



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 June 30, 2026
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number 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 August 3, 2026, there were 24,536,614 shares of the registrant’s common stock, no par value, outstanding.

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Quarterly Report on Form 10-Q

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

PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

FIVE STAR BANCORP AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS (Unaudited)

(in thousands, except share amounts)

	June 30, 2026	December 31, 2025
ASSETS		
Cash and due from financial institutions	\$ 45,966	\$ 33,978
Interest-bearing deposits in banks	639,108	472,873
Cash and cash equivalents	685,074	506,851
Time deposits in banks	—	100
Securities available-for-sale, at fair value, net of allowance for credit losses of \$0 at June 30, 2026 and December 31, 2025 (amortized cost of \$103,308 and \$107,197 at June 30, 2026 and December 31, 2025, respectively)	90,584	94,699
Securities held-to-maturity, at amortized cost, net of allowance for credit losses of \$20 at June 30, 2026 and December 31, 2025 (fair value of \$1,927 and \$1,995 at June 30, 2026 and December 31, 2025, respectively)	2,135	2,190
Loans held for investment	4,519,681	4,074,929
Allowance for credit losses	(47,335)	(44,409)
Loans held for investment, net of allowance for credit losses	4,472,346	4,030,520
Federal Home Loan Bank of San Francisco (“FHLB”) stock	15,000	15,000
Operating leases, right-of-use asset, net	10,138	10,802
Premises and equipment, net	2,333	2,109
Bank-owned life insurance, net	28,759	23,910
Interest receivable and other assets	70,693	68,680
Total assets	\$ 5,377,062	\$ 4,754,861
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Deposits:		
Non-interest-bearing	\$ 1,174,406	\$ 1,084,537
Interest-bearing	3,624,977	3,116,547
Total deposits	4,799,383	4,201,084
Borrowings:		
Subordinated notes, net	74,114	74,041
Operating lease liability	11,262	11,872
Interest payable and other liabilities	18,532	22,032
Total liabilities	4,903,291	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 June 30, 2026 and December 31, 2025	—	—
Common stock, no par value; 100,000,000 shares authorized; 21,402,864 shares issued and outstanding at June 30, 2026; 21,367,387 shares issued and outstanding at December 31, 2025	304,868	303,990
Retained earnings	178,318	150,985
Accumulated other comprehensive loss, net of taxes	(9,415)	(9,143)
Total shareholders’ equity	473,771	445,832
Total liabilities and shareholders’ equity	\$ 5,377,062	\$ 4,754,861

See accompanying notes to the unaudited consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
<i>(in thousands, except per share amounts)</i>				
Interest and fee income:				
Loans, including fees	\$ 65,565	\$ 56,016	\$ 127,681	\$ 108,947
Taxable securities	350	403	736	810
Nontaxable securities	159	174	317	348
Interest-bearing deposits in banks	6,253	3,987	10,940	7,562
Total interest and fee income	72,327	60,580	139,674	117,667
Interest expense:				
Deposits	25,082	22,904	47,811	44,852
Subordinated notes	1,162	1,161	2,323	2,323
Total interest expense	26,244	24,065	50,134	47,175
Net interest income	46,083	36,515	89,540	70,492
Provision for credit losses	2,250	2,500	4,925	4,400
Net interest income after provision for credit losses	43,833	34,015	84,615	66,092
Non-interest income:				
Service charges on deposit accounts	122	196	257	411
Gain on sale of loans	—	119	—	244
Loan-related fees	679	468	1,944	916
FHLB stock dividends	191	325	953	656
Earnings on bank-owned life insurance ("BOLI")	265	220	490	381
Other	615	482	(129)	561
Total non-interest income	1,872	1,810	3,515	3,169
Non-interest expense:				
Salaries and employee benefits	11,421	8,910	22,851	18,044
Occupancy and equipment	873	657	1,702	1,294
Data processing and software	1,709	1,508	3,260	2,965
Federal Deposit Insurance Corporation ("FDIC") insurance	585	470	1,130	925
Professional services	952	918	1,878	1,831
Advertising and promotional	959	865	1,703	1,387
Loan-related expenses	304	423	551	742
Other operating expenses	2,813	1,975	3,935	3,583
Total non-interest expense	19,616	15,726	37,010	30,771
Income before provision for income taxes	26,089	20,099	51,120	38,490
Provision for income taxes	6,690	5,591	13,100	10,871
Net income	\$ 19,399	\$ 14,508	\$ 38,020	\$ 27,619
Basic earnings per common share	\$ 0.91	\$ 0.68	\$ 1.79	\$ 1.30
Diluted earnings per common share	\$ 0.91	\$ 0.68	\$ 1.78	\$ 1.30

See accompanying notes to unaudited consolidated financial statements.

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

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income	\$ 19,399	\$ 14,508	\$ 38,020	\$ 27,619
Unrealized gain (loss) on securities:				
Net unrealized holding gain (loss) on securities available-for-sale during the period	946	190	(227)	1,220
Less: Income tax expense related to items of other comprehensive income (loss)	246	502	45	807
Other comprehensive income (loss)	700	(312)	(272)	413
Total comprehensive income	\$ 20,099	\$ 14,196	\$ 37,748	\$ 28,032

See accompanying notes to the unaudited consolidated financial statements.

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

<i>(in thousands, except per share amounts)</i>	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount			
Balance at March 31, 2025	21,329,235	\$ 302,788	\$ 115,309	\$ (11,646)	\$ 406,451
Net income	—	—	14,508	—	14,508
Other comprehensive loss	—	—	—	(312)	(312)
Stock issued under stock award plans	31,756	—	—	—	—
Stock compensation expense	—	367	—	—	367
Cash dividends paid (\$0.20 per share)	—	—	(4,272)	—	(4,272)
Balance at June 30, 2025	21,360,991	\$ 303,155	\$ 125,545	\$ (11,958)	\$ 416,742
Balance at March 31, 2026	21,376,153	\$ 304,372	\$ 164,262	\$ (10,115)	\$ 458,519
Net income	—	—	19,399	—	19,399
Other comprehensive income	—	—	—	700	700
Stock issued under stock award plans	26,711	—	—	—	—
Stock compensation expense	—	496	—	—	496
Cash dividends paid (\$0.25 per share)	—	—	(5,343)	—	(5,343)
Balance at June 30, 2026	21,402,864	\$ 304,868	\$ 178,318	\$ (9,415)	\$ 473,771

See accompanying notes to the unaudited consolidated financial statements.

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

<i>(in thousands, except per share amounts)</i>	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	—	—	27,619	—	27,619
Other comprehensive income	—	—	—	413	413
Stock issued under stock award plans	42,241	—	—	—	—
Stock compensation expense	—	624	—	—	624
Stock forfeitures	(333)	—	—	—	—
Cash dividends paid (\$0.40 per share)	—	—	(8,538)	—	(8,538)
Balance at June 30, 2025	21,360,991	\$ 303,155	\$ 125,545	\$ (11,958)	\$ 416,742
Balance at December 31, 2025	21,367,387	\$ 303,990	\$ 150,985	\$ (9,143)	\$ 445,832
Net income	—	—	38,020	—	38,020
Other comprehensive loss	—	—	—	(272)	(272)
Stock issued under stock award plans	35,477	—	—	—	—
Stock compensation expense	—	878	—	—	878
Cash dividends paid (\$0.50 per share)	—	—	(10,687)	—	(10,687)
Balance at June 30, 2026	21,402,864	\$ 304,868	\$ 178,318	\$ (9,415)	\$ 473,771

See accompanying notes to unaudited consolidated financial statements.

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

<i>(in thousands)</i>	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net income	\$ 38,020	\$ 27,619
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	4,925	4,400
Depreciation and amortization	1,136	906
Amortization of deferred loan fees and costs	158	331
Amortization of premiums and discounts on securities	375	425
Amortization of subordinated note issuance costs	73	73
Amortization of low income housing tax credits	1,203	681
Stock compensation expense	878	624
Earnings on BOLI	(490)	(381)
Deferred tax provision	12	712
Purchase of transferable tax credits	(2,528)	—
Loans originated for sale	—	(1,384)
Gain on sale of loans	—	(244)
Gross proceeds from sale of loans	—	3,531
Losses (earnings) on equity investments	294	(399)
Net changes in:		
Interest receivable and other assets	594	(955)
Interest payable and other liabilities	(1,347)	(2,131)
Operating lease liability	(697)	(546)
Net cash provided by operating activities	42,606	33,262
Cash flows from investing activities:		
Maturities, prepayments, and calls of securities available-for-sale	3,569	4,135
Capital call for equity investments	(3,410)	(1,285)
Proceeds received from equity investments	60	—
Capital call for low income housing tax credits	(812)	(5,381)
Net change in time deposits in banks	100	3,272
Loan originations, net of repayments	(446,534)	(226,659)
Purchase of premises and equipment, net	(609)	(344)
Purchase of BOLI	(4,359)	(3,710)
Other real estate sale proceeds	—	87
Net cash used in investing activities	(451,995)	(229,885)
Cash flows from financing activities:		
Net change in deposits	598,299	336,628
Cash dividends paid	(10,687)	(8,538)
Net cash provided by financing activities	587,612	328,090
Net change in cash and cash equivalents	178,223	131,467
Cash and cash equivalents at beginning of period	506,851	352,343
Cash and cash equivalents at end of period	\$ 685,074	\$ 483,810

(in thousands)	Six Months Ended June 30,	
	2026	2025
Supplemental disclosure of cash flow information:		
Interest paid	\$ 50,290	\$ 45,966
Income taxes paid: ¹		
US Federal	—	
US State and Local		
California	5,550	
Other states	1,252	
Total	6,802	13,165
Supplemental disclosure of noncash items:		
Transfer from loans held for sale to loans held for investment	—	1,035
Unrealized (loss) gain on securities	(227)	1,220
Operating lease liabilities exchanged for ROUA	88	1,433
ROUA acquired	(88)	(1,433)
Net change in commitment for low income housing tax credits	—	(10,000)

See accompanying notes to the unaudited consolidated financial statements.

¹Income 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.

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 predominately small and medium-sized businesses, professionals, and individuals residing in the Northern California region. 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 nine branch offices in Roseville, Natomas, Rancho Cordova, Redding, Elk Grove, Chico, Yuba City, San Francisco, and Walnut Creek, with a tenth branch opening in Lodi in July 2026.

(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”) Accounting Standards Codification (“ASC”), including Accounting Standards Updates (“ASU”), 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 six months ended June 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 the Northern California region. 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, 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 has not had a significant impact on the Company’s consolidated financial statements.

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.

(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.

