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

FORM 10-K

(Mark One)
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-33572

Bank of Marin Bancorp

(Exact name of Registrant as specified in its charter)

California				20-8859754
(State or other jurisdiction of incorporation or organization)				(IRS Employer Identification No.)
504 Redwood Blvd.	Suite 100	Novato	CA	94947
(Address of principal executive office)				(Zip Code)

Registrant's telephone number, including area code: (415) 763-4520

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

None

Securities registered pursuant to section 12(g) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, No Par Value	**BMRC**	**The Nasdaq Stock Market**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports 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 and post such files).
Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☒

Indicate by check mark if the registrant is a shell company, as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

As of June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting common equity held by non-affiliates, based upon the closing price per share of the registrant's common stock as reported by the Nasdaq, was approximately $349 million. For the purpose of this response, directors and certain officers of the Registrant are considered affiliates at that date.

As of February 27, 2026, there were 16,126,486 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on May 27, 2026 are incorporated by reference into Part III.

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PART I

Explanatory Note

On February 23, 2026, the Board of Directors (the “Board”) of Bank of Marin Bancorp (the “Company”), based on the recommendation of, and after consultation with, the Board’s Audit Committee, the Company’s management and the Company’s independent registered public accounting firm, Baker Tilly US, LLP, concluded that the Company’s previously issued audited consolidated financial statements as of and for the years ended December 31, 2024 and 2023 and the unaudited financial statements as of and for the interim periods ended September 30, 2025, June 30, 2025, March 31, 2025, September 30, 2024, June 30, 2024, and March 31, 2024, (the “Affected Periods”) included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024 and the Company’s Quarterly Reports on Form 10-Q for each of the applicable interim periods (the financial statements contained in such reports, the “Affected Financials”), should no longer be relied upon due to certain errors made in the Company’s accounting related to the classification of certain reciprocal network deposits and related interest expense as non-interest bearing deposits and non-interest expense that were determined to be material to the Company’s financial condition as reflected in the Affected Financials. Similarly, related earnings releases, press releases, shareholder communications, investor presentations or other communications describing relevant portions of the Affected Financials should no longer be relied upon.

The adjustments required to be made in the Affected Financials were as a result of errors that the Company’s current management identified during the Company’s annual review process related to the preparation of its consolidated financial statements for the year ended December 31, 2025. The errors resulted in impacts to certain line items of the Company’s Consolidated Statement of Condition and Consolidated Statement of Comprehensive (Loss) Income but did not impact the Company’s net income or earnings per share for any of the Affected Periods. Certain deposits were included in non-interest bearing deposits when they should have been included in interest bearing deposits. Additionally, the expense related thereto was included in deposit network fees within non-interest operating expense instead of interest expense, although the mistaken classification of the expense was determined not to be material and had no impact on net income or earnings per share. The required reclassifications on the balance sheet from non-interest bearing deposits to interest bearing deposits were determined to be material, although the reclassifications are not expected to have any impact on total Consolidated Statement of Condition amounts, including total deposits and stockholders’ equity for the Affected Periods. The adjustments to the Company’s Consolidated Statements of Comprehensive (Loss) Income for the Affected Periods were deemed necessary for consistency of presentation between prior periods once the adjustments were made to interest expense and non-interest expense for 2025. Because the corrections of this misstatement have, taken as a whole, been determined to be material to the Affected Financials, the Board concluded that the Affected Financials should no longer be relied upon.

The Affected Financials are corrected herein. Please refer to Note 19, Restatement of Prior Period Financial Statements (Quarterly Information Unaudited) in Item 8 - Financial Statements and Supplementary Data. In addition to the correction of the Affected Financials included in Note 19, financial information and related narrative discussion in Part II, Item 7. Management's Discussion of Financial Condition and Results of Operation, from the Affected Periods has been revised to reflect the corrected financial statements.

Impact on Internal Controls over Financial Reporting

See Item 9A, Controls and Procedures, for information related to the identified material weakness in internal control over financial reporting and the related remedial measures.

Forward-Looking Statements

This Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the "1933 Act") and Section 21E of the Securities Exchange Act of 1934, as amended, (the "1934 Act"). Those sections of the 1933 Act and 1934 Act provide a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about their financial performance so long as they provide meaningful, cautionary statements identifying important factors that could cause actual results to differ significantly from projected results.

Our forward-looking statements include descriptions of plans or objectives of management for future operations, products or services, and forecasts of revenues, earnings or other measures of economic performance. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words "believe," "expect," "intend," "estimate" or words of similar meaning, or future or conditional verbs preceded by "will," "would," "should," "could" or "may."

Forward-looking statements are based on management's current expectations regarding economic, legislative, and regulatory issues that may impact our earnings in future periods. Factors that could cause future results to vary materially from current management expectations include, but are not limited to, general economic conditions and the economic uncertainty in the United States and abroad, including economic or other disruptions to financial markets caused by acts of terrorism, war or other conflicts, impacts from inflation, supply chain disruptions, changes in interest rates (including the actions taken by the Federal Reserve to control inflation), California's unemployment rate, deposit flows, real estate values, and expected future cash flows on loans and securities; the impact of adverse developments at other banks, including bank failures, that impact general sentiment regarding the stability and liquidity of banks; costs or effects of acquisitions; competition; changes in accounting principles, policies or guidelines; changes in legislation or regulation; natural disasters (such as wildfires and earthquakes in our area); adverse weather conditions; interruptions of utility service in our markets for sustained periods; and other economic, competitive, governmental, regulatory and technological factors (including external fraud and cybersecurity threats) affecting our operations, pricing, products and services; and successful integration of acquisitions.

Important factors that could cause results or performance to differ materially from those expressed in our prior forward-looking statements are detailed in ITEM 1A, Risk Factors of this report. Forward-looking statements speak only as of the date they are made. Bancorp undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances that occur after the date the forward-looking statements are made or to reflect the occurrence of unanticipated events.

ITEM 1. BUSINESS

Bank of Marin (the “Bank”) was incorporated in August 1989, received its charter from the California Superintendent of Banks (now the Department of Financial Protection and Innovation or "DFPI") and commenced operations in January 1990. The Bank is an insured bank by the Federal Deposit Insurance Corporation (“FDIC”). Bank of Marin Bancorp ("Bancorp") was formed in 2007 and the Bank became its sole subsidiary when each share of Bank common stock was exchanged for one share of Bancorp common stock. Bancorp is listed on the Nasdaq Stock Market under the symbol BMRC. Upon formation of the holding company, Bancorp became subject to regulation under the Bank Holding Company Act of 1956, as amended, and reporting and examination requirements by the Board of Governors of the Federal Reserve System ("Federal Reserve"). Bancorp files periodic reports and proxy statements with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

References in this report to “Bancorp” or the "Company" mean Bank of Marin Bancorp, parent holding company for the Bank. References to “we,” “our,” “us” mean the holding company and the Bank that are consolidated for financial reporting purposes.

Virtually all of our business is conducted through Bancorp's subsidiary, Bank of Marin, which is headquartered in Novato, California. In addition to our headquarters and a regional office in the Greater Sacramento region, we operate 27 retail branches and 8 commercial banking offices across Northern California with a strong emphasis on supporting local communities. Our customer base is comprised of business, not-for-profit, and personal banking relationships within our Northern California footprint. Our business banking focus is on small to medium-sized businesses, not-for-profit organizations, and commercial real estate investors.
We offer a suite of business and personal financial products and services designed to meet the needs of our customers. Our lending categories include commercial real estate loans, commercial and industrial loans (including small business loans), construction financing, consumer loans, and home equity lines of credit. Through third-party vendors, we offer merchant and payroll services, a commercial equipment leasing program and credit cards. Other products and services include payment solutions (e.g., mobile deposit and Zelle®) and a wide array of treasury management services.

We offer a variety of personal and business checking and savings accounts, and a number of time deposit alternatives, including time certificates of deposit, Individual Retirement Accounts (“IRAs”), Health Savings Accounts ("HSA"), Certificate of Deposit Account Registry Service® ("CDARS"), Insured Cash Sweep® ("ICS"), and Demand Deposit Marketplace℠ ("DDM Sweep") accounts. CDARS, ICS and DDM Sweep accounts are networks through which we offer full FDIC insurance coverage in excess of the regulatory maximum by placing deposits in multiple banks participating in the networks. We also offer deposit options including mobile deposit, remote deposit capture, Automated Clearing House (“ACH”) services, wire transfers, and image lockbox services.

Automated teller machines (“ATMs”) are available at most branch locations. Our ATMs are linked to PLUS, CIRRUS and NYCE, as well as MoneyPass® - a network of nation-wide, surcharge-free ATMs. We also offer our depositors 24-hour access to their accounts by telephone and through digital banking services available to personal and business account holders.

We offer wealth management and trust services, which include customized investment portfolio management, trust administration, estate settlement and custody services.

We make international banking services available to our customers indirectly through other financial institutions with whom we have correspondent banking relationships.

We hold no patents, licenses (other than licenses required by the appropriate banking regulatory agencies), franchises or concessions. The Bank has registered the service marks "The Spirit of Marin," the words “Bank of Marin,” the Bank of Marin logo, and the Bank of Marin tagline, “Committed to your business and our community” with the United States Patent & Trademark Office. In addition, Bancorp has registered the service marks for the words “Bank of Marin Bancorp” and for the Bank of Marin Bancorp logo with the United States Patent & Trademark Office. All service marks registered by Bancorp or the Bank are registered on the United States Patent & Trademark Office Principal Register.

Market Area

Our primary market area encompasses Alameda, Amador, Contra Costa, Marin, Napa, Placer, Sacramento, San Francisco, and Sonoma counties. Our customer base is primarily made up of business, not-for-profit and personal banking relationships within these market areas. As of December 31, 2025, the majority of our deposits were in Marin, Napa, Alameda and southern Sonoma counties, and approximately 62% of our deposits were from businesses and 38% from consumers.

Competition

The banking business in California generally, and in our market area specifically, is highly competitive with respect to attracting both loan and deposit relationships. The increasingly competitive environment is affected by changes in regulation, interest rates, technology and product delivery systems, and consolidation among financial service providers. The banking industry is seeing strong competition for high quality loans, with larger banks expanding activities to attract businesses that are traditionally community bank customers. In all of our counties, we have significant competition from nationwide banks with much larger branch networks and greater financial resources, as well as credit unions and other local and regional banks. Nationwide banks have the competitive advantages of developing data analytics and artificial intelligence tools and other technological platforms. Large commercial banks also have substantially greater lending limits and the ability to offer certain services, which are not offered directly by us. Other competitors for depositors' funds are money market mutual funds and non-bank financial institutions such as brokerage firms and insurance companies.

We differentiate ourselves from the numerous, and often larger, financial institutions in our primary market area with a business model built on relationship banking, exemplary service, disciplined fundamentals, local decision making and commitment to the communities we serve. The Bank's experienced professionals deliver innovative and custom financing, with a deep local market knowledge and a personal understanding of each customer's unique needs.

Human Capital Resources

As of December 31, 2025, we employed 311 full-time equivalent staff. The actual number of employees, including part-time employees, at year-end 2025 included seven executive officers, 152 other corporate officers and 152 staff. None of our employees are presently represented by a union or covered by a collective bargaining agreement.

We offer a competitive total compensation package including a comprehensive benefits program to our employees designed to attract, retain and motivate employees, as well as to align with our performance, including employee ownership through our Employee Stock Ownership Plan. We regularly compare compensation and benefits with peer companies and market data, making adjustments as needed to ensure compensation stays competitive. We are continually investing in our workforce through employee development, education and training.

We strive to attract, develop, retain and plan for succession of key talent and executives to achieve our strategic objectives. We pride ourselves on creating an open, diverse, and transparent culture that celebrates collaboration and recognizes employees at all levels. We believe that the wide array of perspectives that result from such diversity promotes Legendary Service and business success. We continue to learn and grow, and our current initiatives reflect our ongoing efforts around a more diverse, inclusive and equitable workplace.

In order to develop a workforce that aligns with our corporate values, we regularly sponsor local community events so that our employees can better integrate themselves in and support our communities. We believe that our employees' well-being and personal and professional development is fostered by our outreach to the communities we serve. Our employees' desire for active community involvement enables us to sponsor a number of local community events and initiatives, including funding and volunteering for youth mentorship and financial literacy programs to enhance educational opportunities and sponsoring local chambers of commerce and economic development corporations to foster economic vitality.

We recognize that employees who are engaged and committed to their work and workplace contribute meaningfully to our success. On a regular basis, we solicit employee feedback through a confidential, company-wide survey on culture, management, career opportunities, compensation, and benefits. The results of this survey are reviewed and used to update employee programs, initiatives, and communications. We believe that our employee relations are good. In 2025, we were named one of North Bay Business Journal's "Best Places to Work" and in 2024 were inducted into NorthBay Biz's "Best of" Hall of Fame.

SUPERVISION AND REGULATION

Bank holding companies and banks are extensively regulated under both federal and state law. The following discussion summarizes certain significant laws, rules and regulations affecting Bancorp and the Bank.

Bank Holding Company Regulation

Upon formation of the bank holding company on July 1, 2007, we became subject to regulation under the Bank Holding Company Act of 1956, as amended ("BHCA") which subjects Bancorp to Federal Reserve reporting and examination requirements. Under the Federal Reserve law and regulations, a bank holding company is required to serve as a source of financial and managerial strength to its subsidiary banks. Under this requirement, Bancorp is expected to commit resources to support the Bank, including at times when Bancorp may not be in a financial position to provide such resources, and it may not be in Bancorp's, or Bancorp's shareholders' or creditors', best interests to do so. In addition, any capital loans Bancorp makes to the Bank are subordinate in right of payment to depositors and to certain other indebtedness of the Bank. The BHCA regulates the activities of holding companies including acquisitions, mergers and consolidations and, together with the Gramm-Leach Bliley Act of 1999, the scope of allowable banking activities. Bancorp is also a bank holding company within the meaning of the California Financial Code. As such, Bancorp and its subsidiaries are subject to examination by, and may be required to file reports with, the DFPI.

Bank Regulation

Banking regulations are primarily intended to protect consumers, depositors' funds, federal deposit insurance funds and the banking system as a whole. These regulations affect our lending practices, consumer protections, capital structure, investment practices and dividend policy.

As a state chartered bank, we are subject to regulation, supervision and examination by the DFPI. We are also subject to regulation, supervision and periodic examination by the FDIC. If, as a result of an examination of the Bank, the FDIC or the DFPI should determine that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity, or other aspects of our operations are unsatisfactory, or that we have violated any law or regulation, various remedies are available to those regulators including issuing a “cease and desist” order, monetary penalties, restitution, restricting our growth or removing officers and directors.

The Bank addresses the many state and federal regulations it is subject to through a comprehensive compliance program.

Safety and Soundness Standards (Risk Management)

The federal banking agencies have adopted guidelines that establish operational and managerial standards to promote the safety and soundness of federally insured depository institutions. The guidelines set forth standards for internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, asset quality and earnings.

During the past decade, the bank regulatory agencies have increasingly emphasized the importance of sound risk management processes and strong internal controls when evaluating the activities of the financial institutions they supervise. Properly managing risks has been identified as critical to the conduct of safe and sound banking activities and has become even more important as new technologies, product innovation, and the size and speed of financial transactions have changed the nature of banking markets. The agencies have identified a spectrum of risks facing a banking institution including, but not limited to, credit, market, liquidity, operational, legal, and reputational. In particular, recent regulatory pronouncements have focused on operational risk, which arises from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud, or unforeseen catastrophes will result in unexpected losses. New products and services, third-party risk management and cybersecurity are critical sources of operational risk that financial institutions are expected to address in the current environment. The Board of Directors and various sub-committees oversee Bancorp's consolidated enterprise risk management program that ensures the adequacy of policies, procedures, tolerance levels, risk measurement systems, monitoring processes, management information systems and internal controls.

Dividends and Stock Repurchases

Bancorp's ability to pay dividends to its shareholders may be affected by both general corporate law considerations and the policies of the Federal Reserve applicable to bank holding companies. As a California corporation, Bancorp is subject to the limitations of California law, which allows a corporation to distribute cash or property to shareholders, including a dividend or repurchase or redemption of shares, if the corporation meets certain tests based on its performance and financial condition. Bancorp's primary source of cash is dividends received from the Bank. Prior to any distribution from the Bank to Bancorp, we ensure that the dividend computations comply with the provisions of the California Financial Code and regulations set forth by the DFPI and the FDIC. In August 2022, the Inflation Reduction Act of 2022 was enacted, which among other things, imposed a one percent excise tax on publicly traded U.S. corporations for the fair market value of stock repurchased after December 31, 2022. With certain exceptions, the value of stock repurchased is net of stock issued in the year, including those issued pursuant to share-based compensation programs. Refer to Note 8 to the Consolidated Financial Statements, under the heading “Dividends” in ITEM 8 of this report for more information.

FDIC Insurance Assessments

The FDIC insures our customers' deposits to the maximum amount permitted by law, which is currently $250,000 per depositor, based on the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”).

FDIC insurance coverage is funded by the FDIC's assessment on insured depository institutions like us and FDIC's annual base assessment rates are currently between 2.5 and 42 basis points on the depository institution's quarterly average consolidated total assets minus average tangible equity. Base assessment rates for banks vary depending on whether a depository institution is small or large and highly complex per FDIC's definition. In deriving the base assessment rate, the FDIC applies financial ratios, scorecards, and other financial measures to determine a bank's ability to withstand financial stress.

In October 2022, the FDIC adopted a final rule to increase the initial base deposit insurance assessment rate schedules uniformly by 2 basis points beginning with the first quarterly assessment period of 2023. The increased assessment was expected to improve the likelihood that the deposit insurance fund ("DIF") reserve ratio would reach the statutory minimum of 1.35% by the statutory deadline prescribed under the FDIC's amended restoration plan. As of June 30, 2025, the reserve ratio exceeded the statutory minimum and, beginning with third quarter 2025, the FDIC no longer operated under a Restoration Plan.

Community Reinvestment Act

Congress enacted the Community Reinvestment Act (“CRA”) in 1977 to encourage financial institutions to meet the credit needs of the communities in which they are located. All banks and thrifts have a continuing and affirmative obligation, consistent with safe and sound operations, to help meet the credit needs of their entire communities, including low and moderate income neighborhoods. Regulatory agencies rate each bank's performance in assessing and meeting these credit needs. The Bank is committed to serving the credit needs of the communities in which we do business, and it is our policy to respond to all creditworthy segments of our market. As part of its CRA commitment, the Bank maintains strong philanthropic ties to the community. We invest in affordable housing projects that help economically disadvantaged individuals and residents of low- and moderate-income census tracts, in each case consistent with our long-established prudent underwriting practices. We also donate to, invest in and volunteer with organizations that serve the communities in which we do business, especially low- and moderate-income individuals. These organizations offer educational and health programs to economically disadvantaged students and families, community development services and affordable housing programs. We offer CRA reportable small business, small farm and community development loans within our assessment areas. The CRA requires a depository institution's primary federal regulator, in connection with its examination of the institution, to assess the institution's record in meeting CRA requirements. The regulatory agency's assessment of the institution's record is made available to the public. This record is taken into consideration when the institution establishes a new branch that accepts deposits, relocates an office, applies to merge or consolidate, or expands into other activities. The FDIC assigned a “Satisfactory” rating to Bank of Marin's CRA performance examination based on their most recent examination completed in November 2023, which was performed under the large bank requirements.

