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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED June 30, 2026**

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _________ TO __________**

COMMISSION FILE NUMBER: 000-49883

PLUMAS BANCORP
(Exact Name of Registrant as Specified in Its Charter)

California	**75-2987096**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
5525 Kietzke Lane, Suite 100, Reno, Nevada	**89511**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code **(775) 786-0907**

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 definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule12b-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 ☒

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	PLBC	The NASDAQ Stock Market LLC

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 1, 2026: 6,959,016 shares.

PART I – FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

PLUMAS BANCORP AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
($ in thousands, except share data)

	June 30, 2026	December 31, 2025
Assets		
Cash and cash equivalents	$ 135,546	$ 80,616
Investment securities available-for-sale, net of allowance for credit losses of $0 at June 30, 2026 and December 31, 2025	465,991	476,595
Loans, less allowance for credit losses of $19,740 at June 30, 2026 and $19,959 at December 31, 2025	1,496,190	1,495,834
Premises and equipment, net	23,763	24,398
Right-of-use assets	27,985	28,860
Bank owned life insurance	34,203	33,659
Core deposit intangible	9,954	11,101
Goodwill	24,215	24,215
Accrued interest receivable and other assets	59,897	63,245
Total assets	$ 2,277,744	$ 2,238,523
Liabilities and Shareholders' Equity		
Deposits:		
Non-interest bearing	$ 864,075	$ 848,986
Interest bearing	1,020,990	960,618
Total deposits	1,885,065	1,809,604
Repurchase agreements	59,217	97,855
Lease liabilities	28,388	29,029
Accrued interest payable and other liabilities	16,908	19,946
Borrowings	16,033	21,013
Total liabilities	2,005,611	1,977,447
Commitments and contingencies (Note 5)		
Shareholders' equity:		
Common stock, no par value; 22,500,000 shares authorized; issued and outstanding – 6,963,616 shares at June 30, 2026 and 6,958,814 at December 31, 2025	74,702	75,668
Retained earnings	211,013	195,899
Accumulated other comprehensive loss, net	(13,582)	(10,491)
Total shareholders' equity	272,133	261,076
Total liabilities and shareholders' equity	$ 2,277,744	$ 2,238,523

See notes to unaudited condensed consolidated financial statements.

PLUMAS BANCORP AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
($ in thousands, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Interest Income:				
Interest and fees on loans	$ 24,777	$ 15,612	$ 48,734	$ 31,008
Interest on investment securities	4,988	4,504	9,987	9,014
Other	595	517	1,006	1,201
Total interest income	30,360	20,633	59,727	41,223
Interest Expense:				
Interest on deposits	3,904	2,284	7,491	4,180
Interest on borrowings	176	146	375	290
Other	273	20	715	31
Total interest expense	4,353	2,450	8,581	4,501
Net interest income before provision for credit losses	26,007	18,183	51,146	36,722
Provision for Credit Losses	600	860	270	1,110
Net interest income after provision for credit losses	25,407	17,323	50,876	35,612
Non-Interest Income:				
Interchange revenue	881	784	1,712	1,474
Service charges	813	781	1,598	1,486
Other	1,057	796	2,438	2,614
Total non-interest income	2,751	2,361	5,748	5,574
Non-Interest Expenses:				
Salaries and employee benefits	7,520	5,553	15,250	11,433
Occupancy and equipment	2,648	2,050	5,322	4,064
Other	4,336	3,409	9,219	6,980
Total non-interest expenses	14,504	11,012	29,791	22,477
Income before provision for income taxes	13,654	8,672	26,833	18,709
Provision for Income Taxes	3,695	2,351	7,111	5,208
Net income	$ 9,959	$ 6,321	$ 19,722	$ 13,501
Basic earnings per share	$ 1.43	$ 1.07	$ 2.83	$ 2.28
Diluted earnings per share	$ 1.41	$ 1.05	$ 2.79	$ 2.25

See notes to unaudited condensed consolidated financial statements.

PLUMAS BANCORP AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
($ in thousands)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Net income	$ 9,959	$ 6,321	$ 19,722	$ 13,501
Other comprehensive income:				
Change in net unrealized loss on securities	(665)	832	(4,388)	6,346
Less: reclassification adjustments for net (gain) loss included in net income	-	(3)	-	(3)
Net unrealized holding gain	(665)	829	(4,388)	6,343
Related tax effect:				
Change in net unrealized loss on securities	197	(246)	1,297	(1,877)
Reclassification of net gain (loss) is included in net income	-	1	-	1
Income tax effect	197	(245)	1,297	(1,876)
Other comprehensive (loss) income	(468)	584	(3,091)	4,467
Total comprehensive income	$ 9,491	$ 6,905	$ 16,631	$ 17,968

See notes to unaudited condensed consolidated financial statements.

PLUMAS BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
($ in thousands, except shares)

	Common Stock		Retained	Accumulated Other Comprehensive Loss	Total Shareholders'
	Shares	Amount	Earnings	(Net of Taxes)	Equity
Balance, December 31, 2024	5,903,368	$ 29,043	$ 174,002	$ (25,145)	$ 177,900
Net Income	-	-	13,501	-	13,501
Other comprehensive income	-	-	-	4,467	4,467
Cash dividends on common stock ($0.60 per share)	-	-	(3,549)	-	(3,549)
Vesting of restricted stock units	3,033	-	-	-	-
Exercise of stock options	27,305	583	-	-	583
Stock-based compensation expense	-	177	-	-	177
Balance, June 30, 2025	5,933,706	$ 29,803	$ 183,954	$ (20,678)	$ 193,079
Balance, December 31, 2025	6,958,814	$ 75,668	$ 195,899	$ (10,491)	$ 261,076
Net Income	-	-	19,722	-	19,722
Other comprehensive loss	-	-	-	(3,091)	(3,091)
Cash dividends on common stock ($0.66 per share)	-	-	(4,608)	-	(4,608)
Repurchase of Common Stock	(56,000)	(2,783)	-	-	(2,783)
Exercise of stock options	60,802	1,489	-	-	1,489
Stock-based compensation expense	-	328	-	-	328
Balance, June 30, 2026	6,963,616	$ 74,702	$ 211,013	$ (13,582)	$ 272,133

	Common Stock		Retained	Accumulated Other Comprehensive Loss	Total Shareholders'
	Shares	Amount	Earnings	(Net of Taxes)	Equity
Balance, March 31, 2025	5,922,116	$ 29,454	$ 179,411	$ (21,262)	$ 187,603
Net Income	-	-	6,321	-	6,321
Other comprehensive income	-	-	-	584	584
Cash dividends on common stock ($0.30 per share)	-	-	(1,778)	-	(1,778)
Exercise of stock options	11,590	254	-	-	254
Stock-based compensation expense	-	95	-	-	95
Balance, June 30, 2025	5,933,706	$ 29,803	$ 183,954	$ (20,678)	$ 193,079
Balance, March 31, 2026	6,974,673	$ 75,149	$ 203,357	$ (13,114)	$ 265,392
Net Income	-	-	9,959	-	9,959
Other comprehensive loss	-	-	-	(468)	(468)
Cash dividends on common stock ($0.33 per share)	-	-	(2,303)	-	(2,303)
Repurchase of Common Stock	(15,000)	(756)	-	-	(756)
Exercise of stock options	3,943	101	-	-	101
Stock-based compensation expense	-	208	-	-	208
Balance, June 30, 2026	6,963,616	$ 74,702	$ 211,013	$ (13,582)	$ 272,133

See notes to unaudited condensed consolidated financial statements.

PLUMAS BANCORP AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
($ in thousands)

	For the Six Months Ended June 30, 2026	2025
Cash Flows from Operating Activities:		
Net income	$ 19,722	$ 13,501
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	270	1,110
Change in deferred loan origination costs/fees, net	(21)	(89)
Depreciation of premises and equipment and amortization of intangibles	904	722
Stock-based compensation expense	328	177
Amortization of discount on subordinated debentures	20	-
Amortization of core deposit intangible	1,147	-
Accretion of premium on time deposits	63	-
Amortization of investment security premiums	297	357
Accretion of investment security discounts	(636)	(608)
Net gain on sale of investment securities	-	(3)
Loans originated for sale	-	(75)
Accretion of discount on loans	(2,055)	-
Gain on sale of other real estate	(104)	-
Loss on sale of other vehicles	3	18
Earnings on bank-owned life insurance	(544)	(217)
Decrease (increase) in accrued interest receivable and other assets	5,447	(7,027)
(Decrease) increase in accrued interest payable and other liabilities	(3,749)	1,702
Net cash provided by operating activities	21,092	9,568
Cash Flows from Investing Activities:		
Proceeds from principal repayments from available-for-sale securities	22,559	19,439
Proceeds from matured and called available-for-sale securities	865	655
Proceeds from sale of available-for-sale securities	-	1,122
Purchases of available-for-sale securities	(16,869)	(16,560)
Purchase of Federal Reserve Bank stock	-	(4)
Net decrease (increase) in loans	1,458	(2,629)
Proceeds from sale of other real estate	196	-
Proceeds from sale of other vehicles	40	234
Purchase of premises and equipment	(269)	(204)
Net cash provided by investing activities	7,980	2,053

Continued on next page.

PLUMAS BANCORP AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
($ in thousands)
(Continued)

	For the Six Months Ended June 30, 2026	2025
Cash Flows from Financing Activities:		
Net increase (decrease) in demand, interest bearing and savings deposits	$ 43,885	$ (36,870)
Net increase in time deposits	31,513	32,596
Net decrease in securities sold under agreements to repurchase	(38,638)	(7,133)
Cash dividends paid on common stock	(4,608)	(3,549)
Decrease in other borrowings	(5,000)	-
Repurchase of common stock	(2,783)	-
Proceeds from exercise of stock options	1,489	583
Net cash provided by (used in) financing activities	25,858	(14,373)
Increase (decrease) in cash and cash equivalents	54,930	(2,752)
Cash and Cash Equivalents at Beginning of Period	80,616	82,018
Cash and Cash Equivalents at End of Period	$ 135,546	$ 79,266
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest expense	$ 8,527	$ 4,776
Income taxes	$ 4,145	$ 6,985
Supplemental noncash disclosures		
Real estate and vehicles acquired through foreclosure/repossession	$ 62	$ 145
Common stock retired in connection with the exercise of stock options	$ 91	$ 86
Lease liabilities arising from obtaining right-of-use assets	$ -	$ 244

See notes to unaudited condensed consolidated financial statements.

PLUMAS BANCORP AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. THE BUSINESS OF PLUMAS BANCORP

During 2002, Plumas Bancorp (the "Company") was incorporated as a bank holding company for the purpose of acquiring Plumas Bank (the "Bank") in a one bank holding company reorganization. This corporate structure gives the Company and the Bank greater flexibility in terms of operation, expansion and diversification. Plumas Bancorp's Principal Executive Office is located in Reno, Nevada.

As of June 30, 2026, the Bank operates a total of nineteen branches, including seventeen branches in California and two branches in Nevada. The Bank's California branches are located in Alturas, Anderson, Chester, Chico, Fall River Mills, Greenville, Kings Beach, Portola, Quincy, Redding (3 branches), Red Bluff, Susanville, Tahoe City, Truckee and Yuba City. The Bank's Nevada branches are located in Reno and Carson City. In addition, the Bank operates a lending office specializing in government-guaranteed lending in Auburn, California, and a commercial/agricultural lending office in Klamath Falls, Oregon. The Bank's primary source of revenue is generated from providing loans to customers who are predominately small and middle market businesses and individuals residing in the surrounding areas. The Bank's administrative headquarters are in Quincy, California.

On July 1, 2025, the Company completed its acquisition of Cornerstone Community Bancorp ("Cornerstone"), which increased its branch network in California by four branches: one in Anderson, one in Red Bluff and two in Redding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of the Company and the consolidated accounts of its wholly-owned subsidiary, Plumas Bank. All significant intercompany balances and transactions have been eliminated.

The accounting and reporting policies of Plumas Bancorp and subsidiary conform with accounting principles generally accepted in the United States of America ("GAAP") and prevailing practices within the banking industry. In the opinion of management, the unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the Company's financial position at June 30, 2026 and the results of its operations and its cash flows for the three and six-month periods. Our condensed consolidated balance sheet at December 31, 2025 is derived from audited financial statements.

The unaudited condensed consolidated financial statements of the Company have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim reporting on Form 10-Q. Accordingly, certain disclosures normally presented in the notes to the annual consolidated financial statements prepared in accordance with GAAP have been omitted. The Company believes that the disclosures are adequate to make the information not misleading. These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2025 Annual Report to Shareholders on Form 10-K. The results of operations for the three and six-month periods ended June 30, 2026, may not necessarily be indicative of future operating results. In preparing such financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the periods reported. Actual results could differ significantly from those estimates.

Allowance for Credit Losses

During the three and six months ended June 30, 2026, the Company completed its annual review of the allowance for credit losses methodology and refined certain assumptions and model inputs used in estimating expected credit losses within its existing CECL framework. The refinements included updates to the reasonable and supportable forecast period, which was extended from four quarters to eight quarters, and certain model inputs. The Company continues to use a discounted cash flow methodology for collectively evaluated loans and continues to evaluate loans that do not share similar risk characteristics on an individual basis.

Reclassifications

Certain reclassifications have been made to prior years' balances to conform to the classifications used in 2025. These reclassifications had no impact on the Company's consolidated financial position, results of operations or net change in cash and cash equivalents.

Segment Information

An operating segment is generally defined as a component of business for which discrete financial information is available and whose operating results are regularly reviewed by the chief operating decision maker. As a community-oriented financial institution, substantially all of the Company's operations involve the delivery of loan and deposit products to customers.

The chief operating decision maker makes operating decisions and assesses performance based on an ongoing review of the Company's community banking activities, which constitutes the Company's only operating segment for financial reporting purposes. The Company's single reportable segment is determined by the Chief Financial Officer, who is the designated chief operating decision maker, based upon information provided about the Company's products and services offered, primarily banking operations. The segment is also distinguished by the level of information provided to the chief operating decision maker, who uses such information to review performance of various components of the business such as branches and departments, which are then aggregated if operating performance, products/services, and customers are similar. The chief operating decision maker will evaluate the financial performance of the Company's business components such as by evaluating revenue streams, significant expenses, and budget to actual results in assessing the Company's segment and in the determination of allocating resources. The chief operating decision maker uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The chief operating decision maker uses consolidated net income to benchmark the Company against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessment performance and in establishing compensation. Loans, investments, and deposits provide the revenues in the banking operation. Interest expense, provisions for credit losses, and payroll provide the significant expenses in the banking operation. The consolidated expense information is the same as 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. All operations are domestic.

3. INVESTMENT SECURITIES AVAILABLE-FOR-SALE

The amortized cost and estimated fair value of investment securities at June 30, 2026 and December 31, 2025 consisted of the following, in thousands:

($ in thousands)	June 30, 2026			
Available-for-Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities:				
U.S. Government-sponsored agencies collateralized by mortgage obligations - residential	$ 242,548	$ 832	$ (8,415)	$ 234,965
U.S. Government- sponsored agencies collateralized by mortgage obligations - commercial	150,585	624	(9,103)	142,106
Obligations of states and political subdivisions	92,140	1,200	(4,420)	88,920
	$ 485,273	$ 2,656	$ (21,938)	$ 465,991

Unrealized losses on available-for-sale investment securities totaling $19,282,000 were recorded, net of $5,700,000 in tax benefit, as accumulated other comprehensive loss within shareholders' equity at June 30, 2026. No investment securities were sold during the six months ended June 30, 2026. During the six months ended June 30, 2025, the Company sold four available-for-sale investment securities for proceeds of $1,122,000, recognizing a $3,000 gain on sale. The Company realized a gain on sale from one of these securities totaling $5,000 and a loss on sale of 3 securities totaling $2,000.

($ in thousands)	December 31, 2025			
Available-for-Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities:				
U.S. Government-sponsored agencies collateralized by mortgage obligations - residential	$ 257,520	$ 2,709	$ (7,064)	$ 253,165
U.S. Government- sponsored agencies collateralized by mortgage obligations - commercial	141,861	1,245	(8,342)	134,764
Obligations of states and political subdivisions	92,109	1,038	(4,481)	88,666
	$ 491,490	$ 4,992	$ (19,887)	$ 476,595

Unrealized losses on available-for-sale investment securities totaling $14,895,000 were recorded, net of $4,404,000 in tax benefits, as accumulated other comprehensive loss within shareholders' equity at December 31, 2025. During the twelve months ended December 31, 2025, the Company sold 135 available-for-sale investment securities for proceeds of $130,635,000 recognizing a $6,065,000 net loss on sale. The loss was partially offset by a gain of $254,000 on the termination of a fair value hedge. The Company realized a gain on sale from 15 of these securities totaling $36,000 and a loss on sale of 120 securities totaling $6,101,000.

There were no transfers of available-for-sale investment securities during the six months ended June 30, 2026 and December 31, 2025. There were no securities classified as held-to-maturity at June 30, 2026 or December 31, 2025.

Investment securities with unrealized losses at June 30, 2026 and December 31, 2025 are summarized and classified according to the duration of the loss period as follows:

($ in thousands)	Less than 12 Months		12 Months or More		Total	
June 30, 2026	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities:						
U.S. Government-sponsored agencies collateralized by mortgage obligations - residential	$ 94,638	$ 1,055	$ 53,742	$ 7,360	$ 148,380	$ 8,415
U.S. Government- sponsored agencies collateralized by mortgage obligations - commercial	34,945	345	50,025	8,758	84,970	9,103
Obligations of states and political subdivisions	7,248	56	28,072	4,364	35,320	4,420
	$ 136,831	$ 1,456	$ 131,839	$ 20,482	$ 268,670	$ 21,938

($ in thousands)	Less than 12 Months		12 Months or More		Total	
December 31, 2025	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities:						
U.S. Government-sponsored agencies collateralized by mortgage obligations - residential	$ 16,496	$ 109	$ 63,328	$ 6,955	$ 79,824	$ 7,064
U.S. Government- sponsored agencies collateralized by mortgage obligations - commercial	6,941	35	51,781	8,307	58,722	8,342
Obligations of states and political subdivisions	2,783	7	35,480	4,474	38,263	4,481

	$ 26,220	$ 151	$ 150,589	$ 19,736	$ 176,809	$ 19,887

At June 30, 2026, the Company held 298 securities of which 56 were in a loss position for less than twelve months and 105 were in a loss position for twelve months or more. Of the 298 securities, 92 are U.S. Government-sponsored agencies collateralized by residential mortgage obligations, 51 were U.S. Government agencies collateralized by commercial mortgage obligations and 155 were obligations of states and political subdivisions. As of June 30, 2026 and December 31, 2025, the Company did not intend to sell, nor was it more-likely-than-not required to sell, any available-for-sale debt securities in an unrealized loss position before recovery of their amortized cost basis. In addition, the Company expects to recover the entire amortized cost basis of these securities, as the unrealized losses are attributable primarily to changes in interest rates, and the issuers of these securities have not, to the Company's knowledge, established any cause for default. Accordingly, there was no allowance for credit losses provided against these securities as of both June 30, 2026 and December 31, 2025. In addition, there was no provision for credit losses recognized for the six months ended June 30, 2026 and 2025.

The amortized cost and estimated fair value of investment in debt securities at June 30, 2026 by contractual maturity are shown below.

($ in thousands)	Amortized Cost	Estimated Fair Value
Within one year	$ 935	$ 934
After one year through five years	8,086	8,145
After five years through ten years	15,287	15,370
After ten years	67,832	64,471
Investment securities not due at a single maturity date:		
U.S. Government-sponsored agencies collateralized by mortgage obligations - residential	242,548	234,965
U.S. Government- sponsored agencies collateralized by mortgage obligations - commercial	150,585	142,106
	$ 485,273	$ 465,991

Expected maturities will differ from contractual maturities as the issuers of the securities may have the right to call or prepay obligations with or without call or prepayment penalties.

Investment securities with amortized costs totaling $423,691,000 and $400,458,000 and estimated fair values totaling $407,083,000 and $388,357,000 at June 30, 2026 and December 31, 2025, respectively, were pledged to secure deposits, repurchase agreements and Federal Reserve Bank Discount Window borrowings. No borrowings were outstanding on June 30, 2026 and December 31, 2025, at the Discount Window.

4. LOANS AND THE ALLOWANCE FOR CREDIT LOSSES

The following table presents the composition of the Company's loans outstanding:

($ in thousands)	June 30, 2026	December 31, 2025
Commercial	$ 162,128	$ 167,851
Agricultural	142,940	157,526
Real estate – residential	32,223	33,116
Real estate – commercial	1,026,049	1,002,627
Real estate – construction and land development	48,672	40,168
Equity lines of credit (Equity LOC)	54,993	53,647
Auto	29,616	39,595
Other	15,552	17,526
Total loans	1,512,173	1,512,056
Deferred loan costs, net	3,757	3,737
Loans, amortized cost basis	1,515,930	1,515,793
Allowance for credit losses	(19,740)	(19,959)
Total net loans	$ 1,496,190	$ 1,495,834

Salaries and employee benefits totaling $732,000 and $619,000 have been deferred as loan origination costs during the three months ended June 30, 2026 and 2025, respectively. Salaries and employee benefits totaling $1,600,000 and $1,222,000 have been deferred as loan origination costs during the six months ended June 30, 2026 and 2025, respectively.

The Company assigns a risk rating to all loans and periodically, but not less than annually, performs detailed reviews of all criticized and classified loans over $100,000 to identify credit risks and to assess the overall collectability of the portfolio. These risk ratings are also subject to examination by independent specialists engaged by the Company and the Company’s regulators. During these internal reviews, management monitors and analyzes the financial condition of borrowers and guarantors, trends in the industries in which borrowers operate and the fair values of collateral securing these loans. These credit quality indicators are used to assign a risk rating to each individual loan.

The risk ratings can be grouped into three major categories, defined as follows:

Special Mention – Loans classified as special mention have a potential weakness that deserves management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution’s credit position at some future date.

Substandard – A substandard loan is not adequately protected by the current sound worth and paying capacity of the borrower or the value of the collateral pledged, if any. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. Well defined weaknesses include a project's lack of marketability, inadequate cash flow or collateral support, failure to complete construction on time or the project's failure to fulfill economic expectations. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans classified doubtful have all the weaknesses inherent in those classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable.

Loans not meeting the criteria above that are analyzed individually as part of the above-described process are considered to be pass-rated loans. Pass-rated loans have sufficient sources of repayment to repay the loan in full, in accordance with all terms and conditions.

For other loans, which are primarily consumer loans and automobile loans the Company evaluates credit quality based on the aging status of the loan and by payment activity. Non-performing loans consist of nonaccrual loans and loans past due 90 days or more and still accruing.

