

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

FORM 10-Q

(Mark one)

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

For the Quarterly Period Ended June 30, 2026

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	68-0450397
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
195 N. First Street, Dixon, California	95620
(Address of principal executive offices)	(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 symbol(s)	Name of each exchange on which registered
Common stock, without par value	FNRN	The Nasdaq Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

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

Large accelerated filer ☐	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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of shares of Common Stock outstanding as of August 3, 2026 was 16,395,303.

FIRST NORTHERN COMMUNITY BANCORP

INDEX

	Page
PART I – Financial Information	3
ITEM 1. – Financial Statements (Unaudited)	3
Condensed Consolidated Balance Sheets (Unaudited)	3
Condensed Consolidated Statements of Income (Unaudited)	4
Condensed Consolidated Statements of Comprehensive Income (Unaudited)	5
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)	6
Condensed Consolidated Statements of Cash Flows (Unaudited)	7
Notes to Condensed Consolidated Financial Statements	8
ITEM 2. – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	37
ITEM 3. – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	55
ITEM 4. – CONTROLS AND PROCEDURES	55
PART II – OTHER INFORMATION	55
ITEM 1. – LEGAL PROCEEDINGS	55
ITEM 1A. – RISK FACTORS	55
ITEM 2. – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	56
ITEM 3. – DEFAULTS UPON SENIOR SECURITIES	56
ITEM 4. – MINE SAFETY DISCLOSURES	56
ITEM 5. – OTHER INFORMATION	56
ITEM 6. – EXHIBITS	57
SIGNATURES	58

PART I – FINANCIAL INFORMATION

FIRST NORTHERN COMMUNITY BANCORP

ITEM I. – FINANCIAL STATEMENTS (UNAUDITED)

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except share amounts)

	<u>June 30, 2026</u>	<u>December 31, 2025</u>
Assets		
Cash and cash equivalents	\$ 113,435	\$ 145,554
Certificates of deposit	10,863	10,180
Investment securities – available-for-sale, at estimated fair value, net of allowance for credit losses of \$0; amortized cost of \$647,387 at June 30, 2026 and \$639,532 at December 31, 2025	618,931	617,243
Loans, net of allowance for credit losses of \$14,795 at June 30, 2026 and \$14,519 at December 31, 2025	1,092,098	1,050,473
Loans held-for-sale	406	—
Stock in Federal Home Loan Bank and other equity securities, at cost	10,871	10,871
Premises and equipment, net	9,281	8,711
Other real estate owned	1,241	1,241
Intangible assets, net	3,834	4,332
Interest receivable and other assets	65,452	62,345
Total Assets	<u>\$ 1,926,412</u>	<u>\$ 1,910,950</u>
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Demand deposits	\$ 629,771	\$ 632,128
Interest-bearing transaction deposits	451,000	438,901
Savings and MMDAs	473,916	466,453
Time, \$250,000 or less	83,999	88,031
Time, over \$250,000	53,201	53,630
Total deposits	1,691,887	1,679,143
Interest payable and other liabilities	17,371	19,789
Total Liabilities	<u>1,709,258</u>	<u>1,698,932</u>
Commitments and contingencies (Note 7)		
Stockholders' Equity:		
Common stock, no par value; 32,000,000 shares authorized; 16,395,303 shares issued and outstanding at June 30, 2026 and 16,406,281 shares issued and outstanding at December 31, 2025	133,981	134,566
Additional paid-in capital	977	977
Retained earnings	102,037	91,953
Accumulated other comprehensive loss, net	(19,841)	(15,478)
Total Stockholders' Equity	<u>217,154</u>	<u>212,018</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,926,412</u>	<u>\$ 1,910,950</u>

See notes to unaudited condensed consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except per share amounts)	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Interest and dividend income:				
Loans	\$ 14,549	\$ 14,629	\$ 28,871	\$ 28,231
Due from banks interest bearing accounts	1,141	1,167	2,345	2,055
Investment securities:				
Taxable	4,529	4,137	8,963	8,485
Non-taxable	438	391	885	784
Other earning assets	149	250	704	522
Total interest and dividend income	20,806	20,574	41,768	40,077
Interest expense:				
Deposits	3,800	3,546	7,558	7,106
FHLB advances	—	75	—	75
Total interest expense	3,800	3,621	7,558	7,181
Net interest income	17,006	16,953	34,210	32,896
Provision for credit losses	600	—	900	850
Net interest income after provision for credit losses	16,406	16,953	33,310	32,046
Non-interest income:				
Service charges on deposit accounts	431	415	847	837
Gains on sales of loans held-for-sale	8	10	26	24
Investment and brokerage services income	362	150	746	301
Loan servicing income	74	71	143	147
Debit card income	685	698	1,330	1,351
Losses on sales/calls of available-for-sale securities	(112)	(36)	(112)	(89)
Other income	315	229	523	419
Total non-interest income	1,763	1,537	3,503	2,990
Non-interest expenses:				
Salaries and employee benefits	6,545	6,195	13,104	12,569
Occupancy and equipment	1,118	1,280	2,154	2,419
Data processing	1,395	1,099	2,528	2,195
Stationery and supplies	150	65	219	148
Advertising	107	97	189	230
Directors' fees	97	87	150	134
Amortization of intangible assets	245	180	498	369
Other expense	2,297	1,890	4,144	4,419
Total non-interest expenses	11,954	10,893	22,986	22,483
Income before provision for income taxes	6,215	7,597	13,827	12,553
Provision for income taxes	1,487	2,131	3,193	3,416
Net income	\$ 4,728	\$ 5,466	\$ 10,634	\$ 9,137
Basic earnings per common share	\$ 0.29	\$ 0.33	\$ 0.66	\$ 0.56
Diluted earnings per common share	\$ 0.29	\$ 0.33	\$ 0.64	\$ 0.55

See notes to unaudited condensed consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
(in thousands)				
Net income	\$ 4,728	\$ 5,466	\$ 10,634	\$ 9,137
Other comprehensive (loss) income, net of tax:				
Unrealized holding (losses) gains arising during the period, net of tax effect of \$(565) and \$1,111 for the three months ended June 30, 2026 and June 30, 2025, respectively, and \$(1,837) and \$4,824 for the six months ended June 30, 2026 and June 30, 2025, respectively	(1,364)	2,298	(4,442)	11,147
Less: reclassification adjustment due to losses realized on sales of securities, net of tax effect of \$33 and \$10 for the three months ended June 30, 2026 and June 30, 2025, respectively, and \$33 and \$26 for the six months ended June 30, 2026 and June 30, 2025, respectively	79	26	79	63
Other comprehensive (loss) income, net of tax	\$ (1,285)	\$ 2,324	\$ (4,363)	\$ 11,210
Comprehensive income	\$ 3,443	\$ 7,790	\$ 6,271	\$ 20,347

See notes to unaudited condensed consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

(in thousands, except share data)	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, net of tax	Total
	Shares	Amounts				
Balance at December 31, 2024	15,943,051	\$ 127,902	\$ 977	\$ 81,304	\$ (33,851)	\$ 176,332
Net income				3,671		3,671
Other comprehensive income, net of taxes					8,886	8,886
Stock dividend adjustment	(616)	352		(352)		—
Cash in lieu of fractional shares	(129)			(8)		(8)
Stock-based compensation		198				198
Common shares issued related to restricted stock grants	64,807	—				—
Stock options exercised, net of swapped shares	17,936	—				—
Stock repurchase and retirement	(127,120)	(1,274)				(1,274)
Balance at March 31, 2025	<u>15,897,929</u>	<u>\$ 127,178</u>	<u>\$ 977</u>	<u>\$ 84,615</u>	<u>\$ (24,965)</u>	<u>\$ 187,805</u>
Net income				5,466		5,466
Other comprehensive income, net of taxes					2,324	2,324
Stock-based compensation		166				166
Stock repurchase and retirement	(88,763)	(876)				(876)
Stock options exercised, net of swapped shares	9,162	—				—
Balance at June 30, 2025	<u>15,818,328</u>	<u>\$ 126,468</u>	<u>\$ 977</u>	<u>\$ 90,081</u>	<u>\$ (22,641)</u>	<u>\$ 194,885</u>
Balance at December 31, 2025	16,406,281	\$ 134,566	\$ 977	\$ 91,953	\$ (15,478)	\$ 212,018
Net income				5,906		5,906
Other comprehensive loss, net of taxes					(3,078)	(3,078)
Stock dividend adjustment	2,472	540		(540)		—
Cash in lieu of fractional shares	(138)			(10)		(10)
Stock-based compensation		115				115
Common shares issued related to restricted stock grants, net of forfeited shares	49,660	—				—
Stock options exercised, net of swapped shares	32,254	—				—
Stock repurchase and retirement	(80,869)	(1,152)				(1,152)
Balance at March 31, 2026	<u>16,409,660</u>	<u>\$ 134,069</u>	<u>\$ 977</u>	<u>\$ 97,309</u>	<u>\$ (18,556)</u>	<u>\$ 213,799</u>
Net income				4,728		4,728
Other comprehensive loss, net of taxes					(1,285)	(1,285)
Stock-based compensation		156				156
Common shares issued related to restricted stock grants, net of forfeited shares	(300)	—				—
Stock repurchase and retirement	(14,057)	(244)				(244)
Balance at June 30, 2026	<u>16,395,303</u>	<u>\$ 133,981</u>	<u>\$ 977</u>	<u>\$ 102,037</u>	<u>\$ (19,841)</u>	<u>\$ 217,154</u>

See notes to unaudited condensed consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Six months ended June 30, 2026	Six months ended June 30, 2025
Cash Flows From Operating Activities		
Net income	\$ 10,634	\$ 9,137
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	489	503
Accretion and amortization of investment securities premiums and discounts, net	(995)	(681)
Increase in deferred loan origination costs, net	(60)	(197)
Amortization of intangible assets	498	369
Provision for credit losses	900	850
Stock-based compensation	271	364
Losses on sales/calls of available-for-sale securities	112	89
Amortization of operating lease right-of-use asset	432	438
Gains on sales of loans held-for-sale	(26)	(24)
Proceeds from sales of loans held-for-sale	2,571	1,908
Originations of loans held-for-sale	(2,951)	(1,884)
Changes in assets and liabilities:		
Increase in interest receivable and other assets	(2,079)	(3,436)
Decrease in interest payable and other liabilities	(2,074)	(1,473)
Net cash provided by operating activities	<u>7,722</u>	<u>5,963</u>
Cash Flows From Investing Activities		
Proceeds from calls or maturities of available-for-sale securities	22,500	24,000
Proceeds from sales of available-for-sale securities	4,873	27,315
Principal repayments on available-for-sale securities	45,449	42,420
Purchases of available-for-sale securities	(79,794)	(36,780)
Proceeds from maturities of certificates of deposit	2,427	2,208
Purchases of certificates of deposit	(3,110)	(710)
Net increase in loans	(42,465)	(17,259)
Purchases of Federal Home Loan Bank stock and other equity securities, at cost	—	(353)
Purchases of premises and equipment	(1,059)	(431)
Net cash (used in) provided by investing activities	<u>(51,179)</u>	<u>40,410</u>
Cash Flows From Financing Activities		
Net increase (decrease) in deposits	12,744	(36,812)
Cash dividends paid in lieu of fractional shares	(10)	(8)
Repurchases of common stock	(1,396)	(2,150)
Net cash provided by (used in) financing activities	<u>11,338</u>	<u>(38,970)</u>
Net (decrease) increase in Cash and Cash Equivalents	<u>(32,119)</u>	<u>7,403</u>
Cash and Cash Equivalents, beginning of period	<u>145,554</u>	<u>119,448</u>
Cash and Cash Equivalents, end of period	<u>\$ 113,435</u>	<u>\$ 126,851</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 7,702	\$ 7,813
Income taxes	3,650	3,620
Supplemental disclosures of non-cash investing and financing activities:		
Stock dividend distributed	10,659	7,510
Unrealized holding (losses) gains on available-for-sale securities, net of taxes	(4,363)	11,210
Market value of shares tendered in-lieu of cash to pay for exercise of options	257	805
Recognition of right-of-use assets obtained in exchange for operating lease liabilities	344	—
Transfer of premises and equipment to other real estate owned	—	1,241

See notes to unaudited condensed consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****June 30, 2026 and 2025 and December 31, 2025****1. BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements of First Northern Community Bancorp (the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results of operations for any interim period are not necessarily indicative of results expected for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the Securities and Exchange Commission (“SEC”). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates. All material intercompany balances and transactions have been eliminated in consolidation.

2. ACCOUNTING POLICIES

The most significant accounting policies followed by the Company are presented in Note 1 to the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025. These policies, along with the disclosures presented in the other financial statement notes and in this discussion, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined.

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 public 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 address 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.

