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

FORM 10-Q

☒ 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

For the transition period from _____ to _____

Commission File Number 001-40379

FIVE STAR BANCORP

(Exact name of Registrant as specified in its charter)

California	**75-3100966**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

3100 Zinfandel Drive, Suite 100 Rancho Cordova, CA 95670

(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code: **(916) 626-5000**

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock, no par value per share	FSBC	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 October 30, 2026, there were 24,537,080 shares of the registrant's common stock, no par value, outstanding.

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FIVE STAR BANCORP AND SUBSIDIARY
Quarterly Report on Form 10-Q
September 30, 2026

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Glossary of Acronyms, Abbreviations, and Terms

The terms identified below are used in various sections of this Form 10-Q, including the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2 and the unaudited Consolidated Financial Statements and Notes to the Financial Statements in Item 1 of this Form 10-Q.

2025 Annual Report on Form 10-K	Company's Annual Report on Form 10-K for the year ended December 31, 2025	FNMA	Federal National Mortgage Association
ASC	Accounting Standards Codification	GAAP	Generally Accepted Accounting Principles in the U.S.
ASU	Accounting Standards Update	GNMA	Government National Mortgage Association
Bancorp	Five Star Bancorp and its subsidiary	GSE	Government Sponsored Entity
Bank	Five Star Bank	IPO	Initial Public Offering
Basel III	A capital framework and rules for U.S. banking organizations	IRC	Internal Revenue Code
BOLI	Bank-Owned Life Insurance	LM	Loan modification made to borrower experiencing financial difficulty
CECL	Current Expected Credit Loss	NII	Net Interest Income
CME	Chicago Mercantile Exchange	OCI	Other Comprehensive Income
EPS	Earnings per Share	PSU	Performance-based Restricted Stock Unit
EVE	Economic Value of Equity	RSA	Restricted Stock Award
FASB	Financial Accounting Standards Board	ROAA	Return on Average Assets, annualized
FDIC	Federal Deposit Insurance Corporation	ROAE	Return on Average Equity, annualized
Federal Reserve	Board of Governors of the Federal Reserve System	ROUA	Right-of-Use Asset
FFIEC	Federal Financial Institutions Examination Council	SBA	U.S. Small Business Administration
FHLB	Federal Home Loan Bank of San Francisco	SEC	Securities and Exchange Commission
FHLMC	Federal Home Loan Mortgage Corporation	SOFR	Secured Overnight Financing Rate

PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

FIVE STAR BANCORP AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in thousands, except share amounts)	September 30, 2026	December 31, 2025
ASSETS		
Cash and due from financial institutions	$ 46,297	$ 33,978
Interest-bearing deposits in banks	633,185	472,873
Cash and cash equivalents	679,482	506,851
Time deposits in banks	—	100
Securities available-for-sale, at fair value, net of allowance for credit losses of $0 at September 30, 2026 and December 31, 2025 (amortized cost of $98,975 and $107,197 at September 30, 2026 and December 31, 2025, respectively)	82,228	94,699
Securities held-to-maturity, at amortized cost, net of allowance for credit losses of $20 at September 30, 2026 and December 31, 2025 (fair value of $1,698 and $1,995 at September 30, 2026 and December 31, 2025, respectively)	1,930	2,190
Loans held for investment	4,704,215	4,074,929
Allowance for credit losses	(49,390)	(44,409)
Loans held for investment, net of allowance for credit losses	4,654,825	4,030,520
Federal Home Loan Bank of San Francisco (“FHLB”) stock	15,000	15,000
Operating leases, right-of-use asset, net	10,661	10,802
Premises and equipment, net	2,687	2,109
Bank-owned life insurance, net	29,029	23,910
Interest receivable and other assets	83,776	68,680
Total assets	**$ 5,559,618**	**$ 4,754,861**
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Deposits:		
Non-interest-bearing	$ 1,210,488	$ 1,084,537
Interest-bearing	3,614,040	3,116,547
Total deposits	4,824,528	4,201,084
Borrowings:		
Subordinated notes, net	74,150	74,041
Operating lease liability	11,926	11,872
Interest payable and other liabilities	31,803	22,032
Total liabilities	4,942,407	4,309,029
Commitments and contingencies (Note 8)		
Shareholders’ equity:		
Preferred stock, no par value; 10,000,000 shares authorized; zero issued and outstanding at September 30, 2026 and December 31, 2025	—	—
Common stock, no par value; 100,000,000 shares authorized; 24,536,614 shares issued and outstanding at September 30, 2026; 21,367,387 shares issued and outstanding at December 31, 2025	435,511	303,990
Retained earnings	194,092	150,985
Accumulated other comprehensive loss, net of taxes	(12,392)	(9,143)
Total shareholders’ equity	617,211	445,832
Total liabilities and shareholders’ equity	**$ 5,559,618**	**$ 4,754,861**

See accompanying notes to the unaudited consolidated financial statements.

FIVE STAR BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Interest and fee income:				
Loans, including fees	$ 71,392	$ 59,257	$ 199,073	$ 168,204
Taxable securities	335	415	1,071	1,225
Nontaxable securities	161	164	478	512
Interest-bearing deposits in banks	7,286	5,009	18,226	12,571
Total interest and fee income	79,174	64,845	218,848	182,512
Interest expense:				
Deposits	27,087	24,336	74,898	69,188
Subordinated notes	1,161	1,161	3,484	3,484
Total interest expense	28,248	25,497	78,382	72,672
Net interest income	50,926	39,348	140,466	109,840
Provision for credit losses	2,500	2,500	7,425	6,900
Net interest income after provision for credit losses	48,426	36,848	133,041	102,940
Non-interest income:				
Service charges on deposit accounts	148	185	405	596
Gain on sale of loans	—	—	—	244
Loan-related fees	472	683	2,416	1,599
FHLB stock dividends	424	329	1,377	985
Earnings on bank-owned life insurance (“BOLI”)	270	209	760	590
Other	380	560	251	1,121
Total non-interest income	1,694	1,966	5,209	5,135
Non-interest expense:				
Salaries and employee benefits	12,338	9,716	35,189	27,760
Occupancy and equipment	935	700	2,637	1,994
Data processing and software	1,742	1,559	5,002	4,524
Federal Deposit Insurance Corporation (“FDIC”) insurance	670	500	1,800	1,425
Professional services	1,330	932	3,208	2,763
Advertising and promotional	798	803	2,501	2,190
Loan-related expenses	319	317	870	1,059
Other operating expenses	2,459	2,053	6,394	5,636
Total non-interest expense	20,591	16,580	57,601	47,351
Income before provision for income taxes	29,529	22,234	80,649	60,724
Provision for income taxes	7,620	5,890	20,720	16,761
Net income	**$ 21,909**	**$ 16,344**	**$ 59,929**	**$ 43,963**
Basic earnings per common share	$ 0.92	$ 0.77	$ 2.70	$ 2.07
Diluted earnings per common share	$ 0.92	$ 0.77	$ 2.70	$ 2.07

See accompanying notes to unaudited consolidated financial statements.

FIVE STAR BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2026**	**2025**	**2026**	**2025**
Net income	$ 21,909	$ 16,344	$ 59,929	$ 43,963
Unrealized (loss) gain on securities:				
Net unrealized holding (loss) gain on securities available-for-sale during the period	(4,023)	2,843	(4,250)	4,063
Less: Income tax (benefit) expense related to items of other comprehensive (loss) income	(1,046)	763	(1,001)	1,570
Other comprehensive (loss) income	(2,977)	2,080	(3,249)	2,493
Total comprehensive income	**$ 18,932**	**$ 18,424**	**$ 56,680**	**$ 46,456**

See accompanying notes to the unaudited consolidated financial statements.

FIVE STAR BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Three Months Ended September 30, 2026 and 2025
(Unaudited)

(in thousands, except per share amounts)	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount			
Balance at June 30, 2025	21,360,991	$ 303,155	$ 125,545	$ (11,958)	$ 416,742
Net income	—	—	16,344	—	16,344
Other comprehensive income	—	—	—	2,080	2,080
Stock issued under stock award plans	7,062	—	—	—	—
Stock compensation expense	—	416	—	—	416
Stock forfeitures	(666)	—	—	—	—
Cash dividends paid ($0.20 per share)	—	—	(4,274)	—	(4,274)
Balance at September 30, 2025	**21,367,387**	**$ 303,571**	**$ 137,615**	**$ (9,878)**	**$ 431,308**
Balance at June 30, 2026	21,402,864	$ 304,868	$ 178,318	$ (9,415)	$ 473,771
Net income	—	—	21,909	—	21,909
Other comprehensive loss	—	—	—	(2,977)	(2,977)
Common stock issued, net of stock issuance costs of $7.9 million	3,133,750	130,021	—	—	130,021
Stock compensation expense	—	622	—	—	622
Cash dividends paid ($0.25 per share)	—	—	(6,135)	—	(6,135)
Balance at September 30, 2026	**24,536,614**	**$ 435,511**	**$ 194,092**	**$ (12,392)**	**$ 617,211**

See accompanying notes to the unaudited consolidated financial statements.

FIVE STAR BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Nine Months Ended September 30, 2026 and 2025
(Unaudited)

(in thousands, except per share amounts)	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount			
Balance at December 31, 2024	21,319,083	$ 302,531	$ 106,464	$ (12,371)	$ 396,624
Net income	—	—	43,963	—	43,963
Other comprehensive income	—	—	—	2,493	2,493
Stock issued under stock award plans	49,303	—	—	—	—
Stock compensation expense	—	1,040	—	—	1,040
Stock forfeitures	(999)	—	—	—	—
Cash dividends paid ($0.60 per share)	—	—	(12,812)	—	(12,812)
Balance at September 30, 2025	**21,367,387**	**$ 303,571**	**$ 137,615**	**$ (9,878)**	**$ 431,308**
Balance at December 31, 2025	21,367,387	$ 303,990	$ 150,985	$ (9,143)	$ 445,832
Net income	—	—	59,929	—	59,929
Other comprehensive loss	—	—	—	(3,249)	(3,249)
Common stock issued, net of stock issuance costs of $7.9 million	3,133,750	130,021	—	—	130,021
Stock issued under stock award plans	35,477	—	—	—	—
Stock compensation expense	—	1,500	—	—	1,500
Cash dividends paid ($0.75 per share)	—	—	(16,822)	—	(16,822)
Balance at September 30, 2026	**24,536,614**	**$ 435,511**	**$ 194,092**	**$ (12,392)**	**$ 617,211**

See accompanying notes to unaudited consolidated financial statements.

FIVE STAR BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
(in thousands)	**2026**	**2025**
Cash flows from operating activities:		
Net income	$ 59,929	$ 43,963
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	7,425	6,900
Depreciation and amortization	1,757	(50)
Amortization of deferred loan fees and costs	88	370
Amortization of premiums and discounts on securities	572	609
Amortization of subordinated note issuance costs	109	109
Amortization of low income housing tax credits	1,721	1,239
Stock compensation expense	1,500	1,040
Earnings on BOLI	(760)	(590)
Deferred tax provision	22	722
Purchase of transferable tax credits	(5,258)	—
Loans originated for sale	—	(1,384)
Gain on sale of loans	—	(244)
Gross proceeds from sale of loans	—	3,531
Earnings on equity investments	(26)	(845)
Net changes in:		
Interest receivable and other assets	(1,647)	(3,982)
Interest payable and other liabilities	4,854	62
Operating lease liability	(1,083)	605
Net cash provided by operating activities	**69,203**	**52,055**
Cash flows from investing activities:		
Maturities, prepayments, and calls of securities available-for-sale	7,910	7,574
Purchases of securities available-for-sale	—	(1,030)
Capital call for equity investments	(3,835)	(1,638)
Proceeds received from equity investments	480	283
Capital call for low income housing tax credits	(812)	(5,381)
Net change in time deposits in banks	100	4,021
Loan originations, net of repayments	(631,642)	(356,230)
Purchase of premises and equipment, net	(1,057)	(559)
Purchase of BOLI	(4,359)	(3,710)
Other real estate sale proceeds	—	87
Net cash used in investing activities	**(633,215)**	**(356,583)**
Cash flows from financing activities:		
Net change in deposits	623,444	545,444
Proceeds from issuance of stock, net of issuance costs	130,021	—
Cash dividends paid	(16,822)	(12,812)
Net cash provided by financing activities	**736,643**	**532,632**
Net change in cash and cash equivalents	172,631	228,104
Cash and cash equivalents at beginning of period	506,851	352,343
Cash and cash equivalents at end of period	**$ 679,482**	**$ 580,447**

(in thousands)	Nine Months Ended September 30, 2026	2025
Supplemental disclosure of cash flow information:		
Interest paid	$ 79,974	$ 71,925
Income taxes paid:[1]		
US Federal	—	
US Federal - IRC 45X Tax Credits[2]	5,258	
US State and Local		
California	7,050	
Other states	1,703	
Total	14,011	18,011
Supplemental disclosure of noncash items:		
Transfer from loans held for sale to loans held for investment	—	1,344
Unrealized (loss) gain on securities	(4,250)	4,063
Operating lease liabilities exchanged for ROUA	1,137	2,970
ROUA acquired	(1,015)	(2,970)
Change in commitment for low income housing tax credits	10,000	(10,000)

See accompanying notes to the unaudited consolidated financial statements.

[1]Income taxes are presented by significant jurisdictions beginning in 2026 as required by ASU No. 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures* ("ASU 2023-09"). This standard has been applied on a prospective basis.

[2]These credits were acquired from a third-party seller in lieu of a direct payment to the US federal taxing authority and are treated as a tax payment for federal income tax purposes. The cash outflow associated with the purchase of these transferable tax credits is also reflected as a reduction within operating activities in the Consolidated Statements of Cash Flows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

(a) Organization

Five Star Bank (the "Bank") was chartered on October 26, 1999 and began operations on December 20, 1999. Five Star Bancorp ("Bancorp" or the "Company") was incorporated on September 16, 2002 and subsequently obtained approval from the Board of Governors of the Federal Reserve System (the "Federal Reserve") to become a bank holding company in connection with its acquisition of the Bank. The Company became the sole shareholder of the Bank on June 2, 2003 in a statutory merger, pursuant to which each outstanding share of the Bank's common stock was exchanged for one share of common stock of the Company.

The Company, through the Bank, provides a broad range of banking products and services to customers who are predominantly small and medium-sized businesses, professionals, and individuals residing in California. The Company's primary loan products are commercial real estate loans, land development loans, construction loans, and operating lines of credit, and its primary deposit products are checking accounts, savings accounts, money market accounts, and term certificate accounts. The Bank currently has ten branch offices in Chico, Elk Grove, Lodi, Natomas, Rancho Cordova, Redding, Roseville, San Francisco, Walnut Creek, and Yuba City.

(b) Basis of Financial Statement Presentation and Consolidation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as contained within the Financial Accounting Standards Board's ("FASB's") Accounting Standards Codification ("ASC"), including Accounting Standards Updates ("ASUs"), and the rules and regulations of the Securities and Exchange Commission (the "SEC"), including the instructions to Regulation S-X. These interim unaudited consolidated financial statements reflect all adjustments (consisting solely of normal recurring adjustments and accruals) which, in the opinion of management, are necessary for a fair presentation of financial position, results of operations and comprehensive income, changes in shareholders' equity, and cash flows for the interim periods presented. These unaudited consolidated financial statements have been prepared on a basis consistent with, and should be read in conjunction with, the audited consolidated financial statements as of and for the year ended December 31, 2025, and the notes thereto, included in the Company's Annual Report on Form 10-K (the "2025 Annual Report on Form 10-K"), which was filed with the SEC on February 27, 2026.

The unaudited consolidated financial statements include Bancorp and its wholly owned subsidiary, the Bank. All significant intercompany transactions and balances are eliminated in consolidation.

The results of operations for the three and nine months ended September 30, 2026 are not necessarily indicative of the results of operations that may be expected for any other interim period or for the year ending December 31, 2026.

The Company's accounting and reporting policies conform to GAAP and to general practices within the banking industry.

(c) Segments

The Company has one reportable operating segment: banking. The banking segment derives its revenues through the Bank, which provides a broad range of banking products and services to customers who are predominantly small and middle-market businesses, professionals, and individuals primarily in California. The Company manages the business activities on a consolidated basis.

The Company's chief operating decision maker ("CODM") is its Chief Executive Officer, who reviews financial information presented on a consolidated basis. The CODM assesses performance for the operating segment and decides how to allocate resources based on net income that also is reported on the income statement as consolidated net income. The measure of segment assets is reported on the balance sheet as total consolidated assets.

These financial metrics are used by the CODM to make key operating decisions, such as determination of the rate at which the Company seeks to grow, loan and deposit pricing, and the allocation of budget for non-interest expenses. Net income is used to monitor budget versus actual results. Discrete financial information is not available other than on a Company-wide basis.

(d) Emerging Growth Company

The Company qualifies as an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and, as such, may take advantage of specified reduced reporting requirements and deferred adoption dates for accounting standards, and is relieved of other significant requirements that are otherwise generally applicable to other public companies. The Company will remain an emerging growth company until the last day of the fiscal year following the fifth anniversary of its initial public offering ("IPO") date of May 5, 2021, or December 31, 2026, unless one of the following occurs: (i) total annual gross revenues are $1.235 billion or more; (ii) the Company issues more than $1.0 billion in non-convertible debt; or (iii) the Company becomes a large accelerated filer with a public float of more than $0.7 billion, as measured at June 30 annually.

(e) Significant Accounting Policies

The Company's significant accounting policies are included in Note 1, Basis of Presentation in the notes to our audited consolidated financial statements included in the 2025 Annual Report on Form 10-K.

(f) Recently Issued Accounting Standards

The following information reflects recent accounting standards that have been adopted or are pending adoption by the Company. The Company qualifies as an emerging growth company and, as such, has elected not to opt out of the extended transition period for complying with new or revised accounting standards and is not subject to the new or revised accounting standards applicable to public companies during the extended transition period. However, we may early adopt certain accounting standards, as the JOBS Act does not preclude an emerging growth company from adopting a new or revised accounting standard earlier than the time that such standard applies to private companies to the extent early adoption is permitted. Our early adoption of ASU 2023-09 was voluntary and does not represent an irrevocable election to opt out of the extended transition period for all standards. The accounting standards discussed below indicate effective dates for the Company as an emerging growth company using the extended transition period.

Accounting Standards Adopted in 2026

In December 2023, the FASB issued ASU 2023-09, which enhances the transparency and decision usefulness of income tax disclosures. ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. Entities are also required to disclose income/(loss) from continuing operations before income tax expense/(benefit) disaggregated between domestic and foreign operations, as well as income tax expense/(benefit) from continuing operations disaggregated by federal, state, and foreign operations. ASU 2023-09 is effective for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years, for emerging growth companies that have elected not to opt out of the extended transition period. The Company elected to early adopt ASU 2023-09 for the fiscal year ended December 31, 2025, which did not have a significant impact on the Company's consolidated financial statements. The Company's early adoption of ASU 2023-09 was voluntary and does not represent an irrevocable election to opt out of the extended transition period for all standards. The Company has updated its income tax disclosures in accordance with ASU 2023-09, which primarily enhances transparency regarding income tax expense and related items.

In March 2024, the FASB issued ASU 2024-02, *Codification Improvements - Amendments to Remove References to the Concepts Statements* ("ASU 2024-02"). ASU 2024-02 contains amendments to the ASC that remove references to various Concepts Statements. In most instances, the references are extraneous and not required to understand or apply the guidance. In other instances, the references were used in prior Statements to provide guidance in certain topical areas. FASB Concepts Statements are nonauthoritative. Removing all references to Concepts Statements in the guidance is intended to simplify the ASC and draw a distinction between authoritative and nonauthoritative literature. ASU 2024-02 is effective January 1, 2026 for emerging growth companies electing not to opt out of the extended transition period and did not have a significant impact on the Company's consolidated financial statements.

Accounting Standards Issued But Not Yet Adopted

In October 2023, the FASB issued ASU No. 2023-06, *Disclosure Improvements - Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative* ("ASU 2023-06"), amending disclosure or presentation requirements related to various subtopics in the FASB's ASC. ASU 2023-06 was issued in response to the SEC's initiative to update and simplify disclosure requirements. The SEC identified 27 disclosure requirements that were incremental to

those in the ASC and referred them to the FASB for potential incorporation into GAAP. To avoid duplication, the SEC intended to eliminate those disclosure requirements from existing SEC regulations as the FASB incorporated them into the relevant ASC subtopics. ASU 2023-06 adds 14 of the 27 identified disclosure or presentation requirements to the ASC. ASU 2023-06 is to be applied prospectively, and early adoption is prohibited. For reporting entities subject to the SEC's existing disclosure requirements, the effective dates of ASU 2023-06 will be the date on which the SEC's removal of that related disclosure requirement from Regulation S-X or Regulation S-K becomes effective. If by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the ASC and will not become effective for any entities. ASU 2023-06 is not expected to have a significant impact on the Company's consolidated financial statements.

On November 4, 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures* ("Subtopic 220-40")*: Disaggregation of Income Statement Expenses* ("ASU 2024-03") and in January 2025 the FASB issued ASU 2025-01, *Clarifying the Effective Date*. This standard responds to investor input by requiring public companies to disclose, in interim and annual reporting periods, additional information about certain expenses in the notes to the financial statements. This standard is effective for all entities that are subject to Subtopic 220-40, for annual periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, but early adoption is permitted. ASU 2024-03 is not expected to have a significant impact on the Company's consolidated financial statements.

In November 2025, the FASB issued ASU 2025-08, *Financial Instruments - Credit Losses (Topic 326): Purchased Loans* ("ASU 2025-08"). ASU 2025-08 expands the use of the gross-up approach for certain acquired loans by requiring qualifying purchased seasoned loans to be accounted for in a manner similar to purchased financial assets with credit deterioration. Under the gross-up approach, an allowance for expected credit losses is recognized as part of the initial amortized cost basis of the acquired loans rather than through a provision for credit losses on the acquisition date. The amendments are intended to improve comparability and reduce complexity associated with the accounting for acquired loans. ASU 2025-08 is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years, and early adoption is permitted. The Company is currently evaluating the impact that adoption of ASU 2025-08 may have on its consolidated financial statements.