The following table presents the amortized cost basis of the loan portfolio allocated by management's internal risk ratings or payment activity at the dates indicated, in thousands:

	Amortized Cost Basis by Origination Year and Risk Grades As of June 30, 2026								
($ in thousands)	**2026**	**2025**	**2024**	**2023**	**2022**	**Prior**	**Revolving Loans Book Amortized Cost Basis**	**Revolving Loans Converted to Term Amortized Cost Basis**	**Total - Amortized Cost Basis**
Commercial									
Pass	$ 13,896	$ 22,444	$ 26,815	$ 17,718	$ 22,903	$ 18,298	$ 31,135	$ -	$ 153,209
Special Mention	281	2,468	-	919	-	55	2,061	-	5,784
Substandard	676	534	-	215	53	1,544	947	-	3,969
Total Commercial loans	$ 14,853	$ 25,446	$ 26,815	$ 18,852	$ 22,956	$ 19,897	$ 34,143	$ -	$ 162,962
Current period gross charge-offs	$ -	$ 1	$ -	$ -	$ 100	$ 2	$ 99	$ -	$ 202
Agricultural									
Pass	$ 2,873	$ 10,825	$ 4,211	$ 15,026	$ 11,722	$ 42,340	$ 24,091	$ -	$ 111,088
Special Mention	-	37	-	327	162	5,750	2,033	-	8,309
Substandard	235	737	225	4,246	10,531	6,643	1,183	-	23,800
Total Agricultural	$ 3,108	$ 11,599	$ 4,436	$ 19,599	$ 22,415	$ 54,733	$ 27,307	$ -	$ 143,197
Current period gross charge-offs	$ -	$ -	$ 6	$ -	$ -	$ -	$ -	$ -	$ 6
Real Estate - Residential									
Pass	$ -	$ 2,250	$ 3,723	$ 1,999	$ 9,177	$ 14,136	$ 1	$ -	$ 31,286
Special Mention	-	592	-	-	-	-	-	-	592
Substandard	-	-	-	-	-	371	-	-	371
Total Real Estate - Residential	$ -	$ 2,842	$ 3,723	$ 1,999	$ 9,177	$ 14,507	$ 1	$ -	$ 32,249
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Real Estate -Commercial									
Pass	$ 62,586	$ 131,284	$ 111,099	$ 115,070	$ 155,461	$ 410,232	$ 9,681	$ -	$ 995,413
Special Mention	-	-	367	4,053	2,142	12,308	-	-	18,870
Substandard	-	1,173	-	4,396	428	7,612	-	-	13,609
Total Real Estate -Commercial	$ 62,586	$ 132,457	$ 111,466	$ 123,519	$ 158,031	$ 430,152	$ 9,681	$ -	$ 1,027,892
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Real Estate -Construction									
Pass	$ 13,186	$ 12,226	$ 10,947	$ 5,863	$ 3,461	$ 2,383	$ -	$ -	$ 48,066
Substandard	-	-	-	-	-	46	-	-	46
Total Real Estate -Construction	$ 13,186	$ 12,226	$ 10,947	$ 5,863	$ 3,461	$ 2,429	$ -	$ -	$ 48,112
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Equity LOC									
Pass	$ -	$ -	$ -	$ -	$ -	$ -	$ 53,198	$ 1,672	$ 54,870
Special Mention	-	-	-	-	-	-	85	-	85
Substandard	-	-	-	-	-	-	925	95	1,020
Total Equity LOC	$ -	$ -	$ -	$ -	$ -	$ -	$ 54,208	$ 1,767	$ 55,975
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ 75	$ -	$ 75
Total									
Pass	$ 92,541	$ 179,029	$ 156,795	$ 155,676	$ 202,724	$ 487,389	$ 118,106	$ 1,672	$ 1,393,932
Special Mention	281	3,097	367	5,299	2,304	18,113	4,179	-	33,640
Substandard	911	2,444	225	8,857	11,012	16,216	3,055	95	42,815
Total	$ 93,733	$ 184,570	$ 157,387	$ 169,832	$ 216,040	$ 521,718	$ 125,340	$ 1,767	$ 1,470,387
Current period gross charge-offs	$ -	$ 1	$ 6	$ -	$ 100	$ 2	$ 174	$ -	$ 283
Auto									
Performing	$ -	$ -	$ -	$ 12,628	$ 11,190	$ 5,491	$ -	$ -	$ 29,309
Non-performing	-	-	-	105	208	276	-	-	589
Total Auto	$ -	$ -	$ -	$ 12,733	$ 11,398	$ 5,767	$ -	$ -	$ 29,898.00
Current period gross charge-offs	$ -	$ -	$ -	$ 105	$ 112	$ 136	$ -	$ -	$ 353
Other									
Performing	$ 2,312	$ 4,450	$ 4,950	$ 1,532	$ 1,800	$ 80	$ 466	$ -	$ 15,590
Non-performing	-	2	24	20	5	4	-	-	55
Total Other	$ 2,312	$ 4,452	$ 4,974	$ 1,552	$ 1,805	$ 84	$ 466	$ -	$ 15,645.00
Current period gross charge-offs	$ -	$ 12	$ 5	$ 6	$ 4	$ -	$ -	$ -	$ 27
Total									
Performing	$ 2,312	$ 4,450	$ 4,950	$ 14,160	$ 12,990	$ 5,571	$ 466	$ -	$ 44,899
Non-performing	-	2	24	125	213	280	-	-	$ 644
Total	$ 2,312	$ 4,452	$ 4,974	$ 14,285	$ 13,203	$ 5,851	$ 466	$ -	$ 45,543
Total Loans	$ 96,045	$ 189,022	$ 162,361	$ 184,117	$ 229,243	$ 527,569	$ 125,806	$ 1,767	$ 1,515,930
Total gross charge-offs	$ -	$ 13	$ 11	$ 111	$ 216	$ 138	$ 174	$ -	$ 663

Term Loans
Amortized Cost Basis by Origination Year and Risk Grades As of December 31, 2025

($ in thousands)	2025	2024	2023	2022	2021	Prior	Revolving Loans Book Amortized Cost Basis	Revolving Loans Converted to Term Amortized Cost Basis	Total - Amortized Cost Basis
Commercial									
Pass	$ 23,877	$ 30,424	$ 22,262	$ 25,867	$ 11,871	$ 13,150	$ 39,108	$ -	$ 166,559
Special Mention	-	-	-	-	65	-	473	-	538
Substandard	2	-	225	85	754	339	194	-	1,599
Total Commercial loans	$ 23,879	$ 30,424	$ 22,487	$ 25,952	$ 12,690	$ 13,489	$ 39,775	$ -	$ 168,696
Current period gross charge-offs	$ -	$ 114	$ -	$ 51	$ -	$ -	$ 190	$ -	$ 355
Agricultural									
Pass	$ 9,045	$ 6,893	$ 15,988	$ 11,829	$ 13,875	$ 35,349	$ 32,117	$ -	$ 125,096
Special Mention	285	-	419	1,036	806	4,867	3,365	-	10,778
Substandard	1,165	231	4,246	11,236	2,978	1,323	715	-	21,894
Total Agricultural	$ 10,495	$ 7,124	$ 20,653	$ 24,101	$ 17,659	$ 41,539	$ 36,197	$ -	$ 157,768
Current period gross charge-offs	$ -	$ -	$ 11	$ -	$ -	$ -	$ -	$ -	$ 11
Real Estate - Residential									
Pass	$ 2,634	$ 4,189	$ 1,810	$ 9,315	$ 5,825	$ 8,980	$ 11	$ -	$ 32,764
Special Mention	$ -	$ -	$ -	$ -	$ -	$ 149			149
Substandard	-	-	-	-	-	229	-	-	229
Total Real Estate - Residential	$ 2,634	$ 4,189	$ 1,810	$ 9,315	$ 5,825	$ 9,358	$ 11	-	$ 33,142
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Real Estate -Commercial									
Pass	$ 126,156	$ 116,542	$ 128,720	$ 166,246	$ 136,927	$ 309,406	$ 6,368	$ -	$ 990,365
Special Mention	1,183	-	-	238	941	1,756	-	-	4,118
Substandard	-	-	-	368	409	8,684	-	-	9,461
Total Real Estate -Commercial	$ 127,339	$ 116,542	$ 128,720	$ 166,852	$ 138,277	$ 319,846	$ 6,368	$ -	$ 1,003,944
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Real Estate -Construction									
Pass	$ 9,175	$ 12,674	$ 6,240	$ 3,516	$ 1,627	$ 1,069	$ 1,325	$ -	$ 35,626
Special Mention	-	-	4,396	-	-	-	-	-	4,396
Total Real Estate -Construction	$ 9,175	$ 12,674	$ 10,636	$ 3,516	$ 1,627	$ 1,069	$ 1,325	$ -	$ 40,022
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Equity LOC									
Pass	$ -	$ -	$ -	$ -	$ -		$ 51,149	$ 2,365	$ 53,514
Special Mention	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 93	93
Substandard	-	-	-	-	-		887	100	987
Total Equity LOC	$ -	$ -	$ -	$ -	$ -	$ -	$ 52,036	$ 2,558	$ 54,594
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ 66	$ -	$ 66
Total									
Pass	$ 170,887	$ 170,722	$ 175,020	$ 216,773	$ 170,125	$ 367,954	$ 130,078	$ 2,365	$ 1,403,924
Special Mention	1,468	-	4,815	1,274	1,812	6,772	3,838	93	20,072
Substandard	1,167	231	4,471	11,689	4,141	10,575	1,796	100	34,170
Total	$ 173,522	$ 170,953	$ 184,306	$ 229,736	$ 176,078	$ 385,301	$ 135,712	$ 2,558	$ 1,458,166
Current period gross charge-offs	$ -	$ 114	$ 11	$ 51	$ -	$ -	$ 256	$ -	$ 432
Auto									
Performing	$ -	$ -	$ 15,923	$ 14,577	$ 5,613	$ 3,161	$ -	$ -	$ 39,274
Non-performing	-	-	191	159	233	163	-	-	746
Total Auto	$ -	$ -	$ 16,114	$ 14,736	$ 5,846	$ 3,324	$ -	$ -	$ 40,020
Current period gross charge-offs	$ -	$ -	$ 107	$ 219	$ 41	$ 161	$ -	$ -	$ 528
Other									
Performing	$ 5,854	$ 6,203	$ 1,981	$ 2,962	$ 122	$ 24	$ 440	$ -	$ 17,586
Non-performing	-	21	-	-	-	-	-	-	21
Total Other	$ 5,854	$ 6,224	$ 1,981	$ 2,962	$ 122	$ 24	$ 440	$ -	$ 17,607
Current period gross charge-offs	$ -	$ 39	$ 46	$ 41	$ 2	$ 7	$ -	$ -	$ 135
Total									
Performing	$ 5,854	$ 6,203	$ 17,904	$ 17,539	$ 5,735	$ 3,185	$ 440	$ -	$ 56,860
Non-performing	-	21	191	159	233	163	-	-	767
Total	$ 5,854	$ 6,224	$ 18,095	$ 17,698	$ 5,968	$ 3,348	$ 440	$ -	$ 57,627
Total Loans	$ 179,376	$ 177,177	$ 202,401	$ 247,434	$ 182,046	$ 388,649	$ 136,152	$ 2,558	$ 1,515,793
Total gross charge-offs	$ -	$ 153	$ 164	$ 311	$ 43	$ 168	$ 256	$ -	$ 1,095

The following table shows the ending balance of nonperforming loans by loan category as of the date indicated:

($ in thousands)	Non-Performing Loans					
	June 30, 2026			December 31, 2025		
	Nonaccrual with no allowance for credit losses	Total nonaccrual	Past due 90 days or more and still accruing	Nonaccrual with no allowance for credit losses	Total nonaccrual	Past due 90 days or more and still accruing
Commercial	$ 965	$ 1,255	$ -	$ 458	$ 611	$ -
Agricultural	9,194	12,001	-	7,157	10,509	-
Real estate – residential	210	210	-	215	215	-
Real estate – commercial	6,694	6,694	-	2,000	2,000	-
Real estate – construction & land development	46	46	1,623	-	-	-
Equity lines of credit	1,020	1,020	-	988	988	-
Auto	588	588	-	745	745	-
Other	36	36	-	21	21	-
Total Gross Loans	$ 18,753	$ 21,850	$ 1,623	$ 11,584	$ 15,089	$ -

The Company places loans 90 days or more past due on nonaccrual status unless the loan is well-collateralized and in the process of collection. A loan is considered to be in the process of collection if, based on a probable specific event, it is expected that the loan will be repaid or brought current. Generally, this collection period would not exceed 90 days. When a loan is placed on nonaccrual status the Company's general policy is to reverse and charge against current income previously accrued but unpaid interest. Interest income on such loans is subsequently recognized only to the extent that cash is received, and future collection of principal is deemed by management to be probable. Where the collectability of the principal or interest on a loan is considered to be doubtful by management, it is placed on nonaccrual status prior to becoming 90 days delinquent.

No income was recognized on nonaccrual loans accounted on a cash basis during the three and six months ended June 30, 2026 and 2025. The following tables show interest reversed against interest income for loans placed on nonaccrual status during the three and six months ended June 30, 2026 and 2025.

Three months ended:

(in thousands)	June 30, 2026	June 30, 2025
Commercial	$ 47	$ 6
Agricultural	156	339
Real estate – residential	-	1
Real estate – commercial	162	4
Equity lines of credit	7	10
Auto	2	4
Other	1	-
Total	$ 375	$ 364

Six months ended:

(in thousands)	June 30, 2026	June 30, 2025
Commercial	$ 49	$ 10
Agricultural	156	340
Real estate – residential	-	1
Real estate – commercial	162	4
Equity lines of credit	13	15
Auto	5	7
Other	2	1
Total	$ 387	$ 378

The following table presents the amortized cost basis of loans at June 30, 2026, that were both experiencing financial difficulty and modified during the three and six months ended June 30, 2026, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below.

	Term Extension	
($ in thousands)	Amortized Cost Basis	Total Class of Financing Receivable
Commercial	$ 1,682	1.03%
Agricultural	350	0.21%
Real estate – commercial	538	0.33%
Total	$ 2,570	0.17%

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty as of June 30, 2026:

	Weighted-Average Term Extension (in months)
Commercial	5.1
Agricultural	3.0
Real estate – commercial	84.0
Total	21.3

The following table presents the amortized cost basis of loans at June 30, 2025, that were both experiencing financial difficulty and modified during the three and six months ended June 30, 2025, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below. There were no loans modified during the three months ended June 30, 2025, to borrowers experiencing financial difficulty.

	Term Extension	
($ in thousands)	Amortized Cost Basis	Total Class of Financing Receivable
Agricultural	7,186	6.30%
Real estate – commercial	772	0.11%
Total	$ 7,958	0.78%

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty as of June 30, 2025:

	Weighted-Average Term Extension (in months)
Agricultural	5.3
Real estate – commercial	3.0
Total	5.1

A modified loan may become delinquent and may result in a payment default (generally 90 days past due) subsequent to modification. The Company also monitors the performance of loans modified for borrowers experiencing financial difficulty to assess the effectiveness of its modification efforts. Loans with payment defaults by borrowers experiencing financial difficulty during the six months ended June 30, 2026, which had material modifications in rate, term or principal forgiveness during the twelve months prior to default consisted of one commercial real estate loan totaling $71 thousand. All other loans modified for borrowers experiencing financial difficulty within the previous twelve months were performing in accordance with their modified terms. Loans with payment defaults by borrowers experiencing financial difficulty during the six months ended June 30, 2025, which had material modifications in rate, term or principal forgiveness during the twelve months prior to default consisted of $7.0 million in agricultural loans.

The following tables show the allocation of the allowance for credit losses at the dates indicated, in thousands:

Six Months Ended June 30, 2026:	Commercial	Agricultural	Real Estate-Residential	Real Estate-Commercial	Real Estate-Construction	Equity LOC	Auto	Other	Total
Allowance for credit losses									
Beginning balance	$ 3,246	$ 3,973	$ 258	$ 10,605	$ 514	$ 502	$ 591	$ 270	$ 19,959
Charge-offs	(202)	(6)	-	-	-	(75)	(353)	(27)	(663)
Recoveries	52	-	-	-	-	-	177	15	244
Provision for (recovery of) credit losses	21	558	(42)	(204)	(154)	48	19	(46)	200
Ending balance	$ 3,117	$ 4,525	$ 216	$ 10,401	$ 360	$ 475	$ 434	$ 212	$ 19,740
Three Months Ended June 30, 2026:									
Allowance for credit losses									
Beginning balance	$ 3,154	$ 4,068	$ 237	$ 10,298	$ 358	$ 489	$ 491	$ 226	$ 19,321
Charge-offs	(102)	-	-	-	-	(75)	(124)	(20)	(321)
Recoveries	39	-	-	-	-	-	97	4	140
Provision for (recovery of) credit losses	26	457	(21)	103	2	61	(30)	2	600
Ending balance	$ 3,117	$ 4,525	$ 216	$ 10,401	$ 360	$ 475	$ 434	$ 212	$ 19,740
Six Months Ended June 30, 2025:									
Allowance for credit losses									
Beginning balance	$ 1,265	$ 1,802	$ 102	$ 7,459	$ 815	$ 460	$ 1,215	$ 78	$ 13,196
Charge-offs	(165)	(11)	-	-	-	-	(251)	(79)	(506)
Recoveries	10	-	2	-	-	-	349	8	369
Provision for (recovery of) credit losses	287	866	6	283	(121)	102	(358)	85	1,150
Ending balance	$ 1,397	$ 2,657	$ 110	$ 7,742	$ 694	$ 562	$ 955	$ 92	$ 14,209
Three Months Ended June 30, 2025:									
Allowance for credit losses									
Beginning balance	$ 1,286	$ 1,765	$ 111	$ 7,635	$ 792	$ 553	$ 1,083	$ 94	$ 13,319
Charge-offs	-	(11)	-	-	-	-	(131)	(52)	(194)
Recoveries	6	-	1	-	-	-	172	5	184
Provision for (recovery of) credit losses	105	903	(2)	107	(98)	9	(169)	45	900
Ending balance	$ 1,397	$ 2,657	$ 110	$ 7,742	$ 694	$ 562	$ 955	$ 92	$ 14,209

The following tables summarize the activity in the reserve for unfunded commitments, which is recorded on the balance sheet within other liabilities, for the three and six months ended June 30, 2026 and 2025.

Three months ended:

(in thousands)	June 30, 2026	June 30, 2025
Beginning balance	$ 651	$ 620
Provision for credit losses	(1)	(40)
Ending balance	$ 650	$ 580

Six months ended:

(in thousands)	June 30, 2026	June 30, 2025
Beginning balance	$ 580	$ 620
Provision for credit losses	70	(40)
Ending balance	$ 650	$ 580

The following tables show an aging analysis of the loan portfolio by the time past due:

($ in thousands) June 30, 2026	30-59 Days Past Due	60-89 Days Past Due	90 Days and Still Accruing	Nonaccrual	Total Past Due and Nonaccrual	Current	Total
Commercial	$ 363	$ -	$ -	$ 1,255	$ 1,618	$ 161,344	$ 162,962
Agricultural	100	-	-	12,001	12,101	131,096	143,197
Real estate – residential	-	14	-	210	224	32,025	32,249
Real estate – commercial	373	-	-	6,694	7,067	1,020,825	1,027,892
Real estate - construction & land	-	-	1,623	46	1,669	46,443	48,112
Equity Lines of Credit	413	295	-	1,020	1,728	54,247	55,975
Auto	708	190	-	588	1,486	28,412	29,898
Other	164	5	-	36	205	15,440	15,645
Total	$ 2,121	$ 504	$ 1,623	$ 21,850	$ 26,098	$ 1,489,832	$ 1,515,930

($ in thousands) December 31, 2025	30-59 Days Past Due	60-89 Days Past Due	90 Days and Still Accruing	Nonaccrual	Total Past Due and Nonaccrual	Current	Total
Commercial	$ 2,809	$ 572	$ -	$ 611	$ 3,992	$ 164,704	$ 168,696
Agricultural	395	-	-	10,509	10,904	146,864	157,768
Real estate – residential	15	-	-	215	230	32,912	33,142
Real estate - commercial	1,160	-	-	2,000	3,160	1,000,784	1,003,944
Real estate - construction & land	1,466	-	-	-	1,466	38,556	40,022
Equity Lines of Credit	835	191	-	988	2,014	52,580	54,594
Auto	943	159	-	745	1,847	38,173	40,020
Other	45	1	-	21	67	17,540	17,607
Total	$ 7,668	$ 923	$ -	$ 15,089	$ 23,680	$ 1,492,113	$ 1,515,793

The following tables present the amortized cost basis of collateral dependent loans by class of loans at June 30, 2026:

($ in thousands)	Equipment	Crops	Livestock	Farmland	Commercial -1st Deed	SFR-1st Deed	SFR-2nd Deed	Other	Total
Commercial	$ 90	$ -	$ -	$ -	$ -	$ 151	$ 146	$ 593	$ 980
Agricultural	109	4,471	225	2,583	2,241	2,268	-	-	11,897
Real estate – residential	-	-	-	-	-	145	-	-	145
Real estate – commercial	-	-	-	-	5,347	935	76	30	6,388
Equity Lines of Credit	-	-	-	-	-	263	288	-	551
Total	$ 199	$ 4,471	$ 225	$ 2,583	$ 7,588	$ 3,762	$ 510	$ 623	$ 19,961

The following tables present the amortized cost basis of collateral dependent loans by class of loans at December 31, 2025:

($ in thousands)	Equipment	Crops	Livestock	Farmland	Commercial -1st Deed	SFR-1st Deed	SFR-2nd Deed	SFR-3rd Deed	Total
Commercial	$ 111	$ -	$ -	$ -	$ -	$ 161	$ -	$ -	$ 272
Agricultural	-	4,873	225	2,749	2,241	311	-	-	10,399
Real estate – residential	-	-	-	-	-	145	-	-	145
Real estate – commercial	-	-	-	-	1,399	245	112	37	1,793
Equity Lines of Credit	-	-	-	-	-		398	-	398
Total	$ 111	$ 4,873	$ 225	$ 2,749	$ 3,640	$ 862	$ 510	$ 37	$ 13,007

Other Real Estate Owned

Other real estate owned relates to real estate acquired in full or partial settlement of loan obligations. Other real estate owned totaled $135,000 at June 30, 2026 and consisted of one single family residential real estate (SFR) property, compared to $226,000 at December 31, 2025, which consisted of two SFR properties. During the three and six months ended June 30, 2026, the Company sold one property, recognizing a gain of $104,000.

There was one agricultural loan with a balance of $2,000,000 secured by equipment, farmland and a small residential real estate property for which formal foreclosure proceedings were in process at June 30, 2026. There was one agricultural loan with a balance of $2,000,000 secured by equipment, farmland and a small residential real estate property for which formal foreclosure proceedings were in process at December 31, 2025.

5. COMMITMENTS AND CONTINGENCIES

The Company is party to claims and legal proceedings arising in the ordinary course of business. In the opinion of the Company's management, the amount of ultimate liability with respect to such proceedings will not have a material adverse effect on the financial condition or result of operations of the Company taken as a whole. In the normal course of business, there are various outstanding commitments to extend credit, which are not reflected in the financial statements, including loan commitments of $254 million and $247 million at June 30, 2026 and December 31, 2025, respectively

Of the loan commitments outstanding at June 30, 2026, $38 million are real estate construction loan commitments that are expected to fund within the next twelve months. The remaining commitments primarily relate to revolving lines of credit or other commercial loans, and many of these are expected to expire without being drawn upon. Therefore, the total commitments do not necessarily represent future cash requirements. Each loan commitment and the amount and type of collateral obtained, if any, are evaluated on an individual basis. Collateral held varies, but may include real property, bank deposits, debt or equity securities or business assets. The reserve for unfunded commitments at June 30, 2026 and December 31, 2025 totaled $650 thousand and $580 thousand, respectively.

Stand-by letters of credit are conditional commitments written to guarantee the performance of a customer to a third party. These guarantees are primarily related to the purchases of inventory by commercial customers and are typically short-term in nature. Credit risk is similar to that involved in extending loan commitments to customers and accordingly, evaluation and collateral requirements similar to those for loan commitments are used. Stand-by letters of credit totaled $7.5 million and $1.6 million on June 30, 2026 and December 31, 2025, respectively.

6. EARNINGS PER SHARE

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock, such as stock options, result in the issuance of common stock which shares in the earnings of the Company. The treasury stock method has been applied to determine the dilutive effect of stock options in computing diluted earnings per share.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
($ in thousands, except per share data)	2026	2025	2026	2025
Net Income:				
Net income	$ 9,959	$ 6,321	$ 19,722	$ 13,501
Earnings Per Share:				
Basic earnings per share	$ 1.43	$ 1.07	$ 2.83	$ 2.28
Diluted earnings per share	$ 1.41	$ 1.05	$ 2.79	$ 2.25
Weighted Average Number of Shares Outstanding:				
Basic shares	6,966	5,929	6,975	5,920
Effect of dilutive stock options and restricted stock	92	77	94	86
Diluted shares	7,058	6,006	7,069	6,006

Stock options and RSUs having an antidilutive effect during the three and six months ended June 30, 2026 totaled 4,120 and 15,083, respectively. There were no stock options or RSUs having an antidilutive effect during the three and six months ended June 30, 2025.