3. INVESTMENT SECURITIES

The amortized cost, unrealized gains and losses, estimated fair values, and allowance for credit losses (ACL) of investments in debt and other securities at June 30, 2026 are summarized as follows:

(in thousands)	Amortized cost	Unrealized gains	Unrealized losses	Estimated fair value	ACL
Investment securities available-for-sale:					
U.S. Treasury securities	\$ 88,411	\$ 56	\$ (818)	\$ 87,649	\$ —
Securities of U.S. government agencies and corporations	91,691	132	(2,222)	89,601	—
Obligations of states and political subdivisions	76,755	266	(3,113)	73,908	—
Collateralized mortgage obligations	108,602	26	(12,568)	96,060	—
Mortgage-backed securities	281,928	277	(10,492)	271,713	—
Total debt securities	<u>\$ 647,387</u>	<u>\$ 757</u>	<u>\$ (29,213)</u>	<u>\$ 618,931</u>	<u>\$ —</u>

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

(in thousands)	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	<u>\$ 639,532</u>	<u>\$ 3,125</u>	<u>\$ (25,414)</u>	<u>\$ 617,243</u>	<u>\$ —</u>

The Company generated \$4,873,000 and \$23,948,000 in proceeds from sales of available-for-sale securities for the three-month periods ended June 30, 2026 and 2025, respectively. The Company generated \$4,873,000 and \$27,315,000 in proceeds from sales of available-for-sale securities for the six-month periods ended June 30, 2026 and 2025, respectively. Gross realized gains on sales of available-for-sale securities were \$0 and \$93,000 for the three-month periods ended June 30, 2026 and 2025, respectively. Gross realized gains on sales of available-for-sale securities were \$0 and \$93,000 for the six-month periods ended June 30, 2026 and 2025, respectively. Gross realized losses on sales or calls of available-for-sale securities were \$112,000 and \$129,000 for the three-month periods ended June 30, 2026 and 2025, respectively. Gross realized losses on sales of available-for-sale securities were \$112,000 and \$182,000 for the six-month periods ended June 30, 2026 and 2025, respectively.

The amortized cost and estimated fair value of debt and other securities at June 30, 2026, by contractual maturity, are shown in the following table:

(in thousands)	Amortized cost	Estimated fair value
Maturity in years:		
Due in one year or less	\$ 49,973	\$ 49,741
Due after one year through five years	119,618	117,202
Due after five years through ten years	43,478	41,780
Due after ten years	43,788	42,435
Subtotal	256,857	251,158
Mortgage-backed securities & collateralized mortgage obligations	390,530	367,773
Total	<u>\$ 647,387</u>	<u>\$ 618,931</u>

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.

An analysis of gross unrealized losses of the available-for-sale investment securities portfolio as of June 30, 2026, follows:

(in thousands)

	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	46,465	\$ (390)	\$ 20,940	\$ (428)	\$ 67,405	\$ (818)
Securities of U.S. government agencies and corporations	27,817	(430)	39,369	(1,792)	67,186	(2,222)
Obligations of states and political subdivisions	16,859	(182)	35,461	(2,931)	52,320	(3,113)
Collateralized mortgage obligations	33,380	(501)	52,532	(12,067)	85,912	(12,568)
Mortgage-backed securities	124,893	(1,645)	107,097	(8,847)	231,990	(10,492)
Total	<u>\$ 249,414</u>	<u>\$ (3,148)</u>	<u>\$ 255,399</u>	<u>\$ (26,065)</u>	<u>\$ 504,813</u>	<u>\$ (29,213)</u>

One hundred and sixty-six securities, all considered investment grade, which had an aggregate fair value of \$249,414,000 and a total unrealized loss of \$3,148,000, have been in an unrealized loss position for less than twelve months as of June 30, 2026. Three hundred and fifteen securities, all considered investment grade, which had an aggregate fair value of \$255,399,000 and a total unrealized loss of \$26,065,000, have been in an unrealized loss position for more than twelve months as of June 30, 2026. 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 June 30, 2026, 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 and interest rates increase, credit ratings decline, the issuer's financial condition deteriorates, or the liquidity for securities declines. As a result, an allowance for 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, 2025, follows:

(in thousands)

	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	<u>\$ 57,763</u>	<u>\$ (138)</u>	<u>\$ 301,152</u>	<u>\$ (25,276)</u>	<u>\$ 358,915</u>	<u>\$ (25,414)</u>

Investment securities carried at \$90,604,000 and \$95,479,000 at June 30, 2026 and December 31, 2025, respectively, were pledged to secure public deposits or for other purposes as required or permitted by law.

4. LOANS AND ALLOWANCE FOR CREDIT LOSSES

The composition of the Company's loan portfolio, by loan class, as of June 30, 2026 and December 31, 2025 was as follows:

(in thousands)	June 30, 2026	December 31, 2025
Commercial	\$ 214,185	\$ 146,178
Commercial Real Estate	688,569	702,455
Agriculture	86,474	93,627
Residential Mortgage	98,448	100,684
Residential Construction	4,292	5,837
Consumer	14,132	15,478
	1,106,100	1,064,259
Allowance for credit losses	(14,795)	(14,519)
Deferred origination fees and costs, net	793	733
Loans, net	<u>\$ 1,092,098</u>	<u>\$ 1,050,473</u>

At June 30, 2026 and December 31, 2025, all loans were pledged under a blanket collateral lien to secure actual or potential borrowings from the Federal Home Loan Bank ("FHLB").

Allowance for Credit Losses

The following tables summarize 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 condensed consolidated balance sheet within other liabilities, as of and for the three and six months ended June 30, 2026 and June 30, 2025.

Allowance for Credit Losses – Three months ended June 30, 2026					
(in thousands)	Beginning Balance	Charge-offs	Recoveries	Provision (Recovery)	Ending Balance
Commercial	\$ 2,608	\$ (584)	\$ 11	\$ 635	\$ 2,670
Commercial Real Estate	9,185	—	—	(63)	9,122
Agriculture	1,149	—	30	(59)	1,120
Residential Mortgage	1,212	—	—	8	1,220
Residential Construction	364	—	—	(11)	353
Consumer	285	(16)	1	40	310
Allowance for credit losses on loans	14,803	(600)	42	550	14,795
Reserve for unfunded commitments	1,100	—	—	50	1,150
Total	<u>\$ 15,903</u>	<u>\$ (600)</u>	<u>\$ 42</u>	<u>\$ 600</u>	<u>\$ 15,945</u>

Allowance for Credit Losses – Six months ended June 30, 2026					
(in thousands)	Beginning Balance	Charge-offs	Recoveries	Provision (Recovery)	Ending Balance
Commercial	\$ 2,425	\$ (723)	\$ 14	\$ 954	\$ 2,670
Commercial Real Estate	9,343	—	—	(221)	9,122
Agriculture	1,074	—	50	(4)	1,120
Residential Mortgage	1,005	—	—	215	1,220
Residential Construction	376	—	—	(23)	353
Consumer	296	(17)	2	29	310
Allowance for credit losses on loans	14,519	(740)	66	950	14,795
Reserve for unfunded commitments	1,200	—	—	(50)	1,150
Total	<u>\$ 15,719</u>	<u>\$ (740)</u>	<u>\$ 66</u>	<u>\$ 900</u>	<u>\$ 15,945</u>

Allowance for Credit Losses – Three months ended June 30, 2025

(in thousands)	Beginning Balance	Charge-offs	Recoveries	Provision (Recovery)	Ending Balance
Commercial	\$ 2,064	\$ (185)	\$ 2	\$ 642	\$ 2,523
Commercial Real Estate	8,871	(26)	—	937	9,782
Agriculture	3,932	—	—	(1,949)	1,983
Residential Mortgage	980	(5)	—	63	1,038
Residential Construction	407	—	—	92	499
Consumer	281	(1)	2	15	297
Allowance for credit losses on loans	16,535	(217)	4	(200)	16,122
Reserve for unfunded commitments	950	—	—	200	1,150
Total	\$ 17,485	\$ (217)	\$ 4	\$ —	\$ 17,272

Allowance for Credit Losses - Six months ended June 30, 2025

(in thousands)	Beginning Balance	Charge-offs	Recoveries	Provision (Recovery)	Ending Balance
Commercial	\$ 1,622	\$ (195)	\$ 67	\$ 1,029	\$ 2,523
Commercial Real Estate	10,245	(26)	—	(437)	9,782
Agriculture	1,555	—	—	428	1,983
Residential Mortgage	1,779	(5)	—	(736)	1,038
Residential Construction	433	—	—	66	499
Consumer	251	(7)	3	50	297
Allowance for credit losses on loans	15,885	(233)	70	400	16,122
Reserve for unfunded commitments	700	—	—	450	1,150
Total	\$ 16,585	\$ (233)	\$ 70	\$ 850	\$ 17,272

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. During the quarter ended June 30, 2026, the levels of forecasted gross domestic product and single-family home prices improved. The Company recorded provision expense totaling \$600,000 for the three months ended June 30, 2026 primarily due to an increase in qualitative factors to incorporate additional risk related to geopolitical matters. During the six months ended June 30, 2026, the Company recorded a provision for credit losses totaling \$900,000 primarily due to increases in loans receivable coupled with the negative trends in forecast factors. Management believes the allowance for credit losses at June 30, 2026 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 June 30, 2026 and December 31, 2025. 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 June 30, 2026 and December 31, 2025:

June 30, 2026

(in thousands)	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	\$ —	\$ —	\$ —	\$ 289	\$ —
Commercial Real Estate	—	—	—	—	—
Agriculture	—	—	—	—	—
Residential Mortgage	156	—	—	—	—
Residential Construction	—	—	—	—	—
Consumer	—	192	278	—	—
Total	<u>\$ 156</u>	<u>\$ 192</u>	<u>\$ 278</u>	<u>\$ 289</u>	<u>\$ —</u>

(in thousands)	Secured by Farmland	Agriculture Production	Secured by Owner-occupied, Nonfarm Nonresidential Properties	Secured by Other Nonfarm Nonresidential Properties	Total
Commercial	\$ —	\$ —	\$ —	\$ —	\$ 289
Commercial Real Estate	—	—	894	—	894
Agriculture	476	2,282	—	—	2,758
Residential Mortgage	—	—	—	—	156
Residential Construction	—	—	—	—	—
Consumer	—	—	—	—	470
Total	<u>\$ 476</u>	<u>\$ 2,282</u>	<u>\$ 894</u>	<u>\$ —</u>	<u>\$ 4,567</u>

December 31, 2025

(in thousands)	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	<u>\$ 174</u>	<u>\$ 255</u>	<u>\$ 382</u>	<u>\$ 139</u>	<u>\$ —</u>

(in thousands)	Secured by Farmland	Agriculture Production	Secured by Owner-occupied, Nonfarm Nonresidential Properties	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	<u>\$ 662</u>	<u>\$ 3,761</u>	<u>\$ —</u>	<u>\$ 657</u>	<u>\$ 6,030</u>

Foreclosure Proceedings

The Company had one consumer loan totaling \$143,000 secured by residential real estate property that was in the process of foreclosure at June 30, 2026. The Company had no consumer loans secured by residential real estate property that were in the process of foreclosure at December 31, 2025.

Non-accrual and Past Due Loans

The Company's loans by delinquency and non-accrual status, as of June 30, 2026 and December 31, 2025, was as follows:

(in thousands)	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
June 30, 2026								
Commercial	\$ 210	\$ 996	\$ —	\$ 289	\$ 1,495	\$ 212,690	\$ 214,185	\$ 289
Commercial Real								
Estate	354	—	—	894	1,248	687,321	688,569	894
Agriculture	2	137	—	2,758	2,897	83,577	86,474	2,758
Residential								
Mortgage	1,149	103	—	156	1,408	97,040	98,448	156
Residential								
Construction	—	—	—	—	—	4,292	4,292	—
Consumer	—	—	—	470	470	13,662	14,132	470
Total	<u>\$ 1,715</u>	<u>\$ 1,236</u>	<u>\$ —</u>	<u>\$ 4,567</u>	<u>\$ 7,518</u>	<u>\$ 1,098,582</u>	<u>\$ 1,106,100</u>	<u>\$ 4,567</u>
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	<u>\$ 1,392</u>	<u>\$ 598</u>	<u>\$ —</u>	<u>\$ 6,030</u>	<u>\$ 8,020</u>	<u>\$ 1,056,239</u>	<u>\$ 1,064,259</u>	<u>\$ 6,030</u>

The Company recognized \$0 and \$378,000 of interest income on nonaccrual loans during the three months ended June 30, 2026 and June 30, 2025, respectively. The Company recognized \$2,000 and \$378,000 of interest income on nonaccrual loans during the six months ended June 30, 2026 and June 30, 2025, 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.

