

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Shore Bancshares, Inc., successor to The Community Financial Corporation		52-1974638	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Meera Parikh	240-21-9606	meera.parikh@shoreunitedbank.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
18 East Dover Street		Easton, MD 21601	
8 Date of action		9 Classification and description	
July 1, 2023		Common stock	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
825107105	n/a	SHBI	n/a

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

- 14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► See attachment

- 15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► See attachment

- 16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► See attachment

Part II **Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ►
Internal Revenue Code sections 302, 354, 358, 368, 1001, 1221, and 1223

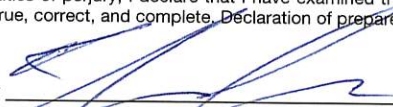
18 Can any resulting loss be recognized? ► See attachment

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ►
The merger became effective on July 1, 2023, and, therefore, the reportable tax year is the taxable year that includes the July 1, 2023, effective date. This is the 2023 calendar year for those shareholders who report taxable income based on a calendar year.

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ►



Date ►

10/13/2026

Print your name ► **Charles S. Cullum**

Title ► **Chief Financial Officer**

**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed

PTIN

Firm's name ►

Firm's EIN ►

Firm's address ►

Phone no.

Shore Bancshares, Inc.
EIN 52-1974638
Attachment to Form 8937
Merger of The Community Financial Corporation with Shore Bancshares, Inc.

REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to be complete or describe the consequences that may apply to particular categories of shareholders. Each shareholder is advised to consult his or her tax advisor regarding the tax treatment of the merger. Further discussion of the tax consequences of the merger can be found in Shore Bancshares Inc.'s Registration Statement on Form S-4/A filed with the U.S. Securities and Exchange Commission on May 4, 2023, under the heading "Material U.S. Federal Income Tax Consequences of the Merger" available at www.sec.gov (the "Form S-4").

Part II, Box 14

The organizational action involves the merger of The Community Financial Corporation ("TCFC") with and into Shore Bancshares, Inc. ("Shore") on July 1, 2023, with Shore continuing as the surviving entity (the "merger").

As a result of the merger, each share of TCFC common stock issued and outstanding immediately prior to the effective time, except for shares of TCFC common stock owned by TCFC, was converted into the right to receive 2.3287 shares of Shore common stock. Holders of TCFC common stock who otherwise were entitled to a fractional share of Shore common stock instead received an amount in cash (rounded to the nearest cent) determined by multiplying the average of the closing-sale prices per share of Shore common stock on The Nasdaq Stock Market ("Nasdaq") for the 20 trading days ending on and including the fifth trading day prior to the July 1, 2023, effective date by the fraction of a share.

Part II, Box 15

As described in the Form S-4, the merger is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). If the merger so qualifies, the aggregate tax basis of the Shore common stock that a U.S. holder receives in the merger will equal such U.S. holder's aggregate adjusted tax basis in the shares of TCFC common stock that it surrenders in the merger, decreased by the amount of any tax basis allocable to any fractional share interest for which cash is received, as described below. The holding period for the shares of Shore common stock that a U.S. holder receives in the merger (including any fractional share deemed received and redeemed for cash as described below) will include the holding period for the shares of TCFC common stock that such U.S. holder surrenders in the merger. The basis and holding period of each block of Shore common stock a U.S. holder receives will be determined on a block-for-block basis depending on the basis and holding period of the blocks of TCFC common stock exchanged for such block of Shore common stock. A U.S. holder of TCFC common stock who receives cash instead of a fractional share of Shore common stock will be treated as having received such fractional share of Shore common stock in the merger and then as having received cash in exchange for such fractional share of Shore common stock. As a result, such U.S. holder generally will recognize gain or loss equal to the difference between the amount of cash received instead of a fractional share and the

U.S. holder's adjusted tax basis allocable to the fractional share of Shore common stock it is treated as receiving. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if, as of the effective time of the merger, the holding period for such fractional share (including the holding period of shares of TCFC common stock surrendered therefor) exceeds one year.

Part II, Box 16

Refer to the description of the basis calculation in Part II, Box 15 above. For purposes of determining the amount realized and the fair market value of the Shore common stock received in the merger, Shore used \$11.56 per share, the closing price of Shore common stock on The Nasdaq Stock Market on June 30, 2023, the last trading day before the July 1, 2023, effective date of the merger.

Part II, Box 18

A U.S. holder will not recognize loss on the exchange of TCFC common stock for shares of Shore common stock, except that loss may be recognized by those U.S. holders treated as having received a fractional share pursuant to the merger and then as having exchanged that fractional share for cash to the extent the amount by which the cash received by such holder is less than the holder's basis in the fractional shares as set forth above.