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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2025
OR
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to __________.

Commission File Number 000-30707
First Northern Community Bancorp
(Exact name of Registrant as specified in its charter)

California (State or other jurisdiction of incorporation or organization)	68-0450397 (I.R.S. Employer Identification Number)
195 N. First St., Dixon, CA (Address of principal executive offices)	95620 (Zip Code)

707-678-3041
(Registrant's telephone number including area code)

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

Title of each class	Trading symbols(s)	Name of each exchange on which registered
None	Not Applicable	Not Applicable

Securities registered pursuant to Section 12(g) of the Act: Common Stock, no par value

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and emerging growth company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer ☐ **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 those error corrections 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 Act).
Yes ☐ **No** ☒

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant on June 30, 2025 (based upon the last reported sales price of such stock on the OTC Markets) was $139,059,159.

The number of shares of the registrant's Common Stock outstanding as of March 9, 2026 was 15,683,051.

DOCUMENTS INCORPORATED BY REFERENCE

Items 10, 11, 12 (as to security ownership of certain beneficial owners and management), 13 and 14 of Part III incorporate by reference information from the registrant's proxy statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for the registrant's 2026 Annual Meeting of Shareholders.

TABLE OF CONTENTS

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements, which may include forecasts of our financial results and condition, expectations for our operations and business, and our assumptions for those forecasts and expectations. Do not rely unduly on forward-looking statements. Actual results might differ significantly compared to our forecasts and expectations. See Part I, Item 1A. "Risk Factors," and the other risks described in this report for factors to be considered when reading any forward-looking statements in this filing.

This report includes forward-looking statements, which are subject to the "safe harbor" created by section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended. We may make forward-looking statements in our Securities and Exchange Commission ("SEC") filings, press releases, news articles and when we are speaking on behalf of the Company. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Often, they include the words "believe," "expect," "target," "anticipate," "intend," "plan," "seek," "estimate," "potential," "project," or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could," "might," or "may." These forward-looking statements are intended to provide investors with additional information with which they may assess our future potential. All of these forward-looking statements are based on assumptions about an uncertain future and are based on information available to us at the date of these statements. We do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made.

In this document, for example, we make forward-looking statements, which discuss our expectations about:

- Our business objectives, strategies and initiatives, our organizational structure, the growth of our business and our competitive position and prospects, and the effect of competition on our business and strategies
- Our assessment of significant factors and developments that have affected or may affect our results
- Legal and regulatory actions, and future legislative and regulatory developments
- Regulatory and compliance controls, processes and requirements and their impact on our business
- The costs and effects of legal or regulatory actions
- Expectations regarding draws on performance letters of credit and liabilities that may result from recourse provisions in standby letters of credit
- Our intent to sell or hold, and the likelihood that we would be required to sell, various investment securities
- Our regulatory capital requirements, including the capital rules established after the 2008 financial crisis by the U.S. federal banking agencies and our current intention not to elect to use the community bank leverage ratio framework
- Expectations regarding our non-payment of a cash dividend on our common stock in the foreseeable future
- Credit quality and provision for credit losses and management of asset quality and credit risk, expectations regarding collections and the timing thereof
- Our allowances for credit losses, including the conditions we consider in determining the unallocated allowance and our portfolio credit quality, the adequacy of the allowance for credit losses, underwriting standards, and risk grading
- Our assessment of economic conditions and trends and credit cycles and their impact on our business
- The seasonal nature of our business
- The impact of changes in interest rates and our strategy to manage our interest rate risk profile and the possible effect of changes in residential mortgage interest rates on new originations and refinancing of existing residential mortgage loans

- Loan portfolio composition and risk grade trends, expected charge-offs, portfolio credit quality, loan demand, our strategy regarding loan modifications, delinquency rates and our underwriting standards and our expectations regarding our recognition of interest income on loans that were provided payment deferrals upon completion of the payment forbearance period
- Our deposit base including renewal of time deposits and the outlook for deposit balances
- The impact on our net interest income and net interest margin of changes in interest rates
- The effect of possible changes in the initiatives and policies of the federal and state bank regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board, the Securities and Exchange Commission and other standard setters
- Tax rates and the impact of changes in the U.S. tax laws
- Our pension and retirement plan costs
- Our liquidity strategies and beliefs concerning the adequacy of our liquidity, sources and amounts of funds and ability to satisfactorily manage our liquidity
- Critical accounting policies and estimates, the impact or anticipated impact of recent accounting pronouncements or changes in accounting principles
- Expected rates of return, maturities, loss exposure, growth rates, yields, and projected results
- The possible impact of weather-related or other natural conditions, including drought, fire or flooding, seismic events, and related governmental responses, including related electrical power outages, on economic conditions, especially in the agricultural sector
- Maintenance of insurance coverages appropriate for our operations
- Threats to the banking sector and our business due to cybersecurity issues and attacks and regulatory expectations related to cybersecurity
- The possible effects on community banks and our business from the failures of other banks
- The possible adverse impacts on the banking industry and our business from a period of significant, prolonged inflation
- Descriptions of assumptions underlying or relating to any of the foregoing

There are numerous risks and uncertainties that could and will cause actual results to differ materially from those discussed in our forward-looking statements. Many of these factors are beyond our ability to control or predict and could have a material adverse effect on our financial condition and results of operations or prospects. Such risks and uncertainties include but are not limited to those listed in this "Note Regarding Forward-Looking Statements," Part I, Item 1A "Risk Factors," Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report and in our other reports to the SEC.

Readers of this document should not rely unduly on forward-looking information and should consider all uncertainties and risks disclosed throughout this document and in our other reports to the SEC, including, but not limited to, those discussed below. Any factor described in this report could by itself, or together with one or more other factors, adversely affect our business, future prospects, results of operations, or financial condition. We do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions, or events that occur after the date the forward-looking statements are made.

PART I

ITEM 1 - BUSINESS

General

First Northern Community Bancorp (the "Company") is a bank holding company registered under the Bank Holding Company Act of 1956, as amended ("BHCA"). Its legal headquarters and principal administrative offices are located at 195 N. First Street, Dixon, CA 95620 and its telephone number is (707) 678-3041. The Company provides a full range of community banking services to individual and corporate customers throughout the California Counties of Solano, Yolo, Placer, and Sacramento as well as portions of El Dorado County through its wholly-owned subsidiary bank, First Northern Bank of Dixon ("First Northern" or the "Bank"). The Company's operating policy since inception has emphasized the banking needs of individuals and small- to medium-sized businesses. In addition, the Bank owns 100% of the capital stock of Yolano Realty Corporation, a subsidiary created for the purpose of managing selected other real estate owned properties.

The Bank was established in 1910 under a California state charter as Northern Solano Bank, and opened for business on February 1st of that year. On January 2, 1912, the First National Bank of Dixon was established under a federal charter, and until 1955, the two entities operated side by side under the same roof and with the same management. In an effort to increase efficiency of operation, reduce operating expense, and improve lending capacity, the two banks were consolidated on April 8, 1955, with the First National Bank of Dixon as the surviving entity. On January 1, 1980, the Bank's federal charter was relinquished in favor of a California state charter, and the Bank's name was changed to First Northern Bank of Dixon.

In April of 2000, the shareholders of First Northern approved a corporate reorganization, which provided for the creation of the bank holding company. This reorganization, effected May 19, 2000, enabled the Company to better compete and grow in its competitive and rapidly changing marketplace.

The Bank has fourteen full-service branches located in the cities of Auburn, Colusa, Davis, Dixon, Fairfield, Orland, Rancho Cordova, Roseville, Sacramento, Vacaville, West Sacramento, Winters, Willows and Woodland. The Bank has one satellite banking office inside a retirement community in the city of Davis and a residential mortgage loan office located in the Davis branch. The Bank engages financial advisors, through Raymond James Financial Services, Inc., who offer non-FDIC insured investment and brokerage services throughout the region from offices strategically located in West Sacramento, Roseville, Davis and Auburn. The Bank's operations center is located in Dixon and provides back-office support including information services, central operations, and the central loan department. In 2019, the Bank opened an additional administrative office in Sacramento.

The Bank is in the commercial banking business and generates most of its revenue by providing a wide range of products and services to small- and medium-sized businesses and individuals, including accepting demand, interest bearing transaction, savings, and time deposits, and making commercial, consumer, and real estate related loans. It also rents safe deposit boxes and provides other customary banking services.

First Northern offers a broad range of alternative investment products, fiduciary and other financial services through Raymond James Financial Services, Inc. First Northern also offers equipment leasing, credit cards, merchant card processing, payroll services, and limited international banking services through third parties.

The Bank's principal source of revenue is interest income. Interest income is primarily derived from interest and fees on loans and leases, interest on investments, and due from banks interest bearing accounts. For the year ended December 31, 2025, these sources comprised approximately 70%, 22%, and 6%, respectively, of the Company's interest income.

The Bank is a member of the Federal Deposit Insurance Corporation ("FDIC") and all deposit accounts are insured by the FDIC to the maximum amount permitted by law, currently $250,000 per depositor. Most of the Bank's deposits are attracted from the market of northern and central Solano County, southern and central Yolo County and Placer County. The Bank's deposits are not received from a single depositor or group of affiliated depositors, the loss of any one which would have a materially adverse impact on the business of the Bank. A material portion of the Bank's deposits are not concentrated within a single industry group of related industries.

As of December 31, 2025, the Company had consolidated assets of approximately $1.91 billion, liabilities of approximately $1.70 billion and stockholders' equity of approximately $212.0 million. The Company and its subsidiaries employed 204 full-time-equivalent employees as of December 31, 2025. The Company and the Bank consider their relationship with their employees to be good and have not experienced any interruptions of operations due to labor disagreements.

Available Information

The Company makes available free of charge on its website, www.thatsmybank.com, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports, as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC. These filings are also accessible on the SEC's website at www.sec.gov. The information found on the Company's website shall not be deemed incorporated by reference by any general statement incorporating by reference this report into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934 and shall not otherwise be deemed filed under such Acts.

The Effect of Government Policy on Banking

The earnings and growth of the Bank are affected not only by local market area factors and general economic conditions, but also by government monetary and fiscal policies. For example, the Board of Governors of the Federal Reserve System ("FRB") influences the supply of money through its open market operations in U.S. Government securities, adjustments to the discount rates applicable to borrowings by depository institutions and others and establishment of reserve requirements against both member and non-member financial institutions' deposits. Such actions significantly affect the overall growth and distribution of loans, investments, and deposits and also affect interest rates charged on loans and paid on deposits. The nature and impact of future changes in economic conditions and governmental policies on the business and earnings of the Company cannot be predicted. Additionally, state and federal tax policies can impact banking organizations.

Because of the extensive regulation of commercial banking activities in the United States, the business of the Company is particularly susceptible to being affected by the enactment of federal and state legislation which may have the effect of increasing or decreasing the cost of doing business, modifying permissible activities or enhancing the competitive position of other financial institutions. Any change in applicable laws, regulations, or policies may have a material adverse effect on the business, financial condition, or results of operations, or prospects of the Company.

In May 2018, President Trump signed into law the Economic Growth, Regulatory Relief and Consumer Protection Act (the "EGRRCPA") which amended various provisions of the Dodd-Frank Act as well as other federal banking statutes, and generally authorized the FRB to tailor regulation to better reflect the character of the different banking firms that the FRB supervises. In August 2018, the FRB began implementing the EGRRCPA with several interim final rules which, among other things, revised the FRB's Small Bank Holding Company and Savings and Loan Holding Company Policy Statement (the "policy statement") to raise the consolidated assets threshold from $1 billion to $3 billion, allowing the Company to qualify under the policy statement. This policy statement applies to bank holding companies with pro forma consolidated assets of less than $3 billion that (i) are not engaged in significant nonbanking activities either directly or through a nonbank subsidiary; (ii) do not conduct significant off-balance sheet activities (including securitization and asset management or administration) either directly or through a nonbank subsidiary; and (iii) do not have a material amount of debt or equity securities outstanding (other than trust preferred securities) that are registered with the SEC. This policy statement permits qualifying bank holding companies, such as the Company, to operate with higher levels of debt, facilitating the ability of community banks to issue debt and raise capital. Qualifying bank holding companies, such as the Company, also are permitted to be examined by a Federal banking agency every 18 months (as opposed to every 12 months) and are eligible to use shorter call report forms. Whether and to what extent the EGRRCPA or new legislation will result in additional regulatory initiatives and policies, or modifications of existing regulations and policies, which may impact our business, cannot be predicted at this time. See "Possible Future Legislation and Regulatory Initiatives" below for more information.

The current Trump Administration has indicated a desire to reduce the regulatory burden on U.S. companies, including financial institutions. See "Possible Future Legislation and Regulatory Initiatives" below for additional information.

Supervision and Regulation of Bank Holding Companies

The Company is a bank holding company subject to the BHCA. The Company reports to, registers with, and is subject to regulation, supervision and examination by, the FRB. The FRB also has the authority to examine the Company's subsidiaries. The costs of any examination by the FRB are payable by the Company.

The FRB has significant supervisory, regulatory and enforcement authority over the Company and its affiliates. The FRB requires the Company to maintain certain levels of capital. See “Capital Standards” below for more information. The FRB also has the authority to take enforcement action against any bank holding company that commits any unsafe or unsound practice, or violates certain laws, regulations, or conditions imposed in writing by the FRB. See “Prompt Corrective Action and Other Enforcement Mechanisms” below for more information. Such enforcement powers include the power to assess civil money penalties against any bank holding company violating any provision of the BHCA or any regulation or order of the FRB under the BHCA. Knowing violations of the BHCA or regulations or orders of the FRB can also result in criminal penalties for the bank holding company and any individuals participating in such conduct. Under long-standing FRB policy and provisions of the Dodd-Frank Act, bank holding companies are required to act as a source of financial and managerial strength to their subsidiary banks, and to commit resources to support their subsidiary banks. This support may be required at times when a bank holding company may not have the resources to provide such support, or may not be inclined to provide such support under the then-existing circumstances.

Under the BHCA, a company generally must obtain the prior approval of the FRB before it exercises a controlling influence over a bank, or acquires, directly or indirectly, more than 5% of the voting shares or substantially all of the assets of any bank or bank holding company. Thus, the Company is required to obtain the prior approval of the FRB before it acquires, merges, or consolidates with any bank or bank holding company. Any company seeking to acquire, merge, or consolidate with the Company also would be required to obtain the prior approval of the FRB.

The Company is generally prohibited under the BHCA from acquiring ownership or control of more than 5% of the voting shares of any company that is not a bank or bank holding company and from engaging directly or indirectly in activities other than banking, managing banks, or providing services to affiliates of the holding company. However, a bank holding company, with the approval of the FRB, may engage, or acquire the voting shares of companies engaged, in activities that the FRB has determined to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. A bank holding company must demonstrate that the benefits to the public of the proposed activity will outweigh the possible adverse effects associated with such activity.

The FRB generally prohibits a bank holding company from declaring or paying a cash dividend which would impose undue pressure on the capital of subsidiary banks or would be funded only through borrowing or other arrangements that might adversely affect a bank holding company’s financial position. The FRB’s policy is that a bank holding company should not continue its existing rate of cash dividends on its common stock unless its net income is sufficient to fully fund each dividend and its prospective rate of earnings retention appears consistent with its capital needs, asset quality, and overall financial condition. The Company is also subject to restrictions relating to the payment of dividends under California corporate law. See “Restrictions on Dividends and Other Distributions” below for additional restrictions on the ability of the Company and the Bank to pay dividends.

Supervision and Regulation of the Bank

The Bank is subject to regulation, supervision and regular examination by the Financial Institutions Division of the California Department of Financial Protection and Innovation ("DFPI") and the FDIC. The regulations of and laws administered by these agencies affect most aspects of the Bank’s business and prescribe permissible types of loans and investments, the amount of required reserves, requirements for branch offices, the permissible scope of the Bank’s activities and various other requirements. While the Bank is not a member of the FRB, it is directly subject to certain regulations of the FRB dealing with such matters as check clearing activities, establishment of banking reserves, Truth-in-Lending (“Regulation Z”), and Equal Credit Opportunity (“Regulation B”). The FDIC regularly conducts compliance examinations of insured depository institutions to determine whether the institution is meeting its responsibility to comply with the requirements of consumer protection laws and regulations. The Bank is also subject to regulations of (although not direct supervision and examination by) the Consumer Financial Protection Bureau (“CFPB”), which was created by the Dodd-Frank Act. Among the CFPB’s responsibilities are implementing and enforcing federal consumer financial protection laws, reviewing the business practices of financial services providers for legal compliance, monitoring the marketplace for transparency on behalf of consumers and receiving complaints and questions from consumers about consumer financial products and services. The Dodd-Frank Act added prohibitions on unfair, deceptive or abusive acts and practices to the scope of consumer protection regulations overseen and enforced by the CFPB.

Many states and local jurisdictions have consumer protection laws analogous, and in addition, to those listed above. These federal, state and local laws regulate the manner in which financial institutions deal with customers when taking deposits, making loans or conducting other types of transactions. Failure to comply with these laws and regulations could give rise to regulatory sanctions, customer rescission rights, action by state and local attorneys general and civil or criminal liability. Failure to comply with consumer protection requirements may also result in our failure to obtain any required bank regulatory approval for merger or acquisition transactions we may wish to pursue or our prohibition from engaging in such transactions even if approval is not required. See “Possible Future Legislation and Regulatory Initiatives” below for additional information about potential changes to the CFPB and consumer protection laws and enforcement.

The banking industry is also subject to significantly increased regulatory controls and processes regarding the Bank Secrecy Act and anti-money laundering laws. Over the past decade, a number of banks and bank holding companies announced the imposition of regulatory sanctions, including regulatory agreements and cease and desist orders and, in some cases, fines and penalties, by the bank regulators due to failures to comply with the Bank Secrecy Act and other anti-money laundering legislation. In a number of these cases, the fines and penalties have been significant. Failure to comply with these additional requirements may also adversely affect the Bank's ability to obtain regulatory approvals for future initiatives requiring regulatory approval, including acquisitions.

Under California law, the Bank is subject to various restrictions on, and requirements regarding, its operations and administration including the maintenance of branch offices and automated teller machines, capital and reserve requirements, deposits and borrowings, and investment and lending activities.

California law permits a state-chartered bank to invest in the stock and securities of other corporations, subject to a state-chartered bank receiving either general authorization or, depending on the amount of the proposed investment, specific authorization from the DFPI. Federal banking laws, however, impose limitations on the activities and equity investments of state-chartered, federally insured banks. The FDIC rules on investments prohibit a state bank from acquiring an equity investment of a type, or in an amount, not permissible for a national bank. FDIC rules also prohibit a state bank from engaging as a principal in any activity that is not permissible for a national bank, unless the bank is adequately capitalized and the FDIC approves the activity after determining that such activity does not pose a significant risk to the FDIC's deposit insurance fund. The FDIC rules on activities generally permit subsidiaries of banks, without prior specific FDIC authorization, to engage in those activities that have been approved by the FRB for bank holding companies because such activities are so closely related to banking to be a proper incident thereto. Other activities generally require specific FDIC prior approval, and the FDIC may impose additional restrictions on such activities on a case-by-case basis in approving applications to engage in otherwise impermissible activities.

The USA Patriot Act

Title III of the United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (“USA Patriot Act”) includes numerous provisions for fighting international money laundering and blocking terrorism access to the U.S. financial system. The USA Patriot Act requires certain additional due diligence and record keeping practices, including, but not limited to, new customers, correspondent and private banking accounts.

Part of the USA Patriot Act is the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 (“IMLAFATA”). Among its provisions, IMLAFATA requires each financial institution to: (i) establish an anti-money laundering program; (ii) establish appropriate anti-money laundering policies, procedures, and controls; (iii) appoint a Bank Secrecy Act officer responsible for day-to-day compliance; and (iv) conduct independent audits. In addition, IMLAFATA contains a provision encouraging cooperation among financial institutions, regulatory authorities, and law enforcement authorities with respect to individuals, entities and organizations engaged in, or reasonably suspected of engaging in, terrorist acts or money laundering activities. IMLAFATA expands the circumstances under which funds in a bank account may be forfeited and requires covered financial institutions to respond under certain circumstances to requests for information from federal banking agencies within 120 hours. IMLAFATA also amends the BHCA and the federal Bank Merger Act to require the federal banking agencies to consider the effectiveness of a financial institution’s anti-money laundering activities when reviewing an application under these Acts.

Pursuant to IMLAFATA, the Secretary of the Treasury, in consultation with the heads of other government agencies, has adopted measures applicable to banks, bank holding companies, and/or other financial institutions. These measures include enhanced record keeping and reporting requirements for certain financial transactions that are of primary money laundering concern, due diligence requirements concerning the beneficial ownership of certain types of accounts, and restrictions or prohibitions on certain types of accounts with foreign financial institutions.

Privacy Restrictions

The Gramm-Leach-Bliley Act (“GLBA”), which became law in 1999, in addition to the previous described changes in permissible non-banking activities permitted to banks, bank holding companies and financial holding companies, also requires financial institutions in the U.S. to implement policies and procedures regarding the disclosure of nonpublic personal information about consumers to non-affiliated third parties. In general, the GLBA requires explanations to consumers on policies and procedures regarding the disclosure of such nonpublic personal information, and, except as otherwise required by law, prohibits disclosing such information except as provided in the banks’ policies and procedures and applicable law. These regulations also allow consumers to opt-out of the sharing of certain information between affiliates, and impose other requirements.

Certain state laws and regulations designed to protect the privacy and security of customer information also apply to us and our subsidiaries, including laws requiring notification to affected individuals and regulators of data security breaches. For additional information, see "Information Security Breaches or Other Technological Difficulties Could Adversely Affect the Company" in Part I, Item 1A. "Risk Factors" in this Annual Report on Form 10-K.

The Company believes that it complies with all provisions of GLBA and all implementing regulations, and that the Bank has developed appropriate policies and procedures to meet its responsibilities in connection with the privacy provisions of GLBA.

California and other state legislatures have adopted privacy laws, including laws prohibiting sharing of customer information without the customer's prior permission. These laws may make it more difficult for the Company to share information with its marketing partners, reduce the effectiveness of marketing programs, and increase the cost of marketing programs.

In June 2018, the State of California enacted The California Consumer Privacy Act of 2018 ("CCPA"). This law became effective on January 1, 2020, and provides consumers with expansive rights and controls over their personal information which is obtained by or shared with "covered businesses", which includes the Bank and most other banking institutions subject to California law. The CCPA gives consumers the right to request disclosure of information collected about them and whether that information has been sold or shared with others, the right to request deletion of personal information subject to certain exceptions, the right to opt out of the sale of the consumer's personal information and the right not to be discriminated against because of choices regarding the consumer's personal information. The CCPA provides for certain monetary penalties and for its enforcement by the California Attorney General or consumers whose rights under the law are not observed. It also provides for damages as well as injunctive or declaratory relief if there has been unauthorized access, theft or disclosure of personal information due to failure to implement reasonable security procedures. The CCPA contains several exemptions, including a provision to the effect that the CCPA does not apply where the information is collected, processed, sold or disclosed pursuant to the GLBA if the GLBA is in conflict with the CCPA.

In November 2020, California voters approved state-wide Proposition 24, also known as the California Privacy Rights and Enforcement Act of 2020 (the "CPREA") which expanded and amended certain provisions of the CCPA and created the California Privacy Protection Agency to enforce privacy rights for Californians and impose fines for violations of such rights. The CPREA requires businesses to not share a consumer's personal information upon the consumer's request, provides consumers with an opt-out option for having their sensitive personal information used or disclosed for advertising or marketing, to obtain permission for collecting data on certain minors, and to correct a consumer's inaccurate information upon the consumer's request. It also removed the ability of businesses to remedy violations before being penalized for violations and increased the penalties for such violations.

These laws could adversely impact the business of the Bank by resulting in increased operating expenses as well as additional exposure to the risk of litigation by or on behalf of consumers.

Capital Standards

The FRB and the federal banking agencies have in place risk-based capital standards applicable to U.S. bank holding companies and banks. In July 2013, the Federal Reserve and the other U.S. federal banking agencies adopted final rules making significant changes to the U.S. regulatory capital framework for U.S. banking organizations and to conform this framework to the guidelines published by the Basel Committee known as the Basel III Global Regulatory Framework for Capital and Liquidity. The Basel Committee is a committee of banking supervisory authorities from major countries in the global financial system which formulates broad supervisory standards and guidelines relating to financial institutions for implementation on a country-by-country basis. These rules adopted by the Federal Reserve and the other federal banking agencies (the U.S. Basel III Capital Rules) replaced the federal banking agencies' general risk-based capital rules, advanced approaches rule, market risk rule, and leverage rules, in accordance with certain transition provisions.

Banks, such as First Northern, became subject to the final rules on January 1, 2015. The final rules implemented higher minimum capital requirements, included a new common equity Tier 1 capital requirement, and established criteria that instruments must meet in order to be considered common equity Tier 1 capital, additional Tier 1 capital, or Tier 2 capital. The final rules provide for increased minimum capital ratios as follows: (a) a common equity Tier 1 capital ratio of 4.5%; (b) a Tier 1 capital ratio of 6%; (c) a total capital ratio of 8%; and (d) a Tier 1 leverage ratio to average consolidated assets of 4%. Under these rules, in order to avoid certain limitations on capital distributions, including dividend payments and certain discretionary bonus payments to executive officers, a banking organization must hold a capital conservation buffer composed of common equity Tier 1 capital above its minimum risk-based capital requirements (equal to 2.5% of total risk-weighted assets). The capital conservation buffer is designed to absorb losses during periods of economic stress. First Northern believes that it was in compliance with these requirements at December 31, 2025.

Pursuant to the EGRRCPA, the FRB adopted a final rule, effective August 31, 2018, amending the Small Bank Holding Company and Savings and Loan Holding Company Policy Statement (the "policy statement") to increase the consolidated assets threshold to qualify to utilize the provisions of the policy statement from $1 billion to $3 billion. Bank holding companies, such as the Company, are subject to capital adequacy requirements of the FRB; however, bank holding companies which are subject to the policy statement are not subject to compliance with the regulatory capital requirements until they hold $3 billion or more in consolidated total assets. As a consequence, as of December 31, 2018, the Company was not required to comply with the FRB's regulatory capital requirements until such time that its consolidated total assets equal $3 billion or more or if the FRB determines that the Company is no longer deemed to be a small bank holding company. However, if the Company had been subject to these regulatory capital requirements, it would have exceeded all regulatory requirements.

In August of 2020, the Federal banking agencies adopted the final version of the community bank leverage ratio framework rule (the "CBLR"), implementing two interim final rules adopted in April of 2020. The rule provides an optional, simplified measure of capital adequacy. Under the optional CBLR framework, the CBLR was 8.5% through calendar year 2021 and is 9% thereafter. The rule is applicable to all non-advanced approaches FDIC-supervised institutions with less than $10 billion in total consolidated assets. Banks not electing the CBLR framework will continue to be subject to the generally applicable risk-based capital rule. On November 25, 2025, the US federal banking regulators proposed changes to the CBLR framework intended to encourage additional community banks to opt into the CBLR framework. This proposal would reduce the CBLR requirement from 9% to 8% and extend the grace period for qualifying institutions that fall below the 8% ratio to return to compliance from the current two quarters to four quarters, provided they maintain a 7% leverage ratio. At the present time, the Company and the Bank do not intend to elect to use the CBLR framework.

The following table presents the capital ratios for the Bank as of December 31, 2025 (calculated in accordance with the Basel III capital rules):

	The Bank			
	2025		Adequately Capitalized Ratio*	Well Capitalized Ratio
	Capital	Ratio		
Tier 1 Leverage Capital (to Average Assets)	$ 220,704	11.3%	4.0%	5.0%
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	220,704	17.6%	4.5%	6.5%
Tier 1 Capital (to Risk-Weighted Assets)	220,704	17.6%	6.0%	8.0%
Total Risk-Based Capital (to Risk-Weighted Assets)	236,352	18.9%	8.0%	10.0%

* Ratio for regulatory requirement excludes the capital conservation buffer of 2.50%.

The federal banking agencies must take into consideration concentrations of credit risk and risks from non-traditional activities, as well as an institution's ability to manage those risks, when determining the adequacy of an institution's capital. This evaluation will be made as a part of the institution's regular safety and soundness examination. The federal banking agencies must also consider interest rate risk (when the interest rate sensitivity of an institution's assets does not match the sensitivity of its liabilities or its off-balance-sheet position) in evaluating a Bank's capital adequacy.

In January 2014, the Basel Committee issued an updated version of its leverage ratio and disclosure guidance ("Basel III leverage ratio"), which were implemented beginning January 1, 2023. The Basel Committee guidance continues to set a minimum Basel III leverage ratio of 3%. The Basel Committee, in December 2017, adopted further revisions to the Basel III capital standards ("Basel IV") which refined the definition of the leverage ratio "exposure measures" (the Basel III term for non risk-weighted assets). On July 27, 2023, the federal banking agencies issued a proposed rule to implement the final components of the Basel III standards set by the Basel Committee on Banking Supervision in 2017 also known as the "Basel III end game". The proposed rule, which would not apply to the Company and the Bank as proposed, would substantially revise the existing regulatory capital framework for institutions with $100 billion or more of assets. The proposed rule faced delays and opposition from both banks and regulators through 2023 and 2024. Following President Trump's reelection, the Basel III end game rules were expected to undergo significant revisions or re-proposals. Recently, it has been reported that the FRB is actively working with the FDIC and the OCC on a re-proposal of the Basel III end game rule, which is expected to be released sometime in early 2026. This re-proposal is expected to reflect a more risk-based approach and significantly ease the earlier proposal for the biggest banks.

The current Trump Administration may consider adjustments to these capital and liquidity rules. Whether and the extent to which these proposed rules, or modifications of existing regulations and policies, which may impact our business, will be enacted and implemented is uncertain and cannot be predicted at this time.

Prompt Corrective Action and Other Enforcement Mechanisms

The Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”) requires each federal banking agency to take prompt corrective action to resolve the problems of insured depository institutions, including but not limited to those that fall below one or more prescribed minimum capital ratios. The law required each federal banking agency to promulgate regulations defining the following five categories in which an insured depository institution will be placed, based on the level of its capital ratios: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized.

Under the prompt corrective action provisions of FDICIA, an insured depository institution generally will be classified in one of five capital categories ranging from "well capitalized" to "critically under-capitalized."

An institution that, based upon its capital levels, is classified as “well capitalized,” “adequately capitalized” or “undercapitalized” may be treated as though it were in the next lower capital category if the appropriate federal banking agency, after notice and opportunity for hearing, determines that an unsafe or unsound condition or an unsafe or unsound practice warrants such treatment. At each successive lower capital category, an insured depository institution is subject to increased restrictions on its operations. Management believes that at December 31, 2025, the Company and the Bank exceeded the required ratios for classification as “well capitalized." Institutions that are “under-capitalized” or lower are subject to certain mandatory supervisory corrective actions. Failure to meet regulatory capital guidelines can result in a bank being required to raise additional capital. An “under-capitalized” bank must develop a capital restoration plan and its parent holding company must generally guarantee compliance with the plan.

In addition to measures taken under the prompt corrective action provisions, commercial banking organizations may be subject to potential enforcement actions by the federal regulators for unsafe or unsound practices in conducting their businesses or for violations of any law, rule, regulation or any condition imposed in writing by the agency or any written agreement with the agency. Enforcement actions may include the imposition of a conservator or receiver, the issuance of a cease-and-desist order that can be judicially enforced, the termination of insurance of deposits (in the case of a depository institution), the imposition of civil money penalties, the issuance of directives to increase capital, the issuance of formal and informal agreements, the issuance of removal and prohibition orders against institution-affiliated parties and the enforcement of such actions through injunctions or restraining orders based upon a judicial determination that the agency would be harmed if such equitable relief was not granted. Additionally, a holding company’s inability to serve as a source of strength to its subsidiary banking organizations could serve as a further basis for a regulatory action against the holding company. The term ‘‘unsafe or unsound practice’’ appears in the Federal Deposit Insurance Act for purposes of the agencies’ enforcement authority; however, it is not defined in the statute. In October 2025, the FDIC issued a proposed rule which seeks to implement a consistent definition of ‘‘unsafe or unsound practice’’ that would focus on material risks to the financial condition of an institution and would generally require that an imprudent practice, act, or failure to act, if continued, would be likely to materially harm the institution’s financial condition or present a material risk of loss to the FDIC’s DIF. If implemented, this proposed rule would also revise the supervisory framework for the issuance of matters requiring attention (MRA) and other supervisory communications and is intended to promote greater clarity and certainty regarding certain enforcement and supervision standards and to ensure that these standards prioritize material financial risks.

Safety and Soundness Standards

FDICIA also implemented certain specific restrictions on transactions and required federal banking regulators to adopt overall safety and soundness standards for depository institutions related to internal control, loan underwriting and documentation and asset growth. Among other things, FDICIA limits the interest rates paid on deposits by undercapitalized institutions, restricts the use of brokered deposits, limits the aggregate extensions of credit by a depository institution to an executive officer, director, principal shareholder, or related interest, and reduces deposit insurance coverage for deposits offered by undercapitalized institutions for deposits by certain employee benefits accounts.

The federal banking agencies may require an institution to submit to an acceptable compliance plan as well as have the flexibility to pursue other more appropriate or effective courses of action given the specific circumstances and severity of an institution’s non-compliance with one or more standards.

Restrictions on Dividends and Other Distributions

The power of the board of directors of an insured depository institution to declare a cash dividend or other distribution with respect to capital is subject to statutory and regulatory restrictions which limit the amount available for such distribution depending upon the earnings, financial condition and liquidity needs of the institution, as well as general business conditions. FDICIA prohibits insured depository institutions from paying management fees to any controlling persons or, with certain limited exceptions, making capital distributions, including dividends, if, after such transaction, the institution would be undercapitalized.

The federal banking agencies also have authority to prohibit a depository institution from engaging in business practices, which are considered to be unsafe or unsound, possibly including payment of dividends or other payments under certain circumstances even if such payments are not expressly prohibited by statute.

In addition to the restrictions imposed under federal law, banks chartered under California law generally may only pay cash dividends to the extent such payments do not exceed the lesser of retained earnings of the bank's net income for its last three fiscal years (less any distributions to shareholders during such period). In the event a bank desires to pay cash dividends in excess of such amount, the bank may pay a cash dividend with the prior approval of the DFPI in an amount not exceeding the greatest of the bank's retained earnings, the bank's net income for its last fiscal year, or the bank's net income for its current fiscal year.

Premiums for Deposit Insurance

The Bank is a member of the Deposit Insurance Fund ("DIF") maintained by the FDIC. Through the DIF, the FDIC insures the deposits of the Bank up to prescribed limits for each depositor. To maintain the DIF, member institutions are assessed an insurance premium based on their deposits and their institutional risk category. The FDIC determines an institution's risk category by combining its supervisory ratings with its financial ratios and other risk measures. The FDIC also has the authority to impose special assessments at any time it estimates that DIF reserves could fall to a level that would adversely affect public confidence.

In September, 2020, the FDIC board of directors voted to adopt a restoration plan to restore the DIF reserve ratio to at least 1.35% within 8 years as required by the Dodd-Frank Act. This action was in response to the reserve ratio dropping to 1.30% primarily due to the inflow of more than $1 trillion in estimated insured deposits in the first six month of 2020 resulting mainly from the pandemic, monetary policy actions, direct government assistance and an overall reduction in business spending. On October 18, 2022, the FDIC adopted a final rule, applicable to all insured depository institutions to increase the initial base deposit insurance assessment rate schedules uniformly by two basis points consistent with the Amended Restoration Plan approved by the FDIC on June 21, 2022. The FDIC indicated that it was taking this action in order to restore the DIF reserve ratio to the required statutory minimum of 1.35% by the statutory deadline of September 30, 2028. Under the final rule, the increase in rates began with the first quarterly assessment period of 2023 and will remain in effect unless and until the reserve ratio meets or exceeds 2% in order to support growth in the DIF in progressing toward the FDIC's long-term goal of a 2% reserve ratio. The increase in assessment rates will apply to the Bank and is projected to have an insignificant effect on the Company's capital levels and net income.

Deposit insurance assessments and assessment rates are subject to change by the FDIC and can be impacted by the overall economy and the stability of the banking industry as a whole. On November 16, 2023, the FDIC issued a final rule to implement a special assessment to recover the loss to the DIF associated with protecting uninsured depositors following the closure of Silicon Valley Bank and Signature Bank. Under the final rule, the assessment base for an insured depository institution was equal to the institution's estimated uninsured deposits as of December 31, 2022, adjusted to exclude the first $5 billion in estimated uninsured deposits. Under the final rule, the FDIC will collect the special assessment at an annual rate of 13.4 basis points (with the special assessment rate for the final collection quarter reduced from 3.36 basis points to 2.97 basis points) beginning with the first quarterly assessment period of 2024 and continuing for an anticipated total of eight quarterly assessment periods (with a final invoice date of March 30, 2026). This special assessment did not apply to the Bank; however, there can be no assurance that the FDIC will not impose special assessments on, or increase annual assessments payable by, the Bank in the future. The ultimate effect on our business of legislative, regulatory and economic developments on the DIF cannot be predicted with certainty. Future increases in insurance premiums could have adverse effects on the operating expenses and results of operations of the Company. Management cannot predict what the FDIC insurance assessment rates will be in the future.

Insurance of a bank's deposits may be terminated by the FDIC upon a finding that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order, or condition imposed by the FDIC or the Bank's primary regulator. Management of the Company is not aware of any practice, condition or violation that might lead to termination of the Company's deposit insurance.

Community Reinvestment Act and Fair Lending

The Bank is subject to certain fair lending requirements and reporting obligations involving its home mortgage lending operations and is also subject to the Community Reinvestment Act ("CRA"). The CRA generally requires the federal banking agencies to evaluate the record of a financial institution in meeting the credit needs of the Bank's local communities, including low- and moderate-income neighborhoods. In addition to substantive penalties and corrective measures that may be required for a violation of certain fair lending laws, the federal banking agencies may take compliance with such laws and CRA into account when reviewing other activities by the Bank, particularly applications involving business expansion such as acquisitions or de novo branching.

On October 24, 2023, the federal banking agencies jointly issued a final rule to strengthen and modernize the existing CRA regulations. In July 2025, the Federal bank regulatory agencies jointly issued a proposal to rescind the CRA final rule issued in October 2023 and replace it with the prior CRA regulations that were originally adopted by the agencies in 1995 (and that the agencies continue to apply), with certain technical amendments. The Bank continues to monitor and stay informed on changes to ensure compliance with the evolving regulatory framework.

Cybersecurity

The federal banking regulators regularly issue new guidance and standards, and update existing guidance and standards, regarding cybersecurity intended to enhance cyber risk management among financial institutions. Financial institutions are expected to comply with such guidance and standards and to accordingly develop appropriate security controls and risk management processes. If we fail to observe such regulatory guidance or standards, we could be subject to various regulatory sanctions, including financial penalties. In 2023, the SEC issued a final rule that requires disclosure of material cybersecurity incidents, as well as cybersecurity risk management, strategy and governance. Under this rule, banking organizations that are SEC registrants must generally disclose information about a material cybersecurity incident within four business days of determining it is material with periodic updates as to the status of the incident in subsequent filings as necessary.

Under a final rule adopted by federal banking agencies in 2021, banking organizations are required to notify their primary banking regulator within 36 hours of determining that a “computer-security incident” has materially disrupted or degraded, or is reasonably likely to materially disrupt or degrade, the banking organization’s ability to carry out banking operations or deliver banking products and services to a material portion of its customer base, its businesses and operations that would result in material loss, or its operations that would impact the stability of the United States. The federal banking agencies have also adopted guidelines for establishing information security standards and cybersecurity programs for implementing safeguards under the supervision of the board of directors. These guidelines, along with related regulatory materials, increasingly focus on risk management and processes related to information technology and the use of third parties in the provision of financial services. Moreover, recent cyberattacks against banks and other financial institutions that resulted in unauthorized access to confidential customer information have prompted the federal banking regulators to issue more extensive guidance on cybersecurity risk management. Among other things, financial institutions are expected to design multiple layers of security controls to establish lines of defense and ensure that their risk management processes address the risks posed by compromised customer credentials, including security measures to authenticate customers accessing internet-based services. A financial institution also should have a robust business continuity program to recover from a cyberattack and procedures for monitoring the security of third-party service providers that may have access to nonpublic data at the institution.

State regulators have also been increasingly active in implementing privacy and cybersecurity standards and regulations. Recently, several states have adopted regulations requiring certain financial institutions to implement cybersecurity programs and many states, including Texas, have also implemented or modified their data breach notification, information security and data privacy requirements. We expect this trend of state-level activity in those areas to continue and are continually monitoring developments in the states in which our customers are located.

Risks and exposures related to cybersecurity attacks, including litigation and enforcement risks, are expected to be elevated for the foreseeable future due to the rapidly evolving nature and sophistication of these threats, as well as due to the expanding use of Internet banking, mobile banking and other technology-based products and services by us and our customers. Recent advances in artificial intelligence, including the use of generative AI to conduct more sophisticated social engineering attacks on us or our clients, further increases the risks in this area, including by making fraud detection more difficult.

See Item 1A. “Risk Factors” for a further discussion of risks related to cybersecurity and Item 1C. “Cybersecurity” for a further discussion of risk management strategies and governance processes related to cybersecurity.