In October 2023, the federal banking agencies issued a final rule to strengthen and modernize regulations implementing the CRA. The final rule, among other things, seeks to (i) expand access to credit, investment, and basic banking services in low- and moderate-income communities, (ii) adapt to changes in the banking industry, including internet and mobile banking, (iii) provide greater clarity, consistency, and transparency, (iv) tailor CRA evaluations and data collection to bank size and type, and (v) maintain a unified approach among the bank regulatory agencies. Since issuance, the effective date of the final rule has been delayed pending the outcome of litigation that challenged the statutory authority of federal regulators. On July 16, 2025, the federal banking agencies issued a joint notice of proposed rulemaking to rescind the 2023 CRA final rule. We will continue to evaluate the impact of any changes to the regulations implementing the CRA and their impact to our financial condition, results of operations, and/or liquidity, which cannot be predicted at this time.

Anti-Money-Laundering Regulations

A series of banking laws and regulations beginning with the Bank Secrecy Act in 1970 requires banks to prevent, detect, and report illicit or illegal financial activities to the federal government to prevent money laundering, international drug trafficking, and terrorism. Under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, financial institutions are subject to prohibitions against specified financial transactions and account relationships, requirements regarding the Customer Identification Program, as well as enhanced due diligence and “know your customer” standards in their dealings with high risk customers, foreign financial institutions, and foreign individuals and entities. In 2016, Customer Due

Diligence Rules under the Bank Secrecy Act clarified and strengthened customer due diligence requirements. These rules contained explicit customer due diligence requirements, which included a new requirement to identify and verify the identity of beneficial owners of legal entity customers. In 2020, the Anti-Money Laundering Act ("AMLA 2020") became law. Among its many provisions, AMLA 2020 provides for: 1) expanded whistleblower rewards and protections; 2) the establishment of a beneficial ownership registration database that will be implemented by the Financial Crimes Enforcement Network ("FinCEN"); and 3) new Bank Secrecy Act violations and enhanced penalties for repeat and egregious violators.

Privacy, Data Protection, and Cybersecurity

The Gramm-Leach Bliley Act (“GLBA”) of 1999 imposes requirements on financial institutions with respect to consumer privacy and the disclosure of non-public personal information about individuals who apply for or obtain a financial product to be used for personal, family or household purposes. The GLBA generally prohibits disclosure of consumer information to most nonaffiliated third parties unless the consumer has been given the opportunity to object and has not objected to such disclosure. Financial institutions are further required to disclose their privacy policies to consumers and the conditions under which an institution may disclose non-public information about a consumer to a nonaffiliated third party. The GLBA also directs federal regulators, including the FDIC, to prescribe standards for the security of consumer information. We are subject to such standards, as well as standards for notifying consumers in the event of a security breach. We must disclose our privacy policy to consumers and permit consumers to "opt out" of having non-public customer information disclosed to third parties. We are required to have an information security program to safeguard the confidentiality and security of customer information and to ensure proper disposal of information that is no longer needed. We notify our customers when unauthorized disclosure involves sensitive customer information that may be misused. Effective January 2020, the California Consumer Privacy Act (“CCPA”) added required notice about personal information we collect, use, share, and disclose for business purposes. The CCPA provides California residents rights regarding their personal information specifically related to exercising access, data portability and deletion rights. There are also California breach notification and disclosure requirements.

In November 2021, the federal banking agencies issued a final rule requiring banking organizations that experience a computer-security incident to notify their primary Federal regulator of the occurrence of an event that rises to the level of a “notification incident.” Generally, a notification incident occurs when a banking organization has suffered a computer-security incident that has a reasonable likelihood of materially disrupting or degrading the banking organization or its operations. The rule requires an affected banking organization to notify its primary Federal regulator as soon as possible and no later than 36 hours after the banking organization has determined that a notification incident has occurred. The rule also requires bank service providers to notify each affected banking organization if that bank service provider experiences a computer-security incident that has caused, or is reasonably likely to cause, a material service disruption or degradation for four or more hours.

In July 2023, the Securities and Exchange Commission ("SEC") adopted final rules that, among other things, require disclosures of material cybersecurity incidents, along with cybersecurity risk management, strategy and governance. The new rules require timely reporting of incidents determined to be material, and annual disclosure of the processes for assessing, identifying and managing material risks from cybersecurity threats including a description of board of directors' oversight and management's role in assessing and managing material risks from cybersecurity threats. The disclosures are required beginning with annual reports for fiscal years ending on or after December 15, 2023.

Consumer Protection Regulations

Our lending activities are subject to a variety of statutes and regulations designed to protect consumers, including the CRA, Home Mortgage Disclosure Act, Fair Credit Reporting Act, Fair Lending, Fair Debt Collection Practices Act, Flood Disaster Protection Act, eSign Act, Equal Credit Opportunity Act, the Fair Housing Act, Truth-in-Lending Act ("TILA"), the Real Estate Settlement Procedures Act ("RESPA"), Protecting Tenants at Foreclosure, and the Secure and Fair Enforcement for Mortgage Licensing Act ("SAFE"). Our deposit operations are also subject to laws and regulations that protect consumer rights including Expedited Funds Availability, Truth in Savings Act ("TISA"), and Electronic Funds Transfers. Other regulatory requirements include the Unfair, Deceptive or Abusive Acts and Practices ("UDAAP"), Dodd-Frank Act, Right to Financial Privacy, Telephone Consumer Protection Act and Privacy

of Consumer Financial Information. Additional rules govern check writing ability on certain interest earning accounts and prescribe procedures for complying with administrative subpoenas of financial records.

Restriction on Transactions between Bank's Affiliates

Transactions between Bancorp and the Bank are quantitatively and qualitatively restricted under Sections 23A and 23B of the Federal Reserve Act and Federal Reserve Regulation W. Section 23A places restrictions on the Bank's "covered transactions" with Bancorp, including loans and other extensions of credit, investments in the securities of, and purchases of assets from Bancorp. Section 23B requires that certain transactions, including all covered transactions, be on market terms and conditions. Federal Reserve Regulation W combines statutory restrictions on transactions between the Bank and Bancorp with Federal Reserve interpretations in an effort to simplify compliance with Sections 23A and 23B.

Capital Requirements

The Federal Deposit Insurance Act, as amended ("FDIA"), requires federal banking agencies to take prompt corrective action ("PCA") with respect to depository institutions that do not meet minimum capital requirements. The FDIA includes the following five capital tiers: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." A depository institution's capital tier will depend upon how its capital levels compare with various relevant capital measures and certain other factors, as established by regulation. Bancorp's ratios exceed the required minimum ratios for capital adequacy purposes and the Bank meets the definition for "well capitalized." Undercapitalized depository institutions may be subject to significant restrictions. Banks that are categorized as "critically undercapitalized" are subject to dividend and other restrictions.

Effective January 1, 2020, the federal banking agencies' jointly-issued final rule on the community bank leverage ratio ("CBLR") provides for an optional, simplified measure of capital adequacy for qualifying community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (the "Economic Growth Act"). Qualifying community banking organizations are defined as having less than $10 billion in total consolidated assets that meet risk-based qualifying criteria, a CBLR of greater than 9 percent, off-balance sheet exposure of 25 percent or less of total consolidated assets, trading assets and liabilities of 5 percent or less of total consolidated assets, and cannot be an advanced approaches institution. Such a community banking organization would not be subject to other risk-based and leverage capital requirements (including the Basel III and Basel IV requirements) and would be considered to have met the "well capitalized" ratio requirements. Recently, federal bank regulators proposed lowering the CBLR to 8 percent with final action on such proposal expected in 2026. The CBLR is determined by dividing a financial institution's tangible equity capital by its average total consolidated assets. The rule further describes what is included in tangible equity capital and average total consolidated assets. Qualifying banks may opt in and out of the CBLR framework at any time. While we are a qualifying community banking organization, we have not opted into the CBLR framework at this time. See below, for further discussion of the Economic Growth Act.

The Dodd-Frank Wall Street Reform and Consumer Protection Act and the Economic Growth, Regulatory Relief, and Consumer Protection Act

The Dodd-Frank Act, a landmark financial reform bill comprised of voluminous new rules and restrictions on bank operations, included provisions aimed at preventing a repeat of the 2008 financial crisis and a new process for winding down failing, systemically important institutions in a manner as close to a controlled bankruptcy as possible. Among other things, the Dodd-Frank Act established new government oversight responsibilities, enhanced capital adequacy requirements for certain institutions, established consumer protection laws and regulations, and placed limitations on certain banking activities.

In an attempt to reduce the regulatory burden on U.S. companies, including financial institutions, in May 2018, the Presidential Administration signed the Economic Growth Act, which repealed or modified certain provisions of the Dodd-Frank Act and eased regulations on all but the largest banks. The Economic Growth Act's highlights included improving consumer access to mortgage credit, added certain protections for consumers, included veterans and active duty military personnel, expanded credit freezes and created an identity theft protection database.

Notice and Approval Requirements Related to Control

Banking laws impose notice, approval and ongoing regulatory requirements on any shareholder or other party that seeks to acquire direct or indirect "control" of an FDIC-insured depository institution. These laws include the BHCA and the Change in Bank Control Act. Among other things, these laws require regulatory filings by a shareholder or other party that seeks to acquire direct or indirect "control" of an FDIC-insured depository institution or bank holding company. The determination whether an investor "controls" a depository institution is based on all of the facts and circumstances surrounding the investment. As a general matter, a party is deemed to control a depository institution or other company if the party owns or controls 25% or more of any class of voting stock. Subject to rebuttal, a party may be presumed to control a depository institution or other company if the investor owns or controls 10% or more of any class of voting stock. Ownership by family members, affiliated parties, or parties acting in concert, is typically aggregated for these purposes. If a party's ownership of the Company were to exceed certain thresholds, the investor could be deemed to "control" the Company for regulatory purposes. This could subject the investor to regulatory filings or other regulatory consequences.

In addition, except under limited circumstances, bank holding companies are prohibited from acquiring, without prior approval: 1) control of any other bank or bank holding company or all or substantially all the assets thereof; or 2) more than 5% of the voting shares of a bank or bank holding company that is not already a subsidiary.

Incentive Compensation

The Dodd-Frank Act required federal bank regulators and the SEC to establish joint regulations or guidelines prohibiting incentive-based payment arrangements that encourage inappropriate risks by providing an executive officer, employee, director or principal stockholder with excessive compensation, fees, or benefits or that could lead to material financial loss to the entity. These regulations apply to institutions having at least $1 billion in total assets. In addition, regulators must establish regulations or guidelines requiring enhanced disclosure to regulators of incentive-based compensation arrangements. The agencies have not finalized regulations proposed in April 2016. If adopted, the proposed regulations could place limits on the manner in which we structure our executive compensation.

The Federal Reserve reviews, as part of the regular, risk-focused examination process, the incentive compensation arrangements of banking organizations. The Federal Reserve tailors its reviews for each organization based on the scope and complexity of the organization’s activities and the prevalence of incentive compensation arrangements. The findings of the supervisory initiatives are included in reports of examination. Deficiencies, if any, are incorporated into the organization’s supervisory ratings, which can affect the organization’s ability to make acquisitions and take other actions. Enforcement actions may be taken against a banking organization if its incentive compensation arrangements, or related risk management control or governance processes, pose a risk to the organization’s safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies.

In October 2022, the SEC adopted a final rule directing national securities exchanges and associations, including the Nasdaq, to implement listing standards that require public companies to adopt policies mandating the recovery or “clawback” of excess incentive-based compensation earned by a current or former executive officer during the three fiscal years preceding the date the listed company is required to prepare an accounting restatement, including to correct an error that would result in a material misstatement if the error was either corrected or left uncorrected in the current period. The final rule required us to adopt a clawback policy within 60 days after such listing standard became effective and file the policy as an exhibit in our Annual Report on Form 10-K. Please see exhibit 97.1 for a copy of our policy.

Available Information

On our Internet website, www.bankofmarin.com, we post the following filings as soon as reasonably practical after they are filed with or furnished to the Securities and Exchange Commission: Annual Report to Shareholders, Form 10-K, Proxy Statement for the Annual Meeting of Shareholders, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934. All such materials on our website are available free of charge. This website

address is for information only and is not intended to be an active link, or to incorporate any website information into this document. In addition, copies of our filings are available by requesting them in writing or by phone from:

Corporate Secretary
Bank of Marin Bancorp
504 Redwood Boulevard, Suite 100
Novato, CA 94947
415-763-4524

These materials are also available at the SEC's internet website (https://www.sec.gov).

ITEM 1A. RISK FACTORS

We assume and manage a certain degree of risk in order to conduct our business. The material risks and uncertainties that management believes may affect our business are listed below and in ITEM 7A, Quantitative and Qualitative Disclosure about Market Risk. The list is not exhaustive; additional risks and uncertainties that management is not aware of, focused on, or currently deems immaterial may also impair business operations. If any of the following risks, or risks that have not been identified, actually occur, our financial condition, results of operations, and stock trading price could be materially and adversely affected. We manage these risks by promoting sound corporate governance practices, which include but are not limited to, establishing policies and internal controls, and implementing internal review processes. Before making an investment decision, investors should carefully consider the risks, together with all of the other information included or incorporated by reference in this Annual Report on Form 10-K and our other filings with the SEC. This report is qualified in its entirety by these risk factors.

Strategic, Financial, and Reputational Risks

We have identified a material weakness in our internal control over financial reporting. Such material weakness could adversely affect our results of operations and financial condition. In the future, we may identify additional material weaknesses or otherwise fail to maintain an effective system of internal control over financial reporting or adequate disclosure controls and procedures, which may result in material errors in our financial statements or cause us to fail to meet our period reporting obligations.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, evaluating the effectiveness of our internal controls and disclosing any changes or material weaknesses identified through such evaluation. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

In February 2026, we determined that certain reciprocal network deposits were misclassified as non-interest bearing deposits when they should have been classified as interest bearing deposits. Additionally, certain expense related thereto was classified as non-interest operating expense when it should have been included in interest expense. As a result, we determined that there were material errors in the financial statements that required a restatement of our financial statements for the years ended December 31, 2023 and 2024 and for the quarterly periods ended March 31, June 30, and September 30, 2024 and 2025. Those restatements are included in this Annual Report on Form 10-K. In addition, management determined that a material weakness existed, and, as a result, that our internal control over financial reporting was not effective as of December 31, 2025 due to control design and implementation deficiencies with respect to the classification of certain reciprocal network deposits.

In response to the identified material weakness noted above, management has begun a remediation plan to enhance its internal control over financial reporting to:

- Enhance risk assessment procedures over deposit networks to identify whether additional control activities are needed to conform to our accounting policies;
- Increase involvement of technical accounting resources for complex areas at initial onboarding and for periodic review; and
- Require formal documentation of technical conclusion and evidence of supervisory oversight for third party networks.

While the enhanced procedures are expected to be effective mitigants, some elements of our remediation plan are not yet complete. Management believes the remediation plan, once fully implemented, will eliminate the identified material weakness, but no assurance can be given that the remediation plan will be fully effective until it is implemented in its entirety.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement

required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. If we are not able to comply with the requirements of the Sarbanes-Oxley Act or if we are unable to maintain effective internal control over financial reporting, we may not be able to produce timely and accurate financial statements or guarantee that information required to be disclosed by us in the reports that we file with the SEC, is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms. Any failure of our internal control over financial reporting or disclosure controls and procedures could cause our investors to lose confidence in our publicly reported information, lead to litigation by holders of our securities, cause the market price of our stock to decline, expose us to sanctions or investigations by the SEC or other regulatory authorities, or impact our results of operations.

Growth Strategy or Potential Mergers and Acquisitions May Produce Unfavorable Outcomes

We seek to expand our franchise safely and consistently. A successful growth strategy requires us to manage multiple aspects of the business simultaneously, such as following adequate loan underwriting standards, balancing loan and deposit growth without compressing our net interest margin, managing interest rate risk, maintaining sufficient capital, and recruiting, training and retaining qualified professionals. Our strategic plan also includes merger and acquisition opportunities that either enhance our market presence or have potential for improved profitability through financial management, economies of scale or expanded services. We may incur significant acquisition related expenses either during the due diligence phase of acquisition targets or during integration of the acquirees. These expenses have and may continue to negatively impact our earnings prior to realizing the benefits of acquisitions. We may also be exposed to difficulties in combining the operations of acquired institutions into our own operations, which may prevent us from achieving the expected benefits from our acquisition activities. Our earnings, financial condition and prospects after the merger may affect our stock price and will depend in part on our ability to integrate the operations and management of the acquired institution while continuing to implement other aspects of our business plan. Inherent uncertainties exist in integrating the operations of an acquired institution and there is no assurance that we will be able to do so successfully. Among the issues that we could face are:

- unexpected problems with operations, personnel, technology or credit;
- loss of customers and employees of the acquiree;
- difficulty in working with the acquiree's employees and customers;
- the assimilation and integration of the acquiree's operations, culture and personnel;
- instituting and maintaining uniform standards, controls, procedures and policies; and
- litigation risk or obligations not discovered during due diligence.

Undiscovered factors as a result of an acquisition could bring liabilities against us, our management and the management of the institutions we acquire. These factors could contribute to our not achieving the expected benefits from our acquisitions within desired time frames, if at all. Further, although we generally anticipate cost savings from acquisitions, we may not be able to fully realize those savings. Any cost savings may be offset by losses in revenues or other charges to earnings.

Competition with Other Financial Institutions to Attract and Retain Banking Customers

We are facing significant competition for customers from other banks and financial institutions located in the markets that we serve. We compete with commercial banks, savings institutions, credit unions, non-bank financial services companies, including financial technology firms, and other financial institutions operating within or near our service areas. Some of our non-bank competitors and peer-to-peer lenders may not be subject to the same extensive regulations as we are, giving them greater flexibility in competing for business. We anticipate intense competition will continue for the coming year due to the continued consolidation of many financial institutions and more changes in legislation, regulation and technology. National and regional banks much larger than our size have entered our market through acquisitions and they may be able to benefit from economies of scale through their wider branch networks, more prominent national advertising campaigns, lower cost of borrowing, capital market access and sophisticated technology infrastructures. Further, intense competition for creditworthy borrowers could lead to pressure for loan rate concessions and affect our ability to generate profitable loans.

