make distributions to our shareholders at any time in the future.

As a REIT, we are required to distribute to our shareholders at least 90% of our REIT taxable income each year. We intend to satisfy this requirement through quarterly distributions of all or substantially all of our REIT taxable income in such year, subject to certain adjustments. Our ability to make distributions may be adversely affected by a number of factors, including the risk factors described in this Report. If we distribute proceeds from the sale of securities, which would generally be considered to be a return of capital for tax purposes, our future earnings and cash available for distribution may be reduced from what they otherwise would have been. All distributions will be made at the discretion of our board of directors and will depend on various factors, including our earnings, our financial condition, our liquidity, our debt and preferred stock covenants, maintenance of our REIT qualification, applicable provisions of the New York Business Corporation Law (“NYBCL”), and other factors as our board of directors may deem relevant from time to time. We believe that a change in any one of the following factors could adversely affect our results of operations and impair our ability to pay distributions to our shareholders:

- how we deploy the net proceeds from the sale of securities;
- our ability to make loans at favorable interest rates;
- expenses that reduce our cash flow;
- defaults in our asset portfolio or decreases in the value of our portfolio; and
- the fact that anticipated operating expense levels may not prove accurate, as actual results may vary from estimates.

A change in any of these factors could affect our ability to make distributions. As a result, we cannot assure you that we will be able to make distributions to our shareholders at any time in the future or that the level of any distributions we do make to our shareholders will achieve a market yield or increase or even be maintained over time, any of which could materially and adversely affect us.

In addition, distributions that we make to our shareholders will generally be taxable to our shareholders as ordinary income (subject to the lower effective tax rates applicable to qualified REIT dividends via the deduction-without-outlay mechanism of Section 199A of the Code, which is generally available to our noncorporate U.S. shareholders that meet specified holding requirements). However, a portion of our distributions may be designated by us as long-term capital gains to the extent that they are attributable to capital gain income recognized by us or may constitute a return of capital to the extent that they exceed our earnings and profits as determined for tax purposes. A return of capital is not taxable, but has the effect of reducing the basis of a shareholder's investment in our common shares.

We could be materially and adversely affected if we are deemed to be an investment company under the Investment Company Act.

We intend to conduct our business in a manner that will qualify for the exception from the Investment Company Act set forth in Section 3(c)(5)(C) of the Investment Company Act. The SEC generally requires that, for the exception provided by Section 3(c)(5)(C) to be available, at least 55% of an entity's assets be comprised of mortgages and other liens on and interests in real estate, also known as "qualifying interests," and at least another 25% of the entity's assets must be comprised of additional qualifying interests or real estate-type interests (with no more than 20% of the entity's assets comprised of miscellaneous assets). Any significant acquisition by us of non-real estate assets without the acquisition of substantial real estate assets could cause us to meet the definitions of an "investment company." Although we intend to monitor our portfolio periodically and prior to each investment acquisition and disposition, there can be no assurance that we will be able to maintain this exception from registration. Existing SEC no-action positions regarding the requirements of Section 3(c)(5)(C) were issued in accordance with factual situations that may be substantially different from the factual situations we may face. No assurance can be given that the SEC will concur with our classification of the assets of our subsidiaries. Future revisions to the 1940 Act or further guidance from the SEC staff may cause us to lose our ability to rely on Section 3(c)(5)(C) and/or Section 3(c)(6) or force us to re-evaluate our portfolio and our investment strategy. Such changes may prevent us from operating our business successfully.

If we are deemed to be an investment company, we could be required to dispose of non-real estate assets or a portion thereof, potentially at a loss, in order to qualify for the Section 3(c)(5)(C) exception. We may also be required to register as an investment company if we are unable to dispose of the disqualifying assets, which could have a material adverse effect on us.

Registration under the Investment Company Act would require us to comply with a variety of substantive requirements that impose, among other things:

- limitations on capital structure;
- restrictions on specified investments;
- restrictions on leverage or senior securities;
- restrictions on unsecured borrowings;
- prohibitions on transactions with affiliates; and
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly increase our operating expenses.

If we were required to register as an investment company but failed to do so, we could be prohibited from engaging in our business, and criminal and civil actions could be brought against us.

Registration with the SEC as an investment company would be costly, would subject us to a host of complex regulations and would divert attention from the conduct of our business, which could materially and adversely affect us. In addition, if we purchase or sell any real estate assets to avoid becoming an investment company under the Investment Company Act, our net asset value, the amount of funds available for investment and our ability to pay distributions to our shareholders could be materially adversely affected.

Risks Related to Our Common Shares

Our largest shareholder's interests may not always be aligned with the interests of our other shareholders.

As of December 31, 2025, Assaf Ran, our Chief Executive Officer, beneficially owned 22.8% of our outstanding shares. Thus, Mr. Ran currently has and will continue to exercise significant control over all corporate actions. This concentration of ownership could have an adverse impact on the market price of our common shares.

There is limited trading in our common shares, which could make it difficult for you to sell your common shares.

Our common shares are listed on The Nasdaq Capital Market. Average daily trading volume in our common shares was approximately 21,000 and 24,000 shares in 2024 and in 2025, respectively. The lack of liquidity may make it more difficult for you to sell your common shares when you wish to do so. Even if an active trading market develops, the market price of our common shares may be highly volatile and could be subject to wide fluctuations.

Risks Related to Our Organization and Structure

Certain provisions of New York law could inhibit changes in control.

Various provisions of the NYBCL may have the effect of deterring a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide the holders of our common shares with the opportunity to realize a premium over the then-prevailing market price of our common shares. For example, we are subject to the “business combination” provisions of the NYBCL that, subject to limitations, prohibit certain business combinations (including a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities) between us and an “interested shareholder” (defined generally as any person who beneficially owns 20% or more of our then outstanding voting capital stock or an affiliate thereof for five years after the most recent date on which the shareholder becomes an interested shareholder). After the five-year prohibition, any business combination between us and an interested shareholder generally must be recommended by our board of directors and approved by the affirmative vote of a majority of the votes entitled to be cast by holders of outstanding shares of our voting capital stock other than shares held by the interested shareholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested shareholder. These provisions do not apply if holders of our common shares receive a minimum price, as defined under the NYBCL, for their shares in the form of cash or other consideration in the same form as previously paid by the interested shareholder for its common shares. They also do not apply to business combinations that are approved or exempted by a board of directors prior to the time that the interested shareholder becomes an interested shareholder.

Our authorized but unissued common and preferred shares may prevent a change in our control.

Our restated certificate of incorporation authorizes us to issue up to 25,000,000 common shares and 5,000,000 preferred shares. As of March 24, 2026, we had 11,757,058 common shares issued and 11,429,351 common shares outstanding and no preferred shares issued or outstanding. Our board of directors has the power and authority to create classes of common or preferred shares, with such rights and designations as it deems appropriate or advisable, which rights and designations may be senior to or have a priority over the rights and designations of any existing class of common or preferred shares. For example, our board of directors may establish a series of common or preferred shares that could delay or prevent a transaction or a change in control that might involve a premium price for our common shares or otherwise be in the best interest of our shareholders.

Our rights and the rights of our shareholders to take action against our directors and officers are limited, which could limit your recourse in the event of actions not in your best interests.

Our restated certificate of incorporation limits the liability of our present and former directors to us and our shareholders for money damages due to any breach of duty in such capacity, if a judgment or other final adjudication adverse to a present or former officer or director establishes that his or her acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled or that his or her acts violated Section 719 of the NYBCL. Section 719 of the NYBCL limits director liability to the following four instances:

- declarations of dividends in violation of the NYBCL;
- a purchase or redemption by a corporation of its own shares in violation of the NYBCL;
- distributions of assets to shareholders following dissolution of the corporation without paying or providing for all known liabilities; and
- making any loans to directors in violation of the NYBCL.

Our restated certificate of incorporation and bylaws authorize us to indemnify our directors and officers for actions taken by them in those capacities to the maximum extent permitted by the NYBCL. In addition, we may be obligated to pay or reimburse the defense costs incurred by our present and former directors and officers without requiring a preliminary determination of their ultimate entitlement to indemnification.

Our bylaws contain provisions that make removal of our directors difficult, which could make it difficult for our shareholders to effect changes to our management.

Our bylaws provide that a director may be removed by either the board of directors or by shareholders for cause. Vacancies may be filled only by a majority of the remaining directors in office, even if less than a quorum, unless the vacancy occurred as a result of shareholder action, in which case the vacancy must be filled by a vote of shareholders at a special meeting of shareholders duly called for that purpose. These requirements make it more difficult to change our management by removing and replacing directors and may prevent a change in control of our company that is in the best interests of our shareholders.

General Risk Factors

Our access to financing may be limited and, thus, our ability to maximize our returns may be adversely affected.

Our ability to grow and compete may depend on our ability to borrow money to leverage our loan portfolio and to build and manage the cost of expanding our infrastructure to manage and service a larger loan portfolio. In general, the amount, type and cost of any financing that we obtain from another financial institution will have a direct impact on our revenue and expenses and, therefore, can positively or negatively affect our financial results. The percentage of leverage we employ will vary depending on our assessment of a variety of factors, which may include the anticipated liquidity and price volatility of our existing portfolio, the potential for losses and extension risk in our portfolio, the gap between the duration of our assets and liabilities, the availability and cost of financing, our opinion as to the creditworthiness of our financing counterparties, the health of the U.S. economy and commercial mortgage markets, our outlook for the level, slope, and volatility of interest rates, the credit quality of our borrowers and the collateral underlying our assets.

Our access to financing will depend upon a number of factors, over which we have little or no control, including:

- general market conditions;
- the market's view of the quality of our assets;
- the market's perception of our growth potential;
- our eligibility to participate in and access capital from programs established by the U.S. Government;
- our current and potential future earnings and cash distributions; and
- the market price of our common shares.

Continuing weakness in the capital and credit markets could adversely affect our ability to secure financing on favorable terms or at all. In general, this could potentially increase our financing costs and reduce our liquidity or require us to sell loans at an inopportune time or price.

We cannot assure you that we will always have access to structured financing arrangements when needed. If structured financing arrangements are not available to us we may have to rely on equity issuances, which may be dilutive to our shareholders, or on less efficient forms of debt financing that require a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities, cash distributions to our shareholders and other purposes. We cannot assure you that we will have access to such equity or debt capital on favorable terms (including, without limitation, cost and term) at the desired times, or at all, which may cause us to curtail our lending activities and/or dispose of loans in our portfolio, which could negatively affect our results of operations.

The market prices of our common shares may be adversely affected by future events.

Market factors unrelated to our performance could also negatively impact the value of our securities, including the market price of our common shares. One of the factors that investors may consider in deciding whether to buy or sell our common shares is our distribution rate as a percentage of our share price relative to market interest rates. If market interest rates increase or remain at high levels, prospective investors may demand a higher distribution rate or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and conditions in the capital markets can affect the market value of our common shares. For instance, if interest rates rise, it is likely that the market price of our common shares will decrease as market rates on interest-bearing securities increase. Other factors that could negatively affect the market price of our common shares include:

- our actual or projected operating results, financial condition, cash flows and liquidity, or changes in business strategy or prospects;

- actual or perceived conflicts of interest with individuals, including our executive officers;
- equity issuances by us, or share resales by our shareholders, or the perception that such issuances or resales may occur;
- actual or anticipated accounting problems;
- changes in our earnings estimates or publication of research reports about us or the real estate industry;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we incur in the future;
- additions to or departures of our key personnel;
- speculation in the press or investment community;
- our failure to meet, or the lowering of, our earnings' estimates or those of any securities analysts;
- increases in market interest rates, which may lead investors to demand a higher distribution yield for our common shares, would result in increased interest expenses on our debt;
- decreases in market interest rates, which will increase competition in the market for loans and may require use to lower our interest rates and fees for loans we originate;
- changes in the credit markets;
- failure to maintain our qualification for taxation as a REIT or exemption from the Investment Company Act;
- actions by our shareholders;
- price and volume fluctuations in the stock market generally;
- general market and economic conditions, including the current state of the credit and capital markets;
- sales of large blocks of our common shares;
- sales of our common shares by our executive officers, directors and significant shareholders; and
- restatements of our financial results and/or material weaknesses in our internal controls.

The price of our common shares is volatile, and purchasers of our common shares could incur substantial losses.

Historically, the price at which our common shares trade on The Nasdaq Capital Market has been volatile and seemingly unrelated to our operating performance. In 2024, the range was \$4.60 to \$5.90. In 2025, the range was \$4.29 to \$6.05. These broad market fluctuations may adversely affect the trading price of our common shares. Class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Any such litigation brought against us could result in substantial costs, which would hurt our financial condition and results of operations, divert management's attention and resources.

