FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C. 20429

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 September 30, 2026 or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FDIC Certificate No. 18983

RIVER CITY BANK

(Exact name of registrant as specified in its charter)

California	**94-1562490**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
2480 Natomas Park Drive, Suite 150 Sacramento, California	**95833**
(Address of principal offices)	(Zip Code)

Registrant's telephone number, including area code: (916) 567-2600

N/A

(Former name or former address, if changed since last report)

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, no par value	RCBC	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer	☐	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 ☒

As of November 10, 2026, there were 14,175,784 shares of the Registrant's common stock outstanding.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

RIVER CITY BANK
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share amounts)

	(Unaudited) September 30, 2026	December 31, 2025
Assets		
Cash and due from financial institutions	$ 485,870	$ 477,471
Investment securities:		
Debt securities, available-for-sale, at fair value (amortized cost of $1,020,934 and $678,421)	1,005,364	675,398
Equity securities	16,266	15,135
Total loans	4,849,645	4,628,103
Net deferred loan fees & hedged loan mark-to-market	(118,184)	(48,449)
Allowance for credit losses - loans	(111,749)	(103,799)
Net loans	4,619,712	4,475,855
Accrued interest receivable	25,197	23,208
Premises and equipment, net	10,534	10,717
Deferred tax assets, net	31,291	26,966
Derivatives	149,283	59,282
Other assets	38,078	37,858
Total assets	$ 6,381,595	$ 5,801,890
Liabilities and Shareholders' Equity		
Deposits:		
Noninterest-bearing demand deposits	$ 901,373	$ 932,804
Interest-bearing deposits:		
Interest-bearing transaction accounts	2,488,396	2,185,987
Money market accounts	1,531,100	1,177,273
Savings deposits	84,811	89,915
Time deposits	608,094	762,350
Total interest-bearing deposits	4,712,401	4,215,525
Total deposits	5,613,774	5,148,329
Accrued interest payable	3,582	5,152
Other borrowings	—	25,000
Cash collateral held related to derivatives	149,590	59,090
Other liabilities	23,779	15,828
Total liabilities	5,790,725	5,253,399
Commitments and contingencies		
Shareholders' equity:		
Preferred Stock - 40,000,000 shares authorized, no par value; none issued and outstanding	—	—
Common Stock - 80,000,000 shares authorized, no par value; 13,962,925 shares issued and outstanding as of September 30, 2026 and 14,272,790 shares issued and outstanding as of December 31, 2025	14,798	28,340
Accumulated other comprehensive (loss) income, net	(3,460)	6,630
Retained earnings	579,532	513,521
Total shareholders' equity	590,870	548,491
Total liabilities and shareholders' equity	$ 6,381,595	$ 5,801,890

See accompanying notes to unaudited consolidated financial statements.

RIVER CITY BANK
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(dollars in thousands except for per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Interest income:				
Loans, including fees	$ 62,384	$ 60,938	$ 181,809	$ 176,763
Taxable securities	9,744	6,995	24,849	21,153
Tax exempt securities	20	26	65	84
Federal funds sold and other	4,897	3,792	15,828	10,299
Total interest income	77,045	71,751	222,551	208,299
Interest expense:				
Deposits	38,692	34,393	113,210	102,883
Borrowings	—	3	3	59
Other interest expense	507	260	939	1,536
Total interest expense	39,199	34,656	114,152	104,478
Net interest income	37,846	37,095	108,399	103,821
Provision for (reversal of) credit losses - loans	3,918	(644)	7,908	(1,388)
(Reversal of) provision for credit losses - unfunded commitments	(200)	—	(1,160)	620
Total provision for (reversal of) credit losses	3,718	(644)	6,748	(768)
Net interest income after provision for credit losses	34,128	37,739	101,651	104,589
Noninterest income:				
Service charges on deposit accounts	205	201	623	588
Check card revenue	164	172	486	526
Net payments received on undesignated derivatives	962	1,523	2,806	4,217
Net change in the fair value of derivatives	17,149	(1,568)	22,056	(12,013)
Real estate lease income	158	74	482	204
Federal Home Loan Bank dividends	390	327	1,337	981
Gain (loss) on investment securities, net	553	(17)	70	(109)
Other noninterest income	219	180	708	579
Total noninterest income (loss)	19,800	892	28,568	(5,027)
Noninterest expense:				
Salaries and employee benefits	7,259	7,155	23,165	21,826
Occupancy and equipment expenses	614	636	1,848	1,862
Data processing	975	920	2,879	2,714
Federal deposit insurance	725	600	2,120	1,850
Other noninterest expense	1,630	1,853	5,573	4,835
Total noninterest expense	11,203	11,164	35,585	33,087
Income before provision for income taxes	42,725	27,467	94,634	66,475
Provision for income taxes	12,116	7,783	26,463	19,074
Net income	$ 30,609	$ 19,684	$ 68,171	$ 47,401
Earnings per common share	$ 2.16	$ 1.36	$ 4.75	$ 3.24
Weighted-average common shares outstanding	14,190,307	14,517,644	14,348,514	14,610,286

See accompanying notes to unaudited consolidated financial statements.

RIVER CITY BANK
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(dollars in thousands)

	Three Months Ended		Nine Months Ended	
	September 30, 2026	**September 30, 2025**	**September 30, 2026**	**September 30, 2025**
Net income	$ 30,609	$ 19,684	$ 68,171	$ 47,401
Other comprehensive income:				
Unrealized holding (loss) gain on debt securities available for sale arising during the period	(7,713)	1,574	(12,555)	5,446
Reclassification adjustment for losses on debt securities available for sale included in net income	2	2	8	8
Tax effect	2,313	(473)	3,764	(1,636)
Net of tax	(5,398)	1,103	(8,783)	3,818
Reclassification adjustment for losses on previous cash flow hedges included in net income	(623)	(623)	(1,867)	(1,867)
Tax effect	187	187	560	560
Net of tax	(436)	(436)	(1,307)	(1,307)
Total other comprehensive (loss) income	(5,834)	667	(10,090)	2,511
Comprehensive income	$ 24,775	$ 20,351	$ 58,081	$ 49,912

See accompanying notes to unaudited consolidated financial statements.

RIVER CITY BANK
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2026 AND SEPTEMBER 30, 2025
(dollars in thousands except for per share amounts)

	Common Stock		Accumulated Other Comprehensive Income (Loss), net	Retained Earnings	Total
	Shares	Amount			
Balance at July 1, 2025	14,322,040	$ 30,172	$ 5,730	$ 474,116	$ 510,018
Net income	—	—	—	19,684	19,684
Other comprehensive income, net of tax	—	—	667	—	667
Stock compensation	—	563	—	—	563
Restricted shares vested, net	4,780	—	—	—	—
Repurchase of common stock	(79,020)	(2,650)	—	—	(2,650)
Cash dividends on common stock ($0.04 per share)	—	—	—	(582)	(582)
Balance at September 30, 2025	14,247,800	$ 28,085	$ 6,397	$ 493,218	$ 527,700
Balance at July 1, 2026	13,994,875	$ 15,874	$ 2,374	$ 549,633	$ 567,881
Net income	—	—	—	30,609	30,609
Other comprehensive loss, net of tax	—	—	(5,834)	—	(5,834)
Stock compensation	—	670	—	—	670
Repurchase of common stock	(31,950)	(1,746)	—	—	(1,746)
Cash dividends on common stock ($0.05 per share)	—	—	—	(710)	(710)
Balance at September 30, 2026	13,962,925	$ 14,798	$ (3,460)	$ 579,532	$ 590,870

	Common Stock		Accumulated Other Comprehensive Income (loss), net	Retained Earnings	Total
	Shares	Amount			
Balance as of January 1, 2025	14,403,700	$ 33,280	$ 3,886	$ 447,574	$ 484,740
Net income	—	—	—	47,401	47,401
Other comprehensive income, net of tax	—	—	2,511	—	2,511
Stock compensation	—	1,806	—	—	1,806
Restricted shares vested, net	52,840	—	—	—	—
Repurchase of common stock	(208,740)	(7,001)	—	—	(7,001)
Cash dividends on common stock ($0.12 per share)	—	—	—	(1,757)	(1,757)
Balance as of September 30, 2025	14,247,800	$ 28,085	$ 6,397	$ 493,218	$ 527,700
Balance as of January 1, 2026	14,272,790	$ 28,340	$ 6,630	$ 513,521	$ 548,491
Net income	—	—	—	68,171	68,171
Other comprehensive loss, net of tax	—	—	(10,090)	—	(10,090)
Stock compensation	—	1,681	—	—	1,681
Restricted shares vested, net	50,591	—	—	—	—
Repurchase of common stock	(360,456)	(15,223)	—	—	(15,223)
Cash dividends on common stock ($0.15 per share)	—	—	—	(2,160)	(2,160)
Balance as of September 30, 2026	13,962,925	$ 14,798	$ (3,460)	$ 579,532	$ 590,870

See accompanying notes to unaudited consolidated financial statements.

RIVER CITY BANK
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(*dollars in thousands*)

	Nine Months Ended	
	September 30, 2026	**September 30, 2025**
Operating activities		
Net income	$ 68,171	$ 47,401
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	(6,781)	(2,953)
Provision for (reversal of) credit losses	6,748	(768)
Increase (decrease) in net deferred loan fees and costs	224	(267)
Deferred income taxes	—	121
Net (gain) loss on investment securities	(70)	109
Change in fair value adjustment on hedged loans	69,511	(56,857)
Change in the fair value adjustment on fair value hedges	(67,945)	57,773
Net (gain) loss of derivatives	(22,056)	12,013
Increase in accrued interest receivable	(1,989)	(1,471)
(Increase) decrease in other assets	(220)	22
Stock compensation expense	1,681	1,806
(Increase) decrease in accrued interest payable	(1,570)	559
Increase (decrease) in other liabilities	9,110	(1,787)
Net cash provided by operating activities	54,814	55,701
Investing activities		
Available-for-sale debt securities:		
Maturities, prepayments and calls	699,838	394,257
Purchases	(1,036,746)	(373,846)
Equity securities, net activity	(1,064)	(1,567)
Loan originations and payments, net	(221,500)	(163,605)
Purchases of premises and equipment	(505)	(479)
Net cash used in investing activities	(559,977)	(145,240)
Financing activities		
Net increase in demand deposits, money market accounts, interest-bearing transaction accounts and savings deposits	619,701	437,046
Net decrease in time deposits	(154,256)	(30,439)
Net decrease in other borrowings	(25,000)	(50,000)
Net increase (decrease) of cash collateral related to derivatives	90,500	(67,570)
Repurchase of common stock	(15,223)	(7,001)
Cash dividends – common	(2,160)	(1,757)
Net cash provided by financing activities	513,562	280,279
Net increase in cash and cash equivalents	8,399	190,740
Cash and cash equivalents at beginning of period	477,471	148,666
Cash and cash equivalents at end of period	$ 485,870	$ 339,406
Supplemental disclosure of cash flow information		
Cash paid during the period:		
Interest	$ 115,722	$ 103,920
Income taxes	20,547	19,767

See accompanying notes to unaudited consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (UNAUDITED)

Note 1 - Basis of Presentation and Summary of Significant Accounting Policies

The accounting and reporting policies of River City Bank ("the Bank") and its wholly owned subsidiary River City Property Corporation ("RCPC") conform with U.S. Generally Accepted Accounting Principles ("GAAP"). The unaudited consolidated financial statements include the accounts of the Bank and its wholly owned subsidiary for all periods presented. All significant inter-company balances and transactions have been eliminated in consolidation. In preparing the unaudited consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheets and revenues and expenses for the periods presented.

The results of operations for the three and nine months ended September 30, 2026 are not necessarily indicative of results to be attained for the full year or any other interim period. The unaudited consolidated financial statements have been prepared in accordance with GAAP. As these are unaudited and interim, the financial statements do not include all the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the Bank's audited consolidated financial statements as of and for the year ended December 31, 2025, and notes thereto. Certain prior period amounts have been reclassified to conform to the current period presentation. Such reclassifications had no impact on our net income or shareholders' equity. Management has evaluated subsequent events for recognition and disclosure through November 12, 2026.

The Bank's significant accounting policies are included in Note 1, "Summary of Significant Accounting Policies," to the Bank's audited consolidated financial statements for the fiscal year ended December 31, 2025 included in the Bank's Offering Circular dated August 5, 2026, filed as part of the Bank's registration statement on Form 10/A

Recently Adopted Accounting Pronouncements

None in the current period.

Recent Accounting Pronouncements, Not Yet Adopted

ASU 2023-06 Disclosure Improvements
In October 2023, the FASB issued guidance within *ASU No. 2023-06*, "Disclosure Improvements." This pronouncement amends the ASC to reflect updates and simplifications to certain disclosure requirements referred to the FASB by the SEC in 2018*,* including disclosures for the statement of cash flows, earnings per share, commitments, debt and equity instruments, and certain industry information, among other things. Each amendment is effective when the related disclosure is effectively removed from Regulations S-*X* or S-K; early adoption is prohibited. All amendments should be applied prospectively. If the SEC has not removed the applicable requirement from Regulation S-*X* or Regulation S-K by June 30, 2027, the pending amendments will be removed and will not become effective for any entity. Management does not expect adoption to have a material impact on the Bank's financial statements.

ASU 2025-09 Improvements to Hedge Accounting
In November 2025, the FASB issued guidance within *ASU 2025-09,* "*Derivatives and Hedging (Topic 815): Hedge Accounting Improvements*." ASU 2025-09 amends ASC 815 to align hedge accounting more closely with an entity's economic risk management practices. Key amendments include expanding the ability to group forecasted transactions with similar (rather than identical) risk exposure, establishing a model for hedging interest payments on choose-your-rate debt, expanding hedge accounting for certain forecasted nonfinancial transactions, and updating guidance on net written options and foreign-currency-denominated debt. ASU 2025-09 will be effective for the Bank beginning after December 15, 2026, though early adoption is permitted. Management does not expect adoption to have a material impact on the Bank's financial statements.

ASU 2024-03 – Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses
In November 2024, the FASB issued guidance within *ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses.*" ASU 2024-03 requires public business entities to provide additional disclosures about certain expenses included in expense captions presented on the income statement. Key amendments require entities to disclose specified expense categories, including employee compensation, depreciation, and intangible asset amortization, within relevant expense captions, as well as provide qualitative information about amounts not separately disaggregated. ASU 2024-03 will be effective for the Bank for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, though early adoption is permitted. Management does not expect adoption to have a material impact on the Bank's financial statements.

ASU 2025-11 – Interim Reporting (Topic 270): Narrow-Scope Improvements
In December 2025, the FASB issued guidance within ASU 2025-11, "Interim Reporting (Topic 270): Narrow-Scope Improvements." ASU 2025-11 amends ASC 270 to clarify the scope, form, and content of interim financial reporting and to improve the navigability of required interim disclosures. Key amendments include establishing a comprehensive list of interim disclosure requirements within Topic 270, introducing a disclosure principle requiring entities to report material events and changes occurring since the most recent annual reporting period, and clarifying which entities and financial statements are subject to interim reporting guidance. ASU 2025-11 will be effective for the Bank for interim periods within fiscal years beginning after December 15, 2027, though early adoption is permitted. Management is currently evaluating the impact of this guidance and does not expect adoption to have a material impact on the Bank's financial statements.

Note 2 – Investment Securities

The following table summarizes the amortized cost and fair value of the available-for-sale ("AFS") securities portfolio as of September 30, 2026 and December 31, 2025 and the corresponding amounts of gross unrealized gains and losses:

September 30, 2026	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(dollars in thousands)		
U.S. Treasury securities	$ 487,016	$ 4	$ (1,937)	$ 485,083
U.S. government sponsored entities and agency securities	234,637	10	(438)	234,209
Municipal securities	6,212	—	(350)	5,862
Mortgage-backed securities: residential	51,209	2	(7,306)	43,905
Mortgage-backed securities: commercial	109,380	1	(3,063)	106,318
Collateralized mortgage obligations	97,830	84	(2,328)	95,586
Corporate debt securities	29,206	55	(324)	28,937
Asset-backed securities	5,444	21	(1)	5,464
Total debt securities	$ 1,020,934	$ 177	$ (15,747)	$ 1,005,364

December 31, 2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(dollars in thousands)		
U.S. Treasury securities	$ 339,024	$ 2,153	$ —	$ 341,177
U.S. government sponsored entities and agency securities	110,780	518	(1)	111,297
Municipal securities	4,939	1	(64)	4,876
Mortgage-backed securities: residential	58,115	7	(5,771)	52,351
Mortgage-backed securities: commercial	84,999	138	(229)	84,908
Collateralized mortgage obligations	36,604	121	(275)	36,450
Corporate debt securities	37,595	407	(31)	37,971
Asset-backed securities	6,365	10	(7)	6,368
Total debt securities	$ 678,421	$ 3,355	$ (6,378)	$ 675,398

There were no sales or calls of debt securities for the three and nine months ended September 30, 2026 and September 30, 2025. The Bank recognized losses of $2,000 and $8,000 for the three and nine months ended September 30, 2026, respectively, and $2,000 and $8,000 for the corresponding periods in 2025, respectively, resulting from changes in the unaccreted discount associated with non-agency mortgage-backed securities that were previously written down.