7. STOCK-BASED COMPENSATION

In May 2022, the Company's shareholders approved the 2022 Equity Incentive Plan (the "2022 Plan"), which provides for the grant of up to 576,550 shares of common stock, including 126,550 shares that remained available for grant under the 2013 Stock Option Plan when the 2022 Plan was adopted. The 2022 Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards. The frequency, amount and terms of stock-based awards may be determined by the Board of Directors or its compensation committee, consistent with the terms and purposes of the 2022 plan.

In May 2013, the Company established the 2013 Stock Option Plan (the "2013 Plan") for which 35,292 shares of common stock are reserved. With the establishment of the Company's 2022 Equity Incentive Plan no further options may be issued under the 2013 Plan, though options previously granted continue to be outstanding and governed by the 2013 Stock Option Plan.

Options granted during the six months ended June 30, 2026 consisted of 80,500 options granted under the 2022 Plan. No stock options were granted during the six months ended June 30, 2025. The fair value of each option granted in 2026 was estimated on the date of grant using the following assumptions.

	2026
Weighted-average expected life of stock options (in years)	6.0
Weighted-average risk free interest rate	3.98%
Weighted-average annualized volatility	35.8%
Weighted-average dividend yields	2.60%
Weighted-average fair value of options granted during the six months ended June 30, 2026	$ 16.03

A summary of the activity within the 2013 Plan follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Intrinsic Value
Options outstanding at January 1, 2025	131,847	$ 22.58		
Options exercised	(45,505)	22.64		
Options cancelled	(3,200)	22.19		
Options outstanding at December 31, 2025	83,142	$ 22.56		
Options cancelled	(2,400)	$ 24.40		
Options exercised	(47,450)	23.24		
Options outstanding at June 30, 2026	33,292	$ 21.45	1.3	$ 1,231,471
Options exercisable at June 30, 2026	33,292	$ 21.45	1.3	$ 1,231,471

A summary of options activity within the 2022 Plan follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Intrinsic Value
Options outstanding at January 1, 2025	210,200	$ 32.55		
Options granted	30,803	31.09		
Options cancelled	(21,980)	32.41		
Options exercised	(5,100)	31.36		
Options outstanding at December 31, 2025	213,923	$ 32.38		
Options granted	80,500	50.30		
Options cancelled	(2,920)	39.63		
Options exercised	(15,097)	31.63		
Options outstanding at June 30, 2026	276,406	$ 37.56	7.4	$ 5,770,219
Options exercisable at June 30, 2026	109,346	$ 32.00	6.5	$ 2,891,012
Options expected to vest after June 30, 2026	167,780	$ 41.17	8.1	$ 2,572,607

As of June 30, 2026, there was $1.8 million in total unrecognized compensation cost related to non-vested stock options under the 2022 plan. That cost is expected to be recognized over a weighted average period of 2.4 years. There were no unrecognized costs remaining under the 2013 plan as of June 30, 2026.

Information related to the stock options plans during the three months ended June 30, 2026 and 2025

	2026	2025
Fair value of options vested	$ -	$ -
Intrinsic value of options exercised	$ 101,000	$ 243,000
Cash received from option exercises	$ 101,000	$ 254,000
Tax benefit from option exercises	$ -	$ 2,000
Compensation cost	$ 150,000	$ 96,000
Tax benefit associated with compensation cost	$ 8,000	$ 5,000

Information related to the stock options plans during the six months ended June 30, 2026 and 2025

	2026	2025
Fair value of options vested	$ 173,000	$ 193,000
Intrinsic value of options exercised	$ 1,525,000	$ 614,000
Cash received from option exercises	$ 1,489,000	$ 583,000
Tax benefit from option exercises	$ 220,000	$ 19,000
Compensation cost	$ 251,000	$ 163,000
Tax benefit associated with compensation cost	$ 14,000	$ 9,000

During the six months ended June 30, 2026, the Company granted 35,400 restricted stock units with a weighted-average fair value of $47.07 per share and a weighted-average vesting period of 3 years. Compensation costs related to these units during the three months ended June 30, 2026 and 2025, were $57,000 and $0 respectively. Compensation costs related to these units during the six months ended June 30, 2026 and 2025, were $76,000 and $14,000 respectively.

8. INCOME TAXES

The Company files its income taxes on a consolidated basis with its subsidiary. Income tax expense is the total of current year income tax due or refundable and the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the reported amount of assets and liabilities and their tax bases. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. A valuation allowance is recognized if, based on the weight of available evidence, management believes it is more likely than not that some portion or all of the deferred tax assets will not be realized. On the consolidated balance sheet, net deferred tax assets are included in accrued interest receivable and other assets.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Interest expense and penalties associated with unrecognized tax benefits, if any, are classified as income tax expense in the consolidated statements of income. There have been no significant changes to unrecognized tax benefits or accrued interest and penalties for the six months ended June 30, 2026 and 2025.

9. FAIR VALUE MEASUREMENT

FASB ASC 820, "Fair Value Measurement and Disclosures," defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity 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:

The Company measures fair value under the fair value hierarchy described below.

Level 1: Quoted prices for identical instruments traded in active exchange markets.

Level 2: Quoted prices (unadjusted) for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3: Model based techniques that use one significant assumption not observable in the market. These unobservable assumptions reflect the Company's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation which may be significant.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Management monitors the availability of observable market data to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluates the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets, total liabilities or total earnings.

<u>Fair Value of Financial Instruments</u>

FASB ASC 825, Financial Instruments, requires disclosure about fair value of financial instruments, including those financial assets and financial liabilities that are not required to be measured and reported at fair value on a recurring or nonrecurring basis. ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company. The carrying amounts and estimated fair values of the Company's financial instruments are presented in the following tables whether or not recognized on the Consolidated Balance Sheets at fair value.

The carrying amounts and estimated fair values of financial instruments, at June 30, 2026 follows:

($ in thousands)		Fair Value Measurements at June 30, 2026, Using:			
Financial assets:	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Loans, net	$ 1,496,190	$ -	$ -	$ 1,446,845	$ 1,446,845
Financial liabilities:					
Time deposits	242,305	-	237,037	-	237,037
Repurchase agreements	59,217	-	59,217	-	59,217
Borrowings	16,033	-	15,788	-	15,788

The carrying amounts and estimated fair values of financial instruments, at December 31, 2025 follows:

($ in thousands)		Fair Value Measurements at December 31, 2025, Using:			
Financial assets:	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Loans, net	$ 1,495,834	$ -	$ -	$ 1,494,830	$ 1,494,830
Financial liabilities:					
Time deposits	210,729	-	209,147	-	209,147
Repurchase agreements	97,855	-	97,855	-	97,855
Borrowings	21,013	-	20,599	-	20,599

The methods and assumptions used to estimate the fair value of each class of financial instruments not measured at fair value are as follows:

Loans - Loans are generally valued by discounting expected cash flows using market inputs with adjustments based on cohort level assumptions for certain loan types as well as internally developed estimates at a business segment level. Due to the significance of the unobservable market inputs and assumptions, as well as the absence of a liquid secondary market for most loans, these loans are classified as Level 3. Nonaccrual loans are written down and reported at their estimated recovery value which approximates their fair value and classified as Level 3.

Time Deposits - The fair value of time deposits was estimated based on a discounted cash flow technique using Level 2 inputs appropriate to the contractual maturity.

Repurchase agreements - The fair value of the repurchase agreement is based on Level 2 inputs. The primary inputs used in the valuation include the market interest rate and the credit quality of the underlying securities.

Borrowings - The cash flows were calculated using the contractual features of the borrowing and then discounted using observable market rates.

Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding current economic conditions, risk characteristics of various financial instruments and other factors. Those estimates that are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision are included in Level 3. Changes in assumptions could significantly affect the fair values presented.

These estimates do not reflect any premium or discount that could result from offering the Company's entire holdings of a particular financial instrument for sale at one time, nor do they attempt to estimate the value of anticipated future business related to the instruments. In addition, the tax ramifications related to the realization of unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of these estimates.

The following tables present information about the Company's assets and liabilities measured at fair value on a recurring and non-recurring basis as of June 30, 2026 and December 31, 2025, and indicate the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

Assets and liabilities measured at fair value on a recurring basis at June 30, 2026 are summarized below, in thousands:

		Fair Value Measurements at June 30, 2026 Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	$ 234,965	$ -	$ 234,965	$ -
U.S. Government agencies collateralized by mortgage obligations-commercial	142,106	-	142,106	-
Obligations of states and political subdivisions	88,920	-	88,920	-
	$ 465,991	$ -	$ 465,991	$ -

Assets and liabilities measured at fair value on a recurring basis at December 31, 2025 are summarized below:

($ in thousands)		Fair Value Measurements at December 31, 2025 Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Government-sponsored agencies collateralized by mortgage obligations - residential	$ 253,165	$ -	$ 253,165	$ -
U.S. Government-agencies collateralized by mortgage obligations - commercial	134,764	-	134,764	-
Obligations of states and political subdivisions	88,666	-	88,666	-
	$ 476,595	$ -	$ 476,595	$ -

The fair value of securities available-for-sale equals quoted market price, if available. If quoted market prices are not available, fair value is determined using quoted market prices for similar securities or matrix pricing. There were no changes in the valuation techniques used during 2026 or 2025. Transfers between hierarchy measurement levels are recognized by the Company as of the beginning of the reporting period. Changes in fair market value are recorded in other comprehensive income.

Assets and liabilities measured at fair value on a non-recurring basis at June 30, 2026 are summarized below:

		Fair Value Measurements at June 30, 2026 Using			
($ in thousands)	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses Six Months Ended June 30, 2026
Assets:					
Collateral-dependent loans					
Commercial	$ -	$ -	$ -	$ -	$ 221
Agricultural	743	-	-	743	613
Total	$ 743	$ -	$ -	$ 743	$ 834
Other Real Estate Owned:					
Equity lines of credit	$ 135	$ -	$ -	$ 135	$ -

Assets and liabilities measured at fair value on a non-recurring basis at December 31, 2025 are summarized below:

		Fair Value Measurements at December 31, 2025 Using			
($ in thousands)	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses Six Months Ended June 30, 2025
Assets:					
Collateral-dependent loans					
Commercial	$ 84	$ -	$ -	$ 84	$ -
Agricultural	1,904	-	-	1,904	931
Total	$ 1,988	$ -	$ -	$ 1,988	$ 931
Other Real Estate Owned:					
RE – Residential	91	-	-	91	-
Equity lines of credit	135			135	-
Total	$ 226	$ -	$ -	$ 226	$ -

The following methods were used to estimate fair value.

Collateral-Dependent Loans: The Bank does not record loans at fair value on a recurring basis. However, from time to time, fair value adjustments are recorded on these loans to reflect partial write-downs, through charge-offs or specific reserve allowances, that are based on fair value estimates of the underlying collateral. The fair value estimates for collateral-dependent loans are generally based on recent real estate appraisals or broker opinions, obtained from independent third parties, which are frequently adjusted by management to reflect current conditions and estimated selling costs (Level 3). Impairment charges recognized during the three months and six months ended June 30, 2026, related to the above collateral dependent loans, totaled $389 thousand and $834 thousand, respectively, and were recorded through the allowance for credit losses. Impairment charges recognized during the three and six months ended June 30, 2025 totaled $931 thousand. The collateral-dependent loans at June 30, 2026, consists of eight loans which had been allocated specific credit reserves. The collateral-dependent loans at December 31, 2025, consist of nine loans which had been allocated a specific credit reserve.

Other Real Estate: Nonrecurring adjustments to certain real estate properties classified as other real estate owned are measured at the lower of carrying amount or fair value, less costs to sell. In cases where the carrying amount exceeds the fair value, less costs to sell, an impairment loss is recognized. Fair values are generally based on third party appraisals of the property which are commonly adjusted by management to reflect current conditions and selling costs (Level 3).

Appraisals for both collateral-dependent loans and other real estate are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Once received, a member of the Loan Administration Department reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics. On a quarterly basis, the Company compares the actual selling price of similar collateral that has been liquidated to the most recent appraised value for unsold properties to determine what additional adjustment, if any, should be made to the appraisal value to arrive at fair value. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available.

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at June 30, 2026 and December 31, 2025:

($ in thousands) Description	Fair Value 6/30/2026	Fair Value 12/31/2025	Valuation Technique	Significant Unobservable Input	Range (Weighted Average) 6/30/2026	Range (Weighted Average) 12/31/2025
Collateral-dependent loans:						
Commercial	$ -	$ 84	Third Party appraisals	Management Adjustments to Reflect Current Conditions and Selling Costs	100% (100%)	14% - 100% (45%)
Agricultural	743	1,904	Third Party appraisals	Management Adjustments to Reflect Current Conditions and Selling Costs	18% - 100% (73%)	2% - 100% (43%)
Total	$ 743	$ 1,988				
Other Real Estate:						
RE – Residential	$ -	$ 91	Third Party appraisals	Management Adjustments to Reflect Current Conditions and Selling Costs	-	60%
Equity lines of credit	135	135	Third Party appraisals	Management Adjustments to Reflect Current Conditions and Selling Costs	10%	10%
	$ 135	$ 226				

10. OTHER COMPREHENSIVE LOSS

The changes in the accumulated balances for each component of other comprehensive loss, net of tax for the three and six months ended June 30, 2025 and June 30, 2026 were as follows:

($ in thousands)	Unrealized Losses on AFS Securities	Accumulated Comprehensive Loss, net of tax
Beginning Balance, April 1, 2025	$ (30,184)	$ (21,262)
Current quarter-to-date other comprehensive income	829	584
Ending balance, June 30, 2025	$ (29,355)	$ (20,678)
Beginning Balance, April 1, 2026	$ (18,618)	$ (13,114)
Current quarter-to-date other comprehensive income	(665)	(468)
Ending balance, June 30, 2026	$ (19,283)	$ (13,582)

($ in thousands)	Unrealized Losses on AFS Securities	Accumulated Comprehensive Loss, net of tax
Beginning Balance, January 1, 2025	$ (35,698)	$ (25,145)
Current year-to-date other comprehensive income	6,343	4,467
Ending balance, June 30, 2025	$ (29,355)	$ (20,678)
Beginning Balance, January 1, 2026	$ (14,895)	$ (10,491)
Current year-to-date other comprehensive income	(4,388)	(3,091)
Ending balance, June 30, 2026	$ (19,283)	$ (13,582)

There were no reclassifications out of accumulated other comprehensive loss during the three and six months ended June 30, 2026. During the three and six months ended June 30, 2025, the Company recognized a $3 thousand gain on the sale of investment securities that was reclassified from accumulated other comprehensive loss to earnings, with an associated tax effect of $1 thousand, resulting in a net reclassification of $2 thousand.

11. BUSINESS COMBINATIONS - ACQUISITION OF CORNERSTONE COMMUNITY BANCORP

On July 1, 2025, pursuant to a previously announced Agreement and Plan of Reorganization and Merger dated as of January 18, 2025 (the "Merger Agreement") between the Company and Cornerstone Community Bancorp ("Cornerstone"), Cornerstone merged with and into the Company with the Company continuing as the surviving corporation (the "Merger"). Immediately after the Merger, Cornerstone Community Bank ("CCB") the wholly owned bank subsidiary of Cornerstone, merged with and into Plumas Bank, with the Plumas Bank continuing as the surviving bank. The Merger and Bank Merger are collectively referred to as the "Transaction."

As part of its business strategy, the Company regularly reviews its business strategies and opportunities to enhance the value of its franchise, including through acquisitions. The Transaction is consistent with the Company's business strategy, which will (1) expand Plumas's geographic presence in existing and new markets in Northern California, (2) diversify and bring new expertise to Plumas's lending business, and (3) strengthen the Company's talent base.

Pursuant to the terms of the Merger Agreement, upon the completion of the Merger, each share of Cornerstone common stock outstanding immediately prior was converted into the right to receive 0.6608 shares of common stock of the Company and $9.75 cash, with cash paid in lieu of fractional shares. The total aggregate consideration delivered to holders of Cornerstone common stock in the Merger was 1,003,718 shares of Company common stock and $16.1 million cash. No contingent consideration was included as part of the purchase price for the acquisition of Cornerstone. The Company also assumed options to purchase 35,000 shares of Cornerstone common stock representing, on an as-converted basis, options to purchase 30,803 shares of the Company's common stock. The value of the total deal consideration was approximately $61.3 million, which is based upon the average closing trading price of Plumas common stock for the 20 trading days ending on and including the second trading day prior to July 1, 2025, the closing date of the Merger.

Immediately after the Transaction, the newly combined company, operating as Plumas Bancorp with its banking subsidiary, Plumas Bank, had total assets of approximately $2.3 billion.

The transaction was accounted for using the acquisition method of accounting in accordance with ASC 805, Business Combinations. The following table summarizes the preliminary allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date in thousands:

		(in thousands)
Identifiable Assets:		
Cash and cash equivalents	$	51,916
Investment Securities		88,067
Loans		462,489
Core deposit intangible		11,610
Bank premises and equipment		12,567
Bank owned life insurance		16,399
Other assets		16,300
Total identifiable assets acquired	$	**659,348**
Liabilities:		
Deposits:		
Non-interest bearing	$	88,557
Interest bearing		
Savings accounts		21,797
Money market accounts		334,289
Time accounts		136,239
Total deposits		**580,882**
FHLB borrowings		15,000
Subordinated debentures		11,623
Other liabilities		9,240
Total liabilities assumed	$	**616,745**
Net identifiable assets	$	**42,603**
Book value of net assets acquired from Cornerstone	$	41,727
Fair value adjustments:		
Loans (net of Cornerstone's deferred costs/fees and allowance)		(9,152)
Bank premises and equipment		(1,123)
Core deposit intangible asset		11,610
Subordinated debentures		379
Time Deposits		(556)
Other		(317)
Total purchase accounting adjustments	$	841
Deferred tax asset (tax effect of purchase accounting adjustments at 29.56% plus tax on cash paid on termination of stock options)		35
Fair value of net identifiable assets acquired from Cornerstone	$	**42,603**

Merger consideration (cash payments of $16.1 million and $45.2 million in stock)	61,316
Less: fair value of net assets acquired from Cornerstone	(42,603)
Goodwill recognized	$ **18,713**

As a result of the Acquisition, we recorded $18.7 million in goodwill, which represents the excess of the total purchase price paid over the fair value of the assets acquired, net of the fair values of liabilities assumed. Goodwill mainly reflects expected value created through the combined operations of Plumas Bank and CCB and is not tax deductible. The core deposit intangible will be amortized over 10 years. The fair value of loans includes both credit and interest-related discounts.

The results of operations of Cornerstone have been included in the Company's consolidated financial statements since the acquisition date. It is impracticable to disclose Cornerstone's separate revenue and net income since the acquisition because its operations were fully integrated into the Company's existing business structure immediately upon acquisition, and separate financial information is not maintained.

As part of the acquisition of Cornerstone on July 1, 2025, the Company acquired PCD loans. At acquisition, the Company recorded PCD loans at their purchase price and simultaneously established an allowance for credit losses based on expected credit losses over the life of the loans. A reconciliation of the purchase price of the PCD loans to the par value of these loans follows:

Reconciliation of Purchase Price to Par Value (in thousands):

Par value of Acquired PCD Loans	$	34,115
Less Credit Mark (ACL)		(315)
Less: Interest Mark (Non-Credit Discount)		(3,609)
Fair Value (Purchase Price)	$	30,191

The fair value of PCD loans acquired in the Cornerstone acquisition was determined using a DCF model. Key inputs and assumptions included:

- Expected cash flows based on contractual terms adjusted for estimated prepayments and defaults
- Discount rates reflecting current market rates for similar loans, adjusted for credit risk
- Loss expectations derived from historical performance and forward-looking economic forecasts
- Segmentation by loan type (e.g., commercial, consumer, real estate) to reflect differing risk profiles

The resulting fair value represents the present value of expected future cash flows, net of credit losses, and includes a gross-up for the allowance for credit losses under ASC 326.

The following unaudited pro forma financial information presents the combined results of Plumas Bancorp and Cornerstone as if the acquisition had occurred on January 1, 2025, in thousands. Acquisition expenses totaling $681 thousand and $1.3 million, net of tax, are included in net income for the three and six months ended June 30, 2025, respectively. These results are not necessarily indicative of future performance.

Period Ended		**Net Interest Income**		**Net Income**
Three Months Ended June 30, 2026	$	24,997	$	9,289
Six Months Ended June 30, 2026		49,915		18,896
Three Months Ended June 30, 2025		23,889		4,248
Six Months Ended June 30, 2025		48,469		9,368

Pro Forma Adjustments Included for the Six Months Ended June 30, 2025:

● Amortization of acquired intangibles	$	1,127
● Accretion of discount on loans	$	1,100
● Accretion of premium on time deposits acquired	$	655
● Amortization of discount on subordinated debentures	$	142
● Income tax benefit of adjustments	$	144

PART I – FINANCIAL INFORMATION

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

Certain matters discussed in this Quarterly Report are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. Such risks and uncertainties include, among others, (1) significant increases in competitive pressures in the financial services industry; (2) changes in the interest rate environment resulting in reduced margins; (3) general economic conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality; (4) changes in regulatory environment; (5) loss of key personnel; (6) fluctuations in the real estate market; (7) changes in business conditions and inflation; (8) operational risks including data processing systems failures or fraud; and (9) changes in securities markets. Therefore, the information set forth herein should be carefully considered when evaluating the business prospects of Plumas Bancorp (the "Company").

When the Company uses in this Quarterly Report the words "anticipate", "estimate", "expect", "project", "intend", "commit", "believe" and similar expressions, the Company intends to identify forward-looking statements. Such statements are not guarantees of performance and are subject to certain risks, uncertainties and assumptions, including those described in this Quarterly Report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, expected, projected, intended, committed or believed. The future results and stockholder values of the Company may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results and values are beyond the Company's ability to control or predict. For those statements, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

INTRODUCTION

The following discussion and analysis sets forth certain statistical information relating to the Company as of June 30, 2026 and December 31, 2025 and for the six and three-month periods ended June 30, 2026 and 2025. This discussion should be read in conjunction with the condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and the consolidated financial statements and notes thereto included in Plumas Bancorp's Annual Report filed on Form 10-K for the year ended December 31, 2025.

Plumas Bancorp trades on The NASDAQ Capital Market under the ticker symbol "PLBC".

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

See the Company's Annual Report on Form 10-K for the year ended December 31, 2025 for a complete discussion of the Company's significant accounting policies and critical accounting estimates.

<u>Allowance for Credit Losses</u>

During the second quarter of 2026, the Company completed its annual review of the allowance for credit losses methodology and refined certain assumptions and model inputs used in estimating expected credit losses within its existing CECL framework. The refinements included updates to the reasonable and supportable forecast period, which was extended from four quarters to eight quarters, and certain model inputs. These refinements were implemented through the Company's regular model governance and review process and reflect management's current assessment of portfolio dynamics and the period over which forecast information is considered sufficiently reliable for estimating expected credit losses.

BUSINESS COMBINATIONS - ACQUISITION OF CORNERSTONE COMMUNITY BANCORP

On July 1, 2025 (the "Closing Date"), Plumas Bancorp (the "Company") completed its previously announced acquisition of Cornerstone Community Bancorp ("Cornerstone") pursuant to an Agreement and Plan of Merger and Reorganization, dated as of January 28, 2025, by and between the Company and Cornerstone (the "Merger Agreement"). Total book value of assets acquired from Cornerstone, excluding fair value adjustments, were $658 million, gross loans totaled $478 million, and deposits totaled $580 million. Goodwill associated with the acquisition of Cornerstone was $18.7 million; the core deposit intangible was $11.6 million. In addition, the Company recorded a discount on the acquired loans totaling $15.8 million. With the completion of the merger, Plumas Bank adds four branches in Anderson, Red Bluff and Redding (two branches), California.