[Table of Contents](#)

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 three months ended June 30, 2026 were as follows:

(in thousands, except percentages)	<u>Term Extension</u>	<u>Payment Delay</u>	<u>Total Class of Financing Receivable</u>
Commercial	\$ 1,415	\$ 73	0.69%
Commercial Real Estate	—	—	—
Agriculture	—	—	—
Residential Mortgage	—	—	—
Residential Construction	—	—	—
Consumer	—	—	—
Total	<u>\$ 1,415</u>	<u>\$ 73</u>	<u>0.13%</u>

The amortized cost basis of loans that were experiencing both financial difficulty and modification during the six months ended June 30, 2026 were as follows:

(in thousands, except percentages)	<u>Term Extension</u>	<u>Payment Delay</u>	<u>Total Class of Financing Receivable</u>
Commercial	\$ 1,870	\$ 73	0.91%
Commercial Real Estate	—	888	0.13%
Agriculture	1,291	—	1.49%
Residential Mortgage	—	—	—
Residential Construction	—	—	—
Consumer	—	—	—
Total	<u>\$ 3,161</u>	<u>\$ 961</u>	<u>0.37%</u>

[Table of Contents](#)

The amortized cost basis of loans that were experiencing both financial difficulty and modification during the three months ended June 30, 2025 were as follows:

(in thousands, except percentages)	Term Extension	Combination Term Extension and Payment Delay	Total Class of Financing Receivable
Commercial	\$ 1,157	\$ —	0.82%
Commercial Real Estate	1,334	—	0.19%
Agriculture	—	—	—
Residential Mortgage	—	—	—
Residential Construction	—	—	—
Consumer	—	—	—
Total	\$ 2,491	\$ —	0.23%

The amortized cost basis of loans that were experiencing both financial difficulty and modification during the six months ended June 30, 2025 were as follows:

(in thousands, except percentages)	Term Extension	Combination Term Extension and Payment Delay	Total Class of Financing Receivable
Commercial	\$ 1,243	\$ 73	0.93%
Commercial Real Estate	1,334	—	0.19%
Agriculture	—	—	—
Residential Mortgage	—	—	—
Residential Construction	—	—	—
Consumer	—	—	—
Total	\$ 2,577	\$ 73	0.25%

The Company had no commitments to lend additional funds to borrowers whose loans were modified at June 30, 2026 and June 30, 2025.

[Table of Contents](#)

The following table presents the financial effect of the loan modifications to borrowers experiencing financial difficulty during the three-month period ended June 30, 2026:

	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in months)
Commercial	—	10
Commercial Real Estate	—	—
Agriculture	—	—
Residential Mortgage	—	—
Residential Construction	—	—
Consumer	—	—
Total	—	10

The following table presents the financial effect of the loan modifications to borrowers experiencing financial difficulty during the six-month period ended June 30, 2026:

	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in months)
Commercial	—	9
Commercial Real Estate	—	—
Agriculture	—	6
Residential Mortgage	—	—
Residential Construction	—	—
Consumer	—	—
Total	—	8

[Table of Contents](#)

The following table presents the financial effect of the loan modifications to borrowers experiencing financial difficulty during the three-month period ended June 30, 2025:

	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in months)
Commercial	—	5
Commercial Real Estate	—	3
Agriculture	—	—
Residential Mortgage	—	—
Residential Construction	—	—
Consumer	—	—
Total	—	4

The following table presents the financial effect of the loan modifications to borrowers experiencing financial difficulty during the six-month period ended June 30, 2025:

	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in months)
Commercial	—	10
Commercial Real Estate	—	3
Agriculture	—	—
Residential Mortgage	—	—
Residential Construction	—	—
Consumer	—	—
Total	—	6

Loans that were modified within the previous twelve months were current on payments as of June 30, 2026 and June 30, 2025. There were no loans modified within the previous twelve months and for which there was a payment default during three- and six-month periods ended June 30, 2026 and June 30, 2025.

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 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 bank 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. For the definitions of each risk rating, see Note 3 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025.

The following tables present the loan portfolio by loan class, origination year, and internal risk rating as of June 30, 2026. 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 \$6,631,000 and \$1,780,000 as of June 30, 2026 and December 31, 2025, respectively.

Term Loans Amortized Cost Basis by Origination Year - As of June 30, 2026							Revolving Loans Amortized Cost Basis	Total
(in thousands)	2026	2025	2024	2023	2022	Prior		
Commercial								
Pass	\$ 88,382	\$ 42,864	\$ 35,459	\$ 9,070	\$ 7,624	\$ 6,976	\$ 19,855	\$ 210,230
Special Mention	400	40	—	—	—	—	1,470	1,910
Substandard	73	41	34	—	—	527	1,370	2,045
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Commercial loans	\$ 88,855	\$ 42,945	\$ 35,493	\$ 9,070	\$ 7,624	\$ 7,503	\$ 22,695	\$ 214,185
Year-to-date Charge-offs	—	(300)	(125)	—	(42)	(35)	(221)	(723)
Year-to-date Recoveries	—	2	5	4	2	1	—	14
Year-to-date Net Charge-offs	—	(298)	(120)	4	(40)	(34)	(221)	(709)
Commercial Real Estate								
Pass	\$ 9,725	\$ 52,485	\$ 59,263	\$ 104,034	\$ 160,859	\$ 280,966	\$ 348	\$ 667,680
Special Mention	—	—	2,826	—	688	6,293	—	9,807
Substandard	—	—	—	629	3,622	6,831	—	11,082
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Commercial Real Estate loans	\$ 9,725	\$ 52,485	\$ 62,089	\$ 104,663	\$ 165,169	\$ 294,090	\$ 348	\$ 688,569
Year-to-date Charge-offs	—	—	—	—	—	—	—	—
Year-to-date Recoveries	—	—	—	—	—	—	—	—
Year-to-date Net Charge-offs	—	—	—	—	—	—	—	—
Agriculture								
Pass	\$ 5,951	\$ 6,313	\$ 2,822	\$ 6,102	\$ 15,395	\$ 26,404	\$ 15,080	\$ 78,067
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	2,597	3,473	2,337	8,407
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Agriculture loans	\$ 5,951	\$ 6,313	\$ 2,822	\$ 6,102	\$ 17,992	\$ 29,877	\$ 17,417	\$ 86,474
Year-to-date Charge-offs	—	—	—	—	—	—	—	—
Year-to-date Recoveries	—	—	—	—	50	—	—	50
Year-to-date Net Charge-offs	—	—	—	—	50	—	—	50

Term Loans Amortized Cost Basis by Origination Year - As of June 30, 2026

(in thousands)	2026	2025	2024	2023	2022	Prior	Revolving Loans Amortized Cost Basis	Total
Residential Mortgage								
Pass	\$ 1,813	\$ 4,137	\$ 4,002	\$ 15,963	\$ 22,064	\$ 50,309	\$ —	\$ 98,288
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	160	—	160
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Residential Mortgage loans	\$ 1,813	\$ 4,137	\$ 4,002	\$ 15,963	\$ 22,064	\$ 50,469	\$ —	\$ 98,448
Year-to-date Charge-offs	—	—	—	—	—	—	—	—
Year-to-date Recoveries	—	—	—	—	—	—	—	—
Year-to-date Net Charge-offs	—	—	—	—	—	—	—	—
Residential Construction								
Pass	\$ 2,729	\$ 1,563	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,292
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Residential Construction loans	\$ 2,729	\$ 1,563	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,292
Year-to-date Charge-offs	—	—	—	—	—	—	—	—
Year-to-date Recoveries	—	—	—	—	—	—	—	—
Year-to-date Net Charge-offs	—	—	—	—	—	—	—	—
Consumer								
Pass	\$ 649	\$ 211	\$ 45	\$ 48	\$ 1,035	\$ 427	\$ 11,127	\$ 13,542
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	0	—	—	—	590	590
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Consumer loans	\$ 649	\$ 211	\$ 45	\$ 48	\$ 1,035	\$ 427	\$ 11,717	\$ 14,132
Year-to-date Charge-offs	(16)	(1)	—	—	—	—	—	(17)
Year-to-date Recoveries	1	—	—	—	—	1	—	2
Year-to-date Net Charge-offs	(15)	(1)	—	—	—	1	—	(15)
Total Loans								
Pass	\$ 109,249	\$ 107,573	\$ 101,591	\$ 135,217	\$ 206,977	\$ 365,082	\$ 46,410	\$ 1,072,099
Special Mention	400	40	2,826	—	688	6,293	1,470	11,717
Substandard	73	41	34	629	6,219	10,991	4,297	22,284
Doubtful/Loss	—	—	—	—	—	—	—	—
Total Loans	\$ 109,722	\$ 107,654	\$ 104,451	\$ 135,846	\$ 213,884	\$ 382,366	\$ 52,177	\$ 1,106,100
Year-to-date Charge-offs	\$ (16)	\$ (301)	\$ (125)	\$ —	\$ (42)	\$ (35)	\$ (221)	\$ (740)
Year-to-date Recoveries	\$ 1	\$ 2	\$ 5	\$ 4	\$ 52	\$ 2	\$ —	\$ 66
Year-to-date Net Charge-offs	\$ (15)	\$ (299)	\$ (120)	\$ 4	\$ 10	\$ (33)	\$ (221)	\$ (674)

**Term Loans Amortized Cost Basis by Origination Year - As of December 31,
2025**

							Revolving Loans Amortized Cost Basis	Total
(in thousands)	2025	2024	2023	2022	2021	Prior		
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								
(in thousands)	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)

5. MORTGAGE OPERATIONS

Transfers and servicing of financial assets and extinguishments of liabilities 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. Retained servicing rights on 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. Fair values are estimated using discounted cash flows based on a current market interest rate.

The Company recognizes a gain and a related asset for the fair value of the rights to service loans for others when loans are sold. The Company sold a substantial portion of its portfolio of conforming long-term residential mortgage loans originated during the six months ended June 30, 2026 for cash proceeds equal to the fair value of the loans. The Company serviced real estate mortgage loans for others totaling \$155,568,000 and \$162,644,000 at June 30, 2026 and December 31, 2025, 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 loan servicing income on the condensed consolidated statements of income.

Key assumptions used in measuring the fair value of mortgage servicing rights as of June 30, 2026 and December 31, 2025 were as follows:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>
Constant prepayment rate	6.44%	7.53%
Discount rate	9.51%	9.50%
Weighted average life (years)	7.55	7.24

The following table summarizes the changes to the Company's mortgage servicing rights assets as of the periods presented. Mortgage servicing rights are included in Interest Receivable and Other Assets on the condensed consolidated balance sheets.

(in thousands)	<u>March 31, 2026</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2026</u>
Mortgage servicing rights	\$ 1,126	\$ 15	\$ (40)	\$ 1,101
Valuation allowance	—	—	—	—
Mortgage servicing rights, net of valuation allowance	<u>\$ 1,126</u>	<u>\$ 15</u>	<u>\$ (40)</u>	<u>\$ 1,101</u>

(in thousands)	<u>December 31, 2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2026</u>
Mortgage servicing rights	\$ 1,159	\$ 28	\$ (86)	\$ 1,101
Valuation allowance	—	—	—	—
Mortgage servicing rights, net of valuation allowance	<u>\$ 1,159</u>	<u>\$ 28</u>	<u>\$ (86)</u>	<u>\$ 1,101</u>

At June 30, 2026 and December 31, 2025, the estimated fair market value of the Company's mortgage servicing rights assets was \$1,840,000 and \$1,748,000, respectively. The change in fair value of mortgage servicing rights during 2026 was primarily due to a decrease in prepayment speeds.

The Company received contractually specified servicing fees of \$98,000 and \$108,000 for the three months ended June 30, 2026 and June 30, 2025, respectively. The Company received contractually specified servicing fees of \$200,000 and \$217,000 for the six months ended June 30, 2026 and June 30, 2025, respectively. Loan servicing income on the condensed consolidated statements of income includes contractually specified servicing fees, mortgage servicing rights additions, amortization and changes in the valuation allowance.

6. FAIR VALUE MEASUREMENTS

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 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 table below presents the recorded amount of assets and liabilities measured at fair value on a recurring basis as of June 30, 2026 and December 31, 2025.

(in thousands)		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2026	Fair Value			
U.S. Treasury securities	\$ 87,649	\$ 87,649	\$ —	\$ —
Securities of U.S. government agencies and corporations	89,601	—	89,601	—
Obligations of states and political subdivisions	73,908	—	73,908	—
Collateralized mortgage obligations	96,060	—	96,060	—
Mortgage-backed securities	271,713	—	271,713	—
Total investments at fair value	<u>\$ 618,931</u>	<u>\$ 87,649</u>	<u>\$ 531,282</u>	<u>\$ —</u>

(in thousands)		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2025	Fair Value			
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	<u>\$ 617,243</u>	<u>\$ 87,556</u>	<u>\$ 529,687</u>	<u>\$ —</u>

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 June 30, 2026 and December 31, 2025.

(in thousands)

June 30, 2026

	Carrying Value	Level 1	Level 2	Level 3
Collateral dependent loans	\$ 795	\$ —	\$ —	\$ 795
Total assets at fair value	\$ 795	\$ —	\$ —	\$ 795

(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

There were no liabilities measured at fair value on a recurring or non-recurring basis at June 30, 2026 and December 31, 2025.