The amortized cost and fair value of debt securities as of September 30, 2026, by contractual maturity are shown below. Expected maturities, primarily in the mortgage-backed securities, collateralized mortgage obligation securities and asset-backed securities will differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties. The contractual maturities of the mortgage-backed securities, collateralized mortgage obligations and asset-backed securities range from 2026 through 2066.

	Available-for-sale	
September 30, 2026	Amortized Cost	Fair Value
	(dollars in thousands)	
Due in one year or less	$ 617,372	$ 616,337
Due after one year through five years	135,684	134,026
Due after five years through ten years	4,015	3,728
After ten years	—	—
	—	—
Mortgage-backed securities, collateralized mortgage obligations and asset-backed securities	263,863	251,273
	$ 1,020,934	$ 1,005,364

Securities carrying a value of $716.3 million and $416.3 million were pledged as collateral deposits for public funds as of September 30, 2026 and December 31, 2025, respectively. Collateral deposits pledged for other purposes were $1.7 million as of September 30, 2026 and December 31, 2025. As of September 30, 2026 and December 31, 2025, there were no holdings of investment securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of shareholders' equity.

The following table summarizes debt securities available-for-sale in an unrealized loss position for which an allowance for credit losses has not been recorded as of September 30, 2026 and December 31, 2025, aggregated by major security type and length of time in a continuous unrealized loss position:

	Less than Twelve Months		Twelve Months or More		Total	
September 30, 2026	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**
			(dollars in thousands)			
U.S. Treasury securities	$ (1,937)	$ 410,457	$ —	$ —	$ (1,937)	$ 410,457
U.S. government sponsored entities and agency securities	(437)	184,152	(1)	152	(438)	184,304
Municipal securities	(177)	3,727	(173)	2,135	(350)	5,862
Mortgage-backed securities: residential	(2)	152	(7,304)	43,662	(7,306)	43,814
Mortgage-backed securities: commercial	(2,893)	104,681	(170)	918	(3,063)	105,599
Collateralized mortgage obligations	(1,967)	85,228	(361)	10,237	(2,328)	95,465
Corporate debt securities	(324)	23,983	—	—	(324)	23,983
Asset-backed securities	(1)	755	—	—	(1)	755
Total available for sale	$ (7,738)	$ 813,135	$ (8,009)	$ 57,104	$ (15,747)	$ 870,239

	Less than Twelve Months		Twelve Months or More		Total	
December 31, 2025	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**
			(dollars in thousands)			
U.S. Treasury securities	$ —	$ —	$ —	$ —	$ —	$ —
U.S. government sponsored entities and agency securities	(1)	705	—	—	(1)	705
Municipal securities	—	—	(64)	2,230	(64)	2,230
Mortgage-backed securities: residential	—	—	(5,771)	52,063	(5,771)	52,063
Mortgage-backed securities: commercial	(92)	39,531	(137)	2,393	(229)	41,924
Collateralized mortgage obligations	—	—	(275)	11,365	(275)	11,365
Corporate debt securities	—	—	(31)	8,415	(31)	8,415
Asset-backed securities	(2)	1,534	(5)	1,028	(7)	2,562
Total available for sale	$ (95)	$ 41,770	$ (6,283)	$ 77,494	$ (6,378)	$ 119,264

The securities that were in an unrealized loss position at September 30, 2026 and December 31, 2025 were evaluated to determine whether the decline in fair value below the amortized cost basis resulted from a credit loss or other factors. We concluded that the unrealized losses were attributed to changes in interest rates. The issuers have not, to our knowledge, established any cause for default on these securities. We expect to recover the amortized cost basis of our securities and do not expect to be required to sell securities that have declined below their cost before their anticipated recovery. As of September 30, 2026 and December 31, 2025, no allowance for credit losses was deemed necessary for the Bank's AFS securities.

The Bank did not have any credit losses recognized in earnings for debt securities for the three and nine months ended September 30, 2026 and September 30, 2025.

Equity securities of $16.3 million and $15.1 million as of September 30, 2026 and December 31, 2025, respectively, include legacy VISA Class B stock, investments in Small Business Investment Company ("SBIC") funds and in a Small Business Administration loan fund. The equity securities are carried at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment. Restrictions on the sale of equity securities held are not considered in the fair value measurement unless the restriction is a characteristic of the actual security. The fair market value for these securities are not readily determinable and alternatively, they are reviewed for impairment at least annually. The VISA Class B stock was carried at $0 as of September 30, 2026 and December 31, 2025. During 2026, the Bank exchanged its Visa Class B-1 shares for a combination of Visa Class B-2 shares and Visa Class C shares. The Visa Class C shares are convertible to Visa Class A shares upon certain time restrictions lapsing. As a result of the exchange, the Bank recognized a gain of $553,000 for the three months ended September 30, 2026 and $804,000 for the nine months ended September 30, 2026, which is included in noninterest income within the accompanying Consolidated Statements of Income.

The Bank is a limited partner and has committed to and is invested in a limited number of SBIC funds. The Bank held $8.2 million and $7.0 million of equity investments as of September 30, 2026 and December 31, 2025, respectively, included in "Equity securities" in the Consolidated Balance Sheets. The Bank recognized no gain or loss for the three months ended September 30, 2026 and a net loss from these investments of $17,000 for the three months ended September 30, 2025. The Bank recognized a net loss from these investments of $736,000 and $109,000 for the nine months ended September 30, 2026 and September 30, 2025, respectively. The Bank's gains and losses from these investments are included in "Noninterest income" in the Consolidated Statements of Income. No individual investment is material to the Bank's consolidated financial statements.

Note 3 - Loans and Allowance for Credit Losses

The composition of the Bank's loan portfolio is as follows:

	September 30, 2026	December 31, 2025
	(dollars in thousands)	
Commercial and industrial	$ 134,801	$ 183,207
Commercial real estate	4,385,053	4,134,971
Construction and land development	55,808	25,192
Residential real estate	190,502	193,217
Agricultural	63,608	73,262
Consumer	9,740	8,345
Total amortized cost	4,839,512	4,618,194
Less: Fair value adjustment on hedged loans	(108,051)	(38,540)
Allowance for credit losses	(111,749)	(103,799)
Total loans, net	$ 4,619,712	$ 4,475,855

The above table is presented as the amortized cost basis, which includes net deferred loan fees across all loan classes of $10.1 million and $9.9 million as of September 30, 2026 and December 31, 2025, respectively.

For the three months ended September 30, 2026 and September 30, 2025, activity in the allowance for credit losses by portfolio segment is as follows:

	Commercial and industrial	Commercial real estate	Construction and land development	Residential real estate	Agricultural	Consumer	Unallocated	Total
Three Months Ended September 30, 2026			*(dollars in thousands)*					
Beginning balance	$ 6,777	$ 93,543	$ 3,623	$ 2,520	$ 1,202	$ 161	$ —	$107,826
(Reversal of) Provision for credit losses	(682)	3,876	752	(47)	4	15	—	3,918
Recoveries	—	—	—	—	—	5	—	5
Total ending balance	$ 6,095	$ 97,419	$ 4,375	$ 2,473	$ 1,206	$ 181	$ —	$111,749
Three Months Ended September 30, 2025								
Beginning balance	$ 6,217	$ 90,030	$ 1,621	$ 2,601	$ 638	$ 157	$ 151	$101,415
Provision for (reversal of) credit losses	477	(916)	66	(36)	(91)	7	(151)	(644)
Total ending balance	$ 6,694	$ 89,114	$ 1,687	$ 2,565	$ 547	$ 164	$ —	$100,771

For the nine months ended September 30, 2026 and September 30, 2025, activity in the allowance for credit losses by portfolio segment is as follows:

Nine Months Ended September 30, 2026	Commercial and industrial	Commercial real estate	Construction and land development	Residential real estate	Agricultural	Consumer	Total
	(dollars in thousands)						
Beginning balance	$ 7,241	$ 89,787	$ 2,660	$ 2,537	$ 1,414	$ 160	$103,799
(Reversal of) Provision for credit losses	(1,146)	7,632	1,715	(64)	(208)	(21)	7,908
Recoveries	—	—	—	—	—	42	42
Total ending balance	$ 6,095	$ 97,419	$ 4,375	$ 2,473	$ 1,206	$ 181	$111,749
Nine Months Ended September 30, 2025							
Beginning balance	$ 5,816	$ 91,808	$ 1,171	$ 2,659	$ 536	$ 173	$102,163
Provision for (reversal of) credit losses	884	(2,694)	516	(94)	374	(374)	(1,388)
Loans charged-off	(40)	—	—	—	—	—	(40)
Recoveries	34	—	—	—	—	2	36
Total ending balance	$ 6,694	$ 89,114	$ 1,687	$ 2,565	$ 547	$ 164	$100,771

The allowance for credit losses for unfunded commitments of $1.4 million and $2.6 million is included in other liabilities on the Consolidated Balance Sheets as of September 30, 2026 and December 31, 2025, respectively.

As of September 30, 2026 and December 31, 2025, there were no loans that were deemed to be collateral-dependent.

The following table presents the aging of the amortized cost basis in past due loans and nonaccrual loans as of September 30, 2026 by class of loans:

	Past Due						
September 30, 2026	30-59 Days	60-89 Days	Greater than 89 Days	Total Past Due	Nonaccrual	Current	Total Loans
			(dollars in thousands)				
Commercial and industrial	$ —	$ —	$ —	$ —	$ —	$ 134,801	$ 134,801
Commercial real estate	—	—	—	—	—	4,385,053	4,385,053
Construction and land development	—	—	—	—	—	55,808	55,808
Residential real estate	—	—	—	—	—	190,502	190,502
Agricultural	—	—	—	—	—	63,608	63,608
Consumer	37	—	—	37	—	9,703	9,740
Total amortized cost	$ 37	$ —	$ —	$ 37	$ —	$4,839,475	$4,839,512

The following table presents the aging of the amortized cost basis in past due loans and nonaccrual loans as of December 31, 2025 by class of loans:

	Past Due						
December 31, 2025	30-59 Days	60-89 Days	Greater than 89 Days	Total Past Due	Nonaccrual	Current	Total Loans
			(dollars in thousands)				
Commercial and industrial	$ —	$ —	$ —	$ —	$ —	$ 183,207	$ 183,207
Commercial real estate	—	—	—	—	—	4,134,971	4,134,971
Construction and land development	—	—	—	—	—	25,192	25,192
Residential real estate	733	—	—	733	—	192,484	193,217
Agricultural	—	—	—	—	—	73,262	73,262
Consumer	45	—	—	45	—	8,300	8,345
Total amortized cost	$ 778	$ —	$ —	$ 778	$ —	$4,617,416	$4,618,194

Credit Quality Indicators:

Based on the most recent analysis performed, the risk category of loans by class of loans is as follows. Term loans presented as the amortized cost basis by origination year:

September 30, 2026	Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2026	2025	2024	2023	2022	Prior			
	(dollars in thousands)								
Commercial and industrial:									
Pass	$ 3,334	$ 20,012	$ 14,061	$ 3,984	$ 1,511	$ 29,739	$ 47,572	$ —	$ 120,213
Special mention	—	—	—	4,364	2,321	—	21	—	6,706
Substandard	—		—	—	—	7,880	2	—	7,882
Total	$ 3,334	$ 20,012	$ 14,061	$ 8,348	$ 3,832	$ 37,619	$ 47,595	$ —	$ 134,801
Commercial real estate:									
Pass	$ 454,037	$ 612,300	$ 673,411	$ 564,396	$ 696,486	$1,299,235	$ 2,830	$ 11,450	$4,314,145
Special mention	—	—	—	2,817	—	41,698	—	—	44,515
Substandard	—	4,616	—	—	—	21,777	—	—	26,393
Total	$ 454,037	$ 616,916	$ 673,411	$ 567,213	$ 696,486	$1,362,710	$ 2,830	$ 11,450	$4,385,053
Construction and land development:									
Pass	$ —	$ —	$ 55,808	$ —	$ —	$ —	$ —	$ —	$ 55,808
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ 55,808	$ —	$ —	$ —	$ —	$ —	$ 55,808
Residential real estate:									
Pass	$ 8,822	$ 8,887	$ 16,093	$ 12,871	$ 19,688	$ 124,141	$ —	$ —	$ 190,502
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 8,822	$ 8,887	$ 16,093	$ 12,871	$ 19,688	$ 124,141	$ —	$ —	$ 190,502
Agricultural:									
Pass	$ 5,114	$ 20,461	$ 503	$ —	$ —	$ 8,508	$ 29,022	$ —	$ 63,608
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 5,114	$ 20,461	$ 503	$ —	$ —	$ 8,508	$ 29,022	$ —	$ 63,608
Consumer:									
Pass	$ 294	$ 208	$ 289	$ 659	$ 701	$ 1,638	$ 5,946	$ 5	$ 9,740
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 294	$ 208	$ 289	$ 659	$ 701	$ 1,638	$ 5,946	$ 5	$ 9,740
Total by Risk Rating									
Pass	$ 471,601	$ 661,868	$ 760,165	$ 581,910	$ 718,386	$1,463,261	$ 85,370	$ 11,455	$4,754,016
Special mention	—	—	—	7,181	2,321	41,698	21	—	51,221
Substandard	—	4,616	—	—	—	29,657	2	—	34,275
Total amortized cost	$ 471,601	$ 666,484	$ 760,165	$ 589,091	$ 720,707	$1,534,616	$ 85,393	$ 11,455	$4,839,512

December 31, 2025	Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2025	2024	2023	2022	2021	Prior			
	(dollars in thousands)								
Commercial and industrial:									
Pass	$ 23,298	$ 19,642	$ 6,699	$ 2,420	$ 3,630	$ 52,958	$ 58,599	$ —	$ 167,246
Special mention	—	—	4,838	2,388	—	—	825	—	8,051
Substandard	—	—	—	—	7,910	—	—	—	7,910
Total	$ 23,298	$ 19,642	$ 11,537	$ 4,808	$ 11,540	$ 52,958	$ 59,424	$ —	$ 183,207
Commercial real estate:									
Pass	$ 621,450	$ 705,163	$ 575,668	$ 709,510	$ 475,693	$ 944,684	$ 14,767	$ —	$4,046,935
Special mention	—	—	—	—	—	40,697	—	—	40,697
Substandard	—	—	—	—	1,402	45,937	—	—	47,339
Total	$ 621,450	$ 705,163	$ 575,668	$ 709,510	$ 477,095	$1,031,318	$ 14,767	$ —	$4,134,971
Construction and land development:									
Pass	$ —	$ 16,265	$ —	$ —	$ —	$ —	$ —	$ —	$ 16,265
Special mention	—	—	—	8,927	—	—	—	—	8,927
Substandard	—	—	—	—	—	—	—	—	—
Total	$ —	$ 16,265	$ —	$ 8,927	$ —	$ —	$ —	$ —	$ 25,192
Residential real estate:									
Pass	$ 9,307	$ 17,282	$ 14,907	$ 21,042	$ 57,204	$ 73,475	$ —	$ —	$ 193,217
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 9,307	$ 17,282	$ 14,907	$ 21,042	$ 57,204	$ 73,475	$ —	$ —	$ 193,217
Agricultural:									
Pass	$ 19,221	$ 238	$ —	$ —	$ 493	$ 12,352	$ 39,058	$ 1,900	$ 73,262
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 19,221	$ 238	$ —	$ —	$ 493	$ 12,352	$ 39,058	$ 1,900	$ 73,262
Consumer:									
Pass	$ 535	$ 342	$ 702	$ 723	$ 448	$ 1,603	$ 3,992	$ —	$ 8,345
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total	$ 535	$ 342	$ 702	$ 723	$ 448	$ 1,603	$ 3,992	$ —	$ 8,345
Total by Risk Rating									
Pass	$ 673,811	$ 758,932	$ 597,976	$ 733,695	$ 537,468	$1,085,072	$ 116,416	$ 1,900	$4,505,270
Special mention	—	—	4,838	11,315	—	40,697	825	—	57,675
Substandard	—	—	—	—	9,312	45,937	—	—	55,249
Total amortized cost	$ 673,811	$ 758,932	$ 602,814	$ 745,010	$ 546,780	$1,171,706	$ 117,241	$ 1,900	$4,618,194

The Bank recorded no charge-offs for the three months ended September 30, 2026 and September 30, 2025. The Bank recorded charge-offs totaling $0 and $40,000 charge-offs for the nine months ended September 30, 2026 and September 30, 2025, respectively. The $40,000 charge-off in 2025 was related to a commercial and industrial loan originated in 2005.