Certain CFPB Rules

The Consumer Financial Protection Bureau ("CFPB") has adopted an Ability-to-Repay rule that all newly originated residential mortgages must meet. The Ability-to-Repay rule establishes guidelines that the lender must follow when reviewing an applicant’s income, obligations, assets, liabilities, and credit history and requires that the lender make a reasonable and good faith determination of an applicant’s ability to repay the loan according to its terms. Lenders will be presumed to have met the Ability-to-Repay rule by originating loans that meet the criteria for “Qualified Mortgages”, which are set forth in detail in the rule. The mortgage loans originated by the Bank with the intent to sell them to Freddie Mac meet the Qualified Mortgage criteria.

The CFPB has also adopted a rule on simplified and improved mortgage loan disclosures, otherwise known as Know Before You Owe. The rule provides that mortgage borrowers receive a loan estimate three business days after application and a closing disclosure three days before closing. These forms replace disclosure forms previously provided to borrowers under other provisions of federal law. The rule provides for limitations on application fees and increases in closing costs.

Any new or modified regulatory requirements promulgated by the CFPB could have an adverse impact on our residential mortgage lending business as the industry adapts to the additional regulations. Our business strategy, product offerings and profitability may change as the market adjusts to any additional or modified regulations and as these requirements are interpreted by the regulators and courts. See "Possible Future Legislation and Regulatory Initiatives" below for more information about potential changes to the CFPB and consumer protection laws and enforcement.

Conservatorship and Receivership of Insured Depository Institutions

If any insured depository institution becomes insolvent and the FDIC is appointed its conservator or receiver, the FDIC may, under federal law, disaffirm or repudiate any contract to which such institution is a party, if the FDIC determines that performance of the contract would be burdensome, and that disaffirmance or repudiation of the contract would promote the orderly administration of the institution’s affairs. Such disaffirmance or repudiation would result in a claim by its holder against the receivership or conservatorship. The amount paid upon such claim would depend upon, among other factors, the amount of receivership assets available for the payment of such claim and its priority relative to the priority of others. In addition, the FDIC as conservator or receiver may enforce most contracts entered into by the institution notwithstanding any provision providing for termination, default, acceleration, or exercise of rights upon or solely by reason of insolvency of the institution, appointment of a conservator or receiver for the institution, or exercise of rights or powers by a conservator or receiver for the institution. The FDIC as conservator or receiver also may transfer any asset or liability of the institution without obtaining any approval or consent of the institution’s shareholders or creditors.

The Dodd-Frank Act

The Dodd-Frank Act, enacted in 2010, resulted in sweeping changes to the U.S. financial system and financial institutions, including us. Many of the law’s provisions have been implemented by rules and regulations of the federal banking agencies. The law contains many provisions which have particular relevance to our business, including provisions that have resulted in adjustments to our FDIC deposit insurance premiums and that resulted in increased capital and liquidity requirements, increased supervision, increased regulatory and compliance risks and costs and other operational costs and expenses, reduced fee-based revenues and restrictions on some aspects of our operations, and increased interest expense on our demand deposits. In May 2018, then President Trump signed into law the EGRRCPA, which amended various provisions of the Dodd-Frank Act as well as other federal banking statutes. See “The Effect of Government Policy on Banking” above for additional information.

The environment in which financial institutions continue to operate since the U.S. financial crisis, including legislative and regulatory changes affecting capital, liquidity, supervision, permissible activities, corporate governance and compensation, and changes in fiscal policy may have long-term effects on the business model and profitability of financial institutions that cannot now be foreseen.

Overdraft and Interchange Fees

The FRB's Regulation E imposes restrictions on banks’ abilities to charge overdraft services and fees. The rule prohibits financial institutions from charging fees for paying overdrafts on ATM and one-time debit card transactions, unless a consumer consents, or opts in, to the overdraft service for those types of transactions. The Dodd-Frank Act, through a provision known as the Durbin Amendment, required the FRB to establish standards for interchange fees that are “reasonable and proportional” to the cost of processing debit card transactions and imposes other requirements on card networks. Under the rule, the maximum permissible interchange fee that a bank may receive is the sum of $0.21 per transaction and five basis points multiplied by the value of the transaction, with an additional upward adjustment of no more than $0.01 per transaction if a bank develops and implements policies and procedures reasonably designed to achieve fraud-prevention standards set by regulation. This regulation has resulted in decreased revenues and increased compliance costs for the banking industry and the Bank, and there can be no assurance that alternative sources of revenues can be implemented to offset the impact of these developments.

Possible Future Legislation and Regulatory Initiatives

The economic and political environment of the past several years has led to a number of proposed legislative, governmental and regulatory initiatives, at both the federal and state levels, certain of which are described above, that may significantly impact our industry. These and other initiatives could significantly change the competitive and operating environment in which we and our subsidiaries operate. We cannot predict whether these or any other proposals will be enacted or the ultimate impact of any such initiatives on our operations, competitive situation, financial condition or results of operations.

On January 20, 2025, President Donald J. Trump was sworn into office as the next President of the United States. The Trump Administration has indicated a desire to reduce the regulatory burden on U.S. companies, including financial institutions. Further, in January 2025, the Acting Chairman of the FDIC issued a statement in which he indicated that a matter of FDIC focus (among other things) will include conducting a "wholesale" review of the agency's regulations, guidance and manuals. President Trump is likely to appoint, or has already appointed, new acting leadership of bank regulatory agencies, including the CFPB, and, once appointed, this new agency leadership can rescind informal agency guidance, including advisory opinions, interpretive rules and policy statements, creating opportunities for deregulation. On January 20, 2025, President Trump signed an executive order to pause all pending regulations. Sweeping in nature, the order applied to "all executive departments and agencies" while directing them to "not propose or issue any rule in any manner, including by sending a rule to the Office of the Federal Register (the "OFR"), until a department or agency head appointed or designated by the President after noon on January 20, 2025, reviews and approves the rule." The order also stated that agencies must "immediately withdraw any rules that have been sent to the OFR but not published in the Federal Register, so that they can be reviewed and approved." The executive order also stated that agencies must "consider postponing for 60 days from the date of this memorandum the effective date for any rules that have been published in the Federal Register, or any rules that have been issued in any manner but have not taken effect, for the purpose of reviewing any questions of fact, law, and policy that the rules may raise." At this time, no details on potential or proposed reforms have been published, and we are uncertain whether the intended deregulation will, in fact, occur, or have a significant impact on the Company.

In February 2025, the director of the CFPB was dismissed by the current Trump Administration and the new Director of the Office of Management and Budget was appointed as acting director of the CFPB. The acting director of the CFPB directed agency staff to stop virtually all work, including supervision activities and pending investigations, and announced that the CFPB would not be taking its next draw of federal funding. In May 2025, the CFPB revoked nearly 70 guidance documents, and, since February 2025, has dismissed most of its enforcement actions. The funding of the CFPB is the subject of ongoing legal actions and disputes over the amount of funds legally available under statutory authorities for the CFPB to request from the FRB, with Trump Administration officials, including the CFPB's Acting Director, reportedly saying that they want to abolish the CFPB. In November 2025, in letters to Congressional appropriators and President Trump, the CFPB's Acting Director reported that the CFPB will run out of funds sometime during the first quarter of 2026. In January 2026, the CFPB's Acting Director, in compliance with a December court order, requested $145 million from the FRB; with this funding, the CFPB will be able to remain open through March 2026. It cannot be predicted at this time what impact these changes will have on the CFPB and its regulatory responsibilities in the consumer protection area, or on the regulation and enforcement of consumer protection laws generally.

Competition

In the past, an independent bank's principal competitors for deposits and loans have been other banks, savings and loan associations, and credit unions. Many of these competitors are large financial institutions that have substantial capital, technology and marketing resources, which are well in excess of ours, although these larger institutions may be required to hold more regulatory capital and as a result, achieve lower returns on equity. For agricultural loans, the Bank also competes with constituent entities with the Federal Farm Credit System. To a lesser extent, competition is also provided by thrift and loans, mortgage brokerage companies and insurance companies. Other institutions, such as brokerage houses, mutual fund companies, credit card companies, and even retail establishments have offered new investment vehicles, which also compete with banks for deposit business. Additionally, technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks, such as automatic transfer and payment systems. We also experience competition, especially for deposits, from internet-based banking institutions and other financial companies, which do not always have a presence in our market footprint and have grown rapidly in recent years.

Non-traditional financial technology companies are less regulated and continue to expand their offerings of services traditionally provided by financial institutions. Further, the current Trump Administration has taken a number of actions to promote innovation across financial services through a regulatory environment that is favorable to cryptocurrencies, digital assets, open banking initiatives and financial technology companies, which has the potential to further increase competition within the banking industry. In 2025, the OCC announced its conditional approval of five national trust bank charter applications to either newly charter or convert existing institutions into national trust banks that propose to offer digital asset products and services. While national trust banks generally do not take insured deposits or engage in commercial lending, these new non-traditional trust banks offer deposit-like products, although lacking FDIC insurance and core consumer protections, and they are not subject to the same capital, liquidity or supervisory standards as banks. Emerging technologies, such as artificial intelligence (including machine learning and generative artificial intelligence) and quantum computing, have the potential to intensify competition and accelerate disruption in the financial services industry.

Current federal law has made it easier for out-of-state banks to enter and compete in California. Competition in our principal markets has further intensified as a result of the Dodd-Frank Act which, among other things, permitted out-of-state de novo branching by national banks, state banks and foreign banks from other states.

The business of banking in California remains highly competitive. Competition in our industry is likely to further intensify as a result of continued consolidation of financial services companies, including consolidations of significance in our market area. In order to compete with major financial institutions and other competitors in its primary service areas, the Bank relies upon the experience of its executive and senior officers in serving business clients, and upon its specialized services, local promotional activities and the personal contacts made by its officers, directors and employees.

For customers whose loan demand exceeds the Bank's legal lending limit, the Bank may arrange for such loans on a participation basis with correspondent banks. In the past, the seasonal swings, discussed below in "Management's Discussion and Analysis of Financial Condition and Results of Operation – Liquidity", have had some impact on the Bank's liquidity. The management of investment maturities, sale of loan participations, federal fund borrowings, qualification for funds under the Federal Reserve Bank's seasonal credit program, and the ability to sell mortgages in the secondary market is intended to allow the Bank to satisfactorily manage its liquidity.

ITEM 1A – RISK FACTORS

In addition to factors mentioned elsewhere in this Report, the factors contained below, among others, could cause our financial condition and results of operations to be materially and adversely affected. If this were to happen, the value of our common stock could decline, perhaps significantly, and you could lose all or part of your investment.

Changes in U.S. and Foreign Government Policies, Including the Imposition of or Further Increases in Tariffs and Changes to Existing Trade Agreements, Could Have a Material Adverse Effect on the Bank's Customers, Which, in Turn, Could Adversely Affect Our Business, Financial Condition and Results of Operations

In February 2025, the Trump Administration announced that it would be imposing increases in tariffs on goods imported to the U.S. from Canada, Mexico, and China, and, in April 2025, the Administration announced the imposition of increased tariffs on goods imported to the U.S. from other countries. As a consequence, other countries, in retaliation to the U.S.'s tariff measures, announced the imposition of increased levels of tariffs on goods exported to such countries by companies in the U.S. The Trump Administration has announced agreements in principle regarding tariffs with certain significant trading partners of the United States, including (among others) the European Union, the United Kingdom, Japan and South Korea. It remains uncertain whether such agreements in principle will lead to definitive agreements with such trading partners and, if so, on what terms and whether agreements with other trading partners will eventually be consummated. More recently, the U.S. government has introduced new tariffs and tariff-related measures and has indicated that other potential tariff measures and modifications to existing tariffs continue to be under consideration. President Trump imposed many of these tariffs by invoking authority under the International Emergency Economic Powers Act (IEEPA). On February 20, 2026, the U.S. Supreme Court ruled that President Trump could not invoke the IEEPA to unilaterally set tariffs on imports, thereby invalidating those tariffs implemented using IEEPA. The Trump Administration responded by announcing the imposition of new tariffs under alternative legal authorities to replace the IEEPA tariffs, including an executive order imposing a global surcharge on most imports (initially 10%, with an announcement on February 21, 2026, that the tariff rate would be 15%), effective for 150 days. The tariff environment continues to remain highly dynamic, and the specific tariffs applicable to goods imported into the U.S. continue to evolve, as do import tariffs charged by other countries. These tariffs could be of particular concern to U.S. companies operating in the agricultural sector who export agricultural goods to other countries. The Company's customers include a number of agricultural businesses, which could be negatively affected.

As a result of these changes to U.S. and foreign government trade policies, there may be changes to existing trade agreements, greater restrictions on free trade generally, the imposition of or significant further increases in tariffs on goods imported into the U.S., and adverse responses by foreign governments to U.S. trade policies, among other possible changes. The extent and duration of any tariffs, and the resulting impact on economic conditions generally and on our customers' businesses in particular are uncertain and depend on various factors, such as negotiations between the U.S. and other countries, the responses of such countries, and exemptions or exclusions that may be granted. A significant trade disruption or the establishment or further increase of any tariffs, trade protection measures or restrictions could result in lost sales, adversely impacting our banking customers and their businesses, including our agricultural business customers. In addition, international trade disputes, including those related to tariffs, could result in inflationary pressures and/or adversely impact global supply chains, which could increase the costs of doing business for our banking customers. Changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the countries where our banking customers currently sell products, including agricultural products, and any resulting negative sentiments towards the U.S. and U.S. businesses as a result of such changes, could also have a material adverse effect on our banking customers' business, financial condition, results of operations and cash flows. If these events negatively affect our banking clients, or general economic conditions nationally, in California, or in the markets we serve, our business, financial condition and results of operations could be adversely affected.

Negative Developments in the Banking Industry, and any Legislative and/or Bank Regulatory Actions that may Result, Could Adversely Affect our Business Operations, Results of Operations and Financial Condition.

The high-profile bank failures of Silicon Valley Bank, Signature Bank and First Republic Bank in 2023, and related negative media attention, generated significant market trading volatility among publicly-traded bank holding companies and, in particular, regional and community banks, such as the Company. These developments negatively impacted customer confidence in the safety and soundness of regional and community banks. Defaults by, or even rumors or questions about, one or more financial institutions or the financial services industry generally, may lead to market-wide liquidity problems and losses of client, creditor and counterparty confidence and could lead to losses or defaults by us or by other financial institutions.

While we currently do not anticipate liquidity constraints of the kind that caused these other financial services institutions to fail or require external support, constraints on our liquidity could occur as a result of customers choosing to maintain their deposits with larger financial institutions or to invest in higher yielding short-term fixed income securities, which could materially adversely impact our liquidity, cost of funding, loan funding capacity, net interest margin, capital and results of operations. If we were required to sell a portion of our securities portfolio to address liquidity needs, we may incur losses, including as a result of the negative impact of rising interest rates on the value of our securities portfolio, which could negatively affect our earnings and our capital. While the Company has taken actions which aim to maintain adequate and diversified sources of funding and management believes that its liquidity measures are reasonable in light of the nature of the Bank's customer base, there can be no assurance that such actions will be sufficient in the event of a sudden liquidity crisis.

These bank failures may also result in potentially adverse changes to laws or regulations governing banks and bank holding companies, enhanced regulatory supervision and examination policies and priorities, and/or the imposition of restrictions through regulatory supervisory or enforcement activities, including higher capital requirements and/or an increase in the Bank's deposit insurance assessments. The FDIC has proposed that Congress consider, and legislation has been introduced in Congress proposing, various changes in the FDIC insurance program, including possible increases in the deposit insurance limit for certain types of accounts, such as business payment accounts. Although these legislative and regulatory actions cannot be predicted with certainty, any of these potential legislative or regulatory actions could, among other things, subject us to additional costs, limit the types of financial services and products we may offer, and reduce our profitability, any of which could materially and adversely affect our business, results of operations or financial condition.

Economic Conditions in the U.S. May Soften or Become Recessionary with Resultant Adverse Consequences for the U.S. Financial Services Industry and for the Bank

Following the financial crisis of 2008, adverse financial and economic developments impacted U.S. and global economies and financial markets and presented challenges for the banking and financial services industry and for us. These developments included a general recession both globally and in the U.S. accompanied by substantial volatility in the financial markets. In response, various significant economic and monetary stimulus measures were implemented by the U.S. government. The FRB also pursued a highly accommodative monetary policy aimed at keeping interest rates at historically low levels, In January 2022, due to elevated levels of inflation and corresponding pressure to raise interest rates, the FRB began slowing the pace of its bond purchasing and increasing the target range for the federal funds rate over time, before beginning to reduce interest rates in 2024, which reductions continued in 2025. Despite these rate cuts, the FRB has signaled caution in easing monetary policy. At its January 2026 meeting, the FRB, citing continued elevated uncertainty about the economic outlook, low job gains, and inflation that remains somewhat elevated, determined to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent. Monetary policy has contributed to and may continue to result in elevated market interest rates and a flat and/or inverted yield curve. Changes to monetary policy may adversely impact U.S. economic activity and have adverse consequences on our customers' and our earnings and operations. During his second term, President Trump has regularly pushed for the FRB to cut short-term interest rates, threatened to fire the FRB Chairman, and taken steps to remove another member of the FRB's governing board, and, in January 2026, the U.S. attorney's office in the District of Columbia opened a criminal investigation into the FRB Chairman over the central bank's renovation of its Washington headquarters. These actions have the potential to threaten the independence of the FRB, and the outcome of these actions, and their impact on interest rates, financial markets, borrowing costs and the U.S. economy in general, cannot be predicted at this time. A prolonged federal government shutdown, as well as broader issues surrounding the federal budgeting process and governance, may also contribute to market volatility and disruptions and recessionary risk.

As noted previously, the Trump Administration recently imposed increased tariffs on goods imported to the U.S. from other countries. As a consequence, other countries, in retaliation to the U.S.'s tariff measures, announced the imposition of increased levels of tariffs on goods exported to such countries by companies in the U.S. More recently, the U.S. government has introduced agreements in principle regarding tariffs with certain trading partners of the United States, new tariffs and tariff-related measures and has indicated that other potential tariff measures and modifications to existing tariffs continue to be under consideration. President Trump imposed many of these tariffs by invoking authority under the International Emergency Economic Powers Act (IEEPA). On February 20, 2026, the U.S. Supreme Court ruled that President Trump could not invoke the IEEPA to unilaterally set tariffs on imports, thereby invalidating those tariffs implemented using IEEPA. The Trump Administration responded by announcing the imposition of new tariffs under alternative legal authorities to replace the IEEPA tariffs, including an executive order imposing a global surcharge on most imports (initially 10%, with an announcement on February 21, 2026, that the tariff rate would be 15%), effective for 150 days. The tariff environment continues to remain highly dynamic, and the specific tariffs applicable to goods imported into the U.S. continue to evolve, as do import tariffs charged by other countries. See "Changes in U.S. and Foreign Government Policies, Including the Imposition of or Further Increases in Tariffs and Changes to Existing Trade Agreements, Could Have a Material Adverse Effect on the Bank's Customers, Which, in Turn, Could Adversely Affect Our Business, Financial Condition and Results of Operations," above in these "Risk Factors" in this Annual Report on Form 10-K. International trade disputes, including those related to tariffs, could result in inflationary pressures and/or adversely impact global supply chains, which could increase the costs of doing business for our banking customers. Political tensions as a result of trade policies could reduce trade volume, investment, technological exchange, and other economic activities between major international economies, resulting in a material adverse effect on global economic conditions and the stability of global financial markets, which could have resulting material adverse effects on general economic conditions nationally, in California, or in our local markets. Some economists have predicted that the Administration's steep new tariffs could curtail growth and result in price increases for American consumers, ultimately increasing the likelihood of a U.S. recession. Additionally, financial markets may be adversely affected by the current or anticipated impact of military conflict, including the recent military actions in Iran and the Middle East, escalating military tension between Russia and Ukraine, terrorism and other geopolitical events. Any of these developments could adversely affect our business, financial condition and results of operations.

We, and other financial services companies, are impacted to a significant degree by current economic conditions. If the U.S. economy weakens, our growth and profitability from our lending, deposit and investment operations could be constrained and our asset quality, deposit levels, loan demand and results of operations may be adversely affected.

The U.S. government continues to face significant fiscal and budgetary challenges which, if not resolved, could result in renewed adverse U.S. economic conditions. These challenges may be intensified over time if federal budget deficits were to increase and Congress and the Administration cannot effectively work to address them. The overall level of the federal government's debt, the extensive political disagreements regarding the government's statutory debt limit and the continuing substantial federal budget deficits led to a downgrade from "AAA" to "AA+" of the long-term sovereign credit rating of United States debt by one credit rating agency in 2023. In May 2025, Moody's lowered the U.S. government's long-term issuer and senior unsecured ratings from "Aaa" to "Aa1". This downgrade means that all three major credit rating agencies have downgraded the U.S. credit rating below their top rating. This risk could be exacerbated over time.

If substantial federal budget deficits were to continue or increase in the years ahead, further downgrades by the credit rating agencies with respect to the obligations of the U.S. federal government could occur. A prolonged federal government shutdown, as well as broader issues surrounding the federal budgeting process and governance, may further contribute to the possibility of a downgrade of the U.S. sovereign credit rating. Any such further downgrades could increase over time the U.S. federal government's cost of borrowing, which may worsen its fiscal challenges, as well as generate further upward pressure on interest rates generally in the U.S. which could, in turn, have adverse consequences for borrowers and the level of business activity. The long-term impact of this situation, including the impact on the Bank's investment securities portfolio and other assets, cannot be predicted.

The Bank is Subject to Lending Risks of Loss and Repayment Associated with Commercial Banking Activities

The Bank's business strategy is to focus on commercial business loans (which includes agricultural loans), construction loans, and commercial and multi-family real estate loans. The principal factors affecting the Bank's risk of loss in connection with commercial business loans include the borrower's ability to manage its business affairs and cash flows, general economic conditions, and, with respect to agricultural loans, weather and climate conditions.

For a number of years, California has also experienced severe drought, wildfires or other natural disasters. It can be expected that these events will continue to occur from time to time in the areas served by the Bank, and that the consequences of these natural disasters, including public utility public safety power outages when weather conditions and fire danger warrant, may adversely affect the Bank's business and that of its commercial loan customers, particularly in the agricultural sector.

Loans secured by commercial real estate are generally larger and involve a greater degree of credit and transaction risk than residential mortgage (one to four family) loans. Because payments on loans secured by commercial and multi-family real estate properties are often dependent on successful operation or management of the underlying properties, repayment of such loans may be dependent on factors other than the prevailing conditions in the real estate market or the economy. Real estate construction financing is generally considered to involve a higher degree of credit risk than long-term financing on improved, owner-occupied real estate. Risk of loss on a construction loan is dependent largely upon the accuracy of the initial estimate of the property's value at completion of construction or development compared to the estimated cost (including interest) of construction. If the estimate of value proves to be inaccurate, the Bank may be confronted with a project which, when completed, has a value which is insufficient to assure full repayment of the construction loan. For additional information, see "The Bank's Dependence on Real Estate Lending Increases Our Risk of Losses", below in these "Risk Factors" in this Annual Report on Form 10-K.

Although the Bank manages lending risks through its underwriting and credit administration policies, no assurance can be given that such risks will not materialize, in which event, the Company's financial condition, results of operations, cash flows, and business prospects could be materially adversely affected.

Increases in the Allowance for Credit Losses Would Adversely Affect the Bank's Financial Condition and Results of Operations

The Bank's allowance for credit losses on loans was approximately $14.5 million, or 1.36% of total loans, at December 31, 2025, compared to $15.9 million, or 1.49% of total loans, at December 31, 2024, and 285.7% of total non-performing loans net of guaranteed portions at December 31, 2025, compared to 143.5% of total non-performing loans, net of guaranteed portions at December 31, 2024. No provision for credit losses was recorded for the year ended December 31, 2025, and a reversal of provision for credit losses totaled $0.3 million for the year ended December 31, 2024.

Material future additions to the allowance for estimated losses on loans may be necessary if material adverse changes in economic conditions in our markets were to continue to occur and the performance of the Bank's loan portfolio were to deteriorate.

Other real estate owned is initially recorded at fair value less estimated costs to sell the property, thereby establishing the new cost basis of other real estate. Losses arising at the time of acquisition of such properties are charged against the allowance for credit losses. Subsequent to acquisition, such properties are carried at the lower of cost or fair value less estimated selling expenses, determined on an individual asset basis. Any deficiency resulting from the excess of cost over fair value less estimated selling expenses is recognized as a valuation allowance. Any subsequent increase in fair value up to its cost basis is recorded as a reduction of the valuation allowance. The FDIC and the California DFPI, as an integral part of their examination process, periodically review the Bank's allowance for credit losses on loans and the carrying value of its assets. Increases in the provisions for estimated losses on loans and foreclosed assets would adversely affect the Bank's financial condition and results of operations.

The Bank's Dependence on Real Estate Lending Increases Our Risk of Losses

The Bank's primary lending focus has historically been commercial (including agricultural), construction, and real estate mortgage. At December 31, 2025, loans secured by real estate, including construction loans (residential and other), comprised approximately 84% of the total loans in the Bank's portfolio. At December 31, 2025, all of the Bank's real estate mortgage and construction loans and approximately 1% of its commercial loans were secured fully or in part by deeds of trust on underlying real estate. The Company's dependence on real estate increases the risk of loss in both the Bank's loan portfolio and its holdings of other real estate owned if economic conditions in Northern California were to deteriorate. Deterioration of the real estate market in Northern California would have a material adverse effect on the Company's business, financial condition, and results of operations.

The CFPB has adopted various regulations which have impacted, and may continue to impact, our residential mortgage lending business.

Adverse Economic Factors Affecting Certain Industries the Bank Serves Could Adversely Affect Our Business

The Bank is subject to certain industry-specific economic factors. For example, a portion of the Bank's total loan portfolio is related to residential and commercial real estate, especially in California. Increases in residential mortgage loan interest rates could have an adverse effect on the Bank's operations by depressing new mortgage loan originations, which in turn could negatively impact the Bank's title and escrow deposit levels. Additionally, a downturn in the residential real estate and housing industries in California could have an adverse effect on the Bank's operations and the quality of its real estate and construction loan portfolio. Although the Bank does not engage in subprime or negative amortization lending, we are not immune to volatility in the real estate market. Real estate valuations are influenced by demand, and demand is driven by economic factors such as employment rates and interest rates. These factors could adversely impact the quality of the Bank's residential construction, residential mortgage and construction related commercial portfolios in various ways, including by decreasing the value of the collateral for our loans, and thereby negatively affecting the Bank's overall loan portfolio.

The Bank provides financing to, and receives deposits from, businesses in a number of other industries that may be particularly vulnerable to industry-specific economic factors, including the home building, commercial real estate, retail, agricultural, industrial, and commercial industries. Following the financial crisis of 2008, the home building industry in California was especially adversely impacted by the deterioration in residential real estate markets, which lead the Bank to take additional provisions and charge-offs against credit losses in this portfolio. The recessionary economic and market conditions resulting from the COVID-19 pandemic also significantly affected the commercial and residential real estate markets in the U.S. generally, and in California in particular, decreasing property values, increasing the risk of defaults and reducing the value of real estate collateral. Continued volatility in fuel prices and energy costs and return of drought conditions in California could also adversely affect businesses in several of these industries.

As noted previously, the Trump Administration recently imposed increased tariffs on goods imported to the U.S. from other countries. As a consequence, other countries, in retaliation to the U.S.'s tariff measures, announced the imposition of increased levels of tariffs on goods exported to such countries by companies in the U.S. More recently, the U.S. government has introduced agreements in principle regarding tariffs with certain trading partners of the United States, new tariffs and tariff-related measures and has indicated that other potential tariff measures and modifications to existing tariffs continue to be under consideration. President Trump imposed many of these tariffs by invoking authority under the International Emergency Economic Powers Act (IEEPA). On February 20, 2026, the U.S. Supreme Court ruled that President Trump could not invoke the IEEPA to unilaterally set tariffs on imports, thereby invalidating those tariffs implemented using IEEPA. The Trump Administration responded by announcing the imposition of new tariffs under alternative legal authorities to replace the IEEPA tariffs, including an executive order imposing a global surcharge on most imports (initially 10%, with an announcement on February 21, 2026, that the tariff rate would be 15%), effective for 150 days. The tariff environment continues to remain highly dynamic, and the specific tariffs applicable to goods imported into the U.S. continue to evolve, as do import tariffs charged by other countries. Such tariffs could be of particular concern to U.S. companies operating in the agricultural sector who export agricultural goods to other countries. The Company's customers include a number of agricultural businesses, which could be negatively affected. See "Changes in U.S. and Foreign Government Policies, Including the Imposition of or Further Increases in Tariffs and Changes to Existing Trade Agreements, Could Have a Material Adverse Effect on the Bank's Customers, Which, in Turn, Could Adversely Affect Our Business, Financial Condition and Results of Operations," above in these "Risk Factors" in this Annual Report on Form 10-K.

Industry specific risks are beyond the Bank's control and could adversely affect the Bank's portfolio of loans, potentially resulting in an increase in non-performing loans or charge-offs and a slowing of growth or reduction in our loan portfolio.

In recent years, wildfires across California and in our market areas resulted in significant damage and destruction of property and equipment. The fire damage resulted in adverse economic impacts to those affected markets and beyond and on the Bank's customers. In addition, the major electric utility company in our region has adopted programs of electrical power shut-offs, often for multiple days, in wide areas of Northern California during periods of high winds and high fire danger. Shut-offs of power by this utility have adversely impacted the business of some of our customers and also have resulted in some of our branches being temporarily closed. It can be expected that these events will continue to occur from time to time in the areas served by the Bank, and that the consequences of these natural disasters, including programs of public utility public safety power outages when weather conditions and fire danger warrant, may adversely affect the Bank's business and that of its customers. It is also possible that climate change may be increasing the severity or frequency of adverse weather conditions, thus increasing the impact of these types of natural disasters on our business and that of our customers. For additional information, see "Our Operations, Business and Customers Could be Materially Adversely Affected by the Physical Effects of Climate Change, as well as Governmental and Societal Responses to Climate Change," below in these "Risk Factors" in this Annual Report on Form 10-K.

The long-term impact of these developments on the markets we serve cannot be predicted at this time.

Several of California's Largest Home Insurance Providers Have Recently Paused or Severely Limited Their Issuance of New Policies, or Their Renewal of Existing Policies, in the State, Which Could Increase the Bank's Risk of Loss in its Loan Portfolio

At December 31, 2025, loans secured by real estate comprised approximately 84% of the total loans in the Bank's portfolio. At December 31, 2025, all of the Bank's real estate mortgage and construction loans were secured fully or in part by deeds of trust on underlying real estate. Most of the Company's customers, including its loan customers, are located in the State of California.

Recently, several of California's largest home insurance providers, including State Farm, Allstate, Farmers, USAA, Travelers, Nationwide and Chubb, have either paused or severely limited their issuance of new policies, or their renewal of existing policies, in the state. Mounting claims from wildfire damages, the increasing cost of building and repairing homes in California, and a steep increase in reinsurance premiums, as well as state insurance regulations that make it difficult for insurers to adjust premiums in response to the evolving risk landscape, have challenged the capacity of insurance companies to sustainably and profitably offer home insurance in California. The result of these actions has been to significantly limit the availability of home insurance in California, where homeowners already face escalating property values and high wildfire, seismic, severe weather and other risks. The catastrophic fires in Southern California in January 2025, with resulting property damage and other claims estimated to be as high as $53.8 billion, are expected to further exacerbate these challenges.

The California Department of Insurance enforces some safeguards to temporarily shield homeowners from the cancellation or non-renewal of home insurance policies in high-risk areas, particularly those prone to wildfires. In addition, the California Fair Access to Insurance Requirements (FAIR) Plan, a state-established risk pool, operates as an insurer of last resort, providing temporary coverage for California homeowners unable to obtain (generally at increased premium cost) such coverage from a traditional insurance carrier; however, enrollment in the FAIR Plan as a percentage of the total number of residential insurance policies in California has steadily increased over the past five years, particularly in counties with the highest wildfire risk, threatening the ongoing stability of the Plan. In late 2023, following the California Governor's declaration of a State of Emergency regarding property insurance, the Insurance Commissioner of the State of California introduced a comprehensive package of executive actions aimed at insurance reform. In December 2024, the California Department of Insurance adopted regulations intended to cause insurance companies to write more policies in wildfire distressed areas of California as a condition for using forward-looking wildfire modeling designed to more accurately assess wildfire risks and to reverse FAIR Plan growth. In October 2025, the California Governor signed legislation to strengthen the FAIR Plan with new financing mechanisms to more quickly pay claims, better oversight, improved policyholder experience, and added coverage for manufactured homes, and the California Insurance Commissioner continues to advance a comprehensive reform package of the FAIR Plan, including temporary expansion of FAIR Plan coverage for certain high-value commercial properties. There can be no assurance that these regulatory actions, or other proposed legislation, will increase insurance availability or stabilize and strengthen California's insurance market. particularly in light of the catastrophic fires in Southern California in January 2025.

Many homeowners in the State of California have been negatively impacted by the contraction of insurance options in the State and the resulting lack of access to affordable home insurance, which could adversely impact the ability of prospective homebuyers to obtain insurance, and escalating premiums and limited coverage options could result in limiting coverage in the event of loss. If any loss suffered by a loan customer of the Bank is not insured or exceeds applicable insurance limits, this could increase the risk of loss in the Bank's loan portfolio, which could have a material adverse effect on the Company's business, financial condition, and results of operations. For additional information, see "The Bank's Dependence on Real Estate Lending Increases Our Risk of Losses" above in these "Risk Factors" in this Annual Report on Form 10-K.

The Effects of Changes or Increases in, or Supervisory Enforcement of, Banking or Other Laws and Regulations or Governmental Fiscal or Monetary Policies Could Adversely Affect Us

We are subject to significant federal and state banking regulation and supervision, which is primarily for the benefit and protection of our customers and the Deposit Insurance Fund and not for the benefit of investors in our securities. In the past, our business has been materially affected by these regulations. This will continue and likely intensify in the future. Laws, regulations or policies, including accounting standards and interpretations, currently affecting us may change at any time. Regulatory authorities may also change their interpretation of and intensify their examination of compliance with these statutes and regulations. Therefore, our business may be adversely affected by changes in laws, regulations, policies or interpretations or regulatory approaches to compliance and enforcement, as well as by supervisory action or criminal proceedings taken as a result of noncompliance, which could result in the imposition of significant civil money penalties or fines. Changes in laws and regulations may also increase our expenses by imposing additional supervision, fees, taxes or restrictions on our operations. Compliance with laws and regulations, especially new laws and regulations, increases our operating expenses and may divert management attention from our business operations.

Following the imposition in 2008 of a federal government conservatorship on the two government-sponsored enterprises ("GSEs") in the housing finance industry, the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, various proposals have been advanced from time to time to reform the role of the GSEs in the housing finance market. These proposals, among other things, include reducing or eliminating over time the role of the GSEs in guaranteeing mortgages and providing funding for mortgage loans, as well as the implementation of reforms relating to borrowers, lenders, and investors in the mortgage market, including reducing the maximum size of a loan that the GSEs can guarantee, phasing in a minimum down payment requirement for borrowers, improving underwriting standards, and increasing accountability and transparency in the securitization process.

The GSEs remain in federal government conservatorship at this time and proposals for the reform of their role are not being actively pursued in Congress. However, recent developments suggest that the Trump Administration may be exploring plans to sell the government's stakes in the GSEs through an initial public offering (IPO), and comprehensive GSE reform bills have been introduced in Congress in recent months. GSE reform, if adopted, could well have a substantial impact on the mortgage market and could reduce our income from mortgage originations by increasing mortgage costs or lowering originations. GSE reforms could also reduce real estate prices, which could reduce the value of collateral securing outstanding mortgage loans. This reduction of collateral value could negatively impact the value or perceived collectability of these mortgage loans and may increase our allowance for credit loan losses. Such reforms may also include changes to the Federal Home Loan Bank System, which could adversely affect a significant source of term funding for lending activities by the banking industry, including the Bank. These reforms may also result in higher interest rates on residential mortgage loans, thereby reducing demand, which could have an adverse impact on our residential mortgage lending business.

In July 2013, the FRB and the other U.S. federal banking agencies adopted final rules making significant changes to the U.S. regulatory capital framework for U.S. banking organizations and to conform this framework to the Basel III Global Regulatory Framework for Capital and Liquidity. For additional information, see "Business-Capital Standards" in Item 1 of this Form 10-K.

We maintain systems and procedures designed to comply with applicable laws and regulations. However, some legal/regulatory frameworks provide for the imposition of criminal or civil penalties (which can be substantial) for noncompliance. In some cases, liability may attach even if the noncompliance was inadvertent or unintentional and even if compliance systems and procedures were in place at the time. There may be other negative consequences from a finding of noncompliance, including restrictions on certain activities and damage to our reputation.

Additionally, our business is affected significantly by the fiscal and monetary policies of the U.S. federal government and its agencies. We are particularly affected by the policies of the FRB, which regulates the supply of money and credit in the U.S. Under the Dodd-Frank Act and a long-standing policy of the FRB, a bank holding company is expected to act as a source of financial and managerial strength for its subsidiary banks. As a result of that policy, we may be required to commit financial and other resources to our subsidiary bank in circumstances where we might not otherwise do so. Among the instruments of monetary policy available to the FRB are (a) conducting open market operations in U.S. Government securities, (b) changing the discount rates on borrowings by depository institutions and the federal funds rate, and (c) imposing or changing reserve requirements against certain borrowings by banks and their affiliates. These methods are used in varying degrees and combinations to directly affect the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits. The policies of the FRB can be expected to have a material effect on our business, prospects, results of operations and financial condition.

Refer to "Business – Supervision and Regulation of Bank Holding Companies" and "Business – Supervision and Regulation of the Bank" in Item 1 of this Form 10-K for discussion of certain existing and proposed laws and regulations that may affect our business.

The Bank is Subject to Interest Rate Risk

The income of the Bank depends to a great extent on "interest rate differentials" and the resulting net interest margins (i.e., the difference between the interest rates earned on the Bank's interest-earning assets such as loans and investment securities, and the interest rates paid on the Bank's interest-bearing liabilities such as deposits and borrowings). Changes in the relationship between short-term and long-term market interest rates or between different interest rate indices can impact our interest rate differential, possibly resulting in a decrease in our interest income relative to interest expense. Interest rates are highly sensitive to many factors, which are beyond the Bank's control, including, but not limited to, general economic conditions and the policies of various governmental and regulatory agencies, in particular, the FRB. Changes in monetary policy, including changes in interest rates, influence the origination of loans, the purchase of investments and the generation of deposits and affect the rates received on loans and investment securities and paid on deposits. In addition, an increase in interest rates could adversely affect clients' ability to pay the principal or interest on existing loans or reduce their borrowings. This may lead to an increase in our non-performing assets, a decrease in loan originations, or a reduction in the value of and income from our loans, any of which could have a material and negative effect on our operations.

Fluctuations in market rates and other market disruptions are neither predictable nor controllable and may adversely affect our financial condition and earnings. Since 2022, inflationary pressures have affected many aspects of the U.S. economy, including gasoline and fuel prices, and global and domestic supply-chain issues have also had a disruptive effect on many industries, including the agricultural industry. In January 2022, due to elevated levels of inflation and corresponding pressure to raise interest rates, the FRB announced after several periods of historically low federal funds rates and yields on Treasury notes that it would be slowing the pace of its bond purchasing and increasing the target range for the federal funds rate over time. The FOMC increased the target range 525 basis points from March 2022 through July 2023. The target range remained unchanged through much of 2024 until the FOMC decreased the rate 100 basis points, to a target range of 4.25% to 4.50%, during the last four months of 2024. In 2025, the FOMC implemented three consecutive 25-basis-point interest rate cuts starting in September, lowering the federal funds rate to a range of 3.5% to 3.75% by December 2025. It remains uncertain whether the FOMC will further decrease the target range for the federal funds rate to attain a monetary policy sufficiently restrictive to return inflation to more normalized levels, begin to increase the federal funds rate or leave the rate at its current elevated level for a lengthy period of time. Factors such as inflation, productivity, oil prices, unemployment rates, and global demand play a role in the FOMC's consideration of future rate adjustments. As noted previously, the Trump Administration recently imposed increased tariffs on goods imported to the U.S. from other countries. As a consequence, other countries, in retaliation to the U.S.'s tariff measures, announced the imposition of increased levels of tariffs on goods exported to such countries by companies in the U.S. More recently, the U.S. government has introduced agreements in principle regarding tariffs with certain trading partners of the United States, new tariffs and tariff-related measures and has indicated that other potential tariff measures and modifications to existing tariffs continue to be under consideration. President Trump imposed many of these tariffs by invoking authority under the International Emergency Economic Powers Act (IEEPA). On February 20, 2026, the U.S. Supreme Court ruled that President Trump could not invoke the IEEPA to unilaterally set tariffs on imports, thereby invalidating those tariffs implemented using IEEPA. The Trump Administration responded by announcing the imposition of new tariffs under alternative legal authorities to replace the IEEPA tariffs, including an executive order imposing a global surcharge on most imports (initially 10%, with an announcement on February 21, 2026, that the tariff rate would be 15%), effective for 150 days. The tariff environment continues to remain highly dynamic, and the specific tariffs applicable to goods imported into the U.S. continue to evolve, as do import tariffs charged by other countries. Such tariffs could result in increased inflationary pressures on the U.S. economy. These developments could adversely affect our banking customers' businesses, which, in turn, could adversely affect our business, financial condition and results of operations. See "Economic Conditions in the U.S. May Soften or Become Recessionary with Resultant Adverse Consequences for the U.S. Financial Services Industry and for the Bank," above in these "Risk Factors" in this Annual Report on Form 10-K.