(g) Reclassifications

Certain amounts reported in previous consolidated financial statements have been reclassified to conform to current period presentation. These reclassifications did not affect previously reported amounts of net income, total assets, or total shareholders' equity.

(h) Correction of an Immaterial Error

During preparation of the Consolidated Statements of Cash Flows for the nine months ended September 30, 2026, management identified an immaterial error in the Consolidated Statements of Cash Flows for the nine months ended September 30, 2025. The Company incorrectly reported earnings on equity investments of $845 thousand as a positive adjustment to net income in operating activities rather than a negative adjustment. The offset was a $1.69 million increase to "Net changes in interest receivable and other assets" within operating cash flows, with no overall change to previously reported operating cash flows for the nine months ended September 30, 2025. The error did not affect consolidated net income, earnings per share, total assets, shareholders' equity, or total reported cash balances. Accordingly, the Company has revised the Consolidated Statement of Cash Flows for the nine months ended September 30, 2025 presented herein.

Note 2: Fair Value of Assets and Liabilities

Fair Value Hierarchy and Fair Value Measurement

Accounting standards require the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

> Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company 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 the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair values of securities are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

Table 2.1 summarizes the Company's assets and liabilities required to be recorded at fair value on a recurring basis.

Table 2.1: Fair Value on a Recurring Basis

(in thousands)	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measurement Categories: Changes in Fair Value Recorded In[1]
September 30, 2026					
Assets:					
Securities available-for-sale:					
U.S. government agency securities, mortgage-backed securities, obligations of states and political subdivisions, and collateralized mortgage obligations	$ 82,228	$ —	$ 82,228	$ —	OCI
December 31, 2025					
Assets:					
Securities available-for-sale:					
U.S. government agency securities, mortgage-backed securities, obligations of states and political subdivisions, collateralized mortgage obligations, and corporate bonds	$ 94,699	$ —	$ 94,699	$ —	OCI

[1] Other comprehensive income ("OCI") or net income ("NI").

Available-for-sale securities are recorded at fair value on a recurring basis. When available, quoted market prices (Level 1 inputs) are used to determine the fair value of available-for-sale securities. If quoted market prices are not available, management obtains pricing information from a reputable third-party service provider, who may utilize valuation techniques that use current market-based or independently sourced parameters, such as bid/ask prices, dealer-quoted prices, interest rates, benchmark yield curves, prepayment speeds, probability of default, loss severity, and credit spreads (Level 2 inputs). Level 2 securities include U.S. agencies' or government-sponsored agencies' debt securities, mortgage-backed securities, government agency-issued bonds, privately issued collateralized mortgage obligations, and corporate bonds. Level 3 securities are based on unobservable inputs that are supported by little or no market activity. In addition, values use discounted cash flow models and may include significant management judgment and estimation. As of September 30, 2026 and December 31, 2025, there were no Level 1 available-for-sale securities and no transfers between Level 1 and Level 2 classifications for assets or liabilities measured at fair value on a recurring basis.

Certain financial assets may be measured at fair value on a non-recurring basis. These assets are subject to fair value adjustments that result from the application of the lower of cost or fair value accounting or write-downs of individual assets, such as collateral dependent loans and other real estate owned. As of September 30, 2026 and December 31, 2025, the carrying amount of assets measured at fair value on a non-recurring basis was immaterial to the Company.

Disclosures about Fair Value of Financial Instruments

Table 2.2 is a summary of fair value estimates for financial instruments as of September 30, 2026 and December 31, 2025. The carrying amounts in Table 2.2 are recorded in the consolidated balance sheets under the indicated captions. Further, management has not disclosed the fair value of financial instruments specifically excluded from disclosure requirements, such as BOLI.

Table 2.2: Fair Value Estimates for Financial Instruments

	September 30, 2026			December 31, 2025		
(in thousands)	Carrying Amounts	Fair Value	Fair Value Hierarchy	Carrying Amounts	Fair Value	Fair Value Hierarchy
Financial assets:						
Cash and cash equivalents	$ 679,482	$ 679,482	Level 1	$ 506,851	$ 506,851	Level 1
Time deposits in banks	—	—	Level 1	100	100	Level 1
Securities available-for-sale	82,228	82,228	Level 2	94,699	94,699	Level 2
Securities held-to-maturity	1,930	1,698	Level 3	2,190	1,995	Level 3
Loans held for investment, net of allowance for credit losses	4,654,825	4,537,649	Level 3	4,030,520	3,971,563	Level 3
Financial liabilities:						
Time deposits	$ 257,847	$ 256,661	Level 2	$ 554,611	$ 553,987	Level 2
Subordinated notes	74,150	73,937	Level 3	74,041	73,723	Level 3

The Company used the following methods and assumptions to estimate the fair value of its financial instruments at September 30, 2026 and December 31, 2025:

Cash and cash equivalents and time deposits in banks: The carrying amount is estimated to be fair value due to the liquid nature of the assets and their short-term maturities.

Investment securities: See discussion above for the methods and assumptions used by the Company to estimate the fair value of available-for-sale investment securities. The fair value of held-to-maturity securities is estimated by calculating the net present value of future cash flows based on observable market data, such as interest rates and yield curves (observable at commonly quoted intervals) as provided by an independent third party.

Loans held for investment, net of allowance for credit losses: For variable rate loans that reprice frequently with no significant change in credit risk, fair values are based on carrying values. Fair values for other loans are estimated using discounted cash flow analyses, which use interest rates being offered at each reporting date for loans with similar terms to borrowers of comparable creditworthiness without considering widening credit spreads due to market illiquidity, which approximates the exit price notion. The allowance for credit losses is considered to be a reasonable estimate of loan discount for credit quality concerns.

Commitments to extend credit: These are primarily for adjustable rate loans, and there are no differences between the committed amounts and their fair values. Commitments to fund fixed rate loans are at rates which approximate fair value at each reporting date.

Time deposits: The fair value is estimated using a discounted cash flow analysis that uses interest rates offered at each reporting date by the Company for certificates with similar remaining maturities, resulting in a Level 2 classification.

Subordinated notes: The fair value is estimated by discounting the future cash flow using the current three-month Chicago Mercantile Exchange (“CME”) Term Secured Overnight Financing Rate (“SOFR”). The Company’s subordinated notes are not registered securities and were issued through private placements, resulting in a Level 3 classification.

Note 3: Investment Securities

The Company's investment securities portfolio includes obligations of states and political subdivisions, securities issued by U.S. federal government agencies, such as the U.S. Small Business Administration (the "SBA"), and securities issued by U.S. Government Sponsored Entities ("GSEs"), such as the Federal National Mortgage Association (the "FNMA"), the Federal Home Loan Mortgage Corporation (the "FHLMC"), and the FHLB. The Company also invests in residential and commercial mortgage-backed securities, collateralized mortgage obligations issued or guaranteed by GSEs, and corporate bonds, as reflected in Tables 3.1 and 3.2.

A summary of the amortized cost and fair value related to securities held-to-maturity as of September 30, 2026 and December 31, 2025 is presented in Table 3.1. The amortized cost amounts presented are net of an allowance for credit losses of $20.0 thousand as of September 30, 2026 and December 31, 2025.

Table 3.1: Securities Held-to-Maturity

		Gross Unrealized		
(in thousands)	Amortized Cost	Gains	(Losses)	Fair Value
September 30, 2026				
Obligations of states and political subdivisions	$ 1,930	$ —	$ (232)	$ 1,698
Total held-to-maturity	$ 1,930	$ —	$ (232)	$ 1,698
December 31, 2025				
Obligations of states and political subdivisions	$ 2,190	$ —	$ (195)	$ 1,995
Total held-to-maturity	$ 2,190	$ —	$ (195)	$ 1,995

For securities issued by states and political subdivisions, for purposes of evaluating whether to recognize credit loss expense, management considers: (i) issuer and/or guarantor credit ratings; (ii) historical probability of default and loss given default rates for given bond ratings and remaining maturity; (iii) whether issuers continue to make timely principal and interest payments under the contractual terms of the securities; (iv) internal credit review of the financial information; and (v) whether or not such securities have credit enhancements such as guarantees, contain a defeasance clause, or are pre-refunded by the issuers.

As of September 30, 2026 and December 31, 2025, the amortized cost of held-to-maturity securities was net of an allowance for credit losses of $20.0 thousand. The Company did not record an allowance for credit losses on available-for-sale securities, at fair value, as of September 30, 2026 or December 31, 2025.

A summary of the amortized cost and fair value related to securities available-for-sale as of September 30, 2026 and December 31, 2025 is presented in Table 3.2. Securities available-for-sale did not have an allowance for credit losses as of September 30, 2026 or December 31, 2025.

Table 3.2: Securities Available-for-Sale

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
September 30, 2026				
U.S. government agency securities	$ 5,616	$ 184	$ (45)	$ 5,755
Mortgage-backed securities	52,812	11	(10,372)	42,451
Obligations of states and political subdivisions	40,342	—	(6,507)	33,835
Collateralized mortgage obligations	205	—	(18)	187
Total available-for-sale	$ 98,975	$ 195	$ (16,942)	$ 82,228
December 31, 2025				
U.S. government agency securities	$ 7,276	$ 138	$ (53)	$ 7,361
Mortgage-backed securities	56,941	31	(8,786)	48,186
Obligations of states and political subdivisions	40,734	—	(3,770)	36,964
Collateralized mortgage obligations	246	—	(15)	231
Corporate bonds	2,000	—	(43)	1,957
Total available-for-sale	$ 107,197	$ 169	$ (12,667)	$ 94,699

The amortized cost and fair value of investment securities by contractual maturity at September 30, 2026 and December 31, 2025 are shown in Table 3.3. Expected maturities may differ from contractual maturities if the issuers of the securities have the right to call or prepay obligations with or without call or prepayment penalties.

Table 3.3: Contractual Maturities - Investment Securities

	September 30, 2026				December 31, 2025			
	Held-to-Maturity		Available-for-Sale		Held-to-Maturity		Available-for-Sale	
(in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Within one year	$ 175	$ 154	$ —	$ —	$ 170	$ 155	$ —	$ —
After one but within five years	860	756	2,517	2,294	865	788	1,256	1,196
After five years through ten years	895	788	18,488	15,598	1,155	1,052	13,471	12,385
After ten years	—	—	19,337	15,943	—	—	26,007	23,383
Investment securities not due at a single maturity date:								
U.S. government agency securities	—	—	5,616	5,755	—	—	7,276	7,361
Mortgage-backed securities	—	—	52,812	42,451	—	—	56,941	48,186
Collateralized mortgage obligations	—	—	205	187	—	—	246	231
Corporate bonds	—	—	—	—	—	—	2,000	1,957
Total	$ 1,930	$ 1,698	$ 98,975	$ 82,228	$ 2,190	$ 1,995	$ 107,197	$ 94,699

There were no purchases of investment securities during the three and nine months ended September 30, 2026, as compared to the purchase of one investment security for $1.0 million during the three and nine months ended September 30, 2025. There were no sales of investment securities during the three and nine months ended September 30, 2026 or September 30, 2025.

Table 3.4: Pledged Investment Securities

(in thousands)	September 30, 2026	December 31, 2025
Pledged to:		
The State of California, securing deposits of public funds and borrowings	$ 41,400	$ 47,091
The Federal Reserve Discount Window, increasing borrowing capacity	36,158	42,578
Total pledged investment securities	$ 77,558	$ 89,669

Table 3.5 details the gross unrealized losses and fair values aggregated by investment category and length of time that individual available-for-sale securities have been in a continuous unrealized loss position at September 30, 2026 and December 31, 2025.

Table 3.5: Securities Available-for-Sale in Continuous Unrealized Loss Positions

	Less than 12 months		12 months or more		Total securities in a loss position	
(in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
September 30, 2026						
U.S. government agency securities	$ 398	$ (7)	$ 2,398	$ (38)	$ 2,796	$ (45)
Mortgage-backed securities	746	(6)	41,400	(10,366)	42,146	(10,372)
Obligations of states and political subdivisions	495	(5)	33,340	(6,502)	33,835	(6,507)
Collateralized mortgage obligations	—	—	187	(18)	187	(18)
Total temporarily impaired securities	$ 1,639	$ (18)	$ 77,325	$ (16,924)	$ 78,964	$ (16,942)
December 31, 2025						
U.S. government agency securities	$ 1,683	$ (6)	$ 2,393	$ (47)	$ 4,076	$ (53)
Mortgage-backed securities	—	—	47,090	(8,786)	47,090	(8,786)
Obligations of states and political subdivisions	360	(20)	36,603	(3,750)	36,963	(3,770)
Collateralized mortgage obligations	—	—	231	(15)	231	(15)
Corporate bonds	—	—	1,957	(43)	1,957	(43)
Total temporarily impaired securities	$ 2,043	$ (26)	$ 88,274	$ (12,641)	$ 90,317	$ (12,667)

There were 144 and 147 available-for-sale securities in unrealized loss positions at September 30, 2026 and December 31, 2025, respectively. As of September 30, 2026, the investment portfolio included 140 investment securities that had been in a continuous loss position for twelve months or more and four investment securities that had been in a loss position for less than twelve months.

There was one held-to-maturity security in a continuous unrealized loss position at both September 30, 2026 and December 31, 2025, which at December 31, 2025 had been in a continuous loss position for more than twelve months.

Obligations issued or guaranteed by government agencies such as the Government National Mortgage Association (the “GNMA”) and the SBA, or GSEs under conservatorship such as the FNMA and the FHLMC, are guaranteed or sponsored by agencies of the U.S. government and have strong credit profiles. The Company therefore expects to receive all contractual interest payments on time and believes the risk of credit losses on these securities is remote.

The Company's investment in obligations of states and political subdivisions is deemed credit worthy after management's comprehensive analysis of the issuers' latest financial information, credit ratings by major credit agencies, and/or credit enhancements.

Non-Marketable Securities

FHLB capital stock: As a member of the FHLB, the Company is required to maintain a minimum investment in FHLB capital stock determined by the board of directors of the FHLB. The minimum investment requirements can increase in the event the Company increases its total asset size or borrowings with the FHLB. Shares cannot be purchased or sold except between the FHLB and its members at the $100 per share par value. The Company held $15.0 million of FHLB stock at both September 30, 2026 and December 31, 2025. The carrying amounts of these investments are reasonable estimates of fair value because the securities are restricted to member banks and do not have a readily determinable market value. Based on management's analysis of the FHLB's financial condition and certain qualitative factors, management determined that the FHLB stock was not impaired at September 30, 2026 or December 31, 2025.

Equity investments: The Company is a limited partner and has committed to and is invested in a limited number of venture-backed capital funds and accounts for these investments under the equity method of accounting, as its ownership is greater than 3% of each fund. The Company held $15.6 million and $12.1 million of equity investments at September 30, 2026 and December 31, 2025, respectively, included in "Interest receivable and other assets" in the unaudited consolidated balance sheets. The Company's share of earnings and losses from these investments is included in "Other non-interest income" in the consolidated statements of income. The Company's share of net earnings from these investments was immaterial for the nine months ended September 30, 2026. The Company's share of net earnings from these investments was $0.8 million for the nine months ended September 30, 2025. No individual investment is material to the Company's consolidated financial statements. Based on management's analysis of each fund's financial condition and certain qualitative factors, management determined that the equity investments were not impaired at September 30, 2026 and 2025.

Note 4: Loans and Allowance for Credit Losses

The Company's loan portfolio is its largest class of earning assets and typically provides higher yields than other types of earning assets. Associated with the higher yields is an inherent amount of credit risk which the Company attempts to mitigate through strong underwriting practices. Table 4.1 presents the balance of each major product type within the Company's portfolio as of the dates indicated.

Table 4.1: Loans Outstanding

(in thousands)	September 30, 2026	December 31, 2025
Real estate:		
Commercial	$ 3,678,924	$ 3,305,713
Commercial land and development	2,487	1,352
Commercial construction	122,561	96,760
Residential construction	25,569	8,389
Residential	41,530	37,566
Farmland	57,027	59,606
Commercial:		
Secured	313,600	251,736
Unsecured	39,164	40,422
Consumer and other	425,531	275,475
Subtotal	4,706,393	4,077,019
Net deferred loan fees	(2,178)	(2,090)
Loans held for investment	4,704,215	4,074,929
Allowance for credit losses	(49,390)	(44,409)
Loans held for investment, net of allowance for credit losses	$ 4,654,825	$ 4,030,520

Underwriting

Real estate loans: Real estate loans are subject to underwriting standards and processes similar to those for commercial loans. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial real estate lending typically involves higher loan principal amounts, and the repayment of these loans is generally largely dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected than other loans by conditions in the real estate market or in the general economy. The properties securing the Company's commercial real estate portfolio are diverse in terms of type. This diversity helps reduce the Company's exposure to adverse economic events that affect any single market or industry. Management monitors and evaluates commercial real estate loans based on collateral, geography, and risk grade criteria.

Construction loans: With respect to construction loans that the Company may originate from time to time, the Company generally requires the borrower to have had an existing relationship with the Company and have a proven record of success. Construction loans may be underwritten utilizing feasibility studies, independent appraisal reviews, sensitivity analysis of absorption and lease rates, and financial analysis of the developers and property owners. Construction loans are generally based upon estimates of costs and value associated with the completed project. These estimates may be inaccurate. Construction loans often involve the disbursement of substantial funds with repayment substantially dependent on the ultimate success of the project. Sources of repayment for these types of loans may be pre-committed permanent loans from approved long-term lenders, sales of developed property, or an interim loan commitment from the Company until permanent financing is obtained. These loans are closely monitored using on-site inspections and are generally considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, governmental regulation of real property, general economic conditions, and the availability of long-term financing.

Residential real estate loans: Residential real estate loans are underwritten based upon the borrower's income, credit history, and collateral. To monitor and manage residential loan risk, policies and procedures are developed and modified,

as needed. This activity, coupled with relatively small loan amounts that are spread across many individual borrowers, minimizes risk. Underwriting standards for home loans are heavily influenced by statutory requirements, which include, but are not limited to, a maximum loan-to-value percentage, collection remedies, the number of such loans a borrower can have at one time, and documentation requirements.

Farmland loans: Farmland loans are generally made to producers and processors of crops and livestock. Repayment is primarily from the sale of an agricultural product or service. Farmland loans are secured by real property and are susceptible to changes in market demand for specific commodities. This may be exacerbated by, among other things, industry changes, changes in the individual financial capacity of the business owner, general economic conditions, changes in business cycles, and adverse weather conditions.

Commercial loans: Commercial loans are underwritten after evaluating and understanding the borrower's ability to operate profitably and prudently expand its business. Underwriting standards are designed to promote relationship banking rather than transactional banking. Once it is determined that the borrower's management possesses sound ethics and solid business acumen, the Company's management examines current and projected cash flows to determine the ability of the borrower to repay its obligations as agreed. Commercial loans are primarily made based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected, and the collateral securing these loans may fluctuate in value. Most commercial loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee; however, some short-term loans may be made on an unsecured basis. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers.

Consumer loans: The Company purchased consumer loans underwritten utilizing credit scoring analysis to supplement the underwriting process. To monitor and manage consumer loan risk, policies and procedures are developed and modified, as needed. This activity, coupled with relatively small loan amounts that are spread across many individual borrowers, minimizes risk. Underwriting standards for home equity loans are heavily influenced by statutory requirements, which include, but are not limited to, a maximum loan-to-value percentage, collection remedies, the number of such loans a borrower can have at one time, and documentation requirements.

Credit Quality Indicators

The Company has established a loan risk rating system to measure and monitor the quality of the loan portfolio. All loans are assigned a risk rating from the inception of the loan until the loan is paid off. The primary loan grades are as follows:

Loans rated pass: These are loans to borrowers with satisfactory financial support, repayment capacity, and credit strength. Borrowers in this category demonstrate fundamentally sound financial positions, repayment capacity, credit history, and management expertise. Loans in this category must have an identifiable and stable source of repayment and meet the Company's policy regarding debt service coverage ratios. These borrowers are capable of sustaining normal economic, market, or operational setbacks without significant financial impacts and their financial ratios and trends are acceptable. Negative external industry factors are generally not present. The loan may be secured, unsecured, or supported by non-real-estate collateral for which the value is more difficult to determine and/or marketability is more uncertain.

Loans rated watch: These are loans that have developed an element of uncertainty, potentially reflecting deficient loan quality and significant issues, but losses do not appear to be imminent, and the issues may be temporary in nature. The significant issues are typically: (i) a history of losses or events that threaten the borrower's viability; (ii) a property with significant depreciation and/or marketability concerns; or (iii) poor or deteriorating credit, occasional late payments, and/or limited reserves but the loan is generally kept current. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Company's credit position at some future date.

Loans rated special mention: These are loans that exhibit or have an emerging credit weaknesses that warrants management's close attention but do not yet demonstrate the well-defined weaknesses associated with a substandard classification. Credits in this category may include loans with documentation deficiencies that affect the Company's legal position, covenant non-compliance expected to be resolved within six months, or other developing concerns that could cause deterioration in the borrower's financial condition or repayment capacity if not corrected. Special mention is a transitional rating, and credits should generally be upgraded or downgraded within six months unless there is appropriate justification for remaining in this category.

Loans rated substandard: These are loans which are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged (if any). Loans so classified exhibit a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. Loans are characterized by the distinct possibility that the Company may sustain some loss if the deficiencies are not corrected.

Loans rated doubtful: These are loans for which the collection or liquidation of the entire debt is highly questionable or improbable. Typically, the possibility of loss is extremely high. The losses on these loans are deferred until all pending factors have been addressed.

Table 4.2 presents the amortized cost basis of the Company's loans by origination year, where origination is defined as the later of origination or renewal date, and credit quality indicator as of the periods indicated.