There were no loans modified to borrowers experiencing financial difficulty during the nine months ended September 30, 2026 and September 30, 2025.

Accrued interest receivable on loans held for investment was $17.9 million and $17.5 million as of September 30, 2026 and December 31, 2025, respectively.

Note 4 - Time Deposits

As of September 30, 2026 and December 31, 2025, time deposits that exceed the FDIC insurance limit of $250,000 totaled $576.7 million and $726.3 million, respectively. Of these balances $486.0 million and $526.2 million were FDIC insured through a reciprocal deposit network as of September 30, 2026 and December 31, 2025, respectively.

As of September 30, 2026, the aggregate scheduled maturities for time deposits were as follows:

Time Deposits Maturities Periods:	*(dollars in thousands)*
2026	$ 262,989
2027	263,720
2028	80,744
2029	333
2030	43
Thereafter	265
Total	$ 608,094

Note 5 – Other Borrowings

As of September 30, 2026 and December 31, 2025, other borrowings were comprised of the following:

	As of	
	September 30, 2026	**December 31, 2025**
	(dollars in thousands)	
Federal Reserve Bank – Discount Window – Maturity in January 2026, fixed rate of 3.75%	$ —	$ 25,000
Total	$ —	$ 25,000

The Bank maintains a collateralized line of credit with the Federal Home Loan Bank of San Francisco ("FHLB"). Based on the FHLB requirements as of September 30, 2026, this line provided for maximum borrowings of $1.5 billion of which there were no outstanding advances and $650 million was utilized for letters of credit, which are used as collateral for public fund deposits. As of December 31, 2025, this line provided for maximum borrowings of $1.5 billion of which there were no outstanding advances and $825 million was utilized for letters of credit, which are used as collateral for public fund deposits. The Bank has pledged certain loans of approximately $2.2 billion under a blanket lien arrangement to collateralize the line of credit with the FHLB as of September 30, 2026 and December 31, 2025.

The Bank maintains a collateralized line of credit with the Federal Reserve Bank of San Francisco ("FRB") Discount Window secured by certain pledged loans and securities. As of September 30, 2026 and December 31, 2025, this line provided for maximum borrowings of $1.4 billion and $1.2 billion, respectively, of which $0 and $25 million were outstanding, respectively. The Bank has pledged certain loans of approximately $2.0 billion and $1.8 billion to the FRB as of September 30, 2026 and December 31, 2025, respectively.

The Bank received FHLB cash dividends of $390,000 and $327,000 for the three months ended September 30, 2026 and September 30, 2025, respectively and $1.3 million and $981,000 for the nine months ended September 30, 2026 and September 30, 2025, respectively.

Note 6 - Income Taxes

The Bank recorded an income tax provision of $12.1 million and $7.8 million, reflecting an effective tax rate of 28.4%, and 28.3% for the three months ended September 30, 2026 and September 30, 2025, respectively and $26.5 million and $19.1 million reflecting an effective tax rate of 28.0%, and 28.7% for the nine months ended September 30, 2026 and September 30, 2025.

Note 7 - Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Bank used the following methods and significant assumptions to estimate fair value:

Investment securities, available for sale

The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). Examples of such instruments, which would generally be classified within level 2 of the valuation hierarchy, included certain collateralized mortgage and debt obligations, agency preferred stock and certain high-yield debt securities. For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). The fair values of level 3 investment securities are determined by the Bank's accounting department, which reports to the Chief Financial Officer. Assumptions such as cash flows, loss severities, volatility, credit spread and optionality are reviewed as necessary. During times when trading is more liquid, broker quotes are used (if available) to validate the model. The Bank's evaluations are based on market data and the Bank employs combinations of these approaches for its valuation methods depending on the asset class.

Derivatives

The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). The derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

		Fair Value Measurements Using:		
September 30, 2026	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value:		*(dollars in thousands)*		
Investment securities, available-for-sale				
U.S. treasury securities	$ 485,083	$ —	$ 485,083	$ —
U.S government sponsored entities and agency securities	234,209	—	234,209	—
Municipal securities	5,862	—	5,862	—
Mortgage-backed securities - residential	43,905	—	43,905	—
Mortgage-backed securities - commercial	106,318	—	106,318	—
Collateralized mortgage obligations	95,586	—	95,586	—
Corporate debt securities	28,937	—	28,937	—
Asset-based securities	5,464	—	5,464	—
Total debt securities, AFS	$ 1,005,364	$ —	$ 1,005,364	$ —
Derivatives - interest rate swaps	$ 149,283	$ —	$ 149,283	$ —

December 31, 2025	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value:		*(dollars in thousands)*		
Investment securities, available-for-sale				
U.S. treasury securities	$ 341,177	$ —	$ 341,177	$ —
U.S government sponsored entities and agency securities	111,297	—	111,297	—
Municipal securities	4,876	—	4,876	—
Mortgage-backed securities - residential	52,351	—	52,351	—
Mortgage-backed securities - commercial	84,908	—	84,908	—
Collateralized mortgage obligations	36,450	—	36,450	—
Corporate debt securities	37,971	—	37,971	—
Asset-based securities	6,368	—	6,368	—
Total debt securities, AFS	$ 675,398	$ —	$ 675,398	$ —
Derivatives - interest rate swaps	$ 59,282	$ —	$ 59,282	$ —

There were no transfers between Level 1 and Level 2 during the nine months ended September 30, 2026 and September 30, 2025.

Assets Measured at Fair Value on a Non-Recurring Basis

There were no assets measured at fair value on a non-recurring basis as of September 30, 2026 or December 31, 2025.

Fair Value of Financial Instruments

The carrying amounts and estimated fair values of financial instruments not carried at fair value, as of September 30, 2026 and December 31, 2025 were as follows:

	Fair Value Measurements as of September 30, 2026				
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial Assets:		*(dollars in thousands)*			
Cash and due from banks	$ 485,870	$ 485,870	$ —	$ —	$ 485,870
Loans, net	4,619,712	—	—	4,495,903	4,495,903
Accrued interest receivable	25,197	560	6,753	17,884	25,197
Financial Liabilities:					
Noninterest-bearing demand deposits, money market accounts, NOW accounts and savings accounts	$ 5,005,680	$ —	$ 5,005,680	$ —	$ 5,005,680
Time deposits	608,094	—	605,531	—	605,531
Accrued interest payable	3,582	—	3,582	—	3,582
Cash collateral held related to derivatives	149,590	149,590	—	—	149,590

	Fair Value Measurements as of December 31, 2025				
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial Assets:		*(dollars in thousands)*			
Cash and due from banks	$ 477,471	$ 477,471	$ —	$ —	$ 477,471
Loans, net	4,475,855	—	—	4,337,949	4,337,949
Accrued interest receivable	23,208	269	5,405	17,534	23,208
Financial Liabilities:					
Noninterest-bearing demand deposits, money market accounts, NOW accounts and savings accounts	$ 4,385,980	$ —	$ 4,385,980	$ —	$ 4,385,980
Time deposits	762,350	—	762,370	—	762,370
Other borrowings	25,000	—	25,000	—	25,000
Accrued interest payable	5,152	—	5,152	—	5,152
Cash collateral held related to derivatives	59,090	59,090	—	—	59,090

Note 8 - Commitments and Contingencies

Off-Balance-Sheet Financial Instruments

In the ordinary course of business, the Bank enters certain transactions, which involve financial instruments with off-balance-sheet risk. These instruments include commitments to extend credit and standby letters of credit and are not reflected in the accompanying Consolidated Balance Sheets. These transactions may involve, to varying degrees, credit and interest rate risk in excess of the amount, if any, recognized in the Consolidated Balance Sheets. The Bank's off-balance-sheet credit risk exposure is the contractual amount of commitments to extend credit and standby letters of credit. As of September 30, 2026, commitments to extend credit totaled $516 million and standby letters of credit totaled $23 million. As of December 31, 2025, commitments to extend credit totaled $475 million and standby letters of credit totaled $31 million. The Bank applies the same credit standards to these contracts as it uses in its lending process. The fair values associated with commitments to extend credit and standby letters of credit were not material as of September 30, 2026 and December 31, 2025.

Commitments to extend credit are agreements to lend to customers. These commitments have specified interest rates and generally have fixed expiration dates but may be terminated by the Bank if certain conditions of the contract are violated. Although currently subject to drawdown, many of these commitments are expected to expire or terminate without funding. Therefore, the total commitment amounts do not necessarily represent future cash requirements. Collateral held relating to these commitments vary. For secured loans, it generally includes real estate, accounts receivable and personal property.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Credit risk arises in these transactions from the possibility that a customer may not be able to repay the Bank upon default of performance. Collateral held for standby letters of credit is based on an individual evaluation of each customer's credit worthiness but may include real estate and cash.

Litigation

Loss contingencies, including claims and legal actions arising in the ordinary course of business are recorded as liabilities when the likelihood of a loss is probable and an amount or range of loss can be reasonably estimated. In the opinion of management, there do not appear to be any such matters that would have a material effect on the financial statements.

Note 9 - Regulatory Matters

Capital Guidelines

The Bank is subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. Accumulated other comprehensive income is not included in computing regulatory capital. Management believes as of September 30, 2026 and December 31, 2025, the Bank met all capital adequacy requirements to which it is subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. As of September 30, 2026 and December 31, 2025, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

The Bank has a formal dividend policy, and dividends are issued solely at the discretion of the Bank's Board of Directors subject to compliance with regulatory requirements. There are certain regulatory limitations on the payment of cash dividends by banks as discussed above.

Presented below are the Bank's actual and required capital amounts and ratios as of September 30, 2026 and December 31, 2025.

			Amount of Capital Required			
	Actual		Minimum Required for Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Provisions	
As of September 30, 2026:	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(dollars in thousands)			
Total Capital (to risk-weighted assets)	650,719	14.61%	356,348	8.0%	445,435	10.0%
Tier 1 Capital (to risk-weighted assets)	594,330	13.34%	267,261	6.0%	356,348	8.0%
Common Tier 1 (CET1)	594,330	13.34%	200,446	4.5%	289,532	6.5%
Tier 1 Capital (to average assets)	594,330	9.39%	253,270	4.0%	316,588	5.0%

			Amount of Capital Required			
	Actual		Minimum Required for Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Provisions	
As of December 31, 2025:	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(dollars in thousands)			
Total Capital (to risk-weighted assets)	$ 595,625	14.02%	$ 339,880	8.0%	$ 424,850	10.0%
Tier 1 Capital (to risk-weighted assets)	541,861	12.75%	254,910	6.0%	339,880	8.0%
Common Tier 1 (CET1)	541,861	12.75%	191,183	4.5%	276,153	6.5%
Tier 1 Capital (to average assets)	541,861	9.40%	230,590	4.0%	288,237	5.0%

Note 10 – Stock Based Compensation

The Bank's stock-based compensation consists of restricted stock awards ("RSAs") granted under its historical stock-based incentive plan ("Historical Restricted Stock Plan") and equity incentive instruments that will be issued under the River City Bank 2026 Omnibus Equity Incentive Plan ("2026 Plan").

On February 18, 2026, the Board of Directors adopted the 2026 Plan which was approved by shareholders as of March 25, 2026. The 2026 Plan allows for up to 2,250,000 shares to be issued in connection with equity-based incentives. In conjunction with shareholder approval of the 2026 Plan, the Historical Restricted Stock Plan, which allowed for up to 2,000,000 shares to be issued in connection with equity-based incentives, is no longer available for grant issuances. While no new awards can be granted under the Historical Restricted Stock Plan, existing grants continue to be governed by the terms, conditions and procedures set forth in any applicable award agreement.

Stock Option Awards

The Bank had a Non-Qualified Stock Option Plan ("the Option Plan"), whereby officers or directors of the Bank could be awarded stock options, prior to the 2026 Plan. The Option Plan had been dormant for many years and was terminated with the adoption of the 2026 Plan. There were no options outstanding as of September 30, 2026 and December 31, 2025 for the Option Plan.

Restricted Stock Awards

The Bank has had the Historical Restricted Stock Plan to provide for the issuance of RSAs to selected key employees and directors. The RSAs awarded under this plan consisted of shares of the Bank's common stock. Owners of stock awards have all of the rights of a shareholder including the right to vote the shares and to all dividends, cash or stock. Compensation expense is recognized over the vesting period of the awards based on the fair value of the stock at issue date. Fair value of the stock at issue date is determined using the most recent trading information. Shares issued prior to October 1, 2024 vest in 20% increments on each anniversary date and fully vest on the fifth anniversary of the grant date. Shares issued on or after October 1, 2024 vest in 33.3% increments on each anniversary date and fully vest on the third anniversary of the grant date. Commencing in 2023, awards to directors vest over one year. Certain employees and directors' awards accelerate their vesting at the point the recipient reaches retirement age of 65, as defined in the Historical Restricted Stock Plan. An aggregate of 2,250,000 shares of the Bank's common stock was authorized and available for awards as of the adoption of the 2026 Plan. Total shares issuable and authorized for awards were 2,250,000 as of September 30, 2026 and 538,830 as of December 31, 2025, respectively. During the three months ended September 30, 2026 and 2025 no shares were granted, respectively and during the nine months ended September 30, 2026 and 2025, 54,755 and 70,530 shares were granted, respectively.

A summary of changes in the Bank's non-vested shares for the year follows:

Non-vested Shares	Shares	Weighted Average Grant Date Fair Vale
Non-vested as of January 1, 2026	230,450	$ 26.07
Granted	54,755	40.59
Vested	(75,546)	29.05
Forfeited	(5,990)	28.64
Non-vested as of September 30, 2026	203,669	$ 28.79

Total stock compensation cost related to the RSAs recorded in the Consolidated Statements of Income was $668,000 and $380,000 for the three months ended September 30, 2026 and September 30, 2025, respectively and $1.7 million and $1.8 million for the nine months ended September 30, 2026 and September 30, 2025, respectively. Total unrecognized compensation costs related to non-vested RSAs were $3.8 million and $4.5 million as of both September 30, 2026 and December 31, 2025. As of September 30, 2026, the total unrecognized compensation cost was expected to be recognized over a weighted-average period of 1.9 years. No shares vested during the three months ended September 30, 2026 and September 30, 2025. The total fair value of shares vested during the nine months ended September 30, 2026 and September 30, 2025 was $3.3 million and $2.0 million.

Restricted stock granted to employees may be net settled in a cashless exercise by a reduction in the number of shares otherwise deliverable upon vesting in satisfaction of the applicable tax withholding requirements. During the three months ended September 30, 2026 and September 30, 2025 the Bank did not have cashless exercises. During the nine months ended September 30, 2026, the Bank withheld 24,955 shares totaling $1.1 million for cashless exercises. During the nine months ended September 30, 2025, the Bank withheld 14,650 shares totaling $476,000 for cashless exercises. Shares withheld under net settlement arrangements are available for future grants.