Key methods and assumptions used in measuring the fair value of collateral dependent loans as of June 30, 2026 were as follows:

	Method	Assumption Inputs
Collateral dependent loans	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 and liabilities 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 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. 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 estimated fair values of the Company's financial instruments for the periods ended June 30, 2026 and December 31, 2025 were approximately as follows:

		June 30, 2026		December 31, 2025	
	Level	Carrying amount	Fair value	Carrying amount	Fair value
(in thousands)					
Financial assets:					
Cash and cash equivalents	1	\$ 113,435	\$ 113,435	\$ 145,554	\$ 145,554
Certificates of deposit	2	10,863	10,871	10,180	10,243
Stock in Federal Home Loan Bank and other equity securities	3	10,871	10,871	10,871	10,871
Loans receivable:					
Net loans	3	1,092,098	1,027,489	1,050,473	990,239
Interest receivable	2	8,057	8,057	7,348	7,348
Mortgage servicing rights	3	1,101	1,840	1,159	1,748
Financial liabilities:					
Time deposits	3	137,200	137,130	141,661	141,713
Interest payable	2	580	580	724	724

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.

7. COMMITMENTS AND CONTINGENCIES

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.

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 the indicated periods, were as follows:

(in thousands)	June 30, 2026	December 31, 2025
Undisbursed loan commitments	\$ 142,428	\$ 131,306
Standby letters of credit	1,038	1,038
	<u>\$ 143,466</u>	<u>\$ 132,344</u>

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. 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. The types of 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 June 30, 2026 and 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. Performance standby letters of credit totaled \$1,038,000 for each of the periods ended June 30, 2026 and December 31, 2025. The Bank had experienced no draws on outstanding letters of credit, resulting in no related liability included on its balance sheet as of June 30, 2026 and December 31, 2025; however, should a triggering event occur, the Bank either has collateral in excess of the letter of credit or embedded agreements of recourse from the customer. The Bank set aside a reserve for unfunded commitments in the amount of \$1,150,000 and \$1,200,000 at June 30, 2026 and December 31, 2025, respectively, which is recorded in "interest payable and other liabilities" on the condensed consolidated balance sheets.

Commitments to extend credit and standby letters of credit bear similar credit risk characteristics as outstanding loans. As of June 30, 2026 and 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. 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 such commitments at June 30, 2026 and December 31, 2025. 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.

8. STOCK PLANS

On January 22, 2026, the Board of Directors of the Company declared a 5% stock dividend payable March 25, 2026 to shareholders of record as of February 27, 2026. All stock options and restricted stock amounts outstanding have been adjusted to give retroactive effect to stock dividends.

The following table presents the activity related to stock options for the three months ended June 30, 2026.

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (in years)
Options outstanding at Beginning of Period	369,975	\$ 8.21		
Granted	—	—		
Expired	—	—		
Cancelled / Forfeited	—	—		
Exercised	—	—		
Options outstanding at End of Period	369,975	\$ 8.21	\$ 3,601,400	3.00
Exercisable (vested) at End of Period	369,975	\$ 8.21	\$ 3,601,400	3.00

The following table presents the activity related to stock options for the six months ended June 30, 2026.

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (in years)
Options outstanding at Beginning of Period	422,527	\$ 7.80		
Granted	—	—		
Expired	—	—		
Cancelled / Forfeited	—	—		
Exercised	(52,552)	4.90		
Options outstanding at End of Period	369,975	\$ 8.21	\$ 3,601,400	3.00
Exercisable (vested) at End of Period	369,975	\$ 8.21	\$ 3,601,400	3.00

The intrinsic value of options exercised was \$466,000 and \$268,000 during the six months ended June 30, 2026 and June 30, 2025, respectively. The fair value of awards vested was \$25,000 during each of the six-month periods ended June 30, 2026 and June 30, 2025. The intrinsic value of options exercised was \$0 and \$90,000 during the three months ended June 30, 2026 and June 30, 2025, respectively. The fair value of awards vested was \$0 during each of the three-month periods ended June 30, 2026 and June 30, 2025.

As of June 30, 2026, there was no unrecognized compensation cost related to non-vested stock options.

There was \$0 and \$6,000 of recognized compensation cost related to stock options granted for the three months ended June 30, 2026 and June 30, 2025, respectively. There was \$6,000 and \$12,000 of recognized compensation cost related to stock options granted for the six months ended June 30, 2026, and June 30, 2025, respectively.

The following table presents the activity related to non-vested restricted stock for the three months ended June 30, 2026.

	Number of Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (in years)
Non-vested Restricted stock outstanding at Beginning of Period	286,274	\$ 9.21		
Granted	500	17.55		
Cancelled / Forfeited	(800)	12.29		
Exercised/Released/Vested	(1,820)	7.60		
Non-vested restricted stock outstanding at End of Period	<u>284,154</u>	\$ 9.23	\$ 5,097,723	3.00

The following table presents the activity related to non-vested restricted stock for the six months ended June 30, 2026.

	Number of Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (in years)
Non-vested Restricted stock outstanding at Beginning of Period	283,907	\$ 8.05		
Granted	60,579	14.02		
Cancelled / Forfeited	(8,736)	8.63		
Exercised/Released/Vested	(51,596)	8.46		
Non-vested restricted stock outstanding at End of Period	<u>284,154</u>	\$ 9.23	\$ 5,097,723	3.00

The weighted average fair value of restricted stock granted during the six months ended June 30, 2026 was \$14.02 per share.

As of June 30, 2026, there was \$1,416,000 of total unrecognized compensation cost related to non-vested restricted stock. This cost is expected to be recognized over a weighted average period of approximately 3.00 years.

There was \$140,000 and \$150,000 of recognized compensation cost related to restricted stock awards for the three months ended June 30, 2026 and June 30, 2025, respectively. There was \$234,000 and \$334,000 of recognized compensation cost related to restricted stock awards for the six months ended June 30, 2026 and June 30, 2025, respectively.

[Table of Contents](#)

The Company has an Employee Stock Purchase Plan (“ESPP”). There are 315,000 shares authorized for issuance under the 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 March 25, 2026 to shareholders of record as of February 27, 2026. The 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. The Board of Directors approved the current participation period of December 2, 2025 to November 23, 2026. An eligible employee is one who has been continually employed for at least 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 percent 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.

As of June 30, 2026, there was \$31,000 unrecognized compensation cost related to ESPP issuances. This cost is expected to be recognized over a weighted average period of approximately 0.5 years.

There was \$16,000 and \$10,000 of recognized compensation cost related to ESPP issuances for the three months ended June 30, 2026 and June 30, 2025, respectively. There was \$31,000 and \$18,000 of recognized compensation cost related to ESPP issuances for the six months ended June 30, 2026 and June 30, 2025, respectively.

The weighted average fair value at issuance date during the six months ended June 30, 2026 was \$2.79 per share.

A summary of the weighted average assumptions used in valuing ESPP issuances during the three and six months ended June 30, 2026 is presented below.

	Three months ended June 30, 2026	Six months ended June 30, 2026
Risk Free Interest Rate	3.59%	3.59%
Expected Dividend Yield	0.00%	0.00%
Expected Life in Years	1.00	1.00
Expected Price Volatility	13.67%	13.67%

9. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table details activity in accumulated other comprehensive income (loss) for the three months ended June 30, 2026.

(in thousands)	Unrealized losses on securities	Officers' retirement plan	Directors' retirement plan	Accumulated other comprehensive loss
Balance as of March 31, 2026	\$ (18,847)	\$ 221	\$ 70	\$ (18,556)
Current period other comprehensive loss	(1,285)	—	—	(1,285)
Balance as of June 30, 2026	<u>\$ (20,132)</u>	<u>\$ 221</u>	<u>\$ 70</u>	<u>\$ (19,841)</u>

The following table details activity in accumulated other comprehensive income (loss) for the six months ended June 30, 2026.

(in thousands)	Unrealized losses on securities	Officers' retirement plan	Directors' retirement plan	Accumulated other comprehensive loss
Balance as of December 31, 2025	\$ (15,769)	\$ 221	\$ 70	\$ (15,478)
Current period other comprehensive loss	(4,363)	—	—	(4,363)
Balance as of June 30, 2026	<u>\$ (20,132)</u>	<u>\$ 221</u>	<u>\$ 70</u>	<u>\$ (19,841)</u>

The following table details activity in accumulated other comprehensive income (loss) for the three months ended June 30, 2025.

(in thousands)	Unrealized losses on securities	Officers' retirement plan	Directors' retirement plan	Accumulated other comprehensive loss
Balance as of March 31, 2025	\$ (25,271)	\$ 207	\$ 99	\$ (24,965)
Current period other comprehensive income	2,324	—	—	2,324
Balance as of June 30, 2025	<u>\$ (22,947)</u>	<u>\$ 207</u>	<u>\$ 99</u>	<u>\$ (22,641)</u>

The following table details activity in accumulated other comprehensive income (loss) for the six months ended June 30, 2025.

(in thousands)	Unrealized losses on securities	Officers' retirement plan	Directors' retirement plan	Accumulated other comprehensive loss
Balance as of December 31, 2024	\$ (34,157)	\$ 207	\$ 99	\$ (33,851)
Current period other comprehensive income	11,210	—	—	11,210
Balance as of June 30, 2025	<u>\$ (22,947)</u>	<u>\$ 207</u>	<u>\$ 99</u>	<u>\$ (22,641)</u>

10. OUTSTANDING SHARES AND EARNINGS PER SHARE

On January 22, 2026, the Board of Directors of the Company declared a 5% stock dividend payable March 25, 2026 to shareholders of record as of February 27, 2026. All income per share amounts have been adjusted to give retroactive effect to stock dividends.

Earnings Per Share (EPS)

Basic EPS includes no dilution and is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the respective period. Diluted EPS is computed by dividing net income available to common shareholders by the weighted average number of shares outstanding plus dilutive shares for the quarter. Diluted shares include all common stock equivalents (“in-the-money” stock options, unvested restricted stock, stock units, warrants and rights, convertible bonds and preferred stock), which reflects the potential dilution of securities that could share in the earnings of the Company.

The following table presents a reconciliation of basic and diluted EPS for the three and six months ended June 30, 2026 and 2025:

(in thousands, except share and per share amounts):	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Basic earnings per share:				
Net income	\$ 4,728	\$ 5,466	\$ 10,634	\$ 9,137
Weighted average common shares outstanding	16,119,853	16,377,019	16,127,780	16,399,953
Basic EPS	\$ 0.29	\$ 0.33	\$ 0.66	\$ 0.56
Diluted earnings per share:				
Net income	\$ 4,728	\$ 5,466	\$ 10,634	\$ 9,137
Weighted average common shares outstanding	16,119,853	16,377,019	16,127,780	16,399,953
Effect of dilutive shares	388,938	215,240	372,861	228,113
Adjusted weighted average common shares outstanding	16,508,791	16,592,259	16,500,641	16,628,066
Diluted EPS	\$ 0.29	\$ 0.33	\$ 0.64	\$ 0.55

Restricted stock not included in the computation of diluted earnings per share because they would have had an anti-dilutive effect amounted to 231 shares and 0 shares for the three months ended June 30, 2026 and 2025, respectively. There were no stock options which were not included in the computation of diluted earnings per share because they would have had an anti-dilutive effect for the three months ended June 30, 2026 and 2025. Restricted stock not included in the computation of diluted earnings per share because they would have had an anti-dilutive effect amounted to 13,516 shares and 609 shares for the six months ended June 30, 2026 and 2025, respectively. Stock options not included in the computation of diluted earnings per share because they would have had an anti-dilutive effect amounted to 0 shares and 14,744 shares for the six months ended June 30, 2026 and 2025, respectively.

11. LEASES

The Company leases nine 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 Company had no financing leases as of June 30, 2026.

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 \$5,202,000 and \$5,393,000 as of June 30, 2026 and December 31, 2025, respectively. Right-of-use assets are included in Interest receivable and other assets on the condensed consolidated balance sheets. The Company had lease liabilities totaling \$5,684,000 and \$5,795,000 as of June 30, 2026 and December 31, 2025, respectively. Lease liabilities are included in Interest payable and other liabilities on the condensed consolidated balance sheets. The Company recognized lease expense totaling \$293,000 and \$283,000 for the three-month periods ended June 30, 2026 and 2025, respectively, and \$585,000 and \$567,000 for the six-month periods ended June 30, 2026 and 2025, respectively. Lease expense includes operating lease costs, short-term lease costs and variable lease costs. Lease expense is included in occupancy and equipment expense on the condensed consolidated statements of income.

The table below summarizes the maturity of remaining lease liabilities at June 30, 2026:

(in thousands)	June 30, 2026
2026 (remaining 6 months)	\$ 550
2027	1,102
2028	1,149
2029	1,103
2030	777
2031 and thereafter	1,740
Total lease payments	6,421
Less: interest	(737)
Present value of lease liabilities	<u>\$ 5,684</u>

The following table presents supplemental cash flow information related to leases for the three and six months ended June 30, 2026 and 2025:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	\$ 273	\$ 262	\$ 551	\$ 523
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 344	\$ —	\$ 344	\$ —

The following table presents the weighted average operating lease term and discount rate as of June 30, 2026 and December 31, 2025:

	June 30, 2026	December 31, 2025
Weighted-average remaining lease term – operating leases, in years	6.11	6.52
Weighted-average discount rate – operating leases	3.60%	3.51%

12. SEGMENT DISCLOSURES

The Company evaluated its operating segments in accordance with ASC 280, *Segment Reporting*, and determined it 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.