Common shares eligible for future sale may have adverse effects on our share price.

We cannot predict the effect, if any, the future sale of the common shares would have on the market price of our common shares. The market price of our common shares may decline significantly when the restrictions on resale lapse. Sales of substantial amounts of common shares or the perception that such sales could occur may adversely affect the prevailing market price for our common shares.

We may, from time-to-time, issue common shares and securities convertible into, or exchangeable or exercisable for, common shares to attract or retain key employees or in public offerings or private placements to raise capital. We are not required to offer any such shares or securities to existing shareholders on a preemptive basis. Therefore, it may not be possible for existing shareholders to participate in such future share or security issuances, which may dilute the existing shareholders' interests in us.

Future offerings of debt or equity securities, which would rank senior to our common shares, may adversely affect the market price of our common shares.

If we decide to issue debt or equity securities in the future, which would rank senior to our common shares, it is likely that they will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common shares and may result in dilution to owners of our common shares. We and, indirectly, our shareholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common shares will bear the risk of our future offerings reducing the market price of our common shares and diluting the value of their stock holdings in us.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity.

Our board of directors and senior management recognize the critical importance of maintaining the trust and confidence of our clients, business partners and employees. Our management, led by our Chief Executive Officer and Chief Financial Officer, are actively involved in oversight of our risk management efforts, and cybersecurity represents an important component of the Company's overall approach to enterprise risk management ("ERM"). Our cybersecurity processes and practices are fully integrated into the Company's ERM efforts. In general, we seek to address cybersecurity risks through a cross-functional approach that is focused on preserving the confidentiality, security and availability of the information that we collect and store by identifying, preventing and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur. In addition, we regularly review cybersecurity trends and, partially as a result of our prior cybersecurity exposure, have moved some of our internal servers to off-site locations.

Risk Management and Strategy

As one of the critical elements of our overall ERM approach, our cybersecurity efforts are focused on the following key areas:

- **Governance:** Management oversees cybersecurity risk mitigation and reports to the board of directors any cybersecurity incidents. Further, our Audit Committee periodically discusses cybersecurity.
- **Collaborative Approach:** We have implemented a cross-functional approach to identifying, preventing and mitigating cybersecurity threats and incidents, while also implementing controls and procedures that provide for the prompt escalation of certain cybersecurity incidents so that decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner.
- **Technical Safeguards:** We deploy technical safeguards that are designed to protect our information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence.

Third parties also play a role in our cybersecurity. We engage third-party service providers to conduct evaluations of our security controls, independent audits or consulting on best practices to address new challenges.

While we have experienced cybersecurity threats in the past in the normal course of business and expect to continue to experience such threats from time to time, to date, none have had a material adverse effect on our business, financial condition, results of operations or cash flows. Even with the approach we take to cybersecurity, we may not be successful in preventing or mitigating a cybersecurity incident that could have a material adverse effect on us.

Item 2. Properties

Our executive and principal operating office is located in Great Neck, New York. We use this space for all of our operations. This space is occupied under a lease, as amended, that expires November 30, 2027. The current monthly rent is \$5,475, including electricity and real estate taxes. We believe this facility is adequate to meet our requirements at our current level of business activity.

Item 3. Legal Proceedings

None.

Item 4. Mine Safety Disclosure

Not applicable.

PART II

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

Holders

As of March 24, 2026, the number of registered holders of our common shares was 10 and the estimated number of beneficial owners of our common shares was approximately 6,000. Equiniti Trust Company, LLC serves as transfer agent for our common shares.

Dividends

We elected to be taxed as a REIT commencing with our year ended December 31, 2014. From and after the effective date of our REIT election, we intend to pay regular quarterly distributions to holders of our common shares in an amount not less than 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gains). As a REIT, our distributions generally will be taxable as ordinary income to our shareholders (subject to the lower effective tax rates applicable to qualified REIT dividends via the deduction-without-outlay mechanism of Section 199A of the Code, which is generally available to our noncorporate U.S. shareholders that meet specified holding requirements), although we may designate a portion of the distributions as qualified dividend income or capital gain or a portion of the distributions may constitute a return of capital. For tax reporting purposes, taxable income dividends/distributions and non-taxable return of capital distributions may result and will be reported as such to U.S. individual taxpayers on Form 1099-DIV. For the tax year of 2025, 100% of our total distributions are characterized as non-qualified dividends (Section 199A).

Issuer Purchases of Equity Securities

On November 20, 2025, our board of directors authorized a share repurchase program authorizing the repurchase of up to 100,000 shares of our common stock in the next twelve months. As of December 31, 2025, we repurchased an aggregate of 6,200 shares under this repurchase program, at an aggregate cost of approximately \$29,000. An additional 3,100 shares were repurchased between January 1, 2026 and March 24, 2026, in the aggregate cost of approximately \$14,000.

As set forth in the table below, during the quarter ended December 31, 2025, we repurchased 6,200 of our common shares under the share buyback program at an aggregate cost of \$28,558.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 2025	—	\$ —	—	—
November 2025	5,200	\$ 4.58	5,200	94,800
December 2025	1,000	\$ 4.76	1,000	93,800
Total	<u>6,200</u>	<u>\$ 4.61</u>	<u>6,200</u>	<u>93,800</u>

Item 6. [Reserved.]

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

The following management's discussion and analysis of financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and notes thereto contained elsewhere in this Report. This discussion contains forward-looking statements based on current expectations that involve risks and uncertainties. Actual results and the timing of certain events may differ significantly from those projected in such forward-looking statements.

Overview

We are a New York-based real estate finance company taxed as a REIT that specializes in originating, servicing and managing a portfolio of first mortgage loans. We offer short-term, secured, non-banking loans (sometimes referred to as “hard money” loans), which we may renew or extend on, before or after their initial term expires, to real estate investors to fund their acquisition, renovation, rehabilitation or development of residential or commercial properties located in the New York metropolitan area, including New Jersey and Connecticut, and in Florida. As a REIT, we are required to distribute at least 90% of our REIT taxable income to our shareholders on an annual basis.

In order to maintain our qualification for taxation as a REIT, we are required to distribute at least 90% of our REIT taxable income to our shareholders each year. To the extent we distribute less than 100% of our taxable income to our shareholders (but more than 90%) we will maintain our qualification for taxation as a REIT, but the undistributed portion will be subject to regular corporate income taxes. As a REIT, we may also be subject to federal excise taxes and minimum state taxes. We also intend to operate our business in a manner that will permit us to maintain our exemption from registration under the Investment Company Act. In addition, in order for us to qualify for taxation as a REIT, not more than 50% in value of our outstanding common shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year, and at least 100 persons must beneficially own our stock during at least 335 days of a taxable year of 12 months, or during a proportionate portion of a shorter taxable year. To help ensure that we meet the tests, our restated certificate of incorporation restricts the acquisition and ownership of our capital stock. The ownership limitation is fixed at 4.0% of our outstanding shares of capital stock, by value or number of shares, whichever is more restrictive.

The properties securing the loans are generally classified as residential or commercial real estate and, typically, are not income producing. All loans, except for one loan with a current outstanding principal balance of approximately \$22,000, are secured by a first mortgage lien on real estate. In addition, each loan is personally guaranteed by the principal(s) of the borrower, which guarantee may be collaterally secured by a pledge of the guarantor’s interest in the borrower. The face amount of the loans we originated in the past seven years ranged from \$40,000 to a maximum of \$3.6 million. Our lending policy limits the maximum amount of any loan to the lower of (i) 9.9% of the aggregate amount of our loan portfolio (not including the loan under consideration) and (ii) \$4 million. Our loans typically have a maximum initial term of 12 months bearing interest at a fixed rate of 9% to 12.5% per year, except for one loan issued in June 2024, which initially bore interest at 11.5% per annum and, effective January 2, 2025, was modified to bear interest at 7.25% per annum for an extension term of up to one year, which term was subsequently extended for an additional year. In addition, we usually receive origination fees or “points” ranging from 0% to 2% of the original principal amount of the loan as well as other fees relating to underwriting and funding the loan. Interest is always payable monthly, in arrears. In the case of acquisition financing, the principal amount of the loan usually does not exceed 75% of the value of the property (as determined by an independent appraiser) and in the case of construction financing, it is typically up to 80% of construction costs.

Since commencing this business in 2007, we have made over 1,340 loans and never foreclosed on a property, except as set forth below, although sometimes we have renewed or extended our loans to enable the borrower to avoid premature sale or refinancing of the property. When we renew or extend a loan, we receive additional “points” and other fees.

In June 2023, we filed a foreclosure lawsuit relating to one property, as a result of a deed transfer from the borrower to a buyer without our consent. In that instance, the buyer of the property on which we had a valid mortgage suffered a data breach which resulted in the failure of the buyer to remit the funds needed for the loan payoff. In October 2023, we received the entire payoff amount for the loan receivable, including all unpaid fees, to rectify the situation.

In September 2025, we sold one of our loans receivable at its face value of \$250,000.

Our primary business objective is to grow our loan portfolio while protecting and preserving capital in a manner that provides for attractive risk-adjusted returns to our shareholders over the long term through dividends. We intend to achieve this objective by continuing to selectively originate loans and carefully manage our portfolio of first mortgage real estate loans in a manner designed to generate attractive risk-adjusted returns across a variety of market conditions and economic cycles. We believe that the demand for relatively small loans secured by residential and commercial real estate held for investment around the New York metropolitan market, including New Jersey and Connecticut, and in the Florida market remains relatively strong, but weakened due to high interest rates. Our ability to close deals fast has created an opportunity for non-bank “hard money” real estate lenders like us to selectively originate high-quality first mortgage loans and this condition should persist for a number of years.

We have built our business on a foundation of intimate knowledge of the New York metropolitan area real estate market combined with a disciplined credit and due diligence culture that is designed to protect and preserve capital. We believe that our flexibility in terms of meeting the needs of borrowers without compromising our standards on credit risk, our expertise, our intimate knowledge of the New York metropolitan area real estate market and our focus on newly originated first mortgage loans, has defined our success until now and should enable us to continue to achieve our objectives.

A principal source of new transactions has been repeat business from prior customers and their referral of new business. We also receive leads for new business from banks, brokers and a limited amount of advertising. Finally, our Chief Executive Officer also spends a significant portion of his time on new business development. We rely on our own employees, independent legal counsel, and other independent professionals to verify titles and ownership, to file liens and to consummate the transactions. Outside appraisers are used to assist us in evaluating the worth of collateral, when deemed necessary by management. We also use construction inspectors.

As of December 31, 2025, we were committed to \$4,402,556 in construction loans that can be drawn by our borrowers when certain conditions are met.

To date, none of the loans previously made have been non-collectable, although no assurances can be given that existing or future loans may not prove to be non-collectible or foreclosed in the future.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management will base the use of estimates on (a) a preset number of assumptions that consider past experience, (b) future projections, and (c) general financial market conditions. Actual amounts could differ from those estimates.

Interest income from commercial loans is recognized, as earned, over the loan period.

Origination fee revenue on commercial loans is amortized over the term of the respective note.

Effective January 1, 2020, we adopted ASU Topic 326. The ASU introduced a new credit loss methodology, Current Expected Credit Losses ("CECL"), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Management estimates our CECL reserve primarily using the Weighted Average Remaining Maturity ("WARM") method, which requires reference to historic loss data taking into consideration expected economic conditions over the relevant timeframe. Application of the WARM method to estimate a CECL reserve requires judgment, including (i) the appropriate historical loan loss reference data, (ii) the expected timing and amount of future loan fundings and repayments, and (iii) the current credit quality of our loan portfolio and expectations of performance and market conditions over the relevant time period. In addition, management reviews each loan on a quarterly basis and evaluates the borrower's ability to pay the monthly interest, the borrower's likelihood of executing the original exit strategy, as well as the loan-to-value ratio. Failure to properly measure an allowance for credit losses could result in the overstatement of earnings and the carrying value of the loans receivable. Actual losses, if any, could differ significantly from estimated amounts.

We continually monitor events and changes in circumstances that could indicate that the carrying amounts of long-lived assets, including intangible assets, may not be recoverable. When such events or changes in circumstances occur, we assess the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the undiscounted cash flows is less than the carrying amount of these assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets.

There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. See our audited consolidated financial statements and notes thereto which begin on page F-1 of this Report, which contain accounting policies and other disclosures required by accounting principles generally accepted in the United States of America.