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

<i>(in thousands)</i>	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
June 30, 2026					
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	\$ 90,584	\$ —	\$ 90,584	\$ —	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

¹Other 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 June 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 June 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 June 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

(in thousands)	June 30, 2026			December 31, 2025		
	Carrying Amounts	Fair Value	Fair Value Hierarchy	Carrying Amounts	Fair Value	Fair Value Hierarchy
Financial assets:						
Cash and cash equivalents	\$ 685,074	\$ 685,074	Level 1	\$ 506,851	\$ 506,851	Level 1
Time deposits in banks	—	—	Level 1	100	100	Level 1
Securities available-for-sale	90,584	90,584	Level 2	94,699	94,699	Level 2
Securities held-to-maturity	2,135	1,927	Level 3	2,190	1,995	Level 3
Loans held for investment, net of allowance for credit losses	4,472,346	4,371,752	Level 3	4,030,520	3,971,563	Level 3
Financial liabilities:						
Time deposits	307,991	307,407	Level 2	554,611	553,987	Level 2
Subordinated notes	74,114	73,779	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 June 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 June 30, 2026 and December 31, 2025 is presented in Table 3.1. Securities held-to-maturity, at amortized cost, had a \$20.0 thousand allowance for credit losses as of June 30, 2026 and December 31, 2025.

Table 3.1: Securities Held-to-Maturity

(in thousands)	Amortized Cost	Gross Unrealized		Fair Value
		Gains	(Losses)	
June 30, 2026				
Obligations of states and political subdivisions	\$ 2,135	\$ —	\$ (208)	\$ 1,927
Total held-to-maturity	\$ 2,135	\$ —	\$ (208)	\$ 1,927
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 June 30, 2026 and December 31, 2025, the allowance for credit losses on held-to-maturity securities, at amortized cost, was \$20.0 thousand. The Company did not record an allowance for credit losses on available-for-sale securities, at fair value, as of June 30, 2026 or December 31, 2025.

A summary of the amortized cost and fair value related to securities available-for-sale as of June 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 June 30, 2026 or December 31, 2025.

Table 3.2: Securities Available-for-Sale

(in thousands)	Amortized Cost	Gross Unrealized		Fair Value
		Gains	(Losses)	
June 30, 2026				
U.S. government agency securities	\$ 6,447	\$ 154	\$ (50)	\$ 6,551
Mortgage-backed securities	54,171	28	(8,968)	45,231
Obligations of states and political subdivisions	40,471	—	(3,854)	36,617
Collateralized mortgage obligations	219	—	(16)	203
Corporate bonds	2,000	—	(18)	1,982
Total available-for-sale	<u>\$ 103,308</u>	<u>\$ 182</u>	<u>\$ (12,906)</u>	<u>\$ 90,584</u>
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	<u>\$ 107,197</u>	<u>\$ 169</u>	<u>\$ (12,667)</u>	<u>\$ 94,699</u>

The amortized cost and fair value of investment securities by contractual maturity at June 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

<i>(in thousands)</i>	June 30, 2026				December 31, 2025			
	Held-to-Maturity		Available-for-Sale		Held-to-Maturity		Available-for-Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Within one year	\$ 165	\$ 149	\$ —	\$ —	\$ 170	\$ 155	\$ —	\$ —
After one but within five years	840	758	2,525	2,392	865	788	1,256	1,196
After five years through ten years	1,130	1,020	16,089	14,609	1,155	1,052	13,471	12,385
After ten years	—	—	21,857	19,616	—	—	26,007	23,383
Investment securities not due at a single maturity date:								
U.S. government agency securities	—	—	6,447	6,551	—	—	7,276	7,361
Mortgage-backed securities	—	—	54,171	45,231	—	—	56,941	48,186
Collateralized mortgage obligations	—	—	219	203	—	—	246	231
Corporate bonds	—	—	2,000	1,982	—	—	2,000	1,957
Total	<u>\$ 2,135</u>	<u>\$ 1,927</u>	<u>\$ 103,308</u>	<u>\$ 90,584</u>	<u>\$ 2,190</u>	<u>\$ 1,995</u>	<u>\$ 107,197</u>	<u>\$ 94,699</u>

There were no purchases or sales of investment securities during the three and six months ended June 30, 2026 or June 30, 2025.

Table 3.4: Pledged Investment Securities

<i>(in thousands)</i>	June 30, 2026	December 31, 2025
Pledged to:		
The State of California, securing deposits of public funds and borrowings	\$ 44,151	\$ 47,091
The Federal Reserve Discount Window, increasing borrowing capacity	41,534	42,578
Total pledged investment securities	<u>\$ 85,685</u>	<u>\$ 89,669</u>

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 June 30, 2026 and December 31, 2025.

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

<i>(in thousands)</i>	Less than 12 months		12 months or more		Total securities in a loss position	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
June 30, 2026						
U.S. government agency securities	\$ 1,137	\$ (5)	\$ 1,858	\$ (45)	\$ 2,995	\$ (50)
Mortgage-backed securities	—	—	44,150	(8,968)	44,150	(8,968)
Obligations of states and political subdivisions	—	—	36,617	(3,854)	36,617	(3,854)
Collateralized mortgage obligations	—	—	203	(16)	203	(16)
Corporate bonds	—	—	1,982	(18)	1,982	(18)
Total temporarily impaired securities	<u>\$ 1,137</u>	<u>\$ (5)</u>	<u>\$ 84,810</u>	<u>\$ (12,901)</u>	<u>\$ 85,947</u>	<u>\$ (12,906)</u>
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	<u>\$ 2,043</u>	<u>\$ (26)</u>	<u>\$ 88,274</u>	<u>\$ (12,641)</u>	<u>\$ 90,317</u>	<u>\$ (12,667)</u>

There were 145 and 147 available-for-sale securities in unrealized loss positions at June 30, 2026 and December 31, 2025, respectively. As of June 30, 2026, the investment portfolio included 143 investment securities that had been in a continuous loss position for twelve months or more and two 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 June 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 June 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 June 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 \$15.2 million and \$12.1 million of equity investments at June 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 losses from these investments was \$0.3 million for the six months ended June 30, 2026. The Company's share of net earnings from these investments was \$0.4 million for the six months ended June 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 June 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)	June 30, 2026	December 31, 2025
Real estate:		
Commercial	\$ 3,597,173	\$ 3,305,713
Commercial land and development	2,507	1,352
Commercial construction	124,053	96,760
Residential construction	21,809	8,389
Residential	41,874	37,566
Farmland	59,900	59,606
Commercial:		
Secured	258,736	251,736
Unsecured	41,263	40,422
Consumer and other	374,614	275,475
Subtotal	4,521,929	4,077,019
Net deferred loan fees	(2,248)	(2,090)
Loans held for investment	4,519,681	4,074,929
Allowance for credit losses	(47,335)	(44,409)
Loans held for investment, net of allowance for credit losses	\$ 4,472,346	\$ 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 June 30, 2026								
(in thousands)	2026	2025	2024	2023	2022	Prior	Revolving Loans	Revolving Converted to Term	Total
Real estate:									
Commercial									
Pass	\$ 425,279	\$ 654,178	\$ 401,054	\$ 255,666	\$ 771,984	\$ 880,223	\$ 16,341	\$ —	\$ 3,404,725
Watch	—	—	5,686	2,962	69,551	61,728	1,391	—	141,318
Special Mention	5,505	—	—	1,212	7,175	14,967	—	—	28,859
Substandard	—	1,037	—	—	—	17,598	464	—	19,099
Total	430,784	655,215	406,740	259,840	848,710	974,516	18,196	—	3,594,001
Commercial land and development									
Pass	772	819	69	—	—	355	496	—	2,511
Total	772	819	69	—	—	355	496	—	2,511
Commercial construction									
Pass	11,715	36,020	9,148	50,899	519	—	—	—	108,301
Special Mention	—	—	15,373	—	—	—	—	—	15,373
Total	11,715	36,020	24,521	50,899	519	—	—	—	123,674
Residential construction									
Pass	5,964	15,806	—	—	—	—	—	—	21,770
Total	5,964	15,806	—	—	—	—	—	—	21,770
Residential									
Pass	12,349	2,956	5,731	4,692	2,644	10,633	2,900	—	41,905
Total	12,349	2,956	5,731	4,692	2,644	10,633	2,900	—	41,905
Farmland									
Pass	2,697	19,712	1,032	1,307	6,043	28,508	—	—	59,299
Watch	—	—	—	—	—	576	—	—	576
Total	2,697	19,712	1,032	1,307	6,043	29,084	—	—	59,875
Commercial:									
Secured									
Pass	15,210	54,275	21,522	13,380	13,310	18,884	111,163	350	248,094
Watch	—	—	92	520	6,763	2,728	—	—	10,103
Special Mention	—	—	203	208	181	—	2	—	594
Substandard	186	—	—	33	374	11	544	—	1,148
Total	15,396	54,275	21,817	14,141	20,628	21,623	111,709	350	259,939
Unsecured									
Pass	3,092	12,026	7,037	2,320	850	3,600	9,862	—	38,787
Watch	—	—	—	—	—	—	2,500	—	2,500
Total	3,092	12,026	7,037	2,320	850	3,600	12,362	—	41,287
Consumer and other									
Pass	136,008	70,794	143,724	16,615	3,943	3,516	115	—	374,715
Substandard	—	—	—	—	4	—	—	—	4
Total	136,008	70,794	143,724	16,615	3,947	3,516	115	—	374,719
Total	\$ 618,777	\$ 867,623	\$ 610,671	\$ 349,814	\$ 883,341	\$ 1,043,327	\$ 145,778	\$ 350	\$ 4,519,681
Total loans held for investment by risk category									
Pass	613,086	866,586	589,317	344,879	799,293	945,719	140,877	350	4,300,107
Watch	—	—	5,778	3,482	76,314	65,032	3,891	—	154,497
Special Mention	5,505	—	15,576	1,420	7,356	14,967	2	—	44,826
Substandard	186	1,037	—	33	378	17,609	1,008	—	20,251
Total	\$ 618,777	\$ 867,623	\$ 610,671	\$ 349,814	\$ 883,341	\$ 1,043,327	\$ 145,778	\$ 350	\$ 4,519,681

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

(in thousands)	Gross Charge-Offs by Origination Year for the six months ended June 30, 2026						Revolving Loans	Revolving Converted to Term	Total
	2026	2025	2024	2023	2022	Prior			
Commercial:									
Secured	\$ —	\$ 91	\$ 570	\$ 410	\$ 317	\$ 482	\$ —	\$ —	\$ 1,870
Consumer and other	—	—	—	29	81	37	—	—	147
Total	<u>\$ —</u>	<u>\$ 91</u>	<u>\$ 570</u>	<u>\$ 439</u>	<u>\$ 398</u>	<u>\$ 519</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,017</u>