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.

Loans, interest bearing accounts, investment securities, deposits, and non-interest income provide the revenues in banking operations and are presented in the Company's consolidated balance sheets. Interest expense, provisions for credit losses, salaries and employee benefits, occupancy and equipment, and data processing provide significant expenses in banking operations and are presented in the Company's consolidated statements of income. Segment performance is evaluated using consolidated net income with the majority of the Company's net income derived from net interest income.

The accounting policies for the segment is consistent with those described in Note 1 - Summary of Significant Accounting Policies to the consolidated financial statements in the Company's 2025 Form 10-K.

FIRST NORTHERN COMMUNITY BANCORP

ITEM 2. – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This report may include 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, if any, and expectations. See Part I, Item 1A. “Risk Factors,” and the other risks described in our 2025 Form 10-K and Part II, Item 1A “Risk Factors” in this Quarterly Report on Form 10-Q and the other risks described in our Quarterly Reports on Form 10-Q, for factors to be considered when reading any forward-looking statements in this filing.

This report and other reports or statements which we may release may include 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,” “strive,” “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 any forward-looking statements are made, except as may be required by law.

In this document and in other SEC filings or other public statements, for example, we make forward-looking statements relating to the following topics, among others:

- 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
- 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 including the imposition of tariffs on imported goods to the U.S.

[Table of Contents](#)

- 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
- Expectations regarding the liquidity, trading volume and market price of our common stock, as well as continued listing of our common stock on The Nasdaq Capital Market and/or inclusion in the Russell 3000 Index
- Descriptions of assumptions underlying or relating to any of the foregoing

Readers of this document should not rely on any forward-looking statements, which reflect only our management's belief as of the date of this report. 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 Item 1A "Risk Factors" of Part II of this Form 10-Q, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Part I of this Form 10-Q and "Risk Factors" and "Supervision and Regulation" in our 2025 Form 10-K, and in our other reports to the SEC.

INTRODUCTION

This overview of Management's Discussion and Analysis highlights selected information in this report 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 report and our other reports to the SEC, together with our Consolidated Financial Statements and the Notes to Consolidated Financial Statements included in our 2025 Form 10-K.

Our subsidiary, First Northern Bank of Dixon (the "Bank"), 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 and compliance environment and competition can present challenges to our ability to generate those revenues.

Significant results and developments during the second quarter and year-to-date 2026 included:

- Net income of \$10.6 million for the six months ended June 30, 2026, up 16.4% from net income of \$9.1 million earned for the same period last year. Net income of \$4.7 million for the three months ended June 30, 2026, down 13.5% from net income of \$5.5 million earned for the same period last year.
- Diluted income per share of \$0.64 for the six months ended June 30, 2026, up 16.4% from diluted income per share of \$0.55 for the same period last year. Diluted income per share of \$0.29 for the three months ended June 30, 2026, down 12.1% from diluted income per share of \$0.33 for the same period last year.
- Net interest income of \$34.2 million for the six months ended June 30, 2026, up 4.0% from net interest income of \$32.9 million for the same period last year. Net interest income of \$17.0 million for the three months ended June 30, 2026, up 0.3% from net interest income of \$17.0 million for the same period last year.
- Net interest margin of 3.79% for the six months ended June 30, 2026, up 1.3% from net interest margin of 3.74% for the same period last year. Net interest margin of 3.75% for the three months ended June 30, 2026, down 2.6% from net interest margin of 3.85% for the same period last year.
- Provision for credit losses of \$900,000 for the six months ended June 30, 2026, up 5.9% from provision for credit losses of \$850,000 for the same period last year. Provision for credit losses of \$600,000 for the three months ended June 30, 2026 compared to no provision for credit losses for the same period last year.
- Total assets of \$1.93 billion as of June 30, 2026, up 0.8% from \$1.91 billion as of December 31, 2025.
- Total net loans (including loans held-for-sale) of \$1.09 billion as of June 30, 2026, up 4.0% from \$1.05 billion as of December 31, 2025.
- Total investment securities of \$618.9 million as of June 30, 2026, up 0.3% from \$617.2 million as of December 31, 2025.
- Total deposits of \$1.69 billion as of June 30, 2026, up 0.8% from \$1.68 billion as of December 31, 2025.

SUMMARY FINANCIAL DATA

The Company recorded net income of \$10,634,000 for the six months ended June 30, 2026, representing an increase of \$1,497,000, or 16.4%, from net income of \$9,137,000 for the same period in 2025. The Company recorded net income of \$4,728,000 for the three months ended June 30, 2026, representing a decrease of \$738,000, or 13.5%, from net income of \$5,466,000 for the same period in 2025.

The following tables present a summary of the results for the three and six months ended June 30, 2026 and 2025, and a summary of financial condition at June 30, 2026 and December 31, 2025.

	Three months ended <u>June 30, 2026</u>	Three months ended <u>June 30, 2025</u>	Six months ended <u>June 30, 2026</u>	Six months ended <u>June 30, 2025</u>
(in thousands, except per share amounts and ratios)				
For the Period:				
Net Income	\$ 4,728	\$ 5,466	\$ 10,634	\$ 9,137
Basic Earnings Per Common Share	\$ 0.29	\$ 0.33	\$ 0.66	\$ 0.56
Diluted Earnings Per Common Share	\$ 0.29	\$ 0.33	\$ 0.64	\$ 0.55
Return on Average Assets (annualized)	0.98%	1.18%	1.11%	0.99%
Return on Average Equity (annualized)	8.80%	11.67%	10.00%	10.02%
Average Equity to Average Assets	11.18%	10.11%	11.14%	9.86%

	<u>June 30, 2026</u>	<u>December 31, 2025</u>
(in thousands, except ratios)		
At Period End:		
Total Assets	\$ 1,926,412	\$ 1,910,950
Total Investment Securities, at fair value	\$ 618,931	\$ 617,243
Total Loans, Net (including loans held-for-sale)	\$ 1,092,504	\$ 1,050,473
Total Deposits	\$ 1,691,887	\$ 1,679,143
Loan-To-Deposit Ratio	64.6%	62.6%

FIRST NORTHERN COMMUNITY BANCORP

Distribution of Average Statements of Condition and Analysis of Net Interest Income

(in thousands, except percentages)	Three months ended June 30, 2026			Three months ended June 30, 2025		
	Average Balance	Interest	Yield/ Rate (4)	Average Balance	Interest	Yield/ Rate (4)
Assets						
Interest-earning assets:						
Loans (1)	\$ 1,070,933	\$ 14,549	5.45%	\$ 1,044,581	\$ 14,629	5.62%
Certificates of deposit	10,699	107	4.01%	15,112	157	4.17%
Interest bearing due from banks	102,368	1,034	4.05%	85,828	1,010	4.72%
Investment securities, taxable	569,985	4,529	3.19%	560,021	4,137	2.96%
Investment securities, non-taxable (2)	54,549	438	3.22%	49,497	391	3.17%
Other interest earning assets	10,870	149	5.50%	10,808	250	9.28%
Total average interest-earning assets	1,819,404	20,806	4.59%	1,765,847	20,574	4.67%
Non-interest-earning assets:						
Cash and due from banks	30,581			30,777		
Premises and equipment, net	8,969			7,866		
Interest receivable and other assets	67,325			53,556		
Total average assets	\$ 1,926,279			\$ 1,858,046		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing transaction deposits	\$ 451,794	810	0.72%	\$ 428,553	693	0.65%
Savings and MMDAs	477,236	1,857	1.56%	447,276	1,602	1.44%
Time, \$250,000 or less	84,760	677	3.20%	88,024	889	4.05%
Time, over \$250,000	53,683	456	3.41%	51,942	362	2.80%
FHLB advances	—	—	0.00%	6,593	75	4.56%
Total average interest-bearing liabilities	1,067,473	3,800	1.43%	1,022,388	3,621	1.42%
Non-interest-bearing liabilities:						
Non-interest-bearing demand deposits	626,901			634,352		
Interest payable and other liabilities	16,485			13,505		
Total liabilities	1,710,859			1,670,245		
Total average stockholders' equity	215,420			187,801		
Total average liabilities and stockholders' equity	\$ 1,926,279			\$ 1,858,046		
Net interest income and net interest margin (3)		\$ 17,006	3.75%		\$ 16,953	3.85%

- (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 generally excluded. Loan interest income includes loan fees, net of deferred costs of approximately \$(78) and \$33 for the three months ended June 30, 2026 and 2025, respectively.
- (2) Interest income and yields on tax-exempt securities are not presented on a taxable-equivalent basis.
- (3) Net interest margin is computed by dividing net interest income by total average interest-earning assets.
- (4) For disclosure purposes, yield /rates are annualized by dividing the number of days in the reported period by 365.

FIRST NORTHERN COMMUNITY BANCORP

Distribution of Average Statements of Condition and Analysis of Net Interest Income

(in thousands, except percentages)	Six months ended June 30, 2026			Six months ended June 30, 2025		
	Average Balance	Interest	Yield/ Rate (4)	Average Balance	Interest	Yield/ Rate (4)
Assets						
Interest-earning assets:						
Loans (1)	\$ 1,057,624	\$ 28,871	5.50%	\$ 1,043,576	\$ 28,231	5.46%
Certificates of deposit	10,629	214	4.06%	15,488	318	4.14%
Interest bearing due from banks	113,643	2,131	3.78%	78,190	1,737	4.48%
Investment securities, taxable	571,801	8,963	3.16%	573,601	8,485	2.98%
Investment securities, non-taxable (2)	56,108	885	3.18%	49,948	784	3.17%
Other interest earning assets	10,870	704	13.06%	10,664	522	9.87%
Total average interest-earning assets	1,820,675	41,768	4.63%	1,771,467	40,077	4.56%
Non-interest-earning assets:						
Cash and due from banks	30,034			32,547		
Premises and equipment, net	8,832			8,502		
Interest receivable and other assets	66,235			53,158		
Total average assets	\$ 1,925,776			\$ 1,865,674		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing transaction deposits	\$ 448,102	1,575	0.71%	\$ 430,434	1,384	0.65%
Savings and MMDAs	476,370	3,667	1.55%	449,227	3,153	1.42%
Time, \$250,000 or less	85,662	1,400	3.30%	89,138	1,862	4.21%
Time, over \$250,000	54,255	916	3.40%	52,600	707	2.71%
FHLB advances	—	—	0.00%	3,315	75	4.56%
Total average interest-bearing liabilities	1,064,389	7,558	1.43%	1,024,714	7,181	1.41%
Non-interest-bearing liabilities:						
Non-interest-bearing demand deposits	629,959			643,322		
Interest payable and other liabilities	16,969			13,711		
Total liabilities	1,711,317			1,681,747		
Total average stockholders' equity	214,459			183,927		
Total average liabilities and stockholders' equity	\$ 1,925,776			\$ 1,865,674		
Net interest income and net interest margin (3)		\$ 34,210	3.79%		\$ 32,896	3.74%

- (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 generally excluded. Loan interest income includes loan fees, net of deferred costs of approximately \$(73) and \$25 for the six months ended June 30, 2026 and 2025, respectively.
- (2) Interest income and yields on tax-exempt securities are not presented on a taxable-equivalent basis.
- (3) Net interest margin is computed by dividing net interest income by total average interest-earning assets.
- (4) For disclosure purposes, yield /rates are annualized by dividing the number of days in the reported period by 365.

FIRST NORTHERN COMMUNITY BANCORP

Distribution of Average Statements of Condition and Analysis of Net Interest Income

(in thousands, except percentages)	Three months ended June 30, 2026			Three months ended March 31, 2026		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate (4)
Assets						
Interest-earning assets:						
Loans (1)	\$ 1,070,933	\$ 14,549	5.45%	\$ 1,044,166	\$ 14,322	5.56%
Certificates of deposit	10,699	107	4.01%	10,558	106	4.07%
Interest bearing due from banks	102,368	1,034	4.05%	125,045	1,098	3.56%
Investment securities, taxable	569,985	4,529	3.19%	573,637	4,434	3.13%
Investment securities, non-taxable (2)	54,549	438	3.22%	57,685	447	3.14%
Other interest earning assets	10,870	149	5.50%	10,870	555	20.71%
Total average interest-earning assets	1,819,404	20,806	4.59%	1,821,961	20,962	4.67%
Non-interest-earning assets:						
Cash and due from banks	30,581			29,481		
Premises and equipment, net	8,969			8,693		
Interest receivable and other assets	67,325			65,134		
Total average assets	<u>\$ 1,926,279</u>			<u>\$ 1,925,269</u>		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing transaction deposits	\$ 451,794	810	0.72%	\$ 444,368	766	0.70%
Savings and MMDAs	477,236	1,857	1.56%	475,494	1,809	1.54%
Time, \$250,000 and under	84,760	677	3.20%	85,614	723	3.42%
Time, over \$250,000	53,683	456	3.41%	55,793	460	3.34%
Total average interest-bearing liabilities	1,067,473	3,800	1.43%	1,061,269	3,758	1.44%
Non-interest-bearing liabilities:						
Non-interest-bearing demand deposits	626,901			632,800		
Interest payable and other liabilities	16,485			17,462		
Total liabilities	1,710,859			1,711,531		
Total average stockholders' equity	215,420			213,738		
Total average liabilities and stockholders' equity	<u>\$ 1,926,279</u>			<u>\$ 1,925,269</u>		
Net interest income and net interest margin (3)		<u>\$ 17,006</u>	<u>3.75%</u>		<u>\$ 17,204</u>	<u>3.83%</u>

- (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 is generally excluded. Loan interest income includes loan fees, net of deferred costs of approximately \$(78) and \$5 for the three months ended June 30, 2026 and March 31, 2026, respectively.
- (2) Interest income and yields on tax-exempt securities are not presented on a taxable equivalent basis.
- (3) Net interest margin is computed by dividing net interest income by total average interest-earning assets.
- (4) For disclosure purposes, yield/rates are annualized by dividing the number of days in the reported period by 365.