Table 4.2: Loans by Risk Category and Vintage

	Amortized Cost Basis by Origination Year as of September 30, 2026								
(in thousands)	2026	2025	2024	2023	2022	Prior	Revolving Loans	Revolving Converted to Term	Total
Real estate:									
Commercial									
Pass	$ 617,916	$ 625,754	$ 398,140	$ 254,284	$ 736,938	$ 823,656	$ 18,376	$ —	$ 3,475,064
Watch	—	16,204	3,558	2,955	66,056	53,582	1,391	—	143,746
Special Mention	5,503	—	97	1,205	21,917	9,311	—	—	38,033
Substandard	—	1,033	—	—	—	17,521	464	—	19,018
Total	623,419	642,991	401,795	258,444	824,911	904,070	20,231	—	3,675,861
Commercial land and development									
Pass	772	810	60	—	—	351	496	—	2,489
Total	772	810	60	—	—	351	496	—	2,489
Commercial construction									
Pass	16,922	44,199	9,346	51,748	—	—	—	—	122,215
Total	16,922	44,199	9,346	51,748	—	—	—	—	122,215
Residential construction									
Pass	5,959	19,550	—	—	—	—	—	—	25,509
Total	5,959	19,550	—	—	—	—	—	—	25,509
Residential									
Pass	12,266	3,562	5,435	4,089	2,622	9,307	4,279	—	41,560
Total	12,266	3,562	5,435	4,089	2,622	9,307	4,279	—	41,560
Farmland									
Pass	2,697	19,711	1,004	1,301	5,974	25,744	—	—	56,431
Watch	—	—	—	—	—	572	—	—	572
Total	2,697	19,711	1,004	1,301	5,974	26,316	—	—	57,003
Commercial:									
Secured									
Pass	29,446	52,535	20,057	12,846	12,618	16,532	158,731	312	303,077
Watch	—	—	90	400	842	1,339	—	—	2,671
Special Mention	—	630	195	96	5,764	1,309	4	—	7,998
Substandard	—	—	—	26	290	8	687	—	1,011
Total	29,446	53,165	20,342	13,368	19,514	19,188	159,422	312	314,757
Unsecured									
Pass	4,699	11,378	6,486	1,745	786	3,126	8,472	—	36,692
Special Mention	—	—	—	—	—	—	2,503	—	2,503
Total	4,699	11,378	6,486	1,745	786	3,126	10,975	—	39,195
Consumer and other									
Pass	211,632	65,818	126,656	14,902	3,323	3,186	106	—	425,623
Substandard	—	—	—	—	3	—	—	—	3
Total	211,632	65,818	126,656	14,902	3,326	3,186	106	—	425,626
Total	$ 907,812	$ 861,184	$ 571,124	$ 345,597	$ 857,133	$ 965,544	$ 195,509	$ 312	$ 4,704,215
Total loans held for investment by risk category									
Pass	$ 902,309	$ 843,317	$ 567,184	$ 340,915	$ 762,261	$ 881,902	$ 190,460	$ 312	$ 4,488,660
Watch	—	16,204	3,648	3,355	66,898	55,493	1,391	—	146,989
Special Mention	5,503	630	292	1,301	27,681	10,620	2,507	—	48,534
Substandard	—	1,033	—	26	293	17,529	1,151	—	20,032
Total	$ 907,812	$ 861,184	$ 571,124	$ 345,597	$ 857,133	$ 965,544	$ 195,509	$ 312	$ 4,704,215

Table 4.2: Loans by Risk Category and Vintage (continued)

	Amortized Cost Basis by Origination Year as of December 31, 2025								
(in thousands)	2025	2024	2023	2022	2021	Prior	Revolving Loans	Revolving Converted to Term	Total
Real estate:									
Commercial									
Pass	$ 670,067	$ 414,556	$ 282,656	$ 831,032	$ 573,695	$ 384,650	$ 13,549	$ —	$ 3,170,205
Watch	200	—	2,974	31,209	16,949	23,407	1,391	—	76,130
Special Mention	—	—	—	7,256	6,226	21,623	—	—	35,105
Substandard	1,044	—	2,122	—	3,700	14,040	415	—	21,321
Total	671,311	414,556	287,752	869,497	600,570	443,720	15,355	—	3,302,761
Commercial land and development									
Pass	414	75	—	—	—	369	496	—	1,354
Total	414	75	—	—	—	369	496	—	1,354
Commercial construction									
Pass	19,160	11,692	50,158	522	—	—	—	—	81,532
Watch	—	14,891	—	—	—	—	—	—	14,891
Total	19,160	26,583	50,158	522	—	—	—	—	96,423
Residential construction									
Pass	8,341	—	—	—	—	—	—	—	8,341
Total	8,341	—	—	—	—	—	—	—	8,341
Residential									
Pass	6,285	5,923	4,718	2,784	8,883	7,548	1,459	—	37,600
Total	6,285	5,923	4,718	2,784	8,883	7,548	1,459	—	37,600
Farmland									
Pass	19,761	1,080	1,994	6,126	8,215	21,323	—	—	58,499
Watch	—	—	—	—	—	585	—	—	585
Special Mention	—	500	—	—	—	—	—	—	500
Total	19,761	1,580	1,994	6,126	8,215	21,908	—	—	59,584
Commercial:									
Secured									
Pass	53,217	25,960	15,257	16,058	6,881	15,762	106,526	—	239,661
Watch	—	95	528	6,867	1,665	1,122	—	—	10,277
Special Mention	73	—	251	212	—	—	1,374	—	1,910
Substandard	167	—	166	34	74	17	499	—	957
Total	53,457	26,055	16,202	23,171	8,620	16,901	108,399	—	252,805
Unsecured									
Pass	12,597	8,163	2,514	1,282	1,828	2,874	11,195	—	40,453
Total	12,597	8,163	2,514	1,282	1,828	2,874	11,195	—	40,453
Consumer and other									
Pass	72,893	172,130	21,159	4,976	4,172	120	152	—	275,602
Substandard	—	—	—	6	—	—	—	—	6
Total	72,893	172,130	21,159	4,982	4,172	120	152	—	275,608
Total	$ 864,219	$ 655,065	$ 384,497	$ 908,364	$ 632,288	$ 493,440	$ 137,056	$ —	$ 4,074,929
Total loans held for investment									
Pass	$ 862,735	$ 639,579	$ 378,456	$ 862,780	$ 603,674	$ 432,646	$ 133,377	$ —	$ 3,913,247
Watch	200	14,986	3,502	38,076	18,614	25,114	1,391	—	101,883
Special Mention	73	500	251	7,468	6,226	21,623	1,374	—	37,515
Substandard	1,211	—	2,288	40	3,774	14,057	914	—	22,284
Total	$ 864,219	$ 655,065	$ 384,497	$ 908,364	$ 632,288	$ 493,440	$ 137,056	$ —	$ 4,074,929

Management regularly reviews the Company's loans for accuracy of risk grades whenever new information is received. Borrowers are generally required to submit financial information at regular intervals. Typically, commercial borrowers with lines of credit are required to submit financial information with reporting intervals generally ranging from monthly to annually depending on credit size, risk, and complexity. All commercial borrowers with loans exceeding a certain dollar threshold are usually required to submit financials annually for review, which includes business financial statements, rent rolls, property income statements, and tax returns. Management monitors construction loans monthly and reviews consumer loans based on delinquency. Management also reviews loans graded "watch" or worse, regardless of loan type, no less than quarterly.

Table 4.3 presents the Company's gross charge-offs by origination year and class, where origination is defined as the later of origination or renewal date, for the periods indicated.

Table 4.3: Gross Charge-Offs by Vintage

	Gross Charge-Offs by Origination Year for the nine months ended September 30, 2026								
(in thousands)	2026	2025	2024	2023	2022	Prior	Revolving Loans	Revolving Converted to Term	Total
Commercial:									
Secured	$ —	$ 91	$ 571	$ 749	$ 373	$ 843	$ —	$ —	$ 2,627
Consumer and other	—	—	—	29	98	45	—	—	172
Total	$ —	$ 91	$ 571	$ 778	$ 471	$ 888	$ —	$ —	$ 2,799

	Gross Charge-Offs by Origination Year for the nine months ended September 30, 2025								
(in thousands)	2025	2024	2023	2022	2021	Prior	Revolving Loans	Revolving Converted to Term	Total
Real estate:									
Commercial	$ —	$ —	$ —	$ 112	$ 168	$ —	$ —	$ —	$ 280
Commercial:									
Secured	—	224	510	386	343	1,301	—	—	2,764
Unsecured	—	—	—	—	50	—	—	—	50
Consumer and other	—	—	13	132	66	—	—	—	211
Total	$ —	$ 224	$ 523	$ 630	$ 627	$ 1,301	$ —	$ —	$ 3,305

Table 4.4 shows the age analysis of past due loans by class as of the dates shown.

Table 4.4: Age Analysis of Past Due Loans by Class

	Past Due					
(in thousands)	30-59 Days	60-89 Days	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable
September 30, 2026						
Real estate:						
Commercial	$ —	$ —	$ —	$ —	$ 3,675,861	$ 3,675,861
Commercial land and development	—	—	—	—	2,489	2,489
Commercial construction	—	—	—	—	122,215	122,215
Residential construction	—	—	—	—	25,509	25,509
Residential	—	—	—	—	41,560	41,560
Farmland	—	—	—	—	57,003	57,003
Commercial:						
Secured	1,079	107	214	1,400	313,357	314,757
Unsecured	—	—	—	—	39,195	39,195
Consumer and other	9	—	—	9	425,617	425,626
Total	$ 1,088	$ 107	$ 214	$ 1,409	$ 4,702,806	$ 4,704,215
December 31, 2025						
Real estate:						
Commercial	$ 859	$ —	$ —	$ 859	$ 3,301,902	$ 3,302,761
Commercial land and development	—	—	—	—	1,354	1,354
Commercial construction	—	—	—	—	96,423	96,423
Residential construction	—	—	—	—	8,341	8,341
Residential	—	—	—	—	37,600	37,600
Farmland	—	—	—	—	59,584	59,584
Commercial:						
Secured	691	8	183	882	251,923	252,805
Unsecured	—	—	—	—	40,453	40,453
Consumer and other	46	—	—	46	275,562	275,608
Total	$ 1,596	$ 8	$ 183	$ 1,787	$ 4,073,142	$ 4,074,929

There were no loans greater than 90 days past due and still accruing interest income as of September 30, 2026 or December 31, 2025.

Table 4.5 presents the amortized cost basis of the Company's collateral dependent loans by class as of the periods indicated. These loans were individually evaluated for credit loss in accordance with the Company's allowance for credit losses methodology.

Table 4.5: Collateral Dependent Loans by Class

(in thousands)	September 30, 2026	December 31, 2025
Real estate:		
Commercial	$ 13,033	$ 2,667
Commercial:		
Secured	8	17
Total	$ 13,041	$ 2,684

There were no residential real estate loans in process of foreclosure at September 30, 2026 or December 31, 2025.

Modifications to loans for borrowers experiencing financial difficulty may include interest rate reductions, principal or interest forgiveness, forbearances, term extensions, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of collateral.

Table 4.6 presents the amortized cost basis of loans by class that were modified due to financial difficulty during the periods indicated.

Table 4.6: Amortized Cost Basis of Loans Modified due to Financial Difficulty

	For the three months ended September 30, 2026		For the three months ended September 30, 2025	
(in thousands)	Payment Change	Total % of Loans Receivable	Payment Change	Total % of Loans Receivable
Real estate:				
Commercial	$ 11,359	0.24 %	$ —	— %
Total	$ 11,359	0.24 %	$ —	— %

	For the nine months ended September 30, 2026		For the nine months ended September 30, 2025	
(in thousands)	Payment Change	Total % of Loans Receivable	Payment Change	Total % of Loans Receivable
Real estate:				
Commercial	$ 11,359	0.24 %	$ 1,647	0.04 %
Total	$ 11,359	0.24 %	$ 1,647	0.04 %

Table 4.7 presents the financial effect of loans by class that were modified due to financial difficulty during the periods indicated.

Table 4.7: Financial Effect of Loans Modified due to Financial Difficulty

For the three months ended September 30,	Modification Type	Loan Type	Financial Effect
2025	None		
2026	Payment Deferment	Real estate: Commercial	Deferred the full loan payment for three months

For the nine months ended September 30,	Modification Type	Loan Type	Financial Effect
2025	Payment Change/Deferment	Real estate: Commercial	Reduced the loan payment owed by the borrower for five months and deferred the full loan payment for one month
2026	Payment Deferment	Real estate: Commercial	Deferred the full loan payment for three months

Table 4.8 presents the Company's non-accrual loans by class as of the periods indicated.

Table 4.8: Non-accrual Loans

(in thousands)	September 30, 2026	December 31, 2025
Real estate:		
Commercial	$ 13,072	$ 2,666
Commercial:		
Secured	223	430
Total non-accrual loans	$ 13,295	$ 3,096

No interest income was recognized on non-accrual loans in the three and nine months ended September 30, 2026 or September 30, 2025. Non-accrual real estate loans did not have an allowance for credit losses as of September 30, 2026 or December 31, 2025. Non-accrual commercial loans had an immaterial allowance for credit losses as of September 30, 2026 and December 31, 2025. Interest income can be recognized on non-accrual loans in cases where resolution occurs through a sale or full payment is received on the non-accrual loan.

The amount of foregone interest income related to non-accrual loans was $179.6 thousand and $328.1 thousand for the three and nine months ended September 30, 2026, as compared to $42.5 thousand and $112.6 thousand for the three and nine months ended September 30, 2025.

Allowance for Credit Losses

Table 4.9 discloses activity in the allowance for credit losses for the periods indicated.

Table 4.9: Allowance for Credit Losses

(in thousands)	Beginning Balance	Charge-offs	Recoveries	Provision (Benefit)	Ending Balance
Three months ended September 30, 2026					
Real estate:					
Commercial	$ 28,371	$ —	$ —	$ 169	$ 28,540
Commercial land and development	90	—	—	2	92
Commercial construction	4,444	—	—	82	4,526
Residential construction	533	—	—	273	806
Residential	419	—	—	42	461
Farmland	468	—	—	(36)	432
Commercial:					
Secured	9,594	(758)	116	1,678	10,630
Unsecured	486	—	—	16	502
Consumer and other	2,930	(24)	21	474	3,401
Total	$ 47,335	$ (782)	$ 137	$ 2,700	$ 49,390
Three months ended September 30, 2025					
Real estate:					
Commercial	$ 27,792	$ (280)	$ —	$ (4,039)	$ 23,473
Commercial land and development	33	—	—	(3)	30
Commercial construction	2,575	—	—	1,780	4,355
Residential construction	75	—	—	33	108
Residential	334	—	—	17	351
Farmland	723	—	—	(298)	425
Commercial:					
Secured	5,623	(503)	150	5,130	10,400
Unsecured	417	—	—	21	438
Consumer and other	2,595	(68)	95	(141)	2,481
Total	$ 40,167	$ (851)	$ 245	$ 2,500	$ 42,061

Table 4.9: Allowance for Credit Losses (continued)

(in thousands)	Beginning Balance	Charge-offs	Recoveries	Provision (Benefit)	Ending Balance
Nine months ended September 30, 2026					
Real estate:					
Commercial	$ 25,219	$ —	$ —	$ 3,321	$ 28,540
Commercial land and development	56	—	—	36	92
Commercial construction	4,050	—	—	476	4,526
Residential construction	213	—	—	593	806
Residential	362	—	—	99	461
Farmland	467	—	—	(35)	432
Commercial:					
Secured	11,204	(2,627)	385	1,668	10,630
Unsecured	482	—	2	18	502
Consumer and other	2,356	(172)	143	1,074	3,401
Total	$ 44,409	$ (2,799)	$ 530	$ 7,250	$ 49,390
Nine months ended September 30, 2025					
Real estate:					
Commercial	$ 25,864	$ (280)	$ —	$ (2,111)	$ 23,473
Commercial land and development	78	—	—	(48)	30
Commercial construction	2,268	—	—	2,087	4,355
Residential construction	64	—	—	44	108
Residential	270	—	—	81	351
Farmland	607	—	—	(182)	425
Commercial:					
Secured	5,866	(2,764)	310	6,988	10,400
Unsecured	278	(50)	—	210	438
Consumer and other	2,496	(211)	215	(19)	2,481
Total	$ 37,791	$ (3,305)	$ 525	$ 7,050	$ 42,061

Unfunded Loan Commitment Reserves

Unfunded loan commitment reserves are included in “Interest payable and other liabilities” in the unaudited consolidated balance sheets. Provisions for unfunded loan commitments are included in “Provision for credit losses” in the unaudited consolidated statements of income.

Table 4.10: Unfunded Loan Commitment Reserves

	Three months ended		Nine months ended	
(in thousands)	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Balance at beginning of period	$ 1,072	$ 597	$ 697	$ 747
Provision (benefit)	(200)	—	175	(150)
Balance at end of period	$ 872	$ 597	$ 872	$ 597

Pledged Loans

The Company’s FHLB line of credit is secured under terms of a collateral agreement by a pledge of certain qualifying loans with unpaid principal balances of $2.5 billion and $2.2 billion at September 30, 2026 and December 31, 2025,

respectively. In addition, the Company pledges eligible tenants in common loans, which totaled $1.6 billion and $1.3 billion at September 30, 2026 and December 31, 2025, respectively, to secure its borrowing capacity with the Federal Reserve Discount Window. See Note 6, Subordinated Notes and Other Borrowings, for further discussion of these borrowings.

Note 5: Interest-Bearing Deposits

Table 5.1 shows the composition of interest-bearing deposits as of September 30, 2026 and December 31, 2025.

Table 5.1: Interest-Bearing Deposits

(in thousands)	September 30, 2026	December 31, 2025
Interest-bearing transaction accounts	$ 415,688	$ 344,200
Savings accounts	149,296	139,169
Money market accounts	2,791,209	2,078,567
Time accounts, $250 or more	226,508	350,032
Other time accounts	31,339	204,579
Total interest-bearing deposits	$ 3,614,040	$ 3,116,547

Time deposits totaled $257.8 million and $554.6 million as of September 30, 2026 and December 31, 2025, respectively. Scheduled maturities of time deposits as of September 30, 2026 for the next five years are shown in Table 5.2.

Table 5.2: Scheduled Maturities of Time Deposits

(in thousands)	
2026	$ 213,826
2027	43,857
2028	164
2029	—
2030	—
Total time deposits	$ 257,847

Total deposits include deposits offered through the IntraFi Network that are comprised of Certificate of Deposit Account Registry Service® (“CDARS”) balances included in time deposits and Insured Cash Sweep® (“ICS”) balances included in money market and interest-bearing transaction deposits. Through this network, the Company offers customers access to FDIC-insured deposit products in aggregate amounts exceeding current insurance limits. When funds are deposited through CDARS and ICS on behalf of a customer, the Company has the option of receiving matching deposits through the network’s reciprocal deposit program or placing deposits “one-way,” for which the Company receives no matching deposits. The Company considers the reciprocal deposits to be in-market deposits, as distinguished from traditional out-of-market brokered deposits. There were no one-way deposits at September 30, 2026 or December 31, 2025. The composition of network deposits as of September 30, 2026 and December 31, 2025 is shown in Table 5.3.

Table 5.3: Network Deposits

(in thousands)	September 30, 2026	December 31, 2025
CDARS	$ 23,981	$ 21,488
ICS	1,328,843	957,156
Total network deposits	$ 1,352,824	$ 978,644

Table 5.4 presents interest expense recognized on interest-bearing deposits for the periods ended September 30, 2026 and 2025.

Table 5.4: Interest Expense Recognized on Interest-Bearing Deposits

	Three months ended		Nine months ended	
(in thousands)	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Interest-bearing transaction accounts	$ 1,782	$ 1,194	$ 4,212	$ 3,350
Savings accounts	940	895	2,614	2,468
Money market accounts	21,729	15,348	56,897	41,052
Time accounts, $250 or more	2,364	4,015	8,153	11,716
Other time accounts	272	2,884	3,022	10,602
Total interest expense on interest-bearing deposits	$ 27,087	$ 24,336	$ 74,898	$ 69,188

Note 6: Subordinated Notes and Other Borrowings

Subordinated notes: On August 17, 2022, the Company completed a private placement of $75.0 million of fixed-to-floating rate subordinated notes to certain qualified investors, of which $19.3 million was purchased by existing or former members of the board of directors and their affiliates. The notes were used for capital management and general corporate purposes, including, without limitation, the redemption of existing subordinated notes. The subordinated notes have a maturity date of September 1, 2032 and bear interest, payable semi-annually, at the rate of 6.00% per annum until September 1, 2027. On that date, the interest rate will be adjusted to float at a rate equal to the three-month Term SOFR plus 329.0 basis points (7.37% as of September 30, 2026) until maturity. The notes include a right of prepayment, on or after August 17, 2027 or, in certain limited circumstances, before that date. The indebtedness evidenced by the subordinated notes, including principal and interest, is unsecured and subordinate and junior in right of payment to general and secured creditors and depositors of the Company.

The subordinated notes have been structured to qualify as Tier 2 capital for the Company for regulatory capital purposes. Eligible amounts will be phased out by 20% per year beginning five years before the maturity date of the notes. Debt issuance costs incurred in conjunction with the notes were $1.5 million, of which $0.6 million has been amortized as of September 30, 2026. The Company reflects debt issuance costs as a direct deduction from the face of the note. The debt issuance costs are amortized into interest expense through the maturity period. At September 30, 2026 and December 31, 2025, the carrying value of the Company's subordinated notes outstanding was $74.2 million and $74.0 million, respectively.

Other borrowings: The Company entered into an agreement with the FHLB which granted the FHLB a blanket lien on certain loans receivable as collateral for a borrowing line. The Company's total financing availability is based on the dollar volume of qualifying loan collateral. The Company's total financing availability with the FHLB is decreased by outstanding borrowings and letters of credit ("LCs") issued on behalf of the Company, as shown in Table 6.1.

Table 6.1: Financing Availability with the FHLB

(in thousands)	September 30, 2026	December 31, 2025
Total financing ability from the FHLB	$ 1,714,154	$ 1,518,680
Less: outstanding borrowings	—	—
Less: LCs pledged to secure State of California deposits	212,000	312,500
Less: LCs pledged to secure local agency deposits	950,000	575,000
Total LCs issued	1,162,000	887,500
Available borrowing capacity with the FHLB	$ 552,154	$ 631,180

As of September 30, 2026 and December 31, 2025, the Company had the ability to borrow from the Federal Reserve Discount Window. The borrowings were available at an interest rate of 4.00% as of September 30, 2026. At September 30, 2026 and December 31, 2025, the borrowing capacity under this arrangement was $1.1 billion and $957.4 million,

respectively. There were no amounts outstanding at September 30, 2026 or December 31, 2025. The borrowing line is secured by certain liens on the Company's loans and certain available-for-sale securities.