(in thousands)	Gross Charge-Offs by Origination Year for the six months ended June 30, 2025						Revolving Loans	Revolving Converted to Term	Total
	2025	2024	2023	2022	2021	Prior			
Commercial:									
Secured	\$ —	\$ 224	\$ 444	\$ 386	\$ 214	\$ 993	\$ —	\$ —	\$ 2,261
Unsecured	—	—	—	—	50	—	—	—	50
Consumer and other	—	—	13	81	49	—	—	—	143
Total	<u>\$ —</u>	<u>\$ 224</u>	<u>\$ 457</u>	<u>\$ 467</u>	<u>\$ 313</u>	<u>\$ 993</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,454</u>

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	
June 30, 2026							
Real estate:							
Commercial	\$ —	\$ —	\$ —	\$ —	\$ 3,594,001	\$	3,594,001
Commercial land and development	—	—	—	—	2,511		2,511
Commercial construction	—	—	—	—	123,674		123,674
Residential construction	—	—	—	—	21,770		21,770
Residential	—	—	—	—	41,905		41,905
Farmland	—	—	—	—	59,875		59,875
Commercial:							
Secured	1,322	83	217	1,622	258,317		259,939
Unsecured	—	—	—	—	41,287		41,287
Consumer and other	22	9	—	31	374,688		374,719
Total	\$ 1,344	\$ 92	\$ 217	\$ 1,653	\$ 4,518,028	\$	4,519,681
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 June 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)	June 30, 2026	December 31, 2025
Real estate:		
Commercial	\$ 13,083	\$ 2,667
Commercial:		
Secured	11	17
Total	<u>\$ 13,094</u>	<u>\$ 2,684</u>

There were no residential real estate loans in process of foreclosure at June 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

(in thousands)	For the three months ended June 30, 2026		For the three months ended June 30, 2025	
	Payment Change	Total % of Loans Receivable	Payment Change	Total % of Loans Receivable
Real estate:				
Commercial	\$ —	— %	\$ 1,679	0.04 %
Total	\$ —	— %	\$ 1,679	0.04 %

(in thousands)	For the six months ended June 30, 2026		For the six months ended June 30, 2025	
	Payment Change	Total % of Loans Receivable	Payment Change	Total % of Loans Receivable
Real estate:				
Commercial	\$ —	— %	\$ 1,679	0.04 %
Total	\$ —	— %	\$ 1,679	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 June 30,	Modification Type	Loan Type	Financial Effect
2025	Payment Change/Deferment	Real estate: Commercial	Reduced the loan payment owed by the borrower for two months and deferred the full loan payment for one month
2026	None		

For the six months ended June 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	None		

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)	June 30, 2026	December 31, 2025
Real estate:		
Commercial	\$ 13,122	\$ 2,666
Commercial:		
Secured	228	430
Total non-accrual loans	\$ 13,350	\$ 3,096

No interest income was recognized on non-accrual loans in the three and six months ended June 30, 2026 or June 30, 2025. Non-accrual real estate loans did not have an allowance for credit losses as of June 30, 2026 or December 31, 2025. Non-accrual commercial loans had an immaterial allowance for credit losses as of June 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 \$94.1 thousand and \$148.5 thousand for the three and six months ended June 30, 2026, as compared to \$35.6 thousand and \$70.9 thousand for the three and six months ended June 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

<i>(in thousands)</i>	Beginning Balance	Charge-offs	Recoveries	Provision (Benefit)	Ending Balance
Three months ended June 30, 2026					
Real estate:					
Commercial	\$ 26,919	\$ —	\$ —	\$ 1,452	\$ 28,371
Commercial land and development	93	—	—	(3)	90
Commercial construction	3,982	—	—	462	4,444
Residential construction	492	—	—	41	533
Residential	421	—	—	(2)	419
Farmland	495	—	—	(27)	468
Commercial:					
Secured	11,191	(1,189)	158	(566)	9,594
Unsecured	487	—	—	(1)	486
Consumer and other	2,359	(102)	79	594	2,930
Total	<u>\$ 46,439</u>	<u>\$ (1,291)</u>	<u>\$ 237</u>	<u>\$ 1,950</u>	<u>\$ 47,335</u>
Three months ended June 30, 2025					
Real estate:					
Commercial	\$ 27,027	\$ —	\$ —	\$ 765	\$ 27,792
Commercial land and development	70	—	—	(37)	33
Commercial construction	2,227	—	—	348	2,575
Residential construction	78	—	—	(3)	75
Residential	279	—	—	55	334
Farmland	598	—	—	125	723
Commercial:					
Secured	5,905	(1,516)	96	1,138	5,623
Unsecured	403	(50)	—	64	417
Consumer and other	2,637	(72)	85	(55)	2,595
Total	<u>\$ 39,224</u>	<u>\$ (1,638)</u>	<u>\$ 181</u>	<u>\$ 2,400</u>	<u>\$ 40,167</u>

Table 4.9: Allowance for Credit Losses (continued)

<i>(in thousands)</i>	Beginning Balance	Charge-offs	Recoveries	Provision (Benefit)	Ending Balance
Six months ended June 30, 2026					
Real estate:					
Commercial	\$ 25,219	\$ —	\$ —	\$ 3,152	\$ 28,371
Commercial land and development	56	—	—	34	90
Commercial construction	4,050	—	—	394	4,444
Residential construction	213	—	—	320	533
Residential	362	—	—	57	419
Farmland	467	—	—	1	468
Commercial:					
Secured	11,204	(1,870)	269	(9)	9,594
Unsecured	482	—	2	2	486
Consumer and other	2,356	(147)	122	599	2,930
Total	\$ 44,409	\$ (2,017)	\$ 393	\$ 4,550	\$ 47,335
Six months ended June 30, 2025					
Real estate:					
Commercial	\$ 25,864	\$ —	\$ —	\$ 1,928	\$ 27,792
Commercial land and development	78	—	—	(45)	33
Commercial construction	2,268	—	—	307	2,575
Residential construction	64	—	—	11	75
Residential	270	—	—	64	334
Farmland	607	—	—	116	723
Commercial:					
Secured	5,866	(2,261)	160	1,858	5,623
Unsecured	278	(50)	—	189	417
Consumer and other	2,496	(143)	120	122	2,595
Total	\$ 37,791	\$ (2,454)	\$ 280	\$ 4,550	\$ 40,167

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

<i>(in thousands)</i>	Three months ended		Six months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Balance at beginning of period	\$ 772	\$ 497	\$ 697	\$ 747
Provision (benefit)	300	100	375	(150)
Balance at end of period	\$ 1,072	\$ 597	\$ 1,072	\$ 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 \$2.3 billion and \$2.2 billion at June 30, 2026 and December 31, 2025, respectively. In addition, the Company pledges eligible tenants in common loans, which totaled \$1.5 billion and \$1.3 billion at June 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 June 30, 2026 and December 31, 2025.

Table 5.1: Interest-Bearing Deposits

(in thousands)

	June 30, 2026	December 31, 2025
Interest-bearing transaction accounts	\$ 500,256	\$ 344,200
Savings accounts	147,435	139,169
Money market accounts	2,669,295	2,078,567
Time accounts, \$250 or more	277,450	350,032
Other time accounts	30,541	204,579
Total interest-bearing deposits	<u>\$ 3,624,977</u>	<u>\$ 3,116,547</u>

Time deposits totaled \$308.0 million and \$554.6 million as of June 30, 2026 and December 31, 2025, respectively. Scheduled maturities of time deposits as of June 30, 2026 for the next five years are shown in Table 5.2.

Table 5.2: Scheduled Maturities of Time Deposits

(in thousands)

2026	\$ 281,663
2027	26,165
2028	163
2029	—
2030	—
Total time deposits	<u>\$ 307,991</u>

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 June 30, 2026 or December 31, 2025. The composition of network deposits as of June 30, 2026 and December 31, 2025 is shown in Table 5.3.

Table 5.3: Network Deposits

(in thousands)

	June 30, 2026	December 31, 2025
CDARS	\$ 22,428	\$ 21,488
ICS	1,088,746	957,156
Total network deposits	<u>\$ 1,111,174</u>	<u>\$ 978,644</u>

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

Table 5.4: Interest Expense Recognized on Interest-Bearing Deposits

(in thousands)	Three months ended		Six months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Interest-bearing transaction accounts	\$ 1,297	\$ 1,043	\$ 2,430	\$ 2,155
Savings accounts	844	801	1,674	1,573
Money market accounts	19,318	13,270	35,168	25,705
Time accounts, \$250 or more	2,805	3,945	5,789	7,701
Other time accounts	818	3,845	2,750	7,718
Total interest expense on interest-bearing deposits	\$ 25,082	\$ 22,904	\$ 47,811	\$ 44,852

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 will be 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 (7.02% as of June 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 to 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 June 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 June 30, 2026 and December 31, 2025, the carrying value of the Company's subordinated notes outstanding was \$74.1 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)	June 30, 2026	December 31, 2025
Total financing ability from the FHLB	\$ 1,629,065	\$ 1,518,680
Less: outstanding borrowings	—	—
Less: LCs pledged to secure State of California deposits	272,500	312,500
Less: LCs pledged to secure local agency deposits	1,025,000	575,000
Total LCs issued	1,297,500	887,500
Available borrowing capacity with the FHLB	\$ 331,565	\$ 631,180

As of June 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 3.75% as of June 30, 2026. At June 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 June 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 June 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 3.75% to 4.95% as of June 30, 2026. There were no amounts outstanding at June 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 awards ("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

<i>(in thousands, except share and per share data)</i>	Three months ended		Six months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Net income	\$ 19,399	\$ 14,508	\$ 38,020	\$ 27,619
Basic weighted average common shares outstanding	21,273,902	21,225,831	21,263,551	21,217,900
Add: Dilutive effects of assumed vesting of restricted and performance-based stock	65,001	43,434	68,178	43,570
Total dilutive weighted average common shares outstanding	21,338,903	21,269,265	21,331,729	21,261,470
Earnings per common share:				
Basic EPS	\$ 0.91	\$ 0.68	\$ 1.79	\$ 1.30
Diluted EPS	\$ 0.91	\$ 0.68	\$ 1.78	\$ 1.30

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

(b) Dividends

The board of directors declared on April 16, 2026, and the Company subsequently paid, a cash dividend of \$0.25 per share, totaling \$5.3 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 is 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 has 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 June 30, 2026, there were 1,277,489 shares available for future grant under the Equity Incentive Plan; this figure reflects shares reserved for RSA grants and shares reserved for outstanding PSU awards at target performance. The actual number of shares to be issued in connection with outstanding PSU awards 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 \$0.5 million and \$0.4 million of non-cash stock compensation expense for the three months ended June 30, 2026 and June 30, 2025, respectively. The Company recognized \$0.9 million and \$0.6 million of non-cash stock compensation expense for the six months ended June 30, 2026 and June 30, 2025, respectively.