**Analysis of Changes
in Interest Income and Interest Expense**

Following is an analysis of changes in interest income and expense (dollars in thousands) for the three months ended June 30, 2026 over the three months ended June 30, 2025, the six months ended June 30, 2026 over the six months ended June 30, 2025, and the three months ended June 30, 2026 over the three months ended March 31, 2026. Changes not solely due to interest rate or volume have been allocated proportionately to interest rate and volume.

	Three months ended June 30, 2026 Over Three months ended June 30, 2025			Six months ended June 30, 2026 Over Six months ended June 30, 2025			Three months ended June 30, 2026 Over Three months ended March 31, 2026		
	Volume	Interest Rate	Change	Volume	Interest Rate	Change	Volume	Interest Rate	Change
(in thousands)									
Increase (Decrease) in Interest Income:									
Loans	\$ 367	\$ (447)	\$ (80)	\$ 414	\$ 226	\$ 640	\$ 452	\$ (225)	\$ 227
Certificates of Deposit	(44)	(6)	(50)	(98)	(6)	(104)	2	(1)	1
Due From Banks	180	(156)	24	700	(306)	394	(210)	146	(64)
Investment Securities - Taxable	73	319	392	(28)	506	478	(19)	114	95
Investment Securities - Non-taxable	41	6	47	98	3	101	(22)	13	(9)
Other Assets	1	(102)	(101)	10	172	182	—	(406)	(406)
	<u>\$ 618</u>	<u>\$ (386)</u>	<u>\$ 232</u>	<u>\$ 1,096</u>	<u>\$ 595</u>	<u>\$ 1,691</u>	<u>\$ 203</u>	<u>\$ (359)</u>	<u>\$ (156)</u>
Increase (Decrease) in Interest Expense:									
Deposits:									
Interest-Bearing Transaction Deposits	\$ 39	\$ 78	\$ 117	\$ 59	\$ 132	\$ 191	\$ 16	\$ 28	\$ 44
Savings & MMDAs	114	141	255	204	310	514	10	38	48
Time Certificates	(28)	(90)	(118)	(73)	(180)	(253)	(24)	(26)	(50)
FHLB advances	(75)	—	(75)	(75)	—	(75)	—	—	—
	<u>\$ 50</u>	<u>\$ 129</u>	<u>\$ 179</u>	<u>\$ 115</u>	<u>\$ 262</u>	<u>\$ 377</u>	<u>\$ 2</u>	<u>\$ 40</u>	<u>\$ 42</u>
Increase (Decrease) in Net Interest Income:									
	<u>\$ 568</u>	<u>\$ (515)</u>	<u>\$ 53</u>	<u>\$ 981</u>	<u>\$ 333</u>	<u>\$ 1,314</u>	<u>\$ 201</u>	<u>\$ (399)</u>	<u>\$ (198)</u>

CHANGES IN FINANCIAL CONDITION

The assets of the Company set forth in the Unaudited Condensed Consolidated Balance Sheets reflect a \$32,119,000, or 22.1%, decrease in cash and cash equivalents, a \$1,688,000, or 0.3%, increase in investment securities available-for-sale, a \$41,625,000, or 4.0%, increase in net loans held-for-investment, and a \$3,107,000, or 5.0%, increase in interest receivable and other assets from December 31, 2025 to June 30, 2026. The decrease in cash and cash equivalents was primarily due to an increase in loans due to net loan originations, which was partially offset by an increase in deposit balances. The increase in investment securities was due to purchases of available-for-sale securities, which was partially offset by paydowns and maturities of available-for-sale securities. The increase in net loans held-for-investment was primarily due to net originations of commercial loans, which was partially offset by net payoffs of commercial real estate, agriculture, residential mortgage and consumer loans. The increase in interest receivable and other assets was primarily due to the increase in deferred tax assets due to the increase in unrealized losses on investment securities.

The liabilities of the Company set forth in the Unaudited Condensed Consolidated Balance Sheets reflect an increase in total deposits of \$12,744,000, or 0.8%, from December 31, 2025 to June 30, 2026. The overall increase in total deposits was primarily due to seasonal fluctuations due to changes in market conditions and monetary policy.

CHANGES IN RESULTS OF OPERATIONS

Interest Income

The Federal Open Market Committee kept the Federal Reserve's benchmark rate range at 3.50% to 3.75% during the six months ended June 30, 2026.

Interest income on loans for the six months ended June 30, 2026 was up 2.3% from the same period in 2025, increasing from \$28,231,000 to \$28,871,000, and was down 0.5% for the three months ended June 30, 2026 over the same period in 2025, decreasing from \$14,629,000 to \$14,549,000. The increase in interest income on loans for the six months ended June 30, 2026 as compared to the same period a year ago was primarily due to a 4 basis point increase in yield on loans coupled with an increase in average balances of loans. The decrease in interest income on loans for the three months ended June 30, 2026 compared to the same period a year ago was primarily due to a 17 basis point decrease in yield on loans, which was partially offset by an increase in average balance of loans.

Interest income on certificates of deposit for the six months ended June 30, 2026 was down 32.7% from the same period in 2025, decreasing from \$318,000 to \$214,000, and was down 31.9% for the three months ended June 30, 2026 over the same period in 2025, decreasing from \$157,000 to \$107,000. The decrease in interest income on certificates of deposit for the six months ended June 30, 2026 as compared to the same period a year ago was primarily due to an 8 basis point decrease in yield on certificates of deposit coupled with a decrease in average balances of certificates of deposit. The decrease in interest income on certificates of deposit for the three months ended June 30, 2026 as compared to the same period a year ago was primarily due to a 16 basis point decrease in yield on certificates of deposit coupled with a decrease in average balances of certificates of deposit.

Interest income on interest-bearing due from banks for the six months ended June 30, 2026 was up 22.7% from the same period in 2025, increasing from \$1,737,000 to \$2,131,000, and was up 2.4% for the three months ended June 30, 2026 over the same period in 2025, increasing from \$1,010,000 to \$1,034,000. The increase in interest income on interest-bearing due from banks for the six months ended June 30, 2026 as compared to the same period a year ago was primarily due to an increase in average balances of interest-bearing due from banks, which was partially offset by a 70 basis point decrease in yield on interest-bearing due from banks. The increase in interest income on interest-bearing due from banks for the three months ended June 30, 2026 as compared to the same period a year ago was primarily due to an increase in average balances of interest-bearing due from banks, which was partially offset by a 67 basis point decrease in yield on interest-bearing due from banks.

Interest income on investment securities available-for-sale for the six months ended June 30, 2026 was up 6.3% from the same period in 2025, increasing from \$9,269,000 to \$9,848,000, and was up 9.7% for the three months ended June 30, 2026 over the same period in 2025, increasing from \$4,528,000 to \$4,967,000. The increase in interest income on investment securities for the six months ended June 30, 2026 as compared to the same period a year ago was primarily due to a 16 basis point increase in investment yields coupled with an increase in average investment securities. The increase in interest income on investment securities for the three months ended June 30, 2026 as compared to the same period a year ago was primarily due to a 21 basis point increase in investment yields coupled with an increase in average investment securities.

[Table of Contents](#)

Interest income on other earning assets for the six months ended June 30, 2026 was up 34.9% from the same period in 2025, increasing from \$522,000 to \$704,000, and was down 40.4% for the three months ended June 30, 2026 over the same period in 2025, decreasing from \$250,000 to \$149,000. This income is primarily derived from dividends received from the Federal Home Loan Bank (FHLB). The increase in interest income on other earning assets for the six months ended June 30, 2026 as compared to the same period a year ago was primarily due to a special cash dividend issued by the FHLB during the first quarter of 2026. The decrease in interest income on other earning assets for the three months ended June 30, 2026 as compared to the same period a year ago was primarily due to a special cash dividend issued by the FHLB in the second quarter of 2026 compared to the quarterly cash dividend received in the second quarter of 2025. Other than the special cash dividend, no quarterly cash dividend was issued by the FHLB in the second quarter of 2026.

The Company had no Federal Funds sold balances during the three and six months ended June 30, 2026 and June 30, 2025.

Interest Expense

Interest expense on interest-bearing liabilities for the six months ended June 30, 2026 was up 5.3% from the same period in 2025, increasing from \$7,181,000 to \$7,558,000, and was up 4.9% for the three months ended June 30, 2026 over the same period in 2025, increasing from \$3,621,000 to \$3,800,000. The increase in interest expense for the six months ended June 30, 2026 as compared to the same period a year ago was primarily due to an increase in average balance of interest-bearing liabilities coupled with a 2 basis point increase in average interest-bearing deposit yield. The increase in interest expense for the three months ended June 30, 2026 as compared to the same period a year ago was primarily due to an increase in average balance of interest-bearing liabilities coupled with a 1 basis point increase in average interest-bearing deposit yield.

Provision for Credit Losses

Provision for credit losses for the six months ended June 30, 2026 was up 5.9% from the same period in 2025, increasing from \$850,000 to \$900,000. Provision for credit losses for the three months ended June 30, 2026 was \$600,000, compared to \$0 for the same period in 2025. The increase in provision for credit losses from the prior year was primarily due to an increase in reserves on pooled loans due to an increase in qualitative factors.

Non-Interest Income

Non-interest income was up 17.2% for the six months ended June 30, 2026 from the same period in 2025, increasing from \$2,990,000 to \$3,503,000, and was up 14.7% for the three months ended June 30, 2026 over the same period in 2025, increasing from \$1,537,000 to \$1,763,000. The increase was primarily driven by an increase in investment and brokerage services income due to the Beacon Wealth client acquisition in the fourth quarter of 2025.

Non-Interest Expenses

Non-interest expenses was up 2.2% for the six months ended June 30, 2026 from the same period in 2025, increasing from \$22,483,000 to \$22,986,000. The increase was primarily due to increases in salaries and employee benefits, data processing, and amortization of intangible assets, which was partially offset by decreases in occupancy and equipment expense and other expenses. The increase in salaries and employee benefits was primarily due to an increase in full-time equivalent employees. The increase in data processing was primarily due to an increase in costs of service contracts. The increase in amortization of intangible assets was due to the acquisition of a customer-related intangible asset during the fourth quarter of 2025. The decrease in occupancy and equipment expense was primarily due to the prior year upgrades to facilities which were not repeated in the current year. The decrease in other expenses was primarily due to decreases in legal and consulting fees.

Non-interest expenses was up 9.7% for the three months ended June 30, 2026 over the same period in 2025, increasing from \$10,893,000 to \$11,954,000. The increase was primarily due to increases in salaries and employee benefits, data processing, and other expenses, which was partially offset by a decrease in occupancy and equipment. The increase in salaries and employee benefits was primarily due to an increase in full-time equivalent employees. 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 increases in consulting fees and loan collection expenses. The decrease in occupancy and equipment expense was primarily due to the prior year upgrades to facilities which were not repeated in the current year.

The following table sets forth other non-interest expenses by category for the three and six months ended June 30, 2026 and 2025.

(in thousands)	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
<u>Other non-interest expenses</u>				
FDIC assessments	\$ 212	\$ 200	\$ 430	\$ 424
Contributions	140	74	210	204
Legal fees	159	294	238	361
Accounting and audit fees	185	165	342	338
Consulting fees	361	229	560	687
Postage expense	19	25	45	69
Telephone expense	59	47	126	92
Public relations	104	57	206	132
Training expense	28	44	41	83
Loan origination expense	97	136	162	132
Sundry losses	75	99	170	210
Loan collection expense	34	(121)	84	38
Debit card expense	309	275	549	539
Other non-interest expense	515	366	981	1,110
Total other non-interest expenses	<u>\$ 2,297</u>	<u>\$ 1,890</u>	<u>\$ 4,144</u>	<u>\$ 4,419</u>

Income Taxes

The Company's tax rate, the Company's income before taxes and the amount of tax relief provided by non-taxable earnings affect the Company's provision for income taxes. Provision for income taxes decreased 6.5% for the six months ended June 30, 2026 from the same period in 2025, decreasing from \$3,416,000 to \$3,193,000, and decreased 30.2% for the three months ended June 30, 2026 from the same period in 2025, decreasing from \$2,131,000 to \$1,487,000. The effective tax rate was 23.1% and 27.2% for the six months ended June 30, 2026 and June 30, 2025, respectively. The effective tax rate was 23.9% and 28.1% for the three months ended June 30, 2026 and June 30, 2025, respectively. The decrease in the effective tax rate was primarily due to low income housing tax credits recognized during the six months ended June 30, 2026, coupled with the execution of a tax planning strategy that involved purchasing investment tax credits tied to alternative energy projects. The investment tax credits were acquired at a discount and the majority was recognized as a reduction to income tax expense in the third quarter of 2025, with the remaining credits recognized in the first quarter of 2026.