Note 11 - Related Party Transactions

The Bank, in the ordinary course of business, has had loan and deposit transactions with certain directors, officers, principal shareholders and their related entities. As of September 30, 2026 and December 31, 2025, there were $643,000 and $585,000, respectively, in loans outstanding. There were $250,000 of undisbursed commitments to directors, officers and their related entities as of September 30, 2026 and December 31, 2025. Deposits from certain directors, senior officers, principal shareholders and their related entities were $2.2 million and $1.1 million as of September 30, 2026 and December 31, 2025, respectively.

Note 12 – Derivatives

The Bank utilizes interest rate derivative agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the derivative agreements does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap and interest rate cap agreements.

Interest Rate Swaps Designated as Fair Value Hedges: Interest rate swap agreements were commenced in order to hedge interest rate risk related to the loan portfolio. For each existing interest rate swap agreement, the Bank will pay a fixed rate and receive a variable rate tied to the Secured Overnight Financing Rate ("SOFR"). As of September 30, 2026 and December 31, 2025, summary information of the interest rate swaps designated as fair value hedges was as follows:

	September 30, 2026	December 31, 2025
	(dollars in thousands)	
Current notional amount:	$ 2,147,714	$ 2,106,387
Weighted average pay rates:	2.75%	2.59%
Weighted average receive rates:	3.91%	3.88%
Weighted average maturity:	3.9 years	4.3 years
Fair value of interest rate swaps:	$ 114,971	$ 46,227

The fair values of the interest rate swaps as of September 30, 2026 and December 31, 2025 are reflected on the Consolidated Balance Sheets as "Derivatives". As of September 30, 2026 and December 31, 2025, the fair value adjustment of the hedged item was $(108.1 million) and $(38.5 million), respectively, reflected in net loans. As of September 30, 2026 and December 31, 2025, the amortized cost basis of the closed portfolios used in these hedging relationships was $3.3 billion. As of September 30, 2026 and December 31, 2025, the amount that represents the hedged items or the designated portfolio layer, was $2.6 billion and $2.7 billion, respectively. As of September 30, 2026, the Bank expects the fair value hedges to remain effective during the remaining terms of the swaps.

The Bank has certain fair value hedges which were designated as fair value hedges with a non-zero interest rate swap value at the date of designation. These swaps were entered into as an economic hedge. There were no gains or losses recognized during the three and nine months ended September 30, 2026 related to fair value hedges designated with a non-zero interest rate swap value. Any previously recognized gains or losses related to the designation of fair value hedges with non-zero interest rate swap value will be systematically reversed through the Consolidated Statements of Income as a component of interest income over the remaining life of these swaps.

The following table reflects the fair value hedges included in the Consolidated Statements of Income for the three and nine months ended September 30, 2026 and September 30, 2025:

		Three Months Ended		Nine Months Ended	
Interest rate contracts	Location	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
		(dollars in thousands)			
Changes in fair value on interest rate swaps	Net interest income	$ 47,857	$ (7,995)	$ 67,945	$ (57,773)
Change in fair value of pool of loans-hedged items	Net interest income	$ (48,323)	$ 7,704	$ (69,511)	$ 56,857

Interest Rate Swaps Not Designated as Hedges: The Bank has entered into interest rate swap agreements to hedge interest rate risk related to the loan portfolio, but certain interest rate swaps did not qualify as hedges for accounting purposes at swap inception. Therefore, changes in fair value were reported in the Consolidated Statements of Income, as a component of noninterest income; the Bank recognized a gain of $17.1 million and a loss of $1.6 million for the three months ended September 30, 2026 and September 30, 2025, respectively and a gain of $22.1 million and a loss of $12.0 million for the nine months ended September 30, 2026 and September 30, 2025, respectively. For these interest rate swap agreements, the Bank pays a fixed rate and receives a variable rate of SOFR.

As of September 30, 2026 and December 31, 2025, summary information of the interest rate swaps not designated as hedges is as follows:

	September 30, 2026	December 31, 2025
	(dollars in thousands)	
Current notional amount:	$ 425,250	$ 346,500
Weighted average pay rates:	2.87%	2.62%
Weighted average receive rates:	3.93%	3.90%
Weighted average maturity:	6.5 years	6.9 years
Fair value of interest rate swaps:	$ 34,312	$ 13,055

The fair value of the interest rate swaps not designated as hedges as of September 30, 2026 and December 31, 2025 is reflected on the Consolidated Balance Sheets as “Derivatives” and the corresponding change to income are recorded in noninterest income on the Consolidated Statements of Income.

Prior to 2023, the Bank had designated certain interest rate swap agreements as cash flow hedges of certain index based public deposits. These swaps were determined to be effective at the date of designation. Therefore, the fair value of the swaps was recorded in other assets with changes in fair value recorded in other comprehensive income (loss).

As of December 31, 2022, the Bank expected the hedges to remain effective during the remaining terms of the swaps. However, during the first quarter of 2023, the relationship between the benchmark interest rate of the swaps and public deposit index was no longer deemed to be highly correlated. As such, the hedged relationship was determined to no longer be effective and these swaps were treated as undesignated hedges. Related to these swaps, as of September 30, 2026 and December 31, 2025, there were notional amounts of $150 million and there were balances of $7.4 million and $8.7 million, respectively, included in accumulated other comprehensive income. This amount will be recorded into earnings over the remaining life of the swaps, which has a weighted average maturity of 4.1 years.

Note 13 – Earnings per Common Share (EPS)

For the three and nine months ended September 30, 2026 and September 30, 2025, the following table reconciles the numerator and denominator used in the calculation of the earnings per common share:

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
EPS Calculation	*(dollars in thousands except per share data)*			
Net income available to common shareholders	$ 30,609	$ 19,684	$ 68,171	$ 47,401
Weighted average common stock outstanding	13,986,348	14,276,538	14,140,141	14,367,725
Add: Participating securities	203,959	241,106	208,373	242,561
Weighted average shares outstanding for EPS	14,190,307	14,517,644	14,348,514	14,610,286
EPS	$ 2.16	$ 1.36	$ 4.75	$ 3.24

The Bank had no dilutive securities outstanding as of September 30, 2026 and September 30, 2025; therefore, the Bank only shows earnings per common shares.

Note 14 – Segment Information

The Bank’s reportable segment is determined by the Chief Executive Officer, who is the designated chief operating decision maker (the “CODM”). The Chief Executive Officer along with others in the Bank’s executive management, evaluates performance and allocates resources based upon analysis of the Bank as one operating segment or unit. The activities of the Bank comprise one reportable segment, "Banking Operations." All of the Bank’s activities are interrelated, and each activity is dependent and assessed based on the manner in which it supports the other activities of the Bank. All the consolidated assets are attributable to the Banking Operations segment.

The CODM is provided with the Bank’s Consolidated Balance Sheets and Statements of Income and evaluates the Bank’s operating results based on consolidated net interest income, noninterest income, noninterest expense, and net income, which can be seen on the Consolidated Statements of Income. These results are used to measure the Bank against its competitors. Other significant non-cash items assessed by the CODM are depreciation, amortization and provision for credit losses consistent with the reporting on the Consolidated Statements of Cash Flows. Expenditures for long-lived assets are also evaluated and are consistent with the reporting on the Consolidated Statements of Cash Flows. Strategic plans and budget to actual monitoring are evaluated as one reportable segment. The actual results are used in assessing performance of the segment and in establishing compensation. All revenues are derived from banking operations within the United States, and for the nine months ended September 30, 2026 and year ended December 31, 2025, there was no customer that accounted for more than 10% of the Bank's consolidated revenue.

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

The following discussion and analysis of our financial condition and results of operations for the three and nine months ended September 30, 2026 and September 30, 2025 should be read in conjunction with the Bank's Offering Circular dated August 5, 2026, filed as part of the Bank's registration statement on Form 10/A in the section entitled "Offering Circular Summary — Summary Historical Consolidated Financial and Operating Information" and our unaudited consolidated financial statements and related notes thereto. This section is intended to provide management's perspective of its results of operations. Historical results of operations and any trends that may appear may not indicate results of operations for any future periods.

Unless otherwise indicated, references in this report to "we," "our," "us," or "the Bank," refer to River City Bank.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "might," "should," "could," "predict," "potential," "believe," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "projection," "goal," "target," "outlook," "aim," "would," "annualized" and "outlook," or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward- looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

- We may suffer losses in our loan portfolio;
- We may not successfully manage our credit risk and the sufficiency of our allowance for credit losses;
- Our focus on lending to small to medium-sized businesses and Commercial Real Estate ("CRE") investors may increase our credit risk;
- A significant portion of our loan portfolio is comprised of CRE loans, creating exposure to negative developments in CRE markets in our market areas;
- The performance of our loan portfolio may be impacted by real estate values, liquidity in our primary market areas and the financial health of our borrowers and other factors;
- We may be affected by business and economic conditions, particularly those affecting the financial services industry and our primary market areas;
- We may be unable to maintain our historical levels of growth;
- We have a geographic concentration of loans in California;
- We rely on independent mortgage bankers to source a significant portion of our loans;
- We have a concentration of loans and deposits among a relatively small number of customers, particularly our concentration of deposits from Community Choice Aggregation ("CCA") entities;
- We face risks related to our interest rate hedging activities, including potential defaults by our counterparties and mark-to-market ("MTM") fluctuations;
- We compete with other financial institutions, credit unions, and non-bank financial services companies, many of which are subject to different regulations and taxation than we are;

- We face risks related to interest rate fluctuations, which could have an adverse effect on our profitability;
- We face risks related to potential liquidity issues, including fluctuations in the fair value and liquidity of the securities and loans we hold and our ability to raise additional capital, if necessary;
- We may face disruption, security breaches, or other adverse events affecting us or the third-party vendors who perform several of our critical processing functions;
- We must keep pace with the rate of technological advances and invest in new technologies;
- Our ability to effectively execute our strategic plan and manage our growth;
- External economic and/or market factors, such as changes in monetary and fiscal policies and laws, including the interest rate policies of the Federal Reserve, inflation or deflation, changes in the demand for loans, and fluctuations in consumer spending, borrowing and savings habits, which may have an adverse impact on our financial condition;
- We may face challenges arising from unsuccessful attempts to expand into new geographic markets, products, or services;
- There are restraints on our ability to pay dividends;
- We need to meet capital requirements imposed by banking regulators, which may require us to raise capital at a time when capital is not available on favorable terms or at all;
- We could experience a failure or weakness in the internal controls we have implemented to address the risks inherent to the business of banking;
- Our estimates and assumptions about future events may be inaccurate, which could result in material differences between our financial projections and actual financial performance;
- Changes in our management personnel or our inability to retain, motivate, and hire qualified management personnel;
- The impact of any claims or legal actions to which we may be subject, including any effect on our reputation;
- Compliance with governmental and regulatory requirements, including the Dodd-Frank Act and others relating to banking, consumer protection, securities and tax matters, and our ability to maintain licenses required in connection with commercial mortgage origination, sale and servicing operations; and
- Changes in federal tax law or policy may adversely affect us.

The foregoing factors could cause results or performance to materially differ from those expressed in our forward-looking statements, should not be considered exhaustive, and should be read together with other cautionary statements that are included in this report and those discussed in the section entitled “Risk Factors” in the Bank’s Offering Circular dated August 5, 2026, filed as part of the Bank’s registration statement on Form 10/A.”

Overview

The Bank is a California chartered commercial bank, headquartered in Sacramento, California. We provide a broad range of banking products and services to small and medium-sized businesses, professionals, and individuals primarily in California through eight full-service branches in the Sacramento MSA and one loan production office in San Francisco, California. Our primary deposit products are checking, money market, savings, and term certificate accounts, and our primary lending products are CRE, commercial and industrial ("C&I"), construction and land development ("C&D"), agriculture, residential real estate, and consumer loans. Substantially all of our loans are secured by specific items of collateral including commercial and residential real estate properties, business assets, and consumer assets. The Bank's CRE lending market is throughout the Western United States. As of September 30, 2026, we had total assets of $6.4 billion, total loans of $4.8 billion, and total deposits of $5.6 billion.

Critical Accounting Estimates

Our unaudited consolidated financial statements and related notes presented have been prepared in accordance with GAAP. Our most significant accounting policies and our critical accounting estimates are described in greater detail in Note 1, Summary of Significant Accounting Policies, of the audited consolidated financial statements, included in the Bank's Offering Circular dated August 5, 2026, filed as part of the Bank's registration statement on Form 10/A. We identified accounting policies and estimates that, due to the difficult, subjective, or complex judgments and assumptions inherent in those policies and estimates and the potential sensitivity of our unaudited consolidated financial statements to those judgments and assumptions, are critical to an understanding of our consolidated financial condition and results of operations. We believe that the judgments, estimates, and assumptions used in the preparation of our financial statements are reasonable and appropriate, based on the information available at the time they were made. Our determination of the provisions to and the adequacy of the allowance for credit losses ("ACL") involves a higher degree of judgment and complexity than our other significant accounting policies. Because of the uncertainty involved in the estimate, materially different amounts could be reported under different assumptions or estimates. Accordingly, we consider the ACL to be a critical accounting estimate. A detailed discussion related to the Bank's accounting policies can be found in Note 1 of the audited consolidated financial statements included in the Bank's Offering Circular dated August 5, 2026, filed as part of the Bank's registration statement on Form 10/A.

Executive Summary

Net income was $30.6 million or $2.16 per share for the quarter ended September 30, 2026, which compares to $19.7 million, or $1.36 per share, for the same period in 2025. Net income was $68.2 million or $4.75 per share for the nine months ended September 30, 2026, which compares to $47.4 million, or $3.24 per share, for the nine months ended September 30, 2025. The Bank's earnings for the quarter ended September 30, 2026 resulted in a 21.06% return on average equity and a 1.92% return on average assets. The Bank's book value per share rose 14% to $42.32 as of September 30, 2026 from $37.04 per share as of September 30, 2025.

In August 2026, the Bank completed its initial public offering ("IPO") and its shares began trading on the Nasdaq Capital Market under the RCBC ticker symbol. The secondary offering consisted solely of existing shares held by two of the Bank's shareholders and no new shares were issued by the Bank. The IPO was a major milestone in the Bank's history, increased the Bank's visibility within the public capital markets, and provided liquidity for shareholders, while establishing a publicly traded market value for its common stock.

The following are highlights of our operating and financial performance, and financial condition for the dates and periods presented:

- ***Assets -*** Total assets were $6.4 billion as of September 30, 2026, representing an increase of $580 million or 10%, from $5.8 billion as of December 31, 2025.

- ***Loans*** – Total loans were $4.8 billion as of September 30, 2026, an increase of $222 million, or 4.8% from $4.6 billion as of December 31, 2025. The increase was driven by growth in the CRE loan portfolio.

- ***Credit Quality -*** Credit quality remains strong, with net recoveries of $42,000 for the nine months ended September 30, 2026 and net charge-offs of $4,000 for the nine months ended September 30, 2025. As of September 30, 2026, the Bank had zero non-performing loans, virtually no delinquent loans (0.00% of total loans), no loans more than 90 days past due and still accruing interest, and no other real estate owned ("OREO"). The ratio of the ACL - loans to total loans was 2.30% and 2.24% as of September 30, 2026 and December 31, 2025, respectively.

- ***Deposits -*** Total deposits were $5.6 billion as of September 30, 2026, representing an increase of $465 million, or 9%, from $5.1 billion as of December 31, 2025. Our loan to deposit ratio was 86.21% as of September 30, 2026, as compared to 89.70% as of December 31, 2025.

- ***MTM gains (losses) on undesignated interest rate swaps-*** Results for the nine months ended September 30, 2026 and 2025 included MTM gains of $22.1 million and MTM losses of $12.0 million, respectively, on certain undesignated interest rate swaps. The swaps are used to mitigate interest rate risk and are not entered into for speculative purposes (regardless of accounting treatment).

- ***Net Interest Margin -*** Net interest margin ("NIM") was 2.37% and 2.60% for the nine months ended September 30, 2026 and 2025, respectively. The compression in the NIM for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025 was primarily due to a faster growth in interest-bearing deposits relative to loan growth, partially offset by a decrease in our cost of funds for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025.

- ***Efficiency Ratio*** – Our efficiency ratio was 25.98% and 33.49% for the nine months ended September 30, 2026 and 2025, respectively. The adjusted efficiency ratios (non-GAAP) for the nine months ended September 30, 2026 and 2025 was 30.97% and 29.86%, respectively, when removing the impact of the change in fair value of the undesignated interest rate swaps for both periods. Please refer to the section entitled "Non-GAAP Financial Measures" for additional information.