As of June 30, 2026, there was approximately \$3.1 million of unrecognized compensation expense related to the 120,761 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 1.74 years as of June 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 six months ended June 30, 2026 and June 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 June 30,				For the six months ended June 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
Beginning of the period balance	116,103	\$ 24.89	111,786	\$ 22.08	124,747	\$ 23.25	120,577	\$ 21.36
Shares granted	26,711	42.00	31,756	27.55	35,477	41.38	42,241	28.38
Shares vested	(22,053)	22.72	(14,094)	20.00	(39,463)	22.39	(33,037)	21.33
Shares forfeited	—	—	—	—	—	—	(333)	21.97
End of the period balance	<u>120,761</u>	<u>\$ 29.07</u>	<u>129,448</u>	<u>\$ 23.65</u>	<u>120,761</u>	<u>\$ 29.07</u>	<u>129,448</u>	<u>\$ 23.65</u>

As of June 30, 2026, there was approximately \$1.4 million of unrecognized compensation expense related to the 48,900 unvested PSUs (at target).

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 June 30,				For the six months ended June 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
Beginning of the period balance	23,110	\$ 31.15	—	\$ —	23,110	\$ 31.15	—	\$ —
Shares granted	25,790	42.00	—	—	25,790	42.00	—	—
End of the period balance	<u>48,900</u>	<u>\$ 36.87</u>	<u>—</u>	<u>\$ —</u>	<u>48,900</u>	<u>\$ 36.87</u>	<u>—</u>	<u>\$ —</u>

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, and 80th percentile or higher, the recipients are entitled to receive 50%, 100%, and 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)	June 30, 2026	December 31, 2025
Commercial lines of credit	\$ 338,497	\$ 287,988
Agricultural lines of credit	143,875	94,559
Undisbursed commercial real estate loans	131,867	82,420
Undisbursed construction loans	99,370	26,236
Undisbursed residential real estate loans	7,138	5,965
Undisbursed agricultural real estate loans	4,320	4,470
Other	1,607	1,627
Total commitments and standby letters of credit	<u>\$ 726,674</u>	<u>\$ 503,265</u>

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 \$1.1 million as of June 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 Northern 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 85.08% of the Company’s loan portfolio at June 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 June 30, 2026, the Company had 157 deposit relationships that exceeded \$5.0 million each, totaling \$3.1 billion, or approximately 63.88% of total deposits. The Company’s largest single deposit relationship at June 30, 2026 totaled \$340.1 million, or approximately 7.09% 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: 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 \$40.0 million and \$27.4 million at June 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 June 30, 2026 and December 31, 2025, the balance of these investments totaled approximately \$15.2 million and \$12.1 million, respectively. As of June 30, 2026 and December 31, 2025, the estimated remaining commitment for these funds totaled \$10.3 million and \$13.7 million, respectively.

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.

Note 9: Subsequent Events

On July 16, 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 August 10, 2026 to shareholders of record as of August 3, 2026.

On July 22, 2026, the Company entered into an underwriting agreement with Keefe, Bruyette & Woods, Inc., as representative of the several underwriters named in Schedule I thereto (the “Underwriters”), to issue and sell up to 3,133,750 shares of common stock, including up to 408,750 shares that could be purchased by the Underwriters pursuant to a 30-day option granted to the Underwriters by the Company, at a public offering price of \$44.00 per share (the “2026 Public Offering”). On July 24, 2026, the Company closed the 2026 Public Offering and issued 2,725,000 shares of its common stock, and on July 27, 2026, the Company issued an additional 408,750 shares of its common stock to the Underwriters, pursuant to the Underwriters’ full exercise of their option to purchase additional shares. When combined with the shares sold in the closing that occurred on July 24, 2026, the Company sold an aggregate of 3,133,750 shares of its common stock at a public offering price of \$44.00 per share. The net proceeds to the Company, after deducting

underwriting discounts, commissions, and estimated offering expenses of approximately \$0.8 million, were approximately \$129.9 million.

The Company has a shelf registration statement on file with the SEC registering \$300.0 million for 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 any of the terms of any securities being offered, including the expected use of proceeds from the sale of such securities, is provided at the time of the offering. The 2026 Public Offering used \$137.9 million of the securities registered under the Company's shelf registration statement on file with the SEC.

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 Report on Form 10-Q for the three months ended March 31, 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 nine branch offices, with a tenth branch opening in Lodi in July 2026. 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 June 30, 2026, we had total assets of \$5.4 billion, total loans held for investment of \$4.5 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 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. With the exception of the changes to the allowance for credit losses described below, 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 June 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 six months ended June 30, 2026 totaled \$19.4 million and \$38.0 million, respectively, as compared to net income of \$14.5 million and \$27.6 million for the three and six months ended June 30, 2025, respectively.

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

- **Deposits.** Total deposits increased by \$598.3 million, or 14.24%, from \$4.2 billion at December 31, 2025 to \$4.8 billion at June 30, 2026. Non-wholesale deposits increased by \$813.3 million in the first six months of 2026 to \$4.5 billion at June 30, 2026. Wholesale deposits, which the Company defines as brokered deposits and California Time Deposit Program deposits, decreased by \$215.0 million in the first six months of 2026 to \$250.0 million. Non-interest-bearing deposits increased by \$89.9 million in the first six months of 2026 to \$1.2 billion, and represented 24.47% of total deposits at June 30, 2026, as compared to 25.82% of total deposits at December 31, 2025. Our loan to deposit ratio was 94.17% at June 30, 2026, as compared to 97.00% at December 31, 2025.
- **Assets.** Total assets were \$5.4 billion at June 30, 2026, representing a \$622.2 million, or 13.09%, increase compared to \$4.8 billion at December 31, 2025.
- **Loans.** Total loans held for investment were \$4.5 billion at June 30, 2026, as compared to \$4.1 billion at December 31, 2025, an increase of \$444.8 million, or 10.91%. The increase was a result of \$1.0 billion in loan originations and advances, partially offset by \$162.1 million and \$421.9 million in loan payoffs and paydowns, respectively.
- **Credit Quality.** Credit quality remains strong, with non-accrual loans representing \$13.4 million, or 0.30% of total loans held for investment at June 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 \$10.3 million, or 331.20% increase in nonperforming loans due to one Community Reinvestment Act loan that was placed on non-accrual status during the period. The balance of the loan is \$11.4 million as of June 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 June 30, 2026 and 1.09% at December 31, 2025.
- **Net Interest Margin.** Net interest margin was 3.63% and 3.66%, respectively, for the three and six months ended June 30, 2026, and 3.53% and 3.49%, respectively, for the three and six months ended June 30, 2025. The increase in net interest margin for the three and six months ended June 30, 2026 compared to the three and six months ended June 30, 2025 is driven by balance sheet growth and a favorable shift in funding mix, which more than offset pressure from declining federal funds rates over the periods.
- **Efficiency Ratio.** Efficiency ratio was 40.91% for the three months ended June 30, 2026, down from 41.03% for the corresponding period of 2025, mainly due to a \$9.6 million, or 26.20%, increase in net interest income during the same period, partially offset by a \$3.9 million, or 24.74%, increase in non-interest expense. Additionally, efficiency ratio was 39.77% for the six months ended June 30, 2026, down from 41.77% for the corresponding period of 2025, mainly due to a \$19.0 million, or 27.02%, increase in net interest income.
- **Capital Ratios.** All capital ratios were above well-capitalized regulatory thresholds as of June 30, 2026. The total risk-based capital ratio for the Company was 12.50% at June 30, 2026, as compared to 13.33% at December 31, 2025. The Tier 1 leverage ratio was 9.21% at June 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 April 16, 2026.

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

Table 1: Highlights of Financial Results

(dollars in thousands)

	June 30, 2026	December 31, 2025
Selected financial condition data:		
Total assets	\$ 5,377,062	\$ 4,754,861
Total loans held for investment	4,519,681	4,074,929
Total deposits	4,799,383	4,201,084
Total subordinated notes, net	74,114	74,041
Total shareholders' equity	473,771	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	354.57 %	1,434.40 %
Nonperforming loans to total loans held for investment	0.30 %	0.08 %
Capital ratios:		
Total capital (to risk-weighted assets)	12.50 %	13.33 %
Tier 1 capital (to risk-weighted assets)	9.97 %	10.58 %
Common equity Tier 1 capital (to risk-weighted assets)	9.97 %	10.58 %
Tier 1 leverage	9.21 %	9.70 %
Total shareholders' equity to total assets	8.81 %	9.38 %
Tangible shareholders' equity to tangible assets ¹	8.81 %	9.38 %

Table 2: Highlights of Financial Results (continued)

(dollars in thousands, except per share data)

	For the three months ended		For the six months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Selected operating data:				
Net interest income	\$ 46,083	\$ 36,515	\$ 89,540	\$ 70,492
Provision for credit losses	2,250	2,500	4,925	4,400
Non-interest income	1,872	1,810	3,515	3,169
Non-interest expense	19,616	15,726	37,010	30,771
Net income	19,399	14,508	38,020	27,619
Per common share data:				
Earnings per common share:				
Basic	\$ 0.91	\$ 0.68	\$ 1.79	\$ 1.30
Diluted	\$ 0.91	\$ 0.68	\$ 1.78	\$ 1.30
Book value per share	\$ 22.14	\$ 19.51	\$ 22.14	\$ 19.51
Tangible book value per share ²	\$ 22.14	\$ 19.51	\$ 22.14	\$ 19.51
Performance and other financial ratios:				
Return on Average Assets, annualized ("ROAA")	1.49 %	1.37 %	1.52 %	1.33 %
Return on Average Equity, annualized ("ROAE")	16.67 %	14.17 %	16.70 %	13.73 %
Net interest margin	3.63 %	3.53 %	3.66 %	3.49 %
Total cost of funds ³	2.23 %	2.53 %	2.22 %	2.55 %
Efficiency ratio	40.91 %	41.03 %	39.77 %	41.77 %
Cash dividend payout ratio on common stock ⁴	27.47 %	29.41 %	27.93 %	30.77 %

- 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 six months ended June 30, 2026 to the three and six months ended June 30, 2025. The results of operations for the three and six months ended June 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 June 30, 2026 compared to three months ended June 30, 2025

Net interest income increased by \$9.6 million, or 26.20%, for the three months ended June 30, 2026 compared to the three months ended June 30, 2025, and our net interest margin increased by 10 basis points during the same period. The increase in net interest income is primarily due to an increase in interest income driven by loan growth and higher interest-earning deposits in banks, partially offset by an increase in interest expense driven by deposit growth, though moderated by a decrease in the average cost of deposits. 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