Going forward, we may see continued competition in the industry as competitors seek to expand market share in our core markets. Further, our customers may withdraw deposits to pursue alternative investment opportunities. Technology and other changes have made it more convenient for bank customers to transfer funds into alternative investments or other deposit platforms such as online banks and non-bank service providers. Efforts and initiatives we may undertake to retain and increase deposits, including deposit pricing, can increase our costs. While we have a relatively low cost of deposits, if our customers move money into higher yielding deposits or alternative investments, we may lose a relatively inexpensive source of funds, thus increasing our funding costs through more expensive wholesale funding sources, such as FHLB borrowings.

Financial Challenges at Other Banking Institutions Could Lead to Depositor Concerns That Spread Within the Banking Industry Causing Disruptive Deposit Outflows and Other Destabilizing Results That Could Adversely Affect Our Liquidity, Business, Financial Condition and Results of Operations

In the first and second quarters of 2023, certain specialized banking institutions with elevated concentrations of uninsured deposits experienced large deposit outflows, resulting in the institutions being placed into FDIC receiverships. In addition, media and market coverage of the Bay Area economy and local financial institutions, have generated significant market volatility among publicly traded bank holding companies and, in particular, regional and community banks like the Company. These market developments have negatively impacted customer confidence in the safety and soundness of regional and community banks and may impact our financial results in future periods. As a result, customers may choose to maintain deposits with larger financial institutions or invest in higher yielding short-term fixed income securities, all of which could materially adversely impact the Company's liquidity, loan funding capacity, net interest margin, capital and results of operations.

We maintain a well-diversified deposit base, with an estimated 31% of uninsured and/or uncollateralized deposits as of December 31, 2025. Such uninsured deposits were fully covered by the Bank's available funding sources, including unrestricted cash, unencumbered available-for-sale securities, and a total available borrowing capacity of $2.148 billion, or 63% of total deposits, and 209% of estimated uninsured and/or uncollateralized deposits as of December 31, 2025. Excluding zero balance accounts, 62% of deposit balances were held in business accounts with average balances of $141 thousand per account, with the remaining 38% in consumer accounts with average balances of $40 thousand per account as of December 31, 2025.

Although we maintain strong liquidity for the normal operations of the Bank, model various stress scenarios, and maintain significant contingent liquidity sources, general depositor concerns could lead to deposit outflows from our Bank. If our deposits decline and we replace them with more expensive sources of funding, such as FHLB and FRB borrowings, and/or brokered deposits, if customers shift their deposits into higher cost products, or if we raise interest rates to avoid losing deposits, our financial condition and results of operations could be negatively affected. In addition, adverse operating results or changes in industry conditions could lead to difficulty or an inability to access these additional funding sources, constraining our financial flexibility, and ability to originate loans, invest in securities, and distribute dividends to our shareholders. In addition, such a lack of liquidity could result in the sale of securities in an unrealized loss position. All of these factors could have a material adverse impact on our asset growth, liquidity, business, financial condition, and results of operations.

We May Not Be Able to Attract and Retain Key Employees

Our success depends in large part on our ability to attract qualified personnel and to retain key employees, as well as the prompt replacement of retiring executives. The loss of key personnel and/or our inability to secure qualified candidates to replace retiring executives could have an unfavorable effect on our business due to the required skills and knowledge of our market and years of industry experience.

Bancorp Relies on Dividends from the Bank to Pay Cash Dividends to its Shareholders as Well as to Meet Other Financial Obligations

Bancorp is a separate legal entity from its subsidiary, the Bank. Bancorp receives substantially its entire cash stream from the Bank in the form of dividends, which is Bancorp's principal source of funds to meet Bancorp's debt service requirements, pay cash dividends to Bancorp's common shareholders, repurchase shares, and cover

operational expenses of the holding company. In addition to the Bank dividends, the Bancorp received proceeds from the issuance of subordinated notes in 2025. Various federal and state laws and regulations limit the amount of dividends that the Bank may pay to Bancorp. In the event that the Bank is unable to pay dividends to Bancorp, Bancorp may not be able to pay dividends to its shareholders. As a result, it could have an adverse effect on Bancorp's stock price and investment value.

Federal law would prohibit capital distributions from the Bank, with limited exceptions, if the Bank were categorized as "undercapitalized" under applicable Federal Reserve or FDIC regulations. In addition, as a California bank, Bank of Marin is subject to state law restrictions on the payment of dividends. For further information on the distribution limit from the Bank to Bancorp, see the section captioned “Bank Regulation” in ITEM 1 above and “Dividends” in Note 8 to the Consolidated Financial Statements in ITEM 8 of this report.

The Value of Goodwill and Other Intangible Assets May Decline in the Future

As of December 31, 2025, we had goodwill totaling $72.8 million and a core deposit intangible asset totaling $1.9 million from business acquisitions. A significant decline in expected future cash flows, a significant adverse change in the business climate, or a significant and sustained decline in the price of our common stock could necessitate taking charges in the future related to the impairment of goodwill or other intangible assets. If we were to conclude that a future write-down of goodwill or other intangible assets is necessary, we would record the appropriate charge, which could have a material adverse effect on our business, financial condition and results of operations.

If we are not able to successfully keep pace with technological changes in the industry, our business could be hurt.

The financial services industry is constantly undergoing technological change, with the frequent introduction of new technology-driven products and services including new payment solutions and the use of agentic artificial intelligence (“AI”). The effective use of technology increases efficiency and enables financial institutions to better serve clients and reduce costs, including mitigating fraud risks. Our future success depends, in part, upon our ability to respond to the needs of our clients by using technology to provide desired products and services and create additional operating efficiencies. Some of our competitors have substantially greater resources to invest in technological improvements. We may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our clients. Failure to keep pace with technological change in the financial services industry could have a material adverse impact on our business and, in turn, on our financial condition and results of operations.

We are subject to risks associated with the adoption of new technologies such as AI.

The Company or its third-party vendors, clients or counterparties may develop or incorporate AI technology, including agentic AI, in certain business processes, services or products. The legal and regulatory environment relating to AI is uncertain and rapidly evolving, and includes regulation targeted specifically at AI as well as provisions in intellectual property, privacy, consumer protection, employment and other laws applicable to the use of AI. These evolving laws and regulations could require changes in the Company’s or third parties’ implementation of AI technology and increase the Company’s compliance costs and risk of non-compliance. The Company’s deployment of artificial intelligence at this time is generally limited to internally focused, assistive productivity tools such as Microsoft Copilot. The Company continues to evaluate additional AI capabilities, including agentic AI, in limited capacities, and the associated risks, including potential errors or inaccuracies in work product, data privacy and confidentiality, intellectual property considerations, potential bias, and cybersecurity.

Market, Interest Rate, and Liquidity Risks

A Lack of Liquidity could Adversely Affect our Operations, Financial Condition and Results of Operations

Liquidity is essential to our business and our ability to fund our operations, effectively manage the repayment and maturity schedules of our loans and investment securities, distribute dividends to our shareholders, and fulfill our debt obligations or deposit withdrawal demands. Our most important source of funding consists of deposits, which is affected by external factors outside the Bank's control as well as customers' perceptions, business operations,

and investment goals. If customers move money out of bank deposits and into other investments, then we would lose a relatively low-cost source of funds, increasing our funding costs and reducing our net interest income and net income. Based on experience, we believe that our deposit accounts are relatively stable sources of funds.

Other primary sources of funds consist of cash flows from operations, investment maturities and sales, loan repayments, and proceeds from the issuance and sale of any equity and debt securities to investors. Additional liquidity is provided by our ability to borrow from the Federal Reserve Bank of San Francisco, Federal Home Loan Bank and other financial institutions, as well as our ability to raise brokered deposits. Our access to funding sources in amounts adequate to finance or capitalize our activities, or on terms that are acceptable to us, could be impaired by factors that affect us directly or the bank or non-bank financial services industries or the economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the bank or non-bank financial services industries.

Earnings are Significantly Influenced by General Business and Economic Conditions

Our success depends, to a certain extent, on local, national and global economic and political conditions. Unlike larger national or other regional banks that are more geographically diversified, we provide banking and financial services to customers primarily in Northern California with particular focus on the local markets in the San Francisco Bay and Greater Sacramento regions. The local economic conditions in these areas have a significant impact on the demand for our products and services as well as the ability of our customers to repay loans, the value of the collateral securing loans and the stability of our deposits as our primary funding source. Economic pressure on consumers and uncertainty regarding the economy and local business climate may result in changes in consumer and business spending, borrowing and saving habits, which may affect the demand for loans and other products and services we offer. Further, loan defaults that adversely affect our earnings correlate highly with deteriorating economic conditions (such as the California unemployment rate and California gross domestic product), which impact our borrowers' creditworthiness. In addition, health epidemics or pandemics (or expectations about them), international trade disputes, inflation risks, oil price volatility, the level of U.S. debt and global economic conditions could destabilize financial markets in which we operate. Lastly, actions of the Federal Open Market Committee ("FOMC") of the Federal Reserve could cause financial market volatility, which will affect the pricing of our loan and deposit products.

Interest Rate Risk is Inherent in Our Business

Our earnings are largely dependent upon our net interest income, which is the difference between interest income earned on interest-earning assets, such as loans and securities, and interest expense paid on interest-bearing liabilities, such as deposits and borrowed funds. Interest rates are sensitive to many factors outside of our control, including general economic conditions and the policies of various governmental and regulatory agencies and, in particular, the FOMC, which regulates the supply of money and credit in the United States. Changes in monetary policy, including changes in interest rates, can influence not only the interest we receive on loans and securities and interest we pay on deposits and borrowings, but can also affect (i) our ability to originate loans and obtain deposits, (ii) the duration of our securities and loan portfolios, and (iii) the fair value of our financial assets and liabilities. In fact, the FOMC's aggressive interest rate increases, discussed more fully below, negatively affected each of these areas of our business in recent years. Our portfolio of loans and securities will generally decline in value if market interest rates increase, and increase in value if market interest rates decline. Decreases in the market value of investment securities available for sale negatively impact the Bank's tangible equity through accumulated other comprehensive losses. In addition, our loans and callable mortgage-backed securities are also subject to prepayment risk when interest rates fall, and the borrowers' credit risk may increase in rising rate or recessionary environments. Factors such as inflation, productivity, oil prices, unemployment rates, and global demand play a role in the FOMC's consideration of future rate adjustments.

The federal funds rate range remained between 0.0% to 0.25% from March 2020 through the beginning of 2022, putting downward pressure on our asset yields and net interest margin. Beginning in March 2022, the FOMC began successive increases to the federal funds rate due to the evolving inflation risks, complicated by international political unrest and supply chain disruptions. The FOMC began increasing rates in March 2022, totaling seven rate increases in 2022 and four additional rate increases in 2023, and ended the year of 2023 at a federal funds target rate range between 5.25% and 5.50%. Rising interest rates and first quarter 2023 disruptions in the banking

industry resulted in rapid increases in the cost of funds through rising deposit costs and increased borrowings, putting pressure on net interest margin starting in the second quarter of 2023. The FOMC lowered the target for the federal funds rate by 100 basis points, to a range of 4.25% to 4.50% in the later months of 2024. The FOMC resumed decreasing rates in September 2025, and made a total of three rate decreases in 2025 ending the year at a range of 3.50% to 3.75%.

See the Net Interest Income section of Management's Discussion and Analysis of Financial Condition and Results of Operations in ITEM 7 and Quantitative and Qualitative Disclosures about Market Risk in ITEM 7A of this report for further discussion related to interest rate sensitivity and our management of interest rate risk.

An Increase in Interest Rates Could Decrease the Value of the Company's Available-for-Sale Securities Portfolio, and the Company Would Realize Losses if It Were Required to Sell Such Securities to Meet Liquidity Needs

Because of inflationary pressures and the resulting rapid increases in the federal funds target rate since March 2022, the market value of previously issued government and other fixed income securities has declined significantly. These securities make up a majority of the securities portfolio of most banks in the U.S., including the Company's, resulting in unrealized losses embedded in the held-to-maturity portion of U.S. banks' securities portfolios and unrealized losses on available-for-sale securities reflected in the Company's accumulated other comprehensive income (loss). We maintain an investment securities portfolio to provide liquidity and to generate earnings on funds that have not been loaned to customers while managing our liquidity and interest rate position, seeking a reasonable yield balanced with risk exposure. While it is neither our intention to sell securities at a net loss in the normal course of business, nor were we required to, we strategically sold securities in the third and fourth quarters of 2023, the second quarter of 2024, and the second and fourth quarters of 2025, to reposition the balance sheet to bolster net interest margin. If the Company were to sell additional securities in an unrealized loss position, it may incur losses that could impair the Company's capital, financial condition, and results of operations and may require the Company to raise additional capital on unfavorable terms, thereby negatively impacting its profitability and potentially causing shareholder dilution.

Activities of Our Large Borrowers and Depositors May Cause Unexpected Volatilities in Our Loan and Deposit Balances, as well as Net Interest Margin

Loans originated at higher interest rates may be paid off and replaced by new loans with lower interest rates, causing downward pressure on our net interest margin. In addition, our top ten depositor relationships accounted for approximately 12% and 9% of total deposit balances at December 31, 2025 and 2024, respectively. The business models and cash cycles of some of our large commercial depositors may also cause short-term volatility in their deposit balances held with us. As our customers' businesses grow, the dollar value of their daily activities may also grow leading to larger fluctuations in daily balances. While we manage our liquidity with consideration given to deposit concentration and volatility, any long-term decline in deposit funding would adversely affect our liquidity. For additional information on our management of deposit volatility, refer to the Liquidity section of ITEM 7, Management's Discussion and Analysis, of this report.

Unexpected Early Termination of Interest Rate Swap Agreements May Affect Earnings

We have entered into interest-rate swap agreements, primarily as an asset/liability risk management tool, in order to mitigate the interest rate risk that causes fluctuations in the fair value of specified long-term fixed-rate loans or firm commitments to originate long-term fixed rate loans. In the event of default by the borrowers on our hedged loans, we may have to terminate these designated interest-rate swap agreements early, resulting in market value losses that could negatively affect our earnings.

The Trading Volume of Bancorp's Common Stock May Be Less than That of Other, Larger Financial Services Companies

Our common stock is listed on the Nasdaq Global Select Market exchange. Our trading volume is less than that of nationwide or larger regional financial institutions. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence of willing buyers and sellers of common stock at any given

time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Given the low trading volume of our common stock, significant trades of our stock in a given time period, or the expectations of these trades, could cause volatility in the stock price.

Credit Risks

We are Subject to Significant Credit Risk and Loan Losses May Exceed Our Allowance for Credit Losses in the Future

The operation of our business requires us to manage credit risk. As a lender, we are exposed to the risk that our borrowers will be unable to repay their loans according to their terms, and that the collateral securing repayment of their loans, if any, may not be sufficient to ensure repayment. In addition, there are risks inherent in making any loan, including risks with respect to the period of time over which the loan may be repaid, risks relating to proper loan underwriting, risks resulting from changes in economic and industry conditions and risks inherent in dealing with individual borrowers. In order to successfully manage credit risk, we must, among other things, maintain disciplined and prudent underwriting standards and ensure that our bankers follow those standards. The weakening of these standards for any reason, such as an attempt to attract higher yielding loans, a lack of discipline or diligence by our employees in underwriting and monitoring loans, the inability of our employees to adequately adapt policies and procedures to changes in economic or any other conditions affecting borrowers and the quality of our loan portfolio, may result in loan defaults, foreclosures and additional charge-offs and may necessitate that we significantly increase our allowance for credit losses on loans, each of which could adversely affect our net income. As a result, any inability to successfully manage credit risk could have a material adverse effect on our business, financial condition or results of operations.

We maintain allowances for credit losses on loans and unfunded loan commitments that represent management's best estimate of expected credit losses over the contractual lives of our loans under the current expected credit loss method. The level of the allowance reflects management's continuous evaluation of specific credit risks, loan loss experience, current loan portfolio quality and present and forecasted economic, political and regulatory conditions. The determination of the appropriate level of the allowances inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks and trends and future economic forecasts, all of which may undergo material changes. Inaccurate assumptions in appraisals or an inappropriate choice of the valuation techniques may lead to an inadequate level of specific reserve or charge-offs.

The Small to Medium-sized Businesses that we Lend to may have Fewer Resources to Weather Adverse Economic and Other Developments, which may Impair a Borrower's Ability to Repay a Loan

We focus our business development and marketing strategy primarily on small to medium-sized businesses. Small to medium-sized businesses frequently have smaller market shares than their competition, may be more vulnerable to economic downturns, often need substantial additional capital to expand or compete and may experience substantial volatility in operating results, any of which may impair a borrower's ability to repay a loan. In addition, the success of a small and medium-sized business often depends on the management talents and efforts of one or two people or a small group of people, and the death, disability or resignation of one or more of these people could adversely affect the business and its ability to repay its loan. If general economic conditions negatively affect the California markets in which we operate and small to medium-sized businesses are adversely affected or our borrowers are otherwise affected by adverse business developments, our business, financial condition and results of operations may be negatively affected.

Negative Conditions Affecting Real Estate May Harm Our Business and Our Commercial Real Estate Concentration May Heighten Such Risk

Concentration of our lending activities in the California real estate sector could negatively affect our results of operations if adverse changes in our lending area occur. As of December 31, 2025, approximately 90% of our loans had real estate as a primary or secondary component of collateral, which were comprised of 72% commercial real estate, 27% residential real estate and 1% land. Real estate valuations are influenced by demand, and demand is driven by economic factors such as employment rates and interest rates.

Loans secured by CRE include those secured by office buildings, owner-user office/warehouses, mixed-use commercial, retail properties and multi-family residential real estate. There can be no assurance that properties securing our loans will generate sufficient cash flows to allow borrowers to make full and timely loan payments to us. We do not lend on high-rise office towers in San Francisco and the Bay Area generally, but we do take office and other commercial properties as collateral in our CRE lending. For a discussion of our CRE lending, including detail on the types of properties in our real estate secured lending and geographic distribution of such loans, please see the discussion titled “FINANCIAL CONDITION – Loans” herein.

Rising CRE lending concentrations may expose institutions to unanticipated earnings and capital volatility in the event of adverse changes in the CRE market. Concentration risk exists when financial institutions deploy too many assets to any one industry or segment. Concentration stemming from commercial real estate is one area of regulatory concern. The CRE Concentration Guidance provides supervisory criteria, including the following numerical indicators, to assist bank examiners in identifying banks with potentially significant commercial real estate loan concentrations that may warrant greater supervisory scrutiny: (i) total commercial real estate loans exceeding 300% of capital and increasing 50% or more in the preceding three years; or (ii) construction and land development loans exceeding 100% of capital. The CRE Concentration Guidance does not limit banks’ levels of commercial real estate lending activities, but rather guides institutions in developing risk management practices and levels of capital that are commensurate with the level and nature of their commercial real estate concentrations. As of December 31, 2025 and 2024, using regulatory definitions in the CRE Concentration Guidance, our CRE loans represented 350% and 311%, respectively, of our total risk-based capital. We manage our CRE concentrations and discuss them as necessary with the banking regulatory agencies and believe that our underwriting policies, management information systems, independent credit administration process, and monitoring of real estate loan concentrations are currently sufficient to address the CRE Concentration Guidance.