- ***Return on Average Equity*** – Return on average equity increased to 16.10% for the nine months ended September 30, 2026 compared to 12.53% for the nine months ended September 30, 2025.

- ***Book Value Per Share -*** Book value per share continued to compound in the nine months ended September 30, 2026, ending at $42.32 per share at September 30, 2026 compared to $38.43 per share as of December 31, 2025.

ANALYSIS OF RESULTS OF OPERATIONS

Financial Performance

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Selected operating data:	*($ in thousands, except per share data)*			
Interest income	$ 77,045	$ 71,751	$ 222,551	$ 208,299
Interest expense	39,199	34,656	114,152	104,478
Net interest income	37,846	37,095	108,399	103,821
Provision for (reversal of) credit losses	3,718	(644)	6,748	(768)
Net interest income after provision for (reversal of) credit losses	34,128	37,739	101,651	104,589
Noninterest income	19,800	892	28,568	(5,027)
Noninterest expense	11,203	11,164	35,585	33,087
Income before income taxes	42,725	27,467	94,634	66,475
Income tax expense	12,116	7,783	26,463	19,074
Net income	$ 30,609	$ 19,684	$ 68,171	$ 47,401
Core pre-tax, pre-provision income (1)	$ 29,294	$ 28,391	$ 79,326	$ 77,720
Share Data:				
Earnings per share	$ 2.16	$ 1.36	$ 4.75	$ 3.24
Book value per share	$ 42.32	$ 37.04	$ 42.32	$ 37.04
Performance Ratios:				
Return on average assets, annualized ("ROAA")	1.92%	1.43%	1.48%	1.18%
Return on average equity, annualized ("ROAE")	21.06%	15.06%	16.10%	12.53%
Net interest margin	2.39%	2.71%	2.37%	2.60%
Efficiency ratio	19.43%	29.39%	25.98%	33.49%

(1) Non-GAAP financial measure. Please see the section entitled "—Non-GAAP Financial Measures" for additional information.

	As of	
	September 30, 2026	December 31, 2025
Selected balance sheet data:	*($ in thousands)*	
Total assets	$ 6,381,595	$ 5,801,890
Total loans	4,849,645	4,628,103
Deposits	5,613,774	5,148,329
Total liabilities	5,790,725	5,253,399
Shareholders' equity	590,870	548,491
Loan to deposit ratio	86.21%	89.70%
Asset quality ratios:		
Allowance for credit losses - loans to total loans	2.30%	2.24%
Net charge-offs to average loans	0.00%	0.00%
Nonperforming loans to total loans	0.00%	0.00%
Capital ratios:		
Tier 1 Leverage ratio	9.39%	9.40%
Common Equity Tier 1 ratio	13.34%	12.75%
Tier 1 Capital ratio	13.34%	12.75%
Total Capital ratio	14.61%	14.02%
Total shareholders' equity to total assets	9.26%	9.45%

Average Balances, Interest and Yield/Rate

Net interest income is the most significant contributor to our net income. Net interest income represents interest income from interest earning assets, such as loans and investments, less interest expense on interest-bearing liabilities, such as deposits, and other borrowings, which are used to fund those assets. In evaluating our net interest income, we measure and monitor yields on our interest-earning assets and interest-bearing liabilities as well as trends in our NIM. NIM is a ratio calculated as net interest income divided by total interest-earning assets for the same period. NIM is included on a tax equivalent ("TE") basis by adjusting interest income utilizing the federal statutory tax rate of 21.0% for 2026 and 2025. Changes in the interest rate environment and competition in our markets typically have the largest impact on periodic changes in our NIM.

The following tables present average balance sheet information, interest income, interest expense and the corresponding average yields earned or rate paid for each period reported. The average balances are daily averages.

	Three Months Ended					
	September 30, 2026			September 30, 2025		
	Average Balance	Interest & Fees	Yield / Rate	Average Balance	Interest & Fees	Yield / Rate
	(tax-equivalent basis, $ in thousands)					
Interest-earning assets						
Interest-earning deposits in banks	$ 503,504	$ 4,812	3.79%	$ 347,324	$ 3,692	4.22%
Investment securities (TE)	1,039,178	9,853	3.76%	704,617	7,129	4.01%
Loans	4,751,505	62,384	5.21%	4,388,772	60,939	5.51%
Total interest-earning assets	6,294,187	77,049	4.86%	5,440,713	71,760	5.23%
Total noninterest-earning assets	28,460			19,058		
Total average assets	$ 6,322,647			5,459,771		
Interest-bearing liabilities						
Interest-bearing transaction accounts	2,503,785	21,072	3.34%	1,903,561	16,992	3.54%
Money market accounts	1,424,742	11,612	3.23%	991,303	8,135	3.26%
Savings deposits	83,877	105	0.50%	94,127	120	0.51%
Time deposits	626,991	5,903	3.74%	865,494	9,146	4.19%
Total interest-bearing deposits	4,639,395	38,692	3.31%	3,854,485	34,393	3.54%
Borrowings	—	—	0.00%	272	3	4.38%
Other interest-bearing liabilities	105,870	507	1.90%	68,691	260	1.50%
Total interest-bearing liabilities	$ 4,745,265	$ 39,199	3.28%	$ 3,923,448	$ 34,656	3.50%
Noninterest-bearing liabilities						
Noninterest-bearing deposits	976,345			994,758		
Other noninterest-bearing liabilities	24,486			23,027		
Total noninterest-bearing liabilities	1,000,831			1,017,785		
Total average liabilities	5,746,096			4,941,233		
Shareholders' equity	576,551			518,538		
Total liabilities and shareholders' equity	$ 6,322,647			$ 5,459,771		
Net interest income		$ 37,850			$ 37,104	
NIM			2.39%			2.71%
Cost of deposits	$ 5,615,740	$ 38,692	2.73%	$ 4,849,243	$ 34,393	2.81%
Cost of funds	$ 5,721,610	$ 39,199	2.72%	$ 4,918,206	$ 34,656	2.80%

Three months ended September 30, 2026 compared to three months ended September 30, 2025

In the third quarter of 2026, fully-taxable equivalent net interest income increased $746,000 or 2.0%, to $37.9 million from $37.1 million in the third quarter of 2025. This included an increase in interest income of $5.3 million, which was primarily attributable to an $853 million growth in average interest-earning asset balances, including average loan growth of $363 million, which was partially offset by a 0.37% decrease in the yield on interest-earning assets.

Partially offsetting this growth in interest income, interest expense increased by $4.5 million, which was primarily driven by a $785 million increase in average interest-bearing deposits, partially offset by a 0.23% decline in the cost of interest-bearing deposits, for the quarter ended September 30, 2026 as compared to quarter ended September 30, 2025. As the Bank's average interest-bearing deposits grew faster than average loan growth, the NIM declined, period over period.

	Nine Months Ended					
	September 30, 2026			September 30, 2025		
	Average Balance	Interest & Fees	Yield / Rate	Average Balance	Interest & Fees	Yield / Rate
	(tax-equivalent basis, $ in thousands)					
Interest-earning assets						
Interest-earning deposits in banks	$ 561,727	$ 15,576	3.71%	$ 317,690	$ 10,024	4.22%
Investment securities (TE)	890,388	25,183	3.78%	697,985	21,533	4.12%
Loans	4,663,615	181,809	5.21%	4,334,188	176,763	5.45%
Total interest-earning assets	6,115,730	222,568	4.87%	5,349,863	208,320	5.21%
Total noninterest-earning assets	28,096			20,827		
Total average assets	$ 6,143,826			$ 5,370,690		
Interest-bearing liabilities						
Interest-bearing transaction accounts	2,429,350	60,883	3.35%	1,878,704	50,591	3.60%
Money market accounts	1,398,282	33,974	3.25%	974,703	24,173	3.32%
Savings deposits	85,952	315	0.49%	97,138	364	0.50%
Time deposits	640,820	18,038	3.76%	863,253	27,755	4.30%
Interest-bearing deposits	4,554,404	113,210	3.32%	3,813,798	102,883	3.61%
Borrowings	94	3	4.27%	1,745	59	4.52%
Other interest-bearing liabilities	82,851	939	1.52%	91,815	1,536	2.24%
Total interest-bearing liabilities	$ 4,637,349	$ 114,152	3.29%	$ 3,907,358	$ 104,478	3.57%
Noninterest-bearing liabilities						
Noninterest-bearing deposits	916,135			933,214		
Other noninterest-bearing liabilities	24,071			24,170		
Total noninterest-bearing liabilities	940,206			957,384		
Total average liabilities	5,577,555			4,864,742		
Shareholders' Equity	566,271			505,948		
Total liabilities and shareholders' equity	$ 6,143,826			$ 5,370,690		
Net interest income		$ 108,416			$ 103,842	
NIM			2.37%			2.60%
Cost of deposits	$ 5,470,539	$ 113,210	2.77%	$ 4,747,012	$ 102,883	2.90%
Cost of funds	$ 5,553,484	$ 114,152	2.75%	$ 4,840,572	$ 104,478	2.89%

Nine months ended September 30, 2026 compared to nine months ended September 30, 2025

In the nine months ended September 30, 2026, fully-taxable equivalent net interest income increased $4.6 million, or 4.4%, to $108.4 million from $103.8 million in the nine months ended September 30, 2025. There was a $14.2 million increase in interest income was primarily attributable to a $766 million growth in average balances of interest-earning assets, including $329 million growth in average loans.

Partially offsetting, this growth in interest income, interest expense increased $9.7 million, or 9.3%, to $114.2 million, which was primarily driven by a $730 million increase in average interest-bearing liabilities, partially offset by a 0.28% decline in the cost of interest-bearing liabilities for the nine months ended September 30, 2026 as compared to nine months ended September 30, 2025. Total cost of funds decreased to 2.75% for the nine months ended September 30, 2026 compared to 2.89% for the same period in 2025. As the Bank's average interest-bearing deposits grew faster than average loan growth, the NIM declined, period over period.

The following table summarizes the extent to which changes in (1) interest rates and (2) volume of average interest-earning assets and average interest-bearing liabilities affected our net interest income for the periods presented. The total change for each category of interest-earning assets and interest-bearing liabilities is segmented into changes attributable to variations in volume and yield/rate. Changes that are not solely due to either volume or yield/rate have been allocated in proportion to the respective volume and yield/rate components.

	Three Months Ended September 30, 2026 compared with Three Months Ended September 30, 2025			Nine Months Ended September 30, 2026 compared with Nine Months Ended September 30, 2025		
	Change due to:			Change due to:		
	Volume	Yield/Rate	Interest Variance	Volume	Yield/Rate	Interest Variance
	($ in thousands)					
Interest-earning assets						
Interest-earning deposits in banks	$ 1,665	$ (545)	$ 1,120	$ 7,697	$ (2,145)	$ 5,552
Investment securities (TE)	3,379	(655)	2,724	5,918	(2,268)	3,650
Loans	5,038	(3,593)	1,445	13,422	(8,376)	5,046
Total interest-earning assets	10,082	(4,793)	5,289	27,037	(12,789)	14,248
Interest-bearing liabilities						
Interest-bearing transaction accounts	5,345	(1,265)	4,080	14,833	(4,541)	10,292
Money market accounts	3,584	(107)	3,477	10,532	(731)	9,801
Savings deposits	(13)	(2)	(15)	(43)	(6)	(49)
Time deposits	(2,529)	(714)	(3,243)	(7,136)	(2,581)	(9,717)
Total interest-bearing deposits	6,387	(2,088)	4,299	18,186	(7,859)	10,327
Borrowings	(3)	—	(3)	(56)	—	(56)
Other interest-bearing liabilities	140	107	247	(150)	(447)	(597)
Total interest-bearing liabilities	6,524	(1,981)	4,543	17,980	(8,306)	9,674
Changes in net interest income	$ 3,558	$ (2,812)	$ 746	$ 9,057	$ (4,483)	$ 4,574

Provision for Credit Losses

The provision for credit losses is based on management’s assessment of the adequacy of our ACL. Factors impacting the provision include inherent risk characteristics in our loan portfolio, the level of nonperforming loans and net charge-offs, both current and historic, local economic and credit conditions, the direction of the change in collateral values, and the funding probability on unfunded lending commitments. The provision for credit losses is charged against earnings in order to maintain our ACL, which reflects management’s best estimate of loan losses over the life of the loan portfolio at the relevant balance sheet date.

Three months ended September 30, 2026 compared to three months ended September 30, 2025

We recorded a $3.7 million provision for credit losses (for both loans and unfunded commitments) for the quarter ended September 30, 2026, compared to a $644,000 reversal of provision for credit losses for the quarter ended September 30, 2025. The increase in the provision for the quarter ended September 30, 2026 is due to loan originations during the quarter.

Nine months ended September 30, 2026 compared to nine months ended September 30, 2025

We recorded a $6.7 million provision for credit losses (for both loans and unfunded commitments) for the nine months ended September 30, 2026, compared to a $768,000 reversal of provision for credit losses for the nine months ended September 30, 2025. The increase in the provision for the nine months ended September 30, 2026 is due to loan growth and adjustments made to qualitative factors reflecting changes in economic conditions.

Noninterest Income

Noninterest income is the secondary contributor to our net income. Noninterest income consists of service charges on deposit accounts, check card revenue, impact of undesignated derivatives, real estate lease income, Federal Home Loan Bank of San Francisco ("FHLB") dividends, net gain on securities and other income.

	Three Months Ended		Increase (Decrease)	
Noninterest income:	**September 30, 2026**	**September 30, 2025**	**$**	**%**
		($ in thousands)		
Service charges on deposit accounts	$ 205	$ 201	$ 4	2.0%
Check card revenue	164	172	(8)	(4.7)%
Net payments received on undesignated derivatives	962	1,523	(561)	(36.8)%
Net changes in the fair value of derivatives	17,149	(1,568)	18,717	NM
Real estate lease income	158	74	84	113.5%
FHLB dividends	390	327	63	19.3%
Gain (loss) on investment securities, net	553	(17)	570	NM
Other income	219	180	39	21.7%
Total noninterest income	$ 19,800	$ 892	$ 18,908	2,119.7%

Three months ended September 30, 2026 compared to three months ended September 30, 2025

Net payments received on undesignated derivatives – This line item represents the net payments received from counterparties for derivatives not designated as hedges from an accounting perspective. Net payments received on undesignated derivatives decreased $561,000, in third quarter ended 2026 as compared to the third quarter of 2025, primarily due to the reduction in the Secured Overnight Financing Rate ("SOFR"), which is the index to which the Bank's interest rate swaps are tied.

Net changes in the fair value of derivatives – For interest rate derivatives, for which the Bank does not receive fair value hedge accounting treatment, the fluctuations of the MTM valuations are included in noninterest income. Net changes in the fair value of derivatives not designated as hedges increased $18.7 million in the third quarter of 2026 compared to the third quarter of 2025, reflecting an interest rate swap gain of $17.1 million in the third quarter of 2026 compared to a $1.6 million interest rate swap loss in the third quarter of 2025. These changes were driven by movements in medium to long-term market interest rates and market expectations of future changes in SOFR rates. During the third quarter of 2026, there was a significant run-up in the U.S. Treasury rate market, contributing to the MTM gain.

FHLB dividends - FHLB dividend income increased by $63,000 in the third quarter of 2026 relative to the same period in 2025 due to changes in the dividend structure by the FHLB, which resulted in lower dividends earned on the Bank's FHLB stock holdings.

Gain (loss) on investment securities, net – Gain on investment securities increased by $570,000 in the third quarter of 2026 compared to the third quarter of 2025. The Bank recognized a $553,000 gain related to Visa Class A common stock (formerly Visa Class B common stock), which the Bank received through a tender offer made by Visa during the third quarter of 2026.