Beginning in 2021, the U.S. Economy Began to Reflect Relatively Rapid Rates of Increase in the Consumer Price Index and Other Economic Indices; a Prolonged Elevated Rate of Inflation Could Present Risks for the U.S. Banking Industry and Our Business.

Beginning in 2021, the U.S. economy exhibited relatively rapid rates of increase in the consumer price index and other economic indices. If the U.S. economy encounters a significant, prolonged rate of inflation, this could pose higher relative risks to the banking industry and our business. Such inflationary periods have historically corresponded with relatively weaker earnings and higher credit losses for banks. In the past, inflationary environments have caused financing conditions to tighten and have increased borrowing costs for some marginal borrowers which, in turn, has impacted bank credit quality and loan growth. Additionally, a sustained period of inflation well above the FRB's long-term target could prompt broad-based selling of longer-duration, fixed-rate debt, which could have negative implications for equity and real estate markets. Lower interest rates enable less credit-worthy borrowers to more readily meet their debt obligations. Small businesses and leveraged loan borrowers can be challenged in a materially higher-rate environment. Higher interest rates can also present challenges for commercial real estate projects, pressuring valuations and loan-to-value ratios. See "Economic Conditions in the U.S. May Soften or Become Recessionary with Resultant Adverse Consequences for the U.S. Financial Services Industry and for the Bank," above in these "Risk Factors" in this Annual Report on Form 10-K.

In addition, the war between Russia and Ukraine and global reactions thereto have increased U.S. domestic and global energy prices. Oil supply disruptions related to the Russia-Ukraine conflict, and sanctions and other measures taken by the U.S. or its allies, could lead to higher costs for gas, food and goods in the U.S. and exacerbate the inflationary pressures on the economy. As noted previously, the Trump Administration recently imposed increased tariffs on goods imported to the U.S. from other countries. As a consequence, other countries, in retaliation to the U.S.'s tariff measures, announced the imposition of increased levels of tariffs on goods exported to such countries by companies in the U.S. More recently, the U.S. government has introduced agreements in principle regarding tariffs with certain trading partners of the United States, new tariffs and tariff-related measures and has indicated that other potential tariff measures and modifications to existing tariffs continue to be under consideration. President Trump imposed many of these tariffs by invoking authority under the International Emergency Economic Powers Act (IEEPA). On February 20, 2026, the U.S. Supreme Court ruled that President Trump could not invoke the IEEPA to unilaterally set tariffs on imports, thereby invalidating those tariffs implemented using IEEPA. The Trump Administration responded by announcing the imposition of new tariffs under alternative legal authorities to replace the IEEPA tariffs, including an executive order imposing a global surcharge on most imports (initially 10%, with an announcement on February 21, 2026, that the tariff rate would be 15%), effective for 150 days. The tariff environment continues to remain highly dynamic, and the specific tariffs applicable to goods imported into the U.S. continue to evolve, as do import tariffs charged by other countries. Such tariffs could result in increased inflationary pressures on the U.S. economy. These developments could adversely affect our banking customers' businesses, which, in turn, could adversely affect our business, financial condition and results of operations. See "Economic Conditions in the U.S. May Soften or Become Recessionary with Resultant Adverse Consequences for the U.S. Financial Services Industry and for the Bank," above in these "Risk Factors" in this Annual Report on Form 10-K.

Our Ability to Pay Dividends is Subject to Legal Restrictions

As a bank holding company, our cash flow typically comes from dividends of the Bank. Various statutory and regulatory provisions restrict the amount of dividends the Bank can pay to the Company without regulatory approval. The ability of the Company to pay cash dividends in the future also depends on the Company's profitability, growth, and capital needs. In addition, California law restricts the ability of the Company to pay dividends. For a number of years, the Company has paid stock dividends, but not cash dividends, to its shareholders. No assurance can be given that the Company will pay any dividends in the future or, if paid, such dividends will not be discontinued. See "Business - Restrictions on Dividends and Other Distributions" above.

Competition Adversely Affects our Profitability

In California generally, and in the Bank's primary market area specifically, major banks dominate the commercial banking industry. By virtue of their larger capital bases, such institutions have substantially greater lending limits than those of the Bank. Competition is likely to further intensify as a result of the recent and increasing level of consolidation of financial services companies, particularly in our market area resulting from various economic and market conditions. In obtaining deposits and making loans, the Bank competes with these larger commercial banks and other financial institutions, such as savings and loan associations, credit unions and member institutions of the Farm Credit System, which offer many services that traditionally were offered only by banks. Using the financial holding company structure, insurance companies and securities firms may compete more directly with banks and bank holding companies. In addition, the Bank competes with other institutions such as mutual fund companies, brokerage firms, and even retail stores seeking to penetrate the financial services market. Current federal law has also made it easier for out-of-state banks to enter and compete in the states in which we operate. Competition in our principal markets has further intensified as a result of the Dodd-Frank Act which, among other things, permitted out-of-state de novo branching by national banks, state banks and foreign banks from other states. We also experience competition, especially for deposits, from internet-based banking institutions and other non-traditional financial services firms, such as financial technology companies, which do not always have a physical presence in our market footprint and have grown rapidly in recent years. Also, technology and other changes increasingly allow parties to complete financial transactions electronically, and in many cases, without banks. For example, consumers can pay bills and transfer funds over the internet and by telephone without banks. Non-bank financial service providers may have lower overhead costs, are subject to fewer regulatory constraints and continue to expand their offerings of services traditionally provided by financial institutions. Further, the current Trump Administration has taken a number of actions to promote innovation across financial services through a regulatory environment that is favorable to cryptocurrencies, digital assets, open banking initiatives and financial technology companies, which has the potential to further increase competition within the banking industry. In 2025, the OCC announced its conditional approval of five national trust bank charter applications to either newly charter or convert existing institutions into national trust banks that propose to offer digital asset products and services. While national trust banks generally do not take insured deposits or engage in commercial lending, these new non-traditional trust banks offer deposit-like products, although lacking FDIC insurance and core consumer protections, and they are not subject to the same capital, liquidity or supervisory standards as banks. Emerging technologies, such as artificial intelligence (including machine learning and generative artificial intelligence) and quantum computing, have the potential to intensify competition and accelerate disruption in the financial services industry. If consumers do not use banks to complete their financial transactions, we could potentially lose fee income, deposits and income generated from those deposits. During periods of declining interest rates, competitors with lower costs of capital may solicit the Bank's customers to refinance their loans. Furthermore, during periods of economic slowdown or recession, the Bank's borrowers may face financial difficulties and be more receptive to offers from the Bank's competitors to refinance their loans. No assurance can be given that the Bank will be able to compete with these lenders. See "Business – Competition" in Item 1 of this Form 10-K.

Government Regulation and Legislation Could Adversely Affect the Company

The Company and the Bank are subject to extensive state and federal regulation, supervision, and legislation, which govern almost all aspects of the operations of the Company and the Bank. The business of the Bank is particularly susceptible to being affected by the enactment of federal and state legislation, which may have the effect of increasing the cost of doing business, modifying permissible activities, or enhancing the competitive position of other financial institutions. Such laws are subject to change from time to time and are primarily intended for the protection of consumers, depositors and the Deposit Insurance Fund and not for the benefit of shareholders of the Company. Regulatory authorities may also change their interpretation of these laws and regulations. The Company cannot predict what effect any presently contemplated or future changes in the laws or regulations or their interpretations would have on the business and prospects of the Company, but it could be material and adverse. See “Business – Supervision and Regulation of the Bank” in Item 1 of this Form 10-K and "The Effects of Changes or Increases in, or Supervisory Enforcement of, Banking or Other Laws and Regulations or Governmental Fiscal or Monetary Policies Could Adversely Affect Us" above in these "Risk Factors" in this Form 10-K.

We maintain systems and procedures designed to comply with applicable laws and regulations. However, some legal/regulatory frameworks provide for the imposition of criminal or civil penalties (which can be substantial) for non-compliance. In some cases, liability may attach even if the non-compliance was inadvertent or unintentional and even if compliance systems and procedures were in place at the time. There may be other negative consequences from a finding of non-compliance, including restrictions on certain activities and damage to the Company’s reputation.

Our Controls and Procedures May Fail or be Circumvented Which Could Have a Material Adverse Effect on the Company's Financial Condition or Results of Operations

The Company maintains controls and procedures to mitigate against risks such as processing system failures and errors, and customer or employee fraud, and maintains insurance coverage for certain of these risks. Any system of controls and procedures, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Events could occur which are not prevented or detected by the Company’s internal controls or are not insured against or are in excess of the Company’s insurance limits. Any failure or circumvention of the Company’s controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on the Company’s business, results of operations and financial condition.

Changes in Deposit Insurance Premiums Could Adversely Affect Our Business

As discussed above in Part I under the caption “Business – Premiums for Deposit Insurance,” in September, 2020, the FDIC board of directors voted to adopt a restoration plan for the Deposit Insurance Fund to ensure that the ratio of the fund’s reserves to insured deposits reaches 1.35% within the next 8 years, as required by the Dodd-Frank Act. This action was in response to the reserve ratio dropping to 1.30% primarily due to the inflow of more than $1 trillion in estimated insured deposits in the first six month of 2020 resulting mainly from the pandemic, monetary policy actions, direct government assistance and an overall reduction in business spending. On October 18, 2022, the FDIC adopted a final rule, applicable to all insured depository institutions to increase the initial base deposit insurance assessment rate schedules uniformly by two basis points consistent with the Amended Restoration Plan approved by the FDIC on June 21, 2022. The FDIC indicated that it was taking this action in order to restore the DIF reserve ratio to the required statutory minimum of 1.35% by the statutory deadline of September 30, 2028. Under the final rule, the increase in rates began with the first quarterly assessment period of 2023 and will remain in effect unless and until the reserve ratio meets or exceeds 2% in order to support growth in the DIF in progressing toward the FDIC’s long-term goal of a 2% reserve ratio.

On November 16, 2023, the FDIC issued a final rule to implement a special assessment to recover the loss to the DIF associated with protecting uninsured depositors following the closure of Silicon Valley Bank and Signature Bank. This special assessment did not apply to the Bank; however, there can be no assurance that the FDIC will not impose special assessments on, or increase annual assessments payable by, the Bank in the future.

Any further increases in the deposit insurance assessments the Bank pays would further increase our costs.

Negative Public Opinion Could Damage Our Reputation and Adversely Affect Our Earnings

Reputational risk, or the risk to our earnings and capital from negative public opinion, is inherent in our business. Negative public opinion can result from the actual or perceived manner in which we conduct our business activities, management of actual or potential conflicts of interest and ethical issues, lending practices, governmental enforcement actions, corporate governance deficiencies, use of social media, cyber-security breaches and our protection of confidential client information, the implementation of environmental, social and governance (ESG) practices, or from actions taken by regulators or community organizations in response to such actions. Negative public opinion can adversely affect our ability to keep and attract customers and employees and can expose us to claims and litigation and regulatory action and increased liquidity risk and could have a material adverse effect on the price of our stock.

We May Not Be Able to Hire or Retain Additional Qualified Personnel and Recruiting and Compensation Costs May Increase as a Result of Turnover, Both of Which May Increase Costs and Reduce Profitability and May Adversely Impact Our Ability to Implement Our Business Strategy

Our success depends upon the ability to attract and retain highly motivated, well-qualified personnel. We face significant competition in the recruitment and retention of qualified employees. Executive compensation in the financial services sector has been controversial and the subject of regulation. Over time, changing guidance and newly-adopted rules regarding compensation practices could have the effect of making it more difficult for banks to attract and retain skilled personnel.

We May Be Adversely Affected by Unpredictable Catastrophic Events or Terrorist Attacks and Our Business Continuity and Disaster Recovery Plans May Not Adequately Protect Us from Serious Disaster

The occurrence of catastrophic events such as wildfires (including programs of public utility public safety power outages when weather conditions and fire danger warrant), earthquakes, flooding or other large-scale catastrophes and terrorist attacks could adversely affect our business, financial condition or results of operations if a catastrophe rendered both our production data center in Sacramento and our recovery data center in Las Vegas unusable. There can be no assurance that our current disaster recovery plans and capabilities will protect us from serious disaster.

Changes in Accounting Standards Could Materially Impact Our Financial Statements

The Company's consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America, called GAAP. The financial information contained within our consolidated financial statements is, to a significant extent, financial information that is based on approximate measures of the financial effects of transactions and events that have already occurred. A variety of factors could affect the ultimate value that is obtained either when earning income, recognizing an expense, recovering an asset or relieving a liability. Along with other factors, we use historical loss factors to determine the inherent loss that may be present in our loan portfolio. Actual losses could differ significantly from the historical loss factors that we use. Other estimates that we use are fair value of our securities, expected useful lives of our depreciable assets, fair value of stock options, calculation of deferred tax assets and liabilities, and the value of our mortgage servicing rights. We have not entered into derivative contracts for our customers or for ourselves, which relate to interest rate, credit, equity, commodity, energy, or weather-related indices, other than forward commitments related to our loans held for sale portfolio. From time to time, the FASB and SEC change the financial accounting and reporting standards that govern the preparation of our financial statements or new interpretations of existing standards emerge as standard industry practice. These changes can be difficult to predict and operationally complex to implement and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retrospectively, resulting in our restating prior period financial statements.

There is a Limited Public Market for the Company's Common Stock Which May Make It Difficult for Shareholders to Dispose of Their Shares

The Company's common stock is not listed on any exchange. However, trades may be reported on the OTC Markets under the symbol "FNRN." The Company is aware that JWTT, Inc., Monroe Financial Partners and Raymond James all currently make a market in the Company's common stock. Management is aware that there are also private transactions in the Company's common stock. However, the limited trading market for the Company's common stock may make it difficult for shareholders to dispose of their shares. Also, the price of the Company's common stock may be affected by general market price movements as well as developments specifically related to the financial services sector, including interest rate movements, quarterly variations, or changes in financial estimates by securities analysts and a significant reduction in the price of the stock of another participant in the financial services industry.

Advances and Changes in Technology, and the Company's Ability to Adapt Its Technology, May Strain Our Available Resources and Could Adversely Impact Our Ability to Compete and the Company's Business and Operations

Advances and changes in technology can significantly impact the business and operations of the Company. The financial services industry is undergoing rapid technological change which regularly involves the introduction of new products and services based on new or enhanced technologies. Examples include cloud computing, artificial intelligence and machine learning, biometric authentication and data protection enhancements, as well as increased online and mobile device interaction with customers and increased demand for providing computer access to Bank accounts and the systems to perform banking transactions electronically. The Company's merchant processing services require the use of advanced computer hardware and software technology and rapidly changing customer and regulatory requirements. The Company's ability to compete effectively depends on its ability to continue to adapt its technology on a timely and cost-effective basis to meet these requirements. Our continued success and the maintenance of our competitive position depends, in part, upon our ability to meet the needs of our customers through the application of new technologies. Furthermore, the widespread adoption of new technologies by competitors, including artificial intelligence, could require us to make additional substantial investments to modify or adapt our existing products and services or alter the way we conduct business. These and other capital investments in the Company's business may not produce the growth in earnings anticipated at the time of the expenditure, and we may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our customers. If we fail to maintain or enhance our competitive position with regard to technology, whether because we fail to anticipate customer needs and expectations or because our technological initiatives fail to perform as desired or are not timely implemented, we may lose market share or incur additional expense. Our ability to execute our core operations and to implement technology and other important initiatives may be adversely affected if our resources are insufficient or if we are unable to allocate available resources effectively.

In addition, the Company's business and operations are susceptible to negative impacts from computer system failures, communication and power disruption, and unethical individuals with the technological ability to cause disruptions or failures of the Company's data processing systems. Implementation of certain new technologies, such as those related to artificial intelligence, automation and algorithms, also may have unintended consequences, including fraud or cybersecurity risk, due to their limitations, potential manipulation, or our failure to use them effectively.

Information Security Breaches or Other Technological Difficulties Could Adversely Affect the Company

Our operations rely on the secure processing, storage, transmission and reporting of personal, confidential and other sensitive information in our computer systems, networks and business applications. Although we take protective measures, our computer systems, as well as the systems of our third-party providers, may be vulnerable to breaches or attacks, unauthorized access, misuse, computer viruses or other malicious code, operational errors, including clerical or record-keeping errors or those resulting from faulty or disabled computer or telecommunications systems, and other events that could have significant negative consequences to us. Such events could result in interruptions or malfunctions in our or our customers' operations, interception, misuse or mishandling of personal or confidential information, or processing of unauthorized transactions or loss of funds. These events could result in litigation, regulatory enforcement actions, and financial losses that are either not insured against or not fully covered by our insurance, or result in regulatory consequences or reputational harm, any of which could harm our competitive position, operating results and financial condition. We maintain cyber insurance, but this insurance may not cover all costs associated with cyber incidents or the consequences of personal or confidential information being compromised. These types of incidents can remain undetected for extended periods of time, thereby increasing the associated risks. We may also be required to expend significant resources to modify our protective measures or to investigate and remediate vulnerabilities or exposures arising from cybersecurity risks.

We depend on the continued efficacy of our technical systems, operational infrastructure, relationships with third parties and our employees in our day-to-day and ongoing operations. Our increasing dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. With regard to the physical infrastructure that supports our operations, we have taken measures to implement backup systems and other safeguards, but our ability to conduct business may be adversely affected by any disruption to that infrastructure. Failures in our internal control or operational systems, security breaches or service interruptions could impair our ability to operate our business and result in potential liability to customers, reputational damage and regulatory intervention, any of which could harm our operating results and financial condition.

We may also be subject to disruptions of our operating systems arising from other events that are wholly or partially beyond our control, such as outages related to electrical, internet or telecommunications, natural disasters (such as major seismic events), or unexpected difficulties with the implementation of our technology enhancement and replacement projects, which may give rise to disruption of service to customers and to financial loss or liability. Our business recovery plan may not work as intended or may not prevent significant interruptions of our operations.

In recent years, it has been reported that several of the larger U.S. banking institutions have been the target of various denial-of-service, ransomware or other cyberattacks (including attempts to inject malicious code and viruses into computer systems) that have, for limited periods, resulted in the disruption of various operations of the targeted banks. These cyber-attacks originate from a variety of sophisticated sources who may be involved with organized crime, linked to terrorist organizations or hostile countries and have extensive resources to disrupt the operations of the Bank or the financial system more generally. The potential for denial-of-service, ransomware and other attacks requires substantial resources to defend and may affect customer satisfaction and behavior. To date we have not experienced any material losses relating to cyberattacks or other information security breaches, but there can be no assurance that we will not suffer such losses or information security breaches in the future. A successful cyber-attack could result in a material disruption of the Bank's operations, exposure of confidential information and financial loss to the Bank, its clients, customers and counterparties and could lead to significant exposure to litigation and regulatory fines, penalties and other sanctions as well as reputational damage. While we have a variety of cyber-security measures in place, the consequences to our business, if we were to become a target of such attacks, cannot be predicted with any certainty.

In addition, there have been increasing efforts on the part of third parties to breach data security at financial institutions or with respect to financial transactions, including through the use of social engineering schemes such as "phishing." The ability of our customers to bank remotely, including online and though mobile devices, requires secure transmission of confidential information and increases the risk of data security breaches which would expose us to claims by customers or others and which could adversely affect our reputation and could lead to a material loss.

We, and other banking institutions, are also at risk of increased losses from fraudulent conduct of criminals using increasingly sophisticated techniques which, in some cases, are part of larger criminal organizations which allow them to be more effective. This criminal activity is taking many forms, including information theft, debit/credit card fraud, check fraud, mechanical devices affixed to ATM's, social engineering, phishing attacks to obtain personal information, or impersonation of customers through falsified or stolen credentials, business email compromise, and other criminal endeavors. We, and other banking institutions are also at risk of fraudulent or criminal activities by employees, contractors, vendors and others with whom we do business. There is also the risk of errors by our employees and others responsible for the systems and controls on which we depend and any resulting failures of these systems and controls could significantly harm the Company, including customer remediation costs, regulatory fines and penalties, litigation or enforcement actions, or limitations on our business activities.

Even if cyber-attacks and similar tactics are not directed specifically at the Bank, such attacks on other large financial institutions could disrupt the overall functioning of the financial system and undermine consumer confidence in banks generally, to the detriment of other financial institutions, including the Bank. A data security breach at a large U.S. retailer resulted in the compromise of data related to credit and debit cards of large numbers of customers requiring many banks, including the Bank, to reissue credit and debit cards for affected customers and reimburse these customers for losses sustained.

We maintain insurance which we believe provides sufficient coverage against these risks at a manageable expense for an institution of our size and scope with similar technological systems. However, we cannot assure that this insurance would be sufficient to cover all financial losses, damages, penalties, including lost revenues, should we experience any one or more of our or a third-party's systems failing or experiencing attack.

Environmental Hazards Could Have a Material Adverse Effect on the Company's Business, Financial Condition, and Results of Operations

The Company, in its ordinary course of business, acquires real property securing loans that are in default, and there is a risk that hazardous substances or waste, contaminants or pollutants could exist on such properties. The Company may be required to remove or remediate such substances from the affected properties at its expense, and the cost of such removal or remediation may substantially exceed the value of the affected properties or the loans secured by such properties. Furthermore, the Company may not have adequate remedies against the prior owners or other responsible parties to recover its costs. Finally, the Company may find it difficult or impossible to sell the affected properties either prior to or following any such removal. In addition, the Company may be considered liable for environmental liabilities in connection with its borrowers' properties, if, among other things, it participates in the management of its borrowers' operations. The occurrence of such an event could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

The Company May Not Be Successful in Raising Additional Capital Needed in the Future

If additional capital is needed in the future as a result of losses or growth or our business strategy or regulatory requirements, there is no assurance that our efforts to raise such additional capital will be successful or that shares sold in the future will be sold at prices or on terms equal to or better than the current market price. The inability to raise additional capital when needed or at prices and terms acceptable to us could adversely affect our ability to implement our business strategies.

In the Future, the Company May Be Required to Recognize an Allowance for Credit Losses With Respect to Investment Securities, Which May Adversely Affect our Results of Operations

The Company's securities portfolio currently includes securities with unrecognized losses. The Company may continue to observe declines in the fair market value of these securities. Management evaluates the need for an allowance for credit losses on the securities portfolio, as required by generally accepted accounting principles. There can be no assurance, however, that future evaluations of the securities portfolio will not require us to recognize losses with respect to these and other holdings, which could adversely affect our results of operations.

Changes in the U.S. Tax Laws Have Impacted, and May Impact, Our Business and Results of Operations in a Variety of Ways, Some of Which Are Positive, and Others Which May Be Negative

The Tax Cuts and Jobs Act ("TCJA"), signed into law on December 22, 2017, enacted sweeping changes to the U.S. federal tax laws generally effective January 1, 2018. These changes have impacted our business and results of operations in a variety of ways, some of which are positive and others which are negative. The TCJA reduced the corporate tax rate to 21% from 35%, which resulted in a net reduction in our annual income tax expense and which has also benefited many of our corporate and other small business borrowers. However, our ability to utilize tax credits, such as those arising from low-income housing and alternative energy investments, is constrained by the lower tax rate. Increases in the U.S. corporate tax rate could adversely impact our profitability and that of our business and commercial customers. On July 4, 2025, the One Big Beautiful Bill Act was enacted into law, which included certain modifications to U.S. tax law. The Company has evaluated the provisions of this Act and has concluded that they do not have any material impact on our consolidated financial statements for the year ended December 31, 2025.

Our Operations, Businesses and Customers Could be Materially Adversely Affected by the Physical Effects of Climate Change, as well as Governmental and Societal Responses to Climate Change

There is increasing concern over the risks of climate change and related environmental sustainability matters. The physical effects of climate change include rising average global temperatures, rising sea levels and an increase in the frequency and severity of extreme weather events and natural disasters, including droughts, wildfires, floods, hurricanes and tornados. Most of the Company's operations and customers are located in California, which could be adversely impacted by severe weather events and the physical effects of climate change. Agriculture is especially dependent on climate, and climate impacts could include shifting average growing conditions, increased climate and weather variability, decreases in available water sources, and more uncertainty in predicting climate and weather conditions, any or all of which could have a particularly adverse impact on our agricultural customers. Elevated temperatures and carbon dioxide levels can have large impacts on appropriate nutrient levels, soil moisture, water availability, working condition, and various other critical performance conditions. Such climate-related impacts could disrupt our operations or the operations of customers or third parties on which we rely, result in market volatility, negatively impact our customers' ability to pay outstanding loans, damage collateral or result in the deterioration of the value of collateral or insurance shortfalls. Our borrowers may have collateral properties or operations located in areas at risk of wildfires or subject to the risk of drought in California. The properties pledged as collateral on our loan portfolio could also be damaged by wildfires, earthquakes or other natural disasters, and thereby the recoverability of loans could be impaired. A number of factors can affect credit losses, including the extent of damage to the collateral, the extent of damage not covered by insurance, the extent to which unemployment and other economic conditions caused by the natural disaster adversely affect the ability of borrowers to repay their loans, and the cost of collection and foreclosure to us. Additionally, there could be increased insurance premiums and deductibles, or a decrease in the availability of coverage, due to severe losses resulting from wildfires or other climate-related physical hazards. The ultimate outcome on our business of a natural disaster, whether or not caused by climate change, is difficult to predict but these events could reduce the Company's earnings and cause volatility in the Company's financial results for any fiscal quarter or year and have a material adverse effect on the Company's financial condition and results of operations.

Legislation and regulatory requirements and changes in consumer preferences, including those associated with the transition to a low-carbon economy, could increase expenses of, or otherwise adversely impact, the Company, its businesses or its customers. We and our customers may face cost increases, asset value reductions, operating process changes, reduced availability of insurance, and the like, as a result of governmental actions or societal responses to climate change. New and/or more stringent regulatory requirements relating to climate change or environmental sustainability could materially affect the Company's results of operations by increasing our compliance costs. Regulatory changes or market shifts to low-carbon products could also impact the creditworthiness of some of our customers or reduce the value of assets securing loans, which may require the Company to adjust our lending portfolios and business strategies.

ITEM 1B – UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C - CYBERSECURITY

Cybersecurity Risk Management and Strategy

The Company recognizes the security of our banking operations and the confidentiality, security and availability of the information that the Company collects and stores, is critical to protecting our customers, maintaining our reputation and preserving the value of the Company. Cybersecurity risks are constantly evolving and becoming increasingly pervasive across all industries. The Company has implemented a comprehensive cybersecurity risk management program that we believe is reasonably designed to mitigate these risks and protect sensitive customer data, financial transactions and our information systems. Key components of the cybersecurity risk management program include:

- A risk assessment process that identifies and prioritizes material cybersecurity risks; defines and evaluates the effectiveness of controls to mitigate the risks; and reports results to executive management and the Board of Directors.
- A third-party Managed Detection and Response (“MDR”) service, which monitors the security of our information systems around-the-clock, including intrusion detection and alerting.
- A third-party Managed Security Service Provider (“MSSP”) covering all critical cyber defense functions such as data protection, identity and access management, insider risk management, security operations and threat intelligence.
- A training program that educates employees and management about cybersecurity risks and how to protect themselves from cyberattacks.
- An incident response plan that outlines the steps the Company will take to respond to a cybersecurity incident, which is tested on a periodic basis.

The Company engages reputable third-party auditors and security assessors to conduct various independent risk assessments on a regular basis, including cybersecurity program maturity assessments and network and systems testing to identify and address potential vulnerabilities. Following a defense-in-depth strategy, the Company leverages both in-house resources and third-party service providers to implement and maintain processes and controls to manage the identified risks.

Our vendor management program is designed to ensure that our vendors meet current cybersecurity and information security standards. This includes conducting periodic reviews of independent control audits of the security, infrastructure, application standards or controls, and recovery plans of our most critical vendors.

The Company’s cybersecurity risk management program and strategy are designed to ensure the Company’s information and information systems are appropriately protected from a variety of threats, both natural and man-made. Periodic risk assessments are performed to validate control requirements and ensure that the Company’s information is protected at a level commensurate with its sensitivity, value, and criticality. Preventative and detective security controls are employed on all media where information is stored, the systems that process it, and infrastructure components that facilitate its transmission, to ensure the confidentiality, integrity, and availability of Company information. These controls include, but are not limited to, access control, data encryption, data loss prevention, incident response, security monitoring, third-party risk management, and vulnerability management.

The Company has an incident response program in place that is designed to enable a coordinated response to mitigate the impact of cyber-attacks, recover from the attack and provide for the prompt escalation of certain cybersecurity incidents to management, including for decisions regarding timely reporting of material incidents in accordance with SEC rules.

The Company's cybersecurity risk management program and strategy are regularly reviewed and updated to ensure that they are aligned with the Company's business objectives and are designed to address evolving cybersecurity threats and satisfy regulatory requirements and industry standards.

Material Effects of Cybersecurity Threats

While cybersecurity risks have the potential to materially affect the Company's business, financial condition, and results of operations, the Company does not believe that risks from cybersecurity threats or attacks, including as a result of any previous cybersecurity incidents, have materially affected the Company, including its business strategy, results of operations or financial condition. However, the sophistication of cyber threats continues to increase, and the Company’s cybersecurity risk management and strategy may be insufficient or may not be successful in protecting against all cyber incidents. Recent advances in artificial intelligence, including the use of generative AI to conduct more sophisticated social engineering attacks on us or our clients, further increases the risks in this area, including by making fraud detection more difficult. Accordingly, no matter how well designed or implemented the Company’s controls are, it will not be able to anticipate all cyber security breaches, preventative measures cannot provide absolute security and may not be sufficient in all circumstances or mitigate all potential risks, and the Company may not be able to implement effective preventive measures against cyber security breaches in a timely manner. For more information on how cybersecurity risk may materially affect the Company’s business strategy, results of operations or financial condition, please refer to Part I, Item 1A, “Risk Factors” in this report.

Governance

Board of Directors Oversight

The Company’s Board of Directors is charged with overseeing the establishment and execution of the Company’s cybersecurity risk management framework and monitoring adherence to related policies required by applicable statutes, regulations and principles of safety and soundness. Consistent with this responsibility, the Board has delegated primary oversight responsibility over the Company’s cybersecurity risk and cybersecurity risk management to the Information Services Steering Committee of the Board of Directors. The Information Services Steering Committee receives regular updates on cybersecurity risks and incidents and the cybersecurity program through direct interaction with the Information Security Officer (“ISO”) and/or the Chief Information Officer (“CIO”). The ISO and/or CIO also provide periodic updates regarding cybersecurity risks and the cybersecurity program to the Audit Committee of the Board of Directors and to the full Board of Directors. Additionally, awareness and training on cybersecurity topics is provided to the Board on an annual basis.

Management's Role

The ISO and the CIO are responsible for implementing and maintaining the Company’s cybersecurity risk management program. Information Security is led by the ISO, who reports directly to the President/Chief Executive Officer. The Company’s ISO has over 35 years of experience in IT management, information security, and cybersecurity with the Company. The ISO and CIO are responsible for ensuring the protection of electronic and physical information through the identification and management of risk activities. Information security risk is reported by the ISO or the CIO through quarterly metric reporting to the Information Services Steering Committee. This Committee establishes and oversees policies, programs, and other guidance to provide specific expectations for managing the Company’s cybersecurity risk.

ITEM 2 – PROPERTIES

As of December 31, 2025, the Company and the Bank are engaged in the banking business through 15 offices in five counties in Northern California operating out of three offices in Solano County, five in Yolo County, two in Sacramento County, two in Placer County, two in Glenn County and one in Colusa County. In addition, the Company owns three vacant lots, two in northern Solano County and one in eastern Sacramento County. The lot in eastern Sacramento is listed for sale and is classified as other real estate owned as of December 31, 2025.

As of December 31, 2025, the Bank owns six branch office locations and two administrative facilities and leases 10 facilities. Most of the leases contain multiple renewal options and provisions for rental increases, principally for changes in the cost of living index, property taxes and maintenance.

See Item 1 “Business - General” in this report for more information regarding our properties.

ITEM 3 - LEGAL PROCEEDINGS

Neither the Company nor the Bank is a party to any material pending legal proceeding, nor is any of its property the subject of any material pending legal proceeding, except ordinary routine litigation arising in the ordinary course of the Bank’s business and incidental to its business, none of which is expected to have a material adverse impact upon the Company’s or the Bank’s business, financial position or results of operations.

ITEM 4 – MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is not listed on any exchange. However, trades may be reported on the OTC Markets under the symbol "FNRN." The Company is aware that JWTT, Inc., Monroe Financial Partners and Raymond James all currently make a market in the Company's common stock. Management is aware that there are also private transactions in the Company's common stock, and the data set forth below may not reflect all such transactions.

The following table summarizes the range of reported high and low bid quotations of the Company's Common Stock for each quarter during the last two fiscal years and is based on information from OTC Markets. The quotations reflect the price that would be received by the seller without retail mark-up, mark-down or commissions and may not have represented actual transactions:

QUARTER/YEAR	HIGH*	LOW*
4th Quarter 2025	$ 12.85	$ 11.88
3rd Quarter 2025	$ 12.13	$ 9.24
2nd Quarter 2025	$ 9.70	$ 8.97
1st Quarter 2025	$ 9.95	$ 8.73
4th Quarter 2024	$ 9.34	$ 8.93
3rd Quarter 2024	$ 9.52	$ 8.14
2nd Quarter 2024	$ 8.28	$ 7.33
1st Quarter 2024	$ 8.21	$ 7.07

* Price adjusted for stock dividends in the indicated periods for the 5% stock dividends payable March 25, 2026 and March 25, 2025, as described below.

As of March 1, 2026, there were approximately 1,302 holders of record of the Company's common stock, no par value.

In the prior two fiscal years and to date, the Company has declared the following stock dividends:

Shareholder Record Date	Dividend Percentage	Date Payable
February 28, 2024	5%	March 25, 2024
February 28, 2025	5%	March 25, 2025
February 27, 2026	5%	March 25, 2026

The Company does not expect to pay a cash dividend in the foreseeable future. Our ability to declare and pay dividends is affected by certain regulatory restrictions. See "Business – Restrictions on Dividends and Other Distributions" in Part I, Item 1 above.

For information regarding securities authorized for issuance under equity compensation plans, see Part III, Item 12 of this Annual Report on Form 10-K.

Issuer Purchases of Equity Securities

The Company made the following purchases of its common stock during the three months ended December 31, 2025:

Period	(a) Total number of shares purchased		(b) Average price paid per share	(c) Number of shares purchased as part of publicly announced plans or programs	(d) Maximum number of shares that may yet be purchased under the plans or programs(1)
October 1 - October 31, 2025	—		—	—	263,958
November 1 - November 30, 2025	74,300	$	12.53	74,300	189,658
December 1 - December 31, 2025	42,516	$	12.85	42,516	147,142
Total	116,816			116,816	

(1) On March 27, 2024, the Company approved a stock repurchase program effective May 1, 2024. The stock repurchase program, which remains in effect until April 30, 2026 unless terminated sooner, allows for repurchases by the Company in an aggregate amount of no more than 6% of the Company's 17,144,680 outstanding shares of common stock as of March 21, 2024. This represented total shares of 1,028,680 eligible for repurchase at May 1, 2024. The total number of shares outstanding and shares eligible for repurchase have been adjusted to give retroactive effect to stock dividends and stock splits, including the 5% stock dividend declared on January 22, 2026, payable on March 25, 2026 to shareholders of record as of February 27, 2026.

ITEM 6 - RESERVED

ITEM 7 – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Introduction

This overview highlights selected information in this Annual Report on Form 10-K and may not contain all of the information that is important to you. For a more complete understanding of trends, events, commitments, uncertainties, liquidity, capital resources, and critical accounting estimates, you should carefully read this entire Annual Report on Form 10-K. For a discussion of changes in results of operations comparing the years ended December 31, 2024 and 2023, for the Company and its subsidiary, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 7, 2025.

Our subsidiary, First Northern Bank of Dixon, is a California state-chartered bank that derives most of its revenues from lending and deposit taking in the Sacramento Valley region of Northern California. Interest rates, business conditions and customer confidence all affect our ability to generate revenues. In addition, the regulatory environment and competition can challenge our ability to generate those revenues.

Financial highlights for 2025 include:

The Company reported net income of $21.1 million for 2025, a 5.5% increase compared to net income of $20.0 million for 2024. Net income per common share for 2025 was $1.30, an increase of 8.3% compared to net income per common share of $1.20 for 2024. Net income per common share on a fully diluted basis was $1.27 for 2025, an increase of 6.7% compared to net income per common share on a fully diluted basis of $1.19 for 2024.

Net interest income totaled $67.5 million for 2025, an increase of 4.8% from $64.4 million in 2024, primarily due to increases in yields earned on loans and investment securities, which was partially offset by decreases both in volume and yield earned on due from banks and increases in average rate paid on average interest-bearing transaction deposits and savings and MMDAs. Net interest margin was 3.77% for the year ended 2025 which was a 4.7% or 17 basis point increase from the 3.60% reported for the year ended 2024.

No provision for credit losses was recorded in 2025, compared to a reversal of provision for credit losses of $0.3 million in 2024. No provision for credit losses was recorded in 2025 primarily due to positive trends in gross domestic product and single-family home prices, coupled with an overall decrease in forecasted loss rates and improvements in qualitative risk factors.

Non-interest income totaled $6.1 million in 2025, an increase of 1.3% from $6.0 million in 2024. The increase was primarily due to a decrease in realized losses on sales/calls of available for sale securities and an increase in other income, which was partially offset by decreases in service charges on deposit accounts and debit card income.

Non-interest expenses totaled $46.2 million for 2025, up 7.9% from $42.8 million in 2024. The increase was primarily due to increases in salaries and employee benefits, occupancy and equipment, data processing and legal fees. The increase in salaries and benefits was primarily due to an increase in full-time equivalent employees and increases in contingent compensation and group medical insurance expense. The increase in occupancy and equipment was primarily due to an increase in service contracts related to upgrading and maintaining facilities. The increase in data processing was primarily due to an increase in costs of service contracts.

The Company reported total assets of $1.91 billion and $1.89 billion for the years ended December 31, 2025 and 2024, respectively.

Investments totaled $617.2 million as of December 31, 2025, a 2.6% decrease from $633.9 million as of December 31, 2024. U.S. Treasury securities totaled $87.5 million as of December 31, 2025, down 17.0% from $105.5 million as of December 31, 2024; securities of U.S. government agencies and corporations totaled $85.3 million, down 10.8% from $95.7 million as of December 31, 2024; obligations of state and political subdivisions totaled $75.0 million, up 11.0% from $67.6 million as of December 31, 2024; collateralized mortgage obligations totaled $92.3 million, down 2.8% from $95.0 million as of December 31, 2024; and mortgage-backed securities totaled $277.1 million, up 2.6% from $270.1 million as of December 31, 2024.

Loans (including loans held-for-sale), net of allowance, totaled $1.050 billion as of December 31, 2025, a 0.4% increase from $1.047 billion as of December 31, 2024. Commercial loans totaled $146.2 million as of December 31, 2025, up 24.0% from $117.9 million as of December 31, 2024; commercial real estate loans were $702.5 million, down 2.9% from $723.6 million as of December 31, 2024; agriculture loans were $93.6 million, up 1.1% from $92.6 million as of December 31, 2024; residential mortgage loans were $100.7 million, down 4.9% from $105.9 million as of December 31, 2024; residential construction loans were $5.8 million, down 14.9% from $6.9 million as of December 31, 2024; and consumer loans totaled $15.5 million, down 1.5% from $15.7 million as of December 31, 2024.

Deposits totaled $1.68 billion as of December 31, 2025, a 1.2% decrease from $1.70 billion as of December 31, 2024.

There were no FHLB advances outstanding as of December 31, 2025 and December 31, 2024.

Stockholders' equity increased to $212.0 million as of December 31, 2025, a 20.2% increase from $176.3 million as of December 31, 2024. The increase was primarily due to 2025 net income of $21.1 million and a decrease in accumulated other comprehensive loss, net of $18.4 million.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to the allowance for credit losses. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements:

Allowance for Credit Losses on Loans

The Company believes the allowance for credit losses (ACL) accounting policy is critical because the loan portfolio represents the largest asset on the consolidated balance sheet, and there is significant judgment used in determining the adequacy of the ACL. Management estimates the ACL using relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Loan losses are charged off against the allowance, while recoveries of amounts previously charged off are credited to the allowance. A provision for credit losses is based on the Company's periodic evaluation of the factors mentioned below, as well as other pertinent factors.

In determining the ACL, accruing loans with similar risk characteristics are generally evaluated collectively. To estimate expected losses the Company generally utilizes historical loss trends and the remaining contractual lives of the loan portfolios to determine estimated credit losses through a reasonable and supportable forecast period. The Company utilized a reasonable and supportable forecast period of approximately four quarters and obtained the forecast data from Moody's Analytics. Individual loan credit quality indicators, including historical credit losses, have been statistically correlated with various econometrics, including national unemployment rate, national gross domestic product, and single-family home prices. Model forecasts may be adjusted for inherent limitations or biases that have been identified through independent validation and back-testing of model performance to actual realized results. The Company also considered the impact of portfolio concentrations, changes in underwriting practices, imprecision in its economic forecasts, and other risk factors that might influence its loss estimation process. Increases in external risk factors due to more pessimistic business and economic conditions could potentially add $4.6 million based on existing loan balances, if not more, to the ACL. While management utilizes its best judgment and information available, the ultimate adequacy of our allowance accounts is dependent upon a variety of factors beyond our control, including the performance of our portfolios, the economy and changes in interest rates.