Pursuant to the Merger Agreement, on the Closing Date, Cornerstone merged with and into the Company (the "Merger") with the Company continuing as the surviving corporation. Immediately following the Merger, Cornerstone's subsidiary, Cornerstone Community Bank (CCB) merged with and into the Company's subsidiary, Plumas Bank with Plumas Bank as the surviving bank. Pursuant to the terms of the Merger Agreement, upon the completion of the Merger, each share of Cornerstone common stock outstanding immediately prior was converted into the right to receive 0.6608 shares of common stock of the Company and $9.75 cash, with cash paid in lieu of fractional shares. The total aggregate consideration delivered to holders of Cornerstone common stock in the Merger was 1,003,718 shares of Company common stock and $14.8 million cash. In addition, in accordance with the Merger Agreement, the Company paid approximately $1.3 million to holders of options to purchase Cornerstone common stock that were terminated in connection with the Merger. The Company also assumed options to purchase 35,000 shares of Cornerstone common stock representing, on an as-converted basis, options to purchase 30,803 shares of the Company's common stock.

In connection with the acquisition of Cornerstone, the Company assumed $12 million of subordinated debentures, including $2 million of 4.75% Fixed-to-Floating Rate Subordinated Notes due November 30, 2035 (the "2035 Notes"). The 2035 Notes, which were issued in 2020, have a fixed interest rate of 4.75% for the first ten years and thereafter a quarterly variable interest rate equal to the then current three-month term Secured Overnight Financing Rate ("SOFR") plus 4.14%. The remaining subordinated notes were called in 2025 and are no longer outstanding. Interest expense recognized on the subordinated notes for the six months ended June 30, 2026, was $97 thousand.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2026

Net Income. The Company recorded net income of $9.9 million or $1.43 per share during the current quarter, an increase of $3.6 million from $6.3 million or $1.07 per share during the second quarter of 2025. Diluted earnings per share increased to $1.41 per share during the three months ended June 30, 2026 up from $1.05 per share during the quarter ended June 30, 2025. Return on average assets was 1.79% during the current quarter, up from 1.56% during the second quarter of 2025. Return on average equity increased to 15.0% for the three months ended June 30, 2026, up from 13.4% during the second quarter of 2025.

Net interest income increased by $7.8 million from $18.2 million during the three months ended June 30, 2025, to $26 million during the current quarter. The provision for credit losses decreased from $860 thousand during the second quarter of 2025 to $600 thousand during the current quarter. Non-interest income increased by $390 thousand from $2.4 million during the three months ended June 30, 2025 to $2.8 million during the second quarter of 2026. Non-interest expense increased by $3.5 million from $11.0 million during the second quarter of 2025 to $14.5 million during the current quarter. The provision for income taxes increased by $1.3 million from $2.4 million, during the three months ended June 30, 2025 to $3.7 million during the current quarter. The average effective tax rate was 27.1% in both periods.

The following is a detailed discussion of each component of the change in net income.

Net interest income before provision for credit losses. Driven primarily by growth in the loan portfolio mostly related to the acquisition of Cornerstone, net interest income increased by $7.8 million from $18.2 million during the three months ended June 30, 2025, to $26.0 million for the three months ended June 30, 2026. The increase in net interest income includes an increase of $9.7 million in interest income partially offset by an increase of $1.9 million in interest expense.

Interest and fees on loans increased by $9.2 million to $24.8 million related to an increase in average balance and an increase in yield. Average loan balances increased by $484 million, while the average yield on these loans increased by 47 basis points from 6.14% during the second quarter of 2025 to 6.61% during the current quarter. The increase in yield relates to several factors including the accretion of discount on purchased loans, the repricing of a portion of our commercial real estate loans most of which reprice every five years from the date of origination, the reversal of $344 thousand in accrued interest on a large loan relationship during the second quarter of 2025 and growth in fixed rate SBA loans which totaled $123 million at June 30, 2026, and $75 million at June 30, 2025. The weighted average rate earned on this portfolio at June 30, 2026, was 8.1%.

The accretion of discounts on loans acquired from Cornerstone totaled $1.3 million during the quarter an increase of $800 thousand from $500 thousand during the first quarter of 2026. The increase in accretion during the current quarter relates to an increase in prepayments on this portfolio. Partially offsetting the discount accretion was the reversal of approximately $375 thousand in interest on loans placed on nonaccrual during the current quarter. The average prime interest rate decreased from 7.5% during the second quarter of 2025 to 6.75% during the current quarter. Approximately 15% of the Company's loans are tied to the prime interest rate and most of these reprice within one to three months of a change in prime.

Interest earned on investment securities increased by $484 thousand related to an increase in yield on investment securities of 21 basis points to 4.29% and an increase in average balance of $24 million. The increase in investment yields is consistent with the partial restructuring of the investment portfolio during the fourth quarter of 2025 and market conditions. Average investment securities increased from $442 million during the three months ended June 30, 2025 to $466 million during the current period.

Interest earned on cash balances increased by $78 thousand related to an increase in average balance of $17 million partially offset by a decrease in average rate paid on cash balances of 73 basis points from 4.47% during the second quarter of 2025 to 3.74% during the current quarter. This decline in yield was mostly related to a decline in rate paid on balances held at the Federal Reserve Bank of San Francisco (FRB). The average rate earned on FRB balances decreased from 4.40% during the second quarter of 2025 to 3.65% during the current quarter.

Interest expense on deposits increased by $1.6 million and is broken down by product type as follows: money market accounts - $844 thousand, savings deposits - $29 thousand and time deposits - $747 thousand. The increase in interest expense primarily relates to the growth in money market and time deposits related to the acquisition of Cornerstone. The average rate paid on interest-bearing deposits increased from 1.30% during the second quarter of 2025 to 1.59% during the current quarter and relates to an increase in the percentage of average money market and time deposits to average interest bearing deposits from 58% during the second quarter of 2025 to 68% during the current quarter as well as an increase in the average rate paid on these deposits.

The average rate paid on interest bearing liabilities increased from 1.33% during the 2025 quarter to 1.62% in 2026 related to the increase in the cost of interest-bearing deposits and repurchase agreements. The average rate paid on repurchase agreements increased from 0.46% during the second quarter of 2025 to 1.48% during the current quarter. This increase is related to higher rate repurchase agreements acquired in the acquisition of Cornerstone.

Net interest margin for the three months ended June 30, 2026, increased 30 basis points to 5.13%, up from 4.83% for the same period in 2025.

The following table presents for the three-month periods indicated the distribution of consolidated average assets, liabilities and shareholders' equity. It also presents the amounts of interest income from interest earning assets and the resultant annualized yields expressed in both dollars and annualized yield percentages, as well as the amounts of interest expense on interest bearing liabilities and the resultant cost expressed in both dollars and annualized rate percentages. Average balances are based on daily averages. Nonaccrual loans are included in the calculation of average loans while nonaccrued interest thereon is excluded from the computation of yields earned:

	For the Three Months Ended June 30, 2026			For the Three Months Ended June 30, 2025		
	Average Balance (in thousands)	Interest (in thousands)	Yield/ Rate	Average Balance (in thousands)	Interest (in thousands)	Yield/ Rate
Interest-earning assets:						
Loans (2) (3)	$ 1,504,438	$ 24,777	6.61%	$ 1,020,004	$ 15,612	6.14%
Taxable investment securities	390,618	4,329	4.45%	369,624	3,913	4.25%
Non-taxable investment securities (1)	75,412	659	3.51%	72,719	591	3.26%
Interest-bearing deposits	63,781	595	3.74%	46,368	517	4.47%
Total interest-earning assets	2,034,249	30,360	5.99%	1,508,715	20,633	5.48%
Cash and due from banks	34,281			26,880		
Other assets	163,174			87,117		
Total assets	$ 2,231,704			$ 1,622,712		
Interest-bearing liabilities:						
Money market deposits	$ 457,580	2,127	1.86%	$ 287,707	$ 1,283	1.79%
Savings deposits	308,364	286	0.37%	298,989	257	0.34%
Time deposits	221,275	1,491	2.70%	118,057	744	2.53%
Total interest-bearing deposits	987,219	3,904	1.59%	704,753	2,284	1.30%
Other borrowings	16,027	176	4.40%	15,000	146	3.90%
Repurchase agreements & other	74,023	273	1.48%	17,265	20	0.46%
Total interest-bearing liabilities	1,077,269	4,353	1.62%	737,018	2,450	1.33%
Non-interest-bearing deposits	842,509			659,554		
Other liabilities	44,920			37,112		
Shareholders' equity	267,006			189,028		
Total liabilities & equity	$ 2,231,704			$ 1,622,712		
Cost of funding interest-earning assets (4)			0.86%			0.65%
Net interest income and margin (5)		$ 26,007	5.13%		$ 18,183	4.83%

(1) Not computed on a tax-equivalent basis.
(2) Average nonaccrual loan balances of $14.2 million for 2026 and $4.1 million for 2025 are included in average loan balances for computational purposes.
(3) Net loan origination costs included in loan interest income for the three-month period ended June 30, 2026 and 2025 were $226 thousand and $196 thousand, respectively.
(4) Total annualized interest expense divided by the average balance of total earning assets.
(5) Annualized net interest income divided by the average balance of total earning assets.

The following table sets forth changes in interest income and interest expense for the three-months ended June 30, 2026, and the amount of change attributable to variances in volume, rates and the combination of volume and rates based on the relative changes of volume and rates:

	2026 over 2025 change in net interest income for the three months ended June 30,			
($ in thousands)	Volume (1)	Rate (2)	Mix (3)	Total
Interest-earning assets:				
Loans	$ 7,415	$ 1,187	$ 563	$ 9,165
Taxable investment securities	222	183	11	416
Non-taxable investment securities	22	44	2	68
Interest-bearing deposits	194	(84)	(32)	78
Total interest income	7,853	1,330	544	9,727
Interest-bearing liabilities:				
Money market deposits	758	54	32	844
Savings deposits	8	20	1	29
Time deposits	650	52	45	747
Other borrowings	10	19	1	30
Repurchase agreements & other	66	44	143	253
Total interest expense	1,492	189	222	1,903
Net interest income	$ 6,361	$ 1,141	$ 322	$ 7,824

(1) The volume change in net interest income represents the change in average balance divided by the previous year's rate.
(2) The rate change in net interest income represents the change in rate divided by the previous year's average balance.
(3) The mix change in net interest income represents the change in average balance multiplied by the change in rate.

Provision for credit losses. During the three months ended June 30, 2026, the provision for credit losses totaled $600 thousand consisting of a provision for credit losses on loans of $601 thousand and a decrease in the reserve for unfunded commitments of $1 thousand. This compares to a provision for credit losses of $1.1 million consisting of a provision for credit losses on loans of $1.1 million and a decrease in the reserve for unfunded commitments of $40 thousand during the six months ended June 30, 2025. See "Analysis of Asset Quality and Allowance for Loan Losses" for a discussion of loan quality trends and the provision for credit losses.

Non-interest income. During the three months ended June 30, 2026, non-interest income totaled $2.8 million, an increase of $390 thousand from the three months ended June 30, 2025. Significant increases in non-interest income during the current quarter were $168 thousand in earnings on Bank Owned Life Insurance (BOLI) and $97 thousand in interchange income. Each of these items benefited from the acquisition of Cornerstone. Additionally, during the current period non-interest income included a gain of $104 thousand on sale of an OREO property.

The following table describes the components of non-interest income for the three-month periods ended June 30, 2026 and 2025:

	For the Three Months Ended June 30,			
($ in thousands)	2026	2025	Dollar Change	Percentage Change
Interchange revenue	$ 881	$ 784	$ 97	12.4%
Service charges on deposit accounts	813	781	32	4.1%
Earnings on life insurance policies	276	108	168	155.6%
Loan servicing fees	150	148	2	1.4%
FHLB Dividends	104	135	(31)	(23.0)%
Other	527	405	122	30.1%
Total non-interest income	$ 2,751	$ 2,361	$ 390	16.5%

Non-interest expense. During the three months ended June 30, 2026, total non-interest expense increased by $3.5 million from $11.0 million during the second quarter of 2025 to $14.5 million during the current quarter. Much of this increase was driven by the acquisition of Cornerstone. Salary and benefit expense increased by $2.0 million which includes an increase in salary expense of $1.2 million primarily related to an increase in Full-Time Equivalent (FTE) employees of 56 to 238 FTE at June 30, 2026 and to a much lesser extent merit and promotional increases. Primarily related to an increase in pre-tax income, bonus expense increased by $315 thousand.

Occupancy and equipment expense increased by $598 thousand from $2.0 million during the second quarter of 2025 to $2.6 million during the current quarter, primarily related to the acquisition of Cornerstone and to a lesser extent the sales/leaseback completed during the fourth quarter of 2025. Amortization of Core Deposit Intangible increased by $522 thousand related to the acquisition of Cornerstone. The largest reduction in non-interest expense was $481 thousand in merger expenses incurred during the second quarter of 2025.

The following table describes the components of non-interest expense for the three-month periods ended June 30, 2026 and 2025:

	For the Three Months Ended June 30,			
($ in thousands)	**2026**	**2025**	**Dollar Change**	**Percentage Change**
Salaries and employee benefits	$ 7,520	$ 5,553	$ 1,967	35.4%
Occupancy and equipment	2,648	2,050	598	29.2%
Outside service fees	1,499	1,160	339	29.2%
Amortization of Core Deposit Intangible	566	44	522	1186.4%
Professional fees	399	219	180	82.2%
Advertising and shareholder relations	374	273	101	37.0%
Armored car and courier	283	224	59	26.3%
Business development	250	188	62	33.0%
Deposit insurance	247	180	67	37.2%
Director compensation and expense	209	155	54	34.8%
Telephone and data communication	146	124	22	17.7%
Loan collection expenses	136	51	85	166.7%
Merger and acquisition expenses	-	481	(481)	(100.0)%
Other	227	310	(83)	(26.8)%
Total non-interest expense	$ 14,504	$ 11,012	$ 3,492	31.7%

Provision for income taxes. The provision for income taxes increased by $1.3 million from $2.4 million, during the three months ended June 30, 2025 to $3.7 million during the current quarter. The average effective tax rate was 27.1% in both periods. The percentages for 2026 and 2025 differ from statutory rates as tax exempt items of income such as earnings on BOLI and municipal securities interest decrease taxable income while non-deductible merger transaction costs incurred during the 2025 quarter effectively increase taxable income.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2026

Net Income. The Company recorded net income of $19.7 million or $2.83 per share during the current six-month period, an increase of $6.2 million from $13.5 million or $2.28 per share earned during the six months ended June 30, 2025. Earnings per diluted share increased to $2.79 during the six months ended June 30, 2026, up $0.54 from $2.25 during the first six months of 2025. Return on average assets was 1.79% during the six months ended June 30, 2026, up from 1.67% during the first half of 2025. Return on average equity increased to 14.9% for the six months ended June 30, 2026, up from 14.7% during the first half of 2025.

Net interest income increased by $14.4 million from $36.7 million during the six months ended June 30, 2025, to $51.1 million during the current period. The provision for credit losses decreased from $1.1 million during the first half of 2025 to $270 thousand during the current period. Non-interest income increased by $174 thousand from $5.6 million during the six months ended June 30, 2025 to $5.7 million during the first half of 2026. Non-interest expense increased by $7.3 million from $22.5 million during the first half of 2025 to $29.8 million during the current period. The provision for income taxes increased by $1.9 million from $5.2 million, or 27.8% of pre-tax income, during the six months ended June 30, 2025 to $7.1 million, or 26.5% of pre-tax income, during the current period.

The following is a detailed discussion of each component of the change in net income.

Net interest income before provision for credit losses. Net interest income for the six months ended June 30, 2026 was $51.1 million, an increase of $14.4 million from the $36.7 million earned during the same period in 2025. The increase in net interest income includes an increase of $18.5 million in interest income partially offset by an increase of $4.1 million in interest expense.

Interest and fees on loans increased by $17.7 million related to increases in average balance and yield. The average balance of loans during the six months ended June 30, 2026 was $1.5 billion, an increase of $490 million from $1.0 billion during the same period in 2025. The average yield on loans increased by 38 basis points from 6.15% during the first six months of 2025 to 6.53% during the current period. Included in interest and fees on loans for the six months ended June 30, 2026 was $1.8 million of discount accretion related to loans acquired in the Cornerstone acquisition. As the acquisition closed on July 1, 2025, no comparable accretion income was recognized during the first six months of 2025.

Interest on investment securities increased by $973 thousand related to an increase in yield of 18 basis points to 4.28% and an increase in average balance of $27 million to $470 million. The increase in investment yield is consistent with the partial restructuring of the investment portfolio during the fourth quarter of 2025 and market conditions.

Interest on cash balances declined by $195 thousand related to a decline in yield. The rate earned on cash balances declined by 73 basis points to 3.77%. The average balance in interest bearing cash remained unchanged at $53.8 million.

Primarily related to an increase in balance and rate paid on deposits and repurchase agreements, interest expense increased from $4.5 million during the six months ended June 30, 2025 to $8.6 million during the current period. The average rate paid on interest bearing liabilities increased from 1.24% during the 2025 period to 1.61% in 2026.

Interest expense on deposits increased by $3.3 million and is broken down by product type as follows: money market accounts - $1.6 million, savings deposits - $100 thousand and time deposits - $1.6 million. The average rate paid on interest-bearing deposits increased from 1.21% during the six months ended June 30, 2025 to 1.55% during the current period. Average interest-bearing deposits totaled $972 million during the first half of 2026, an increase of $274 million from $698 million during the first half of 2025.

Interest expense on repurchase agreements increased by $683 thousand related to an increase in average balance of $67.7 million and an increase in rate paid of 1.33%.

Net interest margin for the six months ending June 30, 2026 increased 19 basis points to 5.08%, up from 4.89% for the same period in 2025.

The following table presents for the six-month periods indicated the distribution of consolidated average assets, liabilities and shareholders' equity. It also presents the amounts of interest income from interest earning assets and the resultant annualized yields expressed in both dollars and annualized yield percentages, as well as the amounts of interest expense on interest bearing liabilities and the resultant cost expressed in both dollars and annualized rate percentages. Average balances are based on daily averages. Nonaccrual loans are included in the calculation of average loans while nonaccrued interest thereon is excluded from the computation of yields earned:

	For the Six Months Ended June 30, 2026			For the Six Months Ended June 30, 2025		
	Average Balance (in thousands)	Interest (in thousands)	Yield/ Rate	Average Balance (in thousands)	Interest (in thousands)	Yield/ Rate
Interest-earning assets:						
Loans (2) (3)	$ 1,505,631	$ 48,734	6.53%	$ 1,016,008	$ 31,008	6.15%
Taxable investment securities	394,397	8,672	4.43%	369,376	7,840	4.28%
Non-taxable investment securities (1)	76,056	1,315	3.49%	73,795	1,174	3.21%
Interest-bearing deposits	53,834	1,006	3.77%	53,845	1,201	4.50%
Total interest-earning assets	2,029,918	59,727	5.93%	1,513,024	41,223	5.49%
Cash and due from banks	33,663			26,679		
Other assets	164,290			86,732		
Total assets	$ 2,227,871			$ 1,626,435		
Interest-bearing liabilities:						
Money market deposits	$ 445,224	4,003	1.81%	$ 283,469	$ 2,429	1.73%
Savings deposits	310,415	563	0.37%	311,151	463	0.30%
Time interest-bearing deposits	215,912	2,925	2.73%	103,304	1,288	2.51%
Total deposits	971,551	7,491	1.55%	697,924	4,180	1.21%
Other borrowings	16,583	375	4.56%	15,000	290	3.90%
Repurchase agreements & other	86,946	715	1.66%	19,216	31	0.33%
Total interest-bearing liabilities	1,075,080	8,581	1.61%	732,140	4,501	1.24%
Non-interest-bearing deposits	840,276			670,961		
Other liabilities	45,895			37,602		
Shareholders' equity	266,620			185,732		
Total liabilities & equity	$ 2,227,871			$ 1,626,435		
Cost of funding interest-earning assets (4)			0.85%			0.60%
Net interest income and margin (5)		$ 51,146	5.08%		$ 36,722	4.89%

(1) Not computed on a tax-equivalent basis.
(2) Average nonaccrual loan balances of $14.4 million for 2026 and $3.9 million for 2025 are included in average loan balances for computational purposes.
(3) Net loan origination costs included in loan interest income for the six-month period ended June 30, 2026 and 2025 were $518 thousand and $471 thousand, respectively.
(4) Total annualized interest expense divided by the average balance of total earning assets.
(5) Annualized net interest income divided by the average balance of total earning assets.

The following table sets forth changes in interest income and interest expense for the six-months ended June 30, 2026, and the amount of change attributable to variances in volume, rates and the combination of volume and rates based on the relative changes of volume and rates:

	2026 over 2025 change in net interest income for the six months ended June 30,			
($ in thousands)	Volume (1)	Rate (2)	Mix (3)	Total
Interest-earning assets:				
Loans	$ 14,943	$ 1,878	$ 905	$ 17,726
Taxable investment securities	531	282	19	832
Non-taxable investment securities	36	102	3	141
Interest-bearing deposits	0	(195)	0	(195)
Total interest income	15,510	2,067	927	18,504
Interest-bearing liabilities:				
Money market deposits	1,386	120	68	1,574
Savings deposits	(1)	101	0	100
Time deposits	1,404	111	122	1,637
Other borrowings	31	49	5	85
Repurchase agreements & other	109	127	448	684
Total interest expense	2,929	508	643	4,080
Net interest income	$ 12,581	$ 1,559	$ 284	$ 14,424

(1) The volume change in net interest income represents the change in average balance divided by the previous year's rate.
(2) The rate change in net interest income represents the change in rate divided by the previous year's average balance.
(3) The mix change in net interest income represents the change in average balance multiplied by the change in rate.

Provision for credit losses. During the first half of 2026 the provision for credit losses totaled $270 thousand consisting of a provision for credit losses on loans of $200 thousand and an increase in the reserve for unfunded commitments of $70 thousand. This compares to a provision for credit losses of $1.1 million consisting of a provision for credit losses on loans of $1.1 million and a decrease in the reserve for unfunded commitments of $40 thousand during the six months ended June 30, 2025. See "Analysis of Asset Quality and Allowance for Loan Losses" for a discussion of loan quality trends and the provision for credit losses.

Non-interest income. During the six months ended June 30, 2026, non-interest income totaled $5.7 million, an increase of $174 thousand from the six months ended June 30, 2025. Significant increases in non-interest income during the current period were $278 thousand in FHLB dividends, $327 thousand in earnings on BOLI and $238 thousand in interchange income. Each of these items benefited from the acquisition of Cornerstone. Additionally, the FHLB paid a special dividend of $252 thousand during the first quarter of 2026. These increases were mostly offset by a $1.1 million settlement related to the Dixie Fire during the first quarter of 2025.

The following table describes the components of non-interest income for the six-month periods ended June 30, 2026 and 2025:

	For the Six Months Ended June 30,			
($ in thousands)	2026	2025	Dollar Change	Percentage Change
Interchange revenue	$ 1,712	$ 1,486	226	15.2%
Service charges on deposit accounts	1,598	1,474	$ 124	8.4%
FHLB Dividends	550	272	278	102.2%
Earnings on life insurance policies	544	217	327	150.7%
Loan servicing fees	332	334	(2)	(0.6)%
Loss on sale of investment securities	-	3	(3)	(100.0)%
Other	1,012	1,788	(776)	(43.4)%
Total non-interest income	$ 5,748	$ 5,574	$ 174	3.1%

Non-interest expense. Primarily driven by the acquisition of Cornerstone, non-interest expense increased by $7.3 million from $22.5 million during the first half of 2025 to $29.8 million during the current period. The four largest increases were $3.8 million in salary and benefit expense, $1.3 million in occupancy and equipment expense, $1.1 million in amortization of core deposit intangible and $637 thousand in other.