(dollars in thousands)	For the three months ended June 30, 2026			For the three months ended June 30, 2025		
	Average Balance	Interest Income/Expense	Average Yield/Rate	Average Balance	Interest Income/Expense	Average Yield/Rate
Assets						
Interest-earning deposits in banks ¹	\$ 677,149	\$ 6,253	3.70 %	\$ 361,866	\$ 3,987	4.42 %
Investment securities ^{1,2}	93,553	509	2.18 %	97,886	577	2.37 %
Loans held for investment and sale ^{1,3}	4,328,304	65,565	6.08 %	3,691,616	56,016	6.09 %
Total interest-earning assets ¹	5,099,006	72,327	5.69 %	4,151,368	60,580	5.85 %
Interest receivable and other assets, net ⁴	123,354			101,632		
Total assets	<u>\$ 5,222,360</u>			<u>\$ 4,253,000</u>		
Liabilities and shareholders' equity						
Interest-bearing transaction accounts ¹	\$ 389,136	\$ 1,297	1.34 %	\$ 283,369	\$ 1,043	1.48 %
Savings accounts ¹	143,818	844	2.35 %	121,692	801	2.64 %
Money market accounts ¹	2,556,482	19,318	3.03 %	1,647,628	13,270	3.23 %
Time accounts ¹	396,923	3,623	3.66 %	726,295	7,790	4.30 %
Subordinated notes and other borrowings ¹	74,091	1,162	6.29 %	73,967	1,161	6.30 %
Total interest-bearing liabilities	3,560,450	26,244	2.96 %	2,852,951	24,065	3.38 %
Demand accounts	1,163,991			957,034		
Interest payable and other liabilities	31,140			32,406		
Shareholders' equity	466,779			410,609		
Total liabilities and shareholders' equity	<u>\$ 5,222,360</u>			<u>\$ 4,253,000</u>		
Net interest spread ⁵			2.73 %			2.47 %
Net interest income/margin ⁶		<u>\$ 46,083</u>	<u>3.63 %</u>		<u>\$ 36,515</u>	<u>3.53 %</u>

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

<i>(dollars in thousands)</i>	For the three months ended June 30, 2026 compared to the three months ended June 30, 2025		
	Volume	Yield/Rate	Total Increase (Decrease)
Interest-earning deposits in banks	\$ 2,912	\$ (646)	\$ 2,266
Investment securities	(24)	(44)	(68)
Loans held for investment and sale	9,644	(95)	9,549
Total interest-earning assets	12,532	(785)	11,747
Interest-bearing transaction accounts	353	(99)	254
Savings accounts	130	(87)	43
Money market accounts	6,867	(819)	6,048
Time accounts	(3,008)	(1,159)	(4,167)
Subordinated notes and other borrowings	3	(2)	1
Total interest-bearing liabilities	4,345	(2,166)	2,179
Changes in net interest income/margin	\$ 8,187	\$ 1,381	\$ 9,568

As compared to the three months ended June 30, 2025, net interest income during the three months ended June 30, 2026 increased by \$9.6 million, or 26.20%, to \$46.1 million from \$36.5 million. Net interest margin totaled 3.63% for the three months ended June 30, 2026, an increase of 10 basis points compared to the same quarter of the prior year. The improvement was driven by balance sheet growth and a favorable shift in funding mix, which more than offset pressure from declining federal funds rates over the same period. The increase in net interest income is primarily attributable to an \$11.7 million increase in interest income, mainly due to a \$636.7 million, or 17.25%, increase in the average balance of loans and a \$315.3 million, or 87.13%, increase in the average balance of interest-earning deposits in banks (deposits placed with other financial institutions to earn interest). This increase in interest income was partially offset by a \$2.2 million increase in interest expense, stemming from a \$914.3 million, or 24.47%, increase in the average balance of deposits during the three months ended June 30, 2026, moderated by a 30 basis point decrease in average cost of deposits compared to the same quarter of the prior year. Further supporting the decreasing average cost of deposits, the average balance of non-interest-bearing deposits increased by \$207.0 million, or 21.62%, compared to the same period of the prior year.

Six months ended June 30, 2026 compared to six months ended June 30, 2025

Net interest income increased by \$19.0 million, or 27.02%, for the six months ended June 30, 2026 compared to the six months ended June 30, 2025, and our net interest margin increased by 17 basis points when compared to the same period in 2025. The increase in net interest income is primarily attributable to an increase in interest income driven by loan growth, partially offset by an increase in interest expense driven by deposit growth. 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 six months ended June 30, 2026			For the six months ended June 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	\$ 595,184	\$ 10,940	3.71 %	\$ 345,310	\$ 7,562	4.42 %
Investment securities ^{1,2}	95,161	1,053	2.23 %	99,173	1,158	2.35 %
Loans held for investment and sale ^{1,3}	4,239,866	127,681	6.07 %	3,630,146	108,947	6.05 %
Total interest-earning assets ¹	4,930,211	139,674	5.71 %	4,074,629	117,667	5.82 %
Interest receivable and other assets, net ⁴	121,173			97,610		
Total assets	\$ 5,051,384			\$ 4,172,239		
Liabilities and shareholders' equity						
Interest-bearing transaction accounts ¹	\$ 366,525	\$ 2,430	1.34 %	\$ 293,539	\$ 2,155	1.48 %
Savings accounts ¹	140,987	1,674	2.39 %	122,641	1,573	2.59 %
Money market accounts ¹	2,371,940	35,168	2.99 %	1,594,548	25,705	3.25 %
Time accounts ¹	463,606	8,539	3.71 %	716,466	15,419	4.34 %
Subordinated notes and other borrowings ¹	74,082	2,323	6.32 %	73,938	2,323	6.34 %
Total interest-bearing liabilities	3,417,140	50,134	2.96 %	2,801,132	47,175	3.40 %
Demand accounts	1,143,142			934,121		
Interest payable and other liabilities	31,935			31,403		
Shareholders' equity	459,167			405,583		
Total liabilities and shareholders' equity	\$ 5,051,384			\$ 4,172,239		
Net interest spread ⁵			2.75 %			2.42 %
Net interest income/margin ⁶		\$ 89,540	3.66 %		\$ 70,492	3.49 %

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

(In thousands)	For the six months ended June 30, 2026 compared to the six months ended June 30, 2025		
	Volume	Yield/Rate	Total Increase (Decrease)
Interest-earning deposits in banks	\$ 4,593	\$ (1,215)	\$ 3,378
Investment securities	(44)	(61)	(105)
Loans held for investment and sale	18,361	373	18,734
Total interest-earning assets	22,910	(903)	22,007
Interest-bearing transaction accounts	484	(209)	275
Savings accounts	218	(117)	101
Money market accounts	11,525	(2,062)	9,463
Time accounts	(4,657)	(2,223)	(6,880)
Subordinated notes and other borrowings	5	(5)	—
Total interest-bearing liabilities	7,575	(4,616)	2,959
Changes in net interest income/margin	\$ 15,335	\$ 3,713	\$ 19,048

As compared to the six months ended June 30, 2025, net interest income during the six months ended June 30, 2026 increased by \$19.0 million, or 27.02%, to \$89.5 million from \$70.5 million. Net interest margin totaled 3.66% for the six months ended June 30, 2026, an increase of 17 basis points compared to the same period of the prior year. The improvement was driven by balance sheet growth and a favorable shift in funding mix, which more than offset pressure from declining federal funds rates over the same period. The increase in net interest income is primarily attributable to a \$22.0 million increase in interest income, mainly due to a \$609.7 million, or 16.80%, increase in the average balance of loans and a \$249.9 million, or 72.36%, increase in the average balance of interest-earning deposits in banks. This increase in interest income was partially offset by a \$3.0 million increase in interest expense, stemming from a \$615.9 million, or 22.58%, increase in the average balance of interest-bearing deposits during the six months ended June 30, 2026, moderated by a 44 basis point decrease in the cost of interest-bearing deposits compared to the same period of the prior year. Further supporting the decreasing average cost of funds, the average balance of non-interest-bearing deposits increased by \$209.0 million, or 22.38%, compared to 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 June 30, 2026 compared to three months ended June 30, 2025

We recorded a \$2.3 million provision for credit losses in the second quarter of 2026, compared to a \$2.5 million provision for credit losses for the same period of 2025. The decrease in the provision for credit losses in the second quarter of 2026 is mainly due to lower net charge-offs in the three months ended June 30, 2026 compared to the three months ended June 30, 2025.

Six months ended June 30, 2026 compared to six months ended June 30, 2025

We recorded a \$4.9 million provision for credit losses in the first six months of 2026, as compared to a \$4.4 million provision for credit losses for the same period of 2025. The increase in the provision for credit losses recorded during the first six months of 2026 is mainly due to increases in loan growth and an overall increase in loss rates, 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 June 30, 2026 compared to three months ended June 30, 2025

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

Table 7: Non-interest Income

(dollars in thousands)	For the three months ended		\$ Change	% Change
	June 30, 2026	June 30, 2025		
Service charges on deposit accounts	\$ 122	\$ 196	\$ (74)	(37.76)%
Gain on sale of loans	—	119	(119)	(100.00)%
Loan-related fees	679	468	211	45.09 %
FHLB stock dividends	191	325	(134)	(41.23)%
Earnings on BOLI	265	220	45	20.45 %
Other	615	482	133	27.59 %
Total non-interest income	<u>\$ 1,872</u>	<u>\$ 1,810</u>	<u>\$ 62</u>	<u>3.43 %</u>

Gain on sale of loans. The decrease related 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 three months ended June 30, 2026, no SBA loans were sold, as compared to approximately \$1.6 million of loans sold with an effective yield of 7.60% during the three months ended June 30, 2025.

Loan-related fees. The increase resulted primarily from an increase of \$0.1 million in loan referral income, combined with an increase of \$0.1 million in fees from swap referrals during the three months ended June 30, 2026, as compared to the three months ended June 30, 2025.

FHLB stock dividends. The decrease related primarily to the FHLB's transition to a tier-based dividend structure, which lowered the Bank's effective dividend rate received.

Other. The increase related primarily to an overall improvement in earnings related to investments in venture-backed funds during the three months ended June 30, 2026 compared to the three months ended June 30, 2025.

Six months ended June 30, 2026 compared to six months ended June 30, 2025

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

Table 8: Non-interest Income

(dollars in thousands)	For the six months ended		\$ Change	% Change
	June 30, 2026	June 30, 2025		
Service charges on deposit accounts	\$ 257	\$ 411	\$ (154)	(37.47)%
Gain on sale of loans	—	244	(244)	(100.00)%
Loan-related fees	1,944	916	1,028	112.23 %
FHLB stock dividends	953	656	297	45.27 %
Earnings on BOLI	490	381	109	28.61 %
Other	(129)	561	(690)	(122.99)%
Total non-interest income	\$ 3,515	\$ 3,169	\$ 346	10.92 %

Service charges on deposit accounts. The decrease related primarily to a \$0.2 million decrease in 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 six months ended June 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 six months ended June 30, 2025.

Loan-related fees. The increase related primarily to a \$0.9 million increase in fees from swap referrals and a \$0.1 million increase in loan referral income.