Off-Balance Sheet Commitments

The following table shows the distribution of the Company's undisbursed loan commitments at the dates indicated.

(in thousands)	June 30, 2026	December 31, 2025
Undisbursed loan commitments	\$ 142,428	\$ 131,306
Standby letters of credit	1,038	1,038
	<u>\$ 143,466</u>	<u>\$ 132,344</u>

The reserve for unfunded lending commitments amounted to \$1,150,000 and \$1,200,000 as of June 30, 2026 and December 31, 2025, respectively. The reserve for unfunded lending commitments is included in other liabilities on the Condensed Consolidated Balance Sheets. See Note 7 of the Notes to Condensed Consolidated Financial Statements of this Form 10-Q, "Commitments and Contingencies," for additional information.

Asset Quality

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 bank 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 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 or improbable.

Other Real Estate Owned 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.

The following table summarizes the Company's non-accrual loans net of guarantees of the State of California and U.S. Government by loan category at June 30, 2026 and December 31, 2025:

	At June 30, 2026			At December 31, 2025		
	Gross	Guaranteed	Net	Gross	Guaranteed	Net
(in thousands)						
Commercial	\$ 289	\$ 139	\$ 150	\$ 139	\$ 139	\$ —
Commercial real estate	894	—	894	657	—	657
Agriculture	2,758	777	1,981	4,423	809	3,614
Residential mortgage	156	—	156	174	—	174
Residential construction	—	—	—	—	—	—
Consumer	470	—	470	637	—	637
Total non-accrual loans	<u>\$ 4,567</u>	<u>\$ 916</u>	<u>\$ 3,651</u>	<u>\$ 6,030</u>	<u>\$ 948</u>	<u>\$ 5,082</u>

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 unless the loan is well secured and in process of collection. 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 or there is an extended period of positive performance and a high probability that the loan will continue to pay according to original terms.

Non-accrual loans amounted to \$4,567,000 at June 30, 2026 and were comprised of two commercial loans totaling \$289,000, two commercial real estate loans totaling \$894,000, four agriculture loans totaling \$2,758,000, three residential mortgage loans totaling \$156,000 and four consumer loans totaling \$470,000. 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.

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 allowance for credit losses 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.

[Table of Contents](#)

As the following table illustrates, total non-performing assets, net of guarantees of the State of California and U.S. Government, including its agencies and its government-sponsored agencies, decreased \$1,431,000, or 22.6%, to \$4,892,000 during the first six months of 2026. Non-performing assets, net of guarantees, represented 0.3% of total assets at June 30, 2026.

	At June 30, 2026			At December 31, 2025		
	Gross	Guaranteed	Net	Gross	Guaranteed	Net
(dollars in thousands)						
Non-accrual loans	\$ 4,567	\$ 916	\$ 3,651	\$ 6,030	\$ 948	\$ 5,082
Loans 90 days past due and still accruing	—	—	—	—	—	—
Total non-performing loans	4,567	916	\$ 3,651	6,030	948	\$ 5,082
Other real estate owned	1,241	—	1,241	1,241	—	1,241
Total non-performing assets	\$ 5,808	\$ 916	\$ 4,892	\$ 7,271	\$ 948	\$ 6,323
Non-performing loans (net of guarantees) to total loans			0.3%			0.5%
Non-performing assets (net of guarantees) to total assets			0.3%			0.3%
Allowance for credit losses to non- performing loans (net of guarantees)			405.2%			285.7%

The Company had no loans that were 90 days or more past due and still accruing as of June 30, 2026 and December 31, 2025.

Excluding non-performing loans, loans totaling \$17,717,000 and \$18,259,000 were classified as substandard or doubtful loans, representing potential problem loans at June 30, 2026 and December 31, 2025, respectively. Management believes that the allowance for credit losses at June 30, 2026 and December 31, 2025 appropriately reflected expected credit losses in the loan portfolio at that date. The ratio of the allowance for credit losses to total loans was 1.34% and 1.36% at June 30, 2026 and December 31, 2025, respectively.

Other real estate owned (“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 for each of the periods ended June 30, 2026 and December 31, 2025. As of June 30, 2026 and December 31, 2025, OREO represented land, transferred from premises and equipment, that the Company determined is no longer intended for future development and is actively marketing for sale.

Allowance for Credit Losses (ACL)

The Company's ACL is maintained at a level believed by management to appropriately reflect expected credit losses inherent in the loan portfolio. The ACL is increased by provisions charged to operating expense and reduced by net charge-offs. The Company contracts with vendors for credit reviews of the loan portfolio and 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 ACL is based on estimates, and actual losses may vary from current estimates.

The following table summarizes the ACL of the Company during the six months ended June 30, 2026 and 2025, and for the year ended December 31, 2025:

Analysis of the Allowance for Credit Losses

	Six months ended June 30,		Year ended December 31,
	2026	2025	2025
(in thousands, except ratios)			
Balance at beginning of period	\$ 14,519	\$ 15,885	\$ 15,885
Provision for credit losses	950	400	(500)
Loans charged-off:			
Commercial	(723)	(195)	(648)
Commercial Real Estate	—	(26)	(26)
Agriculture	—	—	(474)
Residential Mortgage	—	(5)	(5)
Residential Construction	—	—	—
Consumer	(17)	(7)	(19)
Total charged-off	(740)	(233)	(1,172)
Recoveries:			
Commercial	14	67	273
Commercial Real Estate	—	—	—
Agriculture	50	—	—
Residential Mortgage	—	—	—
Residential Construction	—	—	—
Consumer	2	3	33
Total recoveries	66	70	306
Net charge-offs	(674)	(163)	(866)
Balance at end of period	\$ 14,795	\$ 16,122	\$ 14,519
Ratio of net charge-offs to average loans outstanding during the period (annualized)	(0.13)%	(0.03)%	(0.08)%
Allowance for credit losses to total loans	1.34%	1.49%	1.36%
Nonaccrual loans to total loans	0.41%	0.82%	0.57%
Allowance for credit losses to nonaccrual loans	323.95%	181.20%	240.78%

[Table of Contents](#)[Deposits](#)

Deposits are one of the Company's primary sources of funds. At June 30, 2026 and December 31, 2025, the Company had the following deposit mix:

	June 30, 2026	December 31, 2025
Non-interest bearing transaction	37.2%	37.7%
Interest-bearing transaction	26.7%	26.1%
Savings and MMDAs	28.0%	27.8%
Time	8.1%	8.4%

The Company obtains deposits primarily from the communities it serves. The Company believes that no material portion of its deposits has been obtained from or is dependent on any one person or industry. The Company accepts deposits in excess of \$250,000 from customers. These deposits are priced to remain competitive.

Maturities of time certificates of deposit of over \$250,000 outstanding at June 30, 2026 and December 31, 2025 are summarized as follows:

(in thousands)	June 30, 2026	December 31, 2025
Three months or less	\$ 22,173	\$ 18,034
Over three to six months	9,545	14,471
Over six to twelve months	16,220	14,924
Over twelve months	5,263	6,201
Total	<u>\$ 53,201</u>	<u>\$ 53,630</u>

Approximately 44% and 40% of our deposits were uninsured as of June 30, 2026 and December 31, 2025, respectively.

[Liquidity and Capital Resources](#)

In order to serve our market area and comply with banking regulations, the Company must maintain adequate liquidity and adequate capital. Liquidity refers to the Company's ability to provide funds at an acceptable cost to meet loan demand and deposit withdrawals, as well as contingency plans to meet unanticipated funding needs or loss of funding sources. These objectives can be met from either the asset or liability side of the balance sheet.

Asset liquidity sources consist of the repayments and maturities of loans, selling of loans, short-term money market investments, maturities of securities and sales of securities from the available-for-sale portfolio. These activities are generally summarized as investing activities in the Condensed Consolidated Statements of Cash Flows. For the six months ended June 30, 2026, net liquidity used in investing activities totaled \$51,179,000.

The Company's available-for-sale investment securities plus cash and cash equivalents in excess of reserve requirements and certificates of deposit totaled \$743,229,000 on June 30, 2026, which was 38.6% of assets at that date. This was a decrease of \$29,748,000 from \$772,977,000 and 40.4% of assets as of December 31, 2025. The Company's investment securities are generally shorter term in nature to provide ongoing cash flows for liquidity needs and/or reinvestment for interest rate risk management. On June 30, 2026, the effective duration of our investment securities was 3.15 with projected principal cashflow of \$81,777,000 for the remainder of 2026 available for reinvestment or liquidity needs. The Company had no held-to-maturity securities as of June 30, 2026 and December 31, 2025.

Liquidity may also be impacted from liabilities through changes in deposits and borrowings outstanding. These activities are included under financing activities in the Condensed Consolidated Statements of Cash Flows. As of June 30, 2026 and December 31, 2025, the Company had \$0 in borrowings outstanding. For the six months ended June 30, 2026, net liquidity provided by financing activities totaled \$11,338,000, primarily due to a net increase in deposits. While these sources of funds are expected to continue to provide significant amounts of funds in the future, their mix, as well as the possible use of other sources, will depend on future economic and market conditions.

Liquidity is also provided or used through the results of operating activities. For the six months ended June 30, 2026, net cash provided by operating activities totaled \$7,722,000, primarily as a result of net income during the six months ended June 30, 2026.

Liquidity is measured by various ratios, in management's opinion, the most common being the ratio of net loans to deposits (including loans held-for-sale). This ratio was 64.6% and 62.6% as of June 30, 2026 and December 31, 2025, respectively.

Loan demand during the remainder of 2026 will depend in part on economic and competitive conditions. The Company emphasizes the solicitation of non-interest-bearing demand deposits and money market checking accounts, which are the least sensitive to interest rates. The outlook for deposit balances during the remainder of 2026 is subject to actions by the Federal Reserve and heightened competition.

To meet unanticipated funding requirements, the Company maintains short-term unsecured lines of credit with other banks which totaled \$130,000,000 at June 30, 2026. Additionally, the Company has a line of credit with the FHLB, with a remaining borrowing capacity at June 30, 2026 of \$339,691,000; credit availability is subject to certain collateral requirements.

The Company's primary source of liquidity on a stand-alone basis is dividends from the Bank. Dividends from the Bank are subject to regulatory restrictions.

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 April 23, 2026, the US federal banking regulators issued a final rule implementing changes to the CBLR framework intended to encourage additional community banks to opt into the CBLR framework. The final rule, which is effective July 1, 2026, reduces the CBLR requirement from 9% to 8% and extends the grace period for qualifying institutions that fall below the 8% ratio to return to compliance from the current two quarters to four quarters (subject to a limit of eight quarters in the previous five-year period). At the present time, the Company and the Bank do not intend to elect to use the CBLR framework.

As of June 30, 2026, the Bank's capital ratios exceeded applicable regulatory requirements. The following table presents the capital ratios for the Bank, compared to the regulatory standards for well-capitalized depository institutions, as of June 30, 2026.

(in thousands except ratios)	Actual		%	Well Capitalized
	Capital	Ratio		Ratio Requirement
Leverage	\$ 232,094		12.0%	5.0%
Common Equity Tier 1	\$ 232,094		17.7%	6.5%
Tier 1 Risk-Based	\$ 232,094		17.7%	8.0%
Total Risk-Based	\$ 248,039		19.0%	10.0%

ITEM 3. – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company believes that there have been no material changes in the quantitative and qualitative disclosures about market risk as of June 30, 2026, from those presented in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025, which are incorporated by reference herein.

ITEM 4. – CONTROLS AND PROCEDURES

(a) We maintain “disclosure controls and procedures,” as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), that are designed to ensure that information required to be disclosed by us in reports that we file or submit 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 our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our disclosure controls and procedures have been designed to meet reasonable assurance standards. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer) have concluded that the design and operation of our disclosure controls and procedures are effective as of June 30, 2026. This conclusion is based on an evaluation conducted under the supervision and with the participation of management.

(b) During the quarter ended June 30, 2026, there were no changes in our internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. – LEGAL PROCEEDINGS

Neither the Company nor the Bank is a party to any material pending legal proceeding, nor is any of their 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 1A. – RISK FACTORS

We are subject to various risks and uncertainties, which could materially affect our business, results of operations, financial condition, future results, and the trading price of our common stock. For a discussion of risk factors relating to our business, please refer to Part I, Item 1A, “Risk Factors” in our 2025 Form 10-K, which is incorporated herein by reference, and to the following risk factor. These risk factors, as well as our condensed consolidated financial statements and notes thereto and the other information appearing in this Report, should be reviewed carefully for important information regarding risks that affect us.