Salary and benefit expense totaled $15.3 million during the current six month period and $11.4 million during the six months ended June 30, 2025. Salary expense increased by $2.1 million, mostly related to an increase in FTE. Related to an increase in pre-tax income, bonus expense increased by $595 thousand. Other significant increases in salary and benefit expense include $316 thousand in payroll taxes and $226 thousand in insurance expense.

Primarily related to the acquisition of Cornerstone and to a lesser extent the sales/leaseback completed during the fourth quarter of 2025, occupancy and equipment expenses increased by $1.2 million from $4.1 million during the first six months of 2025 to $5.3 million during the current period. Amortization of Core Deposit Intangible increased by $1.1 million related to the acquisition of Cornerstone. Other expense increased by $637 thousand related to a $726 thousand loss associated with two fraudulent wire transfers during the first quarter of 2026. The largest reduction in non-interest expense was $1.1 million in merger expenses incurred during the first half of 2025.

The following table describes the components of non-interest expense for the six-month periods ended June 30, 2026 and 2025:

	For the Six Months Ended June 30,			
($ in thousands)	2026	2025	Dollar Change	Percentage Change
Salaries and employee benefits	$ 15,250	$ 11,433	$ 3,817	33.4%
Occupancy and equipment	5,322	4,064	1,258	31.0%
Outside service fees	2,956	2,424	532	21.9%
Amortization of Core Deposit Intangible	1,147	87	1,060	1218.4%
Professional fees	751	448	303	67.6%
Merger and acquisition expenses	-	1,050	(1,050)	(100.0)%
Advertising and shareholder relations	665	535	130	24.3%
Armored car and courier	546	441	105	23.8%
Deposit insurance	495	362	133	36.7%
Business development	455	355	100	28.2%
Director compensation and expense	384	321	63	19.6%
Loan collection expenses	355	122	233	191.0%
Telephone and data communication	291	298	(7)	(2.3)%
Other	1,174	537	637	118.6%
Total non-interest expense	$ 29,791	$ 22,477	$ 7,314	32.5%

Provision for income taxes. The provision for income taxes increased by $1.9 million from $5.2 million, or 27.8% of pre-tax income, during the six months ended June 30, 2025 to $7.1 million, or 26.5% of pre-tax income, during the current period. The percentages for 2026 and 2025 differ from statutory rates as tax exempt items of income such as earnings on BOLI and municipal securities interest decrease taxable income while non-deductible merger transaction costs incurred during the 2025 period effectively increase taxable income.

FINANCIAL CONDITION

Total assets were $2.3 billion on June 30, 2026, an increase of $39 million from December 31, 2025. The largest component of this increase was $55 million in cash and cash equivalents. The largest decline was $11 million in investment securities. Total liabilities increased by $28 million related to an increase of $76 million in deposits partially offset by a decline of $39 million in repurchase agreements and $7 million in all other liabilities. Total shareholders' equity increased by $11 million.

Loan Portfolio. Gross loans totaled $1.5 billion on June 30, 2026, and December 31, 2025. Increases of $23 million in commercial real estate loans, $9 million in construction loans and $1 million in equity lines of credit were offset by declines of $15 million in agricultural loans, $10 million in automobile loans, $6 million in commercial loans, and $2 million in other loans. Although the Company offers a broad array of financing options, it continues to concentrate its focus on small to medium sized commercial businesses. These loans offer diversification as to industries and types of businesses, thus limiting material exposure in any industry concentrations. The Company offers both fixed and floating rate loans and obtains collateral in the form of real property, business assets and deposit accounts, but looks to business and personal cash flows as its primary source of repayment. In the fourth quarter of 2023 we terminated our indirect automobile loan program. Ending this program, which was our lowest yielding loan segment, also improved our loan loss risk profile since this program had historically higher charge-off rates. Terminating this program also improved our consumer compliance risk profile.

As shown in the following table, the Company's largest lending categories are commercial real estate loans, commercial loans, agricultural loans, and equity lines of credits.

($ in thousands)	Balance at End of Period 06/30/2026	Percent of Loans in Each Category to Total Loans 06/30/2026	Balance at End of Period 12/31/2025	Percent of Loans in Each Category to Total Loans 12/31/2025
Commercial	$ 162,128	10.7%	$ 167,851	11.1%
Agricultural	142,940	9.5%	157,526	10.4%
Real estate – residential	32,223	2.1%	33,116	2.2%
Real estate – commercial	1,026,049	67.9%	1,002,627	66.3%
Real estate – construction and land development	48,672	3.2%	40,168	2.7%
Equity Lines of Credit	54,993	3.6%	53,647	3.5%
Auto	29,616	2.0%	39,595	2.6%
Other	15,552	1.0%	17,526	1.2%
Total Gross Loans	$ 1,512,173	100%	$ 1,512,056	100%

The Company’s real estate related loans, including real estate mortgage loans, real estate construction and land development loans, consumer equity lines of credit, and agricultural loans secured by real estate, comprised 84% of the total loan portfolio at June 30, 2026. Moreover, the business activities of the Company currently are focused in the California counties of Butte, Lassen, Modoc, Nevada, Placer, Plumas, Shasta, Sutter and Tehama and in Washoe and Carson City Counties in Northern Nevada. Consequently, the results of operations and financial condition of the Company are dependent upon the general trends in these economies and, in particular, the commercial real estate markets. In addition, the concentration of the Company's operations in these areas of Northeastern California and Northwestern Nevada exposes it to greater risk than other banking companies with a wider geographic base in the event of catastrophes, such as earthquakes, fires and floods in these regions.

Commercial real estate loans (“CRE”) comprised 68% of the lending portfolio at June 30, 2026. CRE loans were 44% owner-occupied, 43% investor-owned, and 13% multi-family. Concentrations by real estate type within the CRE portfolio, excluding multi-family, were 14% Office, 13% Mixed Commercial Real Estate, 13% Retail, 11% Hospitality, 9% Industrial, 8% Gas Stations, 6% Residential, 5% Special Purpose, and 5% Medical Buildings, with all remaining concentrations below 5%. There were no rent-controlled properties within the multi-family category. Office facilities are typically small and located in more rural areas. 22% of CRE loans were located in northern Nevada and 54% were located in northern California. Non-accrual loans totaled $21.9 million at June 30, 2026, of which approximately 32% were CRE. Substandard loans totaled $42.8 million at June 30, 2026, of which approximately 32% were CRE.

CRE loans consist of term loans secured by a mortgage lien on real property and include both owner occupied CRE loans as well as investor-owned loans. Investor- owned CRE loans consist of mortgage loans to finance investments in real property that may include, but are not limited to, multi-family, industrial, office, retail and other specific use properties. The primary risk characteristics in the investor-owned portfolio include impacts of overall leasing rates, absorption timelines, levels of vacancy rates and operating expenses. The Company requires collateral values in excess of the loan amounts, cash flows in excess of expected debt service requirements and equity investment in the project. The expected cash flows from all significant new or renewed income producing property commitments are stress tested to reflect the risks in varying interest rates, vacancy rates and rental rates. Inherent lending risks are monitored on a continuous basis through quarterly monitoring and the Bank’s annual underwriting process, incorporating an analysis of cash flow, collateral, market conditions and guarantor liquidity, if applicable. CRE loan policies are specific to individual product types and underwriting parameters vary depending on the risk profile of each asset class. CRE loan policies are reviewed no less than annually by management and approved by the Company’s Board of Directors to ensure they align with current market conditions and the Company’s moderate risk appetite. CRE concentration limits have been established by product type and are monitored quarterly by the Company’s Board of Directors.

The rates of interest charged on variable rate loans are set at specific increments in relation to the Company's lending rate or other indexes such as the published prime interest rate or U.S. Treasury rates and vary with changes in these indexes. The frequency in which variable rate loans reprice can vary from one day to several years. On June 30, 2026, and December 31, 2025, approximately 79% and 80%, respectively of the Company's loan portfolio was comprised of variable rate loans. Loans indexed to the prime interest rate were approximately 20% of the Company’s variable rate loan portfolio on June 30, 2026; these loans reprice within one day to three months of a change in the prime rate. The remainder of the Company's variable rate loans mostly consist of commercial real estate loans tied to U.S. Treasury rates and reprice every five years. Approximately 77% of the variable rate loans are indexed to the five-year T-Bill rate and reprice every five years. While real estate mortgage, agricultural, commercial and consumer lending remain the foundation of the Company's historical loan mix, some changes in the mix have occurred due to the changing economic environment and the resulting change in demand for certain loan types

Analysis of Asset Quality and Allowance for Credit Losses. The Company attempts to minimize credit risk through its underwriting and credit review policies. The Company’s credit review process includes internally prepared credit reviews as well as contracting with an outside firm to conduct periodic credit reviews. The Company’s management and lending officers evaluate the loss exposure of classified and nonaccrual loans on a quarterly basis, or more frequently as loan conditions change. The Management Asset Resolution Committee (MARC) reviews the asset quality of criticized and past due loans monthly and reports the findings to the full Board of Directors. In management's opinion, this loan review system helps facilitate the early identification of potential criticized loans. MARC also provides guidance for the maintenance and timely disposition of OREO properties including developing financing and marketing programs to incent individuals to purchase OREO. MARC consists of the Bank’s Chief Executive Officer, Chief Financial Officer, Chief Banking Officer, Regional President and Chief Credit Officer, and the activities are governed by a formal written charter. The MARC meets monthly and reports to the Board of Directors.

The Allowance for Credit Loss (ACL) is established as management’s estimate of expected credit losses inherent in the Company’s lending activities; it is increased by the provision for credit losses and decreased by net charge-offs. The ACL is evaluated quarterly by management based on periodic reviews of the collectability of the Company's loans and current economic conditions. The ACL represents the portion of a loan’s amortized cost basis that the Company does not expect to collect due to anticipated credit losses over the loan’s remaining contractual life, adjusted for expected prepayments and curtailments. To estimate the collective ACL, the Company utilizes the Discounted Cash Flow (DCF) methodology. This method uses loan level repayment terms to determine expected cash flows which are then discounted by various assumptions such as prepayment or curtailment rates, Probability of Default (PD) and Loss Given Default (LGD) rates.

The Company incorporates forward-looking information using macroeconomic forecast data obtained from publicly available sources, including variables considered key drivers of changes in credit losses. The Company applies a reasonable and supportable forecast period, followed by a reversion to historical loss information.

In determining the allowance for credit losses, accruing loans with similar risk characteristics are generally evaluated collectively. Loans that do not share similar risk characteristics are generally evaluated individually. Nonaccrual loans are generally individually evaluated. Loans for which borrowers are experiencing financial difficulty may require evaluation of the source of repayment to determine whether such loans should be categorized as collateral dependent.

The PD is determined by reviewing loans with similar risk characteristics that are combined into loan pools and statistically correlated with historical credit losses, defaults, and various economic metrics, including California unemployment rates, California housing prices, and California gross domestic product. Pool balances identified as having a probability of default are then adjusted for expected loss given default. The Company utilizes the Frye Jacobs Index as a basis for LGD. Model forecasts may be adjusted for inherent limitations or biases identified through independent validation and annual back-testing of model performance to actual realized results.

The Company considers the impact of portfolio concentrations, changes in underwriting practices, and other risk factors that may influence its loss estimation process.

The following table provides certain information for the dates indicated with respect to the Company's allowance for credit losses as well as charge-off and recovery activity.

($ in thousands)	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025	For the Year Ended December 31, 2025	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Balance at beginning of period	$ 19,959	$ 13,196	$ 13,196	$ 12,867	$ 10,717
Initial allowance on acquired PCD loans	-	-	315	-	529
Adjusted balance	19,959	13,196	13,511	12,867	11,246
Charge-offs:					
Commercial	202	165	355	302	123
Agricultural	6	11	11	-	-
Real estate – residential	-	-	-	-	-
Real estate – commercial	-	-	-	-	-
Real estate – construction and land development	-	-	-	-	-
Equity Lines of Credit	75	-	66	-	-
Auto	353	251	528	1,643	1,550
Other	27	79	135	94	129
Total charge-offs	663	506	1,095	2,039	1,802
Recoveries:					
Commercial	52	10	38	25	44
Agricultural	-	-	-	-	-
Real estate – residential	-	2	49	4	3
Real estate – commercial	-	-	7	1	1
Real estate – construction and land development	-	-	-	-	-
Equity Lines of Credit	-	-	-	-	-
Auto	177	349	544	928	746
Other	15	8	15	35	54
Total recoveries	244	369	653	993	848
Net charge-offs	419	137	442	1,046	954
Provision for credit losses - loans	200	1,150	6,890	1,375	2,575
Balance at end of period	$ 19,740	$ 14,209	$ 19,959	$ 13,196	$ 12,867
Net charge-offs during the period to average loans (annualized for the six-month periods)	0.06%	0.03%	0.11%	0.11%	0.10%
Allowance for credit losses to total loans	1.30%	1.39%	1.30%	1.30%	1.34%

The following table provides a breakdown of the allowance for credit losses at June 30, 2026, and December 31, 2025:

(dollars in thousands)	Balance at End of Period 6/30/2026	Percent of Loans in Each Category to Total Loans 6/30/2026	Balance at End of Period 12/31/2025	Percent of Loans in Each Category to Total Loans 12/31/2025
Commercial	$ 3,117	10.7%	$ 3,246	11.1%
Agricultural	4,525	9.5%	3,973	10.4%
Real estate – residential	216	2.1%	258	2.2%
Real estate – commercial	10,400	67.9%	10,605	66.3%
Real estate – construction and land development	360	3.2%	514	2.7%
Equity Lines of Credit	475	3.6%	502	3.5%
Auto	434	2.0%	591	2.6%
Other	213	1.0%	270	1.2%
Total	$ 19,740	100%	$ 19,959	100%

The following table sets forth the amount of the Company's nonperforming assets as of the dates indicated.

($ in thousands)	At June 30, 2026	At December 31, 2025	2024	2023
Nonaccrual loans	$ 21,850	$ 15,089	$ 4,105	$ 4,820
Loans past due 90 days or more and still accruing	1,623	-	-	-
Total nonperforming loans	23,473	15,089	4,105	4,820
Other real estate owned	135	226	91	357
Other vehicles owned	25	6	111	138
Total nonperforming assets	$ 23,633	$ 15,321	$ 4,307	$ 5,315
Interest income forgone on nonaccrual loans	$ 905	$ 1,167	$ 301	$ 257
Interest income recorded on a cash basis on nonaccrual loans	$ -	$ -	$ -	$ -
Nonperforming loans to total loans	1.55%	1.00%	0.40%	0.50%
Nonperforming assets to total assets	1.04%	0.68%	0.27%	0.33%

The Company places loans 90 days or more past due on nonaccrual status unless the loan is well secured and in the process of collection. A loan is considered to be in the process of collection if, based on a probable specific event, it is expected that the loan will be repaid or brought current. Generally, this collection period would not exceed 90 days. When a loan is placed on nonaccrual status the Company's general policy is to reverse and charge against current income previously accrued but unpaid interest. Interest income on such loans is subsequently recognized only to the extent that cash is received and future collection of principal is deemed by management to be probable. Where the collectability of the principal or interest on a loan is considered to be doubtful by management, it is placed on nonaccrual status prior to becoming 90 days delinquent.

Nonperforming assets (which are comprised of nonperforming loans, other real estate owned ("OREO") and repossessed vehicle holdings) at June 30, 2026, were $23.6 million, up from $15.3 million at December 31, 2025. Nonperforming assets as a percentage of total assets increased to 1.04% at June 30, 2026, up from 0.68% at December 31, 2025. OREO totaled $135 thousand at June 30, 2026, and $226 thousand at December 31, 2025.

Nonperforming loans were $23.5 million at June 30, 2026 and $15.1 million at December 31, 2025. Nonperforming loans as a percentage of total loans increased to 1.55% at June 30, 2026, up from 1.00% at December 31, 2025. The increase in nonperforming loans during the period was primarily attributable to one larger lending relationship and several smaller credits. These loans have been individually evaluated as appropriate under the Company's allowance methodology and are generally supported by collateral values that management believes are sufficient based on current information. Included in nonperforming loans was one loan totaling $1.6 million which was past due 90 days at June 30, 2026 and still accruing interest. This loan was paid in full in July 2026.

During the first half of 2026 we recorded a provision for credit losses of $270 thousand consisting of a provision for credit losses on loans of $200 thousand and an increase in the reserve for unfunded commitments of $70 thousand. This compares to a provision for credit losses of $1.1 million during the same period in 2025. The prior-year provision included $931 thousand of specific reserves associated with an agricultural lending relationship that was placed on nonaccrual status during the second quarter of 2025.

Net charge-offs totaled $419 thousand and $137 thousand during the six months ended June 30, 2026 and 2025, respectively. The allowance for credit losses totaled $19.7 million at June 30, 2026, and $20.0 million at December 31, 2025. Specific reserves related to collateral dependent loans totaled $2.4 million and $1.5 million at June 30, 2026, and December 31, 2025, respectively. The allowance for credit losses as a percentage of total loans was 1.30% at June 30, 2026, and 1.32% at December 31, 2025.

The following table provides a summary of the change in the number and balance of OREO properties for the six months ended June 30, 2026 and 2025 (dollars in thousands):

($ in thousands)	Six Months Ended June 30, #	2026	#	2025
Beginning Balance	2	$ 226	1	$ 91
Additions	-	-	-	-
Dispositions	(1)	(195)	-	-
Gain on Sale of OREO	-	104	-	-
Ending Balance	1	$ 135	1	$ 91

Investment Portfolio and Federal Reserve Balances. Total investment securities were $466 million as of June 30, 2026, and $477 million at December 31, 2025. Unrealized losses on available-for-sale investment securities totaling $19.3 million were recorded, net of $5.7 million in tax benefit, as accumulated other comprehensive loss within shareholders' equity at June 30, 2026. No investment securities were sold during the six months ended June 30, 2026. During six months ending June 30, 2025 we sold $1.2 million in available for sale investment securities recording a net gain on sale of $3 thousand.

Unrealized losses on available-for-sale investment securities totaling $14.9 million were recorded, net of $4.4 million in tax benefits, as accumulated other comprehensive loss within shareholders' equity at December 31, 2025.

The investment portfolio at June 30, 2026, consisted of $377 million in securities of U.S. Government-sponsored agencies and U.S. Government agencies, and 155 municipal securities totaling $89 million. The investment portfolio at December 31, 2025, consisted of $388 million in securities of U.S. Government-sponsored agencies and U.S. Government agencies, and 156 municipal securities totaling $89 million.

There were no Federal funds sold at June 30, 2026, and December 31, 2025; however, the Bank maintained interest earning balances at the Federal Reserve Bank totaling $99 million at June 30, 2026, and $39 million at December 31, 2025. The balance on June 30, 2026, earns interest at the rate of 3.65%.

The Company classifies its investment securities as available-for-sale or held-to-maturity. Currently all securities are classified as available-for-sale. Securities classified as available-for-sale may be sold to implement the Company's asset/liability management strategies and in response to changes in interest rates, prepayment rates and similar factors.

Deposits. Deposits totaled $1.9 billion on June 30, 2026 and $1.8 billion at December 31, 2025. During the six months ended June 30, 2026 total deposits increased by $75 million, or 4% of which $41 million represents accounts that were moved from repurchase agreements to money market deposits during the current period. On June 30, 2026, 46% of the Company's deposits were in the form of non-interest-bearing demand deposits. At June 30, 2026, brokered deposits consist of a $10 million time deposit acquired from CCB. The rate paid on this deposit is 3.80%.

The following table shows the distribution of deposits by type at June 30, 2026 and December 31, 2025.

($ in thousands) **Distribution of Deposits by Type**	**Balance at End of Period 06/30/2026**	**Percent of Deposits in Each Category to Total Deposits 06/30/2026**	**Balance at End of Period 12/31/2025**	**Percent of Deposits in Each Category to Total Deposits 12/31/2025**
Non-interest bearing	$ 864,075	45.8%	$ 848,986	46.9%
Money Market	474,436	25.2%	440,552	24.3%
Savings	304,249	16.1%	309,337	17.1%
Time	242,305	12.9%	210,729	11.7%
Total Deposits	$ 1,885,065	100%	$ 1,809,604	100%

Deposits represent the Bank's primary source of funds. Deposits are primarily core deposits in that they are demand, savings and time deposits generated from local businesses and individuals. These sources are considered to be relatively stable, long-term relationships thereby enhancing steady growth of the deposit base without major fluctuations in overall deposit balances. The Company experiences, to a small degree, some seasonality with the slower growth period between November through April, and the higher growth period from May through October. To assist in meeting any funding demands, the Company maintains several borrowing agreements as described below.

The Company estimates that it has approximately $811 million in uninsured deposits on June 30, 2026, which includes uninsured deposits of Plumas Bancorp. Of this amount, $230 million represents deposits that are collateralized such as deposits of states, municipalities and tribal accounts. Uninsured amounts are estimated based on the portion of the account balances in excess of FDIC insurance limits.

The following table presents the maturity distribution of the portion of time deposits in excess of the FDIC insurance limit.

Maturity Distribution of Estimated Uninsured Time Deposits

(dollars in thousands)	**June 30, 2026**	**December 31, 2025**
Remaining maturity:		
Three months or less	$ 45,257	$ 18,804
After three through six months	31,648	25,834
After six through twelve months	33,140	15,891
After twelve months	55,540	45,909
Total	$ 165,585	$ 106,438

Short-term Borrowing Arrangements. The Company is a member of the Federal Home Loan Bank of San Francisco (FHLB) and can borrow up to $441 million from the FHLB secured by commercial and residential mortgage loans with carrying values totaling $707 million. Based on its current level of FHLB stock holdings the Company can borrow up to $326 million. To borrow the full $441 million in available credit the Company would need to purchase $3 million in additional FHLB stock. The Company is also eligible to borrow at the Federal Reserve Bank (FRB) Discount Window. At June 30, 2026, the Company could borrow up to $38 million at the Discount Window secured by investment securities with a fair value of $39 million. In addition to its FHLB borrowing line and the Discount Window, the Company has unsecured short-term borrowing agreements with two of its correspondent banks in the amounts of $50 million and $20 million. There were no outstanding borrowings to the FHLB, FRB Discount Window or the correspondent banks at June 30, 2026 and December 31, 2025.

Note Payable. Plumas Bancorp had outstanding borrowings of $14.3 million with a correspondent bank at June 30, 2026. This loan matures on January 25, 2035, and can be prepaid at any time. This borrowing bears interest at a fixed rate of 3.85% for the first 5 years and then beginning January 25, 2027 at a floating interest rate linked to WSJ Prime Rate for the remaining eight-year term. Interest expense recognized on this loan for the six-months ended June 30, 2026 and 2025, was $278 thousand and $290 thousand, respectively.

The Note is secured by the common stock of the Bank. The Loan Agreement contains certain financial and non-financial covenants, which include, but are not limited to, a minimum leverage ratio at the Bank, a minimum total risk-based capital ratio at the Bank, a maximum Texas Ratio at the Bank, a minimum level of Tier 1 capital at the Bank and a return on average assets needed to generate a 1.25X debt service coverage ratio. The Loan Agreement also contains customary events of default, including, but not limited to, failure to pay principal or interest, the commencement of certain bankruptcy proceedings, and certain adverse regulatory events affecting the Company or the Bank. Upon the occurrence of an event of default under the Loan Agreement, the Company's obligations under the Loan Agreement may be accelerated. The Company was in compliance with all covenants related to the Term Note at June 30, 2026.

Subordinated Debentures. In connection with the acquisition of Cornerstone, the Company assumed $12 million of subordinated debentures, including $2 million of 4.75% Fixed-to-Floating Rate Subordinated Notes due November 30, 2035 (the "2035 Notes"). The 2035 Notes, which were issued in 2020, have a fixed interest rate of 4.75% for the first ten years and thereafter a quarterly variable interest rate equal to the then current three-month term Secured Overnight Financing Rate ("SOFR") plus 4.14%. The remaining subordinated notes were called in 2025 and are no longer outstanding. Interest expense recognized on the subordinated notes for the six-months ended June 30, 2026, was $97 thousand.