Accounting Estimates and Risk Management Processes Rely on Analytical and Forecasting Models

The processes we use to estimate expected credit losses on loans and investment securities, and to measure the fair value of financial instruments, as well as the processes used to estimate the effects of changing interest rates and other market measures on our financial condition and results of operations, depends upon the use of analytical and forecasting models. These models reflect assumptions that may not be accurate, particularly in times of market volatility or other unforeseen circumstances. Even if these assumptions are adequate, the models may prove to be inadequate or inaccurate because of other flaws in their design or their implementation. If the models we use for interest rate risk and asset-liability management are inadequate, we may incur increased or unexpected losses upon changes in market interest rates or other market factors. If the models we use for determining our expected credit losses on loans and investment securities are inadequate, the allowance for credit losses may not be sufficient to support future charge-offs. If the models we use to measure the fair value of financial instruments are inadequate, the fair value of such financial instruments may fluctuate unexpectedly or may not accurately reflect what we could realize upon sale or settlement of such financial instruments. Any such failure in our analytical or forecasting models could have a material adverse effect on our business, financial condition and results of operations.

Investment Securities May Lose Value due to Credit Quality of the Issuers

We invest in significant portions of debt securities issued by government-sponsored enterprises ("GSE"), such as Federal Home Loan Bank ("FHLB"), Federal National Mortgage Association (“FNMA”), and Federal Home Loan Mortgage Corporation ("FHLMC"). We also hold mortgage-backed securities (“MBS”) issued by FNMA and FHLMC, both of which have been under U.S. government conservatorship since 2008. While we consider FNMA and FHLMC securities to have low credit risk as they carry the explicit backing of the U.S. government due to the conservatorship, they are not direct obligations of the U.S. government. The fair value of our securities issued or guaranteed by these two GSE entities may be negatively impacted if the U.S. government ceases to provide support to the conservatorship. GSE debt is sponsored but not guaranteed by the federal government and carries

implicit backing, whereas government agencies such as Government National Mortgage Association ("GNMA") are divisions of the government whose securities are backed by the full faith and credit of the U.S. government.

Although Congress has taken steps to improve regulation and consumer protection related to the housing finance system (e.g., the Dodd-Frank Act), FNMA and FHLMC have entered their 18th year of U.S. government conservatorship in 2025 via the Federal Housing Finance Agency ("FHFA"). While proposals to end the conservatorship have considered solutions such as an initial public offering, at the date of this report, its future and ultimate impact on the financial markets and our investments in GSEs are uncertain.

While we generally seek to minimize our exposure by strategically diversifying our credit exposure to obligations of issuers in various geographic locations throughout California and the U.S., investing in investment-grade securities, and actively monitoring the creditworthiness of the issuers and/or credit guarantee providers, there is no guarantee that the issuers will remain financially sound or continue their payments on these debentures.

Operational and Other Risks

Risks Associated with Cybersecurity Could Negatively Affect Our Earnings and Reputation

Our business requires the secure management of sensitive client and bank information. We work diligently to implement layered security measures that intend to make our communications and information systems resilient and safe to conduct business. With the advent of AI, cyber threats such as social engineering, ransomware, and phishing are more sophisticated and prevalent now than ever before. These incidents include intentional and unintentional events that may present threats designed to disrupt operations, corrupt data, release sensitive information, or cause denial-of-service attacks. A cybersecurity breach of systems operated by the Bank, merchants, vendors, customers, or externally publicized breaches of other financial institutions may significantly harm our reputation, result in a loss of customer business, subject us to regulatory scrutiny, or expose us to civil litigation and financial liability. While we have systems and procedures designed to prevent security breaches, we cannot be certain that advances in cyberthreats, criminal capabilities, network break-ins, or inappropriate access will not compromise or breach the technology protecting our networks or proprietary client information. If a material security breach were to occur, the Bank has policies and procedures in place to ensure timely disclosure. For additional information on cybersecurity management and governance, refer to ITEM-1C, Cybersecurity, in this report.

Climate change and related legislative and regulatory initiatives may materially affect the Company's business and results of operations

Concerns over the long-term impacts of climate change have led to governmental efforts around the world to mitigate those impacts. As a result, political and social attention to the issue of climate change has increased. The U.S. government, state legislatures and federal and state regulatory agencies are likely to continue to propose and advance numerous legislative and regulatory initiatives seeking to mitigate the effects of climate change. These initiatives and increasing supervisory expectations may require the Company to expend significant capital and incur compliance, operating, maintenance and remediation costs. In addition, given the lack of empirical data on the credit and other financial risks posed by climate change, it is impossible to predict how climate change may impact our financial condition and operations. As a banking organization, the physical effects of climate change may present certain unique risks. For example, our primary market is located in both earthquake and wildfire-prone zones in Northern California, which is also subject to other weather or disasters, such as severe rainstorms, drought or flood. These events have interrupted our business operations unexpectedly at times (e.g., PG&E power shutoffs in the North Bay and Sacramento Region). Climate-related physical changes and hazards could also pose credit risks for us. For example, our borrowers may have collateral properties or operations located in areas at risk of wildfires, or coastal areas at risk to rising sea levels and erosion, or subject to the risk of drought in California. The properties pledged as collateral on our loan portfolio could also be damaged by tsunamis, landslides, floods, earthquakes or wildfires and thereby the recoverability of loans could be impaired. A number of factors can affect credit losses, including the extent of damage to the collateral, the extent of damage not covered by insurance, the extent to which unemployment and other economic conditions caused by the natural disaster adversely affect the ability of borrowers to repay their loans, and the cost of collection and foreclosure to us. Additionally, there could be increased insurance premiums and deductibles, or a decrease in the availability of coverage, due to severe

weather-related losses. The ultimate outcome on our business of a natural disaster, whether or not caused by climate change, is difficult to predict but could have a material adverse effect on financial condition, results of operations or profitability.

We Rely on Third-Party Vendors for Important Aspects of Our Operation

We depend on the accuracy and completeness of information and systems provided by certain key vendors, including but not limited to data processing, payroll processing, technology support, investment safekeeping and accounting. For example, we outsource core processing to Fidelity Information Services ("FIS") and wire processing to Finastra, which are leading financial services solution providers that allow us access to competitive technology offerings without having to invest in their development. Our ability to operate, as well as our financial condition and results of operations, could be negatively affected in the event of an interruption of an information system, an undetected error, a cyber-breach, or in the event of a natural disaster whereby certain vendors are unable to maintain business continuity.

Regulatory and Compliance Risks

Banks and Bank Holding Companies are Subject to Extensive Government Regulation and Supervision

Bancorp and the Bank are subject to extensive federal and state governmental supervision, regulation and control. Holding company regulations affect the range of activities in which Bancorp is engaged. Banking regulations affect the Bank's lending practices, capital structure, investment practices, dividend policy, and compliance costs among other things. Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies and procedures, or ethical standards set forth by regulators. Compliance risk also arises in situations where the laws or rules governing certain bank products or activities of our clients may be ambiguous or untested. This risk exposes Bancorp and the Bank to potential fines, civil money penalties, payment of damages and the voiding of contracts. Compliance risk can lead to diminished reputation, reduced franchise value, limited business opportunities, reduced expansion potential and an inability to enforce contracts. The Bank manages these risks through its extensive compliance plan, policies and procedures. For further information on supervision and regulation, see the section captioned “SUPERVISION AND REGULATION” in ITEM 1 of this report.

Significant changes or developments in U.S. laws or policies, and the reactions of the national and global economy to such changes, may have a material adverse effect on our business.

There are uncertainties around the legal and regulatory approach that will be taken under the Trump administration, and we cannot predict the likelihood, nature or extent of changes in law or government regulations that may arise from future legislation or administrative or executive action, either in the United States or abroad.

The current administration’s rapidly evolving policy pronouncements and executive orders create an unpredictable regulatory landscape. This unpredictability can result in sudden changes to the legal and regulatory framework governing our operations, making it challenging to plan and execute our business strategies effectively. Additionally, the potential for abrupt policy shifts may cause fluctuations in market conditions, impacting our investment portfolio, lending activities, and overall financial performance. The general uncertainty associated with the administration’s policy approach may also lead to increased market volatility and disruptions that could affect the availability and cost of capital, the valuation of our assets, the stability of our funding sources, and the financial health and operations of our borrowers. In turn, this may impact our ability to meet regulatory capital requirements, manage liquidity, and maintain profitability.

The administration’s efforts to roll back financial regulations, which may include those established under the Bank Secrecy Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and others could lead to changes in the regulatory environment in which we operate. While deregulation may reduce compliance costs and regulatory burdens, it may also increase competition and risk-taking in the financial services sector, potentially leading to greater market volatility and financial instability. We cannot, however, accurately predict the full effects of recent or

future legislation or the various other governmental, regulatory, monetary, and fiscal initiatives which have been and may be enacted on the financial markets, the Company, and the Bank.

We continue to monitor regulatory developments and adjust our strategies accordingly. However, the inherent unpredictability of the current regulatory environment poses a risk to our business that could have material adverse effects on our financial condition and results of operations.

Any Regulatory Examination Scrutiny or New Regulatory Requirements Applicable to the Banking Industry Could Increase the Company's Expenses and Affect the Company's Operations

The Company could be subject to increased regulatory scrutiny – in the course of routine examinations and otherwise – and new regulations directed towards banks of similar size to the Bank, designed to address the recent negative developments in the banking industry, all of which may increase the Company's costs of doing business and reduce its profitability.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management, Strategy, and Governance

The Company recognizes that the security of our banking operations is critical to protecting our customers and maintaining our reputation. The cybersecurity landscape is constantly evolving. To mitigate these risks, the Company deploys a comprehensive and resilient information security program that consists of a layered security model using industry leading hardware, software, and services to protect customers' and the Bank's data and to ensure the confidentiality, integrity, and availability of our information systems. This information security program is a critical component of our overall enterprise risk management program.

The Company leverages the following guidelines and frameworks to continue to refine and maintain the information security program: FFIEC Information Security IT Examination Handbook, FFIEC Business Continuity Planning Handbook, Center for Internet Security Critical Security Controls, National Institute of Standards and Technology (NIST) Cybersecurity Framework.

Key components of the information security program include:

- A risk assessment process that identifies and prioritizes material cybersecurity risks; refines and evaluates the effectiveness of controls to mitigate the risks; and reports results to executive management and the Board of Directors.
- A third-party Managed Detection and Response ("MDR") service, which monitors the security of our network, infrastructure and computer systems 24x7, 365 days a year.
- An incident response plan that outlines the steps the Bank will take to respond to a cybersecurity incident, which is tested on a periodic basis.
- Annual recurring cybersecurity controls testing program, which includes independent third-party penetration testing, cybersecurity procedures and system testing, and third-party independent network traffic monitoring.
- A training and awareness program that educates and tests employees on how to avoid and identify cybersecurity risks.
- A Cyber Security Insurance Policy that covers insurance, incident response, incident mitigation, and legal support.

The Company engages reputable third-party assessors to conduct various independent risk assessments on a regular basis, including but not limited to maturity assessments and various other tests. Following a defense-in-depth strategy, the Company leverages both in-house resources and third-party service providers to implement and maintain processes and controls to manage the identified risks.

Our vendor management program is designed to ensure that our vendors meet our cybersecurity requirements and manage our third-party risks. This includes conducting periodic risk assessments of critical vendors, requiring vendors to implement appropriate cybersecurity controls, and monitoring vendor compliance with our cybersecurity requirements.

Security controls are employed on all media where information is stored, the systems that process it, and infrastructure components that facilitate its transmission to ensure the confidentiality, integrity, and availability of Bank's and customers' information. These controls include, but are not limited to, access control, data encryption, data loss prevention, incident response, security monitoring, third party risk management, and vulnerability management.

The Company's cybersecurity risk management program and strategy are regularly reviewed and updated to ensure that they are aligned with the Bank's business objectives and are designed to address evolving cybersecurity threats and satisfy regulatory requirements and industry standards.

The Company's Board of Directors is charged with overseeing the establishment and execution of the Company's risk management framework and monitoring adherence to related policies required by applicable statutes, regulations and principles of safety and soundness. Consistent with this responsibility, the Board has primary oversight of cybersecurity risk and cybersecurity risk management and receives reporting from management about material risks from cybersecurity threats. All members of the Board of Directors receive regular updates on cybersecurity risks and incidents from the Information Security Officer ("ISO") and Chief Information Officer ("CIO") and annual security awareness training. The Information Security department consists of cybersecurity professionals who assess, identify, and manage cybersecurity risks and are responsible for implementing and maintaining the Company's cybersecurity risk management program.

ITEM 2. PROPERTIES

We lease our corporate headquarters building in Novato, California, which houses loan production, operations, Wealth Management and Trust Services and administration. We lease branch and office facilities within our primary market areas in the cities of Corte Madera, San Rafael, Novato, Sausalito, Mill Valley, Greenbrae, Petaluma, Santa Rosa, Healdsburg, Sonoma, Napa, San Francisco, Alameda, Oakland, Walnut Creek, Gold River, Jackson, Roseville, and Sacramento. For additional information on properties, refer to Note 4, Bank Premises and Equipment, and Note 12, Commitments and Contingencies, in ITEM 8 of this report.

ITEM 3. LEGAL PROCEEDINGS

For information on litigation matters, see Note 12, Commitments and Contingencies, in ITEM 8 of this report.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

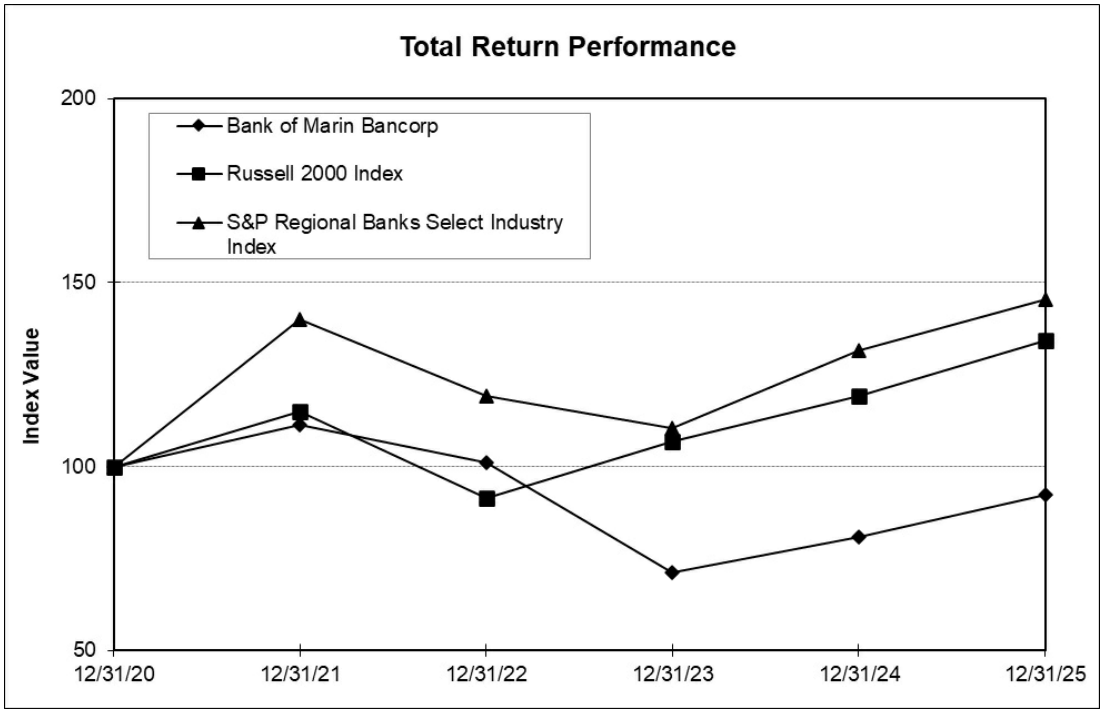
ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holders

Bancorp's common stock trades on the Nasdaq Capital Market under the symbol BMRC. At February 27, 2026, 16,126,486 shares of Bancorp's common stock, no par value, were outstanding and held by approximately 12,800 holders of record and beneficial owners.

Five-Year Stock Price Performance Graph

The following graph, compiled by S&P Global Market Intelligence of New York, New York, shows a comparison of cumulative total shareholder return on our common stock during the five fiscal years ended December 31, 2025 compared to the Russell 2000 Stock index and the S&P Regional Banks Select Industry Index. The comparison assumes the investment of $100 in our common stock on December 31, 2020 and the reinvestment of all dividends. The graph represents past performance and does not indicate future performance. In addition, total return performance results vary depending on the length of the performance period.



	2020	2021	2022	2023	2024	2025
Bank of Marin Bancorp (BMRC)	**100.00**	**111.20**	**100.95**	**71.09**	**80.97**	**92.46**
Russell 2000 Index	100.00	114.82	91.35	106.82	119.14	134.40
S&P Regional Banks Select Industry Index[1]	100.00	139.90	119.26	110.40	131.50	145.48

Source: S&P Global Market Intelligence

[1] The index comprises stocks in the S&P Total Market Index that are classified in the Global Industry Classification Standard regional banks sub-industry.

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes information as of December 31, 2025, with respect to equity compensation plans.

	Shares to be issued upon exercise of outstanding options[1]	Weighted average exercise price of outstanding options	Shares remaining available for future issuance [2]
Equity compensation plans approved by shareholders	213,644	$ 35.22	850,547

[1] Represents shares of common stock issuable upon exercise of outstanding options under the Bank of Marin Bancorp 2017 Equity Plan and 2007 Equity Plan.

[2] Represents remaining shares of common stock available for future grants under the 2017 Equity Plan and the 2020 Director Stock Plan, excluding 213,644 shares to be issued upon exercise of outstanding options and 369,200 shares available to be issued under the Employee Stock Purchase Plan.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On July 24, 2025, the Board of Directors approved the adoption of Bancorp's share repurchase program for up to $25.0 million effective July 24, 2025 through July 31, 2027. This stock buyback program replaced the program approved in 2023 which expired July 31, 2025, under which Bancorp repurchased 320,000 shares totaling $6.4 million. Bancorp repurchased 150,000 shares totaling $3.3 million at an average price of $21.93 per share during the year ended December 31, 2025, and repurchased 220,000 shares totaling $4.3 million at an average price of $19.21 per share during the year ended December 31, 2024.