FHLB stock dividends. The increase related primarily to a \$0.4 million special cash dividend from the FHLB during the six months ended June 30, 2026, partially offset by a decrease in 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 June 30, 2025 and June 30, 2026 due to the addition of a new policy.

Other. The decrease related primarily to an overall loss in earnings related to equity investments in venture-backed funds during the six months ended June 30, 2026 compared to the six months ended June 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 June 30, 2026 compared to three months ended June 30, 2025

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

Table 9: Non-interest Expense

(dollars in thousands)	For the three months ended		\$ Change	% Change
	June 30, 2026	June 30, 2025		
Salaries and employee benefits	\$ 11,421	\$ 8,910	\$ 2,511	28.18 %
Occupancy and equipment	873	657	216	32.88 %
Data processing and software	1,709	1,508	201	13.33 %
FDIC insurance	585	470	115	24.47 %
Professional services	952	918	34	3.70 %
Advertising and promotional	959	865	94	10.87 %
Loan-related expenses	304	423	(119)	(28.13)%
Other operating expenses	2,813	1,975	838	42.43 %
Total non-interest expense	<u>\$ 19,616</u>	<u>\$ 15,726</u>	<u>\$ 3,890</u>	<u>24.74 %</u>

Salaries and employee benefits. The increase related primarily to: (i) a \$2.8 million increase in salaries, benefits, and bonus expense, mainly related to a 13.30% increase in headcount between June 30, 2025 and June 30, 2026; and (ii) a \$0.7 million increase in commissions primarily due to higher loan originations period-over-period. This increase was partially offset by a \$0.9 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 Walnut Creek branch office and Newport Beach non-depository office during the three months ended June 30, 2026, which did not exist for the three months ended June 30, 2025.

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; and (iii) an increased number of licenses required for new users on our loan origination and documentation system.

FDIC insurance. The increase was primarily due to a \$916.2 million increase in the assessment base period-over-period.

Loan-related expenses. The decrease related primarily to lower inspection and legal expenses. Although loan originations were higher period-over-period, a greater mix of purchased loans and large credit relationships reduced per-unit inspection costs, and inspection activity was delayed relative to the prior period.

Other operating expenses. The increase related primarily to: (i) a \$0.3 million increase in employee-related expenses such as travel and professional association memberships; (ii) a \$0.2 million increase in bank charges; (iii) a \$0.1 million increase in operational losses; (iv) a \$0.1 million increase in IntraFi Network fees resulting from an overall increase in balances carried in the network; and (v) a \$0.1 million increase in armored car and courier services.

Six months ended June 30, 2026 compared to six months ended June 30, 2025

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

Table 10: Non-interest Expense

(dollars in thousands)	For the six months ended		\$ Change	% Change
	June 30, 2026	June 30, 2025		
Salaries and employee benefits	\$ 22,851	\$ 18,044	\$ 4,807	26.64 %
Occupancy and equipment	1,702	1,294	408	31.53 %
Data processing and software	3,260	2,965	295	9.95 %
FDIC insurance	1,130	925	205	22.16 %
Professional services	1,878	1,831	47	2.57 %
Advertising and promotional	1,703	1,387	316	22.78 %
Loan-related expenses	551	742	(191)	(25.74)%
Other operating expenses	3,935	3,583	352	9.82 %
Total non-interest expense	\$ 37,010	\$ 30,771	\$ 6,239	20.28 %

Salaries and employee benefits. The increase was primarily a result of: (i) a \$5.1 million increase in salaries, benefits, and bonus expense, mainly related to a 13.30% increase in headcount between June 30, 2025 and June 30, 2026; and (ii) a \$1.2 million increase in commissions primarily due to higher loan originations period-over-period. This increase was partially offset by a \$1.5 million increase in deferred loan origination costs due to greater loan originations period-over-period.

Occupancy and equipment. The increase was primarily due to expenses for the Walnut Creek branch office and Newport Beach non-depository office during the six months ended June 30, 2026, which did not exist for the six months ended June 30, 2025. The increase was also related to an increase in expense for the San Francisco branch office due to an expansion project.

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; and (iii) an increased number of licenses required for new users on our loan origination and documentation system.

FDIC insurance. The increase was primarily due to a \$916.2 million increase in the assessment base period-over-period.

Advertising and promotional. The increase was primarily due to additional expenses incurred to support the expansion of the Bank's business development teams, including \$0.2 million related to business development expenses and \$0.1 million related to advertising and marketing expenses.

Loan-related expenses. The decrease was primarily related to a \$0.1 million decrease in loan legal fees, combined with individually immaterial decreases in other expenses including credit report costs, inspection costs, and environmental report costs.

Other operating expenses. The increase was primarily due to: (i) a \$0.5 million increase in employee-related expenses such as travel; (ii) a \$0.3 million increase in administrative charges, including bank charges; (iii) a \$0.2 million increase in IntraFi 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, partially offset by the release of a \$1.0 million loss contingency on an SBA loan during the six months ended June 30, 2026. No such release occurred during the six months ended June 30, 2025.

Provision for Income Taxes

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

The provision for income taxes was \$6.7 million for the three months ended June 30, 2026, a \$1.1 million increase from the three months ended June 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 June 30, 2026 related to the purchase of transferable tax

credits that did not occur during the three months ended June 30, 2025. The effective tax rates were 25.64% and 27.82% for the three months ended June 30, 2026 and June 30, 2025, respectively.

Six months ended June 30, 2026 compared to six months ended June 30, 2025

The provision for income taxes was \$13.1 million for the six months ended June 30, 2026, as compared to \$10.9 million for the six months ended June 30, 2025. The increase was primarily due to an overall increase in taxable income period-over-period. This increase was partially offset by a \$0.5 million benefit recorded during the six months ended June 30, 2026 related to the purchase of transferable tax credits that did not occur during the six months ended June 30, 2025, 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 six months ended June 30, 2026. The effective tax rates for the six months ended June 30, 2026 and 2025 were 25.63% and 28.24%, respectively.

FINANCIAL CONDITION SUMMARY

The following discussion compares our financial condition as of June 30, 2026 to our financial condition as of December 31, 2025. Table 11 summarizes selected components of our unaudited consolidated balance sheets as of June 30, 2026 and December 31, 2025.

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

<i>(dollars in thousands)</i>	June 30, 2026	December 31, 2025
Total assets	\$ 5,377,062	\$ 4,754,861
Cash and cash equivalents	685,074	506,851
Total investments	92,719	96,889
Loans held for investment	4,519,681	4,074,929
Total deposits	4,799,383	4,201,084
Subordinated notes, net	74,114	74,041
Total shareholders' equity	473,771	445,832

Total Assets

At June 30, 2026, total assets were \$5.4 billion, an increase of \$622.2 million from \$4.8 billion at December 31, 2025. The increase was primarily comprised of a \$444.8 million increase in total loans held for investment and a \$178.2 million increase in cash and cash equivalents. The \$444.8 million increase in total loans held for investment between December 31, 2025 and June 30, 2026 was a result of \$1.0 billion in loan originations and advances, partially offset by \$162.1 million and \$421.9 million in loan payoffs and paydowns, respectively. The \$444.8 million increase in total loans held for investment included \$145.0 million in purchased loans within the consumer section of the loan portfolio.

Cash and Cash Equivalents

Total cash and cash equivalents were \$685.1 million at June 30, 2026, an increase of \$178.2 million from \$506.9 million at December 31, 2025. The increase in cash and cash equivalents was primarily due to the net increase in cash inflows from growth in total deposits of \$598.3 million and cash outflows from growth in total loans held for investment of \$444.8 million.

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 \$92.7 million at June 30, 2026 and \$96.9 million at December 31, 2025, representing a decrease of \$4.2 million during the same period. The decrease to available-for-sale securities was primarily due to maturities, prepayments, and calls of \$3.6 million, and an unrealized loss on securities of \$0.2 million, with the remainder of the change due to amortization of premiums. For the six months ended June 30, 2026, other comprehensive loss was \$0.3 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

<i>(dollars in thousands)</i>	As of			
	June 30, 2026		December 31, 2025	
	Carrying Value	% of Total	Carrying Value	% of Total
Available-for-sale (at fair value):				
U.S. government agency securities	\$ 6,551	7.07 %	\$ 7,361	7.60 %
Mortgage-backed securities	45,231	48.78 %	48,186	49.73 %
Obligations of states and political subdivisions	36,617	39.49 %	36,964	38.15 %
Collateralized mortgage obligations	203	0.22 %	231	0.24 %
Corporate bonds	1,982	2.14 %	1,957	2.02 %
Total available-for-sale	90,584	97.70 %	94,699	97.74 %
Held-to-maturity (at amortized cost):				
Obligations of states and political subdivisions	2,135	2.30 %	2,190	2.26 %
Total	\$ 92,719	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

(dollars in thousands)	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	
	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
June 30, 2026										
Available-for-sale:										
U.S. government agency securities	\$ 90	1.97 %	\$ 429	4.83 %	\$ 262	2.02 %	\$ 5,770	4.98 %	\$ 6,551	4.81 %
Mortgage-backed securities	—	— %	—	— %	9,932	1.36 %	35,299	1.89 %	45,231	1.77 %
Obligations of states and political subdivisions	—	— %	2,392	1.37 %	14,609	1.70 %	19,616	1.68 %	36,617	1.67 %
Collateralized mortgage obligations	—	— %	—	— %	203	1.76 %	—	— %	203	1.76 %
Corporate bonds	1,982	1.25 %	—	— %	—	— %	—	— %	1,982	1.25 %
Total available-for-sale	2,072	1.28 %	2,821	1.90 %	25,006	1.56 %	60,685	2.11 %	90,584	1.94 %
Held-to-maturity:										
Obligations of states and political subdivisions	165	6.00 %	840	6.00 %	1,130	6.00 %	—	— %	2,135	6.00 %
Total	<u>\$ 2,237</u>	1.63 %	<u>\$ 3,661</u>	2.84 %	<u>\$ 26,136</u>	1.76 %	<u>\$ 60,685</u>	2.11 %	<u>\$ 92,719</u>	2.03 %
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	<u>\$ 2,325</u>	1.66 %	<u>\$ 2,680</u>	3.72 %	<u>\$ 18,746</u>	1.84 %	<u>\$ 73,138</u>	2.09 %	<u>\$ 96,889</u>	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 June 30, 2026 and December 31, 2025, our total loans amounted to \$4.5 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			
	June 30, 2026		December 31, 2025	
(dollars in thousands)	Amount	% of Loans	Amount	% of Loans
Loans held for investment:				
Real estate:				
Commercial	\$ 3,597,173	79.56 %	\$ 3,305,713	81.08 %
Commercial land and development	2,507	0.06 %	1,352	0.03 %
Commercial construction	124,053	2.74 %	96,760	2.37 %
Residential construction	21,809	0.48 %	8,389	0.21 %
Residential	41,874	0.93 %	37,566	0.92 %
Farmland	59,900	1.32 %	59,606	1.46 %
Commercial:				
Secured	258,736	5.72 %	251,736	6.17 %
Unsecured	41,263	0.91 %	40,422	0.99 %
Consumer and other	374,614	8.28 %	275,475	6.77 %
Loans held for investment, gross	4,521,929	100.00 %	4,077,019	100.00 %
Loans held for sale:				
Commercial	—	— %	—	— %
Total loans, gross	4,521,929	100.00 %	4,077,019	100.00 %
Net deferred loan fees	(2,248)		(2,090)	
Total loans	\$ 4,519,681		\$ 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