Results of operations

Years ended December 31, 2025 and 2024

Total revenue

Total revenue for the year ended December 31, 2025, was approximately \$8,666,000, compared to approximately \$9,689,000 for the year ended December 31, 2024, a decrease of \$1,023,000, or 10.6%. The decrease in revenue was primarily attributable to lower interest income, resulting from a period-over-period decrease in loans receivable, and lower origination fees, reflecting a slowdown in new loan originations. In 2025, approximately \$7,175,000 of our revenue represented interest income on secured, real estate loans that we offer to real estate investors, compared to approximately \$8,047,000 in 2024, and approximately \$1,491,000 represented origination fees on such loans, compared to approximately \$1,642,000 in 2024. The loans are principally secured by collateral consisting of real estate and accompanied by personal guarantees from the principals of the borrowers.

Interest and amortization of deferred financing costs

Interest and amortization of deferred financing costs for the year ended December 31, 2025, were approximately \$1,755,000, compared to approximately \$2,337,000 for the year ended December 31, 2024, a decrease of approximately \$582,000, or 24.9%. The decrease was primarily attributable to lower interest expense resulting from lower SOFR rates and lower average borrowings under the Webster Credit Line. (See Note 5 to the financial statements included elsewhere in this Report).

General and administrative expenses

General and administrative expenses for the year ended December 31, 2025, were approximately \$1,814,000, compared to approximately \$1,776,000 for the year ended December 31, 2024, an increase of approximately \$38,000, or 2.1%. The increase is primarily attributable to higher payroll and appraisal expenses, as well as a NYSE American listing fee related to the MBC Funding II 6.00% Senior Secured Notes (the “Notes”), partially offset by lower bank charges, travel and meal expenses as well as costs related to the filing of our registration statement on Form S-3 incurred in 2024.

Net income

Net income for the year ended December 31, 2025, was approximately \$5,111,000, compared to approximately \$5,591,000 for the year ended December 31, 2024, a decrease of approximately \$480,000, or 8.6%. This decrease was primarily due to lower interest income, partially offset by lower interest expense.

Liquidity and Capital Resources

As of December 31, 2025, we had cash of approximately \$205,000, compared to approximately cash of \$178,000 as of December 31, 2024.

For the year ended December 31, 2025, net cash provided by operating activities was approximately \$4,929,000, compared to approximately \$4,932,000 for the year ended December 31, 2024. The slight decrease was primarily attributable to lower net income, largely offset by a smaller increase in interest and other fees receivable on loans.

Net cash provided by investing activities was approximately \$5,313,000 for the year ended December 31, 2025, compared to approximately \$7,548,000 for the year ended December 31, 2024. Investing cash flows in 2025 primarily reflected collections of commercial loans of approximately \$40,637,000, partially offset by the origination of short-term commercial loans of approximately \$35,323,000. Investing cash flows in 2024 primarily reflected collections of commercial loans of approximately \$49,090,000, partially offset by the origination of short-term commercial loans of approximately \$41,538,000.

Net cash used in financing activities was approximately \$10,216,000 for the year ended December 31, 2025, compared to approximately \$13,970,000 for the year ended December 31, 2024. Financing cash flows in 2025 primarily reflected the repayment of the \$6,000,000 principal amount of the Notes, dividend payments of approximately \$5,262,000, purchases of treasury shares of approximately \$29,000 and deferred financing costs of approximately \$99,000, partially offset by net borrowings under the credit lines of approximately \$1,173,000. Financing cash flows in 2024 primarily reflected net repayments under the credit lines of approximately \$8,724,000, dividend payments of approximately \$5,233,000, purchases of treasury shares of approximately \$10,000 and deferred financing costs of approximately \$2,000.

Our Amended and Restated Credit and Security Agreement (as amended) with Webster, Flushing and Mizrahi Tefahot Bank Ltd. (“Mizrahi”) provides for the Webster Credit Line. On February 24, 2026, we entered into an amendment to that agreement which, among other things, extended the maturity date of the Webster Credit Line to March 31, 2026, provided for the departure of Mizrahi as a lender and reallocated the revolving commitments of the remaining lenders.

On March 24, 2026, we entered into an amendment to the Amended and Restated Credit Agreement that, among other things, (i) extended the maturity of the credit facility to February 28, 2029, (ii) modified certain portfolio composition requirements, including limiting mortgage loans outstanding for more than 30 months to 17.5% of the total portfolio, (iii) updated applicable interest margins, and (iv) revised certain mortgage loan eligibility criteria. In connection with the amendment, we paid a non-refundable amendment fee of \$20,000. Except as amended, all other material terms of the credit facility remain in full force and effect.

The Webster Credit Line continues to provide an aggregate borrowing capacity of \$32.5 million, secured by assignments of mortgages and other collateral. As of December 31, 2025, borrowings under the Webster Credit Line bore interest, at our election for each drawdown, at either (i) SOFR plus an applicable premium, which rate was approximately 7.3%, inclusive of a 0.5% agency fee, or (ii) the Base Rate (as defined in the Amended and Restated Credit Agreement) plus 2.00%, plus a 0.5% agency fee.

The Webster Credit Line contains customary covenants and restrictions, including, among others, limitations on borrowings relative to collateral value, requirements to maintain specified financial ratios, limitations on the terms of loans we make to our customers, and restrictions, under certain circumstances, on dividends and share repurchases, asset dispositions, mergers or consolidations, the granting of liens, and transactions with affiliates. The Amended and Restated Credit Agreement also contains a cross-default provision pursuant to which a default under certain indebtedness of us or our subsidiary, MBC Funding II, may constitute a default under the Webster Credit Line. Under the Amended and Restated Credit Agreement, we may repurchase, redeem or otherwise retire our equity securities in an amount not to exceed ten percent of our annual net income from the prior fiscal year. The Webster Credit Line also includes restrictions, subject to negotiated exceptions, on additional indebtedness and other restricted payments. In addition, Mr. Ran has provided a personal guaranty of up to \$1.0 million, plus enforcement costs, with respect to amounts that may be owed under the Webster Credit Line.

On December 12, 2025, MBC Funding II entered into a letter agreement with Valley pursuant to which Valley agreed to provide MBC Funding II with a revolving line of credit of up to \$10.0 million. In connection with the credit facility, MBC Funding II executed a Line of Credit Note evidencing the advances available under the facility and entered into an all-assets Security Agreement in favor of Valley. In addition, we and Mr. Assaf Ran provided guaranties of the obligations under the credit facility, including a limited guaranty from Mr. Ran capped at \$500,000.

The Valley Credit Line is secured by substantially all of the assets of MBC Funding II and is guaranteed by us. The Credit Facility matures on the earlier of December 12, 2027 or the acceleration of the obligations following an event of default. Borrowings under the Valley Credit Line are subject to a borrowing base based on eligible mortgage loans. The Valley Credit Line contains customary covenants and restrictions, including financial covenants and limitations on borrowings based on collateral values. We used borrowings under the Valley Credit Line, together with other available funds, to redeem MBC Funding II’s outstanding Notes in December 2025. Pursuant to a notice of redemption delivered on November 26, 2025, MBC Funding II redeemed all outstanding Notes on December 15, 2025 at a redemption price equal to 100% of principal plus accrued and unpaid interest to, but excluding, the redemption date. Following the redemption, no Notes remained outstanding and trading of the Notes were suspended prior to market open on the redemption date.

Outstanding borrowings under the Valley Credit Line bear interest at a floating rate equal to Term SOFR, subject to a floor of 3.00%, plus 2.95% per annum, and are subject to standard benchmark replacement provisions. The facility also requires the payment of an upfront fee equal to 0.20% of the total commitment and an unused line fee equal to 0.25% per annum on the average daily unused portion of the facility.

As of December 31, 2025, borrowings under the Valley Credit Line bore interest at a floating rate equal to Term SOFR, subject to a floor, plus an applicable margin and customary fees, which rate was approximately 6.7%.

We were in compliance with all covenants under the Webster Credit Line, as amended, as of December 31, 2025 and 2024. MBC Funding II was in compliance with all covenants under the Valley Credit Line as of December 31, 2025. As of December 31, 2025, outstanding borrowings under the Webster Credit Line were \$11,558,632 and outstanding borrowings under the Valley Credit Line were \$6,042,500.

On April 11, 2023, our board of directors approved a share repurchase program authorizing the repurchase of up to 100,000 shares of our common stock. The program expired on April 10, 2024. Prior to its expiration, we repurchased 56,294 shares for an aggregate purchase price of \$271,468, including 2,000 shares repurchased during the first quarter of 2024 for an aggregate purchase price of \$9,800.

On November 20, 2025, our board of directors approved a new share repurchase program authorizing the repurchase of up to 100,000 shares of our common stock over the following 12 months. As of December 31, 2025, we had repurchased 6,200 shares under the program for an aggregate purchase price of approximately \$29,000. In addition, during the first quarter of 2026, we repurchased 3,100 shares for an aggregate purchase price of approximately \$14,000.

We believe that our current cash balances, available borrowings under the Webster Credit Line and the Valley Credit Line, and cash flows from operations will be sufficient to fund our operations for at least the next 12 months. We do not currently expect any difficulty in extending these credit facilities or obtaining a comparable facility from another lender prior to their respective maturities. From time to time, we also obtain short-term unsecured loans from our executive officers and others, which provide us with additional flexibility to support the ongoing deployment of capital. We expect, however, that our working capital requirements will increase over the next 12 months as we continue to pursue growth opportunities under favorable market conditions.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are a “smaller reporting company” as defined by Regulation S-K and as such, are not required to provide the information contained in this item pursuant to Regulation S-K.

Item 8. Financial Statements

The consolidated financial statements required by this item are set forth beginning on page F-1.

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

None.

Item 9A. Controls and Procedures

1. Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2025 (the “Evaluation Date”). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

2. Internal Control over Financial Reporting

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the SEC, internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of our principal executive and principal financial officers and effected by the Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Our internal control over financial reporting is supported by written policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our internal control system was designed to provide reasonable assurances to our management and the Board regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations which may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. 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.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2025. In making this assessment, management used the framework set forth in the report entitled *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2025.

This Report does not include an attestation report by the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Report.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) during the fiscal quarter ended December 31, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

On March 24, 2026, we entered into an amendment to the Amended and Restated Credit Agreement that, among other things, (i) extended the maturity of the credit facility to February 28, 2029, (ii) modified certain portfolio composition requirements, including limiting mortgage loans outstanding for more than 30 months to 17.5% of the total portfolio, (iii) updated applicable interest margins, and (iv) revised certain mortgage loan eligibility criteria. In connection with the amendment, we paid a non-refundable amendment fee of approximately \$20,000. Except as amended, all other material terms of the credit facility remain in full force and effect.

During the three months ended December 31, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement", as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Executive Officers and Directors

Our executive officers and directors and their respective ages as of March 24, 2026 are as follows:

Name	Age	Position
Assaf Ran	60	Founder, Chairman of the Board, Chief Executive Officer and President
Vanessa Kao	48	Chief Financial Officer, Vice President, Treasurer, Secretary and Director
Michael Jackson ⁽¹⁾⁽²⁾⁽³⁾	61	Director
Eran Goldshmit ⁽¹⁾⁽²⁾⁽³⁾	59	Director
Lyron Bentovim ⁽¹⁾	56	Director
Phillip Michals ⁽¹⁾⁽²⁾⁽³⁾	56	Director

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Corporate Governance and Nominating Committee.

All directors hold office until the next annual meeting of shareholders and until their successors are duly elected and qualified. Officers are elected to serve subject to the discretion of the Board.

Set forth below is a brief description of the background and business experience of our executive officers and directors:

Assaf Ran, our founder, has been our Chief Executive Officer, president and chairman since our inception in 1989. Mr. Ran has 37 years of senior management experience leading public and private businesses. Mr. Ran started several yellow page and other businesses from the ground up and managed to make each one of them successful. Mr. Ran's professional experience and background with us, as our director since March 1999, have given him the expertise needed to serve as one of our directors.

Vanessa Kao has been our Chief Financial Officer, vice president, treasurer and secretary since rejoining us in June 2011. Ms. Kao joined our board in November 2023. From January 2014 through April 2016, she was also the Chief Financial Officer of Jewish Marketing Solutions LLC. Since April 2016, she has been serving as a consultant to Jewish Marketing Solutions LLC. From July 2004 through April 2006, she served as our assistant Chief Financial Officer. From April 2006 through December 2013, she was the Chief Financial Officer of DAG Jewish Directories, Inc. Ms. Kao holds a M.B.A. in Finance and MIS/E-Commerce from the University of Missouri and a bachelor's degree of Business Administration in Finance from the National Taipei University in Taiwan.