At September 30, 2026 and December 31, 2025, the Company had five unsecured federal funds lines of credit totaling $185.0 million with five of its correspondent banks. The borrowings were available at interest rates ranging from 4.00% to 5.20% as of September 30, 2026. There were no amounts outstanding at September 30, 2026 or December 31, 2025.

Note 7: Shareholders' Equity

(a) Earnings per Share ("EPS")

Basic EPS is net income divided by the weighted average number of common shares outstanding during the period less average unvested restricted stock awards ("RSAs"). Diluted EPS includes the dilutive effect of additional potential common shares related to unvested RSAs and unvested performance-based restricted stock units ("PSUs") using the treasury stock method. The Company has two forms of outstanding common stock: common stock and unvested RSAs. Holders of unvested RSAs receive non-forfeitable dividends at the same rate as common shareholders and they both share equally in undistributed earnings, and therefore the RSAs are considered participating securities. However, under the two-class method, the difference in EPS is not significant for these participating securities. PSUs represent the right to receive shares of common stock upon the achievement of specified performance conditions over a defined performance period. Unlike RSAs, PSUs do not carry voting rights or dividend rights prior to vesting, and the number of shares ultimately issued may range from zero to a maximum payout factor depending on the level of performance achieved relative to pre-established targets. PSUs are included in the diluted EPS calculation using the treasury stock method only to the extent the applicable performance conditions have been met or are considered probable of being met as of the end of the reporting period.

Table 7.1: EPS

(in thousands, except share and per share data)	Three months ended		Nine months ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Net income	$ 21,909	$ 16,344	$ 59,929	$ 43,963
Basic weighted average common shares outstanding	23,620,369	21,231,563	22,057,790	21,222,504
Add: Dilutive effects of assumed vesting of restricted and performance-based stock	77,028	50,255	71,147	45,823
Total dilutive weighted average common shares outstanding	23,697,397	21,281,818	22,128,937	21,268,327
Earnings per common share:				
Basic EPS	$ 0.92	$ 0.77	$ 2.70	$ 2.07
Diluted EPS	$ 0.92	$ 0.77	$ 2.70	$ 2.07

The Company did not have any anti-dilutive shares at September 30, 2026 or September 30, 2025.

(b) Dividends

The board of directors declared on July 16, 2026, and the Company subsequently paid, a cash dividend of $0.25 per share, totaling $6.1 million.

(c) Stock-Based Incentive Arrangement

The Company's stock-based compensation consists of RSAs granted under its historical stock-based incentive arrangement (the "Historical Incentive Plan") and RSAs and PSUs issued under the Five Star Bancorp 2021 Equity Incentive Plan (the "Equity Incentive Plan").

The Historical Incentive Plan consisted of RSAs for certain executive officers of the Company. The arrangement provided that these executive officers would receive shares of restricted common stock of the Company that vested over three years, with the number of shares granted based upon achieving certain performance objectives. These objectives included, but

were not limited to, net income adjusted for the provision for credit losses, deposit growth, efficiency ratio, net interest margin, and asset quality. Compensation expense for RSAs granted under the Historical Incentive Plan was recognized over the service period, which is equal to the vesting period of the shares based on the fair value of the shares at issue date.

In connection with its IPO in May 2021, the Company granted RSAs under the Equity Incentive Plan to certain employees, officers, executives, and non-employee directors. Shares granted to non-employee directors vested immediately upon grant, while shares granted to certain employees, officers, and executives vest ratably over three, five, or seven years (as defined in the respective agreements). Since the completion of the IPO, the Company has granted RSAs under the Equity Incentive Plan to certain officers and executives, which vest ratably over three or five years (as defined in the respective agreements), and to directors, which vest over one year. All RSAs were granted at the fair value of common stock at the time of the award. The RSAs are considered fixed awards, as the number of shares and fair value are known at the date of grant and the fair value at the grant date is amortized over the service period.

Beginning in 2025, the Company granted PSUs under the Equity Incentive Plan to certain executives. Performance is measured over a three-year period and such PSUs cliff vest. Based on the achievement of certain pre-established goals, actual payouts can range from 0% to 150% of the target award. All PSUs were granted at the fair value of common stock at the time of the award. As such, the PSUs are considered variable awards, as the number of shares and fair value are not known at the date of grant. An estimate is made of the number of shares expected to vest based on the probability that the performance criteria will be achieved to determine the amount of compensation expense to be recognized. This estimate is re-evaluated quarterly, and total compensation expense is adjusted for any change in the current period. The estimate of the number of shares expected to vest is also used to accrue for dividends to be paid at the end of the vesting period.

As of September 30, 2026, there were 1,277,489 shares available for future grant under the Equity Incentive Plan; this figure reflects shares reserved for grants and shares reserved for outstanding PSUs at target performance. The actual number of shares to be issued in connection with outstanding PSUs remains variable and is contingent upon the achievement of the applicable performance conditions at the end of the performance period, and therefore the shares ultimately issued may differ from the target amounts reflected herein.

The Company recognized $0.6 million and $0.4 million of non-cash stock compensation expense for the three months ended September 30, 2026 and September 30, 2025, respectively. The Company recognized $1.5 million and $1.0 million of non-cash stock compensation expense for the nine months ended September 30, 2026 and September 30, 2025, respectively.

As of September 30, 2026, there was approximately $2.7 million of unrecognized compensation expense related to the 118,376 unvested RSAs. The holders of unvested RSAs are entitled to dividends at the same per-share ratio as holders of common stock. Tax benefits for dividends paid on unvested RSAs are recorded as tax benefits in the consolidated statements of income with a corresponding decrease to current taxes payable. Such tax benefits and related expense are expected to be recognized over the weighted average term remaining on the unvested RSAs of 1.52 years as of September 30, 2026. The impact of tax benefits for dividends paid on unvested RSAs on the Company’s unaudited consolidated statements of income for the three and nine months ended September 30, 2026 and September 30, 2025 was immaterial.

Table 7.2 summarizes activity related to restricted shares for the periods indicated.

Table 7.2: Unvested RSA Activity

	For the three months ended September 30,				For the nine months ended September 30,			
	2026		2025		2026		2025	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Balance at beginning of period	120,761	$ 29.07	129,448	$ 22.08	124,747	$ 23.25	120,577	$ 21.36
Shares granted	—	—	7,062	27.55	35,477	41.58	49,303	28.26
Shares vested	(2,385)	34.55	—	—	(41,848)	23.08	(33,037)	21.33
Shares forfeited	—	—	(666)	21.97	—	—	(999)	21.97
Balance at end of period	118,376	$ 28.96	135,844	$ 23.86	118,376	$ 28.96	135,844	$ 23.86

As of September 30, 2026, there was approximately $1.3 million of unrecognized compensation expense related to the 48,900 unvested PSUs. This amount is estimated based on the assumption that performance conditions will be achieved at the 100% target payout level and is subject to adjustment each quarter as performance expectations are updated. The actual number of shares ultimately earned may range from 0% to 150% of the target award, depending on the level of achievement of the applicable performance conditions.

Table 7.3 summarizes information about unvested PSUs. The weighted average grant date fair value is based on the fair value at the time of grant. The vesting of PSUs is subject to achievement of specified performance targets and continued employment.

Table 7.3: Unvested PSU Activity

	For the three months ended September 30,				For the nine months ended September 30,			
	2026		2025		2026		2025	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Balance at beginning of period	48,900	$ 36.87	—	$ —	23,110	$ 31.15	—	$ —
Shares granted	—	—	23,110	31.15	25,790	42.00	23,110	31.15
Balance at end of period	48,900	$ 36.87	23,110	$ 31.15	48,900	$ 36.87	23,110	$ 31.15

Table 7.3 shows the target number of PSUs awarded. Vesting of the PSUs is based on achievement of the Company's three-year average return on average assets for the performance period relative to a peer group of publicly traded banks and bank holding companies utilizing the S&P Global Broad Market Index - Western Region. If the Company's performance is at the 60th percentile, 70th percentile, or 80th percentile or above, the recipients are entitled to receive 50%, 100%, or 150% of their target award grant, respectively.

Note 8: Commitments and Contingencies

Financial Instruments with Off-Balance-Sheet Risk

Some financial instruments, such as loan commitments, credit lines, letters of credit, and overdraft protection, are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Substantially all of these commitments are at variable interest rates, based on an index, and have fixed expiration dates.

Off-balance-sheet risk to loan loss exists up to the face amount of these instruments, although material losses are not anticipated. The Company uses the same credit policies in making commitments to originate loans and lines of credit as it does for on-balance-sheet instruments, including obtaining collateral at exercise of the commitment. The contractual amounts of unfunded loan commitments and standby letters of credit not reflected in the unaudited consolidated balance sheets at the dates indicated are presented in Table 8.1.

Table 8.1: Unfunded Loan Commitments and Standby Letters of Credit

(in thousands)	September 30, 2026	December 31, 2025
Commercial lines of credit	$ 322,805	$ 287,988
Undisbursed commercial real estate loans	124,902	94,559
Undisbursed construction loans	111,372	82,420
Agricultural lines of credit	102,218	26,236
Undisbursed residential real estate loans	5,759	5,965
Undisbursed agricultural real estate loans	4,245	4,470
Other	1,662	1,627
Total commitments and standby letters of credit	$ 672,963	$ 503,265

The Company records an allowance for credit losses on unfunded loan commitments at the consolidated balance sheet date based on estimates of the probability that these commitments will be drawn upon according to historical utilization experience of the different types of commitments and historical loss rates determined for pooled funded loans. The allowance for credit losses on unfunded commitments totaled $0.9 million as of September 30, 2026 and $0.7 million as of December 31, 2025, which is recorded in “Interest payable and other liabilities” in the unaudited consolidated balance sheets.

Concentrations of credit risk: The Company grants real estate mortgage, real estate construction, commercial, and consumer loans to customers primarily in California. Although the Company has a diversified loan portfolio, a substantial portion is secured by commercial and residential real estate.

In management’s judgment, a concentration of loans exists in real estate related loans, which represented approximately 83.47% of the Company’s loan portfolio at September 30, 2026 and 86.07% of the Company’s loan portfolio at December 31, 2025. Although management believes such concentrations have no more than the normal risk of collectability, a substantial decline in the economy in general, or a decline in real estate values in the Company’s primary market areas in particular, could have an adverse impact on the collectability of these loans. Personal and business incomes represent the primary source of repayment for the majority of these loans.

Deposit concentrations: At September 30, 2026, the Company had 160 deposit relationships that exceeded $5.0 million each, totaling $3.0 billion, or approximately 62.44% of total deposits. The Company’s largest single deposit relationship at September 30, 2026 totaled $304.0 million, or approximately 6.30% of total deposits. Management maintains the Company’s liquidity position and lines of credit with correspondent banks to mitigate the risk of large withdrawals by this group of large depositors.

Contingencies and litigation matters: The Company is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to such actions will not materially adversely affect the consolidated financial position or results of operations of the Company.

Correspondent banking agreements: The Company maintains funds on deposit with other FDIC-insured financial institutions under correspondent banking agreements. Uninsured deposits through these agreements totaled approximately $39.8 million and $27.4 million at September 30, 2026 and December 31, 2025, respectively.

Equity investments: The Company is a limited partner and has committed to and is invested in a limited number of venture-backed capital funds. As of September 30, 2026 and December 31, 2025, the balance of these investments totaled approximately $15.6 million and $12.1 million, respectively. As of September 30, 2026 and December 31, 2025, the estimated remaining commitment for these funds totaled $9.8 million and $13.7 million, respectively.

Note 9: Subsequent Events

On October 15, 2026, the board of directors of the Company declared a cash dividend of $0.25 per common share, which the Company expects to pay on November 9, 2026 to shareholders of record as of November 2, 2026.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion presents management's perspective on our results of operations and financial condition on a consolidated basis. However, because we conduct all of our material business operations through our bank subsidiary, Five Star Bank, the discussion and analysis relate to activities primarily conducted by the Bank.

Management's discussion of the financial condition and results of operations, which is unaudited, should be read in conjunction with the related unaudited consolidated financial statements and accompanying notes in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and accompanying notes included in the 2025 Annual Report on Form 10-K, which was filed with the SEC on February 27, 2026. Average balances, including balances used in calculating certain financial ratios, are generally comprised of average daily balances.

Unless otherwise indicated, references in this report to "we," "our," "us," "the Company," or "Bancorp" refer to Five Star Bancorp and our consolidated subsidiary. All references to "the Bank" refer to Five Star Bank, our wholly owned subsidiary.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent plans, estimates, objectives, goals, guidelines, expectations, intentions, projections, and statements of our beliefs concerning future events, business plans, objectives, expected operating results, and the assumptions upon which those statements are based. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance, or achievements, and are typically identified with words such as "may," "could," "should," "will," "would," "believe," "anticipate," "estimate," "expect," "aim," "intend," "plan," or words or phrases of similar meaning. To the extent that this discussion describes prior performance, the descriptions relate only to the periods listed, which may not be indicative of our future financial outcomes. We caution that the forward-looking statements are based largely on our expectations and are subject to a number of known and unknown risks and uncertainties that are subject to change based on factors which are, in many instances, beyond our control. Such forward-looking statements are based on various assumptions (some of which may be beyond our control) and are subject to risks and uncertainties, which change over time, and other factors which could cause actual results to differ materially from those currently anticipated. Such risks and uncertainties include, but are not limited to:

- risks related to the concentration of our business in California, and specifically within Northern California, including risks associated with any downturn in the real estate sector;
- changes in market interest rates that affect the pricing of our loans and deposits, our net interest income, and our borrowers' ability to repay loans;
- changes in the U.S. economy, including an economic slowdown, recession, inflation, deflation, tariffs, housing prices, employment levels, rate of growth, and general business conditions;
- uncertain market conditions and economic trends nationally, regionally, and particularly in Northern California and California;
- the soundness of other financial institutions and the impacts related to or resulting from bank failures and other economic and industry volatility, including increased regulatory requirements and costs and potential impacts to macroeconomic conditions;
- the impact of recent and future legislative and regulatory changes, including changes in banking, securities, and tax laws and regulations and their application by our regulators;
- the effects of increased competition from a wide variety of local, regional, national, and other providers of financial and investment services;
- the risks associated with our loan portfolios, and specifically with our commercial real estate loans;
- our ability to maintain adequate liquidity and to maintain capital necessary to fund our growth strategy and operations and to satisfy minimum regulatory capital levels;
- risks related to our strategic focus on lending to small- to medium-sized businesses;
- the sufficiency of the assumptions and estimates we make in establishing reserves for potential credit losses and the value of loan collateral and securities;
- our level of nonperforming assets and the costs associated with resolving problem loans, if any;

- our ability to comply with various governmental and regulatory requirements applicable to financial institutions, including supervisory actions by federal and state banking agencies;
- governmental monetary and fiscal policies, including the policies of the Federal Reserve;
- risks associated with unauthorized access, cybersecurity breaches, cyber-crime, and other threats and disruptions to data security;
- our ability to implement, maintain, and improve an effective risk management framework, disclosure controls and procedures, and internal controls over financial reporting;
- our ability to adopt and successfully integrate new initiatives or technologies into our business in a strategic manner;
- our ability to attract and retain executive officers and key employees and their customer and community relationships;
- the impact of any future U.S. federal government shutdown and uncertainty regarding the U.S. federal government's debt limit and credit rating;
- the occurrence or impact of climate change or natural or man-made disasters or calamities, such as wildfires, droughts, mudslides, floods, and earthquakes, and particularly in California, and specifically Northern California;
- changes in and impact of local, regional, and global business, economic, and political conditions and geopolitical events, such as pandemics, civil unrest, wars, and acts of terrorism; and
- other factors that are discussed in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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" of our 2025 Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q for the three months ended March 31, 2026 and June 30, 2026, and other filings we may make with the SEC, copies of which are available from us at no charge. New risks and uncertainties may emerge from time to time, and it is not possible for us to predict their occurrence or how they will affect us. If one or more of the factors affecting our forward-looking information and statements proves incorrect, then our actual results, performance, or achievements could differ materially from those expressed in, or implied by, forward-looking information and statements contained in this Quarterly Report on Form 10-Q. Therefore, we caution you not to place undue reliance on our forward-looking information and statements. We disclaim any duty to revise or update the forward-looking statements, whether written or oral, to reflect actual results or changes in the factors affecting the forward-looking statements, except as specifically required by law.

Company Overview

Headquartered in the greater Sacramento metropolitan area of California, Five Star Bancorp is a bank holding company that operates through its wholly owned subsidiary, Five Star Bank, a California state-chartered non-member bank. We provide a broad range of banking products and services to small and medium-sized businesses, professionals, and individuals primarily in California through ten branch offices. Our mission is to strive to become the top business bank in all markets we serve through exceptional service, deep connectivity, and customer empathy. We are dedicated to serving real estate, agricultural, faith-based, and small- to medium-sized enterprises. We aim to consistently deliver value that meets or exceeds the expectations of our shareholders, customers, employees, business partners, and community. We refer to our mission as "purpose-driven and integrity-centered banking." At September 30, 2026, we had total assets of $5.6 billion, total loans held for investment of $4.7 billion, and total deposits of $4.8 billion.

Critical Accounting Estimates

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Quarterly Reports on Form 10-Q and, therefore, do not include all footnotes as would be necessary for a fair presentation of financial position, results of operations and comprehensive income, changes in shareholders' equity, and cash flows in conformity with GAAP as contained within the FASB's ASC and the rules and regulations of the SEC, including the instructions to Regulation S-X. However, these interim unaudited consolidated financial statements reflect all adjustments (consisting solely of normal recurring adjustments and accruals) which, in the opinion of management, are necessary for a fair presentation of financial position, results of operations and comprehensive income, changes in shareholders' equity, and cash flows for the interim periods presented. These unaudited consolidated financial statements have been prepared on

a basis consistent with, and should be read in conjunction with, the audited consolidated financial statements as filed in our 2025 Annual Report on Form 10-K and the notes thereto.

Our most significant accounting policies and our critical accounting estimates are described in greater detail in Note 1, Basis of Presentation, in the notes to our audited consolidated financial statements and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates included in our 2025 Annual Report on Form 10-K. We have 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. However, actual results may differ from those estimates, and these differences may be material. There have been no significant changes concerning our critical accounting estimates as described in our 2025 Annual Report on Form 10-K.

Pursuant to the JOBS Act, as an emerging growth company, we can elect to opt out of the extended transition period for adopting any new or revised accounting standards. We have elected not to opt out of the extended transition period, which means that when a standard is issued or revised and it has different application dates for public and private companies, we may adopt the standard on the application date for private companies. However, we may early adopt certain accounting standards, as the JOBS Act does not preclude an emerging growth company from adopting a new or revised accounting standard earlier than the time that such standard applies to private companies to the extent early adoption is permitted.

We have elected to take advantage of the scaled disclosures and other relief under the JOBS Act, and we may take advantage of some or all of the reduced regulatory and reporting requirements that will be available to us under the JOBS Act, so long as we qualify as an emerging growth company.

Allowance for Credit Losses

The allowance for credit losses represents the estimated expected credit losses in our loan and investment portfolios and is estimated as of September 30, 2026 using Current Expected Credit Loss ("CECL"). The allowance for credit losses is established through a provision for credit losses charged to operations. Loans and investments are charged against the allowance for credit losses when management believes that the collectability of the principal is unlikely. Subsequent recoveries of previously charged-off amounts, if any, are credited to the allowance for credit losses.

The allowance for credit losses is evaluated on a regular basis by management in consideration of optimistic, moderate, and pessimistic current conditions, and is based on management's periodic review 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, prevailing economic conditions specifically impacting each loan type by purpose and by geography, and concentrations within the loan portfolio. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

A significant amount of the allowance for credit losses is measured on a collective (pool) basis by loan and investment security type when similar risk characteristics exist. Pools are determined based primarily on regulatory reporting codes as the loans and investment securities within each pool share similar risk characteristics and there is sufficient historical peer loss data from the Federal Financial Institutions Examination Council ("FFIEC") to provide statistically meaningful support in the models developed. Reserves for credit losses identified on a pooled basis are then adjusted for qualitative factors to reflect current conditions. The most significant components of the qualitative factors used to estimate the allowance for credit losses are adjustments relating to prevailing economic conditions, concentrations within the loan portfolio, and external factors. These qualitative factors are subject to significant judgment and carry a higher degree of uncertainty. The prevailing economic conditions factor is estimated based on a range of potential economic conditions and is applied at both the portfolio and individual concentration level based on various factors. The factor concerning concentrations within the loan portfolio is estimated based on concentrations at the loan pool level. The external factor is estimated based on current external factors, such as environmental factors, which could impact the loan portfolio.

Executive Summary

Net income for the three and nine months ended September 30, 2026 totaled $21.9 million and $59.9 million, respectively, as compared to net income of $16.3 million and $44.0 million for the three and nine months ended September 30, 2025, respectively.

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

- ***Underwritten Public Offering.*** The Company completed an underwritten public offering of 3,133,750 shares of common stock during the three months ended September 30, 2026, with net proceeds of approximately $130.0 million after deducting underwriting discounts and commissions of approximately $7.3 million, and offering expenses of approximately $0.6 million. The transaction strengthened the Company's capital base and positioned it for continued organic balance sheet growth, with a common equity Tier 1 capital ratio of 12.52% as of September 30, 2026, as compared to 10.58% as of December 31, 2025.

- ***Deposits.*** Total deposits increased by $623.4 million, or 14.84%, from $4.2 billion at December 31, 2025 to $4.8 billion at September 30, 2026. Non-wholesale deposits increased by $888.4 million in the first nine months of 2026 to $4.6 billion at September 30, 2026. Wholesale deposits, which the Company defines as brokered deposits and California Time Deposit Program deposits, decreased by $265.0 million in the first nine months of 2026 to $200.0 million at September 30, 2026. Non-interest-bearing deposits increased by $126.0 million in the first nine months of 2026 to $1.2 billion, and represented 25.09% of total deposits at September 30, 2026, as compared to 25.82% of total deposits at December 31, 2025. Our loan to deposit ratio was 97.51% at September 30, 2026, as compared to 97.00% at December 31, 2025.