Impact of Recently Issued Accounting Standards

Accounting Standards Adopted in 2025

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures.* Among other things, these amendments provide additional transparency into an entity's income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The standard requires that public business entities disclose, on an annual basis, specific categories in the rate reconciliation and additional information for reconciling items meeting a certain quantitative threshold. The amendments also require that entities disclose on an annual basis: 1) income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes and 2) the income taxes paid (net of refunds received) disaggregated by individual jurisdictions exceeding 5% of total income taxes paid (net of refunds received). The amendments are effective for public business entities for annual periods beginning after December 15, 2024. The Company adopted this ASU retrospectively. Adoption of this ASU did not have a material impact on the Company's consolidated financial statements. For additional information, see Note 18 to the Consolidated Financial Statements in this Form 10-K.

In March 2024, the FASB issued guidance within ASU 2024-01, *Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*. The amendments in the ASU apply to companies that provide employees and non-employees with profits interest and similar awards to align compensation with a company's operating performance and provide those holders with the opportunity to participate in future profits and/or equity appreciation of the company. The purpose of the ASU is to clarify the application of the scope guidance in Accounting Standards Codification (ASC) paragraph 718-10-15-3 in determining if a profit interest award should be accounted for in accordance with Topic 718: Compensation—Stock Compensation. The amendment in ASC paragraph 718-10-15-3 is solely intended to improve the overall clarity and does not change the guidance. The ASU is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. If a company adopts the amendments in an interim period, it should adopt them as of the beginning of the annual period that includes the interim period. The amendments should be applied either (1) retrospectively to all prior periods presented in the financial statements or (2) on a prospective basis. Adoption of this ASU did not have a material impact on the Company's consolidated financial statements, as the Company does not typically provide these types of awards. For additional information, see Note 15 to the Consolidated Financial Statements in this Form 10-K.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.* This ASU requires public companies to disclose, in the notes to financial statements, specified information about certain costs and expenses at each interim and annual reporting period. In January 2025, the FASB issued ASU 2025-01, *Income Statement —Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date.* ASU 2025-01 amends the effective date of ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU 2024-03 is permitted. The Company is evaluating the accounting and disclosure requirements of this update and the impact of adopting the new guidance on the consolidated financial statements.

In November 2025, the FASB issued ASU 2025-08, *Financial Instruments - Credit Losses (Topic 326): Purchased Loans.* This ASU expands the population of acquired financial assets accounted for using the gross-up approach. Acquired loans (excluding credit cards) are deemed purchased seasoned loans and accounted for using the gross-up approach upon acquisition if criteria established by the new guidance are met. This change aims to enhance comparability, consistency, and better reflect the economics of acquiring financial assets. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted in an interim or annual reporting period in which financial statements have not yet been issued or made available for issuance. The Company is evaluating the accounting and disclosure requirements of this update and the impact of adopting the new guidance on the consolidated financial statements.

In November 2025, the FASB issued ASU 2025-09, *Derivatives and Hedging (Topic 815): Hedge Accounting Improvements.* This ASU enables entities to apply hedge accounting to a greater number of highly effective economic hedges in the following five areas: similar risk assessment for cash flow hedges, hedging forecasted interest payments on choose-your-rate debt instruments, cash flow hedges of nonfinancial forecasted transactions, net written options as hedging instruments, foreign-currency-denominated debt instrument as hedging instrument and hedged item (dual hedge). This ASU is effective for public business entities for annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods. Early adoption is permitted on any date on or after the issuance of ASU No. 2025-09. The Company is evaluating the accounting and disclosure requirements of this update and the impact of adopting the new guidance on the consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements.* This ASU does not change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements. The amendments in this ASU: clarify that the guidance in Topic 270 applies to all entities that provide interim financial statements and notes in accordance with GAAP; create a comprehensive list in FASB Accounting Standards Codification Topic 270 of interim disclosures that are required in interim financial statements and notes in accordance with GAAP; incorporate a disclosure principle, which is modeled after previous SEC guidance, that requires entities to disclose events and changes that occur after the end of the most recent fiscal year that have a material impact on the entity; and improve guidance about information included in and the format of interim financial statements. The amendments in this ASU are effective for pubic business entities for interim periods within annual periods beginning after December 15, 2027. Early adoption is permitted for all entities. The amendments can be applied either prospectively or retrospectively to any or all prior periods presented in the financial statements. The Company is evaluating the disclosure requirements of this update and the impact of adopting the new guidance on the consolidated financial statements.

In December 2025, the FASB issued ASU 2025-12, *Codification Improvements.* The amendments in this ASU update the FASB ASC for a broad range of Topics arising from technical corrections, unintended application of the ASC, clarifications, and other minor improvements. The amendments in this ASU, which addresses 33 issues, affect a wide variety of Topics in the ASC and apply to all reporting entities within the scope of the affected accounting guidance. The amendments in this ASU are effective for all entities for annual periods beginning after December 15, 2026, and interim periods within those annual periods. Early adoption is permitted in both interim and annual periods in which financial statements have not yet been issued or made available for issuance. The Company is evaluating the accounting and disclosure requirements of this update and the impact of adopting the new guidance on the consolidated financial statements.

STATISTICAL INFORMATION AND DISCUSSION

The following statistical information and discussion should be read in conjunction with the audited consolidated financial statements and accompanying notes included in Part II (Item 8) of this Annual Report on Form 10-K.

The following tables present information regarding the consolidated average assets, liabilities and stockholders' equity, the amounts of interest income from average earning assets and the resulting yields, and the amount of interest expense paid on interest-bearing liabilities. Average loan balances include non-performing loans. Interest income includes proceeds from loans on non-accrual status only to the extent cash payments have been received and applied as interest income. Tax-exempt income is not shown on a tax equivalent basis.

Distribution of Assets, Liabilities and Stockholders' Equity;
Interest Rates and Interest Differential
(Dollars in thousands)

	2025		2024	
	Average Balance	Percent	Average Balance	Percent
ASSETS				
Cash and Due From Banks	$ 132,839	6.9%	$ 159,998	8.4%
Certificates of Deposit	14,244	0.8%	17,780	0.9%
Investment Securities	614,346	32.6%	591,225	31.3%
Loans (1)	1,048,539	55.6%	1,045,419	55.3%
Stock in Federal Home Loan Bank and other equity securities, at cost	10,768	0.6%	10,518	0.6%
Other Assets	66,496	3.5%	65,713	3.5%
Total Assets	$ 1,887,232	100.0%	$ 1,890,653	100.0%
LIABILITIES & STOCKHOLDERS' EQUITY				
Deposits:				
Demand	$ 649,590	34.4%	$ 701,685	37.0%
Interest-Bearing Transaction Deposits	429,649	22.9%	417,373	22.1%
Savings and MMDAs	457,453	24.2%	435,160	23.0%
Time Certificates	140,550	7.4%	152,285	8.1%
FHLB advances	1,645	0.1%	—	—%
Other Liabilities	15,056	0.8%	16,542	0.9%
Stockholders' Equity	193,289	10.2%	167,608	8.9%
Total Liabilities and Stockholders' Equity	$ 1,887,232	100.0%	$ 1,890,653	100.0%

(1) Average balances for loans include loans held-for-sale and non-accrual loans and are net of the allowance for credit losses.

Net Interest Earnings
Average Balances, Yields and Rates
(Dollars in thousands)

	2025			2024		
Assets	Average Balance	Interest Income/Expense	Yields Earned/Rates Paid	Average Balance	Interest Income/Expense	Yields Earned/Rates Paid
Total Loans, Including Loan Fees[1]	$ 1,048,539	$ 57,999	5.53%	$ 1,045,419	$ 55,389	5.30%
Due From Banks	100,656	4,273	4.25%	121,308	6,477	5.34%
Certificates of Deposit	14,244	592	4.16%	17,780	724	4.07%
Investment Securities:						
Taxable	562,307	16,783	2.98%	548,661	13,795	2.51%
Non-taxable [2]	52,039	1,642	3.16%	42,564	1,216	2.86%
Total Investment Securities	614,346	18,425	3.00%	591,225	15,011	2.54%
Other Earning Assets	10,768	1,018	9.45%	10,518	1,051	9.99%
Total Earning Assets	$ 1,788,553	$ 82,307	4.60%	$ 1,786,250	$ 78,652	4.40%
Cash and Due from Banks	32,183			38,690		
Interest Receivable and Other Assets	66,496			65,713		
Total Assets	$ 1,887,232			$ 1,890,653		

(1) Average balances for loans include loans held-for-sale and non-accrual loans and are net of the allowance for credit losses, but non-accrued interest thereon is excluded. Includes amortization of deferred loan fees and costs.

(2) Interest income and yields on tax-exempt securities are not presented on a taxable equivalent basis.

Continuation of
Net Interest Earnings
Average Balances, Yields and Rates
(Dollars in thousands)

Liabilities and Stockholders' Equity	2025 Average Balance	2025 Interest Income/Expense	2025 Yields Earned/Rates Paid	2024 Average Balance	2024 Interest Income/Expense	2024 Yields Earned/Rates Paid
Interest-Bearing Liabilities:						
Interest-Bearing Transaction Deposits	$ 429,649	$ 2,921	0.68%	$ 417,373	$ 2,507	0.60%
Savings and MMDAs	457,453	6,803	1.49%	435,160	5,478	1.26%
Time Certificates	140,550	5,036	3.58%	152,285	6,307	4.14%
Total Interest-Bearing Deposits	1,027,652	14,760	1.44%	1,004,818	14,292	1.42%
FHLB advances	1,645	75	4.56%	—	—	—%
Total Interest-Bearing Liabilities	1,029,297	14,835	1.44%	1,004,818	14,292	1.42%
Demand Deposits	649,590			701,685		
Total Funding Liabilities	1,678,887	$ 14,835	0.88%	1,706,503	$ 14,292	0.84%
Interest payable and Other Liabilities	15,056			16,542		
Stockholders' Equity	193,289			167,608		
Total Liabilities and Stockholders' Equity	$ 1,887,232			$ 1,890,653		
Net Interest Income and Net Interest Margin (1)		$ 67,472	3.77%		$ 64,360	3.60%
Net Interest Spread (2)			3.16%			2.98%

(1) Net interest margin is computed by dividing net interest income by total average interest-earning assets.

(2) Net interest spread represents the average yield earned on interest-earning assets less the average rate paid on interest-bearing liabilities.

Analysis of Changes
in Interest Income and Interest Expense
(Dollars in thousands)

Following is an analysis of changes in interest income and expense (dollars in thousands) for 2025 over 2024. Changes not solely due to interest rate or volume have been allocated proportionately to interest rate and volume.

	2025 Over 2024		
	Volume	Interest Rate	Change
Loans	$ 166	$ 2,444	$ 2,610
Due From Banks	(1,000)	(1,204)	(2,204)
Certificates of Deposit	(147)	15	(132)
Investment Securities - Taxable	351	2,637	2,988
Investment Securities - Non-taxable	290	136	426
Other Earning Assets	25	(58)	(33)
Increase (decrease) in Interest Income	(315)	3,970	3,655
Deposits:			
Interest-Bearing Transaction Deposits	76	338	414
Savings and MMDAs	292	1,033	1,325
Time Certificates	(462)	(809)	(1,271)
FHLB advances	75	—	75
Increase (decrease) in Interest Expense	(19)	562	543
Increase (decrease) in Net Interest Income:	$ (296)	$ 3,408	$ 3,112

INVESTMENT PORTFOLIO

Composition of Investment Securities

The mix of investment securities held by the Company at December 31 of the previous two fiscal years was as follows (dollars in thousands):

	2025	2024
Investment securities available-for-sale (at fair value):		
U.S. Treasury Securities	$ 87,556	$ 105,545
Securities of U.S. Government Agencies and Corporations	85,344	95,684
Obligations of State and Political Subdivisions	75,003	67,591
Collateralized Mortgage Obligations	92,284	94,945
Mortgage-Backed Securities	277,056	270,088
Total Investments	$ 617,243	$ 633,853

Maturities of Investment Securities

The following table summarizes the contractual maturity (dollars in thousands) and projected yields of the Company's investment securities as of December 31, 2025. The yields on tax-exempt securities are shown on a tax equivalent basis. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. In addition, factors such as prepayments and interest rates may affect the yield on carrying value of mortgage related securities.

Period to Maturities

	Within One Year		After One But Within Five Years		After Five But Within Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield
Investment securities available-for-sale (at fair value):						
U.S. Treasury Securities	$ 32,933	3.38%	$ 54,623	3.49%	$ —	—
Securities of U.S. Government Agencies and Corporations	15,307	1.76%	54,251	2.68%	15,786	4.42%
Obligations of State and Political Subdivisions	1,291	2.57%	8,643	3.04%	22,449	3.46%
Collateralized Mortgage Obligations	—	—	2,552	4.66%	3,174	3.43%
Mortgage-Backed Securities	—	—	19,008	3.40%	158,760	2.76%
TOTAL	$ 49,531	2.86%	$ 139,077	3.16%	$ 200,169	2.98%

	After Ten Years		Total	
	Amount	Yield	Amount	Yield
Investment securities available-for-sale (at fair value):				
U.S. Treasury Securities	$ —	—	$ 87,556	3.45%
Securities of U.S. Government Agencies and Corporations	—	—	85,344	2.84%
Obligations of State & Political Subdivisions	42,620	3.97%	75,003	3.69%
Collateralized Mortgage Obligations	86,558	2.31%	92,284	2.41%
Mortgage-Backed Securities	99,288	3.78%	277,056	3.17%
TOTAL	$ 228,466	3.26%	$ 617,243	3.11%

LOAN PORTFOLIO

Composition of Loans

The mix of loans, net of deferred origination fees and costs and allowance for credit losses and excluding loans held-for-sale, at December 31, 2025 and December 31, 2024 was as follows (dollars in thousands):

	2025		2024	
	Balance	Percent	Balance	Percent
Commercial	$ 146,178	13.7%	$ 117,921	11.1%
Commercial Real Estate	702,455	66.0%	723,650	68.1%
Agriculture	93,627	8.8%	92,564	8.7%
Residential Mortgage	100,684	9.5%	105,886	10.0%
Residential Construction	5,837	0.5%	6,858	0.6%
Consumer	15,478	1.5%	15,716	1.5%
	1,064,259	100.0%	1,062,595	100.0%
Allowance for credit losses	(14,519)		(15,885)	
Net deferred origination fees and costs	733		142	
TOTAL	$ 1,050,473		$ 1,046,852	

As shown in the comparative figures for loan mix during 2025 and 2024, total loans increased primarily as a result of an increase in commercial loans, which was partially offset by decreases in commercial real estate and residential mortgage loans.

Commercial loans are primarily for financing the needs of a diverse group of businesses located in the Bank's market areas. Commercial real estate loans generally fall into two categories, owner-occupied and non-owner occupied. Real estate construction loans are generally for financing the construction of single-family residential homes for individuals and builders we believe are well-qualified. These loans are secured by real estate and have short maturities. Residential mortgage loans, which are secured by real estate, include owner-occupied and non-owner-occupied properties in the Bank's market areas. Loans are considered agriculture loans when the primary source of repayment is from the sale of an agricultural or agricultural-related product or service. Such loans are secured and/or unsecured to producers and processors of crops and livestock. The Bank also makes loans to individuals for investment purposes.

Maturities and Sensitivities of Loans to Changes in Interest Rates

The following table presents the maturity distribution of our loan portfolio at December 31, 2025 (dollars in thousands) (excludes loans held-for-sale). The table also presents the portion of loans that have fixed interest rates or variable interest rates that fluctuate over the life of the loans in accordance with changes in an interest rate index.

	Due in One Year or Less	After One but Within Five Years	After Five but Within Fifteen Years	After Fifteen Years	Total
Commercial	$ 14,616	$ 74,644	$ 56,908	$ 10	$ 146,178
Commercial Real Estate	38,791	170,058	456,976	36,630	702,455
Agriculture	19,336	7,043	32,757	34,491	93,627
Residential Mortgage	304	944	21,900	77,536	100,684
Residential Construction	2,223	37	—	3,577	5,837
Consumer	687	6,205	7,158	1,428	15,478
Total	$ 75,957	$ 258,931	$ 575,699	$ 153,672	$ 1,064,259
Loans with fixed interest rates:					
Commercial	$ 3,428	$ 59,250	$ 41,707	$ —	$ 104,385
Commercial Real Estate	19,993	122,789	180,759	22,309	345,850
Agriculture	2,090	3,805	14,283	—	20,178
Residential Mortgage	51	913	19,241	11,643	31,848
Residential Construction	83	—	—	—	83
Consumer	326	132	30	595	1,083
Total	$ 25,971	$ 186,889	$ 256,020	$ 34,547	$ 503,427
Loans with variable interest rates:					
Commercial	$ 11,188	$ 15,394	$ 15,201	$ 10	$ 41,793
Commercial Real Estate	18,798	47,269	276,217	14,321	356,605
Agriculture	17,246	3,238	18,474	34,491	73,449
Residential Mortgage	253	31	2,659	65,893	68,836
Residential Construction	2,140	37	—	3,577	5,754
Consumer	361	6,073	7,128	833	14,395
Total	$ 49,986	$ 72,042	$ 319,679	$ 119,125	$ 560,832

Non-Accrual, Past Due, OREO and Loan Modifications

It is generally the Company's policy to discontinue interest accruals once a loan is past due for a period of 90 days as to interest or principal payments. When a loan is placed on non-accrual, interest accruals cease and uncollected accrued interest is reversed and charged against current income. Payments received on non-accrual loans are applied against principal. A loan may only be restored to an accruing basis when it again becomes well secured and in the process of collection or all past due amounts have been collected and an appropriate period of performance has been demonstrated.

The following table summarizes the Company's non-accrual loans by loan category (dollars in thousands), net of guarantees of the State of California and U.S. Government, including its agencies and its government-sponsored agencies, at December 31, 2025 and 2024.

	At December 31, 2025			At December 31, 2024		
	Gross	Guaranteed	Net	Gross	Guaranteed	Net
Commercial	$ 139	$ 139	$ —	$ 139	$ 139	$ —
Commercial real estate	657	—	657	7,993	—	7,993
Agriculture	4,423	809	3,614	2,236	—	2,236
Residential mortgage	174	—	174	202	—	202
Residential construction	—	—	—	—	—	—
Consumer	637	—	637	642	—	642
Total non-accrual loans	$ 6,030	$ 948	$ 5,082	$ 11,212	$ 139	$ 11,073

Non-accrual loans amounted to $6,030,000 at December 31, 2025, and were comprised of one commercial loan totaling $139,000, one commercial real estate loan totaling $657,000, four agriculture loans totaling $4,423,000, three residential mortgage loans totaling $174,000 and five consumer loans totaling $637,000. Non-accrual loans amounted to $11,212,000 at December 31, 2024, and were comprised of one commercial loan totaling $139,000, one commercial real estate loan totaling $7,993,000, two agriculture loans totaling $2,236,000, three residential mortgage loans totaling $202,000 and four consumer loans totaling $642,000.

If interest on non-accrual loans had been accrued, such interest income would have approximated $627,000 and $497,000 during the years ended December 31, 2025 and 2024, respectively. Income actually recognized on nonaccrual loans at payoff approximated $421,000 and $450,000 for the years ended December 31, 2025 and 2024, respectively.

A loan is considered to be collateral dependent when repayment is expected to be provided substantially through the operation or sale of the collateral. The ACL on collateral dependent loans is measured using the fair value of the underlying collateral, adjusted for costs to sell when applicable, less the amortized cost basis of the financial asset. It is generally the Company's policy that if the value of the underlying collateral is determined to be less than the recorded amount of the loan, a charge-off will be taken.

As the following table illustrates, total non-performing assets, which consists of loans on non-accrual status, loans past due 90-days and still accruing and Other Real Estate Owned ("OREO") net of guarantees of the State of California and U.S. Government, including its agencies and its government-sponsored agencies, decreased $4,750,000, or 42.9%, to $6,323,000 from December 31, 2024 to December 31, 2025. Non-performing assets net of guarantees represented 0.3% and 0.6% of total assets at December 31, 2025 and 2024, respectively. The Bank's management believes that the $6,030,000 in non-accrual loans were appropriately reflected at the lower of the carrying value of the loan or the fair value of the underlying collateral at December 31, 2025. However, no assurance can be given that the existing or any additional collateral will be sufficient to secure full recovery of the obligations owed under these loans.

	At December 31, 2025			At December 31, 2024		
	Gross	Guaranteed	Net	Gross	Guaranteed	Net
(dollars in thousands)						
Non-accrual loans	$ 6,030	$ 948	$ 5,082	$ 11,212	$ 139	$ 11,073
Loans 90 days past due and still accruing	—	—	—	—	—	—
Total non-performing loans	6,030	948	5,082	11,212	139	11,073
Other real estate owned	1,241	—	1,241	—	—	—
Total non-performing assets	7,271	948	6,323	11,212	139	11,073
Non-performing loans (net of guarantees) to total loans			0.5%			1.0%
Non-performing assets (net of guarantees) to total assets			0.3%			0.6%
Allowance for credit losses to non-performing loans (net of guarantees)			285.7%			143.5%

The Company had no loans that were 90 days or more past due and still accruing at December 31, 2025.

OREO consists of property that the Company has acquired by deed in lieu of foreclosure or through foreclosure proceedings, and property that the Company does not hold title to but is in actual control of, known as in-substance foreclosure. OREO can also consist of Company owned properties that the Company has determined are no longer intended for use or future development. The estimated fair value of the property is determined prior to transferring the balance to OREO. The balance transferred to OREO is the estimated fair value of the property less estimated cost to sell. Impairment may be deemed necessary to bring the book value of the loan equal to the appraised value. Appraisals or loan officer evaluations are then conducted periodically thereafter charging any additional impairment to the appropriate expense account. The Company had OREO totaling $1,241,000 as of the year ended December 31, 2025. OREO as of December 31, 2025 represented land, transferred from premises and equipment, that the Company determined is no longer intended for future development and is actively marketing it for sale. The Company had no OREO as of December 31, 2024.

Potential Problem Loans

The Company manages asset quality and credit risk by maintaining diversification in its loan portfolio and through review processes that include analysis of credit requests and ongoing examination of outstanding loans and delinquencies, with particular attention to portfolio dynamics and loan mix. The Company strives to identify loans experiencing difficulty early enough to correct the problems, to record charge-offs promptly based on realistic assessments of collectability and current collateral values and to maintain an adequate allowance for credit losses at all times. Asset quality reviews of loans and other non-performing assets are administered using credit risk rating standards and criteria similar to those employed by state and federal banking regulatory agencies. The federal banking regulatory agencies utilize the following definitions for assets adversely classified for supervisory purposes: “Substandard Assets: a substandard asset is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.” “Doubtful Assets: An asset classified doubtful has all the weaknesses inherent in one classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable." OREO and loans rated Substandard and Doubtful are deemed “classified assets.” This category, which includes both performing and non-performing assets, receives an elevated level of attention regarding collection.

Commercial loans, whether secured or unsecured, generally are made to support the short-term operations and other needs of small businesses. These loans are generally secured by the receivables, equipment, and other real property of the business and are susceptible to the related risks described above. Problem commercial loans are generally identified by periodic review of financial information that may include financial statements, tax returns, and payment history of the borrower. Based on this information, the Company may decide to take any of several courses of action, including demand for repayment, requiring the borrower to provide a significant principal payment and/or additional collateral or requiring similar support from guarantors. When repayment becomes unlikely based on the borrower’s income and cash flow, repossession or foreclosure of the underlying collateral may become necessary. Collateral values may be determined by appraisals obtained through Bank-approved, licensed appraisers, qualified independent third parties, purchase invoices, or other appropriate documentation. Appropriate valuations are obtained at origination of the credit and periodically thereafter (generally every 3-12 months depending on the collateral type and market conditions), once repayment is questionable, and the loan has been deemed classified.

Commercial real estate loans generally fall into two categories, owner-occupied and non-owner occupied. Loans secured by owner occupied real estate are primarily susceptible to changes in the market conditions of the related business. This may be driven by, among other things, industry changes, geographic business changes, changes in the individual financial capacity of the business owner, general economic conditions, and changes in business cycles. These same risks apply to commercial loans whether secured by equipment, receivables, or other personal property or unsecured. Problem commercial real estate loans are generally identified by periodic review of financial information that may include financial statements, tax returns, payment history of the borrower, and site inspections. Based on this information, the Company may decide to take any of several courses of action, including demand for repayment, requiring the borrower to provide a significant principal payment and/or additional collateral or requiring similar support from guarantors. Notwithstanding, when repayment becomes unlikely based on the borrower's income and cash flow, repossession or foreclosure of the underlying collateral may become necessary. Losses on loans secured by owner-occupied real estate, equipment, or other personal property generally are dictated by the value of underlying collateral at the time of default and liquidation of the collateral. When default is driven by issues related specifically to the business owner, collateral values tend to provide better repayment support and may result in little or no loss. Alternatively, when default is driven by more general economic conditions, underlying collateral generally has devalued more and results in larger losses due to default. Loans secured by non-owner occupied real estate are primarily susceptible to risks associated with swings in occupancy or vacancy and related shifts in lease rates, rental rates or room rates. Most often, these shifts are a result of changes in general economic or market conditions or overbuilding and resultant over-supply of space. Losses are dependent on the value of underlying collateral at the time of default. Values are generally driven by these same factors and influenced by interest rates and required rates of return as well as changes in occupancy costs. Collateral values may be determined by appraisals obtained through Bank-approved, licensed appraisers, qualified independent third parties, sales invoices, or other appropriate means. Appropriate valuations are obtained at origination of the credit and periodically thereafter (generally every 3-12 months depending on the collateral type and market conditions), once repayment is questionable, and the loan has been deemed classified.

Agricultural loans, whether secured or unsecured, generally are made to producers and processors of crops and livestock. Repayment is primarily from the sale of an agricultural product or service. Agricultural loans are generally secured by inventory, receivables, equipment, and other real property. Agricultural loans primarily are susceptible to changes in market demand for specific commodities. This may be exacerbated by, among other things, industry changes, changes in the individual financial capacity of the business owner, general economic conditions and changes in business cycles, as well as changing weather conditions. Problem agricultural loans are generally identified by periodic review of financial information that may include financial statements, tax returns, crop budgets, payment history, and crop inspections. Based on this information, the Company may decide to take any of several courses of action, including demand for repayment, requiring the borrower to provide a significant principal payment and/or additional collateral or requiring similar support from guarantors. Notwithstanding, when repayment becomes unlikely based on the borrower's income and cash flow, repossession or foreclosure of the underlying collateral may become necessary. Collateral values may be determined by appraisals obtained through Bank-approved, licensed appraisers, qualified independent third parties, purchase invoices, or other appropriate documentation. Appropriate valuations are obtained at origination of the credit and periodically thereafter (generally every 3-12 months depending on the collateral type and market conditions), once repayment is questionable, and the loan has been deemed classified.

Residential mortgage loans, which are secured by real estate, are primarily susceptible to four risks: non-payment due to diminished or lost income, over-extension of credit, a lack of borrower's cash flow to sustain payments, and shortfalls in collateral value. In general, non-payment is due to loss of employment and follows general economic trends in the marketplace, particularly the upward movement in the unemployment rate, loss of collateral value, and demand shifts. Problem residential mortgage loans are generally identified via payment default. Based on this information, the Company may decide to take any of several courses of action, including demand for repayment, requiring the borrower to provide a significant principal payment and/or additional collateral or requiring similar support from guarantors. When repayment becomes unlikely based on the borrower's income and cash flow, repossession or foreclosure of the underlying collateral may become necessary. Collateral values may be determined by appraisals obtained through Bank-approved, licensed appraisers, qualified independent third parties, purchase invoices, or other appropriate documentation. Appropriate valuations are obtained at origination of the credit and periodically thereafter (generally every 3-12 months depending on the collateral type and market conditions), once repayment is questionable, and the loan has been deemed classified.

Construction loans, whether owner occupied or non-owner occupied residential development loans, are not only susceptible to the related risks described above but the added risks of construction itself, including cost over-runs, mismanagement of the project, or lack of demand and market changes experienced at time of completion. Again, losses are primarily related to underlying collateral value and changes therein as described above. Problem construction loans are generally identified by periodic review of financial information that may include financial statements, tax returns and payment history of the borrower. Based on this information, the Company may decide to take any of several courses of action, including demand for repayment, requiring the borrower to provide a significant principal payment and/or additional collateral or requiring similar support from guarantors, or repossession or foreclosure of the underlying collateral. Collateral values may be determined by appraisals obtained through Bank-approved, licensed appraisers, qualified independent third parties, purchase invoices, or other appropriate documentation. Appropriate valuations are obtained at origination of the credit and periodically thereafter (generally every 3-12 months depending on the collateral type and market conditions), once repayment is questionable, and the loan has been deemed classified.

Consumer loans, whether unsecured or secured, are primarily susceptible to four risks: non-payment due to diminished or lost income, over-extension of credit, a lack of borrower's cash flow to sustain payments, and shortfall in collateral value. In general, non-payment is due to loss of employment and will follow general economic trends in the marketplace, particularly the upward movements in the unemployment rate, loss of collateral value, and demand shifts. Problem consumer loans are generally identified via payment default. Based on this information, the Company may decide to take any of several courses of action, including demand for repayment, requiring the borrower to provide a significant principal payment and/or additional collateral or requiring similar support from guarantors. When repayment becomes unlikely based on the borrower's income and cash flow, repossession or foreclosure of the underlying collateral may become necessary. Collateral values may be determined by appraisals obtained through Bank-approved, licensed appraisers, qualified independent third parties, purchase invoices, or other appropriate documentation. Appropriate valuations are obtained at origination of the credit and periodically thereafter (generally every 3-12 months depending on the collateral type and market conditions), once repayment is questionable, and the loan has been deemed classified.

Once a loan becomes delinquent or repayment becomes questionable, a Company collection officer will address collateral shortfalls with the borrower and attempt to obtain additional collateral or a principal payment. If this is not forthcoming and payment of principal and interest in accordance with the contractual terms of the loan agreement becomes unlikely, the Company will consider the loan to be individually evaluated and will estimate its probable loss, using the present value of future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. For collateral dependent loans, the Company will utilize a recent valuation of the underlying collateral less estimated costs of sale, and charge-off the loan down to the estimated net realizable amount. Depending on the length of time until final collection, the Company may periodically revalue the estimated loss and take additional charge-offs or specific reserves as warranted. Revaluations may occur as often as every 3-12 months depending on the underlying collateral and volatility of values. Final charge-offs or recoveries are taken when the collateral is liquidated and the actual loss is confirmed. Unpaid balances on loans after or during collection and liquidation may also be pursued through legal action and attachment of wages or judgment liens on the borrower's other assets.

Excluding the non-performing loans, net of guarantees cited previously, loans totaling $18,259,000 and $11,782,000 were classified as substandard or doubtful loans, representing potential problem loans at December 31, 2025 and 2024, respectively. In Management’s opinion, the potential loss related to these problem loans was sufficiently covered by the Bank’s existing loan loss reserve (Allowance for Credit Losses) at December 31, 2025 and 2024. The ratio of the allowance for credit losses to total loans at December 31, 2025 and 2024 was 1.36% and 1.49%, respectively. The decrease in the ratio of the allowance for credit losses to total loans was primarily due to positive trends in gross domestic product and single-family home prices, coupled with an overall decrease in forecasted loss rates and improvements in qualitative risk factors. Management considered the allowance for credit losses of $14,519,000 to be adequate as a reserve against expected losses as of December 31, 2025.

Analysis of the Allowance for Credit Losses On Loans
(Dollars in thousands)

	2025	2024	2023
Balance at Beginning of Year	$ 15,885	$ 16,596	$ 14,792
Impact of adopting ASC 326	—	—	800
Provision for Credit Losses	(500)	200	1,150
Loans Charged-Off:			
Commercial	(648)	(956)	(366)
Commercial Real Estate	(26)	—	—
Agriculture	(474)	—	(2,567)
Residential Mortgage	(5)	—	(3)
Residential Construction	—	—	—
Consumer	(19)	(28)	(13)
Total Charged-Off	(1,172)	(984)	(2,949)
Recoveries:			
Commercial	273	60	235
Commercial Real Estate	—	—	—
Agriculture	—	—	2,567
Residential Mortgage	—	—	—
Residential Construction	—	—	—
Consumer	33	13	1
Total Recoveries	306	73	2,803
Net Charge-offs	(866)	(911)	(146)
Balance at End of Year	$ 14,519	$ 15,885	$ 16,596
Ratio of net charge-offs during the year to average Loans Outstanding During the Year	(0.08)%	(0.09)%	(0.01)%
Allowance for Credit Losses to Total Loans	1.36%	1.49%	1.55%
Nonaccrual loans to Total Loans	0.57%	1.06%	0.37%
Allowance for Credit Losses to Nonaccrual loans	240.78%	141.68%	415.11%

Allocation of the Allowance for Credit Losses

The Allowance for Credit Losses has been established as a general component available to absorb expected credit losses throughout the loan portfolio. The following table is an allocation of the Allowance for Credit Losses balance on the dates indicated (dollars in thousands):

	December 31, 2025			December 31, 2024		
	Allocation of Allowance for Credit Losses Balance	Allowance as a % of Total Allowance	Loans as a % of Total Loans, net	Allocation of Allowance for Credit Losses Balance	Allowance as a % of Total Allowance	Loans as a % of Total Loans, net
Loan Type:						
Commercial	$ 2,425	16.7%	13.7%	$ 1,622	10.2%	11.1%
Commercial Real Estate	9,343	64.4%	66.0%	10,245	64.5%	68.1%
Agriculture	1,074	7.4%	8.8%	1,555	9.8%	8.7%
Residential Mortgage	1,005	6.9%	9.5%	1,779	11.2%	10.0%
Residential Construction	376	2.6%	0.5%	433	2.7%	0.6%
Consumer	296	2.0%	1.5%	251	1.6%	1.5%
Total	$ 14,519	100.0%	100.0%	$ 15,885	100.0%	100.0%

The Bank believes that any breakdown or allocation of the allowance into loan categories lends an appearance of exactness, which does not exist, because the allowance is available for all loans. The allowance breakdown shown above is computed taking actual experience into consideration but should not be interpreted as an indication of the specific amount and allocation of actual charge-offs that may ultimately occur. For additional information, see Note 3 to the Consolidated Financial Statements in this Form 10-K.

Deposits

The following table sets forth the average amount and the average rate paid on each of the listed deposit categories (dollars in thousands) during the periods specified:

	2025		2024		2023	
	Average Amount	Average Rate	Average Amount	Average Rate	Average Amount	Average Rate
Deposit Type:						
Non-interest-Bearing Demand	$ 649,590	—	$ 701,685	—	$ 736,838	—
Interest-Bearing Demand (NOW)	$ 429,649	0.68%	$ 417,373	0.60%	$ 467,660	0.35%
Savings and MMDAs	$ 457,453	1.49%	$ 435,160	1.26%	$ 454,854	0.65%
Time	$ 140,550	3.58%	$ 152,285	4.14%	$ 97,639	3.11%

Approximately 40% of our deposits were uninsured for each of the years ended December 31, 2025 and 2024.

Time Deposits include brokered deposits totaling $0 and $9,999,000 as of December 31, 2025 and December 31, 2024, respectively. The brokered deposits purchased are time deposits $250,000 (dollars in thousands) or less that mature within twelve months.

The following table sets forth by time remaining to maturity for the Bank's time deposits over $250,000 (dollars in thousands) as of December 31, 2025:

Three months or less	$ 18,034
Over three months through six months	14,471
Over six months through twelve months	14,924
Over twelve months	6,201
Total	$ 53,630

Short-Term Borrowings

The Company had no secured borrowings and no Federal Funds purchased at December 31, 2025 and 2024.

Additional short-term borrowings available to the Company consist of a line of credit and advances with the Federal Home Loan Bank ("FHLB") secured under terms of a blanket collateral agreement by a pledge of FHLB stock and all loans held by the Company. At December 31, 2025, the Company had a current collateral borrowing capacity with the FHLB of $390,191,000 and, at such date, also had unsecured formal lines of credit totaling $130,000,000 with correspondent banks.

The Company had no Federal Funds purchased during the years ended December 31, 2025 and 2024.

Long-Term Borrowings

The Company had no long-term borrowings at December 31, 2025 and 2024. There were no average outstanding balances of long-term borrowings during 2025 and 2024.

Supplemental Compensation Plans

The Company and the Bank maintain an unfunded non-contributory defined benefit pension plan ("Salary Continuation Plan") and related split dollar plan for a select group of highly compensated employees. Eligibility to participate in the Salary Continuation Plan is limited to a select group of management or highly compensated employees of the Bank that are designated by the Board. Additionally, the Company and the Bank adopted a supplemental executive retirement plan ("SERP") in 2006. The SERP is intended to integrate the various forms of retirement payments offered to executives. At December 31, 2025, the benefit obligation was $4,405,000, of which $4,716,000 was recorded in interest payable and other liabilities and $(311,000) was recorded in accumulated other comprehensive loss, net, in the Consolidated Balance Sheets. At December 31, 2024, the benefit obligation was $4,500,000, of which $4,793,000 was recorded in interest payable and other liabilities and $(293,000) was recorded in accumulated other comprehensive loss, net, in the Consolidated Balance Sheets.

The Company and the Bank maintain an unfunded non-contributory defined benefit pension plan ("Directors' Retirement Plan") and related split dollar plan for the directors of the Bank. At December 31, 2025, the benefit obligation was $380,000, of which $480,000 was recorded in interest payable and other liabilities and $(100,000) was recorded in accumulated other comprehensive loss, net, in the Consolidated Balance Sheets. At December 31, 2024, the benefit obligation was $397,000, of which $539,000 was recorded in interest payable and other liabilities and $(142,000) was recorded in accumulated other comprehensive loss, net, in the Consolidated Balance Sheets.

For additional information, see Note 17 to the Consolidated Financial Statements in this Form 10-K.

Overview

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Net income for the year ended December 31, 2025, was $21.1 million, representing an increase of $1.1 million, or 5.5%, compared to net income of $20.0 million for the year ended December 31, 2024. The increase in net income was primarily attributable to an increase in net interest income of $3.1 million and a decrease in provision for income tax of $1.5 million, which was partially offset by an increase in non-interest expenses of $3.4 million. The increase in net interest income was primarily due to increases in yield on loans and investment securities and a decrease in volume and rate paid on time certificates, which was partially offset by decreases in volume and yield on due from banks and increases in rates paid on interest-bearing transaction deposits and savings and MMDAs. The increase in non-interest expenses was primarily due to an increase in salaries and employee benefits, occupancy and equipment and data processing expenses. The decrease in provision for income tax was due to the execution of a tax planning strategy that involved purchasing investment tax credits under the Inflation Reduction Act of 2022 tied to alternative energy projects. The investment tax credits were acquired at a discount and recognized as a reduction to income tax expense in 2025.

Total assets were $1.91 billion as of December 31, 2025, representing an increase of $19.2 million, or 1.0%, compared to total assets of $1.89 billion as of December 31, 2024. For the year ended December 31, 2025 compared to the year ended December 31, 2024, there was a $26.1 million increase in cash, $3.6 million increase in net loans, $9.9 million increase in interest receivable and other assets, which was partially offset by a $16.6 million decrease in investment securities and a $5.9 million decrease in certificates of deposit. Total deposits decreased $20.9 million, or 1.2%, to $1.68 billion as of December 31, 2025, compared to $1.70 billion at December 31, 2024.

Results of Operations

Net Interest Income

Net interest income is the excess of interest and fees earned on the Bank's loans, investment securities, federal funds sold and banker's acceptances over the interest expense paid on deposits and other borrowed funds which are used to fund those assets. Net interest income is primarily affected by the yields and mix of the Bank's interest-earning assets and interest-bearing liabilities outstanding during the period. The $3,655,000 increase in the Bank's interest and dividend income in 2025 from 2024 was primarily driven by an increase in interest rates on loans and investment securities, which was partially offset by a decrease in the average balance and interest rate on due from banks. The $2,610,000 increase in the Bank's interest income on loans was primarily driven by an increase of $2,444,000 attributable to an increase in interest rates. The $2,204,000 decrease in the Bank's interest income on due from banks was primarily driven by a decrease of $1,000,000 due to the decreased average due from bank balances outstanding and a decrease of $1,204,000 attributable to a decrease in average interest rates paid on excess reserves at the FRB. The $132,000 decrease in the Bank's interest income on certificates of deposit was driven by a decrease of $147,000 due to the decrease in average certificates of deposit outstanding, which was partially offset by an increase of $15,000 due to the increase in average interest rates paid on certificates of deposit. The $3,414,000 increase in the Bank's interest income on investment securities was driven by an increase of $2,773,000 due to an increase in interest rates and an increase of $641,000 driven by increased investment securities balances outstanding. The $543,000 increase in the Bank's interest expense on deposits was primarily driven by an increase of $568,000 due to increases in interest rates, which was partially offset by a decrease of $25,000 due to a decrease in average time certificates balances outstanding. See "Analysis of Changes in Interest Income and Interest Expense" in this Annual Report on Form 10-K for the effects of interest rates and loan/deposit volume on net interest income.