Lyron Bentovim has been a member of the Board since December 2008. Mr. Bentovim currently serves as the president and chief executive officer of The Glimpse Group, Inc. (Nasdaq: GGRP), an immersive technology company based in New York, NY. Mr. Bentovim also serves as a managing partner at Darklight Partners, a strategic advisor to small and mid-size public and private companies. Prior to that, from July 2014 to August 2015, Mr. Bentovim served as chief operating officer and chief financial officer of Top Image Systems Ltd. (formerly listed on Nasdaq: TISA), and from March 2013 to July 2014, Mr. Bentovim served as chief operating officer and chief financial officer of NIT Health Inc. and as chief operating officer and chief financial officer and managing director at Cabrillo Advisors LLC. From August 2009 until July 2012, Mr. Bentovim has served as chief operating officer and chief financial officer of Sunrise Telecom, Inc. Prior to joining Sunrise Telecom, Inc., from January 2002 until August 2009, Mr. Bentovim served as a portfolio manager for Skiritai Capital LLC, an investment advisor based in San Francisco. Mr. Bentovim has over 25 years of management experience, including his experience as a member of the board of directors at RTW Inc., Ault, Inc., Top Image Systems Ltd., Three-Five Systems Inc., Sunrise Telecom Inc., Blue Sphere Corporation, and Argonaut Technologies Inc. Prior to his position in Skiritai Capital LLC, Mr. Bentovim served as president, chief operating officer and co-founder of WebBrix, Inc. Additionally, Mr. Bentovim spent time as a senior

engagement manager with strategy consultancies including USWeb/CKS, the Mitchell Madison Group LLC and McKinsey & Company Inc. Mr. Bentovim has an MBA from Yale School of Management and a law degree from the Hebrew University, Jerusalem, Israel. Mr. Bentovim's professional experience and background with other companies and with us have given him the expertise needed to serve as one of our directors.

Eran Goldshmit has been a member of the Board since March 1999. Since August 2001, he has been the president of the New York Diamond Center, New York, NY. From December 1998 until July 2001, Mr. Goldshmit was the general manager of the Carmiel Shopping Center in Carmiel, Israel. Mr. Goldshmit received certification as a financial consultant in February 1993 from the School for Investment Consultants, Tel Aviv, Israel, and a BA in business administration from the University of Humberside, England, in December 1998. Mr. Goldshmit's professional experience and background with other companies and with us have given him the expertise needed to serve as one of our directors.

Michael J. Jackson has been a member of the Board since July 2000. Since May 2017, Mr. Jackson has been the chief financial officer of Radius Global Market Research. Since February 2025, Mr. Jackson has served as a member of the board of directors of Radius Holding Company. From March 2016 through April 2017, Mr. Jackson served as chief financial officer and executive vice president of both Ethology, Inc., a digital marketing agency, and Tallwave, LLC, a business design and innovation agency. From April 2007 through February 2016, he was the chief financial officer and the executive vice president of iCrossing, Inc., a digital marketing agency. From October 1999 to April 2007, he served as executive vice president and chief financial officer of AGENCY.COM, a global Internet professional services company. He also served as the chief accounting officer of AGENCY.com from May 2000 and as its corporate controller from August 1999 until September 2001. From October 1994 until August 1999, Mr. Jackson was a senior manager at Arthur Andersen, LLP and manager at Ernst & Young LLP. Mr. Jackson also served on the New York State Society Auditing Standards and Procedures Committee from 1998 to 1999 and served on the New York State Society's Securities and Exchange Commission Committee from 1999 to 2001. Mr. Jackson holds an MBA in Finance from Hofstra University and is a certified public accountant. Mr. Jackson is a current member of the board of directors of AvenueZ, Inc., a privately held digital marketing technology company. Mr. Jackson's professional experience and background with other companies and with us have given him the expertise needed to serve as one of our directors.

Phillip Michals has been a member of the Board since rejoining our Board in June 2019. Mr. Michals is the chief executive officer and executive chairman of A.G.P./Alliance Global Partners, a full-service investment banking and wealth management firm since 2018. Mr. Michals is also a Co-Founder and Chairman of the Board and Director of A.G.P. Canada, where he assists the team with developing and executing business goals in Canada. Mr. Michals has also been a partner in RG Michals since 1999 and affiliated with an independent firm from 2010 to 2018. His responsibilities were primarily in business development. He was also a partner for over 10 years at MSCI, an advisory/consulting firm that consulted for member firms of NYSE and FINRA. Mr. Michals currently has his Series 7, 63, 24, 99, and 65 licenses and received his Bachelor of Science from the University of Delaware. Mr. Michals' professional experience and background with other companies and with us have given him the expertise needed to serve as one of our directors.

Code of Ethics

We have adopted a Code of Ethics that applies to our principal executive officer, principal financial officer and other persons performing similar functions. Our current Code of Ethics is posted on our web site at www.manhattanbridgecapital.com. The information on our website is not incorporated by reference into this Report. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of our Code of Ethics by posting such information on the website address specified above.

Insider Trading Policy

We have adopted an insider trading policy, or the Policy, governing the purchase, sale and other transactions in our securities that applies to our directors, executive officers, employees, and other covered persons, including immediate family members and entities controlled by any of the foregoing persons, as well as by the Company itself.

The Policy prohibits, among other things, insider trading and certain speculative transactions in our securities (including short sales, buying put and selling call options and other hedging or derivative transactions in our securities) and establishes a regular blackout period schedule during which directors, executive officers, employees, and other covered persons may not trade in the Company's securities, as well as certain pre-clearance procedures that directors and executive officers must observe prior to effecting any transaction in our securities.

The Company believes that the Policy is reasonably designed to promote compliance with insider trading laws, rules and regulations, and listing standards applicable to the Company. A copy of the Policy is filed as Exhibit 19.1 to this Report.

Committees of the Board of Directors

We have three standing committees: an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. Each committee is made up entirely of independent directors as defined under the Nasdaq Stock Market Rules. The members of the Audit Committee are Michael Jackson, who serves as chairman, Eran Goldshmit, Liron Bentovim and Phillip Michals. The members of the Compensation Committee and the Corporate Governance and Nominating Committee are Michael Jackson, Eran Goldshmit and Phillip Michals. Current copies of each committee's charter are available on our website at www.manhattanbridgecapital.com.

Audit Committee. The Audit Committee oversees our accounting and financial reporting processes, internal systems of accounting and financial controls, relationships with auditors and audits of financial statements. Specifically, the Audit Committee's responsibilities include the following:

- selecting, hiring and terminating our independent auditors;
- evaluating the qualifications, independence and performance of our independent auditors;
- approving the audit and non-audit services to be performed by the independent auditors;
- reviewing the design, implementation and adequacy and effectiveness of our internal controls and critical policies;
- overseeing and monitoring the integrity of our consolidated financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and other accounting matters;
- with management and our independent auditors, reviewing any earnings announcements and other public announcements regarding our results of operations; and
- preparing the report that the Securities and Exchange Commission requires in our annual proxy statement.

The Board has determined that Michael Jackson is qualified as an Audit Committee Financial Expert pursuant to Item 407(d)(5) of Regulation S-K. Each Audit Committee member is independent, as that term is defined in Section 10A(m)(3) of the Exchange Act and their relevant experience is more fully described above.

Compensation Committee. The Compensation Committee assists the Board in determining the compensation of our officers and directors. Specific responsibilities include the following:

- approving the compensation and benefits of our executive officers;
- administering our clawback policy;
- reviewing the performance objectives and actual performance of our officers; and
- administering our stock option and other equity and incentive compensation plans.

The Compensation Committee is comprised entirely of directors who satisfy the standards of independence applicable to compensation committee members under Section 16(b) of the Exchange Act. During the fiscal year ended December 31, 2025, the Compensation Committee did not utilize the services of a compensation consultant.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee assists the Board by identifying and recommending individuals qualified to become members of the Board. Specific responsibilities include the following:

- evaluating the composition, size and governance of the Board and its committees and making recommendations regarding future planning and the appointment of directors to our committees;
- establishing a policy for considering shareholder nominees to the Board;
- reviewing our corporate governance principles and making recommendations to the Board regarding possible changes; and
- reviewing and monitoring compliance with our code of ethics and insider trading policy.

Shareholder Communications

The Board has established a process to receive communications from shareholders. Shareholders and other interested parties may contact any member (or all members) of the Board, or the non-management directors as a group, any Board committee or any chair of any such committee by mail or electronically. To communicate with the Board, any individual director or any group or committee of directors, correspondence should be addressed to the Board or any such individual director or group or committee of directors by either name or title. All such correspondence should be sent c/o Corporate Secretary at 60 Cutter Mill Road, Suite 205, Great Neck, NY 11021.

All communications received as set forth in the preceding paragraph will be opened by the Secretary for the sole purpose of determining whether the contents represent a message to our directors. Any contents that are not in the nature of advertising, promotions of a product or service, patently offensive material or matters deemed inappropriate for the Board will be forwarded promptly to the addressee. In the case of communications to the Board or any group or committee of directors, the Secretary will make sufficient copies of the contents to send to each director who is a member of the group or committee to which the envelope or e-mail is addressed.

Item 11. Executive Compensation

The following Summary Compensation Table sets forth all compensation earned by or paid to, in all capacities, during the years ended December 31, 2025 and 2024 by (i) the Company's Chief Executive Officer and (ii) the most highly compensated executive officers, other than the Chief Executive Officer, who were serving as executive officers and whose total compensation exceeded \$100,000 (the individuals falling within categories (i) and (ii) are collectively referred to as the "Named Executives"):

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	All Other Compensation	Total
		(\$)	(\$)	(\$)(1)	(\$)
Assaf Ran					
Chief Executive Officer and President	2025	\$ 365,385	\$ —	\$ 41,400	\$ 406,785
	2024	\$ 365,000	\$ 30,000	\$ 50,875	\$ 445,875
Vanessa Kao					
Chief Financial Officer, Vice President, Treasurer and Secretary	2025	\$ 185,000	\$ 52,000	\$ 13,545	\$ 250,545
	2024	\$ 177,500	\$ 37,500	\$ 12,545	\$ 227,545

(1) Consists of certain expense reimbursements and Company matching contributions made pursuant to its Simple IRA Plan.

Employment Contracts

We have an employment agreement with Mr. Assaf Ran, our President and Chief Executive Officer, pursuant to which: (i) Mr. Ran's employment term renews automatically on June 30th of each year for successive one-year periods unless either party gives to the other written notice at least 180 days prior to June 30th of its intention to terminate the agreement; (ii) Mr. Ran receives a current annual base salary of \$380,000 and annual bonuses as determined by the Compensation Committee of the Board, in its sole and absolute discretion, and is eligible to participate in all executive benefit plans established and maintained by us; and (iii) Mr. Ran agreed to a one-year non-competition period following the termination of his employment. If the employment agreement is terminated by Mr. Ran for "good reason" (as defined in the employment agreement) he shall be paid (1) his base compensation up to the effective date of such termination; (2) his full share of any incentive compensation payable to him for the year in which the termination occurs; and (3) a lump sum payment equal to 100% of the average cash compensation paid to, or accrued for, him in the two calendar years immediately preceding the calendar year in which the termination occurs.

In June 2024, the Compensation Committee approved an increase in Mr. Ran's annual base salary from \$350,000 to \$380,000. In December 2025, Mr. Ran voluntarily agreed to forgo \$14,615 of base salary for the period from December 18, 2025 through December 31, 2025.

Restricted Stock Grant

In September 2011, upon shareholders' approval at the 2011 annual meeting of shareholders, we granted 1,000,000 restricted common shares (the "Restricted Shares") to Mr. Ran, our Chief Executive Officer. Under the terms of the restricted shares agreement, among other things, Mr. Ran may not sell, convey, transfer, pledge, encumber or otherwise dispose of the Restricted Shares until the earliest to occur of the following: (i) September 9, 2026, with respect to 1/3 of the Restricted Shares, September 9, 2027 with respect to an additional 1/3 of the Restricted Shares and September 9, 2028 with respect to the final 1/3 of the Restricted Shares; (ii) the date on which Mr. Ran's employment is terminated by us for any reason other than for "Cause" (i.e., misconduct that is materially injurious to us monetarily or otherwise, including engaging in any conduct that constitutes a felony under federal, state or local law); or (iii) the date on which Mr. Ran's employment is terminated on account of (A) his death; or (B) his disability, which, in the opinion of his personal physician and a physician selected by us prevents him from being employed with us on a full-time basis (each such date being referred to as a "Risk Termination Date"). If at any time prior to a Risk Termination Date Mr. Ran's employment is terminated by us for Cause, or by Mr. Ran voluntarily for any reason other than death or disability, Mr. Ran will forfeit that portion of the Restricted Shares which has not previously vested. Mr. Ran has the power to vote the Restricted Shares and will be entitled to all dividends payable with respect to the Restricted Shares.