	Nine Months Ended		Increase (Decrease)	
Noninterest income:	**September 30, 2026**	**September 30, 2025**	**$**	**%**
		($ in thousands)		
Service charges on deposit accounts	$ 623	$ 588	$ 35	6.0%
Check card revenue	486	526	(40)	(7.6)%
Net payments received on undesignated derivatives	2,806	4,217	(1,411)	(33.5)%
Net change in the fair value of derivatives	22,056	(12,013)	34,069	NM
Real estate lease income	482	204	278	136.3%
Federal Home Loan Bank dividends	1,337	981	356	36.3%
Gain (loss) on investment securities, net	70	(109)	179	NM
Other income	708	579	129	22.3%
Total noninterest income	$ 28,568	$ (5,027)	$ 33,595	NM

Nine months ended September 30, 2026 compared to nine months ended September 30, 2025

Net payments received on undesignated derivatives – Net payments received on undesignated derivatives decreased $1.4 million in the nine months ended September 30, 2026 as compared to the nine months ended September 30, 2025 primarily due decreases in SOFR.

Net changes in the fair value of derivatives - Net changes in the fair value of derivatives not designated as hedges increased $34.1 million in the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025, reflecting an interest rate swap gain of $22.1 million in the nine months ended September 30, 2026 compared to a $12.0 million interest rate swap loss in the nine months ended September 30, 2025. These changes were driven by movements in medium to long-term market interest rates and market expectations of future changes in SOFR rates.

FHLB dividends - FHLB dividend income rose by $356,000 in the nine months ended September 30, 2026 relative to the same period in 2025, driven by two special dividends distributed during 2026, which offset the impact of the change in the dividend structure by the FHLB.

Gain (loss) on investment securities – Gain on investment securities increased by $179,000 in the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025, primarily due to an $804,000 gain recognized on the sale of Visa Class A common stock (formerly Visa Class B common stock). This gain was partially offset by $736,000 in impairment charges recognized on two separate SBIC investments during 2026.

Noninterest Expense

Noninterest expense includes salaries and employee benefits, occupancy and equipment, data processing, FDIC insurance and other operating expenses. In evaluating our level of noninterest expense, we closely monitor our efficiency ratio, which is calculated as noninterest expense divided by the sum of net interest income and noninterest income. We seek to identify ways to streamline our business and operate more efficiently in order to minimize our noninterest expense over time while continuing to achieve growth in loans and assets.

Over the past several years, we have continued to invest resources in personnel and technology. As we execute initiatives based on growth, we expect noninterest expense to increase proportionately to our growth, with a continued focus on disciplined expense control.

	Three Months Ended		Increase (Decrease)	
Noninterest expense:	**September 30, 2026**	**September 30, 2025**	**$**	**%**
		($ in thousands)		
Salaries and employee benefits	$ 7,259	$ 7,155	$ 104	1.5%
Occupancy and equipment	614	636	(22)	(3.5)%
Data processing	975	920	55	6.0%
FDIC insurance	725	600	125	20.8%
Other expense	1,630	1,853	(223)	(12.0)%
Total noninterest expense	$ 11,203	$ 11,164	$ 39	0.3%

Three months ended September 30, 2026 compared to three months ended September 30, 2025

Salaries and employee benefits - The $104,000 increase in salaries and employee benefits in the third quarter of 2026 as compared to the third quarter of 2025 was due primarily to expansion of the Bank's commercial lending and deposit teams and increases to employer-paid health insurance and incentive compensation.

Other expenses - The $223,000 decrease in other expenses in the third quarter of 2026 as compared to the third quarter of 2025 was primarily due to decreases in professional fees associated with the Bank's planning of the IPO. Cost associated with IPO readiness increased in the third quarter of 2025, however most costs had been incurred through August 2026 in the current period.

	Nine Months Ended		Increase (Decrease)	
Noninterest expense:	**September 30, 2026**	**September 30, 2025**	**$**	**%**
		($ in thousands)		
Salaries and employee benefits	$ 23,165	$ 21,826	$ 1,339	6.1%
Occupancy and equipment	1,848	1,862	(14)	(0.8)%
Data processing	2,879	2,714	165	6.1%
FDIC insurance	2,120	1,850	270	14.6%
Other expense	5,573	4,835	738	15.3%
Total noninterest expense	$ 35,585	$ 33,087	$ 2,498	7.5%

Nine months ended September 30, 2026 compared to nine months ended September 30, 2025

Salaries and employee benefits - The $1.3 million increase in salaries and employee benefits in the nine months ended September 30, 2026 as compared to the nine months ended September 30, 2025 was due primarily to the continued expansion of the Bank's business development and relationship management teams within commercial lending and deposits, which resulted in higher salary expense. The increase also reflects severance costs for a departed executive, increased employer-paid health insurance costs and higher incentive compensation.

Other expenses - The $738,000 increase in other expenses in the nine months ended September 30, 2026 as compared to the nine months ended September 30, 2025 was primarily due to increases in professional fees in connection with the Bank's recently completed IPO.

Provision for Income Taxes

Three months ended September 30, 2026 compared to three months ended September 30, 2025

Provision for income taxes increased $4.3 million to $12.1 million for the quarter ended September 30, 2026, compared to $7.8 million for the quarter ended September 30, 2025. The increase in the provision for income taxes is due to higher pre-tax income. The effective tax rate was 28.4% and 28.3% for the quarters ended September 30, 2026 and September 30, 2025, respectively.

Nine months ended September 30, 2026 compared to nine months ended September 30, 2025

Provision for income taxes increased $7.4 million to $26.4 million for the nine months ended September 30, 2026, compared to $19.1 million for the nine months ended September 30, 2025. The increase in the provision for income taxes is due to higher pre-tax income. The effective tax rate was 28.0% and 28.7% for the nine months ended September 30, 2026 and September 30, 2025, respectively.

FINANCIAL CONDITION SUMMARY

The following discussion compares our financial condition as of September 30, 2026 to our financial condition as of December 31, 2025.

Total Assets

As of September 30, 2026, total assets were $6.4 billion, an increase of $580 million, or 10.0% from $5.8 billion as of December 31, 2025. This increase includes a $330 million increase in debt securities and a $222 million increase in total loans. This growth in assets was funded by an increase in total deposits of $465 million during the nine months ended September 30, 2026.

Cash and Cash Equivalents

Total cash and cash equivalents were $486 million as of September 30, 2026, an increase of $8 million from $478 million as of December 31, 2025. The increase was primarily attributable to higher total deposits, partially offset by the redeployment of excess liquidity from interest-earning deposits into debt securities and the repayment of a $25 million Federal Reserve Bank of San Francisco ("FRB") Discount Window borrowing during the nine months ended September 30, 2026. The Bank has been holding higher levels in cash and cash equivalents over the last year, primarily as deposit growth has exceeded loan growth.

Investment Portfolio

Our investment portfolio is primarily comprised of U.S. Treasuries, government agency securities, and agency commercial mortgage-backed securities, all of which are high credit-quality liquid investments. We manage our investment portfolio according to written investment policies approved by our Board of Directors. Our investment strategy is designed to maximize earnings while maintaining liquidity with minimal credit and interest rate risk. All our securities are classified as available-for-sale ("AFS") for all periods shown.

Our total debt securities amounted to $1.0 billion as of September 30, 2026, an increase of $330 million, or 48.9% from $675 million as of December 31, 2025. The increase primarily reflects management's decision to allocate excess cash to short-term debt securities with more attractive yields.

The weighted-average life on the total investment portfolio as of September 30, 2026 was 1.35 years compared to a weighted-average life of 1.74 years as of December 31, 2025. The weighted-average life is the average number of years until the principal of the bonds is repaid weighted by the amount of principal that is expected to be paid at each point in time. Management generally keeps the duration of its debt securities short, as a part of the interest rate risk management strategy.

The table below shows our investment securities' fair value and weighted average yields by maturity in the following maturity groupings as of September 30, 2026. Weighted-average yields are calculations representing income within each maturity range based on the amortized cost of securities, not on a tax-equivalent basis. The fair value of the investment securities portfolio is shown by contractual maturity. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	One Year or Less		More than One Year to Five Years		More than Five Years to Ten Years		More than Ten Years		Total	
September 30, 2026	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield
					(dollars in thousands)					
U.S. Treasury securities	$ 406,190	3.87%	$ 78,893	4.29%	$ —	—%	$ —	—%	$ 485,083	3.94%
U.S. government sponsored entities and agency securities	208,930	3.86%	24,916	4.02%	363	3.87%	—	—%	234,209	3.87%
Municipal securities	1,218	1.76%	1,279	3.10%	3,365	4.01%	—	—%	5,862	3.34%
Mortgage-backed securities: residential	9	1.96%	6,148	0.92%	34,376	1.06%	3,372	3.94%	43,905	1.26%
Mortgage-backed securities: commercial	—	0.00%	95,270	4.19%	8,831	4.79%	2,217	4.07%	106,318	4.24%
Collateralized mortgage obligations	—	0.00%	84,279	4.21%	1,055	5.93%	10,252	4.12%	95,586	4.22%
Corporate debt securities	—	0.00%	28,937	4.36%	—	—%	—	—%	28,937	4.36%
Asset-backed securities	—	—%	—	—%	712	4.41%	4,752	4.83%	5,464	4.77%
Total debt securities	$ 616,347	3.86%	$319,722	4.16%	$ 48,702	2.11%	$ 20,593	4.25%	$1,005,364	3.88%

Loans

Our loan portfolio is our largest class of interest-earning assets and typically provides higher yields than other types of interest-earning assets. Associated with the higher yields is an inherent amount of credit risk, which we attempt to mitigate with comprehensive underwriting standards and proactive ongoing management of the loan portfolio. As of September 30, 2026 and December 31, 2025, our total loans amounted to $4.8 billion and $4.6 billion.

The following table presents the balance and associated percentage of each major loan type within our portfolio as of the dates indicated:

	As of September 30, 2026		As of December 31, 2025	
Loans:	$	%	$	%
	(dollars in thousands)			
Commercial and industrial	$ 135,176	2.8%	$ 183,590	4.0%
Commercial real estate	4,394,818	90.6%	4,144,340	89.5%
Construction and land development	56,162	1.2%	25,760	0.6%
Residential real estate	190,158	3.9%	192,840	4.2%
Agricultural	63,687	1.3%	73,331	1.6%
Consumer	9,644	0.2%	8,242	0.1%
Total loans	4,849,645	100.0%	4,628,103	100.0%
Less: Net deferred loan fees	(10,133)		(9,909)	
Fair value adjustment on hedged loans	(108,051)		(38,540)	
Allowance for credit losses - loans	(111,749)		(103,799)	
Total loans, net	$ 4,619,712		$ 4,475,855	

Commercial and industrial - We originate both variable rate and fixed rate C&I loans. The loans are typically made to small- and medium-sized manufacturing, wholesale, retail and service businesses for working capital needs, business expansions and other general borrower needs. C&I loans can be secured or unsecured but are generally secured with the assets of the company and/or the personal guaranty of the business owner(s).

Commercial real estate - CRE loans consist of term loans secured by a mortgage lien on real property, such as multi-family housing, industrial properties, office buildings, retail shopping centers, and self-storage facilities, as well as owner occupied-properties.

Construction and land development – Construction and land development loans primarily consist of commercial property construction, site preparation, and infrastructure development.

Residential real estate – Residential real estate loans consist of single-family residential real estate loans. The underlying collateral can be a primary or secondary residence.

Agricultural - Agricultural loans consist of secured and unsecured loans, lines of credit, and production financing to help clients manage cash flow, invest in equipment, expand operations, and navigate business cycles.

Consumer – Consumer loans include home equity lines of credit or other junior lien credits.

We recognize that our CRE loan concentration is significant within our balance sheet. CRE loan balances as a percentage of total loan balances were 90.6% and 89.5% as of September 30, 2026 and December 31, 2025, respectively.

We believe that our past success is attributable to focusing on products and markets where we have significant expertise. Given our concentration in CRE, we established strong risk management practices over the lending process, including a low financial leverage profile at origination, risk-based lending standards, self-established collateral use and geographical limits, and quarterly stress testing of our CRE portfolio. We have also established a series of internal concentration limits in the loan portfolio for CRE loans by use type (e.g., office, retail, multi-family, etc.) and by geographic area. All loan sectors were within our established limits as of September 30, 2026. We also regularly perform a rigorous portfolio review process with our senior management and the portfolio management team, which results in proactive risk rating changes and actions plans, when necessary. Although we expect to continue growing our loan portfolio, we do not expect our property type or geographic concentrations to materially change. We expect our Office CRE portfolio to continue to decline, as we have largely exited the general Office CRE new origination market since the onset of the COVID-19 pandemic in 2020.

The following table presents the weighted average LTV ratios at origination for CRE loans by property type as of September 30, 2026:

	Total	% of total	Weighted Average LTV
Non-owner occupied:	*(dollars in thousands)*		
Multifamily	$ 1,605,197	36.5%	38.45%
Retail	1,094,604	24.9%	39.49%
Industrial	583,722	13.3%	36.22%
Office	416,341	9.5%	43.21%
Mini Storage	229,137	5.2%	35.44%
Mobile Home	103,640	2.4%	34.45%
Special Purpose	99,745	2.3%	33.97%
Hospitality	94,417	2.1%	38.18%
Other	7,388	0.2%	35.03%
Total non-owner occupied:	$ 4,234,191	96.4%	38.50%
Owner occupied:			
Industrial	$ 85,521	1.9%	47.64%
Office	52,784	1.2%	52.07%
Special Purpose	17,522	0.4%	33.17%
Retail	1,825	0.1%	48.00%
Hospitality	1,848	0.0%	50.78%
Other	1,127	0.0%	53.34%
Total owner-occupied:	$ 160,627	3.6%	47.60%
Total	$ 4,394,818	100.0%	38.83%

The following table presents the weighted average LTV ratios at origination for CRE loans by state as of September 30, 2026. In recent years, we expanded our CRE lending throughout the Western United States and we expect this expansion to continue to diversify our geographic presence.

	Total	% of total	Weighted Average LTV
Non-owner occupied:	*(dollars in thousands)*		
California	$ 2,967,915	67.5%	37.99%
Texas	288,543	6.6%	41.74%
Washington	258,938	5.9%	33.47%
Nevada	238,343	5.4%	43.14%
Arizona	181,155	4.1%	38.46%
Utah	83,252	1.9%	42.50%
Idaho	71,110	1.6%	40.61%
Oregon	69,022	1.6%	41.77%
Colorado	48,830	1.1%	40.56%
Other	27,083	0.7%	37.99%
Total non-owner occupied:	$ 4,234,191	96.4%	38.50%
Owner occupied:			
California	$ 147,394	3.4%	47.56%
Nevada	13,233	0.2%	48.00%
Total owner-occupied:	$ 160,627	3.6%	47.60%
Total	$ 4,394,818	100.0%	38.83%

The following table presents our loan portfolio by contractual maturities, based on the loan type and loan pricing characteristics (i.e. fixed versus floating) as of September 30, 2026. For purposes of this table, floating rate loans include loans which may be fixed for a period of time but can reprice prior to maturity. As is customary in the banking industry, loans that meet our underwriting criteria may be renewed by mutual agreement between the borrower and us. Because we are unable to estimate the extent to which our borrowers will renew their loans, the table is based on contractual maturities as of September 30, 2026. As a result, the data shown below should not be viewed as an indication of future cash flows.

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 15 years	Due after 15 Years	Total
Commercial and industrial		*(dollars in thousands)*			
Fixed rate	$ 3,180	$ 31,930	$ 34,545	$ 4,895	$ 74,550
Floating rate	9,736	50,628	262	—	60,626
Commercial real estate					
Fixed rate	193,807	1,187,021	1,971,936	5,382	3,358,146
Floating rate	2,058	267,975	764,764	1,875	1,036,672
Construction and land development					
Fixed rate	—	—	—	—	—
Floating rate	—	56,162	—	—	56,162
Residential real estate					
Fixed rate	58	16,331	15,799	157,970	190,158
Floating rate	—	—	—	—	—
Agricultural					
Fixed rate	—	5,469	20,909	—	26,378
Floating rate	26,459	3,446	7,404	—	37,309
Consumer					
Fixed rate	278	451	1,077	1,596	3,402
Floating rate	—	222	220	5,800	6,242
Total loans	$ 235,576	$ 1,619,635	$ 2,816,916	$ 177,518	$ 4,849,645
Fixed rate	$ 197,323	$ 1,241,202	$ 2,044,266	$ 169,843	$ 3,652,634
Floating rate	38,253	378,433	772,650	7,675	1,197,011
Total loans	$ 235,576	$ 1,619,635	$ 2,816,916	$ 177,518	$ 4,849,645

Asset Quality

We manage the quality of our loans based upon trends at the overall loan portfolio level, as well as within each product type. We measure and monitor key factors that include the level and trend of classified, delinquent, nonaccrual, and nonperforming assets, collateral coverage, debt yields, and debt service coverage, where applicable. These metrics directly impact our evaluation of the adequacy of our ACL.