<i>(dollars in thousands)</i>	Loan Balance	% of Commercial Real Estate	Collateral Value	Minimum LTV	Maximum LTV
June 30, 2026					
Manufactured home community	\$ 1,081,062	30.05 %	\$ 1,923,792	15.99 %	75.28 %
RV Park	443,429	12.33 %	814,152	17.40 %	72.96 %
Retail	327,576	9.11 %	713,667	6.15 %	73.58 %
Multifamily	309,720	8.61 %	715,862	6.58 %	78.83 %
Office	285,786	7.94 %	619,202	4.41 %	74.82 %
Industrial	246,142	6.84 %	590,270	2.04 %	75.00 %
Mini storage	206,823	5.75 %	416,300	9.54 %	70.00 %
Faith-based	196,160	5.45 %	530,621	3.44 %	74.33 %
All other types ¹	500,475	13.92 %	1,076,019	1.90 %	120.01 %
Total ²	<u>\$ 3,597,173</u>	<u>100.00 %</u>	<u>\$ 7,399,885</u>		
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	<u>\$ 3,305,713</u>	<u>100.00 %</u>	<u>\$ 6,679,098</u>		

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 82.36% of loans held for investment at June 30, 2026. Commercial secured lending represents 5.72% of loans held for investment at June 30, 2026. We sell the guaranteed portion of all SBA 7(a) loans in the secondary market and will continue to do so as long as market conditions continue to be favorable.

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 615.22% and 594.17% as of June 30, 2026 and December 31, 2025, respectively. 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 June 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
June 30, 2026					
Loans with fixed interest rates:					
Real estate:					
Commercial	\$ 70,604	\$ 288,319	\$ 344,272	\$ 3,554	\$ 706,749
Commercial land and development	—	175	—	—	175
Commercial construction	—	—	3,244	—	3,244
Residential construction	—	—	—	—	—
Residential	2,989	3,452	1,063	403	7,907
Farmland	—	—	4,447	—	4,447
Commercial:					
Secured	4,014	38,628	16,031	—	58,673
Unsecured	90	4,638	24,195	—	28,923
Consumer and other	186	49,913	324,400	—	374,499
Total loans with fixed interest rates	77,883	385,125	717,652	3,957	1,184,617
Loans with floating or adjustable interest rates:					
Real estate:					
Commercial	35,372	371,042	2,427,683	56,327	2,890,424
Commercial land and development	577	1,270	485	—	2,332
Commercial construction	4,587	52,759	48,115	15,348	120,809
Residential construction	6,020	15,258	531	—	21,809
Residential	493	12,298	21,024	152	33,967
Farmland	1,040	14,570	39,843	—	55,453
Commercial:					
Secured	78,766	51,180	58,939	11,178	200,063
Unsecured	5,375	6,965	—	—	12,340
Consumer and other	—	115	—	—	115
Total loans with floating or adjustable interest rates	132,230	525,457	2,596,620	83,005	3,337,312
Total gross loans	\$ 210,113	\$ 910,582	\$ 3,314,272	\$ 86,962	\$ 4,521,929
Total gross loans:					
Real estate:					
Commercial	105,976	659,361	2,771,955	59,881	3,597,173
Commercial land and development	577	1,445	485	—	2,507
Commercial construction	4,587	52,759	51,359	15,348	124,053
Residential construction	6,020	15,258	531	—	21,809
Residential	3,482	15,750	22,087	555	41,874
Farmland	1,040	14,570	44,290	—	59,900
Commercial:					
Secured	82,780	89,808	74,970	11,178	258,736
Unsecured	5,465	11,603	24,195	—	41,263
Consumer and other	186	50,028	324,400	—	374,614
Total	\$ 210,113	\$ 910,582	\$ 3,314,272	\$ 86,962	\$ 4,521,929

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

<i>(dollars in thousands)</i>	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 six months ended June 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

(dollars in thousands)	As of	
	June 30, 2026	December 31, 2025
Non-accrual loans:		
Real estate:		
Commercial	\$ 13,122	\$ 2,666
Commercial:		
Secured	228	430
Total non-accrual loans	13,350	3,096
Loans past due 90 days or more and still accruing:		
Total loans past due and still accruing	—	—
Total nonperforming loans	13,350	3,096
Real estate owned	—	—
Total nonperforming assets	\$ 13,350	\$ 3,096
Performing loan modifications (“LMs”) (not included above)	\$ —	\$ —
Allowance for credit losses to period end nonperforming loans	354.57 %	1,434.40 %
Nonperforming loans to loans held for investment	0.30 %	0.08 %
Nonperforming assets to total assets	0.25 %	0.07 %
Nonperforming loans plus performing LMs to loans held for investment	0.30 %	0.08 %

The ratio of nonperforming loans to loans held for investment was 0.30% at June 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 354.57% as of June 30, 2026. This decrease was due to a \$10.3 million, or 331.20%, increase in nonperforming loans due to one Community Reinvestment Act loan that was placed on non-accrual status during the period. The balance of the loan is \$11.4 million as of June 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

<i>(dollars in thousands)</i>	Pass	Watch	Special Mention	Substandard	Doubtful	Total
June 30, 2026						
Real estate:						
Commercial	\$ 3,407,698	\$ 141,461	\$ 28,872	\$ 19,142	\$ —	\$ 3,597,173
Commercial land and development	2,507	—	—	—	—	2,507
Commercial construction	108,653	—	15,400	—	—	124,053
Residential construction	21,809	—	—	—	—	21,809
Residential	41,874	—	—	—	—	41,874
Farmland	59,324	576	—	—	—	59,900
Commercial:						
Secured	246,910	10,098	586	1,142	—	258,736
Unsecured	38,763	2,500	—	—	—	41,263
Consumer and other	374,610	—	—	4	—	374,614
Total	\$ 4,302,148	\$ 154,635	\$ 44,858	\$ 20,288	\$ —	\$ 4,521,929
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 \$219.8 million at June 30, 2026 from \$161.8 million at December 31, 2025. There were no loans with doubtful risk grades at June 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. Provisions 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 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 June 30, 2026, the Company's allowance for credit losses was \$47.3 million, as compared to \$44.4 million at December 31, 2025. The \$2.9 million increase in the allowance is due to a \$4.6 million provision for credit losses (excluding a \$0.4 million provision for unfunded commitments) recorded during the six months ended June 30, 2026, partially offset by net charge-offs of \$1.6 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

<i>(dollars in thousands)</i>	Allowance for Credit Losses	% of Allowance for Credit Losses	% of Loans to Total Loans
June 30, 2026			
Real estate:			
Commercial	\$ 28,371	59.92 %	79.56 %
Commercial land and development	90	0.19 %	0.06 %
Commercial construction	4,444	9.39 %	2.74 %
Residential construction	533	1.13 %	0.48 %
Residential	419	0.89 %	0.93 %
Farmland	468	0.99 %	1.32 %
Commercial:			
Secured	9,594	20.27 %	5.72 %
Unsecured	486	1.03 %	0.91 %
Consumer and other	2,930	6.19 %	8.28 %
Total	<u>\$ 47,335</u>	<u>100.00 %</u>	<u>100.00 %</u>
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	<u>\$ 44,409</u>	<u>100.00 %</u>	<u>100.00 %</u>

The ratio of the allowance for credit losses to total loans held for investment was 1.05% at June 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 six months ended			
	June 30, 2026		June 30, 2025		June 30, 2026		June 30, 2025	
	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
<i>(dollars in thousands)</i>								
Average loans held for investment	\$ 4,328,304		\$ 3,690,658		\$ 4,239,866		\$ 3,628,589	
Allowance for credit losses - beginning of period	\$ 46,439		\$ 39,224		\$ 44,409		\$ 37,791	
Net (charge-offs) recoveries:								
Commercial:								
Secured	(1,031)	(0.02)%	(1,420)	(0.04)%	(1,601)	(0.04)%	(2,101)	(0.06)%
Unsecured	—	— %	(50)	— %	2	— %	(50)	— %
Consumer and other	(23)	— %	13	— %	(25)	— %	(23)	— %
Net charge-offs	(1,054)	(0.02)%	(1,457)	(0.04)%	(1,624)	(0.04)%	(2,174)	(0.06)%
Provision for credit losses	1,950		2,400		4,550		4,550	
Allowance for credit losses - end of period	\$ 47,335		\$ 40,167		\$ 47,335		\$ 40,167	
Loans held for investment	\$ 4,519,681		\$ 3,758,025		\$ 4,519,681		\$ 3,758,025	
Allowance for credit losses to loans held for investment	1.05 %		1.07 %		1.05 %		1.07 %	

The ratio of the allowance for credit losses to loans held for investment decreased from 1.07% as of June 30, 2025 to 1.05% as of June 30, 2026. Net charge-offs as a percent of average loans held for investment decreased from 0.04% for the three months ended June 30, 2025 to 0.02% for the three months ended June 30, 2026. Net charge-offs as a percent of average loans held for investment decreased from 0.06% for the six months ended June 30, 2025 to 0.04% for the six months ended June 30, 2026.

Liabilities

During the first six months of 2026, total liabilities increased by \$594.3 million from \$4.3 billion as of December 31, 2025 to \$4.9 billion as of June 30, 2026. This increase was primarily due to an increase in deposits of \$598.3 million. The increase in deposits was largely due to increases in money market, interest-bearing transaction, and non-interest-bearing deposits of \$590.7 million, \$156.1 million, and \$89.9 million, respectively, partially offset by a \$246.6 million decrease in time deposits, mainly attributed to a \$215.0 million decline in wholesale deposits.

Deposits

Representing 97.88% of our total liabilities as of June 30, 2026, deposits are our primary source of funding for our business operations.

Total deposits increased by \$598.3 million, or 14.24%, to \$4.8 billion at June 30, 2026 from \$4.2 billion at December 31, 2025. The increase in deposits was largely due to increases in money market, interest-bearing transaction, and non-interest-bearing deposits of \$590.7 million, \$156.1 million, and \$89.9 million, respectively, partially offset by a \$246.6 million decrease in time deposits, mainly attributed to a \$215.0 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 \$89.9 million from December 31, 2025 to \$1.2 billion at June 30, 2026, representing 24.47% of total deposits at that date, as compared to 25.82% of total deposits at December 31, 2025. Our loan to deposit ratio was 94.17% at June 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. We intend to continue to operate our business with close monitoring of the loan to deposit ratio.