In connection with the Compensation Committee's approval of the foregoing grant of Restricted Shares, the Compensation Committee consulted with and obtained the concurrence of independent compensation experts and informed Mr. Ran that it had no present intention of continuing its prior practice of annually awarding stock options to Mr. Ran as Chief Executive Officer. Also, Mr. Ran, advised the Compensation Committee that he would not seek future stock option grants.

Termination and Change of Control Arrangement

In the event of termination, Mr. Ran will not be entitled to receive any severance and any non-vested options will be automatically forfeited. If at any time prior to a Risk Termination Date Mr. Ran's employment is terminated by us for cause or by Mr. Ran voluntarily for any reason other than death or disability, Mr. Ran will forfeit that portion of the Restricted Shares which have not previously vested. If Mr. Ran is terminated for any reason other than for cause, the Restricted Shares become immediately transferable.

The following table sets forth information concerning outstanding equity awards to the Named Executives as of December 31, 2025.

Outstanding Equity Awards at Fiscal Year-End

Name	Stock Awards	Market Value of Shares or Units of Stock That Have Not Vested (\$)
	Number of Shares or Units of Stock That Have Not Vested (#)	
Assaf Ran Chief Executive Officer and President.....	1,000,000	4,650,000(1)(2)

(1) Calculated based on the closing market price of \$4.65 at the end of the last completed fiscal year on December 31, 2025.

(2) Mr. Ran may not sell, convey, transfer, pledge, encumber or otherwise dispose of the Restricted Shares until the earliest to occur of the following: (i) September 9, 2026, with respect to 1/3 of the Restricted Shares, September 9, 2027 with respect to an additional 1/3 of the Restricted Shares and September 9, 2028 with respect to the final 1/3 of the Restricted Shares; (ii) the date on which Mr. Ran's employment is terminated by us for any reason other than for "Cause;" or (iii) on a Risk Termination Date. If at any time prior to a Risk Termination Date Mr. Ran's employment is terminated by us for Cause or Mr. Ran voluntarily terminates his employment for any reason other than death or disability, Mr. Ran will forfeit that portion of the Restricted Shares which have not previously vested.

We do not have any formal policy that requires the Company to grant, or avoid granting, equity-based compensation at certain times. We do not grant equity awards in anticipation of the release of material nonpublic information that is likely to result in changes to the price of our common stock, and do not time the public release of such information based on award grant dates. The timing of any equity grants to executive officers or directors in connection with new hires, promotions, or other non-routine grants is tied to the event giving rise to the award (such as an executive officer's commencement of employment or promotion effective date).

During the year ended December 31, 2025, there were no equity grants made to our executive officers during any period beginning four business days before the filing of a periodic report or current report disclosing material non-public information and ending one business day after the filing or furnishing of such report with the Securities and Exchange Commission, that were likely to result in changes to the price of our common stock, and do not time the public release of such information based on award grant dates.

Compensation of Directors

During 2025, the annual cash compensation paid to each independent member of the Board was \$17,500, plus an additional \$300 for each committee meeting attended. The table below summarizes the compensation paid to our directors for the year ended December 31, 2025:

Director Compensation

Name (a)	Fees Earned or Paid in Cash (\$)
Michael Jackson	\$ 18,700
Eran Goldshmit.....	\$ 18,700
Lyron Bentovim.....	\$ 18,700
Phillip Michals.....	\$ 18,700

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

The following table, together with the accompanying footnotes, sets forth information, as of March 24, 2026, regarding the beneficial ownership of our common shares by all persons known by us to beneficially own more than 5% of our outstanding common shares, each Named Executive Officer, each director, and all of our directors and executive officers as a group:

Name of Beneficial Owner	Amount of Beneficial Ownership (1)	Percentage of Class
<i>Executive Officers and Directors</i>		
Assaf Ran (2).....	2,610,000	22.8%
Vanessa Kao	8,236	*
Michael Jackson	41,344	*
Eran Goldshmit.....	10,978	*
Lyron Bentovim.....	41,044	*
Phillip Michals.....	101,058	*
<i>All executive officers and directors as a group (6 persons).....</i>	<u>2,812,660</u>	<u>24.6%</u>

* Less than 1%

- (1) A person is deemed to be a beneficial owner of securities that can be acquired by such person within 60 days from March 24, 2026, upon the exercise of options and warrants or conversion of convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by such person (but not held by any other person) and that are exercisable or convertible within 60 days from March 24, 2026 have been exercised or converted. Except as otherwise indicated, and subject to applicable community property and similar laws, each of the persons named has sole voting and investment power with respect to the shares shown as beneficially owned. All percentages are determined based on 11,429,351 shares outstanding on March 24, 2026.
- (2) Includes 1,000,000 Restricted Shares granted to Mr. Ran on September 9, 2011, which was approved by shareholders at our 2011 annual meeting of shareholders. Mr. Ran may not sell, convey, transfer, pledge, encumber or otherwise dispose of the Restricted Shares until the earliest to occur of the following: (i) September 9, 2026, with respect to 1/3 of the Restricted Shares, September 9, 2027 with respect to an additional 1/3 of the Restricted Shares and September 9, 2028 with respect to the final 1/3 of the Restricted Shares; (ii) the date on which Mr. Ran's employment is terminated by us for any reason other than for "Cause;" or (iii) on a Risk Termination Date. If at any time prior to a Risk Termination Date Mr. Ran's employment is terminated by us for Cause or Mr. Ran voluntarily terminates his employment for any reason other than death or disability, Mr. Ran will forfeit that portion of the Restricted Shares which have not previously vested. Also includes 1,383,000 shares of common stock directly owned by Ran & Ran of NY Inc., which is currently wholly owned by Mr. Ran. Mr. Ran's address is c/o Manhattan Bridge Capital, Inc., 60 Cutter Mill Road, Suite 205, Great Neck, New York 11021.

Item 13. Certain Relationships and Related Transactions and Director Independence

The Board is comprised of Assaf Ran, Vanessa Kao, Michael J. Jackson, Eran Goldshmit, Lyron Bentovim and Phillip Michals. The Board has determined, in accordance with Nasdaq's Stock Market Rules, that: (i) Messrs. Jackson, Goldshmit, Bentovim and Michals (the "Independent Directors") are independent and represent a majority of its members; (ii) Messrs. Jackson, Goldshmit, Bentovim and Michals, as the members of the Audit Committee, are independent for such purposes; and (iii) Messrs. Jackson, Goldshmit and Michals, as the members of the Compensation Committee, are independent for such purposes. In determining director independence, the Board applies the independence standards set by the Nasdaq. In its application of such standards the Board takes into consideration all transactions with Independent Directors and the impact of such transactions, if any, on any of the Independent Directors' ability to continue to serve on the Board.

Item 14. Principal Accountant Fees and Services

The aggregate fees billed by our principal accounting firm, Hoberman & Lesser CPAs, LLP, for the fiscal years ended December 31, 2025, and 2024 (including for services for MBC Funding II) are as follows:

(a) Audit Fees

2025

The aggregate fees incurred during 2025 for our principal accountant were \$73,500, covering the audit of our annual financial statements and the review of our financial statements for the first, second and third quarters of 2025.

2024

The aggregate fees incurred during 2024 for our principal accountant were \$71,750, covering the audit of our annual financial statements and the review of our financial statements for the first, second and third quarters of 2024.

(b) Audit-Related Fees

There were no audit-related fees billed by our principal accountant during 2025 or 2024.

(c) Tax Fees

There were no tax fees billed by our principal accountant during 2025 or 2024.

(d) All Other Fees

No other fees, beyond those disclosed in this Item 14, were billed during 2025 or 2024 except that we were billed \$1,500 in 2024 by our principal accountant for services rendered in connection with our Registration Statement on Form S-3.

Audit Committee Pre-Approval, Policies and Procedures

Our Audit Committee approved the engagement with Hoberman & Lesser CPAs, LLP. These services were pre-approved by our Audit Committee to assure that such services do not impair the auditor's independence from us.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) 1. Financial Statements - See Index to Financial Statements on page F-1.

2. Financial Statement Schedules – See (c) below.

3. Exhibits – See (b) below.

Exhibit No.	Description
3.1	Restated Certificate of Incorporation filed with the Secretary of State of New York in July 2014 (1)
3.2	Amended and Restated Bylaws effective in May 2014 (1)
4.1	Specimen Stock Certificate (2)
4.2	Description of Securities (10)
10.1**	Employment Agreement dated March 1, 1999 by and between Assaf Ran and the Company (3)
10.2**	2009 Stock Option Plan, as amended (5)
10.3	Lease, dated June 9, 2011, between the Company and Philips Cutter Mill Owner LLC for the premises located at 60 Cutter Mill Road, Great Neck, New York 11021 (***)
10.4	Amendment of Lease, dated July 21, 2016, between the Company and Philips Cutter Mill Owner LLC for the premises located at 60 Cutter Mill Road, Great Neck, New York 11021 (4)
10.5**	Restricted Share Agreement, dated September 9, 2011, between the Company and Assaf Ran (10)
10.6	Amended and Restated Revolving Credit Note, dated July 7, 2017, executed by Manhattan Bridge Capital, Inc (6)
10.7	Amended and Restated Credit and Security Agreement, effective August 8, 2017, among Manhattan Bridge Capital, Inc., Webster Bank, N.A. (as successor to Webster Business Credit Corporation), and Flushing Bank (7)
10.8	Waiver and Amendment No. 1 to Amended and Restated Credit and Security Agreement, effective July 11, 2018, among Manhattan Bridge Capital, Inc., Webster Bank, N.A. (as successor to Webster Business Credit Corporation), Flushing Bank and Assaf Ran (9)
10.9	Second Amended and Restated Revolving Credit Note, dated February 24, 2026, issued by the Company in favor of Webster Bank, National Association (19)
10.10	Amendment No. 2 to Amended and Restated Credit and Security Agreement, effective December 31, 2019, among Manhattan Bridge Capital, Inc., Webster Bank, N.A. (as successor to Webster Business Credit Corporation), Flushing Bank and Assaf Ran (10)
10.11	Amendment No. 3 to Amended and Restated Credit and Security Agreement, effective February 26, 2020, among Manhattan Bridge Capital, Inc., Webster Bank, N.A. (as successor to Webster Business Credit Corporation), Flushing Bank, Mizrahi and Assaf Ran (10)
10.12	Waiver Agreement, effective March 7, 2022, among Manhattan Bridge Capital, Inc., Webster Bank, N.A. (as successor to Webster Business Credit Corporation), Flushing Bank, Mizrahi and Assaf Ran (Amendment No. 4 to Amended and Restated Credit and Security Agreement) (***)
10.13	Amendment No. 5 to Amended and Restated Credit and Security Agreement, effective April 13, 2022, among Manhattan Bridge Capital, Inc., Webster Bank, N.A. (as successor to Webster Business Credit Corporation), Flushing Bank, Mizrahi and Assaf Ran (11)
10.14	Amendment No. 6 to Amended and Restated Credit and Security Agreement, effective January 2, 2023, among Manhattan Bridge Capital, Inc., Webster Bank, N.A. (as successor to Webster Business Credit Corporation), Flushing Bank, Mizrahi and Assaf Ran (12)
10.15	Amendment No. 7 to Amended and Restated Credit and Security Agreement, effective March 31, 2024, among Manhattan Bridge Capital, Inc., Webster Bank, N.A. (as successor to Webster Business Credit Corporation), Flushing Bank, Mizrahi and Assaf Ran (15)
10.16	Revolving Credit Note dated February 25, 2020, between Manhattan Bridge Capital, Inc. and Mizrahi (10)
10.17	Amendment No. 8 to Amended and Restated Credit and Security Agreement, dated December 12, 2025, among Manhattan Bridge Capital, Inc., Webster Bank, National Association, Flushing Bank, Mizrahi and Assaf Ran (18)
10.18	Amendment No. 9 to Amended and Restated Credit and Security Agreement, dated February 24, 2026, among the Company, the Guarantors party thereto, the Lenders party thereto, and Webster Bank, National Association as lender and agent (19)
10.19	Amendment No. 10 to Amended and Restated Credit and Security Agreement, dated March 24, 2026, among the Company, the Guarantors party thereto, the Lenders party thereto, and Webster Bank, National Association as lender and agent (***)