Our primary objective is to maintain a high level of asset quality in our loan portfolio. We believe our underwriting policies and practices, executed by experienced professionals, appropriately govern the risk profile for our loan portfolio. These policies are continually evaluated and updated as necessary. All loans are assessed and assigned a risk classification at origination based on underlying characteristics of the transaction, such as collateral cash flow, collateral coverage, and borrower strength. We believe that we have a comprehensive methodology to proactively monitor our credit quality after the origination process. On an ongoing basis, we monitor underlying tenant activity, collateral usage, payment performance, delinquencies, and tax and property insurance compliance. We design our practices to facilitate the early detection and remediation of problems within our loan portfolio. Assigned risk classifications are an integral part of management's assessment of the adequacy of our ACL. Like other financial institutions, we are subject to the risk that our loan portfolio will be exposed to increasing pressures from deteriorating borrower credit due to significant negative economic conditions and changing interest rates.

Nonperforming Assets

Our nonperforming assets consist of nonperforming loans and foreclosed real estate, if any. Nonperforming loans consist of nonaccrual loans and loans contractually past due by 90 days or more and still accruing. Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. Accrual of interest on loans is discontinued either when reasonable doubt exists as to the full and timely collection of interest or principal or when a loan becomes contractually past due by 90 days or more with respect to interest or principal. When a loan is placed on nonaccrual status, all interest previously accrued, but not collected, is reversed against current period interest income. Income on such loans is then recognized only to the extent that cash is received and where the future collection of principal is probable. Interest accruals are resumed on such loans only when they are brought fully current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest.

We had no nonperforming assets and delinquent loans representing 0.00% of total loans as of September 30, 2026 compared to no nonperforming assets and delinquent loans representing 0.02% of total loans as of December 31, 2025. We believe these strong credit metrics for both periods are a testament of our low-leveraged loan profile and prudent and proactive ongoing portfolio monitoring.

Credit Quality Indicators

We utilize a risk grading system for our loans to aid us in evaluating the overall credit quality of our loan portfolio and assessing the adequacy of our ACL. All loans are grouped into a risk category at the time of origination. All loans are reevaluated for proper risk grading as new information such as payment patterns, collateral conditions, and other relevant information comes to our attention.

The banking industry defines loans graded substandard or doubtful as "classified" loans.

The following table presents the risk categories for loans, by type, as of the dates indicated:

September 30, 2026	Pass	Special Mention	Substandard	Doubtful	Total
			(dollars in thousands)		
Commercial and industrial	$ 120,552	$ 6,729	$ 7,895	$ —	$ 135,176
Commercial real estate	4,323,825	44,546	26,447	—	4,394,818
Construction and land development	56,162	—	—	—	56,162
Residential real estate	190,158	—	—	—	190,158
Agricultural	63,687	—	—	—	63,687
Consumer	9,644	—	—	—	9,644
Total loans	$ 4,764,028	$ 51,275	$ 34,342	$ —	$ 4,849,645

December 31, 2025	Pass	Special Mention	Substandard	Doubtful	Total
			(dollars in thousands)		
Commercial and industrial	$ 167,587	$ 8,073	$ 7,930	$ —	$ 183,590
Commercial real estate	4,056,095	40,703	47,542	—	4,144,340
Construction and land development	16,760	9,000	—	—	25,760
Residential real estate	192,840	—	—	—	192,840
Agricultural	73,331	—	—	—	73,331
Consumer	8,242	—	—	—	8,242
Total loans	$ 4,514,855	$ 57,776	$ 55,472	$ —	$ 4,628,103

Allowance for Credit Losses

The ACL is established through a provision for credit losses charged to operations. Charge-offs are recorded against the ACL when management believes that the collectability of the principal is unlikely. Subsequent recoveries of previously charged-off amounts, if any, are credited to the ACL.

The ACL - loans is evaluated on a regular basis by management and is based on management's assessment of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

As of September 30, 2026, our ACL - loans was $112 million, compared to $104 million as of December 31, 2025. The increase in the allowance in the nine months ended September 30, 2026 is due to an $8 million provision for credit losses - loans and $42,000 of recoveries with no charge-offs.

As of September 30, 2026, our ACL – unfunded commitments was $1.4 million, compared to $2.6 million as of December 31, 2025. The $1.2 million decrease in the allowance for unfunded commitments reflects construction loan commitments that were funded during the nine months ended September 30, 2026, and therefore moved into the outstanding loan portfolio. The ACL – unfunded commitments is included in "Other liabilities" in the Consolidated Balance Sheets. Provisions for unfunded loan commitments are included in "Provision for credit losses – unfunded commitments" in the Consolidated Statements of Income.

The following table presents management's allocation of our ACL by loan type, and the balance of loans in each type as a percentage of total loans, for the periods indicated:

	As of September 30, 2026			As of December 31, 2025		
	$	ACL- Loans as a % of Loan Type	% of Total ACL - Loans	$	ACL- Loans as a % of Loan Type	% of Total ACL- Loans
	(dollars in thousands)					
Commercial and industrial	6,095	4.51%	5.5%	$ 7,241	3.94%	7.0%
Commercial real estate	97,419	2.22%	87.2%	89,787	2.17%	86.4%
Construction and land development	4,375	7.79%	3.9%	2,660	10.33%	2.6%
Residential real estate	2,473	1.30%	2.2%	2,537	1.32%	2.4%
Agricultural	1,206	1.89%	1.1%	1,414	1.93%	1.4%
Consumer	181	1.88%	0.1%	160	1.94%	0.2%
ACL - loans	$ 111,749	2.30%	100.0%	$ 103,799	2.24%	100.0%

The following table presents information on the activity within the allowance for credit losses as of and for the periods indicated:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
Allowance for Credit Losses - Loans	*(dollars in thousands)*			
Balance, beginning of period	$ 107,826	$ 101,415	$ 103,799	$ 102,163
Charge-offs:				
Commercial & industrial	—	—	—	(40)
Total charge-offs	—	—	—	(40)
Recoveries:				
Consumer	5	—	42	2
Commercial & industrial	—	—	—	34
Total recoveries	5	—	42	36
Net recoveries (charge-offs)	5	—	42	(4)
Provision for (reversal of) credit losses - loans	3,918	(644)	7,908	(1,388)
Balance, end of period	$ 111,749	$ 100,771	$ 111,749	$ 100,771
Allowance for Credit Losses - Unfunded Commitments				
Balance at beginning of period	$ 1,600	$ 2,835	$ 2,560	$ 2,215
(Reversal of) provision for credit losses - unfunded commitments	(200)	—	(1,160)	620
Balance at the end of period	$ 1,400	$ 2,835	$ 1,400	$ 2,835
Total allowance for credit losses	$ 113,149	$ 103,606	$ 113,149	$ 103,606
Total loans at end of period	$ 4,849,645	$ 4,437,858	$ 4,849,645	$ 4,437,858
Net charge-offs to average loans	0.00%	0.00%	0.00%	0.00%
Allowance for credit losses - loans to total loans	2.30%	2.27%	2.30%	2.27%

Total Liabilities

During third quarter of 2026, total liabilities increased $537 million, or 10.2%, to $5.8 billion as of September 30, 2026 from $5.3 billion as of December 31, 2025. This increase was primarily driven by growth in total deposits of $465 million and a $91 million increase in cash collateral held related to derivatives, partially offset by the repayment of $25 million of FRB discount window borrowings. The increase in total deposits during the nine months ended September 30, 2026 allowed the Bank to continue to increase loans, while maintaining a strong liquidity profile. There was a change in the deposit composition mix due to depositors increasing their usage of our fully-insured interest-bearing demand deposit product and reducing their exposure to longer-term time deposits.

Deposits

Representing 96.9% of our total liabilities as of September 30, 2026, deposits are our primary source of funding for our business operations.

Total deposits were $5.6 billion as of September 30, 2026, an increase of $465 million, or 9.0%, from $5.1 billion as of December 31, 2025. Deposit increases were primarily attributable to increases in interest-bearing demand deposits in response to the prevailing rate environment. Noninterest-bearing deposits decreased $31 million in the nine months ended September 30, 2026 to $901 million, and represented 16.1% of total deposits as of September 30, 2026, compared to 18.1% of total deposits as of December 31, 2025. Our loan to deposit ratio was 86.21% as of September 30, 2026, compared to 89.70% as of December 31, 2025. We closely monitor the loan to deposit ratio for purposes of both operational objectives and managing liquidity risk. The loan to deposit ratio is measured as total loans, net of deferred loan fees, divided by total deposits.

The following table presents the composition of our deposit portfolio by account type as of the dates indicated:

	September 30, 2026		December 31, 2025	
Deposits:	**$**	**%**	**$**	**%**
	(dollars in thousands)			
Noninterest-bearing demand deposits:	$ 901,373	16.1%	$ 932,804	18.1%
Interest-bearing deposits:				
Interest-bearing transaction accounts	2,488,396	44.3%	2,185,987	42.5%
Money market	1,531,100	27.3%	1,177,273	22.9%
Savings	84,811	1.5%	89,915	1.7%
Time deposits	608,094	10.8%	762,350	14.8%
Total interest-bearing deposits	4,712,401	83.9%	4,215,525	81.9%
Total deposits	$ 5,613,774	100.0%	$ 5,148,329	100.0%

The following table summarizes our deposit composition by average deposits and average rates paid for the periods indicated:

	For the Three Months Ended September 30, 2026		For the Nine Months Ended September 30, 2026	
	Average Balance	**Weighted Average Rate (%)**	**Average Balance**	**Weighted Average Rate (%)**
	(dollars in thousands)			
Noninterest-bearing demand deposits	$ 976,345	—	$ 916,135	—
Interest-bearing deposits:				
Interest-bearing transaction accounts	2,503,785	3.34%	2,429,350	3.35%
Money market	1,424,742	3.23%	1,398,282	3.25%
Savings	83,877	0.50%	85,952	0.49%
Time deposits	626,991	3.74%	640,820	3.76%
Total interest-bearing deposits	4,639,395	3.31%	4,554,404	3.32%
Total deposits	$ 5,615,740	2.73%	$ 5,470,539	2.77%

As of September 30, 2026, our 20 largest deposit relationships, each accounting for more than $35 million of deposits, totaled $3.0 billion, or 53.2% of our total deposits. As of December 31, 2025, our 20 largest deposit relationships, each accounting for more than $35 million of deposits, totaled $2.7 billion, or 52.7% of our total deposits.

The Bank is a member of deposit placement networks that qualify large deposits for FDIC insurance. These reciprocal deposit structures offer protection to depositors by fully insuring deposits with other network banks.

Estimated uninsured and uncollateralized deposits totaled approximately $906 million, or 16.1%, of total deposits, as of September 30, 2026 and approximately $848 million, or 16.5% of total deposits, as of December 31, 2025.

Estimated uninsured time deposits totaled approximately $74 million as of September 30, 2026 and approximately $181 million as of December 31, 2025.

The following table sets forth the maturity of time deposits and the balance of time deposits that exceed the FDIC insurance limit of $250,000 as of September 30, 2026.

Remaining maturity:	$250,000 and under	Greater than $250,000	Total	Uninsured Portion
	(dollars in thousands)			
3 months or less	$ 9,141	$ 250,339	$ 259,480	$ 46,663
Over 3 months through 6 months	8,806	135,903	144,709	10,598
Over 6 months through 12 months	10,574	111,193	121,767	15,811
Over 12 months	2,808	79,330	82,138	1,309
Total	$ 31,329	$ 576,765	$ 608,094	$ 74,381

FHLB Advances and Other Borrowings

From time to time, we utilize short-term collateralized FHLB advances to maintain adequate liquidity. There were no advances outstanding as of September 30, 2026 and December 31, 2025.

We had no outstanding FRB Discount Window borrowings as of September 30, 2026 and $25 million as of December 31, 2025.

Shareholders' Equity

As of September 30, 2026, shareholders' equity totaled $591 million, an increase of $43 million, or 8%, from $548 million as of December 31, 2025. The increase was primarily due to year-to-date net income of $68 million, partially offset by common stock repurchases of $15 million, other comprehensive losses of $10 million, and common stock cash dividends paid of $2 million.

Liquidity and Capital Resources

Overview

The goal for managing our assets and liabilities is to maximize shareholder value and earnings while maintaining a high-quality balance sheet without exposing the Bank to undue interest rate risk. The Board of Directors has overall responsibility for our interest rate risk management policies. Our Asset/Liability Committee ("ALCO") has primary responsibility for oversight of, among other responsibilities, our liquidity, asset/liability (interest rate risk) position, capital and our investment portfolio functions.

Liquidity risk is the potential that we will be unable to meet our obligations as they come due because of an inability to obtain adequate funding at a reasonable cost or liquidate assets. Our cash obligations require us to have cash flow that is adequate to fund loan growth and maintain on-balance sheet liquidity while meeting present and future obligations of deposit withdrawals, borrowing maturities, and other contractual cash obligations. In managing our cash flows, management regularly confronts situations that can give rise to increased liquidity risk. These include funding mismatches, market constraints in accessing sources of funds, and the ability to convert assets into cash. Changes in economic conditions or exposure to borrower credit quality, capital markets, and operational, legal, or reputational risks could also affect our liquidity risk profile and are considered in the assessment of liquidity management.

We continually monitor our liquidity position in order to meet all reasonably foreseeable short-term, long-term, and strategic liquidity demands. Management has established a comprehensive process for identifying, measuring, monitoring, and controlling liquidity risk. Because of its critical importance to the viability of the Bank, liquidity risk management is fully integrated into our risk management processes. Critical elements of our liquidity risk management include effective corporate governance, consisting of oversight by the Board of Directors and active involvement by management; appropriate strategies, policies, procedures, and limits used to manage and mitigate liquidity risk; comprehensive liquidity risk measurement and monitoring systems, including stress tests, that are commensurate with the complexity of our business activities; active management of intraday liquidity and collateral; an appropriately diverse mix of existing and potential future funding sources; adequate levels of highly liquid marketable securities free of legal, regulatory, or operational impediments that can be used to meet liquidity needs in stress situations; comprehensive contingency funding plans that sufficiently address potential adverse liquidity events and emergency cash flow requirements; and internal controls and internal audit processes sufficient to determine the adequacy of our liquidity risk management process.

Liquidity Management

We manage liquidity based upon factors that include the level of diversification of our funding sources, the composition of our deposit types, the availability of unused funding sources, our off-balance sheet obligations, the amount of cash and liquid securities we hold, and the availability of assets to be readily converted into cash without undue loss.

Our liquidity position is supported by management of our liquid assets and liabilities and access to alternative sources of funds. Our liquidity requirements are met primarily through our deposits, FRB Discount Window borrowings, FHLB advances, Fed Funds lines of credit with correspondent banks, wholesale brokered deposits and the principal and interest payments we receive on loans and investment securities. Cash on hand, cash at correspondent banks, AFS investments, and maturing or prepaying balances in our investment and loan portfolios are our internal sources of liquidity.

Total liquidity (consisting of cash and cash equivalents, unpledged available-for-sale investment securities, and unused and immediately available borrowing capacity) was approximately $3.1 billion as of September 30, 2026. This does not include the Bank's ability to obtain wholesale brokered deposits.

	September 30, 2026			
	Line of Credit	Outstanding Borrowings	Letters of Credit Issued	Total
	(dollars in thousands)			
FHLB	$ 1,502,254	$ —	$ 650,000	$ 852,254
FRB Discount Window	1,372,056	—	—	1,372,056
Federal Funds Lines	75,000	—	—	75,000
Unpledged investment securities	—	—	—	286,083
Cash and cash equivalents	—	—	—	485,870
Total	$ 2,949,310	$ —	$ 650,000	$ 3,071,263

FHLB

We maintain a collateralized line of credit with the FHLB. Based on the FHLB stock requirements and the collateral amount pledged as of September 30, 2026, this line provided for maximum borrowing capacity of $1.5 billion of which there were no outstanding advances and $650 million was utilized for letters of credit, which were used as collateral for public fund deposits. As of December 31, 2025, this line provided for maximum borrowing capacity of $1.5 billion of which there were no outstanding advances and $825 million was utilized for letters of credit. We pledged certain loans of approximately $2.2 billion under a blanket lien arrangement to collateralize the line of credit with the FHLB as of September 30, 2026 and December 31, 2025.