The FRB influences the general market rates of interest, including the deposit and loan rates offered by many financial institutions. Our loan portfolio is significantly affected by changes in the prime interest rate. As of December 31, 2024, the prime rate was 7.50%. The prime rate decreased several times beginning in September 2025, decreasing to 6.75% as of December 31, 2025.

As of December 31, 2024, the target range for the federal funds rate was 4.25% to 4.50%. During 2025 the FRB cut interest rates in each of September, October and December. As of December 31, 2025, the target rate for the federal funds rate was 3.50% to 3.75%. For additional information, see "The Bank is Subject to Interest Rate Risk" and "Beginning in 2021, the U.S. Economy Began to Reflect Relatively Rapid Rates of Increase in the Consumer Price Index and Other Economic Indices; a Prolonged Elevated Rate of Inflation Could Present Risks for the U.S. Banking Industry and Our Business", in "Risk Factors" (Item 1A) of this Annual Report on Form 10-K.

We are primarily funded by core deposits, with non-interest-bearing demand deposits historically being a significant source of funds. This lower-cost funding base is expected to have a positive impact on our net interest income and net interest margin in a rising interest rate environment.

The nature and impact of future changes in interest rates and monetary policy on the business and earnings of the Company cannot be predicted. For additional information, see "The Effects of Changes or Increases in, or Supervisory Enforcement of, Banking or Other Laws and Regulations or Governmental Fiscal or Monetary Policies Could Adversely Affect Us", and "The Bank is Subject to Interest Rate Risk" and "Beginning in 2021, the U.S. Economy Began to Reflect Relatively Rapid Rates of Increase in the Consumer Price Index and Other Economic Indices; a Prolonged Elevated Rate of Inflation Could Present Risks for the U.S. Banking Industry and Our Business" in "Risk Factors" (Item 1A) of this Annual Report on Form 10-K.

Interest income on loans for 2025 was up 4.7% from 2024, increasing from $55,389,000 to $57,999,000. The increase in interest income on loans was primarily due to higher yields earned on newly originated loans and loans repricing at higher rates coupled with a 0.3% increase in average balance of loans.

Interest income on interest-bearing due from banks for 2025 was down 34.0% from 2024, decreasing from $6,477,000 to $4,273,000. The decrease in interest income on interest-bearing due from banks was the result of a 17.0% decrease in average balances of interest-bearing due from banks coupled with a 109 basis point decrease in yield on interest-bearing due from banks.

Interest income on certificates of deposit for 2025 was down 18.2% from 2024, decreasing from $724,000 to $592,000. The decrease in interest income on certificates of deposit was primarily due to a 19.9% decrease in average balances of certificates of deposit, which was partially offset by an 9 basis point increase in yield on certificates of deposit.

Interest income on investment securities for 2025 was up 22.7% from 2024, increasing from $15,011,000 to $18,425,000. The increase in interest income on investment securities was the result of a 3.9% increase in average investment securities volume coupled with a 46 basis point increase in investment securities yields. The Bank deployed excess liquidity into the investment portfolio over the course of 2025 at higher reinvestment rates. Investment securities yields were 3.00% and 2.54% for 2025 and 2024, respectively.

Interest expense on interest-bearing liabilities for 2025 was up 3.8% from 2024, increasing from $14,292,000 to $14,835,000. The increase in interest expense on interest-bearing liabilities was the result of a 2.4% increase in interest-bearing liabilities coupled with a 2 basis point increase in interest rates paid on interest-bearing liabilities.

The mix of deposits for the previous three years was as follows (dollars in thousands):

	2025		2024		2023	
	Average Balance	Percent	Average Balance	Percent	Average Balance	Percent
Non-interest-Bearing Demand	$ 649,590	38.7%	$ 701,685	41.1%	$ 736,838	41.9%
Interest-Bearing Demand (NOW)	429,649	25.6%	417,373	24.5%	467,660	26.6%
Savings and MMDAs	457,453	27.3%	435,160	25.5%	454,854	25.9%
Time	140,550	8.4%	152,285	8.9%	97,639	5.6%
Total	$ 1,677,242	100.0%	$ 1,706,503	100.0%	$ 1,756,991	100.0%

The Bank’s net interest margin (net interest income divided by average earning assets) was 3.77% in 2025 and 3.60% in 2024. The net interest spread (average yield earned on interest-earning assets less the average rate paid on interest-bearing liabilities) was 3.16% in 2025 and 2.98% in 2024. The 18 basis point increase in net spread in 2025 over 2024 was due to an overall increase in interest rates on earning assets, which was partially offset by an overall increase in interest rates on deposits.

Provision for Credit Losses

The provision for credit losses is established by charges to earnings on management’s evaluation of expected losses on the loan portfolio. Based on this evaluation, the Company recorded no provision for credit losses in 2025 and a reversal of provision for credit losses of $250,000 in 2024. No provision for credit losses was recorded in 2025 primarily due to positive trends in gross domestic product and single-family home prices, coupled with an overall decrease in loss rates and improvements in risk factors. The reversal of provision for credit losses in 2024 was primarily due to a decrease in loans outstanding and a decrease in unfunded commitments. The ratio of the Allowance for Credit Losses to total loans at December 31, 2025 was 1.36% compared to 1.49% at December 31, 2024. The ratio of the Allowance for Credit Losses to total non-accrual loans and loans past due 90 days or more, net of guarantees was 285.7% at December 31, 2025, compared to 143.5% at December 31, 2024.

Non-Interest Income and Expenses

Non-interest income consisted primarily of service charges on deposit accounts, net realized losses on sale of available-for-sale securities, net realized gains on sales of loans held-for-sale, debit card income and other income. Non-interest income increased to $6,097,000 in 2025 from $6,019,000 in 2024, representing an increase of $78,000, or 1.3%.

Non-interest expenses consisted primarily of salaries and employee benefits, occupancy and equipment expense, data processing expense, amortization of core deposit intangible and other expenses. Non-interest expenses increased to $46,164,000 in 2025 from $42,789,000 in 2024, representing an increase of $3,375,000, or 7.9%.

Following is an analysis of the increase or decrease in the components of non-interest expenses (dollars in thousands) during the periods specified:

	2025 over 2024	
	Amount	Percent
Salaries and Employee Benefits	$ 1,525	6.4%
Occupancy and Equipment	331	7.0%
Data Processing	349	8.3%
Stationery and Supplies	26	8.3%
Advertising	31	6.7%
Directors Fees	(9)	(2.9)%
Amortization of core deposit intangible	(89)	(10.9)%
Other Expense	1,211	15.0%
Total	$ 3,375	7.9%

The increase in salaries and employee benefits in 2025 was primarily due to a 4.1% increase in regular salaries, 47.4% increase in contingent compensation, and 42.1% increase in group insurance, partially offset by a 24.5% decrease in commissions. The increase in regular salaries, contingent compensation, and group insurance was primarily due to an increase in full-time equivalent employees and increased costs of insurance provided to employees. The decrease in commissions was primarily due to a decrease in mortgage loan production volumes and deposit growth. The increase in occupancy and equipment was primarily due to an increase in service contracts related to upgrades to certain facilities coupled with the overall maintenance of facilities. The increase in data processing was primarily due to an increase in costs of service contracts. The increase in other expenses was primarily due to a 257.2% increase in legal fees, 84.5% increase in amortization expense on housing tax credits, 19.3% increase in contributions, and 16.3% increase in accounting and audit fees. The increase in legal fees is primarily due to general corporate matters and legal services rendered relating to the creation of the Company's new stock incentive plan and new employee stock purchase plan.

Income Taxes

The provision for income taxes is primarily affected by the tax rate, the level of earnings before taxes and the level of tax-exempt income. In 2025, tax expense decreased to $6,277,000 from $7,806,000 in 2024, due to the execution of a tax planning strategy that involved purchasing investment tax credits under the Inflation Reduction Act of 2022 tied to alternative energy projects. The investment tax credits were acquired at a discount and recognized as a reduction to income tax expense in 2025. Non-taxable municipal bond income was $1,642,000 and $1,216,000 for the years ended December 31, 2025 and 2024, respectively.

Liquidity

Liquidity is defined as the ability to generate cash at a reasonable cost to fulfill lending commitments and support asset growth, while satisfying the withdrawal demands of deposit customers and any debt repayment requirements. The Bank's principal sources of liquidity are core deposits and loan and investment payments and proceeds of sale and prepayments. Providing secondary sources of liquidity are excess reserves at the Federal Reserve Bank and the available-for-sale investment portfolio. The Company held $119,306,000 in excess reserves at the Federal Reserve Bank and $617,243,000 total investment securities at December 31, 2025. Under certain deposit, borrowing, and other arrangements, the Company must hold and pledge investment securities as collateral. At December 31, 2025, such collateral requirements totaled approximately $95,479,000. As a smaller source of liquidity, the Bank can utilize existing credit arrangements.

The Company's primary source of liquidity on a stand-alone basis is dividends from the Bank. As discussed in Part I (Item 1) of this Annual Report on Form 10-K, dividends from the Bank are subject to regulatory and corporate law restrictions.

Liquidity risk can result from the mismatching of asset and liability cash flows, or from disruptions in the financial markets. The Bank experiences seasonal swings in deposits, which can impact liquidity. Management has sought to address these seasonal swings by scheduling investment maturities and developing seasonal credit arrangements with the FHLB, Federal Reserve Bank and Federal Funds lines of credit with correspondent banks. The Company maintains short-term unsecured lines of credit with other banks which totaled $130,000,000 at December 31, 2025. Additionally, the Company has a line of credit with the FHLB, with a remaining borrowing capacity at December 31, 2025 of $390,191,000; credit availability is subject to certain collateral requirements.

In addition, the ability of the Bank's real estate department to originate and sell loans into the secondary market has provided another tool for the management of liquidity. As of December 31, 2025, the Company has not created any special purpose entities to securitize assets or to obtain off-balance sheet funding.

The liquidity position of the Bank is managed daily, thus enabling the Bank to adapt its position according to market fluctuations. Liquidity is measured by various ratios, the most common of which is the ratio of net loans (including loans held-for-sale) to deposits. This ratio was 62.6% on December 31, 2025, and 61.6% on December 31, 2024. The Bank's ratio of core deposits to total assets was 85.0% and 87.0% for the years ended December 31, 2025 and December 31, 2024, respectively. Core deposits include demand deposits, interest-bearing transaction deposits, savings and money market deposit accounts, and non-brokered time deposits of $250,000 or less. Core deposits are important in maintaining a strong liquidity position as they represent a stable and relatively low-cost source of funds. Management believes that the Bank's liquidity position was adequate in 2025. This is best illustrated by the change in the Bank's net non-core ratio, which explains the degree of reliance on non-core liabilities to fund long-term assets. At December 31, 2025, the Bank's net core funding dependence ratio, the difference between non-core funds, time deposits $250,000 or more and brokered time deposits under $250,000, and short-term investments to long-term assets, was (7.38)% as of December 31, 2025, and (5.17%) as of December 31, 2024. This ratio indicated that, at December 31, 2025, the Bank did not significantly rely upon non-core deposits and borrowings to fund the Bank's long-term assets, namely loans and investments. The Bank believes that by maintaining adequate volumes of short-term investments and implementing competitive pricing strategies on deposits, it can ensure adequate liquidity to support future growth. The Bank also believes that its liquidity position remains strong to meet both present and future financial obligations and commitments, events or uncertainties that have resulted or are reasonably likely to result in material changes with respect to the Bank's liquidity.

Commitments

The following table details the amounts and expected maturities of commitments as of December 31, 2025 (amounts in thousands):

		Maturities by period			
Commitments	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Commitments to extend credit					
Commercial	$ 50,673	$ 32,326	$ 1,740	$ 10,899	$ 5,708
Commercial Real Estate	14,064	4,220	666	—	9,178
Agriculture	13,250	9,170	912	525	2,643
Residential Construction	14,286	3,217	9,645	—	1,424
Consumer	39,033	13,790	5,629	5,689	13,925
Standby Letters of Credit	1,038	1,038	—	—	—
Total	$ 132,344	$ 63,761	$ 18,592	$ 17,113	$ 32,878

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Off-Balance Sheet Arrangements

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit in the form of loans or through standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the balance sheet. The contract amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments. These loans have been sold to third parties without recourse, subject to customary default, representations and warranties, recourse for breaches of the terms of the sales contracts and payment default recourse.

Financial instruments, whose contract amounts represent credit risk at December 31 of the indicated years, were as follows (amounts in thousands):

	2025	2024
Undisbursed loan commitments	$ 131,306	$ 140,092
Standby letters of credit	1,038	922
	$ 132,344	$ 141,014

Our liquidity position is continuously monitored and adjustments are made to balance between sources and uses of funds as deemed appropriate. The Bank believes that it has the means to provide adequate liquidity for funding normal operations in 2026.

Capital

The Company believes a strong capital position is essential to the Company's continued growth and profitability. A solid capital base provides depositors and shareholders with a margin of safety, while allowing the Company to take advantage of profitable opportunities, support future growth and provide protection against any unforeseen losses.

At December 31, 2025, stockholders' equity totaled $212.0 million, an increase of $35.7 million from $176.3 million at December 31, 2024. The increase in 2025 was primarily due to net income of $21.0 million and a decrease in accumulated other comprehensive loss, net of $18.4 million. Also affecting capital in 2025 were stock repurchases totaling $4.7 million and paid-in capital in the amount of $0.9 million resulting from employee stock purchases and stock plan accruals.

On March 27, 2024, the Company approved a stock repurchase program effective May 1, 2024. The stock repurchase program, which remains in effect until April 30, 2026 unless terminated sooner, allows for repurchases by the Company in an aggregate amount of no more than 6% of the Company's 17,144,680 outstanding shares of common stock as of March 21, 2024. This represented total shares of 1,028,679 eligible for repurchase at May 1, 2024. The total number of shares outstanding and shares eligible for repurchase has been adjusted to give retroactive effect to stock dividends and stock splits, including the 5% stock dividend declared on January 22, 2026, payable on March 25, 2026 to shareholders of record as of February 27, 2026. The Company repurchased 452,589 shares (adjusted for stock dividends) of the Company's outstanding common stock during the year ended December 31, 2025, and 147,142 shares remained available for repurchase under the stock repurchase program at December 31, 2025. The purpose of the stock repurchase program was to give management the ability to manage capital and create liquidity for shareholders who want to sell their stock. Management believed that the stock repurchase program was a prudent use of excess capital.

The capital of the Company and the Bank historically have been maintained at a level that is in excess of regulatory guidelines for a "well capitalized" institution. The policy of annual stock dividends rather than cash dividends has, over time, allowed the Company to match capital and asset growth through retained earnings and a managed program of geographic growth.

ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Management's Report

FIRST NORTHERN COMMUNITY BANCORP AND SUBSIDIARY

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of First Northern Community Bancorp and subsidiary (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2025. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and the board of directors; and (iii) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management recognizes that even a highly effective internal control system has inherent risks, including the possibility of human error and the circumvention or overriding of controls, and that the effectiveness of an internal control system can change with circumstances. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting.

Under the supervision and with the participation of management, including the principal executive officer and principal financial officer, the Company conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2025, based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management of the Company has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2025.

/s/ Jeremiah Z. Smith

Jeremiah Z. Smith
President/Chief Executive Officer/Director
(Principal Executive Officer)

/s/ Kevin Spink

Kevin Spink
Executive Vice President/Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

March 12, 2026

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of
First Northern Community Bancorp

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of First Northern Community Bancorp and subsidiary (the Company) as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the years then ended, 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 consolidated financial position of the Company as of December 31, 2025 and 2024, and the consolidated results of its operations and its cash flows for the years then ended, 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 Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the 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 in accordance with the standards of the PCAOB. 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 in accordance with the standards of the PCAOB. 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 to 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 critical audit matters 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 accounts or disclosures to which it relates.

Allowance for Credit Losses on Loans – Qualitative and Environmental Factors

Critical Audit Matter Description

As described in Notes 1 and 3 to the consolidated financial statements, the Company's allowance for credit losses balance was $14.5 million as of December 31, 2025, and is estimated using relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The allowance for credit losses is a valuation account that is deducted from the loan's amortized cost basis to present the net amount expected to be collected on the loans and is a material and complex estimate requiring significant management judgement in the estimation of expected lifetime losses within the loan portfolio at the balance sheet date.

We identified management's estimation of qualitative and environmental factors within the calculation of the allowance for credit losses as a critical audit matter. To estimate expected losses the Company generally utilizes historical loss trends and the remaining contractual lives of the loan portfolio to determine estimated credit losses through a reasonable and supportable forecast period. The qualitative and environmental factors are used to adjust the allowance for credit losses model forecasts for inherent limitations or biases that have been identified through independent validation and back-testing of model performance to actual realized results. Qualitative and environmental factors also consider the impact of portfolio concentrations, changes in underwriting practices, imprecision of economic forecasts, and other risk factors that might influence the Company's loss estimation process. Auditing management's judgements regarding the qualitative and environmental factors applied to the allowance for credit losses involved a high degree of subjectivity.

How We Addressed the Matter in Our Audit

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures related to the allowance for credit losses included the following, among others:

- Tested the mathematical accuracy and computation of the allowance for credit losses on loans, including the mathematical accuracy of the application of the qualitative and environmental factor adjustments used in the calculation.
- Performed an independent sensitivity analysis to evaluate the reasonableness of the qualitative and environmental factors used by management.
- Obtained management's analysis and supporting documentation related to the qualitative and environmental factors and tested whether the qualitative and environmental factors used in the calculation of the allowance for credit losses are supported by the documentation provided by management.

/s/ **BAKER TILLY US, LLP**

Sacramento, California
March 12, 2026

We have served as the Company's auditor since 2006.

FIRST NORTHERN COMMUNITY BANCORP
AND SUBSIDIARY
Consolidated Balance Sheets
December 31, 2025 and 2024
(in thousands, except shares and share amounts)

		2025		2024
Assets				
Cash and cash equivalents	$	145,554	$	119,448
Certificates of deposit		10,180		16,074
Investment securities – available-for-sale, at estimated fair value, net of allowance for credit losses of $0; amortized cost of $639,532 at December 31, 2025 and $682,346 at December 31, 2024		617,243		633,853
Loans – net of allowance for credit losses of $14,519 at December 31, 2025 and $15,885 at December 31, 2024		1,050,473		1,046,852
Stock in Federal Home Loan Bank and other equity securities, at cost		10,871		10,518
Premises and equipment, net		8,711		9,248
Other real estate owned		1,241		—
Intangible assets, net		4,332		3,321
Interest receivable and other assets		62,345		52,408
Total Assets	$	1,910,950	$	1,891,722
Liabilities and Stockholders' Equity				
Liabilities:				
Deposits:				
Demand	$	632,128	$	670,580
Interest-bearing transaction deposits		438,901		421,094
Savings and MMDAs		466,453		458,445
Time, $250,000 or less		88,031		108,598
Time, over $250,000		53,630		41,372
Total Deposits		1,679,143		1,700,089
Interest payable and other liabilities		19,789		15,301
Total Liabilities		1,698,932		1,715,390
Commitments and contingencies (Note 10 and 11)				
Stockholders' Equity:				
Common stock, no par value; 32,000,000 shares authorized; 16,406,281 and 15,943,051 shares issued and outstanding at December 31, 2025 and 2024, respectively		134,566		127,902
Additional paid-in capital		977		977
Retained earnings		91,953		81,304
Accumulated other comprehensive loss, net		(15,478)		(33,851)
Total Stockholders' Equity		212,018		176,332
Total Liabilities and Stockholders' Equity	$	1,910,950	$	1,891,722

See accompanying notes to consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP
AND SUBSIDIARY
Consolidated Statements of Income
Years Ended December 31, 2025 and 2024
(in thousands, except per share amounts)

	2025	2024
Interest and dividend income:		
Interest and fees on loans	$ 57,999	$ 55,389
Due from banks interest bearing accounts	4,865	7,201
Investment securities:		
Taxable	16,783	13,795
Non-taxable	1,642	1,216
Other earning assets	1,018	1,051
Total interest and dividend income	82,307	78,652
Interest expense:		
Time deposits over $250,000	1,443	1,045
Other deposits	13,317	13,247
FHLB advances	75	—
Total interest expense	14,835	14,292
Net interest income	67,472	64,360
Reversal of provision for credit losses	—	(250)
Net interest income after reversal of provision for credit losses	67,472	64,610
Non-interest income:		
Service charges on deposit accounts	1,684	1,718
Losses on sales/calls of available-for-sale securities	(199)	(234)
Gains on sales of loans held-for-sale	45	52
Debit card income	2,711	2,762
Other income	1,856	1,721
Total non-interest income	6,097	6,019
Non-interest expenses:		
Salaries and employee benefits	25,375	23,850
Occupancy and equipment	5,067	4,736
Data processing	4,573	4,224
Stationery and supplies	339	313
Advertising	491	460
Director fees	300	309
Amortization of core deposit intangible	731	820
Other expense	9,288	8,077
Total non-interest expenses	46,164	42,789
Income before provision for income tax	27,405	27,840
Provision for income tax	6,277	7,806
Net income	$ 21,128	$ 20,034
Basic income per share	$ 1.30	$ 1.20
Diluted income per share	$ 1.27	$ 1.19

See accompanying notes to consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP
AND SUBSIDIARY
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2025 and 2024
(in thousands)

	2025	2024
Net income	$ 21,128	$ 20,034
Other comprehensive income (loss), net of tax:		
Unrealized holding gains (losses) on securities arising during the current period, net of tax effect of $7,757 and ($224) for the years ended December 31, 2025 and 2024, respectively	18,248	(546)
Reclassification adjustment due to losses realized on sales of securities, net of tax effect of $59 and $67 for the years ended December 31, 2025 and 2024, respectively	140	167
Officers' retirement plan equity adjustments, net of tax effect of $4 and $116 for the years ended December 31, 2025 and 2024, respectively	14	277
Directors' retirement plan equity adjustments, net of tax effect of ($13) and ($8) for the years ended December 31, 2025 and 2024, respectively	(29)	(22)
Total other comprehensive income (loss), net of tax effect of $7,807 and ($49) for the years ended December 31, 2025 and 2024, respectively	18,373	(124)
Comprehensive income	$ 39,501	$ 19,910

See accompanying notes to consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP
AND SUBSIDIARY
Consolidated Statement of Stockholders' Equity
Years Ended December 31, 2025 and 2024
(in thousands, except share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
	Shares	Amounts				
Balance at December 31, 2023	15,482,332	$ 123,235	$ 977	$ 68,760	$ (33,727)	$ 159,245
Net income				20,034		20,034
Other comprehensive loss, net of tax					(124)	(124)
Stock dividend adjustment	2,671	325		(325)		—
5% stock dividend declared in 2025	759,192	7,158		(7,158)		—
Cash in lieu of fractional shares	(148)			(7)		(7)
Stock-based compensation		846				846
Common shares issued related to restricted stock grants and ESPP, net of restricted stock forfeited	77,816	102				102
Stock options exercised, net	10,259	—				—
Stock repurchase and retirement	(389,071)	(3,764)				(3,764)
Balance at December 31, 2024	15,943,051	$ 127,902	$ 977	$ 81,304	$ (33,851)	176,332
Net income				21,128		21,128
Other comprehensive income, net of tax					18,373	18,373
Stock dividend adjustment	(616)	352		(352)		—
5% stock dividend declared in 2026	781,251	10,119		(10,119)		—
Cash in lieu of fractional shares	(129)			(8)		(8)
Stock-based compensation		849				849
Common shares issued related to restricted stock grants and ESPP, net of restricted stock forfeited	80,306	93				93
Stock options exercised, net	27,098	—				—
Stock repurchase and retirement	(424,680)	(4,749)				(4,749)
Balance at December 31, 2025	16,406,281	$ 134,566	$ 977	$ 91,953	$ (15,478)	$ 212,018

See accompanying notes to consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP
AND SUBSIDIARY
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024
(in thousands)

	2025	2024
Cash flows from operating activities:		
Net income	$ 21,128	$ 20,034
Adjustments to reconcile net income to net cash provided by operating activities:		
Reversal of provision for credit losses	—	(250)
Amortization of core deposit intangible	731	820
Stock-based compensation	849	846
Depreciation and amortization of bank premises and equipment	996	1,057
Accretion and amortization of investment securities premiums and discounts, net	(1,392)	230
Net loss on sales/calls of available-for-sale securities	199	234
Gain on sale of loans held-for-sale	(45)	(52)
(Benefit) provision for deferred income taxes	(355)	603
Proceeds from sales of loans held-for-sale	3,163	4,590
Originations of loans held-for-sale	(3,118)	(4,538)
Increase in deferred loan origination costs, net	(591)	(64)
Amortization of operating lease right-of-use asset	925	918
Gain on tax credit purchase	(1,215)	—
Purchase of tax credit	(14,218)	—
Increase in interest receivable and other assets	(6,044)	(412)
Increase (decrease) in interest payable and other liabilities	5,885	(4,479)
Net cash provided by operating activities	6,898	19,537
Cash flows from investing activities:		
Proceeds from maturities of available-for-sale securities	60,170	85,775
Proceeds from sales of available-for-sale securities	31,875	6,563
Principal repayments on available-for-sale securities	86,436	75,500
Purchase of available-for-sale securities	(134,474)	(230,334)
Proceeds from maturities of certificates of deposit	7,064	9,336
Purchases of certificates of deposit	(1,170)	(5,700)
Purchases of stock in Federal Home Loan Bank and other equity securities, at cost	(353)	—
Net (increase) decrease in loans	(3,030)	5,927
Purchases of bank premises and equipment, net	(1,700)	(343)
Net cash provided by (used in) investing activities	44,818	(53,276)
Cash flows from financing activities:		
Net (decrease) increase in deposits	(20,946)	7,645
FHLB advances	20,000	—
FHLB repayments	(20,000)	—
Cash dividends paid in lieu of fractional shares	(8)	(7)
Common stock issued	93	102
Repurchases of common stock	(4,749)	(3,764)
Net cash (used in) provided by financing activities	(25,610)	3,976
Net increase (decrease) in cash and cash equivalents	26,106	(29,763)
Cash and cash equivalents at beginning of year	119,448	149,211
Cash and cash equivalents at end of year	$ 145,554	$ 119,448

Supplemental Consolidated Statements of Cash Flows Information (Note 20)

See accompanying notes to consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP
AND SUBSIDIARY
Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024
(dollar in thousands, except shares and share amounts)

(1) Summary of Significant Accounting Policies

First Northern Community Bancorp (the "Company") is a bank holding company whose only subsidiary, First Northern Bank of Dixon ("Bank"), a California state-chartered bank, conducts general banking activities, including collecting deposits and originating loans, and serves Solano, Yolo, Sacramento, Placer, El Dorado, Glenn, and Colusa Counties. All intercompany transactions between the Company and the Bank have been eliminated in consolidation. The consolidated financial statements also include the accounts of Yolano Realty Corporation, a wholly-owned subsidiary of the Bank. Yolano Realty Corporation was formed in September 2009 for the purpose of managing selected other real estate owned properties. Yolano Realty Corporation was an inactive subsidiary in 2025.

The accounting and reporting policies of the Company conform with accounting principles generally accepted in the United States of America. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ from those estimates applied in the preparation of the accompanying consolidated financial statements. For the Company, the most significant accounting estimates are the allowance for credit losses on loans and business combinations. A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows.

Revision of Prior Period Financial Information

During the preparation of the Consolidated Financial Statements for the year ended December 31, 2025, management identified and corrected an error in its prior period Consolidated Financial Statements related to the classification of certain deposits between Demand deposits and Interest-bearing transaction deposits. As a result, the Company revised its Consolidated Balance Sheet for the year ended December 31, 2024, with a decrease in Demand deposits of $44,844 and a corresponding increase in Interest-bearing transaction deposits of $44,844. Management evaluated the materiality of the revision from a quantitative and qualitative perspective and concluded that the revision is immaterial to the Consolidated Financial Statements. This reclassification revision had no impact on the Company's Total Deposits as previously reported. The revision also had no impact on the Consolidated Statements of Income, Comprehensive Income, Stockholders' Equity or Cash Flows.

(a) Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers due from banks, federal funds sold for one-day periods and short-term bankers acceptances to be cash equivalents. At times, the Company maintains deposits with other financial institutions in amounts that may exceed federal deposit insurance coverage. Management regularly evaluates the credit risk associated with correspondent banks.

(b) Investment Securities and Allowance for Credit Losses

Investment securities consist of U.S. Treasury securities, U.S. Agency securities, obligations of states and political subdivisions, obligations of U.S. Corporations, collateralized mortgage obligations and mortgage-backed securities. At the time of purchase of a security the Company designates the security as held-to-maturity or available-for-sale, based on its investment objectives, operational needs, and intent to hold. The Company does not purchase securities with the intent to engage in trading activity.

Held-to-maturity securities are recorded at amortized cost, adjusted for amortization or accretion of premiums or discounts. Available-for-sale securities are recorded at fair value with unrealized holding gains and losses, net of the related tax effect, reported as a separate component of stockholders' equity until realized. The amortized cost of securities is adjusted for amortization of premiums and accretion of discounts to the earliest call date using the effective interest method. Such amortization and accretion is included in investment income, along with interest and dividends. The cost of securities sold is based on the specific identification method; realized gains and losses resulting from such sales are included in earnings.

For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, an allowance for credit losses is recorded to bring the security's amortized cost basis down to fair value. For debt securities available-for-sale that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any unrealized losses that have not been recorded through an allowance for credit losses is recognized in other comprehensive income.

Changes in the allowance for credit losses are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on available-for-sale debt securities is excluded from the estimate of credit losses. Accrued interest receivable on available-for-sale debt securities totaled $2,787 and $2,785 as of December 31, 2025 and December 31, 2024, respectively, and is included in interest receivable and other assets on the Consolidated Balance Sheets.

(c) Federal Home Loan Bank Stock and Other Equity Securities, at Cost

The Bank is a member of the Federal Home Loan Bank of San Francisco ("FHLB") and is required to obtain and hold a specific number of shares of capital stock of the FHLB. FHLB stock represents an equity interest that does not have a readily determinable fair value because its ownership is restricted and it lacks a market (liquidity). FHLB stock and other equity securities are recorded at cost and evaluated for impairment as of each reporting period.

(d) Loans and Allowance for Credit Losses

Loans are reported at the principal amount outstanding, net of deferred loan fees and costs and the allowance for credit losses. Loan fees net of certain direct costs of origination, which represent an adjustment to interest yield are deferred and amortized over the contractual term of the loan using the interest method. Unearned discount on installment loans is recognized as income over the terms of the loans by the interest method. Interest on other loans is calculated by using the simple interest method on the daily balance of the principal amount outstanding.

Loans on which the accrual of interest has been discontinued are designated as non-accrual loans. Accrual of interest on loans is discontinued either when reasonable doubt exists as to the full and timely collection of interest or principal or when a loan becomes contractually past due by ninety days or more with respect to interest or principal. When a loan is placed on non-accrual status, all interest previously accrued but not collected is reversed against current period interest income. Interest accruals are resumed on such loans only when they are brought fully current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest. Accrual of interest on loans that are modified commence after a sustained period of performance. Interest is generally accrued on such loans in accordance with the new terms.

The allowance for credit losses (ACL) is a valuation account that is deducted from the loan's amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the recorded loan balance is confirmed as uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. The Company measures its ACL using the current expected credit loss (CECL) methodology in accordance with Accounting Standards Codification Topic 326, *Financial Instruments - Credit Losses (Topic 326).*

Management estimates the ACL using relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. In determining the ACL, accruing loans with similar risk characteristics are generally evaluated collectively. To estimate expected losses the Company generally utilizes historical loss trends and the remaining contractual lives of the loan portfolios to determine estimated credit losses through a reasonable and supportable forecast period. Individual loan credit quality indicators, including historical credit losses, have been statistically correlated with various econometrics, including national unemployment rate and national gross domestic product. The Company moved from California state loss drivers to national loss drivers at the beginning of 2024. The reason for the change is a higher credit loss correlation between the national loss driver variables than the state loss driver variables. Model forecasts may be adjusted for inherent limitations or biases that have been identified through independent validation and back-testing of model performance to actual realized results. The Company utilized a reasonable and supportable forecast period of approximately four quarters and obtained the forecast data from Moody’s Analytics. The Company also considered the impact of portfolio concentrations, changes in underwriting practices, imprecision in its economic forecasts, and other risk factors that might influence its loss estimation process.

Loans that do not share similar risk characteristics are individually evaluated by management for potential impairment. Included in loans individually evaluated are collateral dependent loans. A loan is considered to be collateral dependent when repayment is expected to be provided substantially through the operation or sale of the collateral. Collateral dependent loans are considered to have unique risk characteristics and are individually evaluated. The ACL on collateral dependent loans is measured using the fair value of the underlying collateral, adjusted for costs to sell when applicable, less the amortized cost basis of the financial asset. If the value of underlying collateral is determined to be less than the recorded amount of the loan, a charge-off will be taken.

The ACL is measured on a collective (pool) basis when similar risk characteristics exist. The Company has identified the following portfolio segments to evaluate and measure the ACL:

Commercial:
Commercial loans, whether secured or unsecured, generally are made to support the short-term operations and other needs of small businesses. These loans are generally secured by the receivables, equipment, and other real property of the business and are susceptible to the related risks described above. Problem commercial loans are generally identified by periodic review of financial information that may include financial statements, tax returns, and payment history of the borrower. Based on this information, the Company may decide to take any of several courses of action, including demand for repayment, requiring the borrower to provide a significant principal payment and/or additional collateral or requiring similar support from guarantors. Notwithstanding, when repayment becomes unlikely based on the borrower's income and cash flow, repossession or foreclosure of the underlying collateral may become necessary. Collateral values may be determined by appraisals obtained through Bank-approved, licensed appraisers, qualified independent third parties, purchase invoices, or other appropriate documentation.

Commercial Real Estate:
Commercial real estate loans generally fall into two categories: owner-occupied and non-owner occupied. Loans secured by owner-occupied real estate are primarily susceptible to changes in the market conditions of the related business. This may be driven by, among other things, industry changes, geographic business changes, changes in the individual financial capacity of the business owner, general economic conditions, and changes in business cycles. These same risks apply to commercial loans whether secured by equipment, receivables or other personal property or unsecured. Problem commercial real estate loans are generally identified by periodic review of financial information that may include financial statements, tax returns, payment history of the borrower, and site inspections. Based on this information, the Company may decide to take any of several courses of action, including demand for repayment, requiring the borrower to provide a significant principal payment and/or additional collateral or requiring similar support from guarantors. Notwithstanding, when repayment becomes unlikely based on the borrower's income and cash flow, repossession or foreclosure of the underlying collateral may become necessary. Losses on loans secured by owner occupied real estate, equipment, or other personal property generally are dictated by the value of underlying collateral at the time of default and liquidation of the collateral. When default is driven by issues related specifically to the business owner, collateral values tend to provide better repayment support and may result in little or no loss. Alternatively, when default is driven by more general economic conditions, underlying collateral generally has devalued more and results in larger losses due to default. Loans secured by non-owner occupied real estate are primarily susceptible to risks associated with swings in occupancy or vacancy and related shifts in lease rates, rental rates or room rates. Most often, these shifts are a result of changes in general economic or market conditions or overbuilding and resulting over-supply of space. Losses are dependent on the value of underlying collateral at the time of default. Values are generally driven by these same factors and influenced by interest rates and required rates of return as well as changes in occupancy costs. Collateral values may be determined by appraisals obtained through Bank-approved, licensed appraisers, qualified independent third parties, sales invoices, or other appropriate means.

Agriculture:
Agricultural loans, whether secured or unsecured, generally are made to producers and processors of crops and livestock. Repayment is primarily from the sale of an agricultural product or service. Agricultural loans are generally secured by inventory, receivables, equipment, and other real property. Agricultural loans primarily are susceptible to changes in market demand for specific commodities. This may be exacerbated by, among other things, industry changes, changes in the individual financial capacity of the business owner, general economic conditions and changes in business cycles, as well as adverse weather conditions such as drought, fire, or floods. Problem agricultural loans are generally identified by periodic review of financial information that may include financial statements, tax returns, crop budgets, payment history, and crop inspections. Based on this information, the Company may decide to take any of several courses of action, including demand for repayment, requiring the borrower to provide a significant principal payment and/or additional collateral or requiring similar support from guarantors. Notwithstanding, when repayment becomes unlikely based on the borrower's income and cash flow, repossession or foreclosure of the underlying collateral may become necessary.

Residential mortgage loans:
Residential mortgage loans, which are secured by real estate, are primarily susceptible to four risks; non-payment due to diminished or lost income, over-extension of credit, a lack of borrower's cash flow to sustain payments, and shortfalls in collateral value. In general, non-payment is usually due to loss of employment and follows general economic trends in the economy, particularly the upward movement in the unemployment rate, loss of collateral value, and demand shifts.

Residential construction loans:
Construction loans, whether owner-occupied or non-owner occupied residential development loans, are not only susceptible to the risks related to residential mortgage loans, but the added risks of construction, including cost over-runs, mismanagement of the project, or lack of demand and market changes experienced at time of completion. Losses are primarily related to underlying collateral value and changes therein as described above. Problem construction loans are generally identified by periodic review of financial information that may include financial statements, tax returns and payment history of the borrower. Based on this information, the Company may decide to take any of several courses of action, including demand for repayment, requiring the borrower to provide a significant principal payment and/or additional collateral or requiring similar support from guarantors, or repossession or foreclosure of the underlying collateral. Collateral values may be determined by appraisals obtained through Bank-approved, licensed appraisers, qualified independent third parties, purchase invoices, or other appropriate documentation.

Consumer:
Consumer loans, whether unsecured or secured, are primarily susceptible to four risks: non-payment due to diminished or lost income, over-extension of credit, a lack of borrower's cash flow to sustain payments, and shortfall in collateral value. In general, non-payment is usually due to loss of employment and will follow general economic trends in the economy, particularly the upward movements in the unemployment rate, loss of collateral value, inflation and demand shifts.

Unfunded commitments: The estimated credit losses associated with these unfunded lending commitments is calculated using the same models and methodologies noted above and incorporate utilization assumptions at time of default. The reserve for unfunded commitments is maintained on the Consolidated Balance Sheets in other liabilities.

Accrued interest receivable on loans is not included in the calculation of the ACL. Accrued interest receivable on loans totaled $4,561 and $4,875 as of December 31, 2025 and December 31, 2024, respectively, and is included in interest receivable and other assets on the Consolidated Balance Sheets.

(e) Loans Held-for-Sale

Loans originated and held-for-sale are carried at the lower of cost or estimated fair value in the aggregate. Net fees and costs of originating loans held for sale are deferred and are included in the basis for determining the gain or loss on sales of loans held for sale. Net unrealized losses are recognized through a valuation allowance by charges to income.

(f) Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation. Depreciation is computed substantially by the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are depreciated over the estimated useful lives of the improvements or the terms of the related leases, whichever is shorter. The useful lives used in computing depreciation are as follows:

	In Years
Buildings and improvements	15 - 50
Furniture and equipment	3 - 10

(g) Other Real Estate Owned

Other real estate acquired by foreclosure is carried at fair value less estimated selling costs. Prior to foreclosure, the value of the underlying loan is written down to the fair value of the real estate to be acquired by a charge to the ACL, if necessary. Fair value of other real estate owned is generally determined based on an appraisal of the property. Any subsequent operating expenses or income, reduction in estimated values and gains or losses on disposition of such properties are included in other operating expenses.

Gain recognition on the disposition of real estate is dependent upon the transaction meeting certain criteria relating to the nature of the property sold and the terms of the sale. Under certain circumstances, revenue recognition may be deferred until these criteria are met.

The Bank held other real estate owned (“OREO”) totaling $1,241 and $0 as of December 31, 2025 and 2024 , respectively. OREO as of December 31, 2025 represented land, transferred from premises and equipment, that the Company determined is no longer intended for future development and is actively marketing it for sale. No impairment loss was recognized during the twelve months ended December 31, 2025.

(h) Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of

Long-lived assets and certain identifiable intangibles are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(i) Intangible Assets

Intangible assets represent the estimated fair value of the core deposit relationships acquired in a 2023 business combination less accumulated depreciation and other intangible assets. Core deposit intangibles are being amortized using the accelerated amortization method over an estimated life of ten years from the date of acquisition. Core deposit intangibles are evaluated on an annual basis for any events that would indicate impairment. Core deposit intangibles could also be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value below its carrying amount. Management performed an assessment of the core deposit intangible as of December 31, 2025 and noted no triggering events that would indicate impairment. Other intangible assets represent a customer-related intangible asset acquired and recorded at fair value during 2025. See Note 6 of Notes to Consolidated Financial Statements.

(j) Pension Benefit Plans

The Company and the Bank maintain unfunded non-contributory defined benefit pension plans for a select group of highly compensated employees and directors, as well as a supplemental executive retirement plan. Net periodic benefit cost is recognized over the approximate service period of plan participants and includes discount rate assumptions. See Note 17 of Notes to Consolidated Financial Statements.

(k) Revenue from Contracts with Customers

The following are descriptions of the Company’s sources of Non-interest income within the scope of the FASB's Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers (Topic 606)*:

Service charges on deposit accounts

Service charges on deposit accounts include account maintenance and analysis fees and transaction-based fees. Account maintenance and analysis fees consist primarily of account fees and analyzed account fees charged on deposit accounts on a monthly basis. The performance obligation is satisfied and the fees are recognized on a monthly basis as the service period is completed. Transaction-based fees consist of non-sufficient funds fees, wire fees, overdraft fees and fees on other products and services and are charged to deposit customers for specific services provided to the customer. The performance obligation is completed as the transaction occurs and the fees are recognized at the time each specific service is provided to the customer.