Shares repurchased pursuant to our common stock share repurchase programs during 2025, 2024 and 2023, were as follows.

	2025	2024	2023	Cumulative Totals
Total number of common shares repurchased	150,000	220,000	0	370,000
Total purchase price of common shares repurchased (in millions)	$ 3.3	$ 4.3	$ —	$ 7.6

The following table reports information regarding repurchases of our common stock during the year ended December 31, 2025:

(in thousands, except per share data)

Period	Total Number of Shares Purchased	Average Price Paid per Share [1, 2]	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value That May yet Be Purchased Under the Program [3]
January 1, 2025 to January 31, 2025	—	$ —	—	$ 20,766
February 1, 2025 to February 28, 2025	—	—	—	20,766
March 1, 2025 to March 31, 2025	—	—	—	20,766
April 1, 2025 to April 30, 2025	—	—	—	20,766
May 1, 2025 to May 31, 2025	—	—	—	20,766
June 1, 2025 to June 30, 2025	100	21.72	100	18,591
July 1, 2025 to July 31, 2025	—	—	—	25,000
August 1, 2025 to August 31, 2025	50	22.33	50	23,882
September 1, 2025 to September 30, 2025	—	—	—	23,882
October 1, 2025 to October 31, 2025	—	—	—	23,882
November 1, 2025 to November 30, 2025	—	—	—	23,882
December 1, 2025 to December 31, 2025	—	—	—	23,882
Year ended December 31, 2025	150	$ 21.93	150	$ 23,882

[1] Average price paid per share excludes commission.

[2] The aggregate purchase price and weighted average price per share does not include the effect of excise tax expense incurred on net stock repurchases. For the year ended December 31, 2025, the excise tax, net of issuances, was approximately $6 thousand.

[3] On July 24, 2025, the Board of Directors approved the adoption of Bancorp's share repurchase program for up to $25.0 million and this repurchase program expiries on July 31, 2027.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of financial condition as of December 31, 2025 and 2024 and results of operations for each of the years in the three-year period ended December 31, 2025 should be read in conjunction with our consolidated financial statements and related notes thereto, included in Part II ITEM 8 of this report.

The Company restated its Consolidated Statements of Condition and revised its Consolidated Statements of Comprehensive (Loss) Income for the years ended December 31, 2024 and 2023, and the quarters ended September 30, 2025, June 30, 2025, March 31, 2025, September 30, 2024, June 30, 2024, and March 31, 2024, (the "Affected Periods") for misstatements between the balance sheet and income statement that were determined, in the aggregate, to be material to previously issued financial statements. Generally, the restatements and revisions related to the misclassification of certain deposits and expenses related thereto as non-interest bearing deposits and non-interest expense when they should have been classified as interest bearing deposits and interest expense. See "Note 19, Restatement of Prior Period Financial Statements (Quarterly Information Unaudited)" in Item 8 of this Form 10-K, for additional information related to the restatement and revision, including descriptions of the misstatements and the impacts on our consolidated financial statements. All affected tables and narrative disclosures herein from the Affected Periods have likewise been corrected.

Forward-Looking Statements

The disclosures set forth in this item are qualified by important factors detailed in Part I captioned Forward-Looking Statements and ITEM 1A captioned Risk Factors of this report and other cautionary statements set forth elsewhere in the report.

Critical Accounting Estimates

Critical accounting estimates are those estimates made in accordance with generally accepted accounting principles that involve a significant level of estimation and uncertainty and have had or are reasonably likely to have a material impact on our financial condition and results of operations. We consider accounting estimates to be critical to our financial results if (i) the accounting estimate requires management to make assumptions about matters that are highly uncertain, (ii) management could have applied different assumptions during the reported period, and (iii) changes in the accounting estimate are reasonably likely to occur in the future and could have a material impact on our financial statements. Management has determined the following accounting estimates and related policies to be critical.

Allowance for Credit Losses on Loans and Unfunded Commitments

The allowance for credit losses on loans is a valuation account that is deducted from the amortized cost basis at the balance sheet date to present the net amount of loans expected to be collected. The allowance for credit losses on unfunded loan commitments is based on estimates of the probability that these commitments will be drawn upon according to historical utilization experience, expected loss severity, and loss rates as determined for pooled funded loans. The allowance for credit losses on unfunded commitments is a liability account included in interest payable and other liabilities. Management estimates these allowances quarterly using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Credit loss experience among the Bank and peer groups provides the basis for the estimation of expected credit losses.

The allowance for credit losses ("ACL") model utilizes a discounted cash flow ("DCF") method to measure the expected credit losses on loans collectively evaluated that are sub-segmented by loan pools with similar credit risk characteristics, which generally correspond to federal regulatory reporting codes. In addition, the DCF method incorporates assumptions for probability of default ("PD"), loss given default ("LGD"), and prepayments and curtailments over the contractual terms of the loans. Under the DCF method, the ACL reflects the difference between the amortized cost basis and the present value of the expected cash flows using the loan's effective rate.

Management considers whether adjustments to the quantitative portion of the ACL are needed for differences in segment-specific risk characteristics or to reflect the extent to which it expects current conditions and reasonable and supportable forecasts of economic conditions to differ from the conditions that existed during the historical period included in the development of PD and LGD.

Our allowance model is particularly sensitive to forecasted and seasonally-adjusted actual California unemployment rates, which was 5.5% at December 31, 2025 and December 31, 2024. The ACL model incorporates a one-year forecast. For periods beyond the forecast horizon, the economic factors revert to historical averages on a straight-line basis over a one-year period through the remaining lives of the loans. We performed a sensitivity analysis as of December 31, 2025, and estimated that a 100 basis point change (e.g., 5.5% to 6.5%) in the forecasted unemployment rates over the next four quarters would result in about a 5% change to our allowance for credit losses on loans. This impact does not consider changes to other assumptions for either the quantitative factors, such as probability of default, loss given default, loan mix or cash flows, prepayment/curtailment rates, and individually analyzed loans, or qualitative factors as discussed in Note 1 - Summary of Significant Accounting Policies. Additionally, because current economic conditions and forecasts can change, as future events are inherently difficult to predict, the estimated credit losses on loans and unfunded commitments could change significantly.

While we believe we use the best information available to determine the allowance for credit losses, our results of operations could be significantly affected if circumstances differ substantially from the assumptions used in determining the allowance. For information regarding critical estimates related to our allowance for credit losses methodology, the provision for credit losses, and risks to asset quality and lending activity, see ITEM 1A - Risk Factors, the Allowance for Credit Losses section in ITEM 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, and Note 3 - Loans and Allowance for Credit Losses on Loans in ITEM 8 - Financial Statements and Supplementary Data of this Form 10-K.

Fair Value Measurements

We use fair value measurements to record certain financial instruments and to determine fair value disclosures. Available-for-sale securities and interest rate swap agreements are financial instruments recorded at fair value on a recurring basis. Additionally, we record at fair value other financial assets on a nonrecurring basis, such as collateral dependent loans and other real estate owned. These nonrecurring fair value adjustments typically involve write-downs of, or specific reserves against, individual assets. We group our assets and liabilities that are measured at fair value into three levels within the fair value hierarchy, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used in the measurement are observable or unobservable. Observable inputs reflect market-driven or market-based information obtained from independent sources, while unobservable inputs reflect our estimates about market data. The degree of management judgment involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices or observable market data. For financial instruments that trade actively and have quoted market prices or observable market data, there is minimal subjectivity involved in measuring fair value. When observable market prices and data are not fully available, management judgment is necessary to estimate fair value. In addition, changes in market conditions may reduce the availability of quoted prices or observable data. Therefore, when market data is not available, we use valuation techniques that require more management judgment to estimate the appropriate fair value measurement. Fair value is discussed further in Note 1 - Summary of Significant Accounting Policies, and Note 9 - Fair Value of Assets and Liabilities in ITEM 8 - Financial Statements and Supplementary Data of this Form 10-K.

RESULTS OF OPERATIONS

Overview

This discussion should be read in conjunction with the consolidated financial statements and the related notes that appear elsewhere in this Form 10-K. As noted above, the Company restated its financial statements for the Affected Periods for misstatements between the balance sheet and income statement that were determined, in the aggregate, to be material to previously issued financial statements. Generally, the restatements related to the misclassification of certain deposits and expenses related thereto as non-interest bearing deposits and non-interest expense when they should have been classified as interest bearing deposits and interest expense. See below and "Note 19, Restatement of Prior Period Financial Statements (Quarterly Information Unaudited)" in Item 8 of this Form 10-K, for additional information related to the restatement, including descriptions of the misstatements and the impacts on our consolidated financial statements. All affected tables and narrative disclosure herein from the Affected Periods has likewise been corrected.

Financial Highlights

The following are highlights of our financial condition and results of operations. The data was derived from the audited consolidated financial statements of Bank of Marin Bancorp.

	At December 31,	
(dollars in thousands, except per share data)	2025	2024
Selected financial condition data:		
Total assets	$ 3,904,778	$ 3,701,335
Investment securities	$ 1,327,812	$ 1,266,733
Loans, net of allowance for credit losses on loans	$ 2,090,764	$ 2,052,600
Deposits	$ 3,415,542	$ 3,220,015
Borrowings and other obligations	$ 709	$ 154
Subordinated notes, net	$ 43,857	$ —
Stockholders' equity	$ 394,654	$ 435,407
Book value per share	$ 24.51	$ 27.06
Tangible book value per share	$ 19.87	$ 22.37
Asset quality ratios:		
Allowance for credit losses to total loans	1.42 %	1.47 %
Allowance for credit losses to non-accrual loans	1.12x	0.90x
Non-accrual loans to total loans	1.27 %	1.63 %
Classified loans (graded substandard and doubtful) as a percentage of total loans	1.51 %	2.17 %
Capital ratios:		
Equity to total assets	10.11 %	11.76 %
Tangible common equity to tangible assets	8.35 %	9.93 %
Total capital (to risk-weighted assets)	15.25 %	16.54 %
Tier 1 capital (to risk-weighted assets)	12.34 %	15.32 %
Tier 1 capital (to average assets)	8.26 %	10.46 %
Common equity Tier 1 capital (to risk-weighted assets)	12.34 %	15.32 %
Other data:		
Loan-to-deposit ratio	62.09 %	64.70 %
Number of branches	27	27
Full-time equivalent employees	311	285

	For the Years Ended December 31,		
(dollars in thousands, except per share data)	2025	2024	2023
Selected operating data:			
Net interest income	$ 106,037	$ 91,582	$ 100,352
Provision for credit losses on loans	375	5,550	2,575
Provision for (reversal of) credit losses on unfunded loan commitments	185	(233)	(342)
Non-interest income	(76,650)	(21,360)	4,989
Non-interest expense	81,310	78,740	77,072
Net (loss) income	(35,675)	(8,409)	19,895
Net (loss) income per common share:			
Basic	$ (2.24)	$ (0.52)	$ 1.24
Diluted	$ (2.24)	$ (0.52)	$ 1.24

Performance and other financial ratios:			
Return on average assets	(0.94)%	(0.22)%	0.49 %
Return on average equity	(8.19)%	(1.93)%	4.69 %
Tax-equivalent net interest margin	2.94 %	2.55 %	2.56 %
Cost of deposits	1.39 %	1.50 %	0.82 %
Cost of funds	1.40 %	1.51 %	1.09 %
Efficiency ratio	276.69 %	112.13 %	73.16 %
Net charge-offs	$ 942	$ 66	$ 386
Net charge-offs to average loans	0.05 %	NM	0.02 %
Cash dividend payout ratio on common stock [1]	NM	NM	80.65 %
Cash dividends per common share	$ 1.00	$ 1.00	$ 1.00

[1] Calculated as cash dividends per common share divided by basic net income per common share.

NM - Not meaningful.

Restatement and Revision of Prior Period Financial Statements and Financial Highlights

See below for the restated and revised prior period financial statements and affected financial highlights referred to above and in Form 8-K filed February 17, 2026.

Summary of Reclassifications and Impacts											
($ in thousands)	FY 2025	FY 2024	FY 2023	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Non-interest-Bearing Deposits - end of period											
As reported	1,492,249	1,399,900	1,441,987	1,492,249	1,458,230	1,379,814	1,426,446	1,399,900	1,473,379	1,417,661	1,444,435
As Adjusted	1,254,416	1,274,747	1,309,711	1,254,416	1,245,247	1,218,648	1,277,505	1,274,747	1,331,853	1,285,901	1,318,261
Change	-237,833	-125,153	-132,276	-237,833	-212,983	-161,166	-148,941	-125,153	-141,526	-131,760	-126,174
Interest-Bearing Deposits - end of period											
As reported	1,923,293	1,820,115	1,848,088	1,923,293	1,924,346	1,865,234	1,875,525	1,820,115	1,835,870	1,796,116	1,839,667
As Adjusted	2,161,126	1,945,268	1,980,364	2,161,126	2,137,329	2,026,400	2,024,466	1,945,268	1,977,396	1,927,876	1,965,841
Change	237,833	125,153	132,276	237,833	212,983	161,166	148,941	125,153	141,526	131,760	126,174
Non-interest-Bearing Deposits as a percentage of Total Deposits - end of period											
As reported	43.7%	43.5%	43.8%	43.7%	43.1%	42.5%	43.2%	43.5%	44.5%	44.1%	44.0%
As Adjusted	36.7%	39.6%	39.8%	36.7%	36.8%	37.6%	38.7%	39.6%	40.2%	40.0%	40.1%
Change	-7.0%	-3.9%	-4.0%	-7.0%	-6.3%	-5.0%	-4.5%	-3.9%	-4.3%	-4.1%	-3.8%
Non-interest-Bearing Deposits - average											
As reported	1,433,223	1,448,346	1,656,047	1,506,847	1,419,872	1,398,570	1,406,648	1,452,966	1,460,011	1,421,543	1,458,686
As Adjusted	1,261,562	1,316,737	1,544,208	1,285,578	1,254,958	1,245,025	1,260,482	1,318,943	1,321,648	1,290,874	1,335,405
Change	-171,661	-131,609	-111,839	-221,269	-164,914	-153,545	-146,166	-134,023	-138,363	-130,669	-123,281
Interest-Bearing Deposits - average											
As reported	1,886,828	1,838,015	1,726,811	1,925,424	1,925,873	1,855,477	1,839,161	1,831,956	1,820,531	1,839,468	1,860,365
As Adjusted	2,058,489	1,969,624	1,838,650	2,146,693	2,090,787	2,009,022	1,985,327	1,965,979	1,958,894	1,970,137	1,983,646
Change	171,661	131,609	111,839	221,269	164,914	153,545	146,166	134,023	138,363	130,669	123,281
Interest Expense											
As reported	42,196	46,613	36,733	10,651	10,876	10,376	10,293	11,246	12,050	11,865	11,452
As Adjusted	46,391	49,691	39,142	12,051	11,913	11,316	11,111	11,970	12,866	12,672	12,183
Change	4,195	3,078	2,409	1,400	1,037	940	818	724	816	807	731
Net Interest Income											
As reported	110,232	94,660	102,761	31,181	28,193	25,912	24,946	25,230	24,269	22,467	22,694
As Adjusted	106,037	91,582	100,352	29,781	27,156	24,972	24,128	24,506	23,453	21,660	21,963
Change	-4,195	-3,078	-2,409	-1,400	-1,037	-940	-818	-724	-816	-807	-731
Non-interest Expense											
As reported	85,505	81,818	79,481	21,423	21,328	21,490	21,264	18,338	20,417	21,894	21,169
As Adjusted	81,310	78,740	77,072	20,023	20,291	20,550	20,446	17,614	19,601	21,087	20,438
Change	-4,195	-3,078	-2,409	-1,400	-1,037	-940	-818	-724	-816	-807	-731
Net Interest Margin, reported											
As reported	3.04%	2.61%	2.60%	3.31%	3.07%	2.91%	2.84%	2.78%	2.68%	2.50%	2.48%
As Adjusted	2.92%	2.53%	2.54%	3.16%	2.95%	2.81%	2.75%	2.70%	2.59%	2.41%	2.40%
Change	-0.12%	-0.08%	-0.06%	-0.15%	-0.12%	-0.10%	-0.09%	-0.08%	-0.09%	-0.09%	-0.08%
Net Interest Margin, tax-equivalent											
As reported	3.06%	2.63%	2.63%	3.32%	3.08%	2.93%	2.86%	2.80%	2.70%	2.52%	2.50%
As Adjusted	2.94%	2.55%	2.56%	3.18%	2.97%	2.83%	2.77%	2.72%	2.61%	2.43%	2.42%
Change	-0.12%	-0.08%	-0.06%	-0.14%	-0.11%	-0.10%	-0.09%	-0.08%	-0.09%	-0.09%	-0.08%
Cost of Deposits											
As reported	1.26%	1.41%	0.74%	1.19%	1.29%	1.28%	1.29%	1.36%	1.46%	1.45%	1.38%
As Adjusted	1.39%	1.50%	0.82%	1.35%	1.41%	1.39%	1.39%	1.45%	1.56%	1.54%	1.47%
Change	0.13%	0.09%	0.07%	0.16%	0.12%	0.11%	0.10%	0.09%	0.10%	0.09%	0.09%
Cost of Interest-Bearing Deposits											
As reported	2.22%	2.52%	1.46%	2.12%	2.24%	2.24%	2.27%	2.44%	2.63%	2.56%	2.46%
As Adjusted	2.24%	2.51%	1.50%	2.16%	2.26%	2.26%	2.27%	2.42%	2.61%	2.56%	2.45%
Change	0.02%	-0.01%	0.04%	0.04%	0.02%	0.02%	0.00%	-0.02%	-0.02%	0.00%	-0.01%
Efficiency Ratio, GAAP											
As reported	254.6%	111.6%	73.8%	-60.4%	68.9%	208.8%	76.4%	65.5%	75.2%	-300.4%	83.2%
As Adjusted	276.7%	112.1%	73.2%	-54.3%	67.9%	219.8%	75.7%	64.6%	74.4%	-260.5%	82.7%
Change	22.1%	0.5%	-0.6%	6.1%	-1.1%	11.0%	-0.7%	-0.9%	-0.7%	39.9%	-0.5%
Efficiency Ratio, non-GAAP excluding losses on securities sales											
As reported	70.2 %	77.3 %	69.9 %	63.0 %	68.9 %	74.0 %	76.4 %	65.5 %	75.2 %	86.7 %	83.2 %
As Adjusted	69.1 %	76.6 %	69.3 %	61.4 %	67.9 %	73.2 %	75.7 %	64.6 %	74.4 %	86.3 %	82.7 %
Change	-1.1 %	-0.7 %	-0.6 %	-1.6 %	-1.1 %	-0.9 %	-0.7 %	-0.9 %	-0.8 %	-0.4 %	-0.5 %

Executive Summary

Our annual loss was $35.7 million in 2025, compared to an annual loss of $8.4 million in 2024. Diluted loss was $2.24 per share in 2025, compared to a diluted loss of $0.52 per share in 2024.