The Company’s common stock was recently listed on The Nasdaq Capital Market, and our trading volume, liquidity and stock price may be volatile.

On April 24, 2026, the Company uplisted from the OTCQX to The Nasdaq Capital Market. The trading volume of our common stock is less than that of nationwide or larger regional financial institutions. The quotation of our common stock on Nasdaq does not assure that a meaningful, consistent and liquid public trading market currently exists. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence of willing buyers and sellers of stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control.

The liquidity of our common stock has been mixed, and there is no assurance that liquidity will continue. There may be periods when trading activity in our shares is minimal, as compared to a seasoned issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give any assurance that a broader or more active public trading market for our common stock will develop or be sustained, or that current trading levels will be sustained. In addition, we must continue to meet the Nasdaq listing requirements in order to maintain the listing of our common stock on The Nasdaq Capital Market. If we do not meet these requirements, the market liquidity for our common stock could be severely adversely affected, and this could impair the ability of our shareholders to sell their shares of common stock at the time they wish to sell or at a price that they consider favorable. In the event that we are unable to maintain compliance with Nasdaq’s continued listing standards and our common stock is delisted from Nasdaq, we would take actions to restore our compliance with the continued listing standards; however, we can provide no assurance that any such action taken by us would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock, or prevent future non-compliance with Nasdaq’s continued listing requirements.

Our common stock is currently included in the Russell 3000 Index. FTSE Russell periodically reviews and reconstitutes its indexes, and continued inclusion in the index is not assured. If our common stock is removed from the Russell 3000 Index or any related index, investment funds and other investors that seek to track or maintain exposure to those indexes may be required or may choose to sell shares of our common stock. Any such sales could result in increased trading volume and downward pressure on the market price of our common stock. Removal could also reduce our visibility among institutional investors and research analysts, decrease demand for our common stock and adversely affect its liquidity and market price.

The market price of our common stock is likely to be volatile and could fluctuate in price in response to various factors, including market perception of our ability to achieve our strategic plan, quarterly operating results of other companies in the same industry, changes in general conditions in the economy and the

financial markets or other developments affecting the Company's competitors, the banking industry generally or in our market areas, or the Company itself. Many of these factors are beyond our control and may decrease the market price of our common stock, regardless of our operating performance. Significant trades of our stock in a given time period, or the expectations of these trades, could adversely affect prevailing market prices of our common stock, our stock price may decline substantially in a short time, and our shareholders could suffer losses or be unable to liquidate their holdings. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock. We cannot make any predictions or projections as to what the prevailing market price for our common stock will be at any time, including as to whether our common stock will sustain current market prices. The market price of our common stock, and the trading volume in our common stock, may fluctuate and significant price variations may occur.

ITEM 2. – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The Company made the following purchases of its common stock during the three months ended June 30, 2026:

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)
April 1 - April 30, 2026	—	—	—	62,234
May 1 - May 31, 2026	9,855	\$ 17.30	9,855	52,379
June 1 - June 30, 2026	4,202	\$ 17.47	4,202	48,177
Total	14,057		14,057	

- (1) On March 27, 2024, the Company approved a stock repurchase program effective May 1, 2024. The stock repurchase program, which remained in effect until April 30, 2026 unless terminated sooner, allowed 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. On March 30, 2026, the Company approved a stock repurchase program effective May 1, 2026. The stock repurchase program, which will remain in effect until April 30, 2028, unless terminated earlier, allows repurchases by the Company in an aggregate amount of up to 6% of the Company's 16,409,660 outstanding shares of common stock as of March 26, 2026. This represented a total of 984,579 shares eligible for repurchase at May 1, 2026. 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, and payable on March 25, 2026 to shareholders of record as of February 27, 2026.

ITEM 3. – DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. – MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. – OTHER INFORMATION

During the three months ended June 30, 2026, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company 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(a) of Regulation S-K.

ITEM 6. – EXHIBITS

Exhibit Number	Description of Document
10.51 *	Consulting Agreement between First Northern Bank and Louise Walker, Director, dated February 17, 2026 - provided herewith
31.1	Rule 13a — 14(a) Certification of Chief Executive Officer
31.2	Rule 13a — 14(a) Certification of Chief Financial Officer
32.1 **	Statement of the Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)
32.2 **	Statement of the Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Comprehensive Income/Loss, (iv) the Condensed Consolidated Statement of Stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows and (vi) the Notes to Condensed Consolidated Financial Statements. The XBRL instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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-Q 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.

SIGNATURES

Pursuant to the requirements 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.

FIRST NORTHERN COMMUNITY BANCORP

Date: August 7, 2026

By: /s/ Kevin Spink

Kevin Spink, Executive Vice President / Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

**Consulting Agreement
Louise Walker**

This consulting agreement is entered into between First Northern Bank ("Client") and Louise Walker ("Consultant") as of February 17, 2026.

BACKGROUND

- A. The Client is of the opinion that the Consultant has the necessary qualifications, experience and abilities to provide consulting services to the Client.
- B. The Consultant is agreeable to providing such consulting services to the Client on the terms and conditions set out in this Agreement.

IN CONSIDERATION OF the matters described above and of the mutual benefits and obligations set forth in this Agreement, the receipt and sufficiency of which consideration is hereby acknowledged, the Client and the Consultant (individually the "Party" and collectively the "Parties" to this Agreement) agree as follows:

SERVICES PROVIDED:

- 1. The Client hereby agrees to engage the Consultant to provide the Client with the following consulting services (the "Services"):
 - a. First Northern Bank is in need of consulting to the Bank's operations areas on implementation of a new banking core system. Louise Walker is being engaged as a consultant to fill the role.
 - b. Services delivered by Consultant will include:
 - i. Support Operations teams to facilitate successful implementation of conversion of core banking system to new vendor FIS.
 - c. The timeline for this agreement is planned for completion in mid-November 2026 but timeline is dependent upon implementation schedule and may be subject to revision.
- 2. The Services will also include any other consulting tasks which the Parties may agree on. The Consultant hereby agrees to provide such Services to the Client.
- 3. The Client agrees to provide Consultant with such systems access as is necessary for Consultant to be fully effective in commission of her duties (see Confidentiality, Ownership of Intellectual Property for more details).

TIMELINE:

- 4. The timeline for this agreement is open-ended, dependent upon successful completion of project. Consultant may be asked to participate in the interview process at discretion of the Client.

- a. The term of this Agreement (the "Term") will begin on the date of this Agreement and will remain in full force and effect until the completion of the Services, which date is yet to be established, or
- b. In the event that either Party wishes to terminate this Agreement prior to the completion of the Services, that Party will be required to provide notice to the other Party. If this agreement is terminated, Client shall only be obligated to pay Consultant for work actually performed prior to the termination date;
- c. The Parties agree to do everything necessary to ensure that the terms of this Agreement take effect.

COMPENSATION:

5. The Consultant will be compensated by the Client for the Services on a monthly basis at the rate of \$16,000.00 per month.
 - a. Consultant will be paid through Accounts Payable and receive a 1099 for Services rendered (see Section 10, Capacity/Independent Contractor).

REIMBURSEMENT OF EXPENSES:

6. The Consultant will be reimbursed from time to time for reasonable and necessary expenses incurred by the Consultant in connection with providing the Services. The Consultant will only be reimbursed for expenses submitted according to the following guidelines:
 - a. Consultant will be reimbursed for reasonable travel at the prevailing IRS rate. Mileage must be submitted via an itemized report;
 - b. Incidentals (coffee, meals for meetings, etc) will be fully reimbursed on a dollar-for-dollar basis with submission of receipts;

CONFIDENTIALITY:

7. Consultant may have access to confidential information of Client including, without limitation, trade secrets processes, information, records, Client lists, accounts and/or procedures ("Client Confidential Information").
 - a. Consultant agrees that Consultant will not disclose any of the Client Confidential Information, directly or indirectly to any third-party or use any of the Client Confidential Information in any manner during the term of this Agreement or at any time thereafter, except as specifically required in the performance of Consultant's obligations under this Agreement for the benefit of Client.
 - b. All written and oral information and material disclosed or provided by the Client to the Consultant under this Agreement is Confidential Information regardless of whether it was provided before or after the date of this Agreement or how it was provided to the Consultant.

OWNERSHIP OF INTELLECTUAL PROPERTY:

8. Consultant may have access to Intellectual Property of Client, including without limitation, Client processes and policies, work product of Consultant on behalf of Client, work product of others in the Bank ("Client Intellectual Property").
 - a. All intellectual property and related material, including any trade secrets, moral rights, goodwill, relevant registrations or applications for registration, and rights in any patent, copyright, trademark, trade dress, industrial design and trade name (the "Intellectual Property") that is developed or produced under this Agreement, is a "work made for hire" and will be the sole property of the Client. The use of the Intellectual Property by the Client will not be restricted in any manner.
 - b. The Consultant may not use the Intellectual Property for any purpose other than that contracted for in this Agreement except with the written consent of the Client. The Consultant will be responsible for any and all damages resulting from the unauthorized use of the Intellectual Property.

RETURN OF PROPERTY:

9. Upon the termination of this Agreement, the Consultant shall immediately deliver to Client all files, records, documents, information and other materials belonging to Client and/or related to Client Confidential Information that are in Consultant's possession, and/or upon Client's request destroy or delete copies thereof.

CAPACITY/INDEPENDENT CONTRACTOR:

10. In providing the Services under this Agreement it is expressly agreed that the Consultant is acting as an independent contractor and not as an employee. The Consultant and the Client acknowledge that this Agreement does not create a partnership or joint venture between them and is exclusively a contract for service. The Client is not required to pay, or make any contributions to, any social security, local, state or federal tax, unemployment compensation, workers' compensation, insurance premium, profit-sharing, other employee benefits for the Consultant during the Term. The Consultant is responsible for paying, and complying with reporting requirements for, all local, state and federal taxes related to payments made to the Consultant under this Agreement.

NOTICE: All notices, requests, demands or other communications required or permitted by the terms of this Agreement will be given in writing and delivered to the Parties at the following addresses:

First Northern Bank
195 N. First Street
Dixon, CA 95620
Attn: Jeremiah Smith

Louise Walker

or to such other address as either Party may from time to time notify the other, and will be deemed to be properly delivered (a) immediately upon being served personally, (b) two days after being deposited with the postal service if served by registered mail, (c) the following day after being deposited with an overnight courier, or (d) sent by email (provided that the sending party includes a "Read Receipt" evidencing the date on which the recipient in fact read the email, which date shall be the date of delivery)

INDEMNIFICATION:

11. Each Party, as the "indemnifying party", hereby agrees to indemnify and hold harmless the other Party and its officers, directors, employees, and agents, as the "indemnified parties," from and against any and all claims, suits, or liabilities, including reasonable attorneys' fees, that the indemnified parties may sustain or incur as a result of, and to the extent caused by, (i) the negligent acts or omissions or willful misconduct of, and/or (ii) the performance of this Agreement by, the indemnifying party or its officers, directors, employees, or agents. This Section shall survive the expiration or termination of the Agreement.

MODIFICATION OF AGREEMENT:

12. Any amendment or modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement will only be binding if evidenced in writing signed by each Party or an authorized representative of each Party.

GOVERNING LAW:

13. This Agreement will be governed by and construed in accordance with the laws of the State of California.

SEVERABILITY:

14. In the event that any of the provisions of this Agreement are held to be invalid or unenforceable in whole or in part, all other provisions will nevertheless continue to be valid and enforceable with the invalid or unenforceable parts severed from the remainder of this Agreement.

WAIVER:

15. The waiver by either Party of a breach, default, delay or omission of any of the provisions of this Agreement by the other Party will not be construed as a waiver of any subsequent breach of the same or other provisions.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original. **IN WITNESS WHEREOF** the Parties have duly affixed their signatures:

/s/ Jeremiah Smith
Jeremiah Smith
First Northern Bank

March 16, 2026
Date

/s/ Louise Walker
Louise Walker
Consultant

March 16, 2026
Date

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

I, Jeremiah Z. Smith, certify that:

1. I have reviewed this report on Form 10-Q of First Northern Community Bancorp;
2. Based on my knowledge, this 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers 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 we 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
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 function):
 - 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: August 7, 2026

/s/ Jeremiah Z. Smith

Jeremiah Z. Smith, President and Chief Executive Officer
(Principal Executive Officer)

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

I, Kevin Spink, certify that:

1. I have reviewed this report on Form 10-Q of First Northern Community Bancorp;
2. Based on my knowledge, this 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers 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 we 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
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 function):
 - 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: August 7, 2026

/s/ Kevin Spink

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

EXHIBIT 32.1

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

In connection with the filing of the Quarterly Report of First Northern Community Bancorp (the “Company”) on Form 10-Q for the period ended June 30, 2026 (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: August 7, 2026 /s/ Jeremiah Z. Smith

Jeremiah Z. Smith, President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

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

In connection with the filing of the Quarterly Report of First Northern Community Bancorp (the “Company”) on Form 10-Q for the period ended June 30, 2026 (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: August 7, 2026

/s/ Kevin Spink

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