Investment and brokerage services income

The Bank earns investment and brokerage services fees for providing a broad range of alternative investment products and services through Raymond James Financial Services, Inc. Brokerage fees are generally earned in two ways. Brokerage fees for managed accounts charge a set annual percentage fee based on the underlying portfolio value and are earned and recognized on a quarterly basis. Brokerage fees for a standard commission account are charged on a per transaction fee and are earned and recognized at the time of the transaction.

Debit card income

Debit card income represents fees earned on Bank-issued debit card transactions. The Bank earns interchange fees from debit cardholder transactions through the related payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. The performance obligation is satisfied and the fees are earned when the cost of the transaction is charged to the cardholders' account. Certain expenses directly associated with the debit card are recorded on a net basis with the interchange income.

Other income

Other income within the scope of Topic 606 includes check sales fees, bankcard fees, and merchant fees. Check sales fees, based on check sales volume, are received from check printing companies and are recognized monthly. Bankcard fees are earned from the Bank's credit card program and are recognized monthly as the service period is completed. Merchant fees are earned for card payment services provided to its merchant customers. The Bank has a contract with a third party to provide card payment services to merchants that contract for those services. Merchant fees are recognized monthly as the service period is completed.

(l) Gain or Loss on Sale of Loans and Servicing Rights

Transfers and servicing of financial assets are accounted for and reported based on consistent application of a financial-components approach that focuses on control. Transfers of financial assets that are sales are distinguished from transfers that are secured borrowings. A sale is recognized when the transaction closes and the proceeds are other than beneficial interests in the assets sold. A gain or loss is recognized to the extent that the sales proceeds and the fair value of the servicing asset exceed or are less than the book value of the loan.

The Company recognizes an asset for the fair value of the rights to service loans for others when loans are sold on a servicing-retained basis. The Company sold substantially all of its conforming long-term residential mortgage loans originated during the years ended December 31, 2025 and 2024, for cash proceeds equal to the fair value of the loans.

Mortgage servicing rights ("MSR") in loans sold are measured by allocating the previous carrying amount of the transferred assets between the loans sold and retained interest, if any, based on their relative fair value at the date of transfer. The Company determines its classes of servicing assets based on the asset type being serviced along with the methods used to manage the risk inherent in the servicing assets, which includes the market inputs used to value the servicing assets. The Company measures and reports its residential mortgage servicing assets initially at fair value and amortizes the servicing rights in proportion to, and over the period of, estimated net servicing revenues. Management assesses servicing rights for impairment as of each financial reporting date. Fair value adjustments that encompass market-driven valuation changes and the runoff in value that occurs from the passage of time are each separately reported.

In determining the fair value of the MSR, the Company uses quoted market prices when available. Subsequent fair value measurements are determined using a discounted cash flow model. In order to determine the fair value of the MSR, the present value of expected future cash flows is estimated. Assumptions used include market discount rates, anticipated prepayment speeds, delinquency and foreclosure rates, and ancillary fee income. This model is periodically validated by an independent external model validation group. The model assumptions and the MSR fair value estimates are also compared to observable trades of similar portfolios as well as to MSR broker valuations and industry surveys, as available. Key assumptions used in measuring the fair value of the MSR as of December 31, were as follows:

	2025	2024
Constant prepayment rate	7.53%	6.76%
Discount rate	9.50%	10.00%
Weighted average life (years)	7.24	7.55

The expected life of the loan can vary from management's estimates due to prepayments by borrowers, especially when rates fall. Prepayments in excess of management's estimates would negatively impact the recorded value of the mortgage servicing rights. The value of the mortgage servicing rights is also dependent upon the discount rate used in the model, which we base on current market rates. Management reviews this rate on an ongoing basis based on current market rates. A significant increase in the discount rate would reduce the value of mortgage servicing rights.

(m) Income Taxes

The Company accounts for income taxes under the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A liability for uncertain tax positions is recorded for unrecognized tax benefits related to uncertain tax positions where it is more likely than not that the position will be sustained upon examination by a taxing authority. Interest and/or penalties related to income taxes are reported as a component of provision for income taxes.

(n) Stock Based Compensation

The Company accounts for share based compensation transactions whereby the Company receives employee services in exchange for equity instruments, including stock options and restricted stock. The Company recognizes in the Consolidated Statements of Income the grant-date fair value of stock options and other equity-based forms of compensation issued to employees over their requisite service period (generally the vesting period). The fair value of options granted is determined on the date of the grant using a Black-Scholes-Merton pricing model. The grant date fair value of restricted stock is determined by the closing market price of the day prior to the grant date. The Company issues new shares of common stock upon the exercise of stock options. See Note 15 of Notes to Consolidated Financial Statements.

(o) Earnings Per Share ("EPS")

Basic EPS includes no dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period, excluding non-vested restricted shares. Diluted EPS reflects the potential dilution of securities that could share in the earnings of an entity. The number of potential common shares included in annual diluted EPS is a year-to-date average of the number of potential common shares included in each quarter's diluted EPS computation under the treasury stock method. The calculation of weighted average shares includes two classes of the Company's outstanding common stock: common stock and restricted stock awards. Holders of restricted stock also receive dividends at the same rate as common shareholders, subject to vesting restrictions, and they both share equally in undistributed earnings. There are no unvested share-based payment awards that contain nonforfeitable rights to dividends. See Note 14 of Notes to Consolidated Financial Statements.

(p) Advertising Costs

Advertising costs were $491 and $460 for the years ended December 31, 2025 and 2024, respectively. Advertising costs are expensed as incurred.

(q) Comprehensive Income

Accounting principles generally accepted in the United States require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gain and losses on available-for-sale securities and directors' and officers' retirement plans, are reported as a separate component of the equity section of the Consolidated Balance Sheet. Such items, along with net income, are components of comprehensive income.

(r) Stock Dividend

On January 23, 2025, the Company announced that its Board of Directors had declared a 5% stock dividend which resulted in approximately 758,576 shares, which were paid on March 25, 2025 to shareholders of record as of February 28, 2025. On January 22, 2026, the Company announced that its Board of Directors had declared a 5% stock dividend which will result in approximately 781,251 shares, which will be paid on March 25, 2026 to shareholders of record as of February 27, 2026.

Data for earnings per share and stock compensation plans for all periods presented have been adjusted to give retroactive effect to stock dividends and stock splits, including the 5% stock dividend declared on January 22, 2026. December 31, 2025 figures included in the Consolidated Balance Sheets and Consolidated Statement of Stockholders' Equity have been adjusted to reflect the estimated impact of the 2026 stock dividend. Figures that have been adjusted include common stock shares issued and outstanding, common stock balance and retained earnings balance. The December 31, 2024 and 2023 balances included in the Consolidated Balance Sheets and Statement of Stockholders' Equity have not been adjusted to retroactively reflect the stock dividends, but instead show the historical rollforward of stock dividends declared.

(s) Segment Reporting

The Company is a holding company for a community bank, which offers a wide array of products and services to its customers. The Bank's primary business is that of a traditional banking institution, gathering deposits and originating loans in its respective primary market areas. Pursuant to its banking strategy, emphasis is placed on building relationships with its customers, as opposed to building specific lines of business. As a result, the Company is not organized around discernible lines of business and prefers to work as an integrated unit to customize solutions for its customers, with business line emphasis and product offerings changing over time as needs and demands change. The Company's operations are managed, and financial performance is evaluated, by our chief operating decision maker on a Company-wide basis. The performance of the Company is reviewed monthly by the Company's executive management and Board of Directors. As resource allocation and performance decisions are not made based on discrete financial information of individual lines of business, the Company considers its current business and operations as a single reportable operating segment. See Note 23 of Notes to Consolidated Financial Statements.

(t) Business Combinations

The Company accounts for acquisitions of businesses using the acquisition method of accounting. Under the acquisition method, assets acquired and liabilities assumed are recorded at their estimated fair values at the date of acquisition. Management utilizes various valuation techniques including discounted cash flow analyses to determine these fair values. Any excess of the purchase consideration over the fair value of acquired assets, including identifiable intangible assets, and liabilities assumed is recorded as goodwill and a deficit is recognized as a bargain purchase gain.

Goodwill and intangible assets acquired in a business combination and that are determined to have an indefinite useful life are not amortized, but tested for impairment at least annually or more frequently if events and circumstances exist that indicate the necessity for such impairment tests to be performed. The Company has no goodwill arising from business combinations. The Company recognized a bargain purchase gain arising from business combinations in 2023. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Core deposit intangible assets arising from business combinations are amortized on an accelerated basis reflecting the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up. The total estimated life of the core deposit intangible is approximately 10 years. Other intangible assets represent a customer-related intangible asset acquired and recorded at fair value. The total estimated life of the customer-related intangible asset is approximately 5 years.

(u) Impact of Recently Issued Accounting Standards

Accounting Standards Adopted in 2025

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures.* Among other things, these amendments provide additional transparency into an entity's income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The standard requires that public business entities disclose, on an annual basis, specific categories in the rate reconciliation and additional information for reconciling items meeting a certain quantitative threshold. The amendments also require that entities disclose on an annual basis: 1) income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes and 2) the income taxes paid (net of refunds received) disaggregated by individual jurisdictions exceeding 5% of total income taxes paid (net of refunds received). The amendments are effective for public business entities for annual periods beginning after December 15, 2024. The Company adopted this ASU retrospectively. Adoption of this ASU did not have a material impact on the Company's consolidated financial statements. For additional information, see Note 18 to the Consolidated Financial Statements in this Form 10-K.

In March 2024, the FASB issued guidance within ASU 2024-01, *Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*. The amendments in the ASU apply to companies that provide employees and non-employees with profits interest and similar awards to align compensation with a company's operating performance and provide those holders with the opportunity to participate in future profits and/or equity appreciation of the company. The purpose of the ASU is to clarify the application of the scope guidance in Accounting Standards Codification (ASC) paragraph 718-10-15-3 in determining if a profit interest award should be accounted for in accordance with Topic 718: Compensation—Stock Compensation. The amendment in ASC paragraph 718-10-15-3 is solely intended to improve the overall clarity and does not change the guidance. The ASU is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. If a company adopts the amendments in an interim period, it should adopt them as of the beginning of the annual period that includes the interim period. The amendments should be applied either (1) retrospectively to all prior periods presented in the financial statements or (2) on a prospective basis. Adoption of this ASU did not have a material impact on the Company's consolidated financial statements, as the Company does not typically provide these types of awards. For additional information, see Note 15 to the Consolidated Financial Statements in this Form 10-K.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.* This ASU requires public companies to disclose, in the notes to financial statements, specified information about certain costs and expenses at each interim and annual reporting period. In January 2025, the FASB issued ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date.* ASU 2025-01 amends the effective date of ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU 2024-03 is permitted. The Company is evaluating the accounting and disclosure requirements of this update and the impact of adopting the new guidance on the consolidated financial statements.

In November 2025, the FASB issued ASU 2025-08, *Financial Instruments - Credit Losses (Topic 326): Purchased Loans.* This ASU expands the population of acquired financial assets accounted for using the gross-up approach. Acquired loans (excluding credit cards) are deemed purchased seasoned loans and accounted for using the gross-up approach upon acquisition if criteria established by the new guidance are met. This change aims to enhance comparability, consistency, and better reflect the economics of acquiring financial assets. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted in an interim or annual reporting period in which financial statements have not yet been issued or made available for issuance. The Company is evaluating the accounting and disclosure requirements of this update and the impact of adopting the new guidance on the consolidated financial statements.

In November 2025, the FASB issued ASU 2025-09, *Derivatives and Hedging (Topic 815): Hedge Accounting Improvements.* This ASU enables entities to apply hedge accounting to a greater number of highly effective economic hedges in the following five areas: similar risk assessment for cash flow hedges, hedging forecasted interest payments on choose-your-rate debt instruments, cash flow hedges of nonfinancial forecasted transactions, net written options as hedging instruments, foreign-currency-denominated debt instrument as hedging instrument and hedged item (dual hedge). This ASU is effective for public business entities for annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods. Early adoption is permitted on any date on or after the issuance of ASU No. 2025-09. The Company is evaluating the accounting and disclosure requirements of this update and the impact of adopting the new guidance on the consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements.* This ASU does not change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements. The amendments in this ASU: clarify that the guidance in Topic 270 applies to all entities that provide interim financial statements and notes in accordance with GAAP; create a comprehensive list in FASB Accounting Standards Codification Topic 270 of interim disclosures that are required in interim financial statements and notes in accordance with GAAP; incorporate a disclosure principle, which is modeled after previous SEC guidance, that requires entities to disclose events and changes that occur after the end of the most recent fiscal year that have a material impact on the entity; and improve guidance about information included in and the format of interim financial statements. The amendments in this ASU are effective for pubic business entities for interim periods within annual periods beginning after December 15, 2027. Early adoption is permitted for all entities. The amendments can be applied either prospectively or retrospectively to any or all prior periods presented in the financial statements. The Company is evaluating the disclosure requirements of this update and the impact of adopting the new guidance on the consolidated financial statements.

In December 2025, the FASB issued ASU 2025-12, *Codification Improvements.* The amendments in this ASU update the FASB ASC for a broad range of Topics arising from technical corrections, unintended application of the ASC, clarifications, and other minor improvements. The amendments in this ASU, which addresses 33 issues, affect a wide variety of Topics in the ASC and apply to all reporting entities within the scope of the affected accounting guidance. The amendments in this ASU are effective for all entities for annual periods beginning after December 15, 2026, and interim periods within those annual periods. Early adoption is permitted in both interim and annual periods in which financial statements have not yet been issued or made available for issuance. The Company is evaluating the accounting and disclosure requirements of this update and the impact of adopting the new guidance on the consolidated financial statements.

(2) Investment Securities

The amortized cost, unrealized gains and losses, estimated fair values and related allowance for credit losses on investments in debt and other securities at December 31, 2025 are summarized as follows:

	Amortized cost	Unrealized gains	Unrealized losses	Estimated fair value	ACL
Investment securities available-for-sale:					
U.S. Treasury securities	$ 87,578	$ 420	$ (442)	$ 87,556	$ —
Securities of U.S. government agencies and corporations	86,831	462	(1,949)	85,344	—
Obligations of states and political subdivisions	77,796	448	(3,241)	75,003	—
Collateralized mortgage obligations	103,364	155	(11,235)	92,284	—
Mortgage-backed securities	283,963	1,640	(8,547)	277,056	—
Total debt securities	$ 639,532	$ 3,125	$ (25,414)	$ 617,243	$ —

The amortized cost, unrealized gains and losses, estimated fair values and related allowance for credit losses on investments in debt and other securities at December 31, 2024 are summarized as follows:

	Amortized cost	Unrealized gains	Unrealized losses	Estimated fair value	ACL
Investment securities available-for-sale:					
U.S. Treasury securities	$ 107,188	$ 134	$ (1,777)	$ 105,545	$ —
Securities of U.S. government agencies and corporations	100,218	62	(4,596)	95,684	—
Obligations of states and political subdivisions	72,576	87	(5,072)	67,591	—
Collateralized mortgage obligations	113,641	5	(18,701)	94,945	—
Mortgage-backed securities	288,723	70	(18,705)	270,088	—
Total debt securities	$ 682,346	$ 358	$ (48,851)	$ 633,853	$ —

Gross realized gains from sales and calls of available-for-sale securities were $93 and $0 for the years ended December 31, 2025 and 2024, respectively. Gross realized losses from sales of available-for-sale securities were $292 and $234 for the years ended December 31, 2025 and 2024, respectively.

The amortized cost and estimated fair value of debt and other securities at December 31, 2025, by contractual maturity, are shown in the following table:

	Amortized cost	Estimated fair value
Maturity in years:		
Due in one year or less	$ 49,807	$ 49,531
Due after one year through five years	118,999	117,517
Due after five years through ten years	38,904	38,235
Due after ten years	44,495	42,620
Subtotal	252,205	247,903
Mortgage-backed securities and Collateralized mortgage obligations	387,327	369,340
Total	$ 639,532	$ 617,243

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. In addition, factors such as prepayments and interest rates may affect the yield on the carrying value of mortgage-related securities.

Table of Contents

An analysis of gross unrealized losses of the available-for-sale investment securities portfolio as of December 31, 2025, follows:

	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
U.S. Treasury securities	$ 7,664	$ (7)	$ 25,834	$ (435)	$ 33,498	$ (442)
Securities of U.S. government agencies and corporations	14,168	(46)	41,820	(1,903)	55,988	(1,949)
Obligations of states and political subdivisions	1,144	(1)	47,845	(3,240)	48,989	(3,241)
Collateralized mortgage obligations	13,402	(51)	58,408	(11,184)	71,810	(11,235)
Mortgage-backed securities	21,385	(33)	127,245	(8,514)	148,630	(8,547)
Total	$ 57,763	$ (138)	$ 301,152	$ (25,276)	$ 358,915	$ (25,414)

Thirty securities, all considered investment grade, which had a fair value of $57,763 and a total unrealized loss of $138, have been in an unrealized loss position for less than twelve months as of December 31, 2025. Three hundred forty-four securities, all considered investment grade, which had a fair value of $301,152 and total unrealized loss of $25,276, have been in an unrealized loss position for more than twelve months as of December 31, 2025. The unrealized losses on the Company's investment securities were caused by market conditions for these types of investments, particularly changes in risk-free interest rates. The decline in fair value is attributable to changes in interest rates and not credit quality, and the Company does not intend to sell the securities. The Company has concluded it is not more likely than not that the Company will be required to sell these securities prior to recovery of their anticipated cost basis. Therefore, as of December 31, 2025 and December 31, 2024, the Company had not recorded an allowance for credit losses on these securities and the unrecognized or unrealized losses on these securities have not been recognized into income.

The fair value of investment securities could decline in the future if the general economy deteriorates, inflation increases, credit ratings decline, the issuer's financial condition deteriorates, or the liquidity for securities declines. As a result, a credit loss may occur in the future.

An analysis of gross unrealized losses of the available-for-sale investment securities portfolio as of December 31, 2024, follows:

	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
U.S. Treasury Securities	$ 27,055	$ (431)	$ 42,603	$ (1,346)	$ 69,658	$ (1,777)
Securities of U.S. government agencies and corporation	22,383	(471)	58,585	(4,125)	80,968	(4,596)
Obligations of states and political subdivision	33,078	(1,083)	29,025	(3,989)	62,103	(5,072)
Collateralized mortgage obligations	28,937	(1,860)	62,320	(16,841)	91,257	(18,701)
Mortgage-backed securities	110,599	(2,715)	143,892	(15,990)	254,491	(18,705)
Total	$ 222,052	$ (6,560)	$ 336,425	$ (42,291)	$ 558,477	$ (48,851)

Investment securities carried at $95,479 and $53,589 at December 31, 2025 and 2024, respectively, were pledged to secure public deposits or for other purposes as required or permitted by law.

(3) Loans and Allowance for Credit Losses

The composition of the Company's loan portfolio, by loan class, as of December 31, is as follows:

	2025	2024
Commercial	$ 146,178	$ 117,921
Commercial Real Estate	702,455	723,650
Agriculture	93,627	92,564
Residential Mortgage	100,684	105,886
Residential Construction	5,837	6,858
Consumer	15,478	15,716
	1,064,259	1,062,595
Allowance for credit losses	(14,519)	(15,885)
Deferred origination fees and costs, net	733	142
Loans, net	$ 1,050,473	$ 1,046,852

At December 31, 2025 and 2024, all loans were pledged under a blanket collateral lien to secure actual and potential borrowings from the Federal Home Loan Bank.

Allowance for Credit Losses

The following table summarizes the activity in the allowance for credit losses on loans which is recorded as a contra asset, and the reserve for unfunded commitments which is recorded on the Consolidated Balance Sheets within other liabilities as of December 31, 2025:

	Allowance for Credit Losses – Year ended December 31, 2025				
	Beginning balance	Charge-offs	Recoveries	Provision (Recovery)	Ending Balance
Commercial	$ 1,622	$ (648)	273	1,178	$ 2,425
Commercial Real Estate	10,245	(26)	—	(876)	9,343
Agriculture	1,555	(474)	—	(7)	1,074
Residential Mortgage	1,779	(5)	—	(769)	1,005
Residential Construction	433	—	—	(57)	376
Consumer	251	(19)	33	31	296
Allowance for credit losses on loans	15,885	(1,172)	306	(500)	14,519
Reserve for unfunded commitments	700	—	—	500	1,200
Total	$ 16,585	$ (1,172)	$ 306	$ —	$ 15,719

The following table summarizes the activity in the allowance for credit losses on loans which is recorded as a contra asset, and the reserve for unfunded commitments which is recorded on the Consolidated Balance Sheets within other liabilities as of December 31, 2024:

	Allowance for Credit Losses – Year ended December 31, 2024				
	Beginning balance	Charge-offs	Recoveries	Provision (Recovery)	Ending Balance
Commercial	$ 2,041	$ (956)	$ 60	$ 477	$ 1,622
Commercial Real Estate	10,864	—	—	(619)	10,245
Agriculture	997	—	—	558	1,555
Residential Mortgage	2,005	—	—	(226)	1,779
Residential Construction	334	—	—	99	433
Consumer	355	(28)	13	(89)	251
Allowance for credit losses on loans	16,596	(984)	73	200	15,885
Reserve for unfunded commitments	1,150	—	—	(450)	700
Total	$ 17,746	$ (984)	$ 73	$ (250)	$ 16,585

The Company utilizes three economic variables, forecasted unemployment, gross domestic product and single-family home prices, as loss drivers for its allowance for credit losses. The Company recorded no provision expense for the year ended December 31, 2025, primarily due to positive trends in gross domestic product and single-family home prices, coupled with an overall decrease in forecasted loss rates and improvements in qualitative risk factors. Management believes that the allowance for credit losses at December 31, 2025 appropriately reflected expected credit losses in the loan portfolio at that date.

Collateral-Dependent Loans

In accordance with ASC 326, a loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. All loans individually analyzed were collateral-dependent loans as of December 31, 2025 and December 31, 2024. The following table presents the amortized cost basis of collateral-dependent loans by class, which are individually evaluated to determine expected credit losses as of December 31, 2025 and December 31, 2024:

December 31, 2025

	Secured by 1-4 Family Residential Properties-1st lien	Secured by 1-4 Family Residential Properties-junior lien	Secured by 1-4 Family Residential Properties-revolving	Commercial	Construction and land development
Commercial	$ —	$ —	$ —	$ 139	$ —
Commercial Real Estate	—	—	—	—	—
Agriculture	—	—	—	—	—
Residential Mortgage	174	—	—	—	—
Residential Construction	—	—	—	—	—
Consumer	—	255	382	—	—
Total	$ 174	$ 255	$ 382	$ 139	$ —

	Secured by farmland	Agriculture production loans	Loans secured by owner-occupied, nonfarm nonresidential properties	Loans secured by other nonfarm nonresidential properties	Total
Commercial	$ —	$ —	$ —	$ —	$ 139
Commercial Real Estate	—	—	—	657	657
Agriculture	662	3,761	—	—	4,423
Residential Mortgage	—	—	—	—	174
Residential Construction	—	—	—	—	—
Consumer	—	—	—	—	637
Total	$ 662	$ 3,761	$ —	$ 657	$ 6,030

December 31, 2024

	Secured by 1-4 Family Residential Properties-1st lien	Secured by 1-4 Family Residential Properties-junior lien	Secured by 1-4 Family Residential Properties-revolving	Commercial	Construction and land development
Commercial	$ —	$ —	$ —	$ 139	$ —
Commercial Real Estate	—	—	—	—	—
Agriculture	—	—	—	—	—
Residential Mortgage	202	—	—	—	—
Residential Construction	—	—	—	—	—
Consumer	—	282	360	—	—
Total	$ 202	$ 282	$ 360	$ 139	$ —

	Secured by farmland	Agriculture production loans	Loans secured by owner-occupied, nonfarm nonresidential properties	Loans secured by other nonfarm nonresidential properties	Total
Commercial	$ —	$ —	$ —	$ —	$ 139
Commercial Real Estate	—	—	—	7,993	7,993
Agriculture	740	1,496	—	—	2,236
Residential Mortgage	—	—	—	—	202
Residential Construction	—	—	—	—	—
Consumer	—	—	—	—	642
Total	$ 740	$ 1,496	$ —	$ 7,993	$ 11,212

Foreclosure Proceedings

The Company had no residential real estate property in the process of foreclosure at December 31, 2025 and December 31, 2024.

Non-accrual and Past Due Loans

The Company's loans by delinquency and non-accrual status, as of December 31, 2025 and December 31, 2024, was as follows:

	30-59 days Past Due & Accruing	60-89 days Past Due & Accruing	90 days or More Past Due & Accruing	Nonaccrual Loans	Total Past Due & Nonaccrual Loans	Current & Accruing Loans	Total Loans	Nonaccrual loans with No ACL
December 31, 2025								
Commercial	$ 470	$ 597	$ —	$ 139	$ 1,206	$ 144,972	$ 146,178	$ 139
Commercial Real Estate	231	—	—	657	888	701,567	702,455	657
Agriculture	—	1	—	4,423	4,424	89,203	93,627	4,423
Residential Mortgage	691	—	—	174	865	99,819	100,684	174
Residential Construction	—	—	—	—	—	5,837	5,837	—
Consumer	—	—	—	637	637	14,841	15,478	637
Total	$ 1,392	$ 598	$ —	$ 6,030	$ 8,020	$ 1,056,239	$ 1,064,259	$ 6,030
December 31, 2024								
Commercial	$ 2,287	$ —	$ —	$ 139	$ 2,426	$ 115,495	$ 117,921	$ 139
Commercial Real Estate	—	—	—	7,993	7,993	715,657	723,650	7,993
Agriculture	1,354	500	—	2,236	4,090	88,474	92,564	2,236
Residential Mortgage	749	—	—	202	951	104,935	105,886	202
Residential Construction	—	—	—	—	—	6,858	6,858	—
Consumer	—	10	—	642	652	15,064	15,716	642
Total	$ 4,390	$ 510	$ —	$ 11,212	$ 16,112	$ 1,046,483	$ 1,062,595	$ 11,212

The Company recognized $421 and $450 of interest income on nonaccrual loans during the years ended December 31, 2025 and December 31, 2024, respectively.

Loan Modifications

Occasionally, the Company modifies loans to borrowers in financial difficulty by providing principal forgiveness, term extension, payment delays or interest rate reduction. When principal forgiveness is provided, the amount of forgiveness is charged-off against the ACL.

In some cases, the Company provides multiple types of concessions on one loan. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted. For the loans included in the "combination" columns below, multiple types of modifications have been made on the same loan within the current reporting period. The combination is at least two of the following: a term extension, principal forgiveness, an other-than-insignificant payment delay and/or an interest rate reduction.

The following tables present the amortized cost basis of loans that were experiencing both financial difficulty and modification during the periods indicated, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial difficulty as compared to the amortized cost basis of each class of financing receivable is also presented below.

The amortized cost basis of loans that were experiencing both financial difficulty and modification during the year ended December 31, 2025 were as follows:

	Term Extension	Combination Term Extension and Interest Rate Reduction	Combination Term Extension and Payment Delay	Payment Delay	Total Class of Financing Receivable
Commercial	$ 399	$ 1,000	$ 73	$ —	1.01%
Commercial Real Estate	1,456	—	—	—	0.21%
Agriculture	—	548	—	835	1.48%
Residential Mortgage	—	—	—	—	—
Residential Construction	—	—	—	—	—
Consumer	—	—	—	—	—
Total	$ 1,855	$ 1,548	$ 73	$ 835	0.41%

The Company had no commitments to lend additional funds to borrowers whose loans were modified at December 31, 2025.

The amortized cost basis of loans that were experiencing both financial difficulty and modification during the year ended December 31, 2024 were as follows:

	Term Extension	Combination Term Extension and Interest Rate Reduction	Total Class of Financing Receivable
Commercial	$ 1,832	$ 45	1.59%
Commercial Real Estate	—	—	—
Agriculture	—	—	—
Residential Mortgage	—	—	—
Residential Construction	—	—	—
Consumer	—	—	—
Total	$ 1,832	$ 45	0.18%

The Company had no commitments to lend additional funds to borrowers whose loans were modified at December 31, 2024.

The following table presents the financial effect of the loan modifications to borrowers experiencing financial difficulty during the year ended December 31, 2025:

	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in months)
Commercial	0.50%	10
Commercial Real Estate	—	4
Agriculture	1.00%	36
Residential Mortgage	—	—
Residential Construction	—	—
Consumer	—	—
Total	0.68%	12

The following table presents the financial effect of the loan modifications to borrowers experiencing financial difficulty during the year ended December 31, 2024:

	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in months)
Commercial	3.00%	9
Commercial Real Estate	—	—
Agriculture	—	—
Residential Mortgage	—	—
Residential Construction	—	—
Consumer	—	—
Total	3.00%	9

Loans that were modified within the previous twelve months were current on payments as of December 31, 2025. There were no loans modified within the previous twelve months and for which there was a payment default during the year ended December 31, 2025. Loans that were modified within the previous twelve months were current on payments as of December 31, 2024. There were no loans modified within the previous twelve months and for which there was a payment default during the year ended December 31, 2024.

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

Credit Quality Indicators

All new loans are rated using the credit risk ratings and criteria adopted by the Company. Risk ratings are adjusted as future circumstances warrant. All credits risk rated 1, 2, 3, 4 or 5 equate to a Pass as indicated by Federal and State regulatory agencies; a 6 equates to a Special Mention; a 7 equates to Substandard; an 8 equates to Doubtful; and a 9 equates to a Loss. General definitions for each risk rating are as follows:

Risk Rating “*1*” – ***Pass (Superior Quality):*** A Superior asset is a loan that is secured by cash or properly margined marketable securities held by the Bank. A superior asset represents the highest quality currently and a negligible potential for future credit risk based on every measurement. Repayment capacity is unquestionable.

Risk Rating “*2*” – ***Pass (Excellent Quality):*** An Excellent asset has minimal risk based on a conservatively structured balance sheet, well diversified revenue streams, low operating cost structure or low risk business model. Other risks that may impact credit quality are remote or absorbable by the Borrower with no meaningful impact on its financial condition. .

Risk Rating “*3*” – ***Pass (Good Quality):*** A good asset is one that has a well-structured balance sheet relative to peers, a stable and consistent income stream and well managed cost structure. While credit risk is considered low, risks may be present that could cause a minor financial operational impact sometime in the future.

Risk Rating “*4*” – ***Pass (Acceptable Quality):*** An acceptable asset is one that’s primary repayment source is satisfactory to cover debt service under normal conditions. Financial strength and flexibility are adequate; however, financial strength would likely be weakened during prolonged periods of adversity or with the emergence of one or more inherent risks.

Risk Rating “*5*” – ***Pass (Watch):*** A watch asset is one that reflects higher than acceptable risk; however, control features or other factors (e.g. structure, collateral and collateral monitoring, operational controls, including funds control, guarantors, etc.) mitigate inherent risks or other uncertainties that may otherwise warrant a more severe rating. Repayment capacity is generally adequate for debt service, but one or more factors or conditions exist that may result in repayment inadequacies. These factors or conditions are expected to change within a reasonable amount of time.

Risk Rating “*6*” – ***Special Mention:*** A Special Mention asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special Mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification.

Risk Rating “*7*” – ***Substandard:*** Substandard loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Risk Rating “*8*” – ***Doubtful:*** Loans classified Doubtful have all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable.

Risk Rating “*9*” – ***Loss:*** Loans classified Loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future.

Active Charge-Off. Loans in this category are considered uncollectible and of such little value that their removal from the Company’s books is required. The charge-off is pending or already processed. Collateral positions have been or are in the process of being liquidated and the borrower/guarantor may or may not be cooperative in repayment of the debt. Recovery prospects are unknown, but the Company is actively engaged in the collection of the loan.

Inactive Charge-Off. Loans in this category are considered uncollectible and of such little value that their removal from the Company’s books is required. The charge-off is pending or already processed. Collateral positions have been liquidated and the borrower/guarantor has nothing of any value remaining to apply to the repayment of our loan. Any further collection activities would be of little value.

Table of Contents

The following tables present the loan portfolio by loan class, origination year, and internal risk rating as of December 31, 2025 and December 31, 2024. Generally, existing term loans that were re-underwritten are reflected in the table in the year of renewal. Lines of credit that have a conversion feature at the time of origination, such as construction to permanent loans, are presented by year of origination. Revolving loans converted to term loans totaled $1,780 and $3,121 as of December 31, 2025 and December 31, 2024, respectively.

	Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2025							
	2025	**2024**	**2023**	**2022**	**2021**	**Prior**	**Revolving Loans Amortized Cost Basis**	**Total**
Commercial								
Pass	$ 53,724	$ 37,264	$ 9,628	$ 9,008	$ 4,473	$ 4,964	$ 24,740	$ 143,801
Special Mention	73	—	—	—	—	—	324	397
Substandard	45	83	1	44	—	635	1,172	1,980
Doubtful/Loss					—	—	—	—
Total Commercial loans	$ 53,842	$ 37,347	$ 9,629	$ 9,052	$ 4,473	$ 5,599	$ 26,236	$ 146,178
Year-to-date Charge-offs	—	(119)	(83)	—	(13)	—	(433)	(648)
Year-to-date Recoveries	—	1	256	—	—	16	—	273
Year-to-date Net Charge-offs	—	(118)	173	—	(13)	16	(433)	(375)
Commercial Real Estate								
Pass	$ 48,023	$ 60,279	$ 109,879	$ 152,463	$ 158,456	$ 141,544	$ 373	$ 671,017
Special Mention	1,084	2,854	—	12,487	2,013	2,786	—	21,224
Substandard	372	—	657	3,415	—	5,770	—	10,214
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Commercial Real Estate loans	$ 49,479	$ 63,133	$ 110,536	$ 168,365	$ 160,469	$ 150,100	$ 373	$ 702,455
Year-to-date Charge-offs	—	—	(26)	—	—	—	—	(26)
Year-to-date Recoveries	—	—	—	—	—	—	—	—
Year-to-date Net Charge-offs	—	—	(26)	—	—	—	—	(26)
Agriculture								
Pass	$ 11,029	$ 2,970	$ 3,426	$ 15,496	$ 17,593	$ 13,004	$ 19,121	$ 82,639
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	58	2,717	4,739	—	3,474	10,988
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Agriculture loans	$ 11,029	$ 2,970	$ 3,484	$ 18,213	$ 22,332	$ 13,004	$ 22,595	$ 93,627
Year-to-date Charge-offs	—	—	—	(176)	—	—	(298)	(474)
Year-to-date Recoveries	—	—	—	—	—	—	—	—
Year-to-date Net Charge-offs	—	—	—	(176)	—	—	(298)	(474)

	Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2025							
	2025	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Total
Residential Mortgage								
Pass	$ 3,451	$ 4,755	$ 17,156	$ 22,718	$ 24,516	$ 27,642	$ —	$ 100,238
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	270	32	144	—	446
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Residential Mortgage loans	$ 3,451	$ 4,755	$ 17,156	$ 22,988	$ 24,548	$ 27,786	$ —	$ 100,684
Year-to-date Charge-offs	(5)	—	—	—	—	—	—	(5)
Year-to-date Recoveries	—	—	—	—	—	—	—	—
Year-to-date Net Charge-offs	(5)	—	—	—	—	—	—	(5)
Residential Construction								
Pass	$ 1,665	$ 1,451	$ 1,176	$ 487	$ 1,058	$ —	$ —	$ 5,837
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Residential Construction loans	$ 1,665	$ 1,451	$ 1,176	$ 487	$ 1,058	$ —	$ —	$ 5,837
Year-to-date Charge-offs	—	—	—	—	—	—	—	—
Year-to-date Recoveries	—	—	—	—	—	—	—	—
Year-to-date Net Charge-offs	—	—	—	—	—	—	—	—
Consumer								
Pass	$ 233	$ 59	$ 69	$ 1,063	$ 94	$ 376	$ 12,923	$ 14,817
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	661	661
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Consumer loans	$ 233	$ 59	$ 69	$ 1,063	$ 94	$ 376	$ 13,584	$ 15,478
Year-to-date Charge-offs	(16)	(3)	—	—	—	—	—	(19)
Year-to-date Recoveries	8	—	—	—	—	—	25	33
Year-to-date Net Charge-offs	(8)	(3)	—	—	—	—	25	14
Total Loans								
Pass	$ 118,125	$ 106,778	$ 141,334	$ 201,235	$ 206,190	$ 187,530	$ 57,157	$ 1,018,349
Special Mention	1,157	2,854	—	12,487	2,013	2,786	324	21,621
Substandard	417	83	716	6,446	4,771	6,549	5,307	24,289
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Loans	$ 119,699	$ 109,715	$ 142,050	$ 220,168	$ 212,974	$ 196,865	$ 62,788	$ 1,064,259
Year-to-date Charge-offs	$ (21)	$ (122)	$ (109)	$ (176)	$ (13)	$ —	$ (731)	$ (1,172)
Year-to-date Recoveries	$ 8	$ 1	$ 256	$ —	$ —	$ 16	$ 25	$ 306
Year-to-date Net Charge-offs	$ (13)	$ (121)	$ 147	$ (176)	$ (13)	$ 16	$ (706)	$ (866)

	Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2024							
	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Total
Commercial								
Pass	$ 36,065	$ 14,319	$ 11,885	$ 11,894	$ 3,442	$ 8,030	$ 27,272	$ 112,907
Special Mention	—	—	874	1,561	—	—	1,590	4,025
Substandard	227	—	—	32	471	—	259	989
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Commercial loans	$ 36,292	$ 14,319	$ 12,759	$ 13,487	$ 3,913	$ 8,030	$ 29,121	$ 117,921
Year-to-date Charge-offs	(47)	(508)	(224)	(5)	(163)	(9)	—	(956)
Year-to-date Recoveries	—	—	4	—	—	56	—	60
Year-to-date Net Charge-offs	(47)	(508)	(220)	(5)	(163)	47	—	(896)
Commercial Real Estate								
Pass	$ 68,278	$ 113,937	$ 178,142	$ 160,484	$ 39,913	$ 121,862	$ 6,529	$ 689,145
Special Mention	2,909	—	—	7,156	—	5,737	—	15,802
Substandard	—	381	—	2,052	1,638	14,632	—	18,703
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Commercial Real Estate loans	$ 71,187	$ 114,318	$ 178,142	$ 169,692	$ 41,551	$ 142,231	$ 6,529	$ 723,650
Year-to-date Charge-offs	—	—	—	—	—	—	—	—
Year-to-date Recoveries	—	—	—	—	—	—	—	—
Year-to-date Net Charge-offs	—	—	—	—	—	—	—	—
Agriculture								
Pass	$ 4,857	$ 6,562	$ 14,846	$ 17,245	$ 5,675	$ 10,252	$ 20,420	$ 79,857
Special Mention	—	—	3,884	5,477	726	—	300	10,387
Substandard	—	—	—	740	—	—	1,580	2,320
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Agriculture loans	$ 4,857	$ 6,562	$ 18,730	$ 23,462	$ 6,401	$ 10,252	$ 22,300	$ 92,564
Year-to-date Charge-offs	—	—	—	—	—	—	—	—
Year-to-date Recoveries	—	—	—	—	—	—	—	—
Year-to-date Net Charge-offs	—	—	—	—	—	—	—	—

	Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2024							
	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Total
Residential Mortgage								
Pass	$ 4,873	$ 20,162	$ 22,408	$ 26,123	$ 13,233	$ 18,886	$ —	$ 105,685
Special Mention	—	—	—	—	—	—	—	—
Substandard	79	—	—	34	—	88	—	201
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Residential Mortgage loans	$ 4,952	$ 20,162	$ 22,408	$ 26,157	$ 13,233	$ 18,974	$ —	$ 105,886
Year-to-date Charge-offs	—	—	—	—	—	—	—	—
Year-to-date Recoveries	—	—	—	—	—	—	—	—
Year-to-date Net Charge-offs	—	—	—	—	—	—	—	—
Residential Construction								
Pass	$ 1,525	$ 2,117	$ 1,998	$ 1,218	$ —	$ —	$ —	$ 6,858
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Residential Construction loans	$ 1,525	$ 2,117	$ 1,998	$ 1,218	$ —	$ —	$ —	$ 6,858
Year-to-date Charge-offs	—	—	—	—	—	—	—	—
Year-to-date Recoveries	—	—	—	—	—	—	—	—
Year-to-date Net Charge-offs	—	—	—	—	—	—	—	—
Consumer								
Pass	$ 212	$ 145	$ 1,129	$ 109	$ 122	$ 286	$ 13,071	$ 15,074
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	642	642
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Consumer loans	$ 212	$ 145	$ 1,129	$ 109	$ 122	$ 286	$ 13,713	$ 15,716
Year-to-date Charge-offs	(28)	—	—	—	—	—	—	(28)
Year-to-date Recoveries	10	—	—	—	—	3	—	13
Year-to-date Net Charge-offs	(18)	—	—	—	—	3	—	(15)
Total Loans								
Pass	$ 115,810	$ 157,242	$ 230,408	$ 217,073	$ 62,385	$ 159,316	$ 67,292	$ 1,009,526
Special Mention	2,909	—	4,758	14,194	726	5,737	1,890	30,214
Substandard	306	381	—	2,858	2,109	14,720	2,481	22,855
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Loans	$ 119,025	$ 157,623	$ 235,166	$ 234,125	$ 65,220	$ 179,773	$ 71,663	$ 1,062,595
Year-to-date Charge-offs	$ (75)	$ (508)	$ (224)	$ (5)	$ (163)	$ (9)	$ —	$ (984)
Year-to-date Recoveries	$ 10	$ —	$ 4	$ —	$ —	$ 59	$ —	$ 73
Year-to-date Net Charge-offs	$ (65)	$ (508)	$ (220)	$ (5)	$ (163)	$ 50	$ —	$ (911)

(4) Mortgage Operations

The Company recognizes a gain or loss and a related asset for the fair value of the rights to service loans for others when loans are sold and servicing is retained. The Company sold a substantial portion of its portfolio of conforming long-term residential mortgage loans originated during the year ended December 31, 2025 on a servicing retained basis, for cash proceeds equal to the fair value of the loans. At December 31, 2025 and 2024, the Company serviced real estate mortgage loans for others totaling $162,644 and $174,464, respectively.