Repurchase Agreements. The Bank offers a repurchase agreement product for its larger customers which use securities sold under agreements to repurchase as an alternative to interest-bearing deposits. Securities sold under agreements to repurchase totaled $59 million and $98 million at June 30, 2026 and December 31, 2025, respectively. The balances at June 30, 2026, are secured by U.S. Government agency securities with a carrying amount of $85 million. Interest expense recognized on repurchase agreements for the six months ended June 30, 2026 and 2025, was $714 thousand and $31 thousand, respectively.

Shareholders' Equity. Shareholders' equity increased by $11 million from $261 million at December 31, 2025 to $272 million at June 30, 2026. The $11 million increase includes earnings during the three-month period of $19.7 million, stock option exercises of $1.5 million and stock-based compensation expense of $328 thousand. These items were partially offset by an increase in accumulated other comprehensive loss of $3.1 million, the payment of cash dividends totaling $4.6 million and common stock repurchases of $2.8 million.

It is the policy of the Company to periodically distribute excess retained earnings to the shareholders through the payment of cash dividends. Such dividends help promote shareholder value and capital adequacy by enhancing the marketability of the Company's stock. All authority to provide a return to the shareholders in the form of a cash or stock dividend or split rests with the Board of Directors. The Board will periodically, but on no regular schedule, review the appropriateness of a cash dividend payment. Banking regulations limit the amount of dividends that may be paid without prior approval of regulatory agencies. The Company paid quarterly cash dividends of $0.33 per share on May 15, 2026 and February 18, 2026 and a quarterly cash dividend of $0.30 per share on February 17, 2025, May 15, 2025, August 15, 2025 and November 17, 2025.

Capital Standards. The Company uses a variety of measures to evaluate its capital adequacy. Management reviews these capital measurements on a monthly basis and takes appropriate action to ensure that they are within established internal and external guidelines. The FDIC has promulgated risk-based capital guidelines for all state non-member banks such as the Bank. These guidelines establish a risk-adjusted ratio relating capital to different categories of assets and off-balance sheet exposures.

In July, 2013, the federal bank regulatory agencies adopted rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. depository organizations, sometimes called "Basel III," that increased the minimum regulatory capital requirements for bank holding companies and depository institutions and implemented strict eligibility criteria for regulatory capital instruments. The Basel III capital rules include a minimum common equity Tier 1 ratio of 4.5%, a Tier 1 capital ratio of 6.0%, a total risk-based capital ratio of 8.0%, and a minimum leverage ratio of 4.0% (calculated as Tier 1 capital to average consolidated assets). The minimum capital levels required to be considered "well capitalized" include a common equity Tier 1 ratio of 6.5%, a Tier 1 risk-based capital ratio of 8.0%, a total risk-based capital ratio of 10.0% and a leverage ratio of 5.0%. In addition, the Basel III capital rules require that banking organizations maintain a capital conservation buffer of 2.5% above the minimum capital requirements in order to avoid restrictions on their ability to pay dividends, repurchase stock or pay discretionary bonuses. Including the capital conservation buffer of 2.5%, the Basel III capital rules require the following minimum ratios for a bank holding company or bank to be considered well capitalized: a common equity Tier 1 capital ratio of 7.0%, a Tier 1 capital ratio of 8.5%, and a total capital ratio of 10.5%. At June 30, 2026, the Company's and the Bank's capital ratios exceeded the thresholds necessary to be considered "well capitalized" under the Basel III framework.

Under the FRB's Small Bank Holding Company and Savings and Loan Holding Company Policy Statement (the "Policy Statement"), qualifying bank holding companies with less than $3 billion in consolidated assets are exempt from the Basel III consolidated capital rules. The Company qualifies for treatment under the Policy Statement and is not currently subject to the Basel III consolidated capital rules at the bank holding company level. The Basel III capital rules continue to apply to the Bank.

In 2019, the federal bank regulators issued a rule establishing a "community bank leverage ratio" (the ratio of a bank's tier 1 capital to average total consolidated assets) that qualifying institutions with less than $10 billion in assets may elect to use in lieu of the generally applicable leverage and risk-based capital requirements under Basel III. During 2026 this rule was modified to lower the minimum leverage ratio requirement from greater than 9 percent to greater than 8 percent. A qualifying banking organization that elects to use the new ratio will be considered to have met all applicable federal regulatory capital and leverage requirements, including the minimum capital levels required to be considered "well capitalized," if it maintains a community bank leverage ratio exceeding 8%. The new rule became effective on January 1, 2020. Plumas Bank has chosen to opt into the community bank leverage ratio effective June 30, 2026. The election did not impact the Bank's capital position, which remains well above all regulatory well-capitalized thresholds.

The following table sets forth the Bank's actual capital amounts and ratios (dollar amounts in thousands):

($ in thousands)	Actual		Minimum Amount of Capital Required: For Capital Adequacy Purposes (1)		Minimum Amount of Capital Required: To be Well-Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
June 30, 2026						
Common Equity Tier 1 Ratio	$ 260,803	15.8%	$ 74,477	4.5%	$ 107,578	6.5%
Tier 1 Leverage Ratio	260,803	11.8%	88,670	4.0%	110,837	5.0%
Tier 1 Risk-Based Capital Ratio	260,803	15.8%	99,303	6.0%	132,404	8.0%
Total Risk-Based Capital Ratio	281,194	17.0%	132,404	8.0%	165,505	10.0%
December 31, 2025						
Common Equity Tier 1 Ratio	$ 247,747	14.8%	$ 75,265	4.5%	$ 108,717	6.5%
Tier 1 Leverage Ratio	247,747	11.1%	89,237	4.0%	111,547	5.0%
Tier 1 Risk-Based Capital Ratio	247,747	14.8%	100,354	6.0%	133,805	8.0%
Total Risk-Based Capital Ratio	268,425	16.0%	133,805	8.0%	167,257	10.0%

(1) Does not include amounts required to maintain the capital conservation buffer under the new capital rules.

Management believes that Plumas Bank currently meets all its capital adequacy requirements.

The current and projected capital positions of the Bank and the impact of capital plans and long-term strategies are reviewed regularly by management. The Company policy is to maintain the Bank's ratios above the prescribed well-capitalized ratios at all times.

Off-Balance Sheet Arrangements

Loan Commitments. In the normal course of business, there are various commitments outstanding to extend credits that are not reflected in the financial statements. Commitments to extend credit and letters of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Annual review of commercial credit lines, letters of credit and ongoing monitoring of outstanding balances reduces the risk of loss associated with these commitments. As of June 30, 2026, the Company had $247 million in unfunded loan commitments and $7.5 million in letters of credit. This compares to $249 million in unfunded loan commitments at December 31, 2025 and $1.6 million in letters of credit. Of the $247 million in unfunded loan commitments, $164 million and $83 million represent commitments to commercial and consumer customers, respectively. Of the total unfunded commitments at June 30, 2026, $126 million were secured by real estate, of which $52 million was secured by commercial real estate and $74 million was secured by residential real estate mostly in the form of equity lines of credit. The commercial loan commitments not secured by real estate primarily represent business lines of credit, while the consumer loan commitments not secured by real estate primarily represent revolving credit card lines and overdraft protection lines. Since some of the commitments are expected to expire without being drawn upon the total commitment amounts do not necessarily represent future cash requirements.

Operating Leases. The Company leases eleven branches. Our Yuba City branch is classified as owned; however, it is subject to a long-term land lease. The Company also leases two lending offices and five administrative offices. The Company also leases two lending offices and two administrative offices. The expiration dates of the leases vary, with the first such lease expiring during 2026 and the last such lease expiring during 2044. Including variable lease expense, total rent expense for the six months ended June 30, 2026, and 2025 was $2.1 million and $1.7 million, respectively.

Liquidity

The Company manages its liquidity to provide the ability to generate funds to support asset growth, meet deposit withdrawals (both anticipated and unanticipated), fund customers' borrowing needs and satisfy maturity of short-term borrowings. The Company's liquidity needs are managed using assets or liabilities, or both. On the asset side, in addition to cash and due from banks, the Company maintains an investment portfolio which includes unpledged U.S. Government-sponsored agency securities that are classified as available-for-sale. On the liability side, liquidity needs are managed by offering competitive rates on deposit products and the use of established credit lines.

The Company can borrow up to $441 million from the FHLB secured by commercial and residential mortgage loans with carrying values totaling $707 million. At June 30, 2026, the Company could borrow up to $38 million at the FRB Discount Window secured by investment securities with a fair value of $39 million. In addition to its FHLB borrowing line and the Discount Window, the Company has unsecured short-term borrowing agreements with two of its correspondent banks in the amounts of $50 million and $20 million. There were no outstanding borrowings to the FHLB, FRB Discount Window or the correspondent banks at June 30, 2026 and December 31 2025.

Customer deposits are the Company's primary source of funds. Total deposits increased by $75 million from $1.8 billion at December 31, 2025, to $1.9 billion at June 30, 2026. Deposits are held in various forms with varying maturities. The Company estimates that it has approximately $811 million in uninsured deposits which include uninsured deposits of Plumas Bancorp. Of this amount, $230 million represents deposits that are collateralized such as deposits of states, municipalities and tribal accounts.

The Company's securities portfolio, Discount Window advances, FHLB advances, and cash and due from banks serve as the primary sources of liquidity, providing adequate funding for loans during periods of high loan demand. During periods of decreased lending, funds obtained from the maturing or sale of investments, loan payments, and new deposits are invested in short-term earning assets, such as cash held at the FRB and investment securities, to serve as a source of funding for future loan growth. Management believes that the Company's available sources of funds, including borrowings, will provide adequate liquidity for its operations in the near future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company’s management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the Company’s disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as of June 30, 2026. The Company’s disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the U.S. Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of June 30, 2026.

Changes in Internal Control over Financial Reporting

There were no changes in the Company’s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2026 that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company and/or its subsidiary are a party to claims and legal proceedings arising in the ordinary course of business. In the opinion of the Company's management, the amount of ultimate liability with respect to such proceedings will not have a material adverse effect on the financial condition or results of operations of the Company taken as a whole.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Form 10-Q you should carefully consider the risk factors that appeared under Item 1A, “Risk Factors” in the Company’s 2025 Annual Report. There are no material changes from the risk factors included within the Company’s 2025 Annual Report.

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

(a) None.

(b) None.

(c)

On February 2, 2026 the Company’s announced a share repurchase program permitting the repurchase of up to $25.0 million of the Company’s outstanding common stock through the fourth quarter of 2026. During the three months ended June 30, 2026, the Company repurchased 15 thousand shares of its common stock for an aggregate purchase price of approximately $756,000, inclusive of commissions, at an average price of $50.39 per share. All repurchases were executed in open-market transactions and were funded using available cash on hand.

As of June 30, 2026, approximately $22.2 million remained available for future repurchases under the existing authorization. The Company is not obligated to repurchase any specific number of shares and expects that any future repurchases will depend on market conditions, capital availability, and other corporate considerations.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share (1)	Shares Purchased as Part of Announced Plans	Approximate Dollar Value of Shares That May Yet Be Purchased
April 1-30, 2026	10,000	$49.91	10,000	$22,473,000
May 1-31, 2026	5,000	$51.19	5,000	$22,217,000

(1) Excludes commissions, no shares were purchased during June 2026.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following documents are included or incorporated by reference in this Quarterly Report on Form 10Q:

2.1	Agreement and Plan of Merger and Reorganization dated as of January 28, 2025, by and between Plumas Bancorp and Cornerstone Community Bancorp included as Exhibit 2.1 to the Registrant's 8-K filed on January 29, 2025, which is incorporated by this reference herein.
3.1	Articles of Incorporation as amended of Registrant included as Exhibit 3.1 to the Registrant's Form S-4, File No. 333-84534, which is incorporated by reference herein.
3.2	Bylaws of Registrant as amended on August 16, 2023 included as Exhibit 3.1 to the Registrant's Form 8-K for August 17, 2023, which is incorporated by reference herein.
3.3	Amendment of the Articles of Incorporation of Registrant dated November 1, 2002, is included as Exhibit 3.3 to the Registrant's 10-Q for March 31, 2005, which is incorporated by this reference herein.
3.4	Amendment of the Articles of Incorporation of Registrant dated August 17, 2005, is included as Exhibit 3.4 to the Registrant's 10-Q for March 31, 2005, which is incorporated by this reference herein.
4	Specimen form of certificate for Plumas Bancorp included as Exhibit 4 to the Registrant's Form S-4, File No. 333-84534, which is incorporated by reference herein.
4.1	Description of Securities of Plumas Bancorp Registered Under Section 12 of the Exchange Act, is included as Exhibit 4.1 to the Registrant's 10-K for December 31, 2023, which is incorporated by this reference herein.
10.1	Form of Indemnification Agreement (Plumas Bancorp) is included as Exhibit 10.1 to the Registrant's 8-K filed on August 20,2020 which is incorporated by this reference herein.
10.2	Form of Indemnification Agreement (Plumas Bank) is included as Exhibit 10.2 to the Registrant's 8-K filed on August 20,2020 which is incorporated by this reference herein.
10.3*	Salary Continuation Agreement of Kevin Kaiser dated May 1, 2026.
10.4*	Salary Continuation Agreement of Jack Prescott dated May 1, 2026.
31.1*	Rule 13a-14(a) [Section 302] Certification of Principal Financial Officer dated August 5, 2026.
31.2*	Rule 13a-14(a) [Section 302] Certification of Principal Executive Officer dated August 5, 2026.
32.1*	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 dated August 5, 2026.
32.2*	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 dated August 5, 2026.

101.INS*	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
*	Filed herewith

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.

PLUMAS BANCORP
(Registrant)
Date: August 5, 2026

/s/ Richard L. Belstock
Richard L. Belstock
Chief Financial Officer

/s/ Andrew J. Ryback
Andrew J. Ryback
Director, President and Chief Executive Officer

PLUMAS BANK
SUPPLEMENTAL EXECUTIVE RETIREMENT AGREEMENT

This SUPPLEMENTAL EXECUTIVE RETIREMENT AGREEMENT ("Agreement") is made and entered into this first day of May, 2026, between Plumas Bank ("Bank"), a bank located in Quincy, CA, and Kevin Kaiser ("Executive").

Article 1
Benefits Tables

The following tables describe the benefits available to the Executive, or the Executive's Beneficiary, upon the occurrence of certain events. Capitalized terms have the meanings given in Article 3. Except for death, each benefit described is in lieu of any other benefit herein.

Table A: Retirement Benefit
Normal Retirement Date ("NRD") = May 1, 2036

Distribution Event	Amount of Benefit	Form of Benefit	Timing of Benefit Distribution
Executive's Separation from Service following attainment of the Normal Retirement Date.	Annual benefit equal to $80,000 per year ("Annual Benefit").	Annual Benefit shall be distributed through equal monthly installments representing 1/12th of the Annual Benefit.	Payments shall commence on the first day of the month immediately following the month of Executive's Separation from Service and shall continue for ten (10) years.

Table B: Benefit Available Prior to Retirement

Distribution Event	Amount of Benefit	Form of Benefit	Timing of Benefit Distribution
Separation from Service prior to the Executive's Normal Retirement Date for reasons other than Separation from Service within twenty-four (24) months following a Change in Control or Separation from Service for Cause.	Accrued Liability Balance, as of the last day of the month immediately prior to Executive's Separation from Service. The Accrued Liability Balance shall continue to accrue earnings at the Discount Rate until all monthly installments are completely distributed.	Accrued Liability Balance shall be distributed in equal monthly installments.	Payments shall commence on the first day of the month immediately following the Executive's attainment of their Normal Retirement Date and shall continue for ten (10) years.
Change in Control followed within twenty-four (24) months by Executive's Separation from Service.	Annual Benefit as provided in Table A, hereinabove.	Annual Benefit shall be distributed through equal monthly installments representing 1/12th of the Annual Benefit.	Payments shall commence on the first day of the month immediately following the month of Executive's Separation from Service and shall continue for ten (10) years.

Table C: Death Benefit

Distribution Event	Amount of Benefit	Form of Benefit	Timing of Benefit Distribution
Executive's death while actively employed with the Bank.	Accrued Liability Balance, as of the last day of the month immediately prior to Executive's death. The Accrued Liability Balance shall continue to accrue earnings at the Discount Rate until all monthly installments are completely distributed.	Accrued Liability Balance shall be distributed in equal monthly installments.	Payments to the Beneficiary (ies) shall commence on the first day of the month immediately following the Executive's death and shall continue for ten (10) years.
Death prior to commencement of payments under Table A or Table B.	The same benefit to which the Executive was entitled to prior to the Executive's death.	Benefit shall be distributed in equally monthly installments.	Payments to the Beneficiary (ies) shall commence on the first day of the month immediately following the Executive's death and shall continue for ten (10) years.
Death during installment payout of benefit under Tables A or B.	Remaining installment payments, if any, under Table A or B.	In the same form of benefit distribution had the Executive lived.	Payment(s) to the Beneficiary (ies) continue on same schedule as if Executive had lived.

Article 2
Purpose

The purpose of this Agreement is to further the growth and development of the Bank by providing Executive with supplemental retirement income and thereby encourage Executive's productive efforts on behalf of the Bank and the Bank's depositors, and to align the interests of the Executive and those depositors. The Bank promises to make certain payments to the Executive, or the Executive's Beneficiary, at retirement, death, or upon some other qualifying event pursuant to the terms of this Agreement.

Article 3
Definitions and Construction

It is intended that this Agreement comply and be construed in accordance with Section 409A of the Internal Revenue Code (the "Code"). It is also intended that the Agreement be "unfunded" and maintained for a select group of management or highly compensated employees of the Bank, for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and not be construed to provide income to the Executive or Beneficiary under the Code prior to actual receipt of benefits.

Where the following words and phrases appear in the Agreement, they shall have the respective meanings set forth below, unless their context clearly indicates to the contrary:

3.1 "Accrued Liability Balance" shall mean the amount accrued by the Bank to fund the future benefit expense associated with this Agreement. The Bank shall account for this benefit using Generally Accepted Accounting Principles, regulatory accounting guidance of the Bank's primary federal regulator, and other applicable accounting guidance, including APB 12 and FAS 106. Accordingly, the Bank shall establish a liability retirement account for the Executive into which appropriate accruals shall be made using a reasonable discount rate, which may be adjusted from time to time.

3.2 "Beneficiary" shall mean the person(s) designated by the Executive, including the estate of the Executive, entitled to a benefit under this Agreement.

3.3 "Board" shall mean the Board of Directors of the Bank.

3.4 "Change in Control" shall mean a change in ownership or control of the Bank as defined in Treasury Regulation §1.409A-3(i)(5) or any subsequently applicable published authority or guidance.

3.5 "Code" shall mean the Internal Revenue Code of 1986, as amended, and all regulations and guidance thereunder.

3.6 "Discount Rate" shall mean the rate used by the Bank for determining the Accrued Liability Balance.

3.7 "Effective Date" shall mean May 1, 2026.

3.8 "Plan Year" shall mean each a twelve (12) month period commencing on January 1 and ending on December 31 of each year. The initial Plan Year shall commence on the Effective Date of the Agreement and end on the following December 31.

3.9 "Separation from Service" shall mean that the Executive has retired or otherwise has a termination of employment with the Bank. For purposes of this Agreement, whether a termination of employment or service has occurred is determined based on whether the facts and circumstances indicate that the Bank and Executive reasonably anticipated that no further services would be performed after a certain date, or that the level of bona fide services the Executive would perform after such date (whether as an Executive or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an Executive or an independent contractor) over the immediately preceding thirty-six (36) month period (or the full period of services to the Bank if the Executive has been providing services to the Bank less than 36 months). Facts and circumstances to be considered in making this determination include, but are not limited to, whether the Executive continues to be treated as an Executive for other purposes (such as continuation of salary and participation in Executive benefit programs), whether similarly situated service providers have been treated consistently, and whether the Executive is permitted, and realistically available, to perform services for other service recipients in the same line of business. An Executive will be presumed not to have had a Separation from Service where the level of bona fide services performed continues at a level that is fifty percent (50%) or more of the average level of service performed by the Executive during the immediately preceding thirty-six (36) month period. A Separation from Service will not be deemed to have occurred while the Executive is on military leave, sick leave, or other bona fide leave of absence, provided Executive has the right to reemployment under an applicable statute or by contract.

3.10 "Termination for Cause" shall mean a termination of employment for:

(a) Gross negligence or gross neglect of duties to the Bank; or
(b) Conviction of a felony or of a gross misdemeanor involving moral turpitude in connection with the Executive's employment with the Bank; or
(c) Fraud, disloyalty, dishonesty or willful violation of any law or significant Bank policy committed in connection with the Executive's employment and resulting in a material adverse effect on the Bank.

3.11 "Unforeseeable Emergency" shall mean a severe financial hardship to the Executive resulting from an illness or accident of the Executive, the Executive's spouse, the Executive's dependent, or the Executive's Beneficiary, loss of the Executive's property due to casualty, other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Executive. The imminent foreclosure of or eviction from the service provider's primary residence may constitute an Unforeseeable Emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication, may constitute an Unforeseeable Emergency. Finally, the need to pay for the funeral expenses of a spouse, a beneficiary, or a dependent may also constitute an Unforeseeable Emergency. At all times this definition shall be construed in accordance with the definition under Section 409A. If the Executive seeks to terminate any current deferral elections or re-start the deferral election, it must be done in accordance with Section 409A.

Article 4
Distributions During Lifetime

4.1 Hardship Distribution. The Bank will permit early withdrawals for an Unforeseeable Emergency under certain circumstances arising as a result of events beyond the control of the Executive. The Executive may submit an application for an in-service early withdrawal due to an Unforeseeable Emergency to the Board of Directors. If, in the discretion of the Board, the Executive is permitted to take an early withdrawal due to an Unforeseeable Emergency, the Board shall make a distribution to such Executive from the Deferral Account. Such distribution shall be paid in one (1) lump sum within thirty (30) days, after the Board determines that the Executive is permitted to take an early withdrawal due to an Unforeseeable Emergency. The amount of such lump sum payment shall be limited to the amount reasonably necessary to meet the Executive's requirements to the extent such emergency is not relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Executive's assets, (to the extent the liquidation of such assets will not cause severe financial hardship) or by cessation of deferrals.

4.2 Restriction on Timing of Distributions. Solely to the extent necessary to avoid penalties under Section 409A, distributions under this Agreement may not commence earlier than six (6) months after a Separation from Service (as described under the "Separation from Service" provision herein) if, pursuant to Internal Revenue Code Section 409A, the Executive hereto is considered a "Specified Employee" of a publicly-traded company. In the event a distribution is delayed pursuant to this Section, the originally scheduled distribution shall be delayed for six (6) months and shall commence instead on the first day of the seventh month following Separation from Service. If payments are scheduled to be made in installments, the first six (6) months of installment payments shall be delayed, aggregated, and paid instead on the first day of the seventh month, after which all installment payments shall be made on their regular schedule. If payment is scheduled to be made in a lump sum, the lump sum payment shall be delayed for six (6) months and instead be made on the first day of the seventh month.

4.3 Distributions Upon Income Inclusion Under Section 409A of the Code. If any amount is required to be included in income by the Executive prior to receipt due to a failure of this Agreement to meet the requirements of Code Section 409A, the Executive may petition the Plan Administrator for a distribution of that portion of the amount the Bank has accrued with respect to the Bank's obligations hereunder that is required to be included in the Executive's income. Upon the grant of such petition, which grant shall not be unreasonably withheld, the Bank shall distribute to the Executive immediately available funds in an amount equal to the portion of the amount the Bank has accrued with respect to the Bank's obligations hereunder required to be included in income as a result of the failure of this Agreement to meet the requirements of Code Section 409A, within ninety (90) days of the date when the Executive's petition is granted. Such a distribution shall effect and reduce the Executive's benefits to be paid under this Agreement.