Exhibit No.	Description
10.20	Consent and Amendment Letter Agreement by and among Manhattan Bridge Capital Inc., Webster Bank, N.A. (as successor to Webster Business Credit Corporation), Flushing Bank and Mizrahi Tefahot Bank Ltd., dated July 2, 2021 (13)
10.21	Waiver Agreement by and among Manhattan Bridge Capital Inc., and Webster Bank, N.A. (as successor to Webster Business Credit Corporation), Flushing Bank and Mizrahi Tefahot Bank Ltd, a division of Webster Bank, N.A., dated March 7, 2022 (14)
10.22	Letter Agreement, dated December 12, 2025, among MBC Funding II Corp., Manhattan Bridge Capital, Inc., Assaf Ran and Valley National Bank. (18)
10.23	Line of Credit Note, dated December 12, 2025, made by MBC Funding II Corp. in favor of Valley National Bank (18)
10.24	Security Agreement, dated December 12, 2025, between MBC Funding II Corp. and Valley National Bank (18)
10.25	Guaranty, dated December 12, 2025, made by Manhattan Bridge Capital, Inc. in favor of Valley National Bank (18)
	Limited Guaranty, dated December 12, 2025, made by Assaf Ran in favor of Valley National Bank (18)
10.26	Amendment to the Loan Documents, dated February 24, 2026, between MBC Funding II Corp., Manhattan Bridge Capital, Inc. and Valley National Bank (***)
19.1	Insider Trading Policy (17)
21.1	List of Subsidiaries (8)
23.1	Consent of Hoberman & Lesser CPA's, LLP, dated March 27, 2026 (***)
31.1	Chief Executive Officer Certification under Rule 13a-14 (***)
31.2	Chief Financial Officer Certification under Rule 13a-14 (***)
32.1	Chief Executive Officer Certification pursuant to 18 U.S.C. section 1350 (*)
32.2	Chief Financial Officer Certification pursuant to 18 U.S.C. section 1350 (*)
97.1	Clawback policy (16)
101.INS	XBRL Instance Document
101.CAL	XBRL Taxonomy Extension Schema Document
101.SCH	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

* Furnished herewith.

** Compensation plan or arrangement for current or former executive officers and directors.

*** Filed herewith.

- (1) Previously filed as exhibit to Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 and incorporated herein by reference.
- (2) Previously filed as exhibit to Registration Statement on Form SB-2/A filed on April 23, 1999 and incorporated herein by reference.
- (3) Previously filed as exhibit to Registration Statement on Form SB-2 filed on March 10, 1999 and incorporated herein by reference.
- (4) Previously filed as exhibit to Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 and incorporated herein by reference.
- (5) Previously filed as Appendix A to Schedule 14A filed on August 5, 2011 and incorporated herein by reference.
- (6) Previously filed as exhibit to Current Report on Form 8-K filed on July 13, 2017 and incorporated herein by reference.
- (7) Previously filed as exhibit to Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 and incorporated herein by reference.
- (8) Previously filed as exhibit to Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and incorporated by reference herein.
- (9) Previously filed as exhibit to Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 and incorporated herein by reference.
- (10) Previously filed as exhibit to Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and incorporated by reference herein.
- (11) Previously filed as exhibit to Current Report on Form 8-K filed on April 25, 2022 and incorporated herein by reference.
- (12) Previously filed as exhibit to Current Report on Form 8-K filed on February 3, 2023 and incorporated herein by reference.
- (13) Previously filed as exhibit to Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 and incorporated herein by reference.
- (14) Previously filed as exhibit to Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and incorporated by reference herein.
- (15) Previously filed as exhibit to Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 and incorporated herein by reference.
- (16) Previously filed as exhibit to Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and incorporated by reference herein.
- (17) Previously filed as exhibit to Annual Report on Form 10-K for the fiscal year ended December 31, 2024 and incorporated by reference herein.
- (18) Previously filed as exhibit to Current Report on Form 8-K filed on December 16, 2025 and incorporated herein by reference.
- (19) Previously filed as exhibit to Current Report on Form 8-K filed on February 25, 2026 and incorporated herein by reference.

- (c) No financial statement schedules are included because the information is either provided in the financial statements or is not required under the related instructions or is inapplicable and such schedules therefore have been omitted.

Item 16. 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.

Manhattan Bridge Capital, Inc.

By: /s/ Assaf Ran

Assaf Ran, President, Chief Executive Officer and
Chairman of the Board of Directors

Date: March 27, 2026

In accordance with the Exchange Act, this Report 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/ Assaf Ran</u> Assaf Ran	President, Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	March 27, 2026
<u>/s/ Vanessa Kao</u> Vanessa Kao	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer), Director	March 27, 2026
<u>/s/ Lyron Bentovim</u> Lyron Bentovim	Director	March 27, 2026
<u>/s/ Eran Goldshmit</u> Eran Goldshmit	Director	March 27, 2026
<u>/s/ Michael Jackson</u> Michael Jackson	Director	March 27, 2026
<u>/s/ Phillip Michals</u> Phillip Michals	Director	March 27, 2026

MANHATTAN BRIDGE CAPITAL, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Manhattan Bridge Capital, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Manhattan Bridge Capital, Inc. and Subsidiary (collectively, the “Company”) as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in 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 consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of their operations and their cash flows for 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.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements 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 U.S. Securities and Exchange Commission (“SEC”) and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated 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 consolidated 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 consolidated 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 account or disclosures to which it relates.

Allowance for Credit Losses

As discussed in Note 2 to the consolidated financial statements, the Company estimates its allowance for credit losses on its loans receivable primarily using the Weighted Average Remaining Maturity method (WARM) along with consideration of other variables. Based on these assessments, the Company determined that no allowance for credit losses is required.

The allowance for credit losses was identified by us as a critical audit matter because of the extent of auditor judgment applied and significant audit effort to evaluate the subjective and complex judgments made by management in determining whether any of its loans receivable are impaired and/or require an allowance for credit losses.

Addressing the critical audit matter involved performing procedures and evaluating audit evidence in connection with our overall opinion on the consolidated financial statements. The primary procedures included evaluating the appropriateness of the method and other variables used, testing the application of the method and other variables used, as well as testing the accuracy of data used with respect to the method and other variables. These procedures also included obtaining and evaluating the conclusions of the Company's third-party valuation specialists, as well as obtaining and evaluating other publicly available independent empirical data, and comparing said values to the aggregate amounts owed by borrowers for indication of loan losses. We also evaluated management's significant judgments applied in determining whether indicators of impairment were present, with respect to the Company's loan portfolio and the underlying collateral, by obtaining evidence to corroborate such judgments and searching for evidence contrary to such judgments.

Hobelman + Lesser CPAs, LLP

We have served as the Company's auditors since 2007.

New York, New York
March 27, 2026

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

	2025	2024
Assets		
Loans receivable, net of deferred origination and other fees	\$ 60,218,841	\$ 65,405,731
Interest and other fees receivable on loans	1,642,825	1,521,033
Cash	204,889	178,012
Cash – restricted	23,350	23,750
Other assets	60,742	62,080
Right-of-use asset – operating lease, net	101,226	154,039
Deferred financing costs, net	98,858	16,171
Total assets	<u>\$ 62,350,731</u>	<u>\$ 67,360,816</u>
Liabilities and Stockholders' Equity		
Liabilities:		
Lines of credit	\$ 17,601,132	\$ 16,427,874
Senior secured notes (net of deferred financing costs of \$96,985)	—	5,903,015
Accounts payable and accrued expenses	173,247	232,236
Operating lease liability	112,076	167,119
Loan holdback	50,000	50,000
Dividends payable	1,314,732	1,315,445
Total liabilities	<u>19,251,187</u>	<u>24,095,689</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred shares - \$.01 par value; 5,000,000 shares authorized; none issued and outstanding	—	—
Common shares - \$.001 par value; 25,000,000 shares authorized; 11,757,058 issued; 11,432,451 and 11,438,651 outstanding, respectively	11,757	11,757
Additional paid-in capital	45,575,006	45,561,941
Less: Treasury shares, at cost – 324,607 and 318,407 shares, respectively ...	(1,098,964)	(1,070,406)
Accumulated deficit	(1,388,255)	(1,238,165)
Total stockholders' equity	<u>43,099,544</u>	<u>43,265,127</u>
Total liabilities and stockholders' equity	<u>\$ 62,350,731</u>	<u>\$ 67,360,816</u>

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

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Revenue:		
Interest income from loans	\$ 7,175,043	\$ 8,046,560
Origination fees	1,491,264	1,642,081
Total Revenue	<u>8,666,307</u>	<u>9,688,641</u>
Operating costs and expenses:		
Interest and amortization of deferred financing costs	1,755,353	2,337,032
Referral fees	3,257	1,847
General and administrative expenses	1,813,510	1,776,176
Total operating costs and expenses	<u>3,572,120</u>	<u>4,115,055</u>
Income from operations	5,094,187	5,573,586
Other income	18,000	18,000
Income before income tax expense	5,112,187	5,591,586
Income tax expense	(1,210)	(650)
Net income	<u>\$ 5,110,977</u>	<u>\$ 5,590,936</u>
Basic and diluted net income per common share outstanding:		
—Basic	<u>\$ 0.45</u>	<u>\$ 0.49</u>
—Diluted	<u>\$ 0.45</u>	<u>\$ 0.49</u>
Weighted average number of common shares outstanding		
—Basic	<u>11,438,024</u>	<u>11,438,656</u>
—Diluted	<u>11,438,024</u>	<u>11,438,656</u>

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

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Common Stock		Additional	Treasury Shares		Accumulated	
	Shares	Amount	Paid-in	Shares	Cost	Deficit	Totals
			Capital				
Balance, January 1, 2024	11,757,058	\$ 11,757	\$45,548,876	316,407	\$(1,060,606)	\$ (1,567,321)	\$42,932,706
Purchase of treasury shares.....				2,000	(9,800)		(9,800)
Non-cash compensation.....			13,065				13,065
Dividends paid.....						(3,946,335)	(3,946,335)
Dividends declared and payable						(1,315,445)	(1,315,445)
Net income for the year ended							
December 31, 2024.....						5,590,936	5,590,936
Balance, December 31, 2024	11,757,058	11,757	45,561,941	318,407	(1,070,406)	(1,238,165)	43,265,127
Purchase of treasury shares.....				6,200	(28,558)		(28,558)
Non-cash compensation.....			13,065				13,065
Dividends paid.....						(3,946,335)	(3,946,335)
Dividends declared and payable						(1,314,732)	(1,314,732)
Net income for the year ended							
December 31, 2025.....						5,110,977	5,110,977
Balance, December 31, 2025	11,757,058	\$ 11,757	\$45,575,006	324,607	\$(1,098,964)	\$ (1,388,255)	\$43,099,544

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

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Net income.....	\$ 5,110,977	\$ 5,590,936
Adjustments to reconcile net income to net cash provided by operating activities -		
Amortization of deferred financing costs.....	112,900	88,664
Depreciation.....	4,983	4,870
Non-cash compensation expense	13,065	13,065
Adjustment to right-of-use asset - operating lease and liability.....	(2,230)	(84)
Changes in operating assets and liabilities:		
Interest and other fees receivable on loans	(134,914)	(552,755)
Other assets.....	(3,226)	705
Accounts payable and accrued expenses	(58,989)	(63,057)
Deferred origination fees	(113,500)	(150,485)
Net cash provided by operating activities	<u>4,929,066</u>	<u>4,931,859</u>
Cash flows from investing activities:		
Issuance of short-term loans	(35,323,194)	(41,538,217)
Collections received from loans.....	40,636,706	49,089,982
Purchase of fixed assets	(418)	(4,018)
Net cash provided by investing activities	<u>5,313,094</u>	<u>7,547,747</u>
Cash flows from financing activities:		
Repayment of lines of credit.....	(47,419,805)	(54,893,630)
Proceeds from lines of credit	48,593,063	46,169,166
Repayment of senior secured notes.....	(6,000,000)	—
Dividends paid	(5,261,780)	(5,233,408)
Purchase of treasury shares.....	(28,558)	(9,800)
Deferred financing costs incurred	(98,603)	(2,167)
Net cash used in financing activities.....	<u>(10,215,683)</u>	<u>(13,969,839)</u>
Net increase (decrease) in cash and restricted cash	26,477	(1,490,233)
Cash and restricted cash, beginning of year*	201,762	1,691,995
Cash and restricted cash, end of year*	<u>\$ 228,239</u>	<u>\$ 201,762</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for taxes	<u>\$ 1,210</u>	<u>\$ 650</u>
Cash paid during the period for interest.....	<u>\$ 1,663,329</u>	<u>\$ 2,323,520</u>
Cash paid during the period for operating leases	<u>\$ 64,253</u>	<u>\$ 63,084</u>
Supplemental Schedule of Noncash Financing Activities:		
Dividend declared and payable	<u>\$ 1,314,732</u>	<u>\$ 1,315,445</u>
Loan holdback relating to mortgage receivable	<u>\$ —</u>	<u>\$ 50,000</u>
Supplemental Schedule of Noncash Operating and Investing Activities:		
Reduction in interest receivable in connection with the increase in loans receivable.....	<u>\$ 13,122</u>	<u>\$ 427,627</u>

* At December 31, 2025 and 2024, cash and restricted cash included \$23,350 and \$23,750, respectively, of restricted cash.