The recorded value of mortgage servicing rights is amortized in proportion to, and over the period of, estimated net servicing revenues. The Company assesses capitalized mortgage servicing rights for impairment based upon the fair value of those rights at each reporting date. For purposes of measuring impairment, the rights are stratified based upon the product type, term and interest rates. Fair value is determined by discounting estimated net future cash flows from mortgage servicing activities using discount rates that approximate current market rates and estimated prepayment rates, among other assumptions. The amount of impairment recognized, if any, is the amount by which the capitalized mortgage servicing rights for a stratum exceeds their fair value. Impairment, if any, is recognized through a valuation allowance for each individual stratum. Changes in the carrying amount of mortgage servicing rights are reported in earnings under other operating income on the Consolidated Statements of Income.

The following table summarizes the activity related to the Company’s mortgage servicing rights assets for the years ended December 31, 2025 and 2024. Mortgage servicing rights are included in Interest Receivable and Other Assets on the Consolidated Balance Sheets.

	December 31, 2024	Additions	Reductions	December 31, 2025
Mortgage servicing rights	$ 1,312	$ 35	$ (188)	$ 1,159
Valuation allowance	—	—	—	—
Mortgage servicing rights, net of valuation allowance	$ 1,312	$ 35	$ (188)	$ 1,159

	December 31, 2023	Additions	Reductions	December 31, 2024
Mortgage servicing rights	$ 1,482	$ 38	$ (208)	$ 1,312
Valuation allowance	—	—	—	—
Mortgage servicing rights, net of valuation allowance	$ 1,482	$ 38	$ (208)	$ 1,312

At December 31, 2025 and December 31, 2024, the estimated fair market value of the Company's mortgage servicing rights asset was $1,748 and $1,910, respectively. The changes in fair value of mortgage servicing rights during 2025 and 2024 were primarily due to amortization and increase in estimated prepayment speeds.

The Company received contractually specified servicing fees of $427 and $450 for the years ended December 31, 2025 and 2024, respectively. Contractually specified servicing fees are included in Other Income on the Consolidated Statements of Income.

(5) Premises and Equipment

Premises and equipment consisted of the following at December 31, of the indicated years:

	2025	2024
Land	$ 1,582	$ 2,823
Buildings	9,171	8,703
Furniture and equipment	15,781	15,279
Leasehold improvements	3,403	2,673
	29,937	29,478
Less accumulated depreciation and amortization	21,226	20,230
	$ 8,711	$ 9,248

Depreciation and amortization expense, included in occupancy and equipment expense, was $996 and $1,057 for the years ended December 31, 2025 and 2024, respectively.

(6) Intangible Assets

Intangible assets represent the estimated fair value of the core deposit relationships acquired in the 2023 acquisition of three branches from Columbia State Bank less accumulated depreciation and other intangible assets. In 2025, the Company acquired a customer-related intangible asset that was recorded at a fair value of $1,742.

The following table summarizes the changes in the Company's intangible assets for the twelve months ended December 31, 2025 and 2024:

	Years Ended December 31,					
	2025			2024		
	Core Deposit Intangible	Other Intangible	Total Intangible Assets	Core Deposit Intangible	Other Intangible	Total Intangible Assets
Beginning Balance	$ 3,321	$ —	$ 3,321	$ 4,141	$ —	$ 4,141
Additions		1,742	1,742	—	—	—
Amortizations	(731)	—	(731)	(820)	—	(820)
Ending Balance	$ 2,590	$ 1,742	$ 4,332	$ 3,321	$ —	$ 3,321

The following table presents the estimated amortization expense for intangible assets remaining at December 31, 2025:

	Estimated Amortization
2026	$ 989
2027	898
2028	808
2029	717
2030	627
Thereafter	293
Total	$ 4,332

(7) Interest Receivable and Other Assets

Interest receivable and other assets consisted of the following at December 31, of the indicated years:

	2025	2024
Interest receivable	$ 7,348	$ 7,660
Mortgage servicing rights asset (see Note 4)	1,159	1,312
Officer's life insurance	16,547	16,058
Operating lease right-of-use asset (see Note 9)	5,393	3,155
Deferred tax assets, net (see Note 18)	12,965	19,042
Current tax receivable (payable)	10,800	(322)
Prepaid and other	8,133	5,503
	$ 62,345	$ 52,408

(8) Short-Term and Long-Term Borrowings

The Company had no secured borrowings and no Federal Funds purchased at December 31, 2025 and December 31, 2024.

Additional short-term borrowings available to the Company consist of a line of credit and advances with the Federal Home Loan Bank ("FHLB") secured under terms of a blanket collateral agreement by a pledge of FHLB stock and all loans. At December 31, 2025, the Company had a current collateral borrowing capacity with the FHLB of $390,191 and, at such date, also had unsecured formal lines of credit totaling $130,000 with correspondent banks.

Average outstanding balances of short-term borrowings were $1,645 and $0 during 2025 and 2024, respectively. Short-term borrowings during 2025 consisted of FHLB advances. There were no short-term borrowings during 2024. Maturity of the FHLB advance during 2025 was 1 month at an interest rate of 4.55%. There were no short-term borrowings at December 31, 2025 and December 31, 2024.

The Company had no long-term borrowings at December 31, 2025 and 2024.

(9) Leases

The Company leases ten branch and administrative locations under operating leases expiring on various dates through 2035. Leases with an initial term of 12 months or less are not recorded on the balance sheet and lease expense is recognized on a straight-line basis over the lease term. The Bank had no financing leases as of December 31, 2025.

Most leases include options to renew, with renewal terms that can extend the lease term from 3 to 10 years. The exercise of lease renewal options is at the Company's sole discretion. Most leases are currently in the extension period. For the remaining leases with options to renew, the Company has not included the extended lease terms in the calculation of lease liabilities as the options are not reasonably certain of being exercised. Certain lease agreements include rental payments that are adjusted periodically for inflation. The Company's lease agreements do not contain any residual value guarantees or restrictive covenants.

The Company uses its FHLB advance fixed rates, which are its incremental borrowing rates for secured borrowings, as the discount rates to calculate lease liabilities.

The Company had right-of-use assets totaling $5,393 and $3,155 as of December 31, 2025 and December 31, 2024, respectively. Right-of-use assets are included in Interest receivable and other assets on the Consolidated Balance Sheets. The Company had lease liabilities totaling $5,795 and $3,645 as of December 31, 2025 and December 31, 2024, respectively. Lease liabilities are included in Interest payable and other liabilities on the Consolidated Balance Sheets. The Company recognized lease expenses totaling $1,140 and $1,228 for the years ended December 31, 2025 and December 31, 2024, respectively. Lease expense is included in Occupancy and Equipment expense on the Consolidated Statements of Income.

The table below summarizes the payments of remaining lease liabilities at December 31:

	2025
2026	$ 1,088
2027	1,029
2028	1,074
2029	1,025
2030	697
2031 and thereafter	1,671
Total lease payments	6,584
Less: interest	(789)
Present value of lease liabilities	$ 5,795

The following table presents supplemental cash flow information related to leases for the year ended December 31:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 1,125	$ 1,098
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 3,163	$ —

The following table presents the weighted average operating lease term and discount rate at December 31:

	2025	2024
Weighted-average remaining lease term - operating leases, in years	6.52	4.87
Weighted-average discount rate - operating leases	3.51%	2.36%

(10) Financial Instruments with Off-Balance Sheet Risk

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit in the form of loans or through standby letters of credit in addition to entering into commitments to sell loans in conjunction with our mortgage banking activities. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the balance sheet. The contract amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

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

Financial instruments, whose contract amounts represent credit risk at December 31 of the indicated periods, were as follows:

	2025	2024
Undisbursed loan commitments	$ 131,306	$ 140,092
Standby letters of credit	1,038	922
	$ 132,344	$ 141,014

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

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank issues both financial and performance standby letters of credit. The financial standby letters of credit are primarily to guarantee payment to third parties. At December 31, 2025, there were no financial standby letters of credit outstanding. The performance standby letters of credit are typically issued to municipalities as specific performance bonds. At December 31, 2025, there was $1,038 issued in performance standby letters of credit and the Bank carried no liability. The Bank has experienced no draws on these letters of credit and does not expect to in the future; however, should a triggering event occur, the Bank either has collateral in excess of the letter of credit or imbedded agreements of recourse from the customer. The Bank has set aside a reserve for unfunded commitments in the amount of $1,200 and $700 at December 31, 2025 and 2024, respectively, which is recorded in "interest payable and other liabilities" on the Consolidated Balance Sheets.

Commitments to extend credit and standby letters of credit bear similar credit risk characteristics as outstanding loans. As of December 31, 2025, the Company had no off-balance sheet derivatives requiring additional disclosure.

The Company may enter into interest rate lock commitments in connection with its mortgage banking activities to fund residential mortgage loans within specified times in the future. There were no interest rate lock commitments at December 31, 2025 and 2024. These commitments expose the Company to the risk that the price of the loan underlying the interest rate lock commitment might decline from the inception of the interest rate lock to the funding of the mortgage loan. To protect against this risk, the Company may enter into commitments to sell loans to economically hedge the risk of potential changes in the value of the loans that would result from the commitment. There were no commitments at December 31, 2025 and 2024. Mortgage loans sold to investors may be sold with servicing rights retained, for which the Company makes only standard legal representations and warranties as to meeting certain underwriting and collateral documentation standards. Management believes that any liabilities that may result from such recourse provisions are not significant.

(11) Commitments and Contingencies

At December 31, 2025, the aggregate maturities for time deposits were as follows:

Year ending December 31:	
2026	$ 129,064
2027	9,751
2028	1,568
2029	644
2030	634
Thereafter	—
	$ 141,661

The Company is subject to various legal proceedings in the normal course of its business. In the opinion of management, after having consulted with legal counsel, the outcome of the pending legal proceedings should not have a material adverse effect on the consolidated financial condition or results of operations of the Company.

(12) Capital Adequacy and Restriction on Dividends

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

Quantitative measures established by regulation to help ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below).

In July 2013, the Federal Reserve and the other U.S. federal banking agencies adopted final rules making significant changes to the U.S. regulatory capital framework for U.S. banking organizations and to conform this framework to the guidelines published by the Basel Committee known as the Basel III Global Regulatory Framework for Capital and Liquidity. The Basel Committee is a committee of banking supervisory authorities from major countries in the global financial system which formulates broad supervisory standards and guidelines relating to financial institutions for implementation on a country-by-country basis. These rules adopted by the Federal Reserve and the other federal banking agencies (the U.S. Basel III Capital Rules) replaced the federal banking agencies' general risk-based capital rules, advanced approaches rule, market risk rule, and leverage rules, in accordance with certain transition provisions.

Banks, such as First Northern, became subject to the final rules on January 1, 2015. The final rules implemented higher minimum capital requirements, included a new common equity Tier 1 capital requirement, and established criteria that instruments must meet in order to be considered common equity Tier 1 capital, additional Tier 1 capital, or Tier 2 capital. The final rules provide for increased minimum capital ratios as follows: (a) a common equity Tier 1 capital ratio of 4.5%; (b) a Tier 1 capital ratio of 6%; (c) a total capital ratio of 8%; and (d) a Tier 1 leverage ratio to average consolidated assets of 4%. Under these rules, in order to avoid certain limitations on capital distributions, including dividend payments and certain discretionary bonus payments to executive officers, a banking organization must hold a capital conservation buffer composed of common equity Tier 1 capital above its minimum risk-based capital requirements (equal to 2.5% of total risk-weighted assets). The capital conservation buffer is designed to absorb losses during periods of economic stress.

Pursuant to the Economic Growth, Regulatory Relief and Consumer Protection Act ("EGRRCPA"), the FRB adopted a final rule, effective August 31, 2018, amending the Small Bank Holding Company and Savings and Loan Holding Company Policy Statement (the "policy statement") to increase the consolidated assets threshold to qualify to utilize the provisions of the policy statement from $1 billion to $3 billion. Bank holding companies, such as the Company, are subject to capital adequacy requirements of the FRB; however, bank holding companies which are subject to the policy statement are not subject to compliance with the regulatory capital requirements until they hold $3 billion or more in consolidated total assets. As a consequence, as of December 31, 2018, the Company was not required to comply with the FRB's regulatory capital requirements until such time that its consolidated total assets equal $3 billion or more or if the FRB determines that the Company is no longer deemed to be a small bank holding company. However, if the Company had been subject to these regulatory capital requirements, it would have exceeded all regulatory requirements.

In August of 2020, the Federal banking agencies adopted the final version of the community bank leverage ratio framework rule (the "CBLR"), implementing two interim final rules adopted in April of 2020. The rule provides an optional, simplified measure of capital adequacy. Under the optional CBLR framework, the CBLR was 8.5% through calendar year 2021 and is 9% thereafter. The rule is applicable to all non-advanced approaches FDIC-supervised institutions with less than $10 billion in total consolidated assets. Banks not electing the CBLR framework will continue to be subject to the generally applicable risk-based capital rule. On November 25, 2025, the US federal banking regulators proposed changes to the CBLR framework intended to encourage additional community banks to opt into the CBLR framework. This proposal would reduce the CBLR requirement from 9% to 8% and extend the grace period for qualifying institutions that fall below the 8% ratio to return to compliance from the current two quarters to four quarters, provided they maintain a 7% leverage ratio. At the present time, the Company and the Bank do not intend to elect to use the CBLR framework.

Management believes, as of December 31, 2025, that the Bank met all capital adequacy requirements to which it is subject. As of December 31, 2025, the most recent notification from the FDIC categorized the Bank as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized" the Bank must meet the minimum ratios as set forth below. As of the date hereof, there have been no conditions or events since that notification that management believes have changed the institution's category.

The Bank had Tier I Leverage, Common Equity Tier 1, Tier I Risk-Based and Total Risk-Based capital above the "well capitalized" levels at December 31, 2025 and 2024, respectively, as set forth in the following table (calculated in accordance with the Basel III capital rules):

	The Bank					
	2025		2024		Adequately Capitalized Ratio*	Well Capitalized Ratio
	Capital	Ratio	Capital	Ratio		
Tier 1 Leverage Capital (to Average Assets)	$ 220,704	11.3%	$ 205,326	10.5%	4.0%	5.0%
Common Equity Tier 1 Capital (to Risk-Weighted Assets)	220,704	17.6%	205,326	16.4%	4.5%	6.5%
Tier 1 Capital (to Risk-Weighted Assets)	220,704	17.6%	205,326	16.4%	6.0%	8.0%
Total Risk-Based Capital (to Risk-Weighted Assets)	236,352	18.9%	220,977	17.7%	8.0%	10.0%

* Ratio for regulatory requirement excludes the capital conservation buffer of 2.50%.

Banks chartered under California law, such as the Bank, generally may only pay cash dividends to the extent such payments do not exceed the lesser of retained earnings of the bank's net income for its last three fiscal years (less any distributions to shareholders during such period). In the event a bank desires to pay cash dividends in excess of such amount, the bank may pay a cash dividend with the prior approval of the DFPI in an amount not exceeding the greatest of the bank's retained earnings, the bank's net income for its last fiscal year, or the Bank's net income for its current fiscal year.

(13) Fair Value Measurement

The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Securities available-for-sale and trading securities are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other assets on a non-recurring basis, such as loans held-for-sale, loans held-for-investment and certain other assets. These non-recurring fair value adjustments typically involve application of lower of cost or market accounting or write-downs of individual assets. Transfers between levels of the fair value hierarchy are recognized on the actual date of the event or circumstances that caused the transfer, which generally corresponds with the Company's quarterly valuation process.

Assets Recorded at Fair Value on a Recurring Basis

The tables below present the recorded amount of assets and liabilities measured at fair value on a recurring basis as of December 31, 2025 and 2024.

December 31, 2025	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury securities	$ 87,556	$ 87,556	$ —	$ —
Securities of U.S. government agencies and corporations	85,344	—	85,344	—
Obligations of states and political subdivisions	75,003	—	75,003	—
Collateralized mortgage obligations	92,284	—	92,284	—
Mortgage-backed securities	277,056	—	277,056	—
Total investments at fair value	$ 617,243	$ 87,556	$ 529,687	$ —

December 31, 2024	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury securities	$ 105,545	$ 105,545	$ —	$ —
Securities of U.S. government agencies and corporations	95,684	—	95,684	—
Obligations of states and political subdivisions	67,591	—	67,591	—
Collateralized mortgage obligations	94,945	—	94,945	—
Mortgage-backed securities	270,088	—	270,088	—
Total investments at fair value	$ 633,853	$ 105,545	$ 528,308	$ —

Assets Recorded at Fair Value on a Non-recurring Basis

Assets measured at fair value on a non-recurring basis are included in the table below by level within the fair value hierarchy as of December 31, 2025 and 2024.

	(in thousands)			
December 31, 2025	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**
Collateral dependent loans	$ 835	$ —	$ —	$ 835
Total assets at fair value	$ 835	$ —	$ —	$ 835

	(in thousands)			
December 31, 2024	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**
Collateral dependent loans	$ 139	$ —	$ —	$ 139
Total assets at fair value	$ 139	$ —	$ —	$ 139

There were no liabilities measured at fair value on a recurring or non-recurring basis at December 31, 2025 and 2024.

Key methods and assumptions used in measuring the fair value of collateral dependent loans as of December 31, 2025 were as follows:

	Valuation Techniques	**Assumption Inputs**
Collateral dependent loans	Fair value of underlying collateral, market, income, enterprise, liquidation	External appraised values, management assumptions regarding market trends or other relevant factors, selling costs generally ranging from 6% to 10%

The following section describes the valuation methodologies used for assets recorded at fair value.

Investment Securities Available-for-Sale

Investment securities available-for-sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, if available. If quoted market prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets and money market funds. Level 2 securities include mortgage-backed securities issued by government sponsored entities, municipal bonds and corporate debt securities. Securities classified as Level 3 include asset-backed securities in less liquid markets where valuations include significant unobservable assumptions.

Collateral Dependent Loans

The Company does not record loans at fair value on a recurring basis. Loans that do not share similar risk characteristics are individually evaluated by management. Included in loans individually evaluated are collateral dependent loans. A loan is considered to be collateral dependent when repayment is expected to be provided substantially through the operation or sale of the collateral. Collateral dependent loans are considered to have unique risk characteristics and are individually evaluated. The ACL on collateral dependent loans is measured using the fair value of the underlying collateral, adjusted for costs to sell when applicable, less the amortized cost basis of the financial asset. If the value of underlying collateral is determined to be less than the recorded amount of the loan, a charge-off will be taken. Collateral dependent loans where a charge-off is recorded based on the fair value of collateral require classification in the fair value hierarchy. When a loan is evaluated based on the fair value of the underlying collateral securing the loan, the Company records the collateral dependent loan as non-recurring Level 3 given the valuation includes significant unobservable assumptions.

Disclosures about Fair Value of Financial Instruments

The following table summarizes fair value estimates for financial instruments for the years ended December 31, 2025 and 2024, excluding financial instruments recorded at fair value on a recurring basis (summarized in the first table in this note).

		2025		2024	
	Level	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:					
Cash and cash equivalents	1	$ 145,554	$ 145,554	$ 119,448	$ 119,448
Certificates of deposit	2	10,180	10,243	16,074	16,129
Stock in Federal Home Loan Bank and other equity securities, at cost	3	10,871	10,871	10,518	10,518
Loans receivable:					
Net loans	3	1,050,473	990,239	1,046,852	974,746
Interest receivable	2	7,348	7,348	7,660	7,660
Mortgage servicing rights	3	1,159	1,748	1,312	1,910
Financial liabilities:					
Time deposits	3	141,661	141,713	149,970	149,752
Interest payable	2	724	724	1,215	1,215

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument and expected exit prices. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company’s entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company’s financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on- and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Other significant assets and liabilities that are not considered financial assets or liabilities include deferred tax liabilities and premises and equipment. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in many of the estimates.

(14) Outstanding Shares and Earnings Per Share

All income per share amounts have been adjusted to give retroactive effect to stock dividends and stock splits, including the 5% stock dividend declared on January 22, 2026, payable on March 25, 2026, to shareholders of record as of February 27, 2026.

Earnings Per Share

Basic and diluted earnings per share for the years ended December 31, were computed as follows:

	2025	2024
Basic earnings per share:		
Net income	$ 21,128	$ 20,034
Weighted average common shares outstanding	16,291,309	16,663,530
Basic earnings per share	$ 1.30	$ 1.20
Diluted earnings per share:		
Net income	$ 21,128	$ 20,034
Weighted average common shares outstanding	16,291,309	16,663,530
Effect of dilutive shares	279,972	223,193
Adjusted weighted average common shares outstanding	16,571,281	16,886,723
Diluted earnings per share	$ 1.27	$ 1.19

Options not included in the computation of diluted earnings per share because they would have had an anti-dilutive effect amounted to 7,312 shares and 260,115 shares for the years ended December 31, 2025 and 2024, respectively. Restricted stock not included in the computation of diluted earnings per share because they would have had an anti-dilutive effect amounted to 302 shares and 2,139 shares for the years ended December 31, 2025 and 2024, respectively.

(15) Stock Compensation Plans

The total number of shares authorized, number of shares outstanding, weighted average exercise prices, exercise prices and weighted average grant date fair value have been adjusted to give retroactive effect to stock dividends and stock splits, including the 5% stock dividend declared on January 22, 2026, payable on March 25, 2026 to shareholders of record as of February 27, 2026.

On May 13, 2025, the Company's shareholders approved the 2026 Stock Incentive Plan, which became effective on February 1, 2026 concurrent with the termination of the 2016 Stock Incentive Plan. There are 472,974 shares authorized under the 2026 Stock Incentive Plan. The total number of shares authorized has been adjusted to give retroactive effect to stock dividends and stock splits, including the 5% stock dividend declared on January 22, 2026, payable on March 25, 2026 to shareholders of record as of February 27, 2026. The 2026 Stock Incentive Plan will terminate on March 15, 2036.

The Compensation Committee of the Board of Directors is authorized to prescribe the terms and conditions of each option, including exercise price, vestings, or duration of the option. Generally, option grants vest at a rate of 25% per year after the first anniversary of the date of grant and restricted stock awards vest at a rate of 100% after four years. Options expire 10 years after the date of grant. Options are granted with an exercise price of the fair value of the related common stock on the date of grant.

Stock option activity under the 2016 Stock Incentive Plan during the year ended December 31, 2025, was as follows:

	Stock Options	
	Number of shares	Weighted average exercise price
Balance at December 31, 2024	538,850	$ 7.61
Granted	—	$ —
Exercised	(116,307)	$ 6.92
Cancelled/Forfeited	—	$ —
Expired	—	$ —
Balance at December 31, 2025	422,543	$ 7.80

The following table presents information on stock options for the year ended December 31, 2025:

	Number of Shares	Weighted average exercise price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term
Options exercised	116,307	$ 6.92	$ 268	—
Stock options outstanding and expected to vest:	422,543	$ 7.80	$ 2,082	3.08
Stock options vested and currently exercisable:	409,484	$ 7.77	$ 2,026	2.98

There were no stock options granted by the Company during the year ended December 31, 2025 and December 31, 2024.

The intrinsic value of options exercised during the years ended December 31, was $268 in 2025 and $90 in 2024. The fair value of awards vested during the years ended December 31 was $25 in 2025 and $88 in 2024.

As of December 31, 2025, there was $6 of total unrecognized compensation related to non-vested stock options. This cost is expected to be recognized over a weighted average period of approximately 0.2 years.

For the years ended December 31, 2025 and 2024, there was $25 and $35, respectively, of recognized compensation related to stock options.

The Company determines fair value at grant date using the Black-Scholes-Merton pricing model that takes into account the stock price at the grant date, the exercise price, the risk-free interest rate, the volatility of the underlying stock and the expected life of the option.

The expected term of options granted is derived from historical data on employee exercise and post-vesting employment termination behavior. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of the grant. Expected volatility is based on both the implied volatilities from the traded option on the Company's stock and historical volatility on the Company's stock.

The Company expenses the fair value of the option on a straight line basis over the vesting period. The Company estimates forfeitures and only recognizes expense for those shares that actually vest.

In addition to stock options, the Company also grants restricted stock awards to directors, certain officers and employees. The restricted shares awarded become fully vested after four years of continued employment or service from the date of grant. Restricted shares are forfeited if officers and employees terminate prior to the lapsing of restrictions.

The following table presents information about non-vested restricted stock awards outstanding for the year ended December 31, 2025:

	Restricted Stock Awards	
	Number of Shares	**Weighted average grant date fair value**
Balance at December 31, 2024	286,355	$ 7.73
Granted	75,645	$ 9.24
Vested	(78,066)	$ 8.06
Cancelled/Forfeited	—	$ —
Balance at December 31, 2025	283,934	$ 8.05

The aggregate intrinsic value of restricted stock awards vested in calendar years 2025 and 2024, was $725 and $687, respectively.

The weighted average fair value per share of restricted stock awards granted during the years ended December 31, was $9.24 in 2025 and $7.58 in 2024.

As of December 31, 2025, there was $876 of total unrecognized compensation related to non-vested restricted stock awards. This cost is expected to be recognized over a weighted average period of approximately 2.6 years.

For the years ended December 31, 2025 and 2024, there was $763 and $761, respectively, of recognized compensation related to restricted stock awards.

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan ("ESPP"). On May 13, 2025, the Company's shareholders approved the 2026 ESPP, which became effective on November 23, 2025 concurrent with the termination of the 2016 ESPP. There are 315,000 shares authorized under the 2026 ESPP, which include authorized but unissued shares under the 2016 ESPP. The total number of shares authorized has been adjusted to give retroactive effect to stock dividends and stock splits, including the 5% stock dividend declared on January 22, 2026, payable on March 25, 2026 to shareholders of record as of February 27, 2026. The 2026 ESPP will expire on March 15, 2036.

The ESPP is implemented by participation periods of not more than twenty-seven months each. The Board of Directors determines the commencement date and duration of each participation period. An eligible employee is one who has been continually employed for at least ninety (90) days prior to commencement of a participation period. Under the terms of the ESPP, employees can choose to have up to 10 percent of their compensation withheld to purchase the Company's common stock each participation period. The purchase price of the stock is 85% of the lower of the fair value on the last trading day before the Date of Participation or the fair value on the last trading day during the participation period. Approximately 45% of eligible employees are participating in the ESPP in the current participation period, which began December 2, 2025 and will end November 23, 2026.

Under the ESPP, at the annual stock purchase date of November 23, 2025, there were $93 in contributions, and 12,073 shares were purchased at a price of $7.70. For the years ended December 31, 2025 and 2024, there was $61 and $50, respectively, of recognized compensation related to ESPP issuances. Compensation cost is reported in salaries and employee benefits expense in the Consolidated Statements of Income.

The total number of shares authorized, number of shares purchased and stock price have been adjusted to give retroactive effect to stock dividends and stock splits, including the 5% stock dividend declared on January 22, 2026, payable March 25, 2026, to shareholders of record as of February 27, 2026.

(16) Profit Sharing Plan

The Bank maintains a profit sharing plan for the benefit of its employees. Employees who have completed 1,000 hours of service and are actively employed on the last day of the plan year are eligible. Under the terms of this plan, a portion of the Bank's profits, as determined by the Board of Directors, will be set aside and maintained in a trust fund for the benefit of qualified employees. Contributions to the plan, included in salaries and employee benefits in the Consolidated Statements of Income, were $1,980 and $1,870 in 2025 and 2024, respectively. The profit sharing plan also has a 401(k) feature that allows employees to contribute to the profit sharing plan, even if they are not eligible for a contribution from the Bank. An employee is eligible to make contributions through the 401(k) feature on the 1st of the month following 90 days of employment.

(17) Supplemental Compensation Plans

EXECUTIVE RETIREMENT PLAN

Pension Benefit Plans

The Company and the Bank maintain an unfunded non-contributory defined benefit pension plan (“Salary Continuation Plan”) and related split dollar plan for a select group of highly compensated employees. The Salary Continuation Plan provides defined annual benefit levels between $50 and $100 depending on responsibilities at the Bank. The retirement benefits are paid for 10 years following retirement at age 65. Reduced retirement benefits are available after age 55 and 10 years of service. There are currently one active and three retired participants in the Salary Continuation Plan.

Eligibility to participate in the Salary Continuation Plan is limited to a select group of management or highly compensated employees of the Bank that are designated by the Board.

Additionally, the Company and the Bank adopted a supplemental executive retirement plan (“SERP”) in 2006. The SERP is intended to integrate the various forms of retirement payments offered to executives. There are currently two active and one retired participant in the SERP.

The SERP benefit is calculated using 3-year average salary plus 7-year average bonus (average compensation). For each year of service, the benefit formula credits 2% to 2.5% of average compensation up to a cumulative maximum of 50%. Therefore, for an executive serving 20 to 25 years, the target benefit is 50% of average compensation.

The target benefit is reduced for other forms of retirement income provided by the Bank. Reductions are made for 50% of the social security benefit expected at age 65 and for the accumulated value of contributions the Bank makes to the executive’s profit sharing plan. For purposes of this reduction, contributions to the profit sharing plan are accumulated each year at a 3-year average of the yields on 10-year Treasury securities. Retirement benefits are paid monthly for 120 months, plus 6 months for each full year of service over 10 years, up to a maximum of 180 months.

Reduced benefits are payable for retirement prior to age 65. Should retirement occur prior to age 65, the benefit determined by the formula described above is reduced 5% for each year payments commence prior to age 65. Therefore, the new SERP benefit is reduced 50% for retirement at age 55. No benefit is payable for voluntary terminations prior to age 55.

The following table sets forth the status of the Salary Continuation Plan and SERP as of December 31, 2025 and December 31, 2024:

	2025	2024
Change in benefit obligation		
Benefit obligation at beginning of year	$ 4,500	$ 4,979
Service cost	122	138
Interest cost	241	258
Plan gain	(17)	(391)
Benefits paid	(441)	(484)
Benefit obligation at end of year	$ 4,405	$ 4,500
Change in plan assets		
Employer contribution	$ 441	$ 484
Benefits paid	(441)	(484)
Fair value of plan assets at end of year	$ —	$ —
Reconciliation of funded status		
Funded status	$ (4,405)	$ (4,500)
Unrecognized net plan loss	(339)	(322)
Unrecognized prior service cost	28	29
Net amount recognized	$ (4,716)	$ (4,793)
Amounts recognized in the consolidated balance sheets consist of:		
Accrued benefit liability	$ (4,405)	$ (4,500)
Accumulated other comprehensive loss	(311)	(293)
Net amount recognized	$ (4,716)	$ (4,793)

The Company expects to recognize approximately $2 of the unrecognized net actuarial loss and prior service cost as a component of net periodic benefit cost in 2026.

	For the Year ended December 31, 2025	2024
Components of net periodic benefit cost		
Service cost	$ 122	$ 138
Interest cost	241	258
Amortization of prior service cost	2	2
Recognized actuarial loss	—	—
Net periodic benefit cost	$ 365	$ 398
Additional Information		
Minimum benefit obligation at year end	$ 4,405	$ 4,500
Decrease in minimum liability included in other comprehensive loss	$ (18)	$ (393)

Assumptions used to determine benefit obligations at December 31	**2025**	**2024**
Discount rate used to determine net periodic benefit cost for years ended December 31	5.50%	5.30%
Discount rate used to determine benefit obligations at December 31	5.35%	5.50%
Future salary increases	5.00%	5.30%

Plan Assets

The Bank informally funds the liabilities of the Salary Continuation Plan through life insurance purchased on the lives of plan participants. This informal funding does not meet the definition of "plan assets" under pension accounting standards. Therefore, assets held for this purpose are not disclosed as part of the Salary Continuation Plan.

Cash Flows

Contributions and Estimated Benefit Payments

For unfunded plans, contributions to the Salary Continuation Plan are the benefit payments made to participants. The Bank paid $441 in benefit payments during fiscal 2025. The following benefit payments, which reflect expected future service, are expected to be paid in future fiscal years:

Year ending December 31,	Pension Benefits
2026	$ 269
2027	309
2028	309
2029	309
2030	309
2031- 2035	1,466

Disclosure of settlements and curtailments:

There were no events during fiscal 2025 that would constitute a curtailment or settlement.

DIRECTORS' RETIREMENT PLAN

On July 19, 2001, the Company and the Bank approved an unfunded non-contributory defined benefit pension plan ("Directors' Retirement Plan") and related split dollar plan for the directors of the Bank. The Directors' Retirement Plan provides a retirement benefit equal to $1 per year of service as a director, up to a maximum benefit amount of $15. The retirement benefit is payable for ten years following retirement at age 65. Reduced retirement benefits are available after age 55 and ten years of service.

The following table sets forth the status of the Directors' Retirement Plan as of December 31, 2025 and December 31, 2024:

	2025	2024
Change in benefit obligation		
Benefit obligation at beginning of year	$ 397	$ 424
Service cost	—	—
Interest cost	19	20
Plan gain	8	(2)
Benefits paid	(44)	(45)
Benefit obligation at end of year	$ 380	$ 397
Change in plan assets		
Employer contribution	$ 44	$ 45
Benefits paid	(44)	(45)
Fair value of plan assets at end of year	$ —	$ —
Reconciliation of funded status		
Funded status	$ (380)	$ (397)
Unrecognized net plan gain	(100)	(142)
Net amount recognized	$ (480)	$ (539)
Amounts recognized in the consolidated balance sheets consist of:		
Accrued benefit liability	$ (380)	$ (397)
Accumulated other comprehensive gain	(100)	(142)
Net amount recognized	$ (480)	$ (539)

	For the Year Ended December 31,	
	2025	2024
Components of net periodic benefit cost		
Service cost	$ —	$ —
Interest cost	19	20
Recognized actuarial gain	(34)	(33)
Net periodic benefit cost	(15)	(13)
Additional Information		
Minimum benefit obligation at year end	$ 380	$ 397
Decrease in minimum liability included in other comprehensive loss	$ 42	$ 30

Assumptions used to determine benefit obligations at December 31	2025	2024
Discount rate used to determine net periodic benefit cost for years ended December 31	5.10%	5.00%
Discount rate used to determine benefit obligations at December 31	4.60%	5.10%

Plan Assets

The Bank informally funds the liabilities of the Directors' Retirement Plan through life insurance purchased on the lives of plan participants. This informal funding does not meet the definition of "plan assets" under pension accounting standards. Therefore, assets held for this purpose are not disclosed as part of the Directors' Retirement Plan.

Cash Flows

Contributions and Estimated Benefit Payments

For unfunded plans, contributions to the Directors' Retirement Plan are the benefit payments made to participants. The Bank paid $44 in benefit payments during fiscal year 2025. The following benefit payments, which reflect expected future service, are expected to be paid in future fiscal years:

Year ending December 31,	Pension Benefits
2026	$ 45
2027	31
2028	20
2029	39
2030	45
2031-2039	321

Disclosure of settlements and curtailments:

There were no events during fiscal year 2025 that would constitute a curtailment or settlement.

EXECUTIVE ELECTIVE DEFERRED COMPENSATION PLAN — 2001 EXECUTIVE DEFERRAL PLAN

On July 19, 2001, the Bank approved a revised Executive Elective Deferred Compensation Plan ("2001 Executive Deferral Plan") for certain officers to provide them the ability to make elective deferrals of compensation due to tax law limitations on benefit levels under qualified plans. Deferred amounts earn interest at an annual rate determined by the Bank's Board. The 2001 Executive Deferral Plan is a non-qualified plan funded with bank owned life insurance policies taken on the lives of the participating officers. During the year ended December 31, 2001, the Bank purchased insurance making a single-premium payment aggregating $1,125, which is reported in other assets on the Consolidated Balance Sheets. The Bank is the beneficiary and owner of the policies. The cash surrender value of the related insurance policies as of December 31, 2025 and 2024 totaled $3,043 and $2,966, respectively. The net decrease in accrued liability for the 2001 Executive Deferral Plan totaled $62 and $60 for the years ended December 31, 2025 and 2024, respectively. The net decrease was due to payments totaling $65 for each of the years ended December 31, 2025 and 2024, which was partially offset by interest accrued totaling $3 and $5 for the years ended December 31, 2025 and 2024, respectively. Interest expense for the 2001 Executive Deferral Plan totaled $3 and $5 for the years ended December 31, 2025 and 2024, respectively.

DIRECTOR ELECTIVE DEFERRED FEE PLAN — 2001 DIRECTOR DEFERRAL PLAN

On July 19, 2001, the Bank approved a Director Elective Deferred Fee Plan ("2001 Director Deferral Plan") for directors to provide them the ability to make elective deferrals of director's fees. Deferred amounts earn interest at an annual rate determined by the Bank's Board. The 2001 Director Deferral Plan is a non-qualified plan funded with bank owned life insurance policies taken on the lives of the participating directors. The Bank is the beneficiary and owner of the policies. The cash surrender value of the related insurance policies as of December 31, 2025 and 2024 totaled $172 and $167, respectively. The net decrease in accrued liability for the 2001 Director Deferral Plan totaled $4 for each of the years ended December 31, 2025 and 2024. The net decrease was due to payments totaling $4 for each of the years ended December 31, 2025 and 2024, respectively. Interest expense for the 2001 Director Deferral Plan totaled $0 for each of the years ended December 31, 2025 and 2024, respectively.

(18) Income Taxes

The provision for income tax expense consisted of the following for the years ended December 31:

	2025	2024
Current:		
Federal	$ 3,930	$ 4,525
State	2,702	2,678
	6,632	7,203
Deferred:		
Federal	(489)	324
State	134	279
	(355)	603
	$ 6,277	$ 7,806

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2025 and 2024, consisted of:

	2025	2024
Deferred tax assets:		
Allowance for credit losses	$ 4,586	$ 4,903
Deferred compensation	25	45
Retirement compensation	1,510	1,575
Stock based compensation	490	467
Current state franchise taxes	572	578
Loan deferral	475	426
Lease liability	1,675	1,065
Investment securities unrealized loss	6,520	14,337
General business credits	1,732	—
Other	480	394
Deferred tax assets	18,065	23,790
Deferred tax liabilities:		
Fixed assets depreciation	421	761
FHLB dividends	182	184
Low Income Housing Tax Credit & Other Partnerships	756	824
Deferred loan costs	1,025	848
Mortgage servicing rights	338	388
Right of Use Asset	1,574	933
Postretirement benefits	120	129
Other	684	681
Total deferred tax liabilities	5,100	4,748
Net deferred tax assets (see Note 6)	$ 12,965	$ 19,042

Based upon the level of historical taxable income and projections for future taxable income over the periods during which the deferred tax assets are deductible, management believed it is more-likely-than-not the Company will realize the benefits of these deductible differences.

At December 31, 2025, the Company had no state net operating loss carry forwards. At December 31, 2025, the Company had federal tax credit carry forwards totaling $1,732.

A reconciliation of income taxes computed at the federal statutory rate and the provision for income taxes for the years ended December 31, is as follows:

	2025		2024	
Federal income tax expense computed at the statutory rate	5,755	21.0%	5,846	21.0%
State income tax expense, net of federal tax offset*	2,273	8.3%	2,337	8.4%
Purchased tax credits	(1,215)	(4.4)%	—	—%
Nontaxable and nondeductible items:				
Tax exempt interest, net of disallowance	(375)	(1.4)%	(300)	(1.1)%
Other	(85)	(0.3)%	(48)	(0.2)%
Other adjustments	(76)	(0.3)%	(29)	(0.1)%
Provision for income tax expense and effective tax rate	6,277	22.9%	7,806	28.0%

* State taxes in California made up the majority (greater than 50 percent) of the tax effect in this category.

Federal income taxes paid totaled $16,060 and $4,920 for the years ended December 31, 2025 and 2024, respectively. California income taxes paid totaled $2,720 and $2,750 as of December 31, 2025 and 2024, respectively.

Accounting for Uncertainty in Income Taxes

The Company had no unrecognized tax benefits for the years ended December 31, 2025 and 2024. The Company recognized no changes in unrecognized tax benefits during 2025 and 2024, due to the expiration of a statute of limitations. The Company had no significant uncertain tax positions as of December 31, 2025 and December 31, 2024. The Company does not currently anticipate any significant increase or decrease in unrecognized tax benefits during 2026.

The Company classifies interest and penalties as a component of the provision for income taxes. At December 31, 2025, there were no unrecognized interest and penalties. The tax years ended December 31, 2024, 2023, and 2022 remain subject to examination by the Internal Revenue Service. The tax years ended December 31, 2024, 2023, 2022, and 2021 remain subject to examination by the California Franchise Tax Board. The deductibility of these tax positions will be determined through examination by the appropriate tax authorities or the expiration of the tax statute of limitations.

(19) Accumulated Other Comprehensive Income/(Loss)

The following table details activity in accumulated other comprehensive income/(loss) for the year ended December 31, 2025.