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

(dollars in thousands)	For the three months ended					
	June 30, 2026			June 30, 2025		
	Average Amount	Average Rate Paid	% of Total Deposits	Average Amount	Average Rate Paid	% of Total Deposits
Interest-bearing transaction accounts	\$ 389,136	1.34 %	8.37 %	\$ 283,369	1.48 %	7.58 %
Money market and savings accounts	2,700,300	2.99 %	58.06 %	1,769,320	3.19 %	47.36 %
Time accounts	396,923	3.66 %	8.54 %	726,295	4.30 %	19.44 %
Demand accounts	1,163,991	— %	25.03 %	957,034	— %	25.62 %
Total deposits	<u>\$ 4,650,350</u>	<u>2.16 %</u>	<u>100.00 %</u>	<u>\$ 3,736,018</u>	<u>2.46 %</u>	<u>100.00 %</u>

(dollars in thousands)	For the six months ended					
	June 30, 2026			June 30, 2025		
	Average Amount	Average Rate Paid	% of Total Deposits	Average Amount	Average Rate Paid	% of Total Deposits
Interest-bearing transaction accounts	\$ 366,525	1.34 %	8.17 %	\$ 293,539	1.48 %	8.02 %
Money market and savings accounts	2,512,927	2.96 %	56.02 %	1,717,189	3.20 %	46.90 %
Time accounts	463,606	3.71 %	10.33 %	716,466	4.34 %	19.57 %
Demand accounts	1,143,142	— %	25.48 %	934,121	— %	25.51 %
Total deposits	<u>\$ 4,486,200</u>	<u>2.15 %</u>	<u>100.00 %</u>	<u>\$ 3,661,315</u>	<u>2.47 %</u>	<u>100.00 %</u>

Net uninsured and uncollateralized deposits totaled approximately \$1.6 billion and \$1.4 billion at June 30, 2026 and December 31, 2025, respectively.

As of June 30, 2026, our 70 largest deposit relationships, each accounting for more than \$10.0 million, totaled \$2.5 billion, or 51.19% of our total deposits. The average age on deposit relationships of more than \$5.0 million was approximately 7.39 years as of June 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. Overall, our large deposit relationships have been relatively consistent over time and have helped to continue to grow our deposit base.

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)

	June 30, 2026	December 31, 2025
Municipalities	\$ 1,142,118	\$ 789,643
Non-profits	413,151	283,666
Businesses	901,655	760,516
Brokered deposits	—	174,981
Total	\$ 2,456,924	\$ 2,008,806

Our largest single deposit relationship at June 30, 2026 related to a government agency. The balance for this customer was \$340.1 million, or approximately 7.09% 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 June 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	\$ 260,679	\$ 8,517	\$ 269,196	\$ 255,429
Over three through six months	5,026	7,441	12,467	2,776
Over six through twelve months	11,405	14,187	25,592	7,905
Over twelve months	340	396	736	90
Total	\$ 277,450	\$ 30,541	\$ 307,991	\$ 266,200

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 June 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 June 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 (7.02% as of June 30, 2026) through maturity				

Shareholders' Equity

Shareholders' equity totaled \$473.8 million at June 30, 2026 and \$445.8 million at December 31, 2025. The increase in shareholders' equity was primarily a result of \$38.0 million recognized as net income during the period, partially offset by \$10.7 million in cash dividends paid during the period and a \$0.3 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 June 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. The 2026 Public Offering used \$137.9 million of the securities registered under the Company's shelf registration statement on file with the SEC.

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 June 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 and issued 3,133,750 shares of its common stock at a public offering price of \$44.00 per share. The net proceeds to the Company, after deducting underwriting discounts, commissions, and estimated offering expenses of \$0.8 million, were approximately \$129.9 million.

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 six months ended June 30, 2026, we had cash outflows of \$446.5 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 June 30, 2026, off-balance sheet commitments totaled \$726.7 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 six months ended June 30, 2026, we had cash inflows of \$598.3 million related to an increase in deposits.

During the twelve months following June 30, 2026, approximately \$307.3 million of time deposits are expected to mature. After the twelve months following June 30, 2026, we expect \$0.7 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 June 30, 2026, cash and cash equivalents represented 14.27% of total deposits.

Investment Securities

Our investment securities totaled \$92.7 million at June 30, 2026. Mortgage-backed securities and obligations of states and political subdivisions comprised 48.78% and 41.79% 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 \$9.4 million from our securities over the twelve months following June 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 six months ended June 30, 2026, we had cash proceeds from sales, maturities, calls, and prepayments of securities of \$3.6 million. Additionally, at June 30, 2026, securities available-for-sale totaled \$90.6 million, of which \$85.7 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 June 30, 2026, the Bank had no outstanding FHLB financing borrowings and a total financing availability of \$331.6 million, net of letters of credit issued of \$1.3 billion.

Federal Reserve Discount Window

The Company has the ability to borrow from the Federal Reserve Discount Window when necessary. At June 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 June 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 \$2.3 billion as of June 30, 2026.

Table 25: Total Liquidity

	June 30, 2026			
	Line of Credit	Letters of Credit Issued	Borrowings	Available
<i>(dollars in thousands)</i>				
FHLB advances	\$ 1,629,065	\$ 1,297,500	\$ —	\$ 331,565
Federal Reserve Discount Window	1,074,577	—	—	1,074,577
Correspondent bank lines of credit	185,000	—	—	185,000
Cash and cash equivalents	—	—	—	685,074
Total	\$ 2,888,642	\$ 1,297,500	\$ —	\$ 2,276,216

Future Contractual Obligations

Our estimated future contractual obligations as of June 30, 2026 include both current and long-term obligations. Under our operating leases, we have an operating lease liability of \$11.3 million. We have a current obligation of \$307.3 million and a long-term obligation of \$0.7 million related to time deposits, as discussed in Note 5, Interest-Bearing Deposits. We have net subordinated notes of \$74.1 million, all of which are long-term obligations. We also have contractual obligations on unfunded loan commitments and standby letters of credit totaling \$726.7 million.

Dividends

A use of liquidity for the Company is shareholder dividends. The Company paid dividends to its shareholders totaling \$5.3 million during the three months ended June 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

<i>(dollars in thousands)</i>	Six months ended June 30,		\$ Change
	2026	2025	
Net cash provided by operating activities	\$ 42,606	\$ 33,262	\$ 9,344
Net cash used in investing activities	(451,995)	(229,885)	222,110
Net cash provided by financing activities	587,612	328,090	259,522

Operating Activities

Net cash provided by operating activities increased by \$9.3 million for the six months ended June 30, 2026 compared to the six months ended June 30, 2025, primarily due to higher net income, higher net changes in interest receivable and other assets, and no loans originated for sale in the quarter. These sources of cash were partially offset by no gross proceeds from sale of loans, as well as purchases of transferable tax credits. 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 \$222.1 million for the six months ended June 30, 2026 compared to the six months ended June 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 \$259.5 million for the six months ended June 30, 2026 compared to the six months ended June 30, 2025, primarily due to 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 June 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 June 30, 2026 and December 31, 2025 for Bancorp and the Bank are presented in Tables 27 and 28. As of June 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	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<i>(dollars in thousands)</i>						
June 30, 2026						
Total capital (to risk-weighted assets)	\$ 604,690	12.50 %	\$ 386,881	8.00 %	N/A	N/A
Tier 1 capital (to risk-weighted assets)	\$ 482,149	9.97 %	\$ 290,160	6.00 %	N/A	N/A
Common equity tier 1 capital (to risk-weighted assets)	\$ 482,149	9.97 %	\$ 217,620	4.50 %	N/A	N/A
Tier 1 leverage	\$ 482,149	9.21 %	\$ 209,380	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

	Actual Ratio		Required for Capital Adequacy Purposes ¹		Ratio to be Well-Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<i>(dollars in thousands)</i>						
June 30, 2026						
Total capital (to risk-weighted assets)	\$ 584,889	12.12 %	\$ 385,982	8.00 %	\$ 482,477	10.00 %
Tier 1 capital (to risk-weighted assets)	\$ 536,462	11.11 %	\$ 289,486	6.00 %	\$ 385,982	8.00 %
Common equity tier 1 capital (to risk-weighted assets)	\$ 536,462	11.11 %	\$ 217,115	4.50 %	\$ 313,610	6.50 %
Tier 1 leverage	\$ 536,462	10.25 %	\$ 209,267	4.00 %	\$ 261,584	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.

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 \$72.3 million for the three months ended June 30, 2026 and \$248.9 million for the year ended December 31, 2025. Our total interest expense was \$26.2 million for the three months ended June 30, 2026 and \$97.0 million for the year ended December 31, 2025. Overall, our net interest income was \$46.1 million for the three months ended June 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 June 30, 2026, the Company carried a slightly higher balance of assets than liabilities 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 June 30, 2026, the overnight federal funds rate (the rate used in the interest rate shock scenarios listed below) was 3.63%, decreasing 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 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 June 30, 2026 and December 31, 2025.

Table 29: Estimated Effect on Net Interest Income ("NII") and EVE from Changing Interest Rates

Change in Interest Rates (in basis points)	June 30, 2026		December 31, 2025	
	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)	(6.21)%	(6.51)%	(1.72)%	(9.70)%
+200 (shock)	(3.69)%	(4.50)%	(1.19)%	(6.77)%
+100 (shock)	(1.87)%	(2.35)%	(0.47)%	(3.55)%
+ 0 (flat)	— %	— %	— %	— %
-100 (shock)	1.74 %	2.33 %	0.86 %	2.45 %
-200 (shock)	5.04 %	3.94 %	2.82 %	4.07 %
-300 (shock)	9.99 %	0.72 %	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 June 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 June 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 June 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	<u>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</u>					Filed
31.2	<u>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</u>					Filed
32.1	<u>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</u>					Filed
32.2	<u>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</u>					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)

August 6, 2026

Date

/s/ James E. Beckwith

James E. Beckwith
President &
Chief Executive Officer
(Principal Executive Officer)

August 6, 2026

Date

/s/ Heather C. Luck

Heather C. Luck
Executive Vice President &
Chief Financial Officer
(Principal Financial Officer)

**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.

August 6, 2026

Date

/s/ James E. Beckwith

James E. Beckwith

President & Chief Executive Officer

**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.

August 6, 2026

Date

/s/ Heather C. Luck

Heather C. Luck

Executive Vice President & Chief Financial Officer

**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 June 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.

August 6, 2026

Date

/s/ James E. Beckwith

James E. Beckwith

President & Chief Executive Officer

**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 June 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.

August 6, 2026

Date

/s/ Heather C. Luck

Heather C. Luck

Executive Vice President & Chief Financial Officer