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

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. Description of the Company

Manhattan Bridge Capital, Inc. (“MBC”) and its wholly-owned subsidiary, MBC Funding II Corp. (“MBC Funding II”) (collectively, the “Company”), offer short-term, secured, non-banking loans (sometimes referred to as “hard money” loans) to real estate investors to fund their acquisition, renovation, rehabilitation or development of residential or commercial properties located in the New York metropolitan area, including New Jersey and Connecticut, and in Florida.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared under the accrual basis and are in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) in compliance with the Accounting Standards Codification (“ASC”) of the Financial Accounting Standards Board (“FASB”).

Principles of Consolidation

The consolidated financial statements include the accounts of Manhattan Bridge Capital, Inc. and its wholly-owned subsidiary, MBC Funding II. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management will base the use of estimates on (a) a preset number of assumptions that consider past experience, (b) future projections, and (c) general financial market conditions. Actual amounts could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and short-term commercial loans.

The Company maintains its cash with major financial institutions. Accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor.

Credit risks associated with short-term commercial loans the Company makes to real estate investors and related interest and other fees receivable are described in Note 4.

Allowance for Credit Losses

The Company complies with Accounting Standards Update (“ASU”) 2016-13, “Financial Instruments – Credit Losses (ASC Topic 326).” The CECL methodology utilizes a lifetime “expected credit loss” methodology for the recognition of credit losses for loans and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The Company estimates its CECL reserve primarily using the Weighted Average Remaining Maturity (“WARM”) method, which has been identified as an acceptable loss-rate method for estimating CECL reserves in the FASB Staff Q&A ASC Topic 326, No.1. The WARM method requires reference to historic loss data taking into consideration expected economic conditions over the relevant timeframe. The Company applies the WARM method for the majority of its loan portfolio, which loans share similar risk characteristics.

Application of the WARM method to estimate a CECL reserve requires judgment, including (i) the appropriate historical loan loss reference data, (ii) the expected timing and amount of future loan fundings and repayments, and (iii) the current credit quality of the Company's loan portfolio and expectations of performance and market conditions over the relevant time period. To estimate the historic loan losses relevant to the Company's portfolio, the Company reviews its historical loan performance, which includes zero realized principal losses since the inception of the Company's business. In addition, the Company reviews each loan on a quarterly basis and evaluates the borrower's ability to pay the monthly interest, the borrower's likelihood of executing the original exit strategy, as well as the loan-to-value ratio. Based on these analyses, as of December 31, 2025 and 2024, no allowance for credit losses is required. Failure to properly measure an allowance for credit losses could result in the overstatement of earnings and the carrying value of the loans receivable. Actual losses, if any, could differ significantly from estimated amounts.

Income Taxes

The Company follows ASC Sub-Topic 740-10, "Accounting for Uncertainty in Income Taxes", which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. As of December 31, 2025 and 2024, the Company has no material uncertain tax positions to be accounted for in the consolidated financial statements. The Company recognizes interest and penalties related to uncertain tax positions, if any, as part of income tax expense.

The Company is organized and conducts its operations to qualify as a real estate investment trust ("REIT") for federal income tax purposes. The Company elected to be taxed as a REIT commencing with its taxable year ended December 31, 2014. A REIT calculates taxable income similar to other domestic corporations, with the major difference being a REIT is entitled to a deduction for dividends paid. A REIT is generally required to distribute each year at least 90% of its REIT taxable income. If it chooses to retain the remaining 10% of taxable income, it may do so, but it will be subject to a corporate income tax on such income. The Company may be subject to federal excise tax and minimum state taxes.

Revenue Recognition

Interest income from commercial loans is recognized, as earned, over the loan period.

Origination fee revenue on commercial loans is amortized over the term of the respective note.

Deferred Financing Costs

Deferred financing costs related to the Company's former 6% senior secured notes (the "Notes") were presented as a direct reduction of the related debt liability in accordance with ASU 2015-03 (ASC Sub-Topic 835-30) and were amortized over the term of the Notes. The remaining unamortized balance of costs was fully recognized upon redemption of the Notes in December 2025.

Deferred financing costs related to the Company's credit facilities, including (i) the Amended and Restated Credit and Security Agreement, as amended (the "Amended and Restated Credit Agreement") with Webster Bank, N.A. (as successor to Webster Business Credit Corporation) ("Webster"), Flushing Bank ("Flushing") and Mizrahi Tefahot Bank Ltd. ("Mizrahi") (the "Webster Credit Line"), and (ii) the letter agreement (the "Letter Agreement") with Valley National Bank ("Valley") that established a line of credit for MBC Funding II (the "Valley Credit Line"), are presented as an asset on the balance sheet in accordance with ASU 2015-15 (ASC Sub-Topic 835-30) and are amortized over the term of the respective agreements using the straight-line method.

Amortization of deferred financing costs is included in interest and amortization of deferred financing costs in the accompanying consolidated statements of operations.

Earnings Per Share ("EPS")

Basic and diluted EPS are calculated in accordance with ASC Topic 260, "Earnings Per Share." Under ASC Topic 260, basic earnings per share is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS includes the potential dilution from the exercise of stock options and warrants for common shares using the treasury shares method. The numerator in calculating both basic and diluted EPS for each year is the reported net income. There were no outstanding stock options or warrants at December 31, 2025 and 2024.

Stock-Based Compensation

The Company measured and recognized compensation awards for all stock option grants made to employees and directors, based on their fair value in accordance with ASC Topic 718, “Compensation - Stock Compensation” (“ASC Topic 718”), which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. A key provision of this statement is to measure the cost of employee services received in exchange for an award of equity instruments (including stock options) based on the grant-date fair value of the award. The cost will be recognized over the service period during which an employee is required to provide service in exchange for the award (i.e., the requisite service period or vesting period). The Company accounts for equity instruments issued to non-employees in accordance with the provisions of ASC Topic 718 and ASC Sub-Topic 505-50, “Equity-Based Payment to Non-Employees.” All transactions with non-employees in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more appropriately measurable.

Fair Value of Financial Instruments

The carrying amounts of the Company’s lines of credit and interest-bearing commercial loans approximate fair value due to the short-term and/or variable-rate nature of these instruments. The fair value of the Notes (when outstanding) was determined using quoted market prices.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the Company’s consolidated financial statements.

Reclassifications

Certain amounts included in the December 31, 2024 consolidated financial statements have been reclassified to conform to the December 31, 2025 presentation.

3. Cash - Restricted

Restricted cash mainly represents collections received, pending clearance, from the Company’s commercial loans and is primarily dedicated to the reduction of the Company’s Webster Credit Line established pursuant to the Amended and Restated Credit Agreement (see Note 5).

4. Commercial Loans

Loans Receivable

The Company offers short-term secured non-banking loans to real estate investors (also known as hard money loans) to fund their acquisition and construction of properties located in the New York metropolitan area, including New Jersey and Connecticut, and in Florida. The loans are principally secured by collateral consisting of real estate and accompanied by personal guarantees from the principals of the borrowers. The loans are generally for a term of one year. The short-term loans are initially recorded, and carried thereafter, in the consolidated financial statements at cost. Most of the loans provide for receipt of interest only during the term of the loan and a balloon payment at the end of the term.

For the years ended December 31, 2025 and 2024, the total amounts of \$35,336,316 and \$41,965,844, respectively, have been lent, offset by collections received from borrowers, under the commercial loans in the amount of \$40,636,706 and \$49,089,982, respectively. The face amounts of the loans the Company originated in the past seven years have ranged from a minimum of \$40,000 to a maximum of \$3,600,000. The Company’s board of directors established a policy limiting the maximum amount of any loan to the lower of (i) 9.9% of the aggregate amount of the Company’s loan portfolio (not including the loan under consideration) and (ii) \$4 million. The Company’s loans typically have a maximum initial term of 12 months and bear interest at a fixed rate of 9% to 12.5% per year. In addition, the Company usually receives origination fees, or “points,” ranging from 0% to 2% of the original principal amount of the loan as well as other fees relating to underwriting, funding and managing the loan. Interest is always payable monthly, in arrears. In the case of acquisition financing, the principal amount of the loan usually does not exceed 75% of the value of the property (as determined by an independent appraiser), and in the case of construction financing, up to 80% of construction costs.

At December 31, 2025, the Company was committed to \$4,402,556 in construction loans that can be drawn by the borrowers when certain conditions are met.

At December 31, 2024, the Company has made loans to four different entities in the aggregate amount of \$7,225,000, or 11.0% of its loan portfolio. One individual holds at least a fifty percent interest in each of the different entities. This individual is not affiliated with any officers or directors of the Company. At December 31, 2025, the Company has made loans to three different entities in the aggregate amount of \$6,245,000, or 10.3% of its loan portfolio. One individual holds at least a fifty percent interest in each of the different entities. This individual is not affiliated with any officers or directors of the Company.

The Company generally grants loans for a term of one year. When a performing loan reaches its maturity and the borrower requests an extension, the Company may extend the term of the loan beyond one year. Prior to granting an extension of any loan, the Company reevaluates the underlying collateral.

Credit Risk

Credit risk profile based on loan activity as of December 31, 2025 and 2024:

Performing loans	Developers-Residential	Developers-Commercial	Developers-Mixed Use	Total outstanding loans
December 31, 2025	\$ 51,858,921	\$ 7,314,954	\$ 1,500,000	\$ 60,673,875
December 31, 2024	\$ 56,149,265	\$ 7,380,000	\$ 2,445,000	\$ 65,974,265

At December 31, 2025, the Company's loans receivable consisted of loans in the amount of \$2,800, \$920,250, \$1,975,000, \$7,111,624, \$9,506,620 and \$20,293,265, originally due or committed to lend to borrowers in 2016, 2020, 2022, 2023, 2024 and 2025, respectively. At December 31, 2024, the Company's loans receivable consisted of loans in the amount of \$18,756, \$1,520,250, \$120,000, \$3,725,000, \$13,738,817 and \$17,155,000, originally due or committed to lend to borrowers in 2016, 2020, 2021, 2022, 2023 and 2024, respectively.

Generally, borrowers are paying their interest, and the Company receives a fee in connection with the extension of the loans. In all instances, the borrowers have either signed an extension agreement or are in the process of signing an extension. Accordingly, at December 31, 2025, no loan impairments exist and there are no provisions for impairment credit losses of loans or recoveries thereof.

In September 2025, the Company sold one of its loans receivable at its face value of \$250,000.

Subsequent to the balance sheet date, approximately \$10,931,000 of the loans receivable at December 31, 2025 were paid down or paid off, including approximately \$6,353,000 originally due on or before December 31, 2025.

5. Lines of Credit

As of December 31, 2025, the Company was party to an Amended and Restated Credit and Security Agreement with Webster, Flushing, and Mizrahi (the "Lenders"). The Amended and Restated Credit Agreement provides the Company with an aggregate revolving credit line of \$32.5 million, secured by assignments of mortgages and other collateral. As of December 31, 2025, the Webster Credit Line was scheduled to mature on February 28, 2026.

Borrowings under the Webster Credit Line bear interest, at the Company's election for each drawdown, at either (i) the Secured Overnight Financing Rate ("SOFR") plus an applicable premium, including a 0.5% agency fee, or (ii) a Base Rate (as defined in the Amended and Restated Credit Agreement) plus 2.00%, plus a 0.5% agency fee. The interest rate on outstanding borrowings fluctuates daily.

The Webster Credit Line contains customary covenants and restrictions, including, among others, limitations on borrowings relative to collateral value, requirements to maintain specified financial ratios, limitations on the terms of loans the Company makes to its customers, and restrictions, under certain circumstances, on dividends and share repurchases, asset dispositions, mergers or consolidations, the granting of liens, and transactions with affiliates. The Amended and Restated Credit Agreement also contains a cross-default provision pursuant to which a default under certain indebtedness of the Company or its subsidiary, MBC Funding II, may constitute a default under the Webster Credit Line. Under the Amended and Restated Credit Agreement, the Company may repurchase, redeem or otherwise retire its equity securities in an amount not to exceed ten percent of the Company's annual net income from the prior fiscal year. The Webster Credit Line also includes restrictions, subject to negotiated exceptions, on additional indebtedness and other restricted payments. In addition, Mr. Ran has provided a personal guaranty of up to \$1.0 million, plus enforcement costs, with respect to amounts that may be owed under the Webster Credit Line.