Results for 2025 were significantly impacted by our strategic balance sheet repositioning which included the sale of available-for-sale ("AFS") securities with a book value of $185.8 million, resulting in a pre-tax loss of $18.7 million in the second quarter of 2025, the sale of AFS securities of $593.2 million in low yielding investment securities at a $69.5 million pre-tax loss in the fourth quarter of 2025, the purchase and origination of higher yielding loans and securities and the replenishment of our capital ratios through the issuance of $45.0 million of subordinated debt. We continue to proactively identify and manage credit risk within the loan portfolio, reflected in the percentage of non-accrual loans which decreased from the prior year, and improvements in credit quality trends during the fourth quarter. We believe the strength of our balance sheet, higher level of loan origination productivity that we are seeing from our banking teams, and positive trends in our net interest margin and operating leverage are key factors that should help mitigate any unforeseen credit quality deterioration that may arise and drive further improvement in our financial performance in the year ahead.

The following are highlights of operating and financial performance for the year ended December 31, 2025:

- Loans increased $37.6 million during the year ended December 31, 2025, to $2.121 billion, compared to $2.083 billion at December 31, 2024. The growth was spread across multiple geographic regions in Northern California and primarily within the commercial and commercial real estate sectors. Loan originations funded totaled $273.5 million for the year ended December 31, 2025, compared to $152.6 million for the prior year.

- Classified loans made up 1.51% of total loans as of December 31, 2025, compared to 2.17% as of December 31, 2024. The Bank continues to proactively identify and manage credit risk within the loan portfolio. Classified loans decreased by $13.0 million to $32.1 million as of December 31, 2025, compared to $45.1 million as of December 31, 2024. The decrease was largely due to upgrades of $6.9 million and payoffs and paydowns of $7.0 million during 2025. This was partially offset by downgrades to classified loans totaling approximately $942 thousand in 2025.

- Non-accrual loans totaled $26.9 million, or 1.27% of the loan portfolio, compared to $33.9 million, or 1.63%, as of December 31, 2025 and 2024, respectively. The decrease of $7.0 million in 2025 was primarily due to payoffs of $4.4 million, the sale of one $2.1 million commercial real estate loan which resulted in an $809 thousand charge-off, and paydowns of $1.6 million in addition to upgrades of approximately $700 thousand. Of the total non-accrual loans as of December 31, 2025, approximately 68% were paying as agreed, 97% were real estate secured, and all are being closely managed and monitored.

- We recorded a $375 thousand provision for credit losses on loans in 2025 primarily due to loan growth and a modest deterioration in the economic forecast, compared to a $5.6 million provision for credit losses on loans in 2024, including a $6.6 million specific reserve taken on a commercial real estate loan as a result of declining collateral values, partially offset by other factors. The allowance for credit losses as of December 31, 2025 was 1.42% of total loans, compared to 1.47% as of December 31, 2024.

- Total deposits increased by $195.5 million to $3.416 billion as of December 31, 2025, from $3.220 billion as of December 31, 2024. Non-interest bearing deposits continue to remain strong and made up 36.7% of total deposits as of December 31, 2025, compared to 39.6% as of December 31, 2024. We believe we are appropriately competitive in regard to deposit pricing, given our relationship banking model, which differentiates Bank of Marin through exceptional service. Estimated uninsured and/or uncollateralized deposits comprised 31% of total deposits as of December 31, 2025.

- At December 31, 2025, the Bank had no outstanding short-term borrowings compared to $26.0 million at December 31, 2024, as a result of our strategic balance sheet restructuring in 2025 and 2024. Total available funding sources, including unrestricted cash, unencumbered available-for-sale securities, and total available borrowing capacity, were $2.148 billion, or 63% of total deposits and 209% of estimated uninsured and/or uncollateralized deposits as of December 31, 2025.

- During the fourth quarter of 2025, we issued Fixed-to-Floating Subordinated Notes of $45.0 million with a final maturity date of December 1, 2035, to certain investors in a private placement to strengthen capital ratios as part of our fourth quarter 2025 balance sheet repositioning. The interest rate of the Bank's subordinated notes is 6.75%, payable semi-annually in arrears on June 1 and December 1 of each year, commencing on June 1, 2026. After December 1, 2030, the interest rate will be variable and equal Three-Month Term SOFR plus 335 basis points, resetting quarterly.

- The tax-equivalent net interest margin was 2.94% for 2025, compared to 2.55% for 2024. The increase of 39 basis points was primarily attributable to the favorable impacts of the investment securities restructuring performed in 2025 and 2024, lower deposit costs and higher average deposit balances year over year, higher loan yields and loan balances, and higher interest-earning deposit balances with the Federal Reserve.

- All capital ratios were above well-capitalized regulatory requirements. Bancorp's total risk-based capital ratio was 15.25% as of December 31, 2025, compared to 16.54% as of December 31, 2024. Tangible common equity to tangible assets ("TCE ratio") decreased to 8.35% as of December 31, 2025, from 9.93% as of December 31, 2024.

- The Board of Directors declared a cash dividend of $0.25 per share on January 22, 2026, which was the 83rd consecutive quarterly dividend paid by Bancorp. The dividend was paid on February 12, 2026 to shareholders of record at the close of business on February 5, 2026.

Net Interest Income

Net interest income is the interest earned on loans, investments and other interest-earning assets minus interest expense incurred on deposits and other interest-bearing liabilities. Net interest income is impacted by changes in general market interest rates and by changes in the composition of interest-earning assets and interest-bearing liabilities. Interest rate changes can create fluctuations in net interest income and/or margin due to an imbalance in the timing of repricing or maturity of assets and liabilities. We manage interest rate risk exposure with the goal of minimizing the impact of interest rate volatility on net interest income.

Net interest margin is expressed as net interest income divided by average interest-earning assets. Net interest rate spread is the difference between the average rate earned on total interest-earning assets and the average rate incurred on total interest-bearing liabilities. Both of these measures are reported on a taxable-equivalent basis. Net interest margin is the higher of the two because it reflects interest income earned on assets funded with non-interest-bearing sources of funds, which include demand deposits and stockholders' equity.

The following table compares interest income, average interest-earning assets, interest expense, and average interest-bearing liabilities for the periods presented. The table also presents net interest income, net interest margin and net interest rate spread for the years indicated.

Average Statements of Condition and Analysis of Net Interest Income

	Year ended December 31, 2025			Year ended December 31, 2024			Year ended December 31, 2023		
(dollars in thousands; unaudited)	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Assets									
Interest-earning deposits with banks [1]	$ 222,747	$ 9,535	4.22 %	$ 128,752	$ 6,714	5.13 %	$ 42,864	$ 2,329	5.36 %
Investment securities [2, 3]	1,283,380	38,710	3.02 %	1,361,859	33,349	2.45 %	1,753,708	39,100	2.23 %
Loans [1, 3, 4, 5]	2,074,565	104,870	4.99 %	2,074,971	101,912	4.83 %	2,099,719	99,018	4.65 %
Total interest-earning assets [1]	3,580,692	153,115	4.22 %	3,565,582	141,975	3.92 %	3,896,291	140,447	3.56 %
Cash and non-interest-bearing due from banks	37,299			36,692			37,868		
Bank premises and equipment, net	7,474			7,310			8,348		
Interest receivable and other assets, net	180,356			164,298			135,200		
Total assets	$ 3,805,821			$ 3,773,882			$ 4,077,707		
Liabilities and Stockholders' Equity									
Interest-bearing transaction accounts	$ 357,877	$ 5,408	1.51 %	$ 325,065	$ 4,279	1.32 %	$ 352,363	$ 3,445	0.98 %
Savings accounts	224,428	2,329	1.04 %	227,061	2,003	0.88 %	281,611	867	0.31 %
Money market accounts	1,257,049	31,841	2.53 %	1,155,016	33,914	2.94 %	1,013,620	18,553	1.83 %
Time accounts, including CDARS	219,135	6,436	2.94 %	262,482	9,254	3.53 %	191,056	4,715	2.47 %
Borrowings and other obligations [1]	253	9	3.53 %	4,628	241	5.13 %	221,623	11,562	5.15 %
Subordinated notes	5,189	368	7.10 %	—	—	— %	—	—	— %
Total interest-bearing liabilities	2,063,931	46,391	2.25 %	1,974,252	49,691	2.52 %	2,060,273	39,142	1.90 %
Demand accounts	1,261,562			1,316,737			1,544,208		
Interest payable and other liabilities	44,668			47,823			49,442		
Stockholders' equity	435,660			435,070			423,784		
Total liabilities & stockholders' equity	$ 3,805,821			$ 3,773,882			$ 4,077,707		
Tax-equivalent net interest income/margin [1,3]		$ 106,724	2.94 %		$ 92,284	2.55 %		$ 101,305	2.56 %
Reported net interest income/margin [1]		$ 106,037	2.92 %		$ 91,582	2.53 %		$ 100,352	2.54 %
Tax-equivalent net interest rate spread			1.97 %			1.38 %			1.63 %

[1] Interest income/expense is divided by actual number of days in the period times 360 days to correspond to stated interest rate terms, where applicable.

[2] Yields on available-for-sale securities are calculated based on amortized cost balances rather than fair value, as changes in fair value are reflected as a component of stockholders' equity. Investment security interest is earned on 30/360 day basis monthly.

[3] Yields and interest income on tax-exempt securities and loans are presented on a taxable-equivalent basis using the federal statutory rate of 21%.

[4] Average balances on loans outstanding include non-performing loans. The amortized portion of net loan origination fees is included in interest income on loans, representing an adjustment to the yield.

[5] Net loan origination (costs) fees included in interest income totaled $(1.7) million, $(1.6) million, and $(1.3) million in 2025, 2024, and 2023, respectively.

Analysis of Changes in Net Interest Income

The following table presents the effects of changes in average balances (volume) or changes in average rates on tax-equivalent net interest income for the years indicated. Volume variances are equal to the increase or decrease in average balances multiplied by prior period rates. Rate variances are equal to the increase or decrease in rates multiplied by prior period average balances. Mix variances are attributable to the change in yields or rates multiplied by the change in average balances.

	2025 compared to 2024				2024 compared to 2023			
(in thousands, unaudited)	Volume	Yield/Rate	Mix	Total	Volume	Yield/Rate	Mix	Total
Interest-earning deposits with banks	$ 4,902	$ (1,187)	$ (894)	$ 2,821	$ 4,667	$ (100)	$ (182)	$ 4,385
Investment securities [1]	(1,922)	7,728	(445)	5,361	(8,737)	3,845	(859)	(5,751)
Loans [1]	(20)	3,266	(288)	2,958	(1,167)	3,828	233	2,894
Total interest-earning assets	2,960	9,807	(1,627)	11,140	(5,237)	7,573	(808)	1,528
Interest-bearing transaction accounts	432	647	50	1,129	(267)	1,181	(80)	834
Savings accounts	(23)	360	(11)	326	(168)	1,610	(306)	1,136
Money market accounts	2,996	(4,577)	(492)	(2,073)	2,588	11,128	1,645	15,361
Time accounts, including CDARS	(1,528)	(1,524)	234	(2,818)	1,763	2,002	774	4,539
Borrowings and other obligations	(228)	(76)	72	(232)	(11,321)	(50)	50	(11,321)
Subordinated notes	—	—	368	368	—	—	—	—
Total interest-bearing liabilities	1,649	(5,170)	221	(3,300)	(7,405)	15,871	2,083	10,549
Tax-equivalent net interest income	$ 1,311	$ 14,977	$ (1,848)	$ 14,440	$ 2,168	$ (8,298)	$ (2,891)	$ (9,021)

[1] Yields and interest income on tax-exempt securities and loans are presented on a taxable-equivalent basis using the federal statutory rate of 21%.

2025 Compared to 2024

Net interest income totaled $106.0 million in 2025, compared to $91.6 million in 2024. The $14.4 million increase from the prior year was primarily due to higher average yields on investment securities and loans and higher average earning asset balances on interest-bearing deposits with banks during the year contributing an increase in interest income of $11.2 million. In addition, interest-bearing deposit costs decreased by 27 basis points on an increased average balance contributing a reduction of $3.4 million in interest expense on deposits.

The tax-equivalent net interest margin was 2.94% for 2025, compared to 2.55% in 2024. The increase of 39 basis points was primarily attributable to the favorable impacts of the investment securities restructuring performed in 2025 and 2024, lower deposit costs, higher average deposit balances year over year, higher loan yields, and higher interest-earning deposit balances with the Federal Reserve.

2024 Compared to 2023

Net interest income totaled $91.6 million in 2024, compared to $100.4 million in 2023. The $8.8 million decrease from the prior year was primarily due to higher deposit costs of $21.9 million, partially offset by the reduction of $11.3 million in borrowing costs.

The tax-equivalent net interest margin was 2.55% for 2024, compared to 2.56% for 2023. Higher yields on loans increased the margin while higher deposit costs resulted in a reduction in the margin. In addition, the year's balance sheet restructuring activities affected the borrowings, interest-bearing cash and investments factors.

Market Interest Rates

Market interest rates are, in part, based on the target federal funds interest rate (the interest rate banks charge each other for short-term borrowings) implemented by the Federal Reserve Open Market Committee ("FOMC").

Primarily due to declining inflation, the Federal Reserve lowered the target for the federal funds rate by 100 basis points, to a range of 4.25% to 4.50% in the later months of 2024. At the January 2025 meeting, the FOMC left rates unchanged and signaled slower than originally anticipated rate cuts are in 2025. Due to a significant easing of inflationary pressures, the FOMC began decreasing rates in September 2025, and made a total of three rate decreases in 2025 ending the year at a range of 3.50% to 3.75%.

During the second and fourth quarters of 2025, we sold additional securities with relatively low yields and redeployed the proceeds to further reposition our balance sheet, by investing in higher yielding securities. Management and the Board are continuously monitoring and analyzing the impact of market rates on the Company's financial condition and results of operations to enhance performance, safety and soundness and returns to shareholders. See ITEM 7A. Quantitative and Qualitative Disclosure about Market Risk for further information.

Provision for Credit Losses on Loans

Management assesses the adequacy of the allowance for credit losses on loans quarterly based on several factors, including growth or contraction of the loan portfolio, past events, current conditions, and reasonable and supportable forecasts to estimate expected losses over the contractual terms of our loans. The allowance for credit losses on loans is increased by provisions charged to expense and loss recoveries and decreased by loans charged off.

The following table shows the activity for the periods presented.

	Years ended December 31,		
(dollars in thousands)	2025	2024	2023
Provision for (reversal of) credit losses on loans	$ 375	$ 5,550	$ 2,575

The provision in 2025 was due primarily to the $37.6 million net increase in loans during the year including the $92.7 million increase in non-owner occupied commercial real estate loans, partially offset by the $32.6 million decrease in other residential real estate loans. In addition to this pooled loan growth, the peer group used in our loss driver analysis was updated in 2025, and the fourth quarter of 2025 showed a modest deterioration in Moody's economic forecast over the next four quarters. Partially offsetting these increases were qualitative risk factor improvements in areas including staff experience and graded/delinquent/non-accrual loans and specific reserve adjustments.

The provision in 2024 was due primarily to increases in qualitative risk factors to account for continued uncertainty about inflation and recession risks, and from continued negative trends in adversely graded loans and/or collateral values on our non-owner occupied commercial real estate office and multi-family real estate portfolios including $5.2 million taken in the second quarter due to a $6.6 million increased individual reserve for one non-owner occupied commercial real estate loan totaling $16.7 million that, although current, had experienced a deterioration in the collateral value and, therefore, a material increase in the loan-to-value

The provision in 2023 was due primarily to adjustments to qualitative risk factors from continued uncertainty about inflation and recession risks, the potential impact of rapidly increasing interest rates and other external factors on both our non-owner-occupied commercial real estate and construction portfolios, loan and collateral concentration risks in our construction and commercial real estate portfolios, heightened portfolio management in light of current economic conditions, and continued negative trends in adversely graded loans and/or collateral values for our non-owner occupied commercial real estate office and multi-family real estate portfolios.

Non-interest Income

The table below details the components of non-interest income.

				2025 compared to 2024		2024 compared to 2023	
	Years ended December 31,			Amount Increase (Decrease)	Percent Increase (Decrease)	Amount Increase (Decrease)	Percent Increase (Decrease)
(dollars in thousands; unaudited)	2025	2024	2023				
Wealth management and trust services	$ 2,312	$ 2,420	$ 2,145	$ (108)	(4.5) %	$ 275	12.8 %
Service charges on deposit accounts	2,188	2,164	2,083	24	1.1 %	81	3.9 %
Earnings on bank-owned life insurance, net	1,779	1,714	1,488	65	3.8 %	226	15.2 %
Debit card interchange fees, net	1,612	1,701	1,831	(89)	(5.2) %	(130)	(7.1) %
Dividends on Federal Home Loan Bank stock	1,475	1,478	1,265	(3)	(0.2) %	213	16.8 %
Merchant interchange fees, net	377	324	496	53	16.4 %	(172)	(34.7) %
Earnings on bank-owned life insurance death benefits	306	—	314	306	NM	(314)	(100.0) %
Losses on sale of investment securities, net	(88,202)	(32,541)	(5,893)	(55,661)	171.0 %	(26,648)	452.2 %
Other income	1,503	1,380	1,260	123	8.9 %	120	9.5 %
Total non-interest income	$ (76,650)	$ (21,360)	$ 4,989	$ (55,290)	258.8 %	$ (26,349)	(528.1) %

2025 Compared to 2024

Non-interest income showed a loss of $76.7 million for 2025, a $55.3 million decrease from a loss of $21.4 million for 2024. The decrease in 2025 was primarily due to the $88.2 million net loss on the sales of available-for-sale investment securities in the second and fourth quarters related to our balance sheet restructuring. Excluding losses on sale of securities in both years, non-interest income increased by $371 thousand, which included $306 thousand death benefit on bank-owned life insurance in 2025, partially offset by a $108 thousand year-over-year decrease in wealth management and trust services income due to decreased assets.

2024 Compared to 2023

Non-interest income showed a loss of $21.4 million for 2024, a $26.3 million decrease from income of $5.0 million for 2023. The decrease in 2024 was primarily due to the $32.5 million net loss on the sale of available-for-sale investment securities in 2024 related to our balance sheet restructuring. Excluding losses on sale of securities in both years, non-interest income increased by $300 thousand, which included a $275 thousand year-over-year increase in wealth management and trust services income due to increased assets and an increase of $226 thousand in net earnings on bank-owned life insurance due to increased rates. These were partially offset by the reduction of $314 thousand in bank-owned life insurance death benefits recorded in 2023 and not repeated in 2024.

Non-interest Expense

The table below details the components of non-interest expense.