- ***Assets.*** Total assets were $5.6 billion at September 30, 2026, representing a $804.8 million, or 16.92%, increase compared to $4.8 billion at December 31, 2025.

- ***Loans.*** Total loans held for investment were $4.7 billion at September 30, 2026, as compared to $4.1 billion at December 31, 2025, an increase of $629.3 million, or 15.44%. The increase was a result of $1.6 billion in loan originations and advances, partially offset by $304.5 million and $633.2 million in loan payoffs and paydowns, respectively.

- ***Credit Quality.*** Credit quality remains strong, with non-accrual loans representing $13.3 million, or 0.28% of total loans held for investment at September 30, 2026, as compared to $3.1 million, or 0.08% of total loans held for investment at December 31, 2025. This increase was due to a $10.2 million, or 329.43%, increase in nonperforming loans due to one Community Reinvestment Act loan that was placed on non-accrual status during the three months ended June 30, 2026. The balance of the loan is $11.4 million as of September 30, 2026, and it was originally downgraded to substandard in 2025. This was partially offset by improvements across the remainder of the nonperforming loan portfolio. The ratio of the allowance for credit losses to total loans held for investment was 1.05% at September 30, 2026 and 1.09% at December 31, 2025.

- ***Net Interest Margin.*** Net interest margin was 3.69% for the three months ended September 30, 2026, up from 3.56% for the corresponding period of 2025, reflecting balance sheet growth and lower deposit funding costs following three Federal Reserve rate cuts that began in September 2025, partially offset by lower yields on interest-earning assets. Additionally, net interest margin was 3.67% for the nine months ended September 30, 2026, up from 3.52% for the corresponding period of 2025, reflecting balance sheet growth and lower deposit funding costs following three Federal Reserve rate cuts that began in September 2025, partially offset by lower yields on interest-earning assets.

- ***Efficiency Ratio.*** Efficiency ratio was 39.13% for the three months ended September 30, 2026, down from 40.13% for the corresponding period of 2025, mainly due to a $11.6 million, or 29.42%, increase in net interest income during the same period, partially offset by a $4.0 million, or 24.19%, increase in non-interest expense. Additionally, efficiency ratio was 39.54% for the nine months ended September 30, 2026, down from 41.18% for the corresponding period of 2025, mainly due to a $30.6 million, or 27.88%, increase in net interest income, partially offset by a $10.3 million, or 21.65%, increase in non-interest expense.

- ***Capital Ratios*.** All capital ratios were above well-capitalized regulatory thresholds as of September 30, 2026 and reflect additional common stock of approximately $130.0 million issued through the public offering that closed in July 2026. The total risk-based capital ratio for the Company was 15.00% at September 30, 2026, as compared to 13.33% at December 31, 2025. The Tier 1 leverage ratio was 11.21% at September 30, 2026, as compared to 9.70% at December 31, 2025. For additional information about the regulatory capital requirements applicable to the Company and the Bank, see the section entitled "—Financial Condition Summary—Capital Adequacy" below.

- ***Dividends.*** The board of directors declared a cash dividend of $0.25 per share on July 16, 2026.

Highlights of our financial results are presented in the following tables:

Table 1: Highlights of Financial Results

(dollars in thousands)	September 30, 2026	December 31, 2025
Selected financial condition data:		
Total assets	$ 5,559,618	$ 4,754,861
Total loans held for investment	4,704,215	4,074,929
Total deposits	4,824,528	4,201,084
Total subordinated notes, net	74,150	74,041
Total shareholders' equity	617,211	445,832
Asset quality ratios:		
Allowance for credit losses to total loans held for investment	1.05 %	1.09 %
Allowance for credit losses to nonperforming loans	371.49 %	1,434.40 %
Nonperforming loans to total loans held for investment	0.28 %	0.08 %
Capital ratios:		
Total capital (to risk-weighted assets)	15.00 %	13.33 %
Tier 1 capital (to risk-weighted assets)	12.52 %	10.58 %
Common equity Tier 1 capital (to risk-weighted assets)	12.52 %	10.58 %
Tier 1 leverage	11.21 %	9.70 %
Total shareholders' equity to total assets	11.10 %	9.38 %
Tangible shareholders' equity to tangible assets[1]	11.10 %	9.38 %

Table 2: Highlights of Financial Results (continued)

	For the three months ended		For the nine months ended	
(dollars in thousands, except per share data)	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Selected operating data:				
Net interest income	$ 50,926	$ 39,348	$ 140,466	$ 109,840
Provision for credit losses	2,500	2,500	7,425	6,900
Non-interest income	1,694	1,966	5,209	5,135
Non-interest expense	20,591	16,580	57,601	47,351
Net income	21,909	16,344	59,929	43,963
Per common share data:				
Earnings per common share:				
Basic	$ 0.92	$ 0.77	$ 2.70	$ 2.07
Diluted	$ 0.92	$ 0.77	$ 2.70	$ 2.07
Book value per share	$ 25.15	$ 20.19	$ 25.15	$ 20.19
Tangible book value per share[2]	$ 25.15	$ 20.19	$ 25.15	$ 20.19
Performance and other financial ratios:				
Return on Average Assets, annualized ("ROAA")	1.55 %	1.44 %	1.53 %	1.37 %
Return on Average Equity, annualized ("ROAE")	15.04 %	15.35 %	16.05 %	14.29 %
Net interest margin	3.69 %	3.56 %	3.67 %	3.52 %
Total cost of funds[3]	2.25 %	2.51 %	2.23 %	2.53 %
Efficiency ratio	39.13 %	40.13 %	39.54 %	41.18 %
Cash dividend payout ratio on common stock[4]	27.17 %	25.97 %	27.78 %	28.99 %

[1] Tangible shareholders' equity to tangible assets is considered a non-GAAP financial measure. See the section entitled "Non-GAAP Financial Measures" for a reconciliation of our non-GAAP financial measures to the most directly comparable GAAP financial measure. Tangible shareholders' equity to tangible assets is defined as total equity less goodwill and other intangible assets, divided by total assets less goodwill and other intangible assets. The most directly comparable GAAP financial measure is total shareholders' equity to total assets. We had no goodwill or other intangible assets at the end of any period indicated. As a result, tangible shareholders' equity to tangible assets is the same as total shareholders' equity to total assets at the end of each of the periods indicated.

[2] Tangible book value per share is considered a non-GAAP financial measure. See the section entitled "Non-GAAP Financial Measures" for a reconciliation of our non-GAAP financial measures to the most directly comparable GAAP financial measure. Tangible book value per share is defined as total shareholders' equity less goodwill and other intangible assets, divided by the outstanding number of common shares at the end of the period. The most directly comparable GAAP financial measure is book value per share. We had no goodwill or other intangible assets at the end of any period indicated. As a result, tangible book value per share is the same as book value per share at the end of each of the periods indicated.

[3] Total cost of funds reflects the average cost of all funding sources, including both interest-bearing and non-interest-bearing deposits and borrowings.

[4] Cash dividend payout ratio on common stock is calculated as dividends on common shares divided by basic earnings per common share.

RESULTS OF OPERATIONS

The following discussion of our results of operations compares the three and nine months ended September 30, 2026 to the three and nine months ended September 30, 2025. The results of operations for the three and nine months ended September 30, 2026 are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2026.

Net Interest Income

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, subordinated notes, and other borrowings, which are used to fund those assets. In evaluating our net interest income, we measure and monitor yields/rates on our interest-earning assets and interest-bearing liabilities as well as trends in our net interest margin. Net interest margin is a ratio calculated as net interest income divided by total interest-earning assets for the same period. We manage our earning assets and funding sources in order to maximize this margin while limiting credit risk and interest rate sensitivity to our established risk appetite levels. Changes in market interest rates and competition in our market typically have the largest impact on periodic changes in our net interest margin.

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

Net interest income increased by $11.6 million, or 29.42%, for the three months ended September 30, 2026 compared to the three months ended September 30, 2025, and our net interest margin increased by 13 basis points during the same period. The increase primarily reflected balance sheet growth and lower deposit funding costs following three Federal Reserve rate cuts that began in September 2025, partially offset by lower yields on interest-earning assets. Additional detail relating to net interest margin in each period is provided below.

Average balance sheet, interest, and yield/rate analysis. Table 3 presents average balance sheet information, interest income, interest expense, and the corresponding average yield earned or rate paid for each period reported. The average balances are daily averages and include both performing and nonperforming loans.

Table 3: Average Balances, Interest, and Yield/Rate

	For the three months ended September 30, 2026			For the three months ended September 30, 2025		
(dollars in thousands)	Average Balance	Interest Income/Expense	Average Yield/Rate	Average Balance	Interest Income/Expense	Average Yield/Rate
Assets						
Interest-earning deposits in banks[1]	$ 772,887	$ 7,286	3.74 %	$ 451,534	$ 5,009	4.40 %
Investment securities[1,2]	90,174	496	2.18 %	96,806	579	2.38 %
Loans held for investment and sale[1,3]	4,612,608	71,392	6.14 %	3,831,851	59,257	6.14 %
Total interest-earning assets[1]	5,475,669	79,174	5.74 %	4,380,191	64,845	5.87 %
Interest receivable and other assets, net[4]	120,299			110,118		
Total assets	$ 5,595,968			$ 4,490,309		
Liabilities and shareholders' equity						
Interest-bearing transaction accounts[1]	$ 433,005	$ 1,782	1.63 %	$ 300,642	$ 1,194	1.58 %
Savings accounts[1]	150,815	940	2.47 %	130,973	895	2.71 %
Money market accounts[1]	2,829,499	21,729	3.05 %	1,874,089	15,348	3.25 %
Time accounts[1]	282,857	2,636	3.70 %	639,434	6,899	4.28 %
Subordinated notes and other borrowings[1]	74,127	1,161	6.22 %	73,981	1,161	6.23 %
Total interest-bearing liabilities	3,770,303	28,248	2.97 %	3,019,119	25,497	3.35 %
Demand accounts	1,212,088			1,016,560		
Interest payable and other liabilities	35,691			32,210		
Shareholders' equity	577,886			422,420		
Total liabilities and shareholders' equity	$ 5,595,968			$ 4,490,309		
Net interest spread[5]			2.77 %			2.52 %
Net interest income/margin[6]		$ 50,926	3.69 %		$ 39,348	3.56 %

[1] Interest income/expense is divided by the actual number of days in the period multiplied by the actual number of days in the year to correspond to stated interest rate terms, where applicable.

[2] Yields on available-for-sale securities are calculated based on fair value. Investment security interest is earned monthly on a 30/360 day basis. Yields are not calculated on a tax-equivalent basis.

[3] Non-accrual loans are included in total loan balances. No adjustment has been made for these loans in the yield calculations. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs. Allowance for credit losses is not included in total loan balances.

[4] Allowance for credit losses is included in interest receivable and other assets, net.

[5] Net interest spread represents the average yield earned on interest-earning assets minus the average rate paid on interest-bearing liabilities.

[6] Net interest margin is computed by calculating the difference between interest income and interest expense, divided by the average balance of interest-earning assets, then annualized based on the number of days in the given period.

Analysis of changes in interest income and expenses. Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in average yields/rates. Table 4 shows the effect that these factors had on the interest earned from our interest-earning assets and interest incurred on our interest-bearing liabilities. The effect of changes in volume is determined by multiplying the change in volume by the current period's average yield/rate. The effect of rate changes is calculated by multiplying the change in average yield/rate by the previous period's volume. Changes not solely attributable to volume or yields/rates have been allocated in proportion to the respective volume and yield/rate components.

Table 4: Interest Income and Expense Change Analysis

	For the three months ended September 30, 2026 compared to the three months ended September 30, 2025		
(dollars in thousands)	**Volume**	**Yield/Rate**	**Total Increase (Decrease)**
Interest-earning deposits in banks	$ 3,029	$ (752)	$ 2,277
Investment securities	(35)	(48)	(83)
Loans held for investment and sale	12,083	52	12,135
Total interest-earning assets	15,077	(748)	14,329
Interest-bearing transaction accounts	545	43	588
Savings accounts	124	(79)	45
Money market accounts	7,336	(955)	6,381
Time accounts	(3,322)	(941)	(4,263)
Subordinated notes and other borrowings	2	(2)	—
Total interest-bearing liabilities	4,685	(1,934)	2,751
Changes in net interest income/margin	$ 10,392	$ 1,186	$ 11,578

As compared to the three months ended September 30, 2025, net interest income during the three months ended September 30, 2026 increased by $11.6 million, or 29.42%, to $50.9 million from $39.3 million. Net interest margin totaled 3.69% for the three months ended September 30, 2026, an increase of 13 basis points compared to the same quarter of the prior year. The increase primarily reflected balance sheet growth and lower deposit funding costs following three Federal Reserve rate cuts that began in September 2025, partially offset by lower yields on interest-earning assets. The increase in net interest income is primarily attributable to a $14.3 million increase in interest income, mainly due to a $780.8 million, or 20.38%, increase in the average balance of loans and a $321.4 million, or 71.17%, increase in the average balance of interest-earning deposits in banks. The benefit from higher average earning assets was partially offset by a 13-basis-point decrease in the yield on interest-earning assets to 5.74%. The average loan yield remained stable at 6.14%, as the effect of lower rates on repricing loans was offset by loan growth and changes in portfolio mix. This increase in interest income was partially offset by a $2.8 million increase in interest expense, stemming from a $946.6 million, or 23.89%, increase in the average balance of deposits during the three months ended September 30, 2026, moderated by a 25-basis-point decrease in the average cost of deposits compared to the same quarter of the prior year, reflecting deposit repricing following the three Federal Reserve rate cuts that began in September 2025 and an improved funding mix. Further supporting the decreasing average cost of deposits, the average balance of non-interest-bearing deposits increased by $195.5 million, or 19.23%, and brokered deposits decreased from $216.4 million to zero compared to the same period of the prior year.

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

Net interest income increased by $30.6 million, or 27.88%, for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025, and our net interest margin increased by 15 basis points when compared to the same period in 2025. The increase primarily reflected balance sheet growth and lower deposit funding costs following three Federal Reserve rate cuts that began in September 2025, partially offset by lower yields on interest-earning assets. Additional detail relating to net interest margin in each period is provided below.

Average balance sheet, interest, and yield/rate analysis. Table 5 presents average balance sheet information, interest income, interest expense, and the corresponding average yield earned or rate paid for each period reported. The average balances are daily averages and include both performing and nonperforming loans.

Table 5: Average Balances, Interest, and Yield/Rate

	For the nine months ended September 30, 2026			For the nine months ended September 30, 2025		
(dollars in thousands)	**Average Balance**	**Interest Income/Expense**	**Average Yield/Rate**	**Average Balance**	**Interest Income/Expense**	**Average Yield/Rate**
Assets						
Interest-earning deposits in banks[1]	$ 655,069	$ 18,226	3.72 %	$ 381,107	$ 12,571	4.41 %
Investment securities[1,2]	93,481	1,549	2.21 %	98,375	1,737	2.36 %
Loans held for investment and sale[1,3]	4,365,479	199,073	6.10 %	3,698,120	168,204	6.08 %
Total interest-earning assets[1]	5,114,029	218,848	5.72 %	4,177,602	182,512	5.84 %
Interest receivable and other assets, net[4]	120,879			101,825		
Total assets	$ 5,234,908			$ 4,279,427		
Liabilities and shareholders' equity						
Interest-bearing transaction accounts[1]	$ 388,929	$ 4,212	1.45 %	$ 295,933	$ 3,350	1.51 %
Savings accounts[1]	144,299	2,614	2.42 %	125,449	2,468	2.63 %
Money market accounts[1]	2,526,136	56,897	3.01 %	1,688,753	41,052	3.25 %
Time accounts[1]	402,695	11,175	3.71 %	690,506	22,318	4.32 %
Subordinated notes and other borrowings[1]	74,097	3,484	6.29 %	73,952	3,484	6.30 %
Total interest-bearing liabilities	3,536,156	78,382	2.96 %	2,874,593	72,672	3.38 %
Demand accounts	1,166,376			961,903		
Interest payable and other liabilities	33,201			31,674		
Shareholders' equity	499,175			411,257		
Total liabilities and shareholders' equity	$ 5,234,908			$ 4,279,427		
Net interest spread[5]			2.76 %			2.46 %
Net interest income/margin[6]		$ 140,466	3.67 %		$ 109,840	3.52 %

[1] Interest income/expense is divided by the actual number of days in the period multiplied by the actual number of days in the year to correspond to stated interest rate terms, where applicable.

[2] Yields on available-for-sale securities are calculated based on fair value. Investment security interest is earned monthly on a 30/360 day basis. Yields are not calculated on a tax-equivalent basis.

[3] Non-accrual loans are included in total loan balances. No adjustment has been made for these loans in the yield calculations. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs. Allowance for credit losses is not included in total loan balances.

[4] Allowance for credit losses is included in interest receivable and other assets, net.

[5] Net interest spread represents the average yield earned on interest-earning assets minus the average rate paid on interest-bearing liabilities.

[6] Net interest margin is computed by calculating the difference between interest income and interest expense, divided by the average balance of interest-earning assets, then annualized based on the number of days in the given period.

Analysis of changes in interest income and expenses. Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in average yields/rates. Table 6 shows the effect that these factors had on the interest earned from our interest-earning assets and interest incurred on our interest-bearing liabilities. The effect of changes in volume is determined by multiplying the change in volume by the current period's average yield/rate. The effect of rate changes is calculated by multiplying the change in average yield/rate by the previous period's volume. Changes not solely attributable to volume or yields/rates have been allocated in proportion to the respective volume and yield/rate components.

Table 6: Interest Income and Expense Change Analysis

	For the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025		
(In thousands)	**Volume**	**Yield/Rate**	**Total Increase (Decrease)**
Interest-earning deposits in banks	$ 7,622	$ (1,967)	$ 5,655
Investment securities	(80)	(108)	(188)
Loans held for investment and sale	30,432	437	30,869
Total interest-earning assets	37,974	(1,638)	36,336
Interest-bearing transaction accounts	1,007	(145)	862
Savings accounts	341	(195)	146
Money market accounts	18,860	(3,015)	15,845
Time accounts	(7,986)	(3,157)	(11,143)
Subordinated notes and other borrowings	7	(7)	—
Total interest-bearing liabilities	12,229	(6,519)	5,710
Changes in net interest income/margin	$ 25,745	$ 4,881	$ 30,626

As compared to the nine months ended September 30, 2025, net interest income during the nine months ended September 30, 2026 increased by $30.6 million, or 27.88%, to $140.5 million from $109.8 million. Net interest margin totaled 3.67% for the nine months ended September 30, 2026, an increase of 15 basis points compared to the same period of the prior year. The increase primarily reflected balance sheet growth and lower deposit funding costs following three Federal Reserve rate cuts that began in September 2025, partially offset by lower yields on interest-earning assets. The increase in net interest income is primarily attributable to a $36.3 million increase in interest income, mainly due to a $667.4 million, or 18.05%, increase in the average balance of loans and a $274.0 million, or 71.89%, increase in the average balance of interest-earning deposits in banks. The benefit from higher average earning assets was partially offset by a 12-basis-point decrease in the yield on interest-earning assets to 5.72%. The average loan yield increased by two basis points to 6.10%, as loan growth and changes in portfolio mix offset the effect of lower rates on repricing loans. This increase in interest income was partially offset by a $5.7 million increase in interest expense, stemming from a $865.9 million, or 23.01%, increase in the average balance of deposits during the nine months ended September 30, 2026, moderated by a 30-basis-point decrease in the cost of deposits to 2.16% compared to the same period of the prior year, reflecting deposit repricing following the three Federal Reserve rate cuts that began in September 2025 and an improved funding mix. Further supporting the decreasing average cost of deposits, the average balance of non-interest-bearing deposits increased by $204.5 million, or 21.26%, as compared to the same period of the prior year, and the average balance of brokered deposits decreased from $293.3 million to $72.4 million, a $221.0 million, or 75.33%, decrease from the same period of the prior year.

Provision for Credit Losses

The provision for credit losses is based on management's assessment of the adequacy of our allowance for credit losses. 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 allowance for credit losses, which reflects management's best estimate of expected life of loan losses in our loan portfolio at the balance sheet date.

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

We recorded a $2.5 million provision for credit losses in the third quarter of 2026, as compared to a $2.5 million provision for credit losses for the same period of 2025. The lack of change in the provision for credit losses in the third quarter of 2026 reflects loan growth and changes resulting from the annual CECL model refresh, offset by a decrease in the provision for unfunded commitments in the three months ended September 30, 2026 compared to the three months ended September 30, 2025.

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

We recorded a $7.4 million provision for credit losses in the first nine months of 2026, as compared to a $6.9 million provision for credit losses for the same period of 2025. The increase in the provision for credit losses recorded during the first nine months of 2026 is mainly due to loan growth and changes resulting from the annual CECL model refresh, partially offset by lower charge-offs.

Non-interest Income

Non-interest income is a secondary contributor to our net income, following interest income. Non-interest income consists of service charges on deposit accounts, gain on sale of loans, loan-related fees, FHLB stock dividends, earnings on BOLI, and other income.

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

Table 7 details the components of non-interest income for the periods indicated.

Table 7: Non-interest Income

	For the three months ended			
(dollars in thousands)	**September 30, 2026**	**September 30, 2025**	**$ Change**	**% Change**
Service charges on deposit accounts	$ 148	$ 185	$ (37)	(20.00)%
Loan-related fees	472	683	(211)	(30.89)%
FHLB stock dividends	424	329	95	28.88 %
Earnings on BOLI	270	209	61	29.19 %
Other	380	560	(180)	(32.14)%
Total non-interest income	$ 1,694	$ 1,966	$ (272)	(13.84)%

Loan-related fees. The decrease resulted primarily from a decrease of $0.1 million in fees from swap referrals during the three months ended September 30, 2026, as compared to the three months ended September 30, 2025, combined with $0.1 million in rate lock fees and good faith deposits that were forfeited during the three months ended September 30, 2025 and did not reoccur during the three months ended September 30, 2026.

Other income. The decrease related primarily to an overall decline in earnings related to investments in venture-backed funds during the three months ended September 30, 2026, as compared to the three months ended September 30, 2025.