4.4 Change in Form or Timing of Distributions. Any change to the form or timing of distributions hereunder shall be considered made only when it becomes irrevocable under the terms of the Agreement. Any change will be considered irrevocable not later than thirty (30) days following acceptance of the change by the Plan Administrator and must comply with the following rules:

(1) The change may not accelerate the time or schedule of any distribution, except as provided in Code Section 1.409A-3(j)(4);
(2) The subsequent deferral election may not take effect until at least twelve (12) months after the date on which the election is made;
(3) The payment (except in the case of death, Disability, or Unforeseeable Emergency) upon which the subsequent deferral election is made is deferred for a period of not less than five (5) years from the date such payment would otherwise have been paid; and
(4) In the case of a payment made at a specified time, the election must be made not less than twelve (12) months before the date the payment is scheduled to be paid.

Article 5
Beneficiary

5.1 Beneficiary. Executive shall have the right to name a Beneficiary of the death benefit, if any, described in Article 1 herein. Executive shall have the right to name such Beneficiary at any time prior to Executive's death and submit it to the Plan Administrator (or Plan Administrator's representative) on the form provided. Once received and acknowledged by the Plan Administrator, the form shall be effective. The Executive may change the Beneficiary designation at any time by submitting a new form to the Plan Administrator. Any such change shall follow the same rules as for the original Beneficiary designation and shall automatically supersede the existing Beneficiary form on file with the Plan Administrator.

5.2 Failure to Designate a Beneficiary. If Executive dies without a valid Beneficiary designation on file with the Plan Administrator, the Executive's surviving spouse, if any, shall become the designated Beneficiary. If Executive has no surviving spouse, death benefits shall be paid to the personal representative of Executive's estate.

5.3 Facility of Distribution. If the Plan Administrator determines in its discretion that a benefit is to be paid to a minor, to a person declared incompetent, or to a person incapable of handling the disposition of that person's property, the Plan Administrator may direct distribution of such benefit to the guardian, legal representative or person having the care or custody of such minor, incompetent person or incapable person. The Plan Administrator may require proof of incompetence, minority or guardianship as it may deem appropriate prior to distribution of the benefit. Any distribution of a benefit shall be a distribution for the account of the Executive and the Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Agreement for such distribution amount.

Article 6
General Limitations

6.1 Termination for Cause. Notwithstanding any provision of this Agreement to the contrary, the Bank shall not distribute any benefit under this Agreement if Executive's employment is terminated for Cause.

6.2 Removal. Notwithstanding any provision of this Agreement to the contrary, the Bank shall not distribute any benefit under this Agreement if the Executive is subject to a final removal or prohibition order issued by an appropriate federal banking agency pursuant to Section 8(e) of the Federal Deposit Insurance Act.

6.3 Suicide or Misstatement. The Bank shall not pay any benefit under this Agreement if the Executive commits suicide within three (3) years after the date of this Agreement. In addition, the Bank shall not pay any benefit under this Agreement if the Executive has made any material misstatement of fact on an employment application or resume provided to the Bank, or on any application for any benefits provided by the Bank to the Executive.

Article 7
Administration of Agreement

7.1 Plan Administrator Duties. The Bank shall be the Plan Administrator, unless the Bank appoints a committee to be the Plan Administrator. The Bank may appoint a committee ("Committee") of one or more individuals in the employment of Bank for the purpose of discharging the administrative responsibilities of the Bank under the Plan. The Bank may remove a Committee member for any reason by giving such member ten (10) days' written notice and may thereafter fill any vacancy thus created. The Committee shall represent the Bank in all matters concerning the administration of this Plan; provided however, the final authority for all administrative and operational decisions relating to the Plan remains with the Bank.

7.2 Authority of Plan Administrator. The Plan Administrator shall have full power and authority to adopt rules and regulations for the administration of the Plan, provided they are not inconsistent with the provisions of this Plan, and Section 409A of the Code, to interpret, alter, amend or revoke any rules and regulations so adopted, to enter into contracts on behalf of the Bank with respect to this Agreement, to make discretionary decisions under this Plan, to demand satisfactory proof of the occurrence of any event that is a condition precedent to the commencement of any payment or discharge of any obligation under the Plan, and to perform any and all administrative duties under this Plan.

7.3 Recusal. An individual serving as Plan Administrator may be eligible to participate in the Plan, but such person shall not be entitled to participate in discretionary decisions under Article 8 relating to such person's own interests in the Plan.

7.4 Agents. In the administration of this Agreement, the Plan Administrator may employ agents and delegate to them such administrative duties as it sees fit, (including acting through a duly appointed representative), and may from time-to-time consult with counsel who may be counsel to the Bank.

7.5 Binding Effect of Decisions. The decision or action of the Plan Administrator with respect to any question arising out of or in connection with the administration, interpretation and application of the Agreement and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Agreement.

7.6 Indemnity of Plan Administrator. The Bank shall indemnify and hold harmless any party contracted for the purposes of assisting the Plan Administrator in performing its duties under this Agreement against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Agreement, except in the case of willful misconduct by such contracted party.

7.7 Bank Information. To enable any party contracted for the purposes of assisting the Plan Administrator in performing its duties under this Agreement to perform its functions, the Bank shall supply full and timely information to such contracted party on all matters relating to the date and circum-stances of any event triggering a benefit hereunder.

7.8 Annual Statement. Any party contracted for the purposes of assisting the Plan Administrator in performing its duties under this Agreement shall provide to the Bank, on the schedule set forth in the Administrative Services Contract, a statement setting forth the benefits to be distributed under this Agreement.

Article 8
Claims and Review Procedures

8.1 Claims Procedure. If Executive, beneficiary or his or her representative is denied all or a portion of an expected Agreement benefit for any reason and the Executive, beneficiary or his or her representative desires to dispute the decision of the Administrator, he or she must file a written notification of his or her claim with the Plan Administrator ("Claimant").

8.1.1 Initiation – Written Claim. Upon receipt of any written claim for benefits, the Plan Administrator shall be notified and shall give due consideration to the claim presented. If any Claimant claims to be entitled to benefits under the Agreement and the Plan Administrator determines that the claim should be denied in whole or in part, the Plan Administrator shall, in writing, notify such Claimant within ninety (90) days of receipt of the claim that the claim has been denied. The Plan Administrator may extend the period of time for making a determination with respect to any claim for a period of up to ninety (90) days, provided that the Plan Administrator determines that such an extension is necessary because of special circumstances and notifies the Claimant, prior to the expiration of the initial ninety (90) day period, of the circumstances requiring the extension of time and the date by which the Agreement expects to render a decision. If the claim is denied to any extent by the Plan Administrator, the Plan Administrator shall furnish the Claimant with a written notice setting forth:

(a) the specific reason or reasons for denial of the claim;
(b) a specific reference to the Agreement provisions on which the denial is based;
(c) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary; and
(d) an explanation of the provisions of this Article.

Under no circumstances shall any failure by the Plan Administrator to comply with the provisions of this Section 8.1.1 be considered to constitute an allowance of the Claimant's claim.

8.2 Review Procedure. A Claimant who has a claim denied wholly or partially under Section 8.1.1 may appeal to the Plan Administrator for reconsideration of that claim. A request for reconsideration under this Section 8.2 must be filed by written notice within sixty (60) days after receipt by the Claimant of the notice of denial under Section 8.1.1.

8.2.1 Upon receipt of an appeal the Plan Administrator shall promptly take action to give due consideration to the appeal. Such consideration may include a hearing of the parties involved, if the Plan Administrator feels such a hearing is necessary. In preparing for this appeal the Claimant shall be given the right to review pertinent documents and the right to submit in writing a statement of issues and comments. After consideration of the merits of the appeal the Plan Administrator shall issue a written decision which shall be binding on all parties. The decision shall specifically state its reasons and pertinent Agreement provisions on which it relies. The Plan Administrator's decision shall be issued within sixty (60) days after the appeal is filed, except that the Plan Administrator may extend the period of time for making a determination with respect to any claim for a period of up one-hundred and twenty (120) days, provided that the Plan Administrator determines that such an extension is necessary because of special circumstances and notifies the Claimant, prior to the expiration of the initial one-hundred and twenty (120) day period, of the circumstances requiring the extension of time and the date by which the Plan Administrator expects to render a decision. Under no circumstances shall any failure by the Plan Administrator to comply with the provisions of this Section 8.2.1 be considered to constitute an allowance of the Claimant's claim. For issues involving medical judgment, the employee must consult with an independent health care professional who may not be the health care professional who rendered the initial claim.

8.3 Designation. The Plan Administrator may designate any other person of its choosing to make any determination otherwise required under this Article. Any person so designated shall have the same authority and discretion granted to the Plan Administrator hereunder.

Article 9
Amendments and Termination

9.1 Amendments. This Agreement may be amended only by a written agreement signed by the Bank and the Executive. However, the Bank may unilaterally amend this Agreement to conform to written directives to the Bank from its auditors or bank regulators or to comply with legislative changes or tax law, including without limitation Section 409A of the Code and any and all Treasury regulations and guidance promulgated thereunder.

9.2 Plan Termination – Generally. This Agreement may be terminated only by a written agreement signed by the Bank and the Executive. Except as provided in Section 9.3, the termination of this Agreement shall not cause a distribution of benefits under this Agreement. Rather, after such termination, benefit distributions will be made at the earliest distribution event permitted under Table A.

9.3 Plan Terminations Under Section 409A. Notwithstanding anything to the contrary in Section 9.2, if this Agreement terminates in the following circumstances:

(a) Within thirty (30) days before or twelve (12) months after a Change in Control, provided that all distributions are made no later than twelve (12) months following such termination of the Agreement and further provided that all the Bank's arrangements which are substantially similar to the Agreement are terminated so the Trustee and all participants in the similar arrangements are required to receive all amounts of compensation deferred under the terminated arrangements within twelve (12) months of such terminations;

(b) Upon the Bank's dissolution or with the approval of a bankruptcy court provided that the amounts deferred under the Agreement are included in the Trustee's gross income in the latest of (i) the calendar year in which the Agreement terminates; (ii) the calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or (iii) the first calendar year in which the distribution is administratively practical; or

(c) Upon the Bank's termination of this and all other arrangements that would be aggregated with this Agreement pursuant to Treasury Regulations Section 1.409A-1(c) if the Trustee participated in such arrangements ("Similar Arrangements"), provided that (i) the termination and liquidation does not occur proximate to a downturn in the financial health of the Bank, (ii) all termination distributions are made no earlier than twelve (12) months and no later than twenty-four (24) months following such termination, and (iii) the Bank does not adopt any new arrangements that would be a Similar Arrangement for a minimum of three (3) years following the date the Bank takes all necessary action to irrevocably terminate and liquidate the Agreement;

the Bank may distribute the appropriate benefit as provided for within this Agreement and determined as of the date of the termination of the Agreement, to the Trustee in a lump sum subject to the above terms.

Article 10
Miscellaneous

10.1 Binding Effect. This Agreement shall bind the Executive and the Bank, and their beneficiaries, survivors, executors, administrators and transferees.

10.2 No Guarantee of Employment. This Agreement is not a contract for employment. It does not give the Executive the right to remain an employee of the Bank, nor does it interfere with the Bank's right to discharge the Executive. It also does not require the Executive to remain an employee nor interfere with the Executive's right to terminate employment at any time.

10.3 Non-Transferability. Benefits under this Agreement cannot be sold, transferred, assigned, pledged, attached or encumbered in any manner.

10.4 Tax Withholding. The Bank shall withhold any taxes that are required to be withheld from the benefits provided under this Agreement. The Executive acknowledges that the Bank’s sole liability regarding taxes is to forward any amount withheld to the appropriate taxing authority (ies).

10.5 Applicable Law. This Agreement shall be governed by, construed and administered in accordance with the applicable provisions of ERISA, Code Section 409(A), Treasury Regulation § 1.409A and any other applicable federal law, provided, however, that to the extent not preempted by federal law this Agreement shall be governed by the laws of the state where the Bank’s primary corporate headquarters is located, except to the extent preempted by the laws of the United States of America.

10.6 Unfunded Arrangement. The Executive is a general unsecured creditor of the Bank for the distribution of benefits under this Agreement. The benefits represent the mere promise by the Bank to distribute such benefits. The rights to benefits are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors. Any insurance on the Executive's life or other informal funding asset is a general asset of the Bank to which the Executive has no preferred or secured claim.

10.7 Reorganization. The Bank shall not merge or consolidate into or with another bank, or reorganize, or sell substantially all of its assets to another bank, firm, or person unless such succeeding or continuing bank, firm, or person agrees to assume and discharge the obligations of the Bank under this Agreement. Upon the occurrence of such event, the term “Bank” as used in this Agreement shall be deemed to refer to the successor or survivor bank.

10.8 Entire Agreement. This Agreement constitutes the entire agreement between the Bank and the Executive as to the subject matter hereof. No rights are granted to the Executive by virtue of this Agreement other than those specifically set forth herein.

10.9 Interpretation. Wherever the fulfillment of the intent and purpose of this Agreement requires, and the context will permit, the use of the masculine gender includes the feminine and use of the singular includes the plural.

10.10 Alternative Action. In the event it shall become impossible for the Bank or the Plan Administrator to perform any act required by this Agreement, the Bank or Plan Administrator may in its discretion perform such alternative act as most nearly carries out the intent and purpose of this Agreement and is in the best interests of the Bank.

10.11 Headings. Article and section headings are for convenient reference only and shall not control or affect the meaning or construction of any of its provisions.

10.12 Validity. If any provision of this Agreement is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such provision had not been included therein.

10.13 Notice. Any notice or filing required or permitted to be given to the Bank or Plan Administrator under this Agreement shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Plumas Bank
35 S. Lindan Ave.
Quincy, CA 95971
Atten: Andrew Ryback

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Any notice or filing required or permitted to be given to the Executive under this Agreement shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Executive.

10.14 Right to Setoff. The Bank may, to the extent permitted by applicable law, deduct from and setoff against any amounts payable to an Executive from this Agreement such amounts as may be owed by a Executive to the Bank, although the Executive shall remain liable for any part of the Executive's payment obligation not satisfied through such deduction and setoff. By participating in the Agreement, the Executive agrees to any deduction or setoff under this Section 10.14, which is allowed by law.

10.15 Limitation on Actions. Executive or Beneficiary who disagrees with a denial of his appealed claim under Article 9 of this Agreement must file any complaint in a federal District Court to dispute such determination (a) within three (3) years of the earlier of the date on which such claim for benefits first accrued or arose under the terms of the Agreement, or (b) within one (1) year after the such claim was denied upon appeal, or deemed denied under Article 9 hereof.

10.16 No Guarantee of Tax Consequences. While the Agreement is intended to provide tax deferral for Executive, the Agreement is not a guarantee that the intended tax deferral will be achieved. Executive is solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with this Agreement. Neither the Bank nor any of its directors, officers or employees shall have any obligation to indemnify or otherwise hold Executive harmless from any such taxes.

10.17 Deduction Limitation on Benefit Payments. If the Bank reasonably anticipates that the Bank's deduction with respect to any distribution under this Agreement would be limited or eliminated by application of Code Section 162(m), then to the extent deemed necessary by the Bank to ensure that the entire amount of any distribution from this Agreement is deductible, the Bank may delay payment of any amount that would otherwise be distributed under this Agreement. The delayed amounts shall be distributed to the Executive (or Beneficiary in the event of the Executive's death) at the earliest date the Bank reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m).

10.18 Suicide or Misstatement. No benefit shall be distributed if the Executive commits suicide within two (2) years after the Effective Date, or if an insurance company which issued a life insurance policy covering the Executive and owned by the Bank denies coverage for misstatements of fact made by the Executive on an application for such life insurance or for any other reason.

10.19 Opportunity to Consult with Independent Advisors. The Executive acknowledges that he has been afforded the opportunity to consult with independent advisors of his choosing including, without limitation, accountants or tax advisors and counsel regarding both the benefits granted to him under the terms of this Agreement and the (i) terms and conditions which may affect the Executive's right to these benefits, and (ii) personal tax effects of such benefits including, without limitation, the effects of any federal or state taxes, Section 280G of the Code, Section 409A of the Code, and any other taxes, costs, expenses or liabilities whatsoever related to such benefits, which in any of the foregoing instances the Executive acknowledges and agrees shall be the sole responsibility of the Executive notwithstanding any other term or provision of this Agreement. The Executive further acknowledges and agrees that the Bank shall have no liability whatsoever related to any such personal tax effects or other personal costs, expenses, or liabilities applicable to the Executive and further specifically waives any right for himself or herself, and his or her heirs, beneficiaries, legal representatives, agents, successor and assign to claim or assert liability on the part of the Bank related to the matters described above in this Section 10.19. The Executive further acknowledges that he has read, understands and consents to all of the terms and conditions of this Agreement, and that he enters into this Agreement with a full understanding of its terms and conditions.

IN WITNESS WHEREOF, the Executive and a duly authorized representative of the Bank have signed this Agreement as of the date indicated above.

EXECUTIVE:	**BANK:**
	Plumas Bank
______________________________	**By** ______________________________
Kevin Kaiser	**Title** ______________________________

BENEFICIARY DESIGNATION FORM

( ) New Designation
( ) Change in Designation

I, _____________________, designate the following as Beneficiary under the Agreement:

Primary:		_____%
Name	Relationship	_____%
Name	Relationship	
Contingent:		_____%
Name	Relationship	_____%
Name	Relationship	_____%
Name	Relationship	

Notes:

- **Please PRINT CLEARLY or TYPE the names of the beneficiaries.**
- **To name a trust as beneficiary, please provide the name of the trustee(s) and the exact name and date of the trust agreement.**
- **To name your estate as beneficiary, please write "Estate of [your name]".**
- **Be aware that none of the contingent beneficiaries will receive anything unless ALL of the primary beneficiaries predecease you.**

I understand that I may change these beneficiary designations by delivering a new written designation to the Plan Administrator, which shall be effective only upon receipt and acknowledgment by the Plan Administrator prior to my death.

Name: ______________________________

Signature: ______________________________ **Date:** ___________

SPOUSAL CONSENT (Required if Spouse is not named beneficiary):

I consent to the beneficiary designation above and acknowledge that if I am named Beneficiary and our marriage is subsequently dissolved, the designation will automatically be revoked.

Spouse Name: ___________________________________

Signature: ___________________________________ Date: _______________

Received by the Plan Administrator this _____ day of __________________, 2026

By: ______________________________

Title: ____________________________

PLUMAS BANK
SUPPLEMENTAL EXECUTIVE RETIREMENT AGREEMENT

This SUPPLEMENTAL EXECUTIVE RETIREMENT AGREEMENT ("Agreement") is made and entered into this first day of May, 2026, between Plumas Bank ("Bank"), a bank located in Quincy, CA, and Jack Prescott ("Executive").

Article 1
Benefits Tables

The following tables describe the benefits available to the Executive, or the Executive's Beneficiary, upon the occurrence of certain events. Capitalized terms have the meanings given in Article 3. Except for death, each benefit described is in lieu of any other benefit herein.

Table A: Retirement Benefit
Normal Retirement Date ("NRD") = May 1, 2036

Distribution Event	Amount of Benefit	Form of Benefit	Timing of Benefit Distribution
Executive's Separation from Service following attainment of the Normal Retirement Date.	Annual benefit equal to $80,000 per year ("Annual Benefit").	Annual Benefit shall be distributed through equal monthly installments representing 1/12th of the Annual Benefit.	Payments shall commence on the first day of the month immediately following the month of Executive's Separation from Service and shall continue for ten (10) years.

Table B: Benefit Available Prior to Retirement

Distribution Event	Amount of Benefit	Form of Benefit	Timing of Benefit Distribution
Separation from Service prior to the Executive's Normal Retirement Date for reasons other than Separation from Service within twenty-four (24) months following a Change in Control or Separation from Service for Cause.	Accrued Liability Balance, as of the last day of the month immediately prior to Executive's Separation from Service. The Accrued Liability Balance shall continue to accrue earnings at the Discount Rate until all monthly installments are completely distributed.	Accrued Liability Balance shall be distributed in equal monthly installments.	Payments shall commence on the first day of the month immediately following the Executive's attainment of their Normal Retirement Date and shall continue for ten (10) years.
Change in Control followed within twenty-four (24) months by Executive's Separation from Service.	Annual Benefit as provided in Table A, hereinabove.	Annual Benefit shall be distributed through equal monthly installments representing 1/12th of the Annual Benefit.	Payments shall commence on the first day of the month immediately following the month of Executive's Separation from Service and shall continue for ten (10) years.

Table C: Death Benefit

Distribution Event	Amount of Benefit	Form of Benefit	Timing of Benefit Distribution
Executive's death while actively employed with the Bank.	Accrued Liability Balance, as of the last day of the month immediately prior to Executive's death. The Accrued Liability Balance shall continue to accrue earnings at the Discount Rate until all monthly installments are completely distributed.	Accrued Liability Balance shall be distributed in equal monthly installments.	Payments to the Beneficiary (ies) shall commence on the first day of the month immediately following the Executive's death and shall continue for ten (10) years.
Death prior to commencement of payments under Table A or Table B.	The same benefit to which the Executive was entitled to prior to the Executive's death.	Benefit shall be distributed in equally monthly installments.	Payments to the Beneficiary (ies) shall commence on the first day of the month immediately following the Executive's death and shall continue for ten (10) years.
Death during installment payout of benefit under Tables A or B.	Remaining installment payments, if any, under Table A or B.	In the same form of benefit distribution had the Executive lived.	Payment(s) to the Beneficiary (ies) continue on same schedule as if Executive had lived.

Article 2
Purpose

The purpose of this Agreement is to further the growth and development of the Bank by providing Executive with supplemental retirement income and thereby encourage Executive's productive efforts on behalf of the Bank and the Bank's depositors, and to align the interests of the Executive and those depositors. The Bank promises to make certain payments to the Executive, or the Executive's Beneficiary, at retirement, death, or upon some other qualifying event pursuant to the terms of this Agreement.

Article 3
Definitions and Construction

It is intended that this Agreement comply and be construed in accordance with Section 409A of the Internal Revenue Code (the "Code"). It is also intended that the Agreement be "unfunded" and maintained for a select group of management or highly compensated employees of the Bank, for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and not be construed to provide income to the Executive or Beneficiary under the Code prior to actual receipt of benefits.

Where the following words and phrases appear in the Agreement, they shall have the respective meanings set forth below, unless their context clearly indicates to the contrary:

3.1 "Accrued Liability Balance" shall mean the amount accrued by the Bank to fund the future benefit expense associated with this Agreement. The Bank shall account for this benefit using Generally Accepted Accounting Principles, regulatory accounting guidance of the Bank's primary federal regulator, and other applicable accounting guidance, including APB 12 and FAS 106. Accordingly, the Bank shall establish a liability retirement account for the Executive into which appropriate accruals shall be made using a reasonable discount rate, which may be adjusted from time to time.

3.2 "Beneficiary" shall mean the person(s) designated by the Executive, including the estate of the Executive, entitled to a benefit under this Agreement.

3.3 "Board" shall mean the Board of Directors of the Bank.

3.4 "Change in Control" shall mean a change in ownership or control of the Bank as defined in Treasury Regulation §1.409A-3(i)(5) or any subsequently applicable published authority or guidance.

3.5 "Code" shall mean the Internal Revenue Code of 1986, as amended, and all regulations and guidance thereunder.

3.6 "Discount Rate" shall mean the rate used by the Bank for determining the Accrued Liability Balance.

3.7 "Effective Date" shall mean May 1, 2026.

3.8 "Plan Year" shall mean each a twelve (12) month period commencing on January 1 and ending on December 31 of each year. The initial Plan Year shall commence on the Effective Date of the Agreement and end on the following December 31.