	Unrealized Losses on Securities	Officers' retirement plan	Directors' retirement plan	Accumulated Other Comprehensive Loss
Balance at December 31, 2024	$ (34,157)	$ 207	$ 99	$ (33,851)
Current period other comprehensive income (loss), net of tax	18,388	14	(29)	18,373
Balance at December 31, 2025	$ (15,769)	$ 221	$ 70	$ (15,478)

The following table details activity in accumulated other comprehensive income/(loss) for the year ended December 31, 2024.

	Unrealized Gains (Losses) on Securities	Officers' retirement plan	Directors' retirement plan	Accumulated Other Comprehensive Income/(loss)
Balance at December 31, 2023	$ (33,778)	$ (70)	$ 121	$ (33,727)
Current period other comprehensive income (loss), net of tax	(379)	277	(22)	(124)
Balance at December 31, 2024	$ (34,157)	$ 207	$ 99	$ (33,851)

(20) Supplemental Consolidated Statements of Cash Flows Information

Supplemental disclosures to the Consolidated Statements of Cash Flows for the years ended December 31, are as follows:

	2025	2024
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ 15,325	$ 14,644
Income taxes	18,780	7,670
Supplemental disclosure of non-cash investing and financing activities:		
Stock dividend distributed	7,510	6,392
Fair value adjustment of securities available for sale, net of tax of $7,816 and $(157) for the years ended December 31, 2025 and 2024, respectively	18,388	(379)
Recognition of right-of-use assets obtained in exchange for operating lease liabilities	3,163	—
Market value of shares tendered in-lieu of cash to pay for exercise of options	805	348
Transfer of premises and equipment to other real estate owned	1,241	—
Acquisition of intangible asset	1,742	—

(21) Parent Company Financial Information

This information should be read in conjunction with the other notes to the consolidated financial statements. The following presents summary balance sheets and summary statements of income and cash flows information for the years ended December 31:

Balance Sheets	2025	2024
Assets		
Cash	$ 2,021	$ 1,097
Investment in wholly-owned subsidiary	209,558	174,796
Interest receivable and other assets	439	439
Total assets	$ 212,018	$ 176,332
Liabilities and stockholders' equity		
Liabilities	—	—
Stockholders' equity	212,018	176,332
Total liabilities and stockholders' equity	$ 212,018	$ 176,332

Statements of Income	2025	2024
Dividends from subsidiary	5,000	3,000
Other operating expenses	(370)	(318)
Income tax benefit	109	94
Loss before undistributed earnings of subsidiary	4,739	2,776
Equity in undistributed earnings of subsidiary	16,389	17,258
Net income	$ 21,128	$ 20,034

Statements of Cash Flows	2025	2024
Net income	$ 21,128	$ 20,034
Adjustments to reconcile net income to net cash provided by operating activities		
Stock-based compensation	849	846
Increase in interest receivable and other assets	—	(215)
Equity in undistributed earnings of subsidiary	(16,389)	(17,258)
Net cash provided by operating activities	5,588	3,407
Cash flows from financing activities:		
Common stock issued	93	102
Stock repurchases	(4,749)	(3,764)
Cash dividends paid in lieu of fractional shares	(8)	(7)
Net cash provided by financing activities	(4,664)	(3,669)
Net change in cash	924	(262)
Cash at beginning of year	1,097	1,359
Cash at end of year	$ 2,021	$ 1,097

(22) Related Party Transactions

The Bank, in the ordinary course of business, has loan and deposit transactions with directors and executive officers. In management's opinion, these transactions were on substantially the same terms as comparable transactions with other customers of the Bank. The amount of such deposits totaled approximately $4,582 and $3,963 at December 31, 2025 and 2024, respectively.

The following is an analysis of the activity of loans to executive officers and directors for the years ended December 31:

	2025	2024
Outstanding balance, beginning of year	$ 1,557	$ 2,422
Outstanding balance, new director	92	—
Credit granted	155	—
Repayments / Reductions	(283)	(865)
Outstanding balance, end of year	$ 1,521	$ 1,557

(23) Segment Disclosures

The Company has one reportable segment: banking operations. The Company is engaged in a single line of business, indicative of a traditional banking institution, gathering deposits and originating loans in its primary market areas. Loans, interest bearing accounts, investment securities, deposits, and non-interest income provide the revenues of the banking operation. Loan products offered to customers generate a majority of the Company's interest and dividend income. Deposit products offered to customers generate non-interest income such as fees and service charges. Interest income on securities, net gains on sales of loans, and debit card income are other sources of revenue. Interest expense, provisions for credit losses, salaries and employee benefits, occupancy and equipment, and data processing provide significant expenses in banking operations. The Company manages its operations, allocates resources and monitors and reports its financials as a single operating segment. The Company's Chief Executive Officer is considered the Chief Operating Decision Maker. The Chief Operating Decision Maker evaluates segment performance using consolidated net income.

Accounting policies for segments are the same as those described in Note 1 of Notes to Consolidated Financial Statements.

	For the Year Ended December 31	
	2025	2024
Interest and dividend income	$ 82,307	$ 78,652
Reconciliation of revenue:		
Other revenues	6,097	6,019
Total consolidated revenue	88,404	84,671
Less:		
Interest expense	14,835	14,292
Segment net interest income and noninterest income	73,569	70,379
Less:		
Reversal of provision for credit losses	—	(250)
Salaries and employee benefits	25,375	23,850
Occupancy and equipment	5,067	4,736
Data processing	4,573	4,224
Other banking segment items	11,149	9,979
Provision for income taxes	6,277	7,806
Segment net income/consolidated net income	$ 21,128	$ 20,034
Reconciliation of assets:		
Total assets for reportable segment	$ 1,910,950	$ 1,891,722
Other assets	—	—
Total consolidated assets	$ 1,910,950	$ 1,891,722

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A – CONTROLS AND PROCEDURES

Disclosure controls and procedures

The Company maintains “disclosure controls and procedures,” as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934 (“Exchange Act”), that are designed to ensure that information required to be disclosed in reports that the Company files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to management, including the Company’s chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Company’s disclosure controls and procedures have been designed to meet and management believes that they meet reasonable assurance standards. Based on their evaluation as of the end of the period covered by this Annual Report on Form 10-K, the chief executive officer and chief financial officer have concluded that the Company’s disclosure controls and procedures were effective to ensure that material information relating to the Company, including its consolidated subsidiary, is made known to them by others within those entities.

Internal controls over financial reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. This internal control system has been designed to provide reasonable assurance to the Company’s management and Board of Directors regarding the preparation and fair presentation of the Company’s published consolidated financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. As required by Rule 13a-15(d), management, including the chief executive officer and chief financial officer, conducted an evaluation of our internal control over financial reporting to determine whether any changes occurred during the period covered by this Annual Report on Form 10-K that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that there has been no such change during the last quarter of the fiscal year covered by this Annual Report on Form 10-K that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting. See “Management’s Report” included in Item 8 of this Annual Report on Form 10-K for management’s report on the adequacy of internal control over financial reporting.

ITEM 9B – OTHER INFORMATION

During the quarter ended December 31, 2025, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (as each term is defined in Item 408 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

The information called for by this item with respect to director and executive officer information is incorporated by reference herein from the sections of the Company’s proxy statement for its 2026 Annual Meeting of Shareholders entitled “Executive Officers,” “Security Ownership of Certain Beneficial Owners and Management,” “Executive Compensation” “Report of Audit Committee,” and “Proposal 1 Nomination and Election of Directors.” Item 405 of Regulation S-K calls for disclosure of any known late filing or failure by an insider to file a report required by Section 16(a) of the Exchange Act. To the extent disclosure for delinquent reports is being made, it can be found in, and is incorporated herein by reference to, the section of the Company’s proxy statement for its 2026 Annual Meeting of Shareholders entitled “Delinquent Section 16(a) Reports”.

The information required by Item 10 regarding our insider trading policies is incorporated by reference from the section entitled “Securities Trading Guidelines” in the Company’s proxy statement for its 2026 Annual Meeting of Shareholders. Refer to Exhibit 19.1 The Company's Insider Trading Policy and Exhibit 14.1 The Company's Code of Conduct in this Annual Report on Form 10-K.

The Company has adopted a Code of Conduct, which complies with the Code of Ethics requirements of the Securities and Exchange Commission. A copy of the Code of Conduct is posted on the “Investor Relations” page of the Company’s website, or is available, without charge, upon the written request of any shareholder directed to Devon Camara-Soucy, Corporate Secretary, First Northern Community Bancorp, 195 North First Street, Dixon, California 95620. The Company intends to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding amendment to, and waivers from any provision of, the Code of Conduct by posting such information on the “Investor Relations” page of its website, at www.thatsmybank.com.

The Company’s website address is www.thatsmybank.com.

ITEM 11 - EXECUTIVE COMPENSATION

The information called for by this item is incorporated by reference herein from the sections of the Company’s proxy statement for its 2026 Annual Meeting of Shareholders entitled “Proposal 1 Nomination and Election of Directors,” “Transactions with Related Persons,” “Director Compensation,” and “Executive Compensation.”

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information concerning ownership of the equity stock of the Company by certain beneficial owners and management is incorporated herein by reference from the sections of the Company's proxy statement for the 2026 Annual Meeting of Shareholders entitled "Security Ownership of Certain Beneficial Owners and Management" and "Proposal 1 Nomination and Election of Directors."

Stock Purchase Equity Compensation Plan Information

The following table shows the Company's equity compensation plans approved by security holders. The table also indicates the number of securities to be issued upon exercise of outstanding options, weighted-average exercise price of outstanding options, non-vested restricted stock and the number of securities remaining available for future issuance under the Company's equity compensation plans as of December 31, 2025. All amounts have been adjusted to give retroactive effect to stock dividends and stock splits, including the 5% stock dividend declared on January 22, 2026, payable on March 25, 2026 to shareholders of record as of February 27, 2026. The plan included in this table is the Company's 2016 Stock Incentive Plan. See "Stock Compensation Plans" in Note 15 of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities to be issued upon vesting of restricted stock	Weighted-average grant date fair value of restricted stock	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	422,543	7.80	283,934	8.05	468,923
Equity compensation plans not approved by security holders	—	—	—	—	—
Total	422,543	7.80	283,934	8.05	468,923

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information called for by this item is incorporated herein by reference from the sections of the Company's proxy statement for its 2026 Annual Meeting of Shareholders entitled "Director Independence" and "Transactions with Related Persons."

ITEM 14 – PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information called for by this item is incorporated herein by reference from the section of the Company's proxy statement for its 2026 Annual Meeting of Shareholders entitled "Audit and Non-Audit Fees."

PART IV

ITEM 15 – EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements:

Reference is made to the Index to Financial Statements under Item 8 in Part II of this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedules:

All schedules to the Company's Consolidated Financial Statements are omitted because of the absence of the conditions under which they are required or because the required information is included in the Consolidated Financial Statements or accompanying notes.

(a)(3) Exhibits:

The following is a list of all exhibits filed as part of this Annual Report on Form 10-K:

Exhibit Number	Exhibit
3.01	Amended Articles of Incorporation of the Company – incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023
3.2	Amended and Restated Bylaws of the Company (as amended) – incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated January 22, 2026
4.1	Description of the Registrant's Common Stock – incorporated herein by reference to Exhibit 4.1 to the Company's Annual Report for the fiscal year ended December 31, 2019
10.1	First Northern Community Bancorp 2000 Stock Option Plan – incorporated herein by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-8 dated May 25, 2000*
10.2	First Northern Community Bancorp Outside Directors 2000 Non-statutory Stock Option Plan – incorporated herein by reference to Exhibit 4.3 of the Company's Registration Statement dated Form S-8 on May 25, 2000*
10.3	Amended First Northern Community Bancorp Employee Stock Purchase Plan – incorporated herein by reference to Appendix B of the Company's Definitive Proxy Statement on Schedule 14A for its 2006 Annual Meeting of Shareholders*
10.4	First Northern Community Bancorp 2000 Stock Option Plan Forms "Incentive Stock Option Agreement" and "Notice of Exercise of Stock Option" – incorporated herein by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-8 dated May 25, 2000*
10.5	First Northern Community Bancorp 2000 Outside Directors 2000 Non-statutory Stock Option Plan Forms "Non-statutory Stock Option Agreement" and "Notice of Exercise of Stock Option" – incorporated herein by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-8 dated May 25, 2000*
10.6	First Northern Community Bancorp 2000 Employee Stock Purchase Plan Forms "Participation Agreement" and "Notice of Withdrawal" – incorporated herein by reference to Exhibit 4.6 of the Company's Registration Statement on Form S-8 dated May 25, 2000*
10.11	Form of Director Retirement and Split Dollar Agreements between First Northern Bank of Dixon and Lori J. Aldrete, Frank J. Andrews Jr., John M. Carbahal, Gregory DuPratt, John F. Hamel, Diane P. Hamlyn, Foy S. McNaughton, William Jones, Jr. and David Schulze – incorporated herein by reference to Exhibit 10.11 to Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001*

10.13	Amended Form of Director Retirement and Split Dollar Agreements between First Northern Bank of Dixon and Lori J. Aldrete, Frank J. Andrews Jr., John M. Carbahal, Gregory DuPratt, John F. Hamel, Diane P. Hamlyn, Foy S. McNaughton, William Jones, Jr. and David Schulze – incorporated herein by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004*
10.17	First Northern Bancorp 2006 Stock Incentive Plan – incorporated by reference to Appendix A of the Company's Definitive Proxy Statement on Schedule 14A for its 2006 Annual Meeting of Shareholders*
10.18	First Northern Bank Annual Incentive Compensation Plan – incorporated herein by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006*
10.20	First Northern Community Bancorp 2006 Stock Option Plan Forms "Stock Option Agreement" and "Notice of Exercise of Stock Option" – incorporated herein by reference to Exhibit 10.20 to the Company's Annual Report for the fiscal year ended December 31, 2009 *
10.21	First Northern Community Bancorp 2006 Stock Incentive Plan "Restricted Stock Agreement – incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 *
10.24	First Northern Bancorp Amended and Restated 2016 Stock Incentive Plan – incorporated by reference to Appendix A of the Company's Definitive Proxy Statement on Schedule 14A for its 2021 Annual Meeting of Shareholders*.
10.25	First Northern Bancorp 2016 Employee Stock Purchase Plan – incorporated by reference to Appendix B of the Company's Definitive Proxy Statement on Schedule 14A for its 2015 Annual Meeting of Shareholders*.
10.26	Amended and Restated Executive Deferral Plan of First Northern Bank effective July 20, 2017 – incorporated herein by reference to Exhibit 10.26 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017*
10.28	Executive Retirement/Retention Participation Agreement for Jeremiah Z. Smith – incorporated herein by reference to Exhibit 10.28 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017*
10.29	Form of Supplemental Executive Retirement Plan Agreement between First Northern Bank of Dixon and Jeremiah Z. Smith – incorporated herein by reference to Exhibit 10.29 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018*
10.30	Form of Supplemental Executive Retirement Plan Agreement between First Northern Bank of Dixon and Kevin Spink, Executive Vice President and Chief Financial Officer.– incorporated herein by reference to Exhibit 10.30 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018*
10.32	Change of Control Agreement between First Northern Bank of Dixon and Jeffrey Adamski, Executive Vice President and Senior Loan Officer.– incorporated herein by reference to Exhibit 10.32 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018*
10.33	Executive Retirement/Retention Participation Agreement for Jeffrey Adamski, Executive Vice President and Senior Loan Officer.– incorporated herein by reference to Exhibit 10.33 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018*
10.35	Change of Control Agreement between First Northern Bank of Dixon and Denise Burris, Executive Vice President and Chief Information Officer - incorporated herein by reference to Exhibit 10.36 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021*
10.36	Executive Retirement/Retention Participation Agreement for Denise Burris, Executive Vice President and Chief Information Officer - incorporated herein by reference to Exhibit 10.37 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021*
10.37	Employment Agreement for Jeremiah Z. Smith, President and Chief Executive Officer, entered into between First Northern Bank of Dixon and Mr. Smith as of January 1, 2023 - incorporated herein by reference to Exhibit 10.1 of the Company's Form 8-K/A dated December 26, 2022*

10.38	First Amendment to Executive Retirement/Retention Participation Agreement for Jeremiah Z. Smith, President and Chief Executive Officer, effective January 1, 2023 - incorporated herein by reference to Exhibit 10.2 of the Company's Form 8-K/A dated December 26, 2022*
10.39	First Amendment to the Participation Agreement of the Supplemental Executive Retirement Plan for Jeremiah Z. Smith, President and Chief Executive Officer, effective January 1, 2023 - incorporated herein by reference to Exhibit 10.3 of the Company's Form 8-K/A dated December 26, 2022*
10.40	Employment Agreement for Kevin Spink, Executive Vice President and Chief Financial Officer, between First Northern Bank of Dixon and Mr. Spink dated as of February 27, 2024 - incorporated herein by reference to Exhibit 10.40 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023*
10.41	Supplemental Executive Retirement Plan 2006 - incorporated herein by reference to Exhibit 10.41 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023*
10.42	Supplemental Executive Retirement Plan First Amendment 2009 - incorporated herein by reference to Exhibit 10.42 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023*
10.43	Supplemental Executive Retirement Plan Second Amendment 2022 - incorporated herein by reference to Exhibit 10.43 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023*
10.44	Employment Agreement for Brett Hamilton, Executive Vice President and Chief Credit Officer, between First Northern Bank and Mr. Hamilton dated as of April 1, 2024 - incorporated herein by reference to Exhibit 10.44 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024*
10.45	Executive Retirement/Retention Participation Agreement for Brett Hamilton, Executive Vice President and Chief Credit Officer, between First Northern Bank and Mr. Hamilton dated as of April 1, 2024 – incorporated herein by reference to Exhibit 10.45 of the Company’s Quarterly Reports on Form 10-Q for the quarter ended September 30, 2025*
10.46	Executive Retirement/Retention Participation Agreement for Executive Vice President/Chief Financial Officer Kevin Spink, between First Northern Bank and Mr. Spink, effective January 6, 2026 – incorporated herein by reference to Exhibit 10.1 of the Company’s Form 8-K dated January 6, 2026*
10.47	Supplemental Executive Retirement Plan Participation Agreement for Executive Vice President/Chief Credit Officer Brett Hamilton, between First Northern Bank and Mr. Hamilton, effective January 6, 2026 – incorporated herein by reference to Exhibit 10.2 of the Company’s Form 8-K dated January 6, 2026*
10.48	First Northern Community Bancorp 2026 Stock Incentive Plan – incorporated herein by reference to Exhibit 10.1 of the Company’s Quarterly Reports on Form 10-Q for the quarter ended June 30, 2025*
10.49	First Northern Community Bancorp 2026 Employee Stock Purchase Plan – incorporated herein by reference to Exhibit 10.2 of the Company’s Form 10-Q for the quarter ended June 30, 2025*
10.50	First Northern Community Bancorp 2026 Stock Incentive Plan Form of Restricted Stock Award Agreement – provided herewith*
14.1	The Company's Code of Conduct – incorporated herein by reference to Exhibit 14.1 of the Company's Form 10K dated March 7, 2025
19.1	The Company's Insider Trading Policy – included in Exhibit 14.1
21.1	Subsidiary of the Company – provided herewith
23.1	Consent of independent registered public accounting firm – provided herewith
31.1	Rule 13(a) – 14(a) / 15(d) –14(a) Certification of the Company’s Chief Executive Officer – provided herewith
31.2	Rule 13(a) – 14(a) / 15(d) –14(a) Certification of the Company’s Chief Financial Officer – provided herewith

32.1**	Section 1350 Certification of the Chief Executive Officer – provided herewith
32.2**	Section 1350 Certification of the Chief Financial Officer – provided herewith
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Management contract or compensatory plan, contract, or arrangement.

** In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Form 10-K and will not be deemed “filed” for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

ITEM 16 – FORM 10-K SUMMARY

Not applicable.

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, on March 12, 2026.

FIRST NORTHERN COMMUNITY BANCORP

By: /s/ Jeremiah Z. Smith

Jeremiah Z. Smith
President/Chief Executive Officer/Director
(Principal Executive Officer)

Table of Contents

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Jeremiah Z. Smith Jeremiah Z. Smith	President/Chief Executive Officer/Director (Principal Executive Officer)	March 12, 2026
/s/ Kevin Spink Kevin Spink	Executive Vice President/Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 12, 2026
/s/ RICHARD A. BEDOYA Richard A. Bedoya	Director	March 12, 2026
/s/ PATRICK R. BRADY Patrick R. Brady	Director	March 12, 2026
/s/ JOHN M. CARBAHAL John M. Carbahal	Director	March 12, 2026
/s/ GREGORY DUPRATT Gregory DuPratt	Director	March 12, 2026
/s/ BARBARA HAYES Barbara Hayes	Director	March 12, 2026
/s/ RICHARD M. MARTINEZ Richard M. Martinez	Director and Vice Chairman of the Board	March 12, 2026
/s/ SEAN P. QUINN Sean P. Quinn	Director and Chairman of the Board	March 12, 2026
/s/ MARK C. SCHULZE Mark C. Schulze	Director	March 12, 2026
/s/ JEAN-LUC SERVAT Jean-Luc Servat	Director	March 12, 2026
/s/ LOUISE A. WALKER Louise A. Walker	Director	March 12, 2026

Exhibit 10.50

FIRST NORTHERN COMMUNITY BANCORP
2026 STOCK INCENTIVE PLAN
NOTICE OF RESTRICTED STOCK AWARD

You have been granted the following restricted shares of Common Stock (the "**Restricted Shares**" or the/this "**Award**") of First Northern Community Bancorp (the "**Company**") under the First Northern Community Bancorp 2026 Stock Incentive Plan (as may be amended from time to time, the "**Plan**"):

Name of Recipient:	[Name of Recipient]
Grant Date:	[Date of Grant]
Total Number of Shares Granted:	[Total Shares]
Vesting Commencement Date:	[Vesting Commencement Date]
Vesting Schedule:	All of the Shares subject to this Award shall be fully vested on [Vesting Schedule], subject to your continuous Service through each applicable vesting date. The Committee reserves discretion to accelerate vesting, including upon your retirement from Service on or after you have attained age 65. Notwithstanding the vesting schedule set forth above, in the event of a Change in Control of the Company during the period you remain in Service, all of the Shares subject to this Award which are unvested as of the effective date of such Change in Control shall immediately become vested. For the purposes hereof, a "Change in Control" shall have the meaning set forth in Section 2(e) of the Pla

By your written signature below (or your electronic acceptance) and the signature of the Company's representative below, you and the Company agree that the Restricted Shares are granted under and governed by the term and conditions of the Plan, this Notice of Restricted Stock Award and the Restricted Stock Agreement (collectively, this "Agreement"), both of which are attached to and made a part of this document.

By your written signature below (or your electronic acceptance), you further agree that the Company may deliver by e-mail all documents relating to the Plan or this Award (including without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it will notify you by e-mail. Should you electronically accept this Agreement, you agree to the following: "This electronic contract contains my electronic signature, which I have executed with the intent to sign this Agreement." Notwithstanding the above, if you have not affirmatively rejected or accepted this Award within ninety (90) days of the Grant Date set forth in this Notice of Restricted Stock Award, you are deemed to have accepted this Award, subject to all of the terms and conditions of this Agreement.

If you are married as of the Grant Date, then your spouse must also sign and return the Spousal Consent, at the end of this Agreement.

RECIPIENT	**FIRST NORTHERN COMMUNITY BANCORP**
	By: ______________________
Recipient's Signature	**Jeremiah Z. Smith**
	President / CEO
Recipient's Printed Name	

FIRST NORTHERN COMMUNITY BANCORP
2026 STOCK INCENTIVE PLAN
RESTRICTED STOCK AGREEMENT

The Plan and Other Agreements	The Restricted Shares that you are receiving are granted pursuant and subject in all respects to the applicable provisions of the Plan, which is incorporated herein by reference. Capitalized terms not defined in this Agreement will have the meanings ascribed to them in the Plan. The attached Notice of Restricted Stock Award, this Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded. This Agreement may be amended by the Committee without your consent; however, if any such amendment would materially impair your rights or obligations under this Agreement, this Agreement may be amended only by another written agreement, signed by you and the Company.
Payment For Shares	No cash payment is required for the Shares you receive. You are receiving the Shares in consideration for Services rendered by you.
Vesting	The Shares that you are receiving will vest as shown in the Notice of Restricted Stock Award. No additional Shares vest after your Service as an Employee or a Consultant has terminated, although the Committee retains discretion to accelerate vesting, including upon your retirement from Service on or after you have attained age 65.
Shares Restricted	Unvested Shares will be considered "**Restricted Shares**." Except to the extent permitted by the Committee, you may not sell, transfer, assign, pledge or otherwise dispose of Restricted Shares. You may transfer Restricted Shares to your spouse, children or grandchildren or to a trust established by you for the benefit of yourself or your spouse, children or grandchildren. However, a transferee of Restricted Shares must agree in writing on a form prescribed by the Company to be bound by all provisions of this Agreement.
Forfeiture	If your Service terminates for any reason, then your Shares will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of termination. Your Service will not be extended by any notice period (e.g., your Service will not include any contractual notice period or period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment or service agreement, if any). This means that the Restricted Shares will immediately revert to the Company. You receive no payment for Restricted Shares that are forfeited. The Company determines when your Service terminates for this purpose and all purposes under the Plan and its determinations are conclusive and binding on all persons.

Leaves of Absence	For purposes of this Award, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave of absence was approved by the Company in writing and if continued crediting of Service is required by the terms of the leave or by applicable law. But your Service terminates when the approved leave ends, unless you immediately return to active work. If you go on a leave of absence, then the vesting schedule specified in the Notice of Restricted Stock Award may be adjusted in accordance with the Company's leave of absence policy or the terms of your leave. If you commence working on a part-time basis, then the vesting schedule specified in the Notice of Restricted Stock Award may be adjusted in accordance with the Company's part-time work policy or the terms of an agreement between you and the Company pertaining to your part-time schedule.
Stock Certificates or Book Entry Form	The certificates for Restricted Shares have stamped on them a special legend referring to the forfeiture restrictions. In addition to or in lieu of imposing the legend, the Company may hold the certificates in escrow. As your Restricted Shares vest, you may request (at reasonable intervals) that the Company release to you a non-legended certificate for your vested Shares, subject to satisfaction of any withholding tax obligations.
Shareholder Rights	During the period of time between the Grant Date and the date the Restricted Shares become vested, you will have all the rights of a shareholder with respect to the Restricted Shares except for the right to transfer the Restricted Shares, as set forth above. Accordingly, you will have the right to vote the Restricted Shares and to receive any cash dividends paid with respect to the Restricted Shares.

Withholding Taxes

(a) Regardless of any action the Company and/or the Subsidiary or Affiliate employing you ("**Employer**") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("**Tax-Related Items**"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and your Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Shares received under this Award, including the award or vesting of such Shares, the subsequent sale of Shares under this Award and the receipt of any dividends; and (2) do not commit to structure the terms of the award to reduce or eliminate your liability for Tax-Related Items. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and your Employer (or former Employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The satisfaction of any Tax-Related Items with respect to this Award may be satisfied in any one of the ways provided below.

1. *Cash Payment*. You may satisfy all or part of your liability with respect to any Tax-Related Items with respect to your Award by making a cash payment equal to such portion of the Tax-Related Item to the applicable tax authority.
2. *Share Withholding*. You may satisfy all or part of your liability with respect to any Tax-Related Items with respect to your Award by having the Company withhold all or a portion of any Shares that would otherwise be issued to you upon the vesting of such Restricted Shares, or by surrendering all or a portion of any Shares that you previously acquired; provided, however, that in no event may you surrender Shares in excess of the legally required maximum tax withholding amount. Such Shares shall be valued at their Fair Market Value on the date when taxes otherwise would be withheld in cash. Any payment of taxes by assigning Shares to the Company may be subject to restrictions, including any restrictions required by rules of any federal or state regulatory body or other authority. All elections by you to have Shares withheld for this purpose shall be made in such form and under such conditions as the Committee may deem necessary or advisable.
3. *Same-Day Sale Payment*. You may satisfy all or part of your liability with respect to any Tax-Related Items with respect to your Award, in whole or in part, by delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sale proceeds to the Company and/or your Employer in payment thereof.
4. *Sell-to-Cover Payment*. You may satisfy all or part of your liability with respect to any Tax-Related Items with respect to your Award, in whole or in part, by delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker or lender approved by the Company to pledge Shares, as full or partial security for a loan, and to deliver all or part of the loan proceeds to the Company and/or your Employer in payment thereof.
5. *Withholding on Other Compensation*. You may satisfy all or part of your liability with respect to any Tax-Related Items with respect to your Award, in whole or in part, by directing the Company and/or your Employer to withhold an amount equal to such liability from your wages or other cash compensation paid to you by the Company and/or your Employer.
6. *Other Forms of Payment*. In addition to the above, the Committee may permit such other means of tax withholding as it deems appropriate.

No stock certificates will be released to you or no notations on any Restricted Shares issued in book-entry form will be removed, as applicable, unless you have paid or made adequate arrangements satisfactory to the Company and/or your Employer to satisfy all withholding and payment on account obligations of the Company and/or your Employer. The Company or your Employer may withhold or account for Tax-Related Items by considering statutory withholding amounts or other withholding rates applicable in your jurisdiction(s), including maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to Share equivalent.

Finally, you will pay to the Company or your Employer any amount of Tax-Related Items that the Company or your Employer may be required to withhold as a result of your participation in the Plan or your acquisition of Shares that cannot be satisfied by the means previously described. The Company may refuse to deliver the Shares if you fail to comply with your obligations in connection with the Tax-Related Items as described in this section.

(b) In connection with the receipt of the Restricted Shares pursuant to this Agreement, you may consider making an election under Section 83(b) of the Internal Revenue Code (the "**83(b) Election**"). The election may be made on IRS Form 15620, which can be found at https://irs.gov/pub/irs-pdf/f15620.pdf, or any other form that provides the same information. *The 83(b) Election must be filed electronically or by post within thirty (30) days after the date of grant of the Shares.* **THE COMPANY DOES NOT UNDERTAKE TO FILE THE ELECTION FOR YOU. ANY RESPONSIBILITY TO FILE SHALL REMAIN SOLELY WITH YOU. YOU SHOULD CONSULT A TAX AND/OR FINANCIAL ADVISOR BEFORE MAKING AN 83(b) ELECTION**

Restrictions on Resale	You agree not to sell any Shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.
No Retention Rights	Neither this Award nor this Agreement gives you the right to be employed or retained by the Company or any Subsidiary or Affiliate of the Company in any capacity. The Company and its Subsidiaries and Affiliates reserve the right to terminate your Service at any time, with or without cause.
Adjustments	The number of Restricted Shares covered by this Award will be subject to adjustment in the event of a stock split, a stock dividend or a similar change in Shares, and in other circumstances, as set forth in the Plan. The forfeiture provisions and restrictions described above will apply to all new, substitute or additional restricted shares or securities to which you are entitled by reason of this Award.
Successors and Assigns	Except as otherwise provided in the Plan or this Agreement, every term of this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors, transferees and assigns.
Governing Plan Document	This Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of the Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided in this Agreement, in the event of any conflict between the provisions of this Agreement, the Notice of Restricted Stock Unit Award, and those of the Plan, the provisions of the Plan will control.

Severability	In the event that all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any section of this Agreement (or part of such a section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such section or part of a section to the fullest extent possible while remaining lawful and valid.
Recoupment	This Award is subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require forfeiture of the Award and repayment or forfeiture of any Shares or other cash or property received with respect to the Award (including any value received from a disposition of the Shares acquired upon settlement of the Award).
No Tax, Legal or Investment Advice	The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You understand and agree that you should consult with your own personal tax, financial and/or legal advisors regarding the Award and Tax-Related Items arising in connection with the Award and by accepting the Award, you have agreed that you have done so or knowingly and voluntarily declined to do so.
Notice	Any notice required or permitted under this Agreement will be given in writing, including electronically, and will be deemed effectively given upon the earliest of personal delivery, receipt or the third (3rd) full day following mailing with postage and fees prepaid, addressed to the other party hereto at the address last known in the Company's records or at such other address as such party may designate by ten (10) days' advance written notice to the other party hereto. The Company may, in its sole discretion, deliver any documents related to your current or future participation in the Plan by electronic means. By accepting this Award, you hereby (1) consent to receive such documents by electronic means; (2) consent to the use of electronic signatures; and (3) agree to participate in the Plan and/or receive any such documents through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, including but not limited to the use of electronic signatures or click-through electronic acceptance of terms and conditions
Applicable Law and Choice of Venue	This Agreement will be interpreted and enforced under the laws of the State of California without application of the conflicts of law principles thereof.

Miscellaneous	You understand and acknowledge that (1) the Plan is entirely discretionary, (2) the Company and your Employer have reserved the right to amend, suspend or terminate the Plan at any time, (3) the grant of this Award does not in any way create any contractual or other right to receive additional grants of awards (or benefits in lieu of awards) at any time or in any amount and (4) all determinations with respect to any additional grants, including (without limitation) the times when awards will be granted, the number of Shares subject to awards, the purchase price and the vesting schedule, will be at the sole discretion of the Company. The value of this Award will be an extraordinary item of compensation outside the scope of your employment contract, if any, and will not be considered a part of your normal or expected compensation for purposes of calculating severance, resignation, redundancy or end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments. You understand and acknowledge that participation in the Plan ceases upon termination of your Service for any reason, except as may explicitly be provided otherwise in the Plan or this Agreement. You hereby authorize and direct your Employer to disclose to the Company or any Subsidiary or Affiliate any information regarding your employment, the nature and amount of your compensation and the fact and conditions of your participation in the Plan, as your Employer deems necessary or appropriate to facilitate the administration of the Plan. You consent to the collection, use and transfer of personal data as described in this subsection. You understand and acknowledge that the Company, your Employer and the Company's other Subsidiaries and Affiliates hold certain personal information regarding you for the purpose of managing and administering the Plan, including (without limitation) your name, home address, telephone number, date of birth, social insurance or other government identification number, salary, nationality, job title, any Shares or directorships held in the Company and details of all awards or any other entitlements to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor (the "**Data**"). You further understand and acknowledge that the Company, its Subsidiaries and/or its Affiliates will transfer Data among themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan and that the Company and/or any Subsidiary may each further transfer Data to any third party assisting the Company in the implementation, administration and management of the Plan. You understand and acknowledge that the recipients of Data may be located in the United States or elsewhere, and that the laws of a recipient's country of operation (e.g., the United States) may not have equivalent privacy protections as local laws where you reside or work. You authorize such recipients to receive, possess, use, retain and transfer Data, in electronic or other form, for the purpose of administering your participation in the Plan, including a transfer to any broker or other third party with whom you elect to deposit Shares acquired under the Plan of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf. You may, at any time, view the Data, require any necessary modifications of Data, make inquiries about the treatment of Data or withdraw the consents set forth in this subsection by contacting the Human Resources Department of the Company in writing. You acknowledge and agree that you have reviewed the documents provided to you in relation to the Award in their entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting the Award, and fully understand all provisions of such documents. You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of the Award.

BY SIGNING THE NOTICE OF RESTRICTED STOCK AWARD, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

CONSENT OF SPOUSE

(to be executed if Recipient is married)

In consideration of the execution of the foregoing Restricted Stock Agreement by First Northern Community Bancorp, I, ________________________, the spouse of the Recipient therein named, do hereby join with my spouse in executing the foregoing Restricted Stock Agreement and do hereby agree to be bound by all of the terms and provisions thereof and of the Plan.

Dated: ____________, ______

____

Signature of Spouse

____

Print Name

EXHIBIT A

STEP-BY-STEP INSTRUCTIONS TO MAKE A SECTION 83(b) ELECTION

WORD OF CAUTION: IF YOU CHOOSE TO FILE A SECTION 83(b) ELECTION, YOU MUST FILE YOUR SECTION 83(b) ELECTION FORM WITH THE IRS ELECTRONICALLY OR BY POST NO LATER THAN 30 DAYS FOLLOWING THE DATE OF GRANT OF THE RESTRICTED STOCK. THE 30-DAY DEADLINE IS ABSOLUTE AND CANNOT BE WAIVED UNDER ANY CIRCUMSTANCES. ALSO, ONCE FILED, YOUR SECTION 83(b) ELECTION FORM MAY NOT BE REVOKED, EXCEPT WITH THE CONSENT OF THE IRS (WHICH CONSENT IS GENERALLY DENIED).

THESE INSTRUCTIONS ARE DISTRIBUTED MERELY FOR CONVENIENCE IN THE EVENT YOU CHOOSE TO FILE AN 83(b) ELECTION. THEY SHOULD NOT BE RELIED UPON BY ANY PERSON IN DECIDING WHETHER OR WHEN TO EXERCISE AN AWARD OR TO MAKE AN 83(b) ELECTION. EACH PERSON SHOULD CONSULT HIS OR HER OWN TAX ADVISOR REGARDING THESE MATTERS.

Step 1. Complete the 83(b) Election Form or Form 15620 at https://www.irs.gov/pub/irs-pdf/f15620.pdf or any other form that includes the same information (the "**83(b) Form**") The Company will provide the per share fair market value of the shares (line 6 of Form 15620).

Step 2. You may either print the completed 83(b) Form and mail it to the Internal Revenue Service or file it online using an electronic signature (if you have used Form 15620). If you choose to file by post, sign the 83(b) Form and mail it, with the cover letter below, to the Internal Revenue Service Center where you file your U.S. federal income tax return. If you choose to file the 83(b) Form online, you may do so at https://www.irs.gov/dmaf/form/f15620. You will need to create an account with https://id.me/, the IRS's multifactor authentication platform, if you have not already done so.

The tax, if any, arising out of your election does not have to be paid until you file your tax return for the taxable year in which you received your Award shares (except to the extent that withholding taxes or estimated taxes are payable). The forms must be filed electronically or by post no later than 30 days following the date of grant of the restricted stock. *The 30-day deadline is absolute and cannot be waived under any circumstances.* If you mail in the 83(b) Form, it is deemed to be filed on the postmark date. Utilize registered or certified mail, return receipt requested, so that you have proof that you filed the form within the 30-day period. If you submit the filing electronically, download or print out the confirmation and filed Form 15620. If you miss the deadline, you will be taxed on your Award shares as they vest based on the value of the shares at that time. Your 83(b) filing with the Internal Revenue Service is deemed to cause a similar election with the California Franchise Tax Board for California income tax purposes. If you do not reside in California, you should seek local tax advice on whether you must make a separate filing with your state of residence.

Step 3. Mail or submit a copy of the filing with the Company on the same day that you file the 83(b) Form, and make sure that you retain copies of the forms for your records.

[Name of Recipient]
[Recipient's Address]

[Date]

VIA CERTIFIED MAIL

Return Receipt Requested

Receipt **[enter receipt # here]**

Department of the Treasury
Internal Revenue Service Center
Fresno, CA 93888-0002

[Note: A different address may apply if Recipient's taxes are not filed in CA]

Re: Election Under Section 83(b) of the Internal Revenue Code

Ladies and Gentlemen:

Enclosed please find an executed form of election under Section 83(b) of the Internal Revenue Code of 1986 relating to the issuance of __________ shares of First Northern Community Bancorp Common Stock.

Also enclosed is a copy of the 83(b) election and a stamped, self-addressed envelope. Please acknowledge receipt of these materials by stamping the enclosed copy of the 83(b) election with the date of receipt and returning it to me.

Thank you for your attention to this matter.

Very truly yours,
[Name of Recipient]

Enclosures

cc: First Northern Community Bancorp w/ encs.

EXHIBIT 21

SUBSIDIARIES OF THE COMPANY

First Northern Community Bancorp

Subsidiaries as of December 31, 2025

	State of Incorporation
First Northern Bank of Dixon	California

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-37874, No. 333-136977, No. 333-207951, 333-262318 and 333-291027) of First Northern Community Bancorp (the “Company”), of our report dated March 12, 2026, relating to the consolidated financial statements of the Company, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2025.

/s/ BAKER TILLY US, LLP

Sacramento, California
March 12, 2026

EXHIBIT 31.1

Rule 13(a) – 14(a) / 15(d) –14(a) Certification

I, Jeremiah Z. Smith, certify that:

1. I have reviewed this annual report on Form 10-K of First Northern Community Bancorp;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3.Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2026

/s/ Jeremiah Z. Smith

Jeremiah Z. Smith
President and Chief Executive Officer

EXHIBIT 31.2

Rule 13(a) – 14(a) / 15(d) –14(a) Certification

I, Kevin Spink, certify that:

1. I have reviewed this annual report on Form 10-K of First Northern Community Bancorp;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2026

/s/ Kevin Spink

Kevin Spink
Executive Vice President/
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. § 1350

In connection with the filing of the Annual Report of First Northern Community Bancorp (the “Company”) on Form 10-K for the year ended December 31, 2025 (the “Report”), I, Jeremiah Z. Smith, the Chief Executive Officer of the Company, certify pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge,

(i) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2026

/s/ Jeremiah Z. Smith
Jeremiah Z. Smith
President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. § 1350

In connection with the filing of the Annual Report of First Northern Community Bancorp (the "Company") on Form 10-K for the year ended December 31, 2025 (the "Report"), I, Kevin Spink, the Chief Financial Officer of the Company, certify pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge,

(i) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2026

/s/ Kevin Spink

Kevin Spink
Executive Vice President /
Chief Financial Officer