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

Table 8 details the components of non-interest income for the periods indicated.

Table 8: Non-interest Income

	For the nine months ended			
(dollars in thousands)	**September 30, 2026**	**September 30, 2025**	**$ Change**	**% Change**
Service charges on deposit accounts	$ 405	$ 596	$ (191)	(32.05)%
Gain on sale of loans	—	244	(244)	(100.00)%
Loan-related fees	2,416	1,599	817	51.09 %
FHLB stock dividends	1,377	985	392	39.80 %
Earnings on BOLI	760	590	170	28.81 %
Other	251	1,121	(870)	(77.61)%
Total non-interest income	$ 5,209	$ 5,135	$ 74	1.44 %

Service charges on deposit accounts. The decrease related primarily to a $0.2 million decrease in net service charges assessed on analyzed deposit accounts.

Gain on sale of loans. The decrease related primarily to an overall decline in the volume of SBA loans sold due to a strategic, intentional reduction in originations of loans held for sale. During the nine months ended September 30, 2026, no SBA loans were sold, as compared to approximately $3.3 million of SBA loans sold with an effective yield of 7.41% during the nine months ended September 30, 2025.

Loan-related fees. The increase related primarily to a $0.8 million increase in fees from swap referrals, a $0.1 million increase in credit card-related income, and a $0.1 million increase in loan referral income, partially offset by a $0.2 million decrease in miscellaneous loan income from more rate lock fees and good faith deposits forfeited, during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2026.

FHLB stock dividends. The increase related primarily to $0.7 million in special cash dividends from the FHLB during the nine months ended September 30, 2026, as compared to no special cash dividends from the FHLB during the nine months ended September 30, 2025. This was partially offset by a $0.3 million decrease in regular dividends related to the FHLB's transition to a tier-based dividend structure, which lowered the Bank's effective dividend rate received.

Earnings on BOLI. The increase related primarily to an increase in BOLI balances between September 30, 2025 and September 30, 2026 due to the addition of a new policy.

Other. The decrease related primarily to an overall decline in earnings related to equity investments in venture-backed funds during the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025.

Non-interest Expense

Non-interest expense includes salaries and employee benefits, occupancy and equipment, data processing and software, FDIC insurance, professional services, advertising and promotional, loan-related expenses, and other operating expenses. In evaluating our level of non-interest expense, we closely monitor the Company's efficiency ratio, which is calculated as non-interest expense divided by the sum of net interest income and non-interest income. We constantly seek to identify ways to streamline our business and operate more efficiently in order to reduce our non-interest expense over time as a percentage of our revenue, while continuing to achieve growth in total loans and assets.

Over the past several years, we have continued to invest significant resources in personnel, technology, and infrastructure. As we execute initiatives based on growth, we expect non-interest expense to continue to grow. Non-interest expense has increased throughout the periods presented below; however, we expect our efficiency ratio will continue to improve going forward due, in part, to our past investment in infrastructure.

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

Table 9 details the components of non-interest expense for the periods indicated.

Table 9: Non-interest Expense

	For the three months ended			
(dollars in thousands)	**September 30, 2026**	**September 30, 2025**	**$ Change**	**% Change**
Salaries and employee benefits	$ 12,338	$ 9,716	$ 2,622	26.99 %
Occupancy and equipment	935	700	235	33.57 %
Data processing and software	1,742	1,559	183	11.74 %
FDIC insurance	670	500	170	34.00 %
Professional services	1,330	932	398	42.70 %
Advertising and promotional	798	803	(5)	(0.62)%
Loan-related expenses	319	317	2	0.63 %
Other operating expenses	2,459	2,053	406	19.78 %
Total non-interest expense	$ 20,591	$ 16,580	$ 4,011	24.19 %

Salaries and employee benefits. The increase related primarily to: (i) a $2.5 million increase in salaries, benefits, and bonus expense, mainly related to a 16.29% increase in headcount between September 30, 2025 and September 30, 2026; and (ii) a $0.5 million increase in commissions primarily due to higher loan originations period-over-period. This increase was partially offset by a $0.4 million increase in deferred loan origination costs due to higher loan originations period-over-period.

Occupancy and equipment. The increase was primarily driven by expenses associated with the Lodi branch office and the Calabasas non-depository office, both opened subsequent to the three months ended September 30, 2025. Additional increases stemmed from the Walnut Creek branch office and the Newport Beach non-depository office, which were only open for a portion of the three months ended September 30, 2025, as compared to the full three months ended September 30, 2026, and the San Francisco branch office, where an expansion project completed in the fourth quarter of 2025 resulted in elevated ongoing expenses.

Data processing and software. The increase was primarily due to: (i) increased usage of our digital banking platform; (ii) higher transaction volumes related to the increased number of loan and deposit accounts; (iii) an increased number of licenses required for new users on our loan origination and documentation system; and (iv) the implementation of enhanced commercial real estate lending analytics and risk assessment software.

FDIC insurance. FDIC insurance expense is based on the FDIC assessment base, which generally reflects average consolidated total assets less average tangible equity. The increase in FDIC insurance expense was primarily due to a $960.4 million increase in the assessment base period-over-period.

Professional services. The increase related primarily to: (i) a $0.2 million increase in recruiter fees associated with strategic hiring initiatives; and (ii) a $0.1 million increase in legal fees incurred period-over-period related to ordinary course of business activities.

Other operating expenses. The increase related primarily to: (i) a $0.1 million increase in bank charges; (ii) a $0.1 million increase in reciprocal deposit network fees resulting from an overall increase in balances carried in the network; (iii) a $0.1 million increase in armored car and courier services; and (iv) a $0.1 million increase in employee-related expenses such as travel. This increase was partially offset by a $0.1 million decrease in operational losses.

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

Table 10 details the components of non-interest expense for the periods indicated.

Table 10: Non-interest Expense

	For the nine months ended			
(dollars in thousands)	**September 30, 2026**	**September 30, 2025**	**$ Change**	**% Change**
Salaries and employee benefits	$ 35,189	$ 27,760	$ 7,429	26.76 %
Occupancy and equipment	2,637	1,994	643	32.25 %
Data processing and software	5,002	4,524	478	10.57 %
FDIC insurance	1,800	1,425	375	26.32 %
Professional services	3,208	2,763	445	16.11 %
Advertising and promotional	2,501	2,190	311	14.20 %
Loan-related expenses	870	1,059	(189)	(17.85)%
Other operating expenses	6,394	5,636	758	13.45 %
Total non-interest expense	$ 57,601	$ 47,351	$ 10,250	21.65 %

Salaries and employee benefits. The increase was primarily a result of: (i) a $7.6 million increase in salaries, benefits, and bonus expense, mainly related to a 16.29% increase in headcount between September 30, 2025 and September 30, 2026; and (ii) a $1.7 million increase in commissions primarily due to higher loan originations period-over-period. This increase was partially offset by a $1.8 million increase in deferred loan origination costs due to higher loan originations period-over-period.

Occupancy and equipment. The increase was primarily due to expenses for the Lodi branch office and the Calabasas non-depository office, both of which opened subsequent to the nine months ended September 30, 2025. Additional increases stemmed from the Walnut Creek branch office and the Newport Beach non-depository office, which were only open for a portion of the prior-year period, and the San Francisco branch office, where an expansion project completed in the fourth quarter of 2025 has resulted in elevated ongoing expenses.

Data processing and software. The increase was primarily due to: (i) increased usage of our digital banking platform; (ii) higher transaction volumes related to the increased number of loan and deposit accounts; (iii) an increased number of licenses required for new users on our loan origination and documentation system; and (iv) the implementation of enhanced commercial real estate lending analytics and risk assessment software.

FDIC insurance. FDIC insurance expense is based on the FDIC assessment base, which generally reflects average consolidated total assets less average tangible equity. The increase in FDIC insurance expense was primarily due to a $960.4 million increase in the assessment base period-over-period.

Professional services. The increase was primarily due to: (i) a $0.2 million increase in legal fees incurred in the ordinary course of business; (ii) a $0.2 million increase in recruiter fees associated with strategic hiring initiatives; and (iii) a $0.1 million increase in audit fees. This increase was partially offset by a $0.1 million decrease in compensation consulting services.

Advertising and promotional. The increase was primarily due to additional expenses incurred to support the expansion of the Bank's business development teams, including a $0.3 million increase related to business development expenses and a $0.1 million increase related to advertising and marketing expenses. This increase was partially offset by a $0.1 million decrease in event expenses for one-time events during the nine months ended September 30, 2026 that did not occur during the nine months ended September 30, 2025.

Loan-related expenses. The decrease was primarily related to a $0.1 million decrease in loan legal fees and a $0.1 million decrease in credit report costs.

Other operating expenses. The increase was primarily due to: (i) a $0.5 million increase in employee travel expenses; (ii) a $0.4 million increase in bank charges; (iii) a $0.3 million increase in reciprocal deposit network fees resulting from an

overall increase in balances carried in the network; (iv) a $0.2 million increase in armored car and courier services; and (v) a $0.1 million increase in operational losses. The increase was partially offset by the release of a $1.0 million loss contingency on an SBA loan during the nine months ended September 30, 2026. No such release occurred during the nine months ended September 30, 2025.

Provision for Income Taxes

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

The provision for income taxes was $7.6 million for the three months ended September 30, 2026, a $1.7 million increase from the three months ended September 30, 2025. This increase was primarily driven by an increase in taxable income, partially offset by a $0.2 million benefit recorded during the three months ended September 30, 2026 related to the purchase of transferable tax credits that did not occur during the three months ended September 30, 2025. The effective tax rates were 25.81% and 26.49% for the three months ended September 30, 2026 and September 30, 2025, respectively.

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

The provision for income taxes was $20.7 million for the nine months ended September 30, 2026, as compared to $16.8 million for the nine months ended September 30, 2025. The increase was primarily due to an overall increase in taxable income period-over-period, as well as a net $0.2 million reduction to the provision recorded during the six months ended June 30, 2025. This adjustment related to a tax law change for the state of California effective as of June 30, 2025, which required a transition from a three-factor apportionment formula to a single-sales-factor formula for determining state income tax. As such, the Company recorded a net benefit of approximately $0.9 million relating to the current year provision, which was partially offset by a $0.7 million expense relating to the remeasurement of the deferred tax assets and liabilities as of June 30, 2025. No such adjustment was recorded during the nine months ended September 30, 2026. This increase was partially offset by a $0.7 million benefit recorded during the nine months ended September 30, 2026 related to the purchase of transferable tax credits that did not occur during the nine months ended September 30, 2025. The effective tax rates for the nine months ended September 30, 2026 and 2025 were 25.69% and 27.60%, 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. Table 11 summarizes selected components of our unaudited consolidated balance sheets as of September 30, 2026 and December 31, 2025.

Table 11: Selected Components of Consolidated Balance Sheets (Unaudited)

(dollars in thousands)	**September 30, 2026**	**December 31, 2025**
Total assets	$ 5,559,618	$ 4,754,861
Cash and cash equivalents	679,482	506,851
Total investments	84,158	96,889
Loans held for investment	4,704,215	4,074,929
Total deposits	4,824,528	4,201,084
Subordinated notes, net	74,150	74,041
Total shareholders' equity	617,211	445,832

Total Assets

At September 30, 2026, total assets were $5.6 billion, an increase of $804.8 million from $4.8 billion at December 31, 2025. The increase was primarily comprised of a $629.3 million increase in total loans held for investment and a $172.6 million increase in cash and cash equivalents. The $629.3 million increase in total loans held for investment between December 31, 2025 and September 30, 2026 was a result of $1.6 billion in loan originations and advances, partially offset by $304.5 million and $633.2 million in loan payoffs and paydowns, respectively. The $629.3 million increase in total loans held for investment included $230.7 million in purchased loans within the consumer section of the loan portfolio.

Cash and Cash Equivalents

Total cash and cash equivalents were $679.5 million at September 30, 2026, an increase of $172.6 million from $506.9 million at December 31, 2025. The increase in cash and cash equivalents primarily resulted from $130.0 million in net proceeds from the underwritten public offering (after deducting underwriting discounts and commissions of $7.3 million, and offering expenses of approximately $0.6 million), $59.9 million in net income, and $623.4 million in deposit growth, partially offset by $629.3 million in cash outflows to fund growth in total loans held for investment.

Investment Portfolio

Our investment portfolio is primarily comprised of U.S. government agency securities, mortgage-backed securities, and obligations of states and political subdivisions, which are high-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 in securities with minimal credit risk and interest rate risk that is reflective of the yields obtained on those securities. Most of our securities are classified as available-for-sale, although we have one long-term, fixed rate municipal security classified as held-to-maturity.

Our total securities available-for-sale and held-to-maturity amounted to $84.2 million at September 30, 2026 and $96.9 million at December 31, 2025, representing a decrease of $12.7 million during the same period. The decrease to available-for-sale securities was primarily due to maturities, prepayments, and calls of $7.9 million, and an unrealized loss on securities of $4.3 million, with the remainder of the change due to amortization of premiums. For the nine months ended September 30, 2026, other comprehensive loss was $3.2 million, primarily due to market conditions on securities during that period.

Table 12 presents the carrying value of our investment portfolio as of the dates indicated.

Table 12: Carrying Value of Investment Securities

	As of			
	September 30, 2026		December 31, 2025	
(dollars in thousands)	Carrying Value	% of Total	Carrying Value	% of Total
Available-for-sale (at fair value):				
U.S. government agency securities	$ 5,755	6.84 %	$ 7,361	7.60 %
Mortgage-backed securities	42,451	50.45 %	48,186	49.73 %
Obligations of states and political subdivisions	33,835	40.20 %	36,964	38.15 %
Collateralized mortgage obligations	187	0.22 %	231	0.24 %
Corporate bonds	—	— %	1,957	2.02 %
Total available-for-sale	82,228	97.71 %	94,699	97.74 %
Held-to-maturity (at amortized cost):				
Obligations of states and political subdivisions	1,930	2.29 %	2,190	2.26 %
Total	$ 84,158	100.00 %	$ 96,889	100.00 %

Table 13 presents the carrying value of our securities by their stated maturities, as well as the weighted average yields for each maturity range, as of the dates shown.

Table 13: Stated Maturities and Weighted Average Yields - Investment Securities

	Due in one year or less		Due after one year through five years		Due after five years through ten years		Due after ten years		Total	
(dollars in thousands)	Carrying Value	Weighted Average Yield	Carrying Value	Weighted Average Yield	Carrying Value	Weighted Average Yield	Carrying Value	Weighted Average Yield	Carrying Value	Weighted Average Yield
September 30, 2026										
Available-for-sale:										
U.S. government agency securities	$ —	— %	$ 198	1.09 %	$ 259	2.02 %	$ 5,298	4.20 %	$ 5,755	3.99 %
Mortgage-backed securities	—	— %	1	6.84 %	9,245	1.36 %	33,205	1.90 %	42,451	1.78 %
Obligations of states and political subdivisions	—	— %	2,294	1.37 %	15,598	1.74 %	15,943	1.76 %	33,835	1.72 %
Collateralized mortgage obligations	—	— %	—	— %	187	1.76 %	—	— %	187	1.76 %
Total available-for-sale	—	— %	2,493	1.35 %	25,289	1.60 %	54,446	2.08 %	82,228	1.91 %
Held-to-maturity:										
Obligations of states and political subdivisions	175	6.00 %	860	6.00 %	895	6.00 %	—	— %	1,930	6.00 %
Total	$ 175	6.00 %	$ 3,353	2.54 %	$ 26,184	1.75 %	$ 54,446	2.08 %	$ 84,158	2.00 %
December 31, 2025										
Available-for-sale:										
U.S. government agency securities	$ 198	2.00 %	$ 619	5.27 %	$ 298	2.01 %	$ 6,246	5.58 %	$ 7,361	5.31 %
Mortgage-backed securities	—	— %	—	— %	4,677	1.33 %	43,509	1.79 %	48,186	1.75 %
Obligations of states and political subdivisions	—	— %	1,196	1.26 %	12,385	1.64 %	23,383	1.70 %	36,964	1.67 %
Collateralized mortgage obligations	—	— %	—	— %	231	1.76 %	—	— %	231	1.76 %
Corporate bonds	1,957	1.25 %	—	— %	—	— %	—	— %	1,957	1.25 %
Total available-for-sale	2,155	1.32 %	1,815	2.63 %	17,591	1.57 %	73,138	2.09 %	94,699	1.98 %
Held-to-maturity:										
Obligations of states and political subdivisions	170	6.00 %	865	6.00 %	1,155	6.00 %	—	— %	2,190	6.00 %
Total	$ 2,325	1.66 %	$ 2,680	3.72 %	$ 18,746	1.84 %	$ 73,138	2.09 %	$ 96,889	2.07 %

Weighted average yield for securities available-for-sale is the projected yield to maturity given current cash flow projections for U.S. government agency securities, mortgage-backed securities, and collateralized mortgage obligations. For callable municipal securities and corporate bonds, weighted average yield is a yield to worst. Weighted average yield for securities held-to-maturity is the stated coupon of the bond. Yields on tax-exempt securities are not presented on a tax-equivalent basis.

Loan Portfolio

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 strong underwriting standards. As of September 30, 2026 and December 31, 2025, our total loans amounted to $4.7 billion and $4.1 billion, respectively. Table 14 presents the balance and associated percentage of each major product type within our portfolio as of the dates indicated.

Table 14: Loans Outstanding

	As of			
	September 30, 2026		December 31, 2025	
(dollars in thousands)	Amount	% of Loans	Amount	% of Loans
Loans held for investment:				
Real estate:				
Commercial	$ 3,678,924	78.19 %	$ 3,305,713	81.08 %
Commercial land and development	2,487	0.05 %	1,352	0.03 %
Commercial construction	122,561	2.60 %	96,760	2.37 %
Residential construction	25,569	0.54 %	8,389	0.21 %
Residential	41,530	0.88 %	37,566	0.92 %
Farmland	57,027	1.21 %	59,606	1.46 %
Commercial:				
Secured	313,600	6.66 %	251,736	6.17 %
Unsecured	39,164	0.83 %	40,422	0.99 %
Consumer and other	425,531	9.04 %	275,475	6.77 %
Loans held for investment, gross	4,706,393	100.00 %	4,077,019	100.00 %
Loans held for sale	—	— %	—	— %
Total loans, gross	4,706,393	100.00 %	4,077,019	100.00 %
Net deferred loan fees	(2,178)		(2,090)	
Total loans	$ 4,704,215		$ 4,074,929	

Commercial real estate loans consist of term loans secured by a mortgage lien on the real property, such as office and industrial buildings, manufactured home communities, self-storage facilities, hospitality properties, faith-based properties, retail shopping centers, and apartment buildings, as well as commercial real estate construction loans that are offered to builders and developers.

Commercial land and development and commercial construction loans consist of loans made to fund commercial land acquisition and development and commercial construction, respectively. The real estate purchased with these loans is generally located in or near our market.

Residential real estate and construction real estate loans consist of loans secured by single-family and multifamily residential properties, which are both owner-occupied and investor-owned.

Farmland loans consist of loans used to purchase, refinance, or improve farmland secured by farming properties themselves. The farmland is generally located in or near our market.

Commercial loans consist of financing for commercial purposes in various lines of business, including manufacturing, service industry, and professional service areas. Commercial 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).

Consumer and other loans consist primarily of loans purchased in a loan purchase program with a non-bank lender, generally made to professionals for the purpose of large personal or household purchases. The loans are unsecured, fixed

rate loans. Consumer and other loans also include loans purchased or originated through financing partnerships which are no longer active.

Table 15 presents the commercial real estate loan balance, associated percentage of commercial real estate concentrations, estimated real estate collateral values, and related loan-to-value ("LTV") ranges by collateral type as of the dates indicated. Revolving lines of credit with zero balance and 0.00% LTV are excluded from this table. Collateral values are determined at origination using third-party real estate appraisals or evaluations. Updated appraisals, which are included in Table 15, may be obtained for loans that are downgraded to watch or substandard. Loans over $2.0 million are reviewed annually, at which time an internal assessment of collateral values is completed.

Table 15: Commercial Real Estate Loans

(dollars in thousands)	Loan Balance	% of Commercial Real Estate	Collateral Value	Minimum LTV	Maximum LTV
September 30, 2026					
Manufactured home community	$ 1,118,987	30.42 %	$ 2,009,167	15.90 %	75.28 %
RV Park	451,113	12.26 %	844,098	15.80 %	72.96 %
Retail	328,883	8.94 %	720,231	6.10 %	73.26 %
Multifamily	323,287	8.79 %	731,902	4.81 %	78.60 %
Office	293,011	7.96 %	623,799	4.30 %	74.60 %
Industrial	256,636	6.98 %	632,527	0.51 %	75.00 %
Mini storage	207,592	5.64 %	412,140	6.62 %	69.55 %
Faith-based	188,050	5.11 %	501,725	0.98 %	75.00 %
All other types[1]	511,365	13.90 %	1,118,802	3.45 %	119.80 %
Total[2]	$ 3,678,924	100.00 %	$ 7,594,391		
December 31, 2025					
Manufactured home community	$ 1,025,386	31.02 %	$ 1,820,597	16.16 %	73.59 %
RV Park	412,955	12.49 %	742,097	17.56 %	74.70 %
Retail	317,536	9.61 %	668,216	6.23 %	74.23 %
Multifamily	286,064	8.65 %	618,588	7.56 %	79.21 %
Industrial	247,368	7.48 %	563,631	0.99 %	91.33 %
Faith-based	193,362	5.85 %	513,107	8.66 %	75.00 %
Mini storage	190,252	5.76 %	381,810	14.63 %	70.00 %
Office	175,767	5.32 %	404,727	4.62 %	74.95 %
All other types[1]	457,023	13.82 %	966,325	0.79 %	134.52 %
Total[2]	$ 3,305,713	100.00 %	$ 6,679,098		

[1] Types of collateral in the "all other types" category are those that individually make up less than 5.00% of the commercial real estate concentration.

[2] Minimum LTV and maximum LTV not shown for aggregated totals, as such values are meaningful only when presented by specific category.