(dollars in thousands; unaudited)	Years ended December 31, 2025	2024	2023	2025 compared to 2024 Amount Increase (Decrease)	2025 compared to 2024 Percent Increase (Decrease)	2024 compared to 2023 Amount Increase (Decrease)	2024 compared to 2023 Percent Increase (Decrease)
Salaries and employee benefits	$ 47,458	$ 44,683	$ 43,448	$ 2,775	6.2 %	$ 1,235	2.8 %
Occupancy and equipment	8,509	8,242	8,306	267	3.2 %	(64)	(0.8) %
Data processing	4,326	4,222	4,057	104	2.5 %	165	4.1 %
Professional services	4,301	5,129	3,598	(828)	(16.1) %	1,531	42.6 %
Information technology	2,046	1,686	1,569	360	21.4 %	117	7.5 %
Federal Deposit Insurance Corporation insurance	1,807	1,863	1,878	(56)	(3.0) %	(15)	(0.8) %
Depreciation and amortization	1,264	1,466	2,098	(202)	(13.8) %	(632)	(30.1) %
Directors' expense	1,115	1,213	1,212	(98)	(8.1) %	1	0.1 %
Amortization of core deposit intangible	875	975	1,350	(100)	(10.3) %	(375)	(27.8) %
Charitable contributions	657	677	717	(20)	(3.0) %	(40)	(5.6) %
Deposit network fees	476	448	374	28	6.3 %	74	19.8 %
Other real estate owned	—	—	48	—	NM	(48)	(100.0) %
Other non-interest expense:							
Advertising	1,030	1,090	1,244	(60)	(5.5) %	(154)	(12.4) %
Other expense	7,446	7,046	7,173	400	5.7 %	(127)	(1.8) %
Total other non-interest expense	8,476	8,136	8,417	340	4.2 %	(281)	(3.3) %
Total non-interest expense	$ 81,310	$ 78,740	$ 77,072	$ 2,570	3.3 %	$ 1,668	2.2 %

2025 Compared to 2024

Non-interest expenses increased $2.6 million to $81.3 million in 2025 from $78.7 million in 2024. Salaries and employee benefits increased by $2.8 million primarily due to an increase in annual incentives due to performance and increased employee insurance and profit share expenses. These were partially offset by an increase in deferred loan costs. Partially offsetting increases were the decrease of $828 thousand in professional services expenses, mainly from the legal resolution of a Private Attorneys General Act / putative class action lawsuit of $615 thousand and $354 thousand in the new loan operating system platform and implementation costs in the prior year.

2024 Compared to 2023

Non-interest expenses increased $1.7 million to $78.7 million in 2024 from $77.1 million in 2023. Significant fluctuations were as follows:

- Professional services expenses increased by $1.5 million, mainly from the legal resolution of a Private Attorneys General Act / putative class action lawsuit of $615 thousand and $354 thousand in the new loan operating system platform and implementation costs.
- Salaries and employee benefits increased by $1.2 million primarily due to severance and salaries paid in relation to the reduction in force in the second quarter, the filling of open positions and the hiring of several key employees and officers, higher insurance costs, and lower deferred loan origination costs. Increases to salaries and employee benefits were partially offset by a decrease in profit sharing expense mainly from accrual adjustments, a decrease in accrued incentive bonuses, and a decrease in stock-based compensation from changes in award structure and estimated performance award payouts.
- Depreciation and amortization expenses decreased by $632 thousand, mainly from the acceleration of lease-related costs for four branch closures in 2023.
- Amortization of the core deposit intangible decreased by $375 thousand as the Bank of Alameda amortization completed in 2023.

Provision for Income Taxes

Income tax provisions reflect accruals for taxes at the applicable rates for federal income tax and California franchise tax based upon reported pre-tax income. Provisions also reflect permanent differences between income for tax and financial reporting purposes (such as earnings on tax exempt loans and municipal securities, bank-owned life insurance ("BOLI"), low-income housing tax credits, and stock-based compensation from the exercise of stock options, disqualifying dispositions of incentive stock options and vesting of restricted stock awards).

The benefit from income taxes totaled $16.8 million at an effective tax rate of 32.0% in 2025, compared to the benefit from income taxes of $5.4 million at an effective tax rate of 39.2% in 2024 and a provision of $6.1 million at an effective tax rate of 23.6% in 2023. The increase in the benefit from income taxes in 2025 reflected the impact of the net loss before taxes in the year of $52.5 million compared to net loss before taxes of $13.8 million in 2024. The 7.2% decrease in the effective tax rate in 2025, as compared to 2024, was due to the treatment of certain permanent differences while in a larger loss position, such as in 2025. The 15.60% increase from 2023 to 2024 was primarily due to a larger proportional effect of permanent tax differences on lower pretax income and higher tax-exempt BOLI income. This increase was partially offset by a reduction in the tax-exempt interest exclusion (due to a larger IRC Section 291(e) interest expense disallowance), compared to 2023.

We file a consolidated return in the U.S. federal tax jurisdiction and a combined return in the State of California and the State of New Jersey due to interest on purchased auto loans registered in New Jersey. There were no ongoing federal or state income tax examinations at the time of the issuance of this report. As of December 31, 2025 and 2024, neither the Bank nor Bancorp had accruals for interest or penalties related to unrecognized tax benefits.

FINANCIAL CONDITION

Investment Securities

We maintain an investment securities portfolio to provide liquidity and generate earnings on funds that have not been loaned to customers. Management determines the maturities and types of securities to be purchased based on liquidity and interest rate risk position, and the desire to attain a reasonable investment yield balanced with risk exposure. The tables below show the composition of the debt securities portfolio by weighted average life at December 31, 2025 and 2024. Weighted average life takes into account the issuer's right to call or prepay obligations, with or without call or prepayment penalties. The weighted average life of the investment portfolio at December 31, 2025 and 2024 was approximately 4.2 and 5.9 years, respectively. The effective duration of the investment portfolio was 2.8 and 4.6 at December 31, 2025 and 2024, respectively.

In the fourth quarter of 2025, the Bank completed a balance sheet repositioning and reclassified its HTM portfolio into AFS resulting in no HTM securities at December 31, 2025.

December 31, 2025	Within 1 Year		1-5 Years		5-10 Years		After 10 Years		Total		
(dollars in thousands; unaudited)	Amortized Cost[1]	Average Yield[2]	Amortized Cost[1]	Average Yield[2]	Amortized Cost[1]	Average Yield[2]	Amortized Cost[1]	Average Yield[2]	Amortized Cost[1]	Fair Value	Average Yield[2]
Available-for-sale:											
CMBS/MBS/CMOs issued by U.S. government agencies	$ 52,519	4.26 %	$ 1,035,618	4.37 %	$ 174,622	3.43 %	$ —	— %	$ 1,262,759	$ 1,250,230	4.23 %
Debentures of government sponsored agencies	—	—	—	—	—	—	29,988	1.88	29,988	23,694	1.88
Obligations of state and political subdivisions - tax-exempt[3]	3,025	5.04	6,836	4.37	—	—	33,470	2.82	43,331	39,133	3.22
Obligations of state and political subdivisions - taxable	—	—	—	—	7,801	2.41	10,082	2.32	17,883	14,755	2.36
Total available-for-sale	$ 55,544	4.30 %	$ 1,042,454	4.37 %	$ 182,423	3.39 %	$ 73,540	2.37 %	$ 1,353,961	$ 1,327,812	4.13 %

December 31, 2024	Within 1 Year		1-5 Years		5-10 Years		After 10 Years		Total		
(dollars in thousands; unaudited)	Amortized Cost[1]	Average Yield[2]	Amortized Cost[1]	Average Yield[2]	Amortized Cost[1]	Average Yield[2]	Amortized Cost[1]	Average Yield[2]	Amortized Cost[1]	Fair Value	Average Yield[2]
Held-to-maturity:											
CMBS/MBS/CMOs issued by U.S. government agencies	$ 10,895	2.47 %	$ 194,427	3.29 %	$ 353,313	2.10 %	$ 86,060	2.07 %	$ 644,695	$ 560,812	2.46 %
SBA-backed securities	—	—	1,513	3.16	—	—	—	—	1,513	1,452	3.16
Debentures of government-sponsored agencies	20,000	4.25	5,000	5.00	83,460	1.83	32,971	1.85	141,431	118,737	2.29
Obligations of state and political subdivisions - tax-exempt[3]	3,041	3.77	2,368	3.64	20,067	3.00	5,765	1.90	31,241	29,057	2.92
Obligations of state and political subdivisions - taxable	—	—	—	—	13,637	2.03	16,682	2.36	30,319	24,162	2.21
Corporate bonds	15,000	3.50	15,000	3.75	—	—	—	—	30,000	29,315	3.63
Total held-to-maturity	48,936	3.59	218,308	3.36	470,477	2.09	141,478	2.05	879,199	763,535	2.48
Available-for-sale:											
CMBS/MBS/CMOs issued by U.S. government agencies	100,397	4.09	131,820	3.29	54,857	2.90	8,718	2.36	295,792	279,838	3.46
SBA-backed securities	—	—	331	2.20	—	—	—	—	331	308	2.20
Debentures of government sponsored agencies	—	—	—	—	8,971	1.36	—	—	8,971	7,210	1.36
U.S. Treasury securities	—	—	12,020	0.78	—	—	—	—	12,020	10,815	0.78
Obligations of state and political subdivisions - tax-exempt[3]	—	—	3,831	0.68	43,581	2.04	40,043	2.73	87,455	76,199	2.30
Obligations of state and political subdivisions - taxable	—	—	2,992	1.09	5,731	1.86	—	—	8,723	7,515	1.60
Corporate bonds	—	—	6,000	1.15	—	—	—	—	6,000	5,649	1.15
Total available-for-sale	100,397	4.09	156,994	2.91	113,140	2.40	48,761	2.66	419,292	387,534	3.02
Total	$ 149,333	3.93 %	$ 375,302	3.17 %	$ 583,617	2.15 %	$ 190,239	2.21 %	$ 1,298,491	$ 1,151,069	2.66 %

[1] Book value reflects cost, adjusted for accumulated amortization and accretion.
[2] Weighted average calculation is based on amortized cost of securities.
[3] Yields on tax-exempt municipal bonds are presented on a taxable equivalent basis, using a federal tax rate of 21%.

The amortized cost of our investment securities portfolio increased by $55.5 million, or 4.3%, in 2025. In 2025, we sold $778.9 million in available-for-sale securities with an average yield of 1.99%, as part of a balance sheet restructuring, including $279.8 million in agency collateralized mortgage obligations ("CMOs"), $270.8 million in agency mortgage-backed securities ("MBSs"), $98.1 million in debentures of government sponsored agencies, $95.7 million in obligations of state and political subdivisions, $21.0 million in corporate bonds, $12.0 million in U.S. Treasury securities and $1.5 million in SBA-backed securities. The sales of available-for-sale securities generated a net pre-tax loss of $88.2 million. Sales proceeds were deployed into securities with a higher yield and lower effective duration than the securities sold.

We consider agency debentures and CMOs issued by U.S. government sponsored entities to have low credit risk as they carry the credit support of the U.S. federal government. The debentures, CMBSs, CMOs and MBS issued by U.S. government sponsored agencies made up 95.5% of the portfolio as of December 31, 2025, compared to 85.1% at December 31, 2024. See the discussion in the section captioned “Securities May Lose Value Due to Credit Quality of the Issuers” in ITEM 1A Risk Factors above.

At December 31, 2025 and 2024, distribution of our investment in obligations of state and political subdivisions was as follows:

	December 31, 2025			December 31, 2024		
(dollars in thousands; unaudited)	Amortized Cost	Fair Value	Percent of State and Municipal Securities	Amortized Cost	Fair Value	Percent of State and Municipal Securities
Within California:						
General obligation bonds	$ 9,981	$ 8,359	16.3 %	$ 22,913	$ 18,749	14.5 %
Revenue bonds	—	—	—	2,060	1,658	1.3
Total within California	9,981	8,359	16.3	24,973	20,407	15.8
Outside California:						
General obligation bonds	40,352	35,985	65.9	108,037	94,748	68.5
Revenue bonds	10,881	9,544	17.8	24,728	21,778	15.7
Total outside California	51,233	45,529	83.7	132,765	116,526	84.2
Total obligations of state and political subdivisions	$ 61,214	$ 53,888	100.0 %	$ 157,738	$ 136,933	100.0 %
Percent of investment portfolio	4.5%	4.1%		12.2%	11.9%	

The portion of the portfolio outside the state of California is distributed among twelve states. Of the total investment in obligations of state and political subdivisions, the largest concentrations outside California are in Texas (44.3%), Wisconsin (24.1%) and Virginia (6.7%). Our investments in obligations issued by municipal issuers in Texas are either guaranteed by the AAA-rated Texas Permanent School Fund ("PSF"), rated AAA without enhancement, or backed by revenue sources from essential services (such as utilities and transportation).

Investments in states, municipalities and political subdivisions are subject to an initial pre-purchase credit assessment and ongoing monitoring. Key considerations include:

- The soundness of a municipality's budgetary position and the stability of its tax revenues
- Debt profile and level of unfunded liabilities, diversity of revenue sources, taxing authority of the issuer
- Local demographics and economics including unemployment data, the largest local taxpayers and employers, income indices, and home values
- For revenue bonds, the source and strength of revenue for municipal authorities, including obligors' financial condition and reserve levels, annual debt service and debt coverage ratio, and credit enhancement (such as insurers' strength)
- Credit ratings by major credit rating agencies

Loans

Loans Outstanding by Class and Percent of Total

	December 31, 2025		December 31, 2024	
(in thousands; unaudited)	Amortized Cost	Percent of Total	Amortized Cost	Percent of Total
Commercial and industrial	$ 159,898	7.5 %	$ 152,263	7.3 %
Real estate				
Commercial owner-occupied	310,219	14.6	321,962	15.5
Commercial non-owner occupied	1,366,251	64.5	1,273,596	61.1
Construction	15,101	0.7	36,970	1.8
Home equity	99,222	4.7	88,325	4.2
Other residential	110,614	5.2	143,207	6.9
Installment and other consumer	59,548	2.8	66,933	3.2
Total loans, at amortized cost	2,120,853	100.0 %	2,083,256	100.0 %
Allowance for credit losses on loans	(30,089)		(30,656)	
Total loans, net of allowance for credit losses	$ 2,090,764		$ 2,052,600	

Loans increased by $37.6 million in 2025, or 1.8%, to $2.121 billion as of December 31, 2025, from $2.083 billion as of December 31, 2024 and was primarily due to a $92.7 million increase in commercial non-owner occupied real estate loans, offset by a decrease of $32.6 million in residential real estate loans and a decrease of $21.9 million in

construction loans. Organic loan originations were $273.5 million in 2025, compared to $152.6 million in 2024. There were loan purchases of approximately $250 thousand in 2025 compared to $35.7 million in 2024. Payoffs were $145.7 million in 2025, compared to $120.6 million in 2024. The majority of the payoffs were a result of asset sales and cash payoffs. In addition, $90.2 million of loan amortization from scheduled repayments, net of credit line utilization, contributed to the change in loan balances for 2025.

Approximately 90% and 89% of total loans were secured by real estate as of December 31, 2025 and 2024, respectively. For additional information on loan concentration risk, see ITEM 1A, Risk Factors.

The following table summarizes our commercial real estate loan concentrations by the county in which the property was located as of December 31, 2025 and 2024.

Commercial Real Estate Loans Outstanding by County

(dollars in thousands; unaudited)	December 31, 2025		December 31, 2024		
County	Amount	Percent of Commercial Real Estate Loans	County	Amount	Percent of Commercial Real Estate Loans
Marin	$ 298,615	18 %	Marin	$ 303,255	19 %
Sonoma	265,542	16	Sonoma	245,510	15
Alameda	201,558	12	San Francisco	211,254	13
San Francisco	188,372	11	Alameda	187,526	12
Sacramento	177,277	11	Napa	170,492	11
Napa	173,587	10	Sacramento	131,857	8
Contra Costa	85,559	5	Contra Costa	75,522	5
Solano	51,948	3	Solano	52,294	3
San Mateo	40,511	2	Placer	41,951	2
Placer	39,355	2	San Mateo	41,275	2
Santa Clara	37,682	2	Santa Clara	23,610	2
San Joaquin	14,278	1	San Joaquin	14,933	1
Orange	10,234	1	El Dorado	8,460	1
Other	91,952	7	Other	87,619	6
Total	$ 1,676,470	100 %	Total	$ 1,595,558	100 %

Commercial real estate loans increased by $80.9 million in 2025 to $1.676 billion from $1.596 billion at December 31, 2024. The increase in 2025 was comprised of the $92.7 million increase within the non-owner occupied loan portfolio, partially offset by the $11.7 million decrease within the owner-occupied loan portfolio. Of the commercial real estate loans as of December 31, 2025, 81% were non-owner occupied and 19% were owner-occupied. Almost the entire commercial real estate loan portfolio is comprised of term loans for which the primary source of repayment is either the cash flow from leasing activities of the real estate collateral or the operating cash flow of the owner occupant.

Non-owner and Owner Occupied Real Estate Loans by Type

(unaudited)	Percent of Non-owner Occupied Commercial Real Estate Loans		Percent of Owner-Occupied Commercial Real Estate Loans	
County	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Office	27 %	27 %	19 %	19 %
Retail	18	20	7	7
Multi-family	18	16	—	—
Warehouse & industrial	13	11	25	23
Mixed use	7	9	3	2
School	—	—	14	15
Wine	—	—	10	10
Church	—	—	5	6
Gas/auto	—	—	9	8
Health club	—	—	3	4
Other	17	17	5	6
Total	100 %	100 %	100 %	100 %

Commercial Real Estate Loans by Type and County

	Non-owner occupied								Owner-occupied	
(unaudited)	Retail		Warehouse & industrial		Multi-family		Office		Office	
County	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31 2024	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Sacramento	20 %	20 %	26 %	18 %	17 %	9 %	5 %	6 %	21 %	19 %
Marin	16	16	8	12	9	10	24	25	21	22
Napa	16	16	7	4	5	5	8	9	17	21
Sonoma	16	15	25	28	16	11	17	17	8	8
Alameda	6	6	14	16	22	20	8	6	14	6
San Francisco	3	3	9	12	19	30	16	18	5	18
Other bay area	17	16	7	4	4	5	18	15	13	—
Other	6	8	4	6	8	10	4	4	1	6
Total	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

With the heightened market concern about non-owner-occupied commercial real estate, and in particular the office sector, we are providing the following additional information: We continue to maintain diversity among property types and within our geographic footprint. In particular, our office commercial real estate portfolio in the City of San Francisco represents just 3% of our total loan portfolio and 4% of our total non-owner-occupied commercial real estate portfolio.

The following table shows an analysis of construction loans by type and county as of December 31, 2025 and 2024.