3.9 "Separation from Service" shall mean that the Executive has retired or otherwise has a termination of employment with the Bank. For purposes of this Agreement, whether a termination of employment or service has occurred is determined based on whether the facts and circumstances indicate that the Bank and Executive reasonably anticipated that no further services would be performed after a certain date, or that the level of bona fide services the Executive would perform after such date (whether as an Executive or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an Executive or an independent contractor) over the immediately preceding thirty-six (36) month period (or the full period of services to the Bank if the Executive has been providing services to the Bank less than 36 months). Facts and circumstances to be considered in making this determination include, but are not limited to, whether the Executive continues to be treated as an Executive for other purposes (such as continuation of salary and participation in Executive benefit programs), whether similarly situated service providers have been treated consistently, and whether the Executive is permitted, and realistically available, to perform services for other service recipients in the same line of business. An Executive will be presumed not to have had a Separation from Service where the level of bona fide services performed continues at a level that is fifty percent (50%) or more of the average level of service performed by the Executive during the immediately preceding thirty-six (36) month period. A Separation from Service will not be deemed to have occurred while the Executive is on military leave, sick leave, or other bona fide leave of absence, provided Executive has the right to reemployment under an applicable statute or by contract.

3.10 "Termination for Cause" shall mean a termination of employment for:

(a) Gross negligence or gross neglect of duties to the Bank; or
(b) Conviction of a felony or of a gross misdemeanor involving moral turpitude in connection with the Executive's employment with the Bank; or
(c) Fraud, disloyalty, dishonesty or willful violation of any law or significant Bank policy committed in connection with the Executive's employment and resulting in a material adverse effect on the Bank.

3.11 "Unforeseeable Emergency" shall mean a severe financial hardship to the Executive resulting from an illness or accident of the Executive, the Executive's spouse, the Executive's dependent, or the Executive's Beneficiary, loss of the Executive's property due to casualty, other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Executive. The imminent foreclosure of or eviction from the service provider's primary residence may constitute an Unforeseeable Emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication, may constitute an Unforeseeable Emergency. Finally, the need to pay for the funeral expenses of a spouse, a beneficiary, or a dependent may also constitute an Unforeseeable Emergency. At all times this definition shall be construed in accordance with the definition under Section 409A. If the Executive seeks to terminate any current deferral elections or re-start the deferral election, it must be done in accordance with Section 409A.

Article 4
Distributions During Lifetime

4.1 Hardship Distribution. The Bank will permit early withdrawals for an Unforeseeable Emergency under certain circumstances arising as a result of events beyond the control of the Executive. The Executive may submit an application for an in-service early withdrawal due to an Unforeseeable Emergency to the Board of Directors. If, in the discretion of the Board, the Executive is permitted to take an early withdrawal due to an Unforeseeable Emergency, the Board shall make a distribution to such Executive from the Deferral Account. Such distribution shall be paid in one (1) lump sum within thirty (30) days, after the Board determines that the Executive is permitted to take an early withdrawal due to an Unforeseeable Emergency. The amount of such lump sum payment shall be limited to the amount reasonably necessary to meet the Executive's requirements to the extent such emergency is not relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Executive's assets, (to the extent the liquidation of such assets will not cause severe financial hardship) or by cessation of deferrals.

4.2 Restriction on Timing of Distributions. Solely to the extent necessary to avoid penalties under Section 409A, distributions under this Agreement may not commence earlier than six (6) months after a Separation from Service (as described under the "Separation from Service" provision herein) if, pursuant to Internal Revenue Code Section 409A, the Executive hereto is considered a "Specified Employee" of a publicly-traded company. In the event a distribution is delayed pursuant to this Section, the originally scheduled distribution shall be delayed for six (6) months and shall commence instead on the first day of the seventh month following Separation from Service. If payments are scheduled to be made in installments, the first six (6) months of installment payments shall be delayed, aggregated, and paid instead on the first day of the seventh month, after which all installment payments shall be made on their regular schedule. If payment is scheduled to be made in a lump sum, the lump sum payment shall be delayed for six (6) months and instead be made on the first day of the seventh month.

4.3 Distributions Upon Income Inclusion Under Section 409A of the Code. If any amount is required to be included in income by the Executive prior to receipt due to a failure of this Agreement to meet the requirements of Code Section 409A, the Executive may petition the Plan Administrator for a distribution of that portion of the amount the Bank has accrued with respect to the Bank's obligations hereunder that is required to be included in the Executive's income. Upon the grant of such petition, which grant shall not be unreasonably withheld, the Bank shall distribute to the Executive immediately available funds in an amount equal to the portion of the amount the Bank has accrued with respect to the Bank's obligations hereunder required to be included in income as a result of the failure of this Agreement to meet the requirements of Code Section 409A, within ninety (90) days of the date when the Executive's petition is granted. Such a distribution shall effect and reduce the Executive's benefits to be paid under this Agreement.

4.4 Change in Form or Timing of Distributions. Any change to the form or timing of distributions hereunder shall be considered made only when it becomes irrevocable under the terms of the Agreement. Any change will be considered irrevocable not later than thirty (30) days following acceptance of the change by the Plan Administrator and must comply with the following rules:

(1) The change may not accelerate the time or schedule of any distribution, except as provided in Code Section 1.409A-3(j)(4);
(2) The subsequent deferral election may not take effect until at least twelve (12) months after the date on which the election is made;
(3) The payment (except in the case of death, Disability, or Unforeseeable Emergency) upon which the subsequent deferral election is made is deferred for a period of not less than five (5) years from the date such payment would otherwise have been paid; and
(4) In the case of a payment made at a specified time, the election must be made not less than twelve (12) months before the date the payment is scheduled to be paid.

Article 5
Beneficiary

5.1 Beneficiary. Executive shall have the right to name a Beneficiary of the death benefit, if any, described in Article 1 herein. Executive shall have the right to name such Beneficiary at any time prior to Executive's death and submit it to the Plan Administrator (or Plan Administrator's representative) on the form provided. Once received and acknowledged by the Plan Administrator, the form shall be effective. The Executive may change the Beneficiary designation at any time by submitting a new form to the Plan Administrator. Any such change shall follow the same rules as for the original Beneficiary designation and shall automatically supersede the existing Beneficiary form on file with the Plan Administrator.

5.2 Failure to Designate a Beneficiary. If Executive dies without a valid Beneficiary designation on file with the Plan Administrator, the Executive's surviving spouse, if any, shall become the designated Beneficiary. If Executive has no surviving spouse, death benefits shall be paid to the personal representative of Executive's estate.

5.3 Facility of Distribution. If the Plan Administrator determines in its discretion that a benefit is to be paid to a minor, to a person declared incompetent, or to a person incapable of handling the disposition of that person's property, the Plan Administrator may direct distribution of such benefit to the guardian, legal representative or person having the care or custody of such minor, incompetent person or incapable person. The Plan Administrator may require proof of incompetence, minority or guardianship as it may deem appropriate prior to distribution of the benefit. Any distribution of a benefit shall be a distribution for the account of the Executive and the Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Agreement for such distribution amount.

Article 6
General Limitations

6.1 Termination for Cause. Notwithstanding any provision of this Agreement to the contrary, the Bank shall not distribute any benefit under this Agreement if Executive's employment is terminated for Cause.

6.2 Removal. Notwithstanding any provision of this Agreement to the contrary, the Bank shall not distribute any benefit under this Agreement if the Executive is subject to a final removal or prohibition order issued by an appropriate federal banking agency pursuant to Section 8(e) of the Federal Deposit Insurance Act.

6.3 Suicide or Misstatement. The Bank shall not pay any benefit under this Agreement if the Executive commits suicide within three (3) years after the date of this Agreement. In addition, the Bank shall not pay any benefit under this Agreement if the Executive has made any material misstatement of fact on an employment application or resume provided to the Bank, or on any application for any benefits provided by the Bank to the Executive.

Article 7
Administration of Agreement

7.1 Plan Administrator Duties. The Bank shall be the Plan Administrator, unless the Bank appoints a committee to be the Plan Administrator. The Bank may appoint a committee ("Committee") of one or more individuals in the employment of Bank for the purpose of discharging the administrative responsibilities of the Bank under the Plan. The Bank may remove a Committee member for any reason by giving such member ten (10) days' written notice and may thereafter fill any vacancy thus created. The Committee shall represent the Bank in all matters concerning the administration of this Plan; provided however, the final authority for all administrative and operational decisions relating to the Plan remains with the Bank.

7.2 Authority of Plan Administrator. The Plan Administrator shall have full power and authority to adopt rules and regulations for the administration of the Plan, provided they are not inconsistent with the provisions of this Plan, and Section 409A of the Code, to interpret, alter, amend or revoke any rules and regulations so adopted, to enter into contracts on behalf of the Bank with respect to this Agreement, to make discretionary decisions under this Plan, to demand satisfactory proof of the occurrence of any event that is a condition precedent to the commencement of any payment or discharge of any obligation under the Plan, and to perform any and all administrative duties under this Plan.

7.3 Recusal. An individual serving as Plan Administrator may be eligible to participate in the Plan, but such person shall not be entitled to participate in discretionary decisions under Article 8 relating to such person’s own interests in the Plan.

7.4 Agents. In the administration of this Agreement, the Plan Administrator may employ agents and delegate to them such administrative duties as it sees fit, (including acting through a duly appointed representative), and may from time-to-time consult with counsel who may be counsel to the Bank.

7.5 Binding Effect of Decisions. The decision or action of the Plan Administrator with respect to any question arising out of or in connection with the administration, interpretation and application of the Agreement and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Agreement.

7.6 Indemnity of Plan Administrator. The Bank shall indemnify and hold harmless any party contracted for the purposes of assisting the Plan Administrator in performing its duties under this Agreement against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Agreement, except in the case of willful misconduct by such contracted party.

7.7 Bank Information. To enable any party contracted for the purposes of assisting the Plan Administrator in performing its duties under this Agreement to perform its functions, the Bank shall supply full and timely information to such contracted party on all matters relating to the date and circum-stances of any event triggering a benefit hereunder.

7.8 Annual Statement. Any party contracted for the purposes of assisting the Plan Administrator in performing its duties under this Agreement shall provide to the Bank, on the schedule set forth in the Administrative Services Contract, a statement setting forth the benefits to be distributed under this Agreement.

Article 8
Claims and Review Procedures

8.1 Claims Procedure. If Executive, beneficiary or his or her representative is denied all or a portion of an expected Agreement benefit for any reason and the Executive, beneficiary or his or her representative desires to dispute the decision of the Administrator, he or she must file a written notification of his or her claim with the Plan Administrator ("Claimant").

8.1.1 Initiation – Written Claim. Upon receipt of any written claim for benefits, the Plan Administrator shall be notified and shall give due consideration to the claim presented. If any Claimant claims to be entitled to benefits under the Agreement and the Plan Administrator determines that the claim should be denied in whole or in part, the Plan Administrator shall, in writing, notify such Claimant within ninety (90) days of receipt of the claim that the claim has been denied. The Plan Administrator may extend the period of time for making a determination with respect to any claim for a period of up to ninety (90) days, provided that the Plan Administrator determines that such an extension is necessary because of special circumstances and notifies the Claimant, prior to the expiration of the initial ninety (90) day period, of the circumstances requiring the extension of time and the date by which the Agreement expects to render a decision. If the claim is denied to any extent by the Plan Administrator, the Plan Administrator shall furnish the Claimant with a written notice setting forth:

(a) the specific reason or reasons for denial of the claim;
(b) a specific reference to the Agreement provisions on which the denial is based;
(c) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary; and
(d) an explanation of the provisions of this Article.

Under no circumstances shall any failure by the Plan Administrator to comply with the provisions of this Section 8.1.1 be considered to constitute an allowance of the Claimant's claim.

8.2 Review Procedure. A Claimant who has a claim denied wholly or partially under Section 8.1.1 may appeal to the Plan Administrator for reconsideration of that claim. A request for reconsideration under this Section 8.2 must be filed by written notice within sixty (60) days after receipt by the Claimant of the notice of denial under Section 8.1.1.

8.2.1 Upon receipt of an appeal the Plan Administrator shall promptly take action to give due consideration to the appeal. Such consideration may include a hearing of the parties involved, if the Plan Administrator feels such a hearing is necessary. In preparing for this appeal the Claimant shall be given the right to review pertinent documents and the right to submit in writing a statement of issues and comments. After consideration of the merits of the appeal the Plan Administrator shall issue a written decision which shall be binding on all parties. The decision shall specifically state its reasons and pertinent Agreement provisions on which it relies. The Plan Administrator's decision shall be issued within sixty (60) days after the appeal is filed, except that the Plan Administrator may extend the period of time for making a determination with respect to any claim for a period of up one-hundred and twenty (120) days, provided that the Plan Administrator determines that such an extension is necessary because of special circumstances and notifies the Claimant, prior to the expiration of the initial one-hundred and twenty (120) day period, of the circumstances requiring the extension of time and the date by which the Plan Administrator expects to render a decision. Under no circumstances shall any failure by the Plan Administrator to comply with the provisions of this Section 8.2.1 be considered to constitute an allowance of the Claimant's claim. For issues involving medical judgment, the employee must consult with an independent health care professional who may not be the health care professional who rendered the initial claim.

8.3 Designation. The Plan Administrator may designate any other person of its choosing to make any determination otherwise required under this Article. Any person so designated shall have the same authority and discretion granted to the Plan Administrator hereunder.

Article 9
Amendments and Termination

9.1 Amendments. This Agreement may be amended only by a written agreement signed by the Bank and the Executive. However, the Bank may unilaterally amend this Agreement to conform to written directives to the Bank from its auditors or bank regulators or to comply with legislative changes or tax law, including without limitation Section 409A of the Code and any and all Treasury regulations and guidance promulgated thereunder.

9.2 Plan Termination – Generally. This Agreement may be terminated only by a written agreement signed by the Bank and the Executive. Except as provided in Section 9.3, the termination of this Agreement shall not cause a distribution of benefits under this Agreement. Rather, after such termination, benefit distributions will be made at the earliest distribution event permitted under Table A.

9.3 Plan Terminations Under Section 409A. Notwithstanding anything to the contrary in Section 9.2, if this Agreement terminates in the following circumstances:

(a) Within thirty (30) days before or twelve (12) months after a Change in Control, provided that all distributions are made no later than twelve (12) months following such termination of the Agreement and further provided that all the Bank's arrangements which are substantially similar to the Agreement are terminated so the Trustee and all participants in the similar arrangements are required to receive all amounts of compensation deferred under the terminated arrangements within twelve (12) months of such terminations;

(b) Upon the Bank's dissolution or with the approval of a bankruptcy court provided that the amounts deferred under the Agreement are included in the Trustee's gross income in the latest of (i) the calendar year in which the Agreement terminates; (ii) the calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or (iii) the first calendar year in which the distribution is administratively practical; or

(c) Upon the Bank's termination of this and all other arrangements that would be aggregated with this Agreement pursuant to Treasury Regulations Section 1.409A-1(c) if the Trustee participated in such arrangements ("Similar Arrangements"), provided that (i) the termination and liquidation does not occur proximate to a downturn in the financial health of the Bank, (ii) all termination distributions are made no earlier than twelve (12) months and no later than twenty-four (24) months following such termination, and (iii) the Bank does not adopt any new arrangements that would be a Similar Arrangement for a minimum of three (3) years following the date the Bank takes all necessary action to irrevocably terminate and liquidate the Agreement;

the Bank may distribute the appropriate benefit as provided for within this Agreement and determined as of the date of the termination of the Agreement, to the Trustee in a lump sum subject to the above terms.

Article 10
Miscellaneous

10.1 Binding Effect. This Agreement shall bind the Executive and the Bank, and their beneficiaries, survivors, executors, administrators and transferees.

10.2 No Guarantee of Employment. This Agreement is not a contract for employment. It does not give the Executive the right to remain an employee of the Bank, nor does it interfere with the Bank's right to discharge the Executive. It also does not require the Executive to remain an employee nor interfere with the Executive's right to terminate employment at any time.

10.3 Non-Transferability. Benefits under this Agreement cannot be sold, transferred, assigned, pledged, attached or encumbered in any manner.

10.4 Tax Withholding. The Bank shall withhold any taxes that are required to be withheld from the benefits provided under this Agreement. The Executive acknowledges that the Bank’s sole liability regarding taxes is to forward any amount withheld to the appropriate taxing authority (ies).

10.5 Applicable Law. This Agreement shall be governed by, construed and administered in accordance with the applicable provisions of ERISA, Code Section 409(A), Treasury Regulation § 1.409A and any other applicable federal law, provided, however, that to the extent not preempted by federal law this Agreement shall be governed by the laws of the state where the Bank’s primary corporate headquarters is located, except to the extent preempted by the laws of the United States of America.

10.6 Unfunded Arrangement. The Executive is a general unsecured creditor of the Bank for the distribution of benefits under this Agreement. The benefits represent the mere promise by the Bank to distribute such benefits. The rights to benefits are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors. Any insurance on the Executive's life or other informal funding asset is a general asset of the Bank to which the Executive has no preferred or secured claim.

10.7 Reorganization. The Bank shall not merge or consolidate into or with another bank, or reorganize, or sell substantially all of its assets to another bank, firm, or person unless such succeeding or continuing bank, firm, or person agrees to assume and discharge the obligations of the Bank under this Agreement. Upon the occurrence of such event, the term “Bank” as used in this Agreement shall be deemed to refer to the successor or survivor bank.

10.8 Entire Agreement. This Agreement constitutes the entire agreement between the Bank and the Executive as to the subject matter hereof. No rights are granted to the Executive by virtue of this Agreement other than those specifically set forth herein.

10.9 Interpretation. Wherever the fulfillment of the intent and purpose of this Agreement requires, and the context will permit, the use of the masculine gender includes the feminine and use of the singular includes the plural.

10.10 Alternative Action. In the event it shall become impossible for the Bank or the Plan Administrator to perform any act required by this Agreement, the Bank or Plan Administrator may in its discretion perform such alternative act as most nearly carries out the intent and purpose of this Agreement and is in the best interests of the Bank.

10.11 Headings. Article and section headings are for convenient reference only and shall not control or affect the meaning or construction of any of its provisions.

10.12 Validity. If any provision of this Agreement is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such provision had not been included therein.

10.13 Notice. Any notice or filing required or permitted to be given to the Bank or Plan Administrator under this Agreement shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Plumas Bank
35 S. Lindan Ave.
Quincy, CA 95971
Atten: Andrew Ryback

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Any notice or filing required or permitted to be given to the Executive under this Agreement shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Executive.

10.14 Right to Setoff. The Bank may, to the extent permitted by applicable law, deduct from and setoff against any amounts payable to an Executive from this Agreement such amounts as may be owed by a Executive to the Bank, although the Executive shall remain liable for any part of the Executive's payment obligation not satisfied through such deduction and setoff. By participating in the Agreement, the Executive agrees to any deduction or setoff under this Section 10.14, which is allowed by law.

10.15 Limitation on Actions. Executive or Beneficiary who disagrees with a denial of his appealed claim under Article 9 of this Agreement must file any complaint in a federal District Court to dispute such determination (a) within three (3) years of the earlier of the date on which such claim for benefits first accrued or arose under the terms of the Agreement, or (b) within one (1) year after the such claim was denied upon appeal, or deemed denied under Article 9 hereof.

10.16 No Guarantee of Tax Consequences. While the Agreement is intended to provide tax deferral for Executive, the Agreement is not a guarantee that the intended tax deferral will be achieved. Executive is solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with this Agreement. Neither the Bank nor any of its directors, officers or employees shall have any obligation to indemnify or otherwise hold Executive harmless from any such taxes.

10.17 Deduction Limitation on Benefit Payments. If the Bank reasonably anticipates that the Bank's deduction with respect to any distribution under this Agreement would be limited or eliminated by application of Code Section 162(m), then to the extent deemed necessary by the Bank to ensure that the entire amount of any distribution from this Agreement is deductible, the Bank may delay payment of any amount that would otherwise be distributed under this Agreement. The delayed amounts shall be distributed to the Executive (or Beneficiary in the event of the Executive's death) at the earliest date the Bank reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m).

10.18 Suicide or Misstatement. No benefit shall be distributed if the Executive commits suicide within two (2) years after the Effective Date, or if an insurance company which issued a life insurance policy covering the Executive and owned by the Bank denies coverage for misstatements of fact made by the Executive on an application for such life insurance or for any other reason.

10.19 Opportunity to Consult with Independent Advisors. The Executive acknowledges that he has been afforded the opportunity to consult with independent advisors of his choosing including, without limitation, accountants or tax advisors and counsel regarding both the benefits granted to him under the terms of this Agreement and the (i) terms and conditions which may affect the Executive's right to these benefits, and (ii) personal tax effects of such benefits including, without limitation, the effects of any federal or state taxes, Section 280G of the Code, Section 409A of the Code, and any other taxes, costs, expenses or liabilities whatsoever related to such benefits, which in any of the foregoing instances the Executive acknowledges and agrees shall be the sole responsibility of the Executive notwithstanding any other term or provision of this Agreement. The Executive further acknowledges and agrees that the Bank shall have no liability whatsoever related to any such personal tax effects or other personal costs, expenses, or liabilities applicable to the Executive and further specifically waives any right for himself or herself, and his or her heirs, beneficiaries, legal representatives, agents, successor and assign to claim or assert liability on the part of the Bank related to the matters described above in this Section 10.19. The Executive further acknowledges that he has read, understands and consents to all of the terms and conditions of this Agreement, and that he enters into this Agreement with a full understanding of its terms and conditions.

IN WITNESS WHEREOF, the Executive and a duly authorized representative of the Bank have signed this Agreement as of the date indicated above.

EXECUTIVE:	**BANK:**
	Plumas Bank
______________________________	**By** ______________________________
Jack Prescott	**Title** ______________________________

BENEFICIARY DESIGNATION FORM

( ) New Designation
( ) Change in Designation

I, _____________________, designate the following as Beneficiary under the Agreement:

Primary:		_____%
_____________ Name	Relationship	_____%
_____________ Name	Relationship	
Contingent:		_____%
_____________ Name	Relationship	_____%
_____________ Name	Relationship	_____%
_____________ Name	Relationship	

Notes:

- **Please PRINT CLEARLY or TYPE the names of the beneficiaries.**
- **To name a trust as beneficiary, please provide the name of the trustee(s) and the exact name and date of the trust agreement.**
- **To name your estate as beneficiary, please write "Estate of [your name]".**
- **Be aware that none of the contingent beneficiaries will receive anything unless ALL of the primary beneficiaries predecease you.**

I understand that I may change these beneficiary designations by delivering a new written designation to the Plan Administrator, which shall be effective only upon receipt and acknowledgment by the Plan Administrator prior to my death.

Name: ______________________________

Signature: ______________________________ **Date:** ___________

SPOUSAL CONSENT (Required if Spouse is not named beneficiary):

I consent to the beneficiary designation above and acknowledge that if I am named Beneficiary and our marriage is subsequently dissolved, the designation will automatically be revoked.

Spouse Name: ___________________________________

Signature: ___________________________________ Date: _______________

Received by the Plan Administrator this _____ day of _________________, 2026

By: ______________________________

Title: ____________________________

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Richard L. Belstock, Chief Financial Officer, certify that:

1. I have reviewed this report on Form 10-Q of Plumas Bancorp;

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

Date: August 5, 2026

/s/ Richard L. Belstock

Richard L. Belstock, Chief Financial Officer

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Andrew J. Ryback, Chief Executive Officer, certify that:

1. I have reviewed this report on Form 10-Q of Plumas Bancorp;

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

Date: August 5, 2026

/s/ Andrew J. Ryback

Andrew J. Ryback, Chief Executive Officer

Exhibit 32.1

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Plumas Bancorp (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: August 5, 2026

/s/ Richard L. Belstock
Richard L. Belstock, Chief Financial Officer

Exhibit 32.2

Certification of Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Plumas Bancorp (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: August 5, 2026

/s/ Andrew J. Ryback
Andrew J. Ryback, Chief Executive Officer