Over the past several years, we have experienced significant growth in our loan portfolio, although the relative composition of the portfolio has not changed materially. Our primary focus remains commercial real estate lending (including commercial, commercial land and development, and commercial construction), which constitutes 80.84% of loans held for investment at September 30, 2026. Commercial secured lending represents 6.66% of loans held for investment at September 30, 2026.

We recognize that our commercial real estate loan concentration is significant within our balance sheet. Commercial real estate loan balances as a percentage of risk-based capital were 504.66% and 594.17% as of September 30, 2026 and December 31, 2025, respectively. The decrease period-over-period is primarily attributable to an increase in risk-based capital as the result of an underwritten public offering of common stock during the three months ended September 30, 2026. We have established internal concentration limits in the loan portfolio for commercial real estate loans by sector (e.g., manufactured home communities, self-storage, hospitality, etc.). All loan sectors were within our established limits as of September 30, 2026. Additionally, our loans are geographically concentrated with borrowers and collateralized properties primarily in California.

We believe that our past success is attributable to focusing on products and markets where we have significant expertise. Given our concentrations, we have established strong risk management practices, including risk-based lending standards, self-established product and geographical limits, annual evaluations of income property loans, and semi-annual top-down and bottom-up stress testing. We expect to continue growing our loan portfolio. We do not expect our product or geographic concentrations to materially change.

Table 16 sets forth the contractual maturities and sensitivity to interest rate changes of our loan portfolio as of the dates indicated.

Table 16: Contractual Maturities and Sensitivity to Interest Rate Changes - Gross Loans

(dollars in thousands)	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
September 30, 2026					
Loans with fixed interest rates:					
Real estate:					
Commercial	$ 79,610	$ 351,621	$ 290,432	$ 3,544	$ 725,207
Commercial land and development	—	174	—	—	174
Commercial construction	—	—	3,244	—	3,244
Residential construction	—	—	—	—	—
Residential	4	6,382	1,047	402	7,835
Farmland	—	—	4,391	—	4,391
Commercial:					
Secured	2,798	46,795	14,651	—	64,244
Unsecured	118	4,001	24,099	—	28,218
Consumer and other	221	69,667	355,537	—	425,425
Total loans with fixed interest rates	82,751	478,640	693,401	3,946	1,258,738
Loans with floating or adjustable interest rates:					
Real estate:					
Commercial	45,454	392,232	2,460,017	56,014	2,953,717
Commercial land and development	567	1,270	476	—	2,313
Commercial construction	9,993	51,071	42,905	15,348	119,317
Residential construction	6,020	19,549	—	—	25,569
Residential	1,290	11,569	20,687	149	33,695
Farmland	1,040	17,751	33,845	—	52,636
Commercial:					
Secured	100,070	78,848	58,870	11,568	249,356
Unsecured	3,788	7,158	—	—	10,946
Consumer and other	—	106	—	—	106
Total loans with floating or adjustable interest rates	168,222	579,554	2,616,800	83,079	3,447,655
Total gross loans	$ 250,973	$ 1,058,194	$ 3,310,201	$ 87,025	$ 4,706,393
Total gross loans:					
Real estate:					
Commercial	$ 125,064	$ 743,853	$ 2,750,449	$ 59,558	$ 3,678,924
Commercial land and development	567	1,444	476	—	2,487
Commercial construction	9,993	51,071	46,149	15,348	122,561
Residential construction	6,020	19,549	—	—	25,569
Residential	1,294	17,951	21,734	551	41,530
Farmland	1,040	17,751	38,236	—	57,027
Commercial:					
Secured	102,868	125,643	73,521	11,568	313,600
Unsecured	3,906	11,159	24,099	—	39,164
Consumer and other	221	69,773	355,537	—	425,531
Total	$ 250,973	$ 1,058,194	$ 3,310,201	$ 87,025	$ 4,706,393

Table 16: Contractual Maturities and Sensitivity to Interest Rate Changes - Gross Loans (continued)

(dollars in thousands)	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
December 31, 2025					
Loans with fixed interest rates:					
Real estate:					
Commercial	$ 31,238	$ 275,099	$ 366,518	$ 3,571	$ 676,426
Commercial land and development	—	176	—	—	176
Commercial construction	—	—	—	—	—
Residential construction	—	—	—	—	—
Residential	24	5,741	1,313	412	7,490
Farmland	—	—	4,612	—	4,612
Commercial:					
Secured	3,187	36,461	16,118	—	55,766
Unsecured	58	5,781	23,417	—	29,256
Consumer and other	72	17,779	257,472	—	275,323
Total loans with fixed interest rates	34,579	341,037	669,450	3,983	1,049,049
Loans with floating or adjustable interest rates:					
Real estate:					
Commercial	29,907	274,098	2,257,847	67,435	2,629,287
Commercial land and development	602	500	74	—	1,176
Commercial construction	1,429	49,478	32,749	13,104	96,760
Residential construction	4,790	3,267	332	—	8,389
Residential	4,344	4,931	20,485	316	30,076
Farmland	1,775	12,829	40,390	—	54,994
Commercial:					
Secured	57,918	67,862	59,623	10,567	195,970
Unsecured	4,524	6,642	—	—	11,166
Consumer and other	—	152	—	—	152
Total loans with floating or adjustable interest rates	105,289	419,759	2,411,500	91,422	3,027,970
Total gross loans	$ 139,868	$ 760,796	$ 3,080,950	$ 95,405	$ 4,077,019
Total gross loans:					
Real estate:					
Commercial	$ 61,145	$ 549,197	$ 2,624,365	$ 71,006	$ 3,305,713
Commercial land and development	602	676	74	—	1,352
Commercial construction	1,429	49,478	32,749	13,104	96,760
Residential construction	4,790	3,267	332	—	8,389
Residential	4,368	10,672	21,798	728	37,566
Farmland	1,775	12,829	45,002	—	59,606
Commercial:					
Secured	61,105	104,323	75,741	10,567	251,736
Unsecured	4,582	12,423	23,417	—	40,422
Consumer and other	72	17,931	257,472	—	275,475
Total gross loans	$ 139,868	$ 760,796	$ 3,080,950	$ 95,405	$ 4,077,019

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, non-accrual, and nonperforming assets, collateral coverage, credit scores, and debt service coverage, where applicable. These metrics directly impact our evaluation of the adequacy of our allowance for credit losses.

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. Particular emphasis is placed on our commercial portfolio, where risk assessments are reevaluated as a result of reviewing commercial property operating statements and borrower financials. On an ongoing basis, we also monitor 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 allowance for credit losses. We periodically employ the use of an independent consulting firm to evaluate our underwriting and risk assessment process. 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 general economic conditions and rising interest rates.

Nonperforming Assets

Our nonperforming assets consist of nonperforming loans and foreclosed real estate, if any. Nonperforming loans consist of non-accrual 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 non-accrual loans. Accrual of interest on loans is discontinued either when reasonable doubt exists as to the full and timely collection of interest or principal or when a loan becomes contractually past due by 90 days or more with respect to interest or principal. When a loan is placed on non-accrual status, all interest previously accrued, but not collected, is reversed against current period interest income. 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.

SBA Loans

During the nine months ended September 30, 2026, the Company did not sell any SBA 7(a) loans.

Non-accrual Loans

Table 17 provides details of our nonperforming and restructured assets and certain other related information as of the dates presented.

Table 17: Nonperforming and Restructured Assets

	As of	
(dollars in thousands)	**September 30, 2026**	**December 31, 2025**
Non-accrual loans:		
Real estate:		
Commercial	$ 13,072	$ 2,666
Commercial:		
Secured	223	430
Total non-accrual loans	13,295	3,096
Loans past due 90 days or more and still accruing:		
Total loans past due and still accruing	—	—
Total nonperforming loans	13,295	3,096
Real estate owned	—	—
Total nonperforming assets	$ 13,295	$ 3,096
Performing loan modifications (“LMs”) (not included above)	$ —	$ —
Allowance for credit losses to period end nonperforming loans	371.49 %	1,434.40 %
Nonperforming loans to loans held for investment	0.28 %	0.08 %
Nonperforming assets to total assets	0.24 %	0.07 %
Nonperforming loans plus performing LMs to loans held for investment	0.28 %	0.08 %

The ratio of nonperforming loans to loans held for investment was 0.28% at September 30, 2026, as compared to 0.08% at December 31, 2025.

The ratio of the allowance for credit losses to period end nonperforming loans decreased from 1,434.40% as of December 31, 2025 to 371.49% as of September 30, 2026. This decrease was related to one Community Reinvestment Act loan that was placed on non-accrual status during the three months ended June 30, 2026. The balance of the loan is $11.4 million as of September 30, 2026, and it was originally downgraded to substandard in 2025. This was partially offset by improvements across the remainder of the nonperforming loan portfolio.

Potential Problem Loans

We utilize a risk grading system for our loans to aid us in evaluating the overall credit quality of our real estate loan portfolio and assessing the adequacy of our allowance for credit losses. All loans are grouped into a risk category at the time of origination. Commercial real estate loans over $2.0 million are reevaluated at least annually for proper classification in conjunction with our review of property and borrower financial information. All loans are reevaluated for proper risk grading as new information such as payment patterns, collateral condition, and other relevant information comes to our attention.

Loans designated as “watch” or “special mention” are internal bank designations and are not considered adversely classified. However, loans designated as “substandard” or “doubtful” are considered adversely classified. Table 18 shows loans by credit quality risk rating as of the periods indicated.

Table 18: Gross Loans Held for Investment by Credit Quality Risk Rating

(dollars in thousands)	Pass	Watch	Special Mention	Substandard	Doubtful	Total
September 30, 2026						
Real estate:						
Commercial	$ 3,477,922	$ 143,909	$ 38,032	$ 19,061	$ —	$ 3,678,924
Commercial land and development	2,487	—	—	—	—	2,487
Commercial construction	122,561	—	—	—	—	122,561
Residential construction	25,569	—	—	—	—	25,569
Residential	41,530	—	—	—	—	41,530
Farmland	56,455	572	—	—	—	57,027
Commercial:						
Secured	301,954	2,671	7,968	1,007	—	313,600
Unsecured	36,664	—	2,500	—	—	39,164
Consumer and other	425,528	—	—	3	—	425,531
Total	$ 4,490,670	$ 147,152	$ 48,500	$ 20,071	$ —	$ 4,706,393
December 31, 2025						
Real estate:						
Commercial	$ 3,173,099	$ 76,118	$ 35,124	$ 21,372	$ —	$ 3,305,713
Commercial land and development	1,352	—	—	—	—	1,352
Commercial construction	81,840	14,920	—	—	—	96,760
Residential construction	8,389	—	—	—	—	8,389
Residential	37,566	—	—	—	—	37,566
Farmland	58,521	585	500	—	—	59,606
Commercial:						
Secured	238,605	10,272	1,906	953	—	251,736
Unsecured	40,422	—	—	—	—	40,422
Consumer and other	275,469	—	—	6	—	275,475
Total	$ 3,915,263	$ 101,895	$ 37,530	$ 22,331	$ —	$ 4,077,019

Loans designated as watch, special mention, and substandard increased to $215.7 million at September 30, 2026 from $161.8 million at December 31, 2025. There were no loans with doubtful risk grades at September 30, 2026 or December 31, 2025.

Allowance for Credit Losses

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

The allowance for credit losses is evaluated on a regular basis by management and is based on management’s periodic review 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. Historical loss rates within the commercial secured pool are also evaluated by

management on a regular basis to estimate the allowance for credit losses. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

At September 30, 2026, the Company's allowance for credit losses was $49.4 million, as compared to $44.4 million at December 31, 2025. The $5.0 million increase in the allowance is due to a $7.3 million provision for credit losses (excluding a $0.2 million provision for unfunded commitments) recorded during the nine months ended September 30, 2026, partially offset by net charge-offs of $2.3 million, primarily attributable to commercial and industrial loans, during the same period.

While the entire allowance for credit losses is available to absorb losses from any and all loans, Table 19 represents management's allocation of our allowance for credit losses by loan category, the allocation of our allowance for credit losses as a percent of the total allowance for credit losses, and the balance of loans in each category as a percentage of total loans, for the periods indicated.

Table 19: Allocation of the Allowance for Credit Losses

(dollars in thousands)		Allowance for Credit Losses	% of Allowance for Credit Losses	% of Loans to Total Loans
September 30, 2026				
Real estate:				
Commercial	$	28,540	57.79 %	78.19 %
Commercial land and development		92	0.19 %	0.05 %
Commercial construction		4,526	9.16 %	2.60 %
Residential construction		806	1.63 %	0.54 %
Residential		461	0.93 %	0.88 %
Farmland		432	0.87 %	1.21 %
Commercial:				
Secured		10,630	21.52 %	6.66 %
Unsecured		502	1.02 %	0.83 %
Consumer and other		3,401	6.89 %	9.04 %
Total	$	49,390	100.00 %	100.00 %
December 31, 2025				
Real estate:				
Commercial	$	25,219	56.77 %	81.08 %
Commercial land and development		56	0.13 %	0.03 %
Commercial construction		4,050	9.12 %	2.37 %
Residential construction		213	0.48 %	0.21 %
Residential		362	0.82 %	0.92 %
Farmland		467	1.05 %	1.46 %
Commercial:				
Secured		11,204	25.23 %	6.17 %
Unsecured		482	1.09 %	0.99 %
Consumer and other		2,356	5.31 %	6.77 %
Total	$	44,409	100.00 %	100.00 %

The ratio of the allowance for credit losses to total loans held for investment was 1.05% at September 30, 2026, a decline from 1.09% at December 31, 2025.

Table 20: Activity Within the Allowance for Credit Losses

	As of and for the three months ended				As of and for the nine months ended			
	September 30, 2026		September 30, 2025		September 30, 2026		September 30, 2025	
(dollars in thousands)	Activity	% of Average Loans Held for Investment	Activity	% of Average Loans Held for Investment	Activity	% of Average Loans Held for Investment	Activity	% of Average Loans Held for Investment
Average loans held for investment	$ 4,612,608		$ 3,831,785		$ 4,365,479		$ 3,697,065	
Allowance for credit losses - beginning of period	$ 47,335		$ 40,167		$ 44,409		$ 37,791	
Net (charge-offs) recoveries:								
Real estate:								
Commercial	—	— %	(280)	(0.01)%	—	— %	(280)	(0.01)%
Commercial:								
Secured	(642)	(0.01)%	(353)	(0.01)%	(2,242)	(0.05)%	(2,454)	(0.07)%
Unsecured	—	— %	—	— %	2	— %	(50)	— %
Consumer and other	(3)	— %	27	— %	(29)	— %	4	— %
Net charge-offs	(645)	(0.01)%	(606)	(0.02)%	(2,269)	(0.05)%	(2,780)	(0.08)%
Provision for credit losses	2,700		2,500		7,250		7,050	
Allowance for credit losses - end of period	$ 49,390		$ 42,061		$ 49,390		$ 42,061	
Loans held for investment	$ 4,704,215		$ 3,887,259		$ 4,704,215		$ 3,887,259	
Allowance for credit losses to loans held for investment	1.05 %		1.08 %		1.05 %		1.08 %	

The ratio of the allowance for credit losses to loans held for investment decreased from 1.08% as of September 30, 2025 to 1.05% as of September 30, 2026. Net charge-offs as a percent of average loans held for investment decreased from 0.02% for the three months ended September 30, 2025 to 0.01% for the three months ended September 30, 2026. Net charge-offs as a percent of average loans held for investment decreased from 0.08% for the nine months ended September 30, 2025 to 0.05% for the nine months ended September 30, 2026.

Liabilities

During the first nine months of 2026, total liabilities increased by $633.4 million from $4.3 billion as of December 31, 2025 to $4.9 billion as of September 30, 2026. This increase was primarily due to an increase in deposits of $623.4 million. The increase in deposits was largely due to increases in money market, non-interest-bearing, and interest-bearing transaction deposits of $712.6 million, $126.0 million, and $71.5 million, respectively, partially offset by a $296.8 million decrease in time deposits, mainly attributable to a $265.0 million decline in wholesale deposits.

Deposits

Representing 97.61% of our total liabilities as of September 30, 2026, deposits are our primary source of funding for our business operations.

Total deposits increased by $623.4 million, or 14.84%, to $4.8 billion at September 30, 2026 from $4.2 billion at December 31, 2025. The increase in deposits was largely due to increases in money market, non-interest-bearing, and interest-bearing transaction deposits of $712.6 million, $126.0 million, and $71.5 million, respectively, partially offset by a $296.8 million decrease in time deposits, mainly attributable to a $265.0 million decline in wholesale deposits. The Company defines wholesale deposits as brokered deposits and California Time Deposit Program deposits. Non-interest-bearing deposits increased by $126.0 million from December 31, 2025 to $1.2 billion at September 30, 2026, representing 25.09% of total deposits at that date, as compared to 25.82% of total deposits at December 31, 2025. Our loan to deposit ratio was 97.51% at September 30, 2026, as compared to 97.00% at December 31, 2025. We closely monitor the loan to deposit ratio for purposes of both operational objectives and regulatory capital compliance.

Table 21 summarizes our deposit composition by average deposit balances and average rates paid for the periods indicated.

Table 21: Deposit Composition by Average Balances and Rates Paid

	For the three months ended					
	September 30, 2026			September 30, 2025		
(dollars in thousands)	Average Amount	Average Rate Paid	% of Total Deposits	Average Amount	Average Rate Paid	% of Total Deposits
Interest-bearing transaction accounts	$ 433,005	1.63 %	8.82 %	$ 300,642	1.58 %	7.59 %
Money market and savings accounts	2,980,314	3.02 %	60.73 %	2,005,062	3.21 %	50.61 %
Time accounts	282,857	3.70 %	5.76 %	639,434	4.28 %	16.14 %
Demand accounts	1,212,088	— %	24.69 %	1,016,560	— %	25.66 %
Total deposits	$ 4,908,264	2.19 %	100.00 %	$ 3,961,698	2.44 %	100.00 %

	For the nine months ended					
	September 30, 2026			September 30, 2025		
(dollars in thousands)	Average Amount	Average Rate Paid	% of Total Deposits	Average Amount	Average Rate Paid	% of Total Deposits
Interest-bearing transaction accounts	$ 388,929	1.45 %	8.40 %	$ 295,933	1.51 %	7.87 %
Money market and savings accounts	2,670,435	2.98 %	57.70 %	1,814,202	3.21 %	48.21 %
Time accounts	402,695	3.71 %	8.70 %	690,506	4.32 %	18.35 %
Demand accounts	1,166,376	— %	25.20 %	961,903	— %	25.57 %
Total deposits	$ 4,628,435	2.16 %	100.00 %	$ 3,762,544	2.46 %	100.00 %

Net uninsured and uncollateralized deposits totaled approximately $1.5 billion and $1.4 billion at September 30, 2026 and December 31, 2025, respectively.

As of September 30, 2026, our 75 largest deposit relationships, each accounting for more than $10.0 million, totaled $2.4 billion, or 49.92% of our total deposits. The average age on deposit relationships of more than $5.0 million was approximately 7.45 years as of September 30, 2026. As of December 31, 2025, our 53 largest deposit relationships, each accounting for more than $10.0 million, totaled $2.0 billion, or 47.82% of our total deposits.

Table 22 shows the entity types making up our large deposit relationships at the dates indicated.

Table 22: Composition of Large Deposit Relationships

(dollars in thousands)	**September 30, 2026**	**December 31, 2025**
Municipalities	$ 1,009,467	$ 789,643
Non-profits	390,717	283,666
Businesses	1,008,190	760,516
Brokered deposits	—	174,981
Total	$ 2,408,374	$ 2,008,806

Our largest single deposit relationship at September 30, 2026 related to a government agency. The balance for this customer was $304.0 million, or approximately 6.30% of total deposits as of that date. At December 31, 2025, our largest single deposit relationship related to a government agency and had a balance of $290.0 million, or 6.90% of total deposits as of that date. As our demand deposits fluctuate, we have purchased brokered deposits as needed to supplement liquidity. We do not consider brokered deposits as core deposits, but as another deposit funding source for our loan growth.

Table 23 sets forth the maturity of time deposits as of September 30, 2026.

Table 23: Scheduled Maturities of Time Deposits

(dollars in thousands)	**$250,000 or Greater**	**Less than $250,000**	**Total**	**Uninsured Portion**
Remaining maturity:				
Three months or less	$ 205,485	$ 8,341	$ 213,826	$ 202,485
Over three through six months	12,182	9,914	22,096	8,182
Over six through twelve months	8,498	12,675	21,173	5,498
Over twelve months	343	409	752	93
Total	$ 226,508	$ 31,339	$ 257,847	$ 216,258

FHLB Advances and Other Borrowings

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

In 2022, we issued subordinated notes of $75.0 million. This debt was issued to investors in private placement transactions. See Note 6, Subordinated Notes and Other Borrowings, in the notes to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information regarding these subordinated notes. The proceeds of the notes qualify as Tier 2 capital for the Company under the regulatory capital rules of the federal banking agencies.

Table 24 is a summary of our outstanding subordinated notes as of September 30, 2026.

Table 24: Subordinated Notes Outstanding

(dollars in thousands)	**Issuance Date**	**Amount of Notes**	**Prepayment Right**	**Maturity Date**
Subordinated notes	August 2022	$ 75,000	August 17, 2027	September 1, 2032
Fixed at 6.00% through September 1, 2027, then three-month Term SOFR plus 329.0 basis points (7.37% as of September 30, 2026) through maturity				

Shareholders' Equity

Shareholders' equity totaled $617.2 million at September 30, 2026 and $445.8 million at December 31, 2025. The increase in shareholders' equity was primarily a result of $130.0 million of additional common stock outstanding and $59.9 million recognized as net income during the period, partially offset by $16.8 million in cash dividends paid during the period and a $3.2 million increase in accumulated other comprehensive loss.

Liquidity and Capital Resources

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. As the primary federal regulator of the Bank, the FDIC evaluates our liquidity on a stand-alone basis pursuant to applicable guidance and policies.

Liquidity refers to our capacity to meet our cash obligations at a reasonable cost. 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 the Bank's liquidity risk profile and are considered in the assessment of liquidity management.