On December 12, 2025, MBC Funding II entered into a committed credit facility with Valley, providing for maximum borrowings of up to \$10.0 million. The Valley Credit Line is secured by substantially all of the assets of MBC Funding II and is guaranteed by the Company and includes a limited guaranty from Mr. Ran capped at \$500,000. Amounts available for borrowing under the Valley Credit Line are subject to a borrowing base based on eligible mortgage loans, as reflected in periodic borrowing base certificates and related schedules delivered to Valley pursuant to the Letter Agreement. Borrowings under the Valley Credit Line bear interest at a floating rate equal to the forward-looking term rate based on SOFR for the applicable interest period (“Term SOFR”), subject to a floor, plus an applicable margin, and are subject to customary fees. The Valley Credit Line matures on December 12, 2027, unless earlier accelerated in accordance with its terms. Borrowings under the Valley Credit Line were used, in part, to fund the redemption of MBC Funding II’s 6.0% Notes in December 2025 (see Note 6).

Deferred financing costs incurred to establish and amend the lines of credit are being amortized on a straight-line basis over the terms of the respective agreements. Amortization expense related to these costs was \$15,915 and \$13,578 for the years ended December 31, 2025 and 2024, respectively.

The Company was in compliance with all covenants under the Webster Credit Line, as amended, as of December 31, 2025 and 2024. MBC Funding II was in compliance with all covenants under the Valley Credit Line as of December 31, 2025.

As of December 31, 2025, outstanding borrowings under the Webster Credit Line were \$11,558,632 and bore interest at a rate of approximately 7.3%, inclusive of the 0.5% agency fee. Outstanding borrowings under the Valley Credit Line were \$6,042,500 and bore interest at a rate of approximately 6.7% as of December 31, 2025.

On February 24, 2026, the Company entered into an amendment to the Amended and Restated Credit Agreement that, among other things, (i) extended the term through March 31, 2026, (ii) provided for the departure of Mizrahi as a lender, and (iii) reallocated revolving commitments among the remaining lenders.

On March 24, 2026, the Company entered into an amendment to the Amended and Restated Credit Agreement that, among other things, (i) extended the maturity of the credit facility to February 28, 2029, (ii) modified certain portfolio composition requirements, including limiting mortgage loans outstanding for more than 30 months to 17.5% of the total portfolio, (iii) updated applicable interest margins, and (iv) revised certain mortgage loan eligibility criteria. In connection with the amendment, the Company paid a non-refundable amendment fee of \$20,000. Except as amended, all other material terms of the credit facility remain in full force and effect.

6. Senior Secured Notes

On April 25, 2016, in an initial public offering, MBC Funding II issued the Notes, due April 22, 2026, in the aggregate principal amount of \$6,000,000 under the Indenture, dated April 25, 2016, among MBC Funding II, as issuer, the Company, as guarantor, and Worldwide Stock Transfer LLC, as indenture trustee (the “Indenture”). The Notes, with a principal amount of \$1,000 each, were listed on the NYSE American and traded under the symbol “LOAN/26.” Interest on the Notes accrued commencing May 16, 2016 and was payable monthly in arrears on the 15th day of each calendar month. The Company guaranteed MBC Funding’s obligations under the Notes, which were secured by its pledge of 100% of the outstanding common shares of MBC Funding that it owns.

Pursuant to a notice of redemption delivered on November 26, 2025, MBC Funding II redeemed all outstanding Notes on December 15, 2025 at a redemption price equal to 100% of principal plus accrued and unpaid interest to, but excluding, the redemption date. Following the redemption, no Notes remained outstanding and trading of the Notes was suspended prior to market open on the redemption date.

7. Simple IRA Plan

On October 26, 2000, the Board of Directors approved a Simple IRA Plan (the “IRA Plan”) to attract and retain valuable executives. The IRA Plan allows for participation by up to 100 eligible employees of the Company. Under the IRA Plan, eligible employees may contribute a portion of their pre-tax yearly salary, up to the maximum contribution limit for Simple IRA Plans as set forth under the Internal Revenue Code of 1986, as amended, with the Company matching on a dollar-for-dollar basis up to 3% of the employees’ annual pre-tax compensation. Contribution limits and other plan parameters are subject to change in accordance with applicable law and plan administration. For the years ended December 31, 2025 and 2024, the Company made matching contributions of \$22,716 and \$21,255, respectively, to the IRA Plan.

8. Stockholders' Equity

On April 11, 2023, the Company adopted a share repurchase program authorizing the repurchase of up to 100,000 shares of the Company's common stock. The program expired on April 10, 2024. Prior to expiration, the Company repurchased an aggregate of 56,294 shares for an aggregate cost of \$271,468, including 2,000 shares repurchased during the first quarter of 2024 for an aggregate cost of \$9,800.

On November 20, 2025, the Company adopted a new share repurchase program authorizing the repurchase of up to 100,000 shares of the Company's common stock over the subsequent 12 months. As of December 31, 2025, the Company had repurchased an aggregate of 6,200 shares under the program for an aggregate cost of approximately \$29,000. Subsequent to December 31, 2025, the Company repurchased an additional 3,100 shares for an aggregate cost of approximately \$14,000.

9. Stock-Based Compensation

Stock-based compensation expense recognized under ASC Topic 718 of \$13,065 for each of the years ended December 31, 2025 and 2024 reflects the amortization of the fair value of 1,000,000 restricted shares granted to the Company's Chief Executive Officer on September 9, 2011 of \$195,968, after adjusting for the effect on the fair value of the stock options related to this transaction. The fair value is being amortized over 15 years. At December 31, 2025, all 1,000,000 shares remain restricted, and the remaining unrecognized stock-based compensation amounted to \$8,710. One third of such restricted shares shall vest on each of September 9, 2026, September 9, 2027, and September 9, 2028.

10. Commitments and Contingencies

Operating Leases

On October 27, 2020, the Company amended its existing lease (the "Lease Amendment") for its corporate headquarters located at 60 Cutter Mill Road, Great Neck, New York, to expand the office premises and to extend the term of the non-cancelable lease through November 30, 2027. Among other things, the Lease Amendment provides for gradual rent increases from approximately \$4,500 per month during the first three years to \$5,100 per month during the last year of the extension term, and requires payments for electricity and future escalation increases, as defined. The Company also leased office equipment under a non-cancelable lease that expired in March 2024.

At December 31, 2025, approximate future minimum lease payments, including mandatory fixed electricity charges, are as follows:

2026	\$	60,926
2027		<u>55,848</u>
Total minimum lease payments		116,774
Less: amount representing interest		<u>(4,698)</u>
Present Value of Net Minimum Lease Payments	\$	<u>112,076</u>

At December 31, 2025, the Company's operating lease had a weighted-average remaining lease term of 1.92 years, and the weighted-average discount rate used was 4.14%, which was based on the Company's incremental borrowing rate at the inception of the lease.

Rent expense, including fixed electricity charges and variable real estate taxes, in the years 2025 and 2024 was approximately \$64,000 and \$63,000, respectively.

Employment Agreements

In March 1999, the Company entered into an employment agreement with Mr. Ran, pursuant to which: (i) Mr. Ran's employment term renews automatically on June 30th of each year for successive one-year periods unless either party gives to the other written notice at least 180 days prior to June 30th of its intention to terminate the agreement; (ii) Mr. Ran receives a current annual base salary of \$380,000 and annual bonuses as determined by the Compensation Committee of the board of directors, in its sole and absolute discretion, and is eligible to participate in all executive benefit plans established and maintained by the Company; and (iii) Mr. Ran agreed to a one-year non-competition period following the termination of his employment.

In June 2024, the Compensation Committee approved an increase in Mr. Ran's annual base salary from \$350,000 to \$380,000. In December 2025, Mr. Ran voluntarily agreed to forgo \$14,615 of base salary for the period from December 18, 2025 through December 31, 2025. As a result, Mr. Ran's base salary actually earned for 2025 and 2024 was \$365,385 and \$365,000, respectively. The Compensation Committee also approved a \$30,000 annual bonus for Mr. Ran in 2024.

11. Segment Reporting

The Company reports segment information based on the management approach which designates the internal reporting used by the Chief Operating Decision Maker, which is the Company's Chief Executive Officer, for making decisions and assessing performance as the source of the Company's reportable segments. The Company operates as a single reportable segment, originating, servicing, and managing short-term secured commercial loans to real estate investors. Management evaluates performance on a consolidated basis, as all loans share similar risk profiles, underwriting standards, and operational processes. Key performance metrics include interest income, origination fees, loan performance, and operating expenses. Significant expenses reviewed by management include interest and amortization of deferred financing costs and general and administrative expenses, which remain consistent across loan types. There are no material differences between segment-level information and consolidated financial reporting. The Company will continue to evaluate its segment reporting disclosures and make adjustments if there are material changes in business operations or financial reporting requirements.

Net income from the Company's reportable segment is as follows:

	<u>2025</u>	<u>2024</u>
Lending revenue:	\$ 8,666,307	\$ 9,688,641
Less:		
Interest expense	1,642,453	2,248,368
Amortization of deferred financing costs	112,900	88,664
Referral fees	3,257	1,847
General and administrative expenses	1,813,510	1,776,176
Other income	(18,000)	(18,000)
Income tax expense	1,210	650
Net income	<u>\$ 5,110,977</u>	<u>\$ 5,590,936</u>

12. Subsequent Events

Pursuant to a dividend declared by the Company's Board of Directors on October 30, 2025, the Company paid a cash dividend of \$0.115 per share, totaling \$1,314,732, on January 15, 2026 to shareholders of record as of December 31, 2025.

On February 10, 2026, the Company's Board of Directors declared a cash dividend of \$0.11 per share, payable on April 15, 2026 to shareholders of record as of April 8, 2026.

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Corporate Information

EXECUTIVE OFFICERS

Assaf Ran
Chief Executive Officer and President

Vanessa Kao
Chief Financial Officer, Vice President, Treasurer and Secretary

BOARD OF DIRECTORS

Assaf Ran, *Chairman of the Board*

Lyron Bentovim (1)

Eran Goldshmit (1)(2)(3)

Michael J. Jackson (1)(2)(3)

Phillip Michals (1)(2)(3)

Vanessa Kao

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance and Nominating Committee.

SHAREOWNER SERVICES

Questions about stock-related matters may be directed to our transfer agent:

Equiniti Trust Company LLC
ATTN: EQ – Automated Scanning Team
1110 Centre Pointe Curve, Suite 101
Mendota Heights, Minnesota 55120-4100
US: (800) 937-5449
Outside US & Canada: (718) 921-8124
Email: HelpAST@equiniti.com

COUNSEL

Sullivan & Worcester LLP
1251 Avenue of the Americas
New York, NY 10020

INDEPENDENT PUBLIC ACCOUNTANTS

Hoberman & Lesser CPA's, LLP
252 West 37th Street, Suite 600E
New York, NY 10018

OTHER INFORMATION

A copy of the Company's annual report on Form 10-K, for the year ended December 31, 2025, filed with the Securities and Exchange Commission may be obtained without charge by any shareholder by sending a written request to:

Manhattan Bridge Capital Inc.
Investor Relations Department
60 Cutter Mill Road, Suite 205
Great Neck, NY 11021
(516) 444-3400
or at www.manhattanbridgecapital.com

Additional information can be received by contacting our investor relations department at the telephone number above.

HOLDERS

As of April 24, 2026, the number of registered holders of our common shares was 10 and the estimated number of beneficial owners of our common shares was approximately 9,000. Equiniti Trust Company LLC serves as transfer agent for our common shares.

DIVIDENDS

We intend to pay regular quarterly distributions to holders of our common shares in an amount not less than 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gains). As a REIT, our distributions generally will be taxable as ordinary income to our shareholders (subject to the lower effective tax rates applicable to qualified REIT dividends via the deduction-without-outlay mechanism of Section 199A of the Code, which is generally available to our noncorporate U.S. shareholders that meet specified holding requirements), although we may designate a portion of the distributions as qualified dividend income or capital gain or a portion of the distributions may constitute a return of capital. For tax reporting purposes, taxable income dividends/distributions and non-taxable return of capital distributions may result and will be reported as such to U.S. individual taxpayers on Form 1099-DIV. For the tax year of 2025, 100% of our total distributions are characterized as non-qualified dividends (Section 199A).



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