FRB Discount Window

We maintain a collateralized line of credit with the FRB Discount Window secured by certain pledged loans and securities. As of September 30, 2026 and December 31, 2025, this line provided for maximum borrowing capacity of $1.4 billion and $1.2 billion, respectively, of which none were outstanding as of September 30, 2026 and $25 million was outstanding as of December 31, 2025. We pledged certain loans of approximately $2.0 billion to the FRB as of September 30, 2026 and approximately $1.8 billion as of December 31, 2025. There were $1.7 million in securities pledged as of September 30, 2026 and $0 as of December 31, 2025.

Correspondent Bank Lines of Credit

As of September 30, 2026 and December 31, 2025, the unused and maximum borrowing capacity from correspondent bank lines of credit was $75 million.

Capital Adequacy

We use various measures to track and evaluate our capital adequacy with consideration given to our overall financial condition, our asset quality, our level of allowance for credit losses, our geographic and industry concentrations, and other risk factors on our balance sheet, including interest rate sensitivity.

We are subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a material effect on our shareholder value.

Under federal regulations implementing the Basel III framework, we are subject to minimum risk-based and leverage capital requirements. We are also subject to regulatory thresholds that must be met for an insured depository institution to be classified as "well-capitalized" under the prompt corrective action framework. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items, as calculated under regulatory accounting practices. Capital amounts for us, and our prompt corrective action classification, are also subject to qualitative judgments by the regulators about components of capital, risk weightings, and other factors. As of September 30, 2026, we were in compliance with all applicable regulatory capital requirements, and we were qualified as "well-capitalized" under the prompt corrective action framework.

Management reviews capital ratios on a regular basis to ensure that capital exceeds the prescribed regulatory minimums and is adequate to meet our anticipated future needs. For all periods presented, our ratios exceed the regulatory definition of "well-capitalized" under the regulatory framework for prompt corrective action.

	Ratio at September 30, 2026	Ratio at December 31, 2025	Minimum Requirement for "Well Capitalized" Depository Institution
Total Capital (to risk-weighted assets)	14.61%	14.02%	10.00%
Tier 1 Capital (to risk-weighted assets)	13.34%	12.75%	8.00%
Common Equity Tier 1 (to risk-weighted assets)	13.34%	12.75%	6.50%
Tier 1 Leverage (to average assets)	9.39%	9.40%	5.00%

Contractual Obligations

Our estimated future contractual obligations as of September 30, 2026 include both current and long-term obligations. The following table contains supplemental information regarding our total contractual obligations at September 30, 2026:

	Due				
	Within One Year	One to Three Years	Three to Five Years	After Five Years	Total
	(dollars in thousands)				
Time deposits	$ 525,956	$ 81,827	$ 311	$ —	$ 608,094
Leases	399	384	308	131	1,222
Total contractual obligations	$ 526,355	$ 82,211	$ 619	$ 131	$ 609,316

Off-Balance Sheet Arrangements

We have limited off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

In the ordinary course of business, we enter into financial commitments to meet the financing needs of our customers. These financial commitments include commitments to extend credit, and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk. Such off-balance sheet commitments totaled $538 million and $506 million as of September 30, 2026 and December 31, 2025, respectively.

The following table contains information regarding our off-balance sheet arrangements as of the dates indicated:

	September 30, 2026	December 31, 2025
	(dollars in thousands)	
Commitments to extend credit	$ 515,780	$ 474,819
Standby letters of credit	22,508	31,421
Total	$ 538,288	$ 506,240

Commitments to extend credit are agreements to lend to customers. These commitments have specified interest rates and generally have fixed expiration dates but may be terminated by us if certain conditions of the contract are violated. Although currently subject to drawdown, some of these commitments may expire or terminate without funding. Therefore, the total commitment amounts do not necessarily represent future cash requirements. Collateral held relating to these commitments vary. For secured loans, it generally includes real estate, accounts receivable and personal property.

Standby letters of credit are conditional commitments issued by us to guarantee the performance of a customer to a third party. Credit risk arises in these transactions from the possibility that a customer may not be able to repay us upon default of performance. Collateral held for standby letters of credit is based on an individual evaluation of each customer's credit worthiness but may include real estate and cash.

Our exposure to loan loss in the event of nonperformance on these financial commitments is represented by the contractual amount of those instruments. We use the same credit policies in making commitments as it does for loans reflected in the financial statements.

In addition, periodically, we invest in qualified affordable housing projects. Pursuant to these investments, we commit to an investment amount to be fulfilled in future periods. Such unfunded commitments totaled $187,000 as of September 30, 2026 and December 31, 2025. The Bank accounts for these investments using the proportional amortization method.

Non-GAAP Financial Measures

Some of the financial measures discussed herein are non-GAAP financial measures. In accordance with SEC rules, we classify a financial measure as being a non-GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are included or excluded, as the case may be, in the most directly comparable measure calculated and presented in accordance with GAAP in our Consolidated Statements of Income, Consolidated Balance Sheets, Consolidated Statements of Shareholders' Equity, or Consolidated Statements of Cash Flows.

We believe that these non-GAAP financial measures provide useful information to management and investors that is supplementary to our financial condition, results of operations, and cash flows computed in accordance with GAAP. However, we acknowledge that our non-GAAP financial measures have a number of limitations. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other banking companies use. Other banking companies may use names similar to those we use for the non-GAAP financial measures we disclose but may calculate them differently. You should understand how we and other companies each calculate non-GAAP financial measures when making comparisons.

Core Pre-Tax, Pre-Provision Income

This figure is defined as net interest income, plus noninterest income, less the change in fair value of derivatives, less noninterest expense. The purpose of this non-GAAP financial measure is to remove the market volatility that can be included in the change in the fair value of derivatives that do not have fair value hedge accounting treatment, which is a component of noninterest income. We make effort to hedge our interest rate risk through interest rate derivatives and a portion of the gain/loss on derivatives is reflected in our Statement of Operations. We believe that this non-GAAP financial measure provides a clearer picture of our operational earnings.

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	(dollars in thousands)			
Net interest income	$ 37,846	$ 37,095	$ 108,399	$ 103,821
Noninterest income (loss)	19,800	892	28,568	(5,027)
Non-core item:				
Less net changes in the fair value of derivatives	17,149	(1,568)	22,056	(12,013)
Core noninterest income	2,651	2,460	6,512	6,986
Less noninterest expense	11,203	11,164	35,585	33,087
Core pre-tax, pre-provision income	$ 29,294	$ 28,391	$ 79,326	$ 77,720

Adjusted Efficiency Ratio

The efficiency ratio represents the ratio of noninterest expense to the sum of net interest income and total noninterest income. The adjusted efficiency ratio further excludes the change in the fair value of derivatives from total noninterest income to provide a better reflection of our financial results, as the change in fair values of these derivatives is driven by the interest rate environment. We believe that the exclusion of this item from this financial measure provides useful information to gain an understanding of the operating results of our core business. The change in the fair value which is excluded only relates to derivatives which are undesignated from an accounting perspective.

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	(dollars in thousands)			
Total noninterest expense (A)	$ 11,203	$ 11,164	$ 35,585	$ 33,087
Net interest income (B)	37,846	37,095	108,399	103,821
Noninterest income (loss) (C)	$ 19,800	$ 892	$ 28,568	$ (5,027)
Less net changes in the fair value of derivatives	17,149	(1,568)	22,056	(12,013)
Core noninterest income (D)	$ 2,651	$ 2,460	$ 6,512	$ 6,986
Efficiency Ratio (A)/(B +C)	19.43%	29.39%	25.98%	33.49%
Adjusted Efficiency Ratio (A)/(B+D)	27.66%	28.22%	30.97%	29.86%

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss from adverse changes in market prices and rates. As a financial institution, we experience market risk arising primarily from interest rate risk inherent in investing, lending, and deposit-taking activities. Because the interest rates on our assets and liabilities do not necessarily change at the same speed or rate as market interest rates, sudden and/or substantial changes in interest rates may adversely impact our earnings.

The goal for managing our assets and liabilities is to maximize shareholder value and earnings while maintaining a high-quality balance sheet without exposing us to undue interest rate risk. The Board of Directors has overall responsibility for our interest rate risk management policies. Our ALCO Committee establishes and monitors guidelines to control the sensitivity of earnings and the fair value of certain assets and liabilities as may be caused by changes in interest rates. Our policies and procedures provide management with guidelines for effective funds management, and we have established a measurement system for monitoring our interest rate sensitivity. We do not hold any financial instruments that are not maintained in U.S. dollars and are not party to any contracts that may be settled or repaid in a denomination other than U.S. dollars.

Interest rate risk is the primary market risk associated with asset/liability management. Sensitivity of earnings to interest rate changes arises when yields on earning assets change in a different time period or in a different amount from that of interest bearing liabilities. To mitigate interest rate risk, the structure of the balance sheet is managed with the goal that movements of interest rates on assets and liabilities are correlated and contribute to stable earnings even in periods of volatile interest rates or different interest rate environments.

We actively manage interest rate risk inherent in our loan portfolio through the use of derivative instruments, primarily interest rate swaps. These derivatives allow us to modify the interest characteristics of certain assets and liabilities by exchanging fixed-rate cash flows for floating-rate cash flows, or vice versa. Our hedging strategy is designed to reduce the sensitivity of our net interest income to changes in benchmark interest rates and to provide greater predictability in earnings over the long-term. Our use of interest rate swaps is governed by established risk management policies and is accounted for in accordance with applicable derivative accounting standards under U.S. GAAP. These instruments do not involve the exchange of principal and are executed with counterparties that meet our credit risk criteria.

We use an asset / liability management model to simulate the effects of interest rate changes on net interest income and our balance sheet. The model produces two measures of interest rate risk: Net Interest Income at Risk (“NII at Risk”), and Economic Value of Equity (“EVE”). NII at Risk uses various assumptions for assets, liabilities, and derivatives to measure annual changes in net interest income assuming a flat balance sheet and an instantaneous and parallel shift in market interest rates in 100 basis point increments. We report NII at Risk to isolate the change in income related solely to interest-earning assets and interest-bearing liabilities. The model results do not take into consideration any steps management might take to respond to the changes in interest rates. EVE measures the period end market value of assets minus the market value of liabilities and the change in this value as rates change. EVE results are compared to previous periods and established policies on a quarterly basis. The asset/liability management policy sets limits on the acceptable amount of variance in NII at Risk and EVE under changing interest environments.

The following table summarizes the estimated effect on NII at Risk and EVE from changing interest rates as measured against a flat rate (no interest rate change) instantaneous parallel shock scenario over a twelve-month period utilizing an interest sensitivity analysis based on our specific mix of interest-earning assets and interest-bearing liabilities as of September 30, 2026.

	September 30, 2026	
	Estimated Change in NII (as % of NII)	**Estimated Change in EVE (as % of EVE)**
+300	13.6%	(1.9)%
+200	9.1%	(1.2)%
+100	4.6%	(0.5)%
+0 (flat)	—	—
-100	(5.5)%	(0.5)%
-200	(11.1)%	(1.2)%
-300	(16.9)%	(2.5)%

As of September 30, 2026, our NII at Risk profile is asset sensitive reflecting assets that reprice faster than our liabilities. Actual results could vary materially from those calculated by our model, due to a variety of factors or assumptions such as the uncertainty of the magnitude, timing and direction of future interest rate movement or the shape of the yield curve. The NII at Risk and the EVE results are within board approved policy limits.

The computation of the prospective effects of hypothetical interest rate changes requires numerous assumptions, which are based upon our experience and published industry experience including, but not limited to, assumptions relating to expected maturities, hypothetical changes in interest rates, decay rates, and deposit betas. Such assumptions may not necessarily reflect the manner or timing in which our interest-earning assets and interest-bearing liabilities respond to changes in market rates. Because these assumptions are inherently uncertain, actual results will differ from simulated results.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Bank's management, including our chief executive officer and chief financial officer, have evaluated the effectiveness of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Exchange Act), as of the end of the period covered by this Form 10-Q. Based on this evaluation, our chief executive officer and chief financial officer have concluded that, as of September 30, 2026, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934) that occurred during the quarterly period ended September 30, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

From time to time, we are a party to various litigation matters incidental to the conduct of our business. We do not believe that any currently pending legal proceedings will have a material adverse effect on our business, financial condition, or results of operations.

ITEM 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed under "Risk Factors" in the Bank's Offering Circular dated August 5, 2026, filed as part of the Bank's registration statement on Form 10/A.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Unregistered Sales of Equity Securities

None.

(b) Use of Proceeds

Not applicable.

(c) Issuer Purchases of Equity Securities

The following table shows the repurchases made by the Bank during the periods indicated:

	Issuer Purchases of Equity Securities			
	(a)	(b)	(c)	(d)
Period	Total Number of Shares Purchased	Average Price Paid per Share*	Total Number of Shares Purchased as Part of an Approved Plan [1]	Maximum Dollar Amount that May Yet Be Purchased Under the Plan
		(dollars in thousands)		
July 1, 2026 to July 31, 2026	—	$ —	—	$ 6,523
August 1, 2026 to August 31, 2026	11,450	48.09	11,450	5,972
September 1, 2026 to September 30, 2026	20,500	52.50	20,500	4,896
Total	31,950	$ 50.92	31,950	$ 4,896

* Note that the Average Price Paid per Share does not include any excise tax which the Bank is subject to.

(1) On December 16, 2025, our Board of Directors authorized an increase to an existing stock repurchase program whereby the Bank may repurchase up to $20 million of its common stock in calendar year 2026. The stock repurchase program expires on December 31, 2026.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the quarter ended September 30, 2026, no officer or director of the Bank adopted or terminated any contract, instruction, or written plan for the purchase or sale of securities of our common stock that is intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c) or any non-Rule 10b5-1 trading arrangement as defined in 17 CFR§ 229.408(c).

ITEM 6. Exhibits

The following exhibits are filed as part of this report or hereby incorporated by reference to filings previously made with the FDIC.

Exhibit Number	Exhibit Description
3.1	Amended and Restated Articles of Incorporation of River City Bank (incorporated by reference to Exhibit 3.1 of River City Bank's Amendment No. 1 to the Registration Statement on Form 10 filed with the FDIC on July 23, 2026)
3.2	Amended and Restated Bylaws of River City Bank (incorporated by reference to Exhibit 3.2 of River City Bank's Amendment No. 1 to the Registration Statement on Form 10 filed with the FDIC on July 23, 2026)
4.1	Specimen stock certificate of River City Bank common stock (incorporated by reference to Exhibit 4.1 of River City Bank's Registration Statement on Form 10 filed with the FDIC on March 6, 2026)
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a)
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a)
32.1	Certification of Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	Certification of Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

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.

River City Bank
(registrant)

November 12, 2026

By /s/ Stephen Fleming
Stephen Fleming
President and Chief Executive Officer
(Principal Executive Officer)

November 12, 2026

By /s/ Brian Killeen
Brian Killeen
Executive Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Stephen Fleming, certify that:

1. I have reviewed this quarterly report on Form 10-Q of River City Bank;

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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

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

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

    (b) [Reserved];

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: November 12, 2026

By: /s/ Stephen Fleming
Stephen Fleming,

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Brian Killeen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of River City Bank;

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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

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

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

    (b) [Reserved];

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: November 12, 2026

By: /s/ Brian Killeen
Brian Killeen,

Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of River City Bank (the "Bank") on Form 10-Q for the period ended September 30, 2026, as filed with the Federal Deposit Insurance Corporation on the date hereof (the "Report"), I, Stephen Fleming, President and Chief Executive Officer of the Bank, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge that:

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

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

Date: November 12, 2026

By: /s/ Stephen Fleming
Stephen Fleming,

President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of River City Bank (the "Bank") on Form 10-Q for the period ended September 30, 2026, as filed with the Federal Deposit Insurance Corporation on the date hereof (the "Report"), I, Brian Killeen, Executive Vice President and Chief Financial Officer of the Bank, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge that:

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

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

Date: November 12, 2026

By: /s/ Brian Killeen
Brian Killeen,

Executive Vice President and Chief Financial Officer