The Company is a corporation separate and apart from the Bank and, therefore, must provide for its own liquidity, including liquidity required to meet its debt service requirements on its subordinated notes. The Company's main source of cash flow is dividends declared and paid to it by the Bank. There are statutory and regulatory limitations that affect the ability of the Bank to pay dividends to the Company, including various legal and regulatory provisions that limit the amount of dividends the Bank can pay to the Company without regulatory approval. Under the California Financial Code, payment of a dividend from the Bank to the Company without advance regulatory approval is restricted to the lesser of the Bank's retained earnings or the amount of the Bank's net income from the previous three fiscal years less the amount of dividends paid during that period. We believe that these limitations will not impact our ability to meet our ongoing short-term cash obligations. For contingency purposes, the Company maintains a minimum level of cash to fund one year's projected operating cash flow needs plus two years' subordinated notes debt service. 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 the Bank's liquidity risk management process.

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, Federal Reserve Discount Window advances, FHLB advances, and the principal and interest payments we receive on loans and investment securities. Cash on hand, cash at third-party banks, investments available-for-sale, and maturing or prepaying balances in our investment and loan portfolios are our most liquid assets. Other sources of liquidity that are routinely available to us include funds from retail and wholesale deposits, advances from the FHLB and the Federal Reserve Discount Window, and proceeds from the sale of loans. Less commonly used sources of funding include borrowings from established federal funds lines from unaffiliated commercial banks, and the issuance of debt or equity securities. We believe we have ample liquidity resources to fund future growth and meet other cash needs as necessary.

As of September 30, 2026, we had a shelf registration statement on file with the SEC registering the offer and sale by us of up to $300.0 million of any combination of equity or debt securities, depository shares, warrants, purchase contracts, purchase units, subscription rights, and units in one or more offerings. Specific information on the terms of any securities being offered, including the expected use of proceeds from the sale of such securities, are provided at the time of the offering. In July 2026, we sold an aggregate of 3,133,750 shares of our common stock at a price of $44.00 per share in a public offering (the "2026 Public Offering"), for net proceeds to us, after deducting underwriting discounts and commissions and offering expenses payable by us, of approximately $130.0 million, to be used for general corporate purposes and to support continued growth, including through investments in the Bank to pursue growth opportunities, and for working capital. The 2026 Public Offering used approximately $137.9 million of the securities registered under our shelf registration statement on file with the SEC, leaving approximately $162.1 million available for future offerings.

Sources and Uses of Cash

Our executive officers and board of directors review our sources and potential uses of cash in connection with our annual budgeting process. Generally speaking, our principal funding source is cash from deposits, and our principal uses of cash include funding of loans, operating expenses, income taxes, and dividend payments, as described below. As of September 30, 2026, management believes the above-mentioned sources will provide adequate liquidity during the next twelve months for the Bank to meet its operating needs. In addition, in July 2026, the Company closed the 2026 Public Offering. The proceeds to the Company, after deducting underwriting discounts and commissions and offering expenses payable by the Company, were approximately $130.0 million, providing additional cash to support the Company's ongoing operating needs.

Loans

Loans are a significant use of cash in daily operations, and a source of cash as customers make payments on their loans or as loans are sold to other financial institutions. Cash flows from loans are affected by the timing and amount of customer payments and prepayments, changes in interest rates, the general economic environment, competition, and the political environment.

During the nine months ended September 30, 2026, we had cash outflows of $631.6 million in loan originations and advances, net of principal collected, and no loans originated for sale.

Additionally, in the ordinary course of business, we enter into commitments to extend credit, such as commitments to fund new loans and undisbursed construction funds. While these commitments represent contractual cash requirements, a portion of these commitments to extend credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. At September 30, 2026, off-balance-sheet commitments totaled $673.0 million. We expect to fund these commitments to the extent utilized primarily through the repayment of existing loans, deposit growth, and liquid assets.

Deposits

Deposits are our primary source of funding for our business operations, and the cost of deposits has a significant impact on our net interest income and net interest margin.

Our deposits are primarily made up of money market, interest-bearing transaction, time, and non-interest-bearing demand deposits. Aside from commercial and business clients, a significant portion of our deposits are from municipalities and non-profit organizations. Cash flows from deposits are impacted by the timing and amount of customer deposits, changes in market rates, and collateral availability.

During the nine months ended September 30, 2026, we had cash inflows of $623.4 million related to an increase in deposits.

During the twelve months following September 30, 2026, approximately $257.1 million of time deposits are expected to mature. After the twelve months following September 30, 2026, we expect $0.8 million of time deposits to mature through 2030. These deposits may or may not renew due to general competition. We expect the outflow will not be significant and can be replenished through our organic growth in deposits. We believe our emphasis on local deposits and our San Francisco Bay Area and Southern California expansions provide a stable funding base.

At September 30, 2026, cash and cash equivalents represented 14.08% of total deposits.

Investment Securities

Our investment securities totaled $84.2 million at September 30, 2026. Mortgage-backed securities and obligations of states and political subdivisions comprised 50.45% and 42.49% of our investment portfolio, respectively. Cash proceeds from mortgage-backed securities result from payments of principal and interest by borrowers. Cash proceeds from obligations of states and political subdivisions occur when these securities are called or mature. Assuming the current prepayment speed and interest rate environment, we expect to receive approximately $6.3 million from our securities over the twelve months following September 30, 2026. In future periods, we expect to maintain approximately the same level of cash flows from our securities. Depending on market yield and our liquidity, we may purchase securities as a use of cash in our interest-earning asset portfolio.

During the nine months ended September 30, 2026, we had cash proceeds from sales, maturities, calls, and prepayments of securities of $7.9 million. Additionally, at September 30, 2026, securities available-for-sale totaled $82.2 million, of which $77.6 million has been pledged as collateral for borrowings and other commitments.

FHLB Financing

The Bank is a shareholder of the FHLB, which enables the Bank to have access to lower-cost FHLB financing when necessary. At September 30, 2026, the Bank had no outstanding FHLB financing borrowings and a total financing availability of $552.2 million, net of letters of credit issued of $1.2 billion.

Federal Reserve Discount Window

The Company has the ability to borrow from the Federal Reserve Discount Window when necessary. At September 30, 2026, the Bank had no outstanding Federal Reserve Discount Window borrowings and a total financing availability of $1.1 billion.

Correspondent Bank Lines of Credit

At September 30, 2026, the unused and available amount for borrowing from correspondent bank lines of credit was $185.0 million.

Total Liquidity

Total liquidity (consisting of cash and cash equivalents and unused and immediately available borrowing capacity as set forth in Table 25) was approximately $2.5 billion as of September 30, 2026.

Table 25: Total Liquidity

	September 30, 2026			
(dollars in thousands)	**Line of Credit**	**Letters of Credit Issued**	**Borrowings**	**Available**
FHLB advances	$ 1,714,154	$ 1,162,000	$ —	$ 552,154
Federal Reserve Discount Window	1,110,142	—	—	1,110,142
Correspondent bank lines of credit	185,000	—	—	185,000
Cash and cash equivalents	—	—	—	679,482
Total	$ 3,009,296	$ 1,162,000	$ —	$ 2,526,778

Future Contractual Obligations

Our estimated future contractual obligations as of September 30, 2026 include both current and long-term obligations. Under our operating leases, we have an operating lease liability of $11.9 million. We have a current obligation of $257.1 million and a long-term obligation of $0.8 million related to time deposits, as discussed in Note 5, Interest-Bearing Deposits. We have net subordinated notes of $74.2 million, all of which are long-term obligations. We also have contractual obligations on unfunded loan commitments and standby letters of credit totaling $673.0 million.

Dividends

A use of liquidity for the Company is shareholder dividends. The Company paid dividends to its shareholders totaling $6.1 million during the three months ended September 30, 2026.

We expect to continue our current practice of paying quarterly cash dividends with respect to our common stock, subject to our board of directors' discretion to modify or terminate this practice at any time and for any reason without prior notice. We believe our quarterly dividend rate per share, as approved by our board of directors, enables us to balance our multiple objectives of managing our business and returning a portion of our earnings to our shareholders. Assuming continued payment during the rest of 2026 at a rate of $0.25 per share, our average total dividend paid each quarter would be approximately $6.1 million based on the number of currently outstanding shares if there are no increases or decreases in the number of shares, and given that unvested RSAs share equally in dividends with outstanding common stock.

Impact of Inflation

Our unaudited consolidated financial statements and related notes have been prepared in accordance with GAAP, which require the measurement of financial position and operating results in terms of historical dollars, without considering the changes in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased cost of operations. Unlike industrial companies, nearly all of our assets and liabilities are monetary in nature. As a result, interest rates have a greater impact on our performance than do the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or to the same extent as the price of goods or services.

Historical Information

Table 26 summarizes our consolidated cash flow activities.

Table 26: Consolidated Cash Flow Activities

	Nine months ended September 30,		
(dollars in thousands)	**2026**	**2025**	**$ Change**
Net cash provided by operating activities	$ 69,203	$ 52,055	$ 17,148
Net cash used in investing activities	(633,215)	(356,583)	276,632
Net cash provided by financing activities	736,643	532,632	204,011

Operating Activities

Net cash provided by operating activities increased by $17.1 million for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025, primarily due to higher net income, higher net changes in interest receivable and other assets, higher net changes in interest payable and other liabilities, higher depreciation and amortization, and a lack of loans originated for sale during the period. These sources of cash were partially offset by a lack of gross proceeds from sale of loans, as well as purchases of transferable tax credits and lower net change in operating lease liability. Cash provided by operating activities is subject to variability period-over-period as a result of timing differences, including with respect to the collection of receivables and payments of interest expense, accounts payable, and bonuses.

For additional information about our operating results, see "Results of Operations" above.

Investing Activities

Net cash used in investing activities increased by $276.6 million for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025, primarily due to higher originations of loans held for investment, net of repayments.

Financing Activities

Net cash provided by financing activities increased by $204.0 million for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025, primarily due to proceeds from the 2026 Public Offering and an increase in deposits.

Capital Adequacy

We manage our capital by tracking our level and quality of capital 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.

Bancorp and the Bank are subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements as set forth in Tables 27 and 28 can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a material effect on our unaudited consolidated financial statements.

Under federal regulations implementing the Basel III framework, the Bank is subject to minimum risk-based and leverage capital requirements. The Bank is 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, the Bank 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 Bancorp and the Bank, and the Bank's 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, both Bancorp and the Bank were in compliance with all applicable regulatory capital requirements, and the Bank 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, the Bank's ratios exceed the regulatory definition of "well-capitalized" under the regulatory framework for prompt corrective action, and Bancorp's ratios exceed the minimum ratios required for it to be considered a well-capitalized bank holding company.

The capital adequacy ratios as of September 30, 2026 and December 31, 2025 for Bancorp and the Bank are presented in Tables 27 and 28. As of September 30, 2026 and December 31, 2025, Bancorp's Tier 2 capital included subordinated notes, which were not included at the Bank level. Eligible amounts of subordinated notes included in Tier 2 capital will be phased out by 20% per year beginning five years before the maturity date of the notes.

Table 27: Capital Ratios for Bancorp

	Actual Ratio		Required for Capital Adequacy Purposes[1]		Ratio to be Well-Capitalized under Prompt Corrective Action Provisions	
(dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
September 30, 2026						
Total capital (to risk-weighted assets)	$ 753,091	15.00 %	$ 401,641	8.00 %	N/A	N/A
Tier 1 capital (to risk-weighted assets)	$ 628,659	12.52 %	$ 301,231	6.00 %	N/A	N/A
Common equity tier 1 capital (to risk-weighted assets)	$ 628,659	12.52 %	$ 225,923	4.50 %	N/A	N/A
Tier 1 leverage	$ 628,659	11.21 %	$ 224,354	4.00 %	N/A	N/A
December 31, 2025						
Total capital (to risk-weighted assets)	$ 572,874	13.33 %	$ 343,779	8.00 %	N/A	N/A
Tier 1 capital (to risk-weighted assets)	$ 454,830	10.58 %	$ 257,834	6.00 %	N/A	N/A
Common equity tier 1 capital (to risk-weighted assets)	$ 454,830	10.58 %	$ 193,376	4.50 %	N/A	N/A
Tier 1 leverage	$ 454,830	9.70 %	$ 187,499	4.00 %	N/A	N/A

Table 28: Capital Ratios for the Bank

(dollars in thousands)	Actual Ratio		Required for Capital Adequacy Purposes[1]		Ratio to be Well-Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
September 30, 2026						
Total capital (to risk-weighted assets)	$ 732,156	14.63 %	$ 400,563	8.00 %	$ 500,704	10.00 %
Tier 1 capital (to risk-weighted assets)	$ 681,874	13.62 %	$ 300,422	6.00 %	$ 400,563	8.00 %
Common equity tier 1 capital (to risk-weighted assets)	$ 681,874	13.62 %	$ 225,317	4.50 %	$ 325,457	6.50 %
Tier 1 leverage	$ 681,874	12.16 %	$ 224,232	4.00 %	$ 280,290	5.00 %
December 31, 2025						
Total capital (to risk-weighted assets)	$ 554,071	12.92 %	$ 342,984	8.00 %	$ 428,729	10.00 %
Tier 1 capital (to risk-weighted assets)	$ 510,067	11.89 %	$ 257,238	6.00 %	$ 342,984	8.00 %
Common equity tier 1 capital (to risk-weighted assets)	$ 510,067	11.89 %	$ 192,928	4.50 %	$ 278,674	6.50 %
Tier 1 leverage	$ 510,067	10.89 %	$ 187,409	4.00 %	$ 234,261	5.00 %

[1] The listed capital adequacy ratios exclude capital conservation buffers.

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, balance sheets, statements of shareholders' equity, or statements of cash flows.

Tangible shareholders' equity to tangible assets is defined as total equity less goodwill and other intangible assets, divided by total assets less goodwill and other intangible assets. The most directly comparable GAAP financial measure is total shareholders' equity to total assets. Management believes that tangible shareholders' equity to tangible assets is a useful financial measure because it enables management, investors, and others to assess the Company's financial health based on tangible capital. We had no goodwill or other intangible assets at the end of any period indicated. As a result, tangible shareholders' equity to tangible assets is the same as total shareholders' equity to total assets at the end of each of the periods indicated.

Tangible book value per share is defined as total shareholders' equity less goodwill and other intangible assets, divided by the outstanding number of common shares at the end of the period. The most directly comparable GAAP financial measure is book value per share. Management believes that tangible book value per share is a useful financial measure because it enables management, investors, and others to assess the Company's value and use of equity. We had no goodwill or other intangible assets at the end of any period indicated. As a result, tangible book value per share is the same as book value per share at the end of each of the periods indicated.

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 our non-GAAP financial measures when making comparisons.

Recent Legislative and Regulatory Developments

On March 19, 2026, the federal banking agencies issued several proposals to revise the U.S. regulatory capital framework. The proposals would, among other things, modify aspects of the standardized approach to risk-based capital that applies to the Company, including to make the risk weights for certain residential mortgage exposures more risk-sensitive and decrease the risk weights of corporate exposures, which could affect certain aspects of the Company's regulatory capital calculations. The Company is continuing to evaluate these proposals and their potential impact on its regulatory capital position.

On June 25, 2026, the FDIC issued a proposal to revise deposit insurance assessment thresholds, rate schedules, and adjustments. Among other changes, the proposal would reduce initial base assessment rate schedules applicable to small institutions, including the Bank, by two basis points. The Company is continuing to evaluate the proposal and its potential impact on the Bank.

On July 11, 2026, the 21st Century ROAD to Housing Act (the "Housing Act") became law. The Housing Act is generally designed to incentivize new home construction, including through changes to certain banking laws to which the Bank is subject. Among other changes, Sections 901 and 902 of the Housing Act expanded the types of custodial deposits and amounts of reciprocal deposits, respectively, that may be excluded from treatment as brokered deposits. In addition, Section 903 of the Housing Act increased from $3 billion to $6 billion the maximum asset size for certain well-rated insured depository institutions to qualify for less frequent safety-and-soundness examinations by their primary federal regulator, allowing eligible institutions to be examined every 18 months instead of every 12 months. The Company is continuing to evaluate the Housing Act and its potential impacts on us.

On July 31, 2026, the FDIC and the Office of the Comptroller of the Currency issued a proposal that would revise how they evaluate an insured depository institution's record of satisfying the credit needs of its entire community, including low- and moderate- income individuals and neighborhoods, under the Community Reinvestment Act. Among other changes, the proposal would revise the asset thresholds and performance standards applicable to banks of different sizes; reduce certain data collection, maintenance, and reporting requirements for banks with $10 billion or less in assets, which would include the Bank, and modify the evaluation of retail lending and community development activities. We are continuing to evaluate the potential impact of the proposal on the Bank.

On September 17, 2026, the FDIC issued a proposal that would revise its regulations governing the review of merger transactions under the Bank Merger Act. The proposal would make changes intended to expedite the processing of merger applications, including by establishing shorter review periods and streamlined filing requirements for certain smaller transactions and corporate reorganizations, and revise the FDIC's analysis of competitive effects in local markets, including by taking into account the market share of competing credit unions. We are continuing to evaluate the proposal and its potential impact on the Bank.

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, the Company experiences market risk arising primarily from interest rate risk inherent in lending and deposit-taking activities. Because the interest rates on the Company's 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. In particular, the Company's financial results are sensitive to significant changes in the treasury yield curve, the federal funds rate, and the Wall Street Journal Prime Index.

The Company's total interest income was $79.2 million for the three months ended September 30, 2026 and $248.9 million for the year ended December 31, 2025. Our total interest expense was $28.2 million for the three months ended September 30, 2026 and $97.0 million for the year ended December 31, 2025. Overall, our net interest income was $50.9 million for the three months ended September 30, 2026 and $151.9 million for the year ended December 31, 2025.

Economic value of equity ("EVE") measures our long-term earnings exposure from changes in market rates of interest. EVE is defined as the present value of assets minus the present value of liabilities at a point in time for a given set of market rate assumptions. An increase in EVE due to a specified rate change indicates an improvement in the long-term earnings capacity of the balance sheet, assuming that the rate change remains in effect over the life of the current balance sheet. As of September 30, 2026, the Company carried a higher balance of liabilities than assets that will reprice within the next twelve months in the event that interest rates fall.

Our policies and procedures provide management with guidelines for effective funds management, and we have established a measurement system for monitoring our net interest rate sensitivity position. This is overseen and adjusted as needed by our Management Asset Liability Committee on a monthly basis and our Director Asset Liability Committee on a quarterly basis. We have historically managed our sensitivity position within our established guidelines. With the intent of stabilizing or increasing net interest income, management typically deploys the Company's excess liquidity and seeks to migrate certain earning assets into higher-yielding categories (from investment securities into loans, for example). However, in situations where deposit balances contract, management relies upon various borrowing facilities and/or the use of brokered deposits. The Company monitors the impact of interest rate risk on EVE by reviewing and managing assets and liabilities with varying interest rate risks, such as cash and time deposits. Assets and liabilities are subject to fluctuations at each measurement date based on the composition of the balance sheet at each measurement date. EVE results are compared to previous periods and established policies on a quarterly basis.

As of September 30, 2026, the overnight federal funds rate (the rate used in the interest rate shock scenarios listed below) was 3.88%, increasing from 3.64% at December 31, 2025. The scenarios presented assume that interest rates change instantaneously ("shock") and that there are no significant changes in the structure of the Company's balance sheet over the twelve months being measured.

Table 29 summarizes the estimated effect on net interest income ("NII") 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 (GAP) analysis based on the Company's specific mix of interest-earning assets and interest-bearing liabilities as of September 30, 2026 and December 31, 2025.

Table 29: Estimated Effect on NII and EVE from Changing Interest Rates

	September 30, 2026		December 31, 2025	
Change in Interest Rates *(in basis points)*	**Estimated Change in NII (as % of NII)**	**Estimated Change in EVE (as % of EVE)**	**Estimated Change in NII (as % of NII)**	**Estimated Change in EVE (as % of EVE)**
+300 (shock)	(3.46)%	(6.10)%	(1.72)%	(9.70)%
+200 (shock)	(1.88)%	(4.20)%	(1.19)%	(6.77)%
+100 (shock)	(0.87)%	(2.17)%	(0.47)%	(3.55)%
+ 0 (flat)	— %	— %	— %	— %
-100 (shock)	0.50 %	2.14 %	0.86 %	2.45 %
-200 (shock)	2.27 %	3.82 %	2.82 %	4.07 %
-300 (shock)	5.74 %	5.09 %	9.44 %	8.79 %

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

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of September 30, 2026. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply judgment in evaluating and implementing its controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the fiscal quarter covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the three months ended September 30, 2026 that has materially affected, or is reasonably likely to materially affect, such controls.

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 Item 1A of the Company's 2025 Annual Report on Form 10-K, previously filed with the SEC.

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

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

During the three months ended September 30, 2026, none of our directors or executive officers adopted or terminated any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement".

ITEM 6. Exhibits

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

Exhibit Number	Exhibit Description	Incorporated by Reference				Herewith
		Form	File No.	Exhibit	Filing Date	
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					Filed
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					Filed
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					Filed
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					Filed
101	Inline XBRL Interactive Data					Filed
104	Cover Page Interactive Data File (embedded within the Inline XBRL document in Exhibit 101)					Filed

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.

Five Star Bancorp
(registrant)

November 5, 2026	*/s/ James E. Beckwith*
Date	James E. Beckwith President & Chief Executive Officer (Principal Executive Officer)
November 5, 2026	*/s/ Heather C. Luck*
Date	Heather C. Luck Executive Vice President & Chief Financial Officer (Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James E. Beckwith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Five Star Bancorp (the "Registrant");

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

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

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

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this 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.

November 5, 2026
Date

/s/ James E. Beckwith
James E. Beckwith
President & Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Heather C. Luck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Five Star Bancorp (the "Registrant");

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

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

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

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this 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.

November 5, 2026
Date

/s/ Heather C. Luck
Heather C. Luck
Executive Vice President & Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
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 on Form 10-Q of Five Star Bancorp (the "Company") for the period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James E. Beckwith, President & Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

November 5, 2026
Date

/s/ James E. Beckwith
James E. Beckwith
President & Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
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 on Form 10-Q of Five Star Bancorp (the "Company") for the period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Heather C. Luck, Executive Vice President & Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

November 5, 2026
Date

/s/ Heather C. Luck
Heather C. Luck
Executive Vice President & Chief Financial Officer