Construction Loans Outstanding by Type and County

(dollars in thousands; unaudited)	December 31, 2025		December 31, 2024	
Loan Type	Amount	Percent of Construction Loans	Amount	Percent of Construction Loans
Apartments and multifamily	$ 3,223	21.3 %	$ 19,057	51.5 %
Commercial real estate	—	—	2,261	6.1
1-4 Single family residential	11,878	78.7	15,652	42.4
Total	$ 15,101	100.0 %	$ 36,970	100.0 %

(dollars in thousands; unaudited)	December 31, 2025		December 31, 2024		
County	Amount	Percent of Construction Loans	County	Amount	Percent of Construction Loans
San Francisco	$ 6,272	41.6 %	San Francisco	$ 24,706	66.8 %
Napa	5,468	36.2	Contra Costa	4,682	12.7
Marin	3,224	21.3	Marin	2,995	8.1
Santa Clara	137	0.9	Napa	2,326	6.3
Placer	—	—	Placer	2,261	6.1
Total	$ 15,101	100.0 %	Total	$ 36,970	100.0 %

Construction loans decreased by $21.9 million in 2025 to $15.1 million from $37.0 million at December 31, 2024. The decrease in 2025 was primarily due to payoffs of $28.7 million offset by $6.7 million in advances on existing construction loans.

Undisbursed construction loan commitments at December 31, 2025 and 2024 were $10.5 million and $8.3 million, respectively.

The following table presents the amortized costs and maturity distribution of our loans by portfolio class as of December 31, 2025 based on their contractual maturity dates. Maturities do not include scheduled payments or potential prepayments.

Loan Maturity Distribution

(in thousands; unaudited)	Due within 1 year	Due after 1 through 5 years	Due after 5 through 15 years	Due after 15 years	Total
Commercial and industrial	$ 66,636	$ 67,607	$ 24,547	$ 1,108	$ 159,898
Real estate					
Commercial owner-occupied	26,261	106,494	170,782	6,682	310,219
Commercial non-owner occupied	123,980	673,083	561,177	8,011	1,366,251
Construction [1]	14,313	788	—	—	15,101
Home equity	4,366	23,339	66,520	4,997	99,222
Other residential	6	136	900	109,572	110,614
Installment and other consumer loans	2,822	7,223	49,411	92	59,548
Total	$ 238,384	$ 878,670	$ 873,337	$ 130,462	$ 2,120,853

[1] Construction loans that mature after 5 years are structured to convert to permanent financing after the initial construction period.

The following table shows the mix of variable-rate loans and fixed-rate loans due after one year by portfolio class as of December 31, 2025. The large majority of variable-rate loans are tied to independent indices, such as the Prime Rate or a Treasury Constant Maturity Rate. Most loans with original terms of more than five years have provisions for the fixed rates to reset, or convert to variable rates, after three, five or seven years. These loans are included in the variable-rate balances below.

Loan Interest Rate Sensitivity - Due After One Year

(in thousands; unaudited)		Fixed	Variable	Total
Commercial and industrial	$	81,176	$ 12,086	$ 93,262
Real estate				
Commercial owner-occupied		159,349	124,609	283,958
Commercial non-owner occupied		773,596	468,675	1,242,271
Construction		—	788	788
Home equity		423	94,433	94,856
Other residential		12,788	97,820	110,608
Installment and other consumer loans		41,366	15,360	56,726
Total	$	1,068,698	$ 813,771	$ 1,882,469

Allowance for Credit Losses on Loans

The allowance for credit losses on loans is calculated in accordance with ASC 326 based on management's best estimate of current expected credit losses over the loans' contractual terms, adjusted for estimated prepayments where applicable. The contractual terms exclude anticipated extensions, renewals and modifications. Relevant available information includes historical credit loss experience, current conditions and reasonable and supportable forecasts. While historical credit loss experience provides the basis for the estimation of expected credit losses, adjustments to historical loss information may be made for differences in current portfolio-specific risk characteristics, environmental conditions or other relevant factors. All specifically identifiable and quantifiable losses are charged off against the allowance. The ultimate adequacy of the allowance depends on a variety of complex factors, some of which may be beyond management's control, such as volatility in the real estate market, changes in interest rates and economic and political environments. Based on the current conditions of the loan portfolio and reasonable and supportable forecasts, management believes that the $30.1 million allowance for credit losses at December 31, 2025 was adequate to absorb expected credit losses in our loan portfolio. For additional information on our allowance for credit losses methodology, refer to Notes 1 and 3 to the Consolidated Financial Statements in ITEM 8 of this report.

The ratio of the allowance for credit losses to total loans was 1.42% at December 31, 2025 and 1.47% at December 31, 2024.

The $567 thousand decrease in the allowance for credit losses on loans in 2025 was largely due to the $942 thousand in net charge-offs, primarily due to a $2.1 million acquired non-owner occupied commercial real estate loan with a partial charge-off in the first quarter of 2025 of $809 thousand that the Bank had previously reserved $449 thousand for as of December 31, 2024. There was an additional decline in the financial condition of the borrower and guarantor and the value of the collateral during the first quarter that led to the Bank proactively selling the note in March rather than pursuing the additional costly steps of liquidating after foreclosure. It had been on non-accrual since late 2023. This decline was partially offset by the $375 thousand provision recorded in 2025.

For further information, refer to the Provision for Credit Losses section above, and Notes 1 and 3 to the Consolidated Financial Statements in ITEM 8 of this report.

The following table presents the allowance for credit losses on loans by loan portfolio class in accordance with the methodology described in Note 1 to the Consolidated Financial Statements in ITEM 8 of this report, as well as the percentage of total loans in each of the same loan portfolio classes as of December 31, 2025 and 2024.

Allocation of the Allowance for Credit Losses

(dollars in thousands; unaudited)	Commercial and industrial	Commercial real estate, owner-occupied	Commercial real estate, non-owner occupied	Construction	Home equity	Other residential	Installment and other consumer	Unallocated	Total
December 31, 2025									
Modeled expected credit losses	$ 1,512	$ 1,553	$ 8,449	$ 38	$ 736	$ 1,059	$ 697	$ —	$ 14,044
Qualitative adjustments	522	901	5,802	161	67	2	106	1,185	8,746
Specific allocations	55	—	7,226	—	—	18	—	—	7,299
Total	$ 2,089	$ 2,454	$ 21,477	$ 199	$ 803	$ 1,079	$ 803	$ 1,185	$ 30,089
Loans as a percent of total loans	7.5 %	14.6 %	64.5 %	0.7 %	4.7 %	5.2 %	2.8 %	N/A	100.0 %
December 31, 2024									
Modeled expected credit losses	$ 759	$ 1,241	$ 7,632	$ 41	$ 620	$ 1,133	$ 625	$ —	$ 12,051
Qualitative adjustments	672	1,120	6,528	597	64	8	268	1,255	10,512
Specific allocations	145	—	7,933	—	—	—	15	—	8,093
Total	$ 1,576	$ 2,361	$ 22,093	$ 638	$ 684	$ 1,141	$ 908	$ 1,255	$ 30,656
Loans as a percent of total loans	7.3 %	15.5 %	61.1 %	1.8 %	4.2 %	6.9 %	3.2 %	N/A	100.0 %

The table below shows the activity in the allowance for credit losses for each of the three years presented below.

Allowance for Credit Losses on Loans Rollforward

(dollars in thousands; unaudited)	2025	2024	2023
Beginning balance	$ 30,656	$ 25,172	$ 22,983
Provision for (reversal of) credit losses	375	5,550	2,575
Loans charged-off:			
Commercial and industrial	(117)	(41)	(11)
Real estate:			
Commercial real estate, owner-occupied	—	—	(406)
Commercial, non-owner occupied	(809)	—	—
Installment and other consumer	(16)	(58)	(24)
Total loans charged-off	(942)	(99)	(441)
Loans recovered:			
Commercial and industrial	—	21	29
Real estate:			
Commercial, non-owner occupied	—	8	—
Construction		—	25
Installment and other consumer	—	4	1
Total loans recovered	—	33	55
Net loans charged-off	(942)	(66)	(386)
Ending balance	$ 30,089	$ 30,656	$ 25,172
Total loans, at amortized cost	$ 2,120,853	$ 2,083,256	$ 2,073,720
Average total loans outstanding during year	$ 2,074,565	$ 2,074,971	$ 2,099,719
Ratio of allowance for credit losses to total loans at end of year	1.42 %	1.47 %	1.21 %
Net charge-offs (recoveries) to average loans	0.05 %	NM	0.02 %

NM - Not meaningful.

The following table shows non-performing assets as of December 31, 2025 and 2024.

Non-Performing Assets

(dollars in thousands; unaudited)	December 31, 2025	December 31, 2024
Non-accrual loans:		
Commercial and industrial	$ 524	$ 2,845
Real estate:		
Commercial, owner-occupied	314	1,537
Commercial, non-owner occupied	25,387	28,525
Home equity	401	752
Other residential	72	—
Installment and other consumer	204	222
Total non-accrual loans	$ 26,902	$ 33,881
Other real estate owned	$ —	$ —
Repossessed personal properties	—	1
Total non-performing assets	$ 26,902	$ 33,882
Criticized and classified loans:		
Special mention	$ 118,025	$ 108,916
Substandard	$ 32,111	$ 45,104
Doubtful	$ —	$ —
Allowance for credit losses to non-accrual loans	1.12x	0.90x
Non-accrual loans to total loans	1.27 %	1.63 %
Non-performing assets to total assets	0.69 %	0.92 %

Non-Accrual Loans

Non-accrual loans decreased by $7.0 million in 2025, primarily due to $4.4 million in payoffs including a $3.6 million commercial relationship paid off in full in the fourth quarter and a $2.1 million non-owner occupied real estate loan sale in the first quarter.

Non-accrual loans increased by $25.9 million in 2024, primarily due to three relationships designated as non-accrual in the second and third quarters.

Approximately 97% of the non-accrual loans as of December 31, 2025 were well-secured by either commercial or residential real estate.

Criticized and Classified Loans

Loans designated as special mention, which are not considered adversely classified, increased by $9.1 million in 2025 with downgrades from the pass or watch category of $49.3 million primarily within commercial real estate and commercial with an average balance of $2.7 million and upgrades from substandard of $6.9 million, partially offset by payoffs and paydowns of $38.7 million and $7.3 million, respectively.

Loans designated as special mention decreased by $26.3 million in 2024, primarily due to net downgrades of $2.6 million from the pass or watch category and downgrades of $25.0 million to substandard. Of the downgrades to special mention, $15.3 million was attributed to one recently completed construction loan that will be marketed for sale or paid down to a conforming debt service level. The remaining balance changes consisted of paydowns, payoffs and upgrades from substandard risk rating.

Loans classified as substandard decreased by $13.0 million in 2025 largely due to upgrades to special mention of $6.9 million mentioned above and payoffs and paydowns of $5.3 million and $1.7 million, respectively. Downgrades from pass or watch of $2.1 million in the year were offset by the $2.1 million loan that was sold.

Loans classified as substandard increased by $12.8 million in 2024, primarily due to downgrades from special mention totaling $25.0 million and from pass totaling $2.7 million, partially offset by $11.9 million in paydowns and payoffs and $2.8 million in upgrades to pass or special mention. Of the downgraded loans, $17.1 million (or 82%)

was secured by commercial real estate, $3.5 million was to commercial borrowers, and the remaining $222 thousand were personal loans.

Refer to Note 3 to the Consolidated Financial Statements in ITEM 8 of this report for an allocation of criticized and classified loans by loan portfolio class.

Other Assets

BOLI totaled $71.3 million as of December 31, 2025, compared to $71.0 million at December 31, 2024. The $279 thousand increase was primarily due to increased earnings from higher yields on policies in 2025.

Interest receivable and other assets totaled $84.4 million and $72.3 million at December 31, 2025 and 2024, respectively. The $12.1 million increase was primarily due to a $12.3 million increase in net deferred tax assets, as discussed below.

Net deferred tax assets totaled $42.9 million and $30.6 million at December 31, 2025 and 2024, respectively. Deferred tax assets consist primarily of tax benefits expected to be realized in future periods related to temporary differences such as allowances for credit losses and unfunded loan commitments, net operating loss carryforwards, and deferred compensation and salary continuation obligations. The $12.3 million increase in 2025 was primarily due to the $12.8 million increase in net operating loss carryforwards resulting from the Bank's higher pre-tax loss of $52.5 million in 2025 compared to $13.8 million in 2024. Also contributing to the increase were a $4.4 million increase in operating and finance lease liabilities and a $2.8 million increase in the allowance for credit losses on loans and unfunded loan commitments. The increases in net deferred tax assets were partially offset by a $4.9 million decrease in the net unrealized losses on available-for-sale securities. Management believes deferred tax assets will be realizable due to our expectation that earnings will continue to be at a level adequate to realize such tax benefits. Therefore, no valuation allowance was established as of December 31, 2025 or 2024. For additional information, refer to Note 11 to the Consolidated Financial Statements in ITEM 8 of this report.

We held $16.7 million of FHLB stock recorded at cost in other assets at both December 31, 2025 and 2024. We received $1.5 million, $1.5 million and $1.3 million in cash dividends in 2025, 2024 and 2023, respectively. For additional information, refer to Note 2 to the Consolidated Financial Statements in ITEM 8 of this report.

Deposits

Deposits increased by $195.5 million, to $3.416 billion at December 31, 2025, compared to $3.220 billion at December 31, 2024. Non-interest bearing deposits were 36.7% of total deposits at December 31, 2025, compared to 39.6% at December 31, 2024. We continued our disciplined and focused approach to relationship management and customer outreach, adding over 4,000 new accounts in 2025, 43% of which were new relationships, and 51% were non-interest bearing (excluding new reciprocal accounts).

As of December 31, 2025, 62% of deposit balances were held in business accounts, with average balances of $141 thousand per account. The remaining 38% were consumer accounts, with average balances of $40 thousand per account. The largest depositor represented 3.8% of total deposits, and the combined four largest depositors represented 7.3% of total deposits.

Balances in reciprocal deposit networks increased by $54.2 million during 2025 to $458.9 million as of December 31, 2025. Costs associated with network deposits fees are recorded as non-interest expense and totaled $476 thousand, $448 thousand, and $374 thousand for the years ended December 31, 2025, 2024 and 2023, respectively. The interest the bank pays on balances in the deposit networks is recorded in deposit interest expense.

Estimated uninsured and/or uncollateralized deposits totaled 31% of total deposits as of December 31, 2025, compared to 29% as of December 31, 2024.

Our liquidity policies require that compensating cash balances be held against concentrations over a certain level. See ITEM 1A, Risk Factors, for a discussion of potential risks associated with concentrations and volatility due to the activity of our large deposit customers.

Distribution of Average Deposits

The table below shows the relative composition of our average deposits for 2025 and 2024. For average rates paid on deposits, refer to the Average Statements of Condition and Analysis of Net Interest Income table in ITEM 7- Management's Discussion and Analysis of Financial Condition and Results of Operations.

	For the year ended December 31,			
	2025		2024	
(in thousands; unaudited)	Average Amount	Percent of Total	Average Amount	Percent of Total
Non-interest bearing	$ 1,261,562	38.0 %	$ 1,316,737	40.1 %
Interest-bearing transaction	357,877	10.8	325,065	9.9
Savings	224,428	6.7	227,061	6.9
Money market [1]	1,257,049	37.9	1,155,016	35.1
Time deposits, including CDARS	219,135	6.6	262,482	8.0
Total average deposits	$ 3,320,051	100.0 %	$ 3,286,361	100.0 %

[1] Money market balances include Insured Cash Sweep® ("ICS") in both 2025 and 2024.

Maturities of Uninsured Time Deposits

The following table shows time deposits by account that are in excess of $250,000 by time remaining to maturity at December 31, 2025.

	December 31, 2025	
(in thousands; unaudited)	Total	Uninsured Portion
Three months or less	$ 50,982	$ 32,482
Over three months through six months	35,747	20,747
Over six months through twelve months	15,376	8,376
Over twelve months	1,210	960
Total	$ 103,315	$ 62,565

Network Deposits

Our deposit portfolio includes deposits offered through the Promontory Interfinancial Network that are comprised of Certificate of Deposit Account Registry Service® ("CDARS") balances included in time deposits and Insured Cash Sweep® ("ICS") balances included in money market deposits. In addition, we offer deposits through R&T Deposit Solutions comprised of Demand Deposit Marketplace℠ ("DDM") balances. Through these two networks we are able to offer our customers access to FDIC-insured deposit products in aggregate amounts exceeding current insurance limits. When we place funds through CDARS, ICS and DDM, on behalf of a customer, we have the option of receiving matching deposits through the network's reciprocal deposit program, or placing deposits "one-way" for which we receive no matching deposits. The following table shows the composition of our network deposits at December 31, 2025 and 2024.

(in thousands)	December 31, 2025		December 31, 2024	
	Reciprocal [1]	One-Way [1]	Reciprocal [1]	One-Way [1]
CDARS	$ 24,774	$ —	$ 38,885	$ —
ICS	196,284	51,221	240,661	—
DDM	237,833	—	125,153	—
Total network deposits	$ 458,891	$ 51,221	$ 404,699	$ —

[1] Reciprocal deposits are on-balance-sheet while one-way deposits are off-balance-sheet.

Borrowings

As of December 31, 2025 and 2024, our borrowing capacity with the Federal Home Loan Bank ("FHLB") under secured lines of credit totaled $967.2 million and $948.1 million, respectively.

The Bank had a line of credit through the Discount Window at the Federal Reserve Bank of San Francisco ("FRBSF") totaling $344.7 million as of December 31, 2025, secured by investment securities and residential loans. As of December 31, 2024, the Bank had a line of credit through the Discount Window totaling $358.0 million, secured by investment securities and residential loans.

In addition, as of December 31, 2025 and 2024 we had $140.0 million and $125.0 million, respectively, in unsecured lines of credit with correspondent banks to cover short-term borrowing needs.

As of December 31, 2025 and 2024, the Bank had no outstanding short-term borrowings and our bank lines of credit were not utilized as of December 31, 2025 or 2024.

For additional information, see Note 7, Borrowings and Other Obligations, in ITEM 8 of this report.

Subordinated Notes

During the fourth quarter of 2025, we issued Fixed-to-Floating Subordinated Notes of $45.0 million with a final maturity date of December 1, 2035, to certain investors in a private placement, to strengthen capital ratios as part of our balance sheet repositioning. Subordinated notes outstanding was $43.9 million, net of issuance costs, at December 31, 2025. Bancorp made a capital contribution of $30.0 million to the Bank in the fourth quarter. The subordinated notes qualify as Tier 2 capital for the consolidated Company (Bancorp) for regulatory purposes and the portion that Bancorp contributed to the Bank is treated as Tier 1 capital for the Bank. At December 31, 2025, we were in compliance with all covenants under our long-term debt subordinated notes agreement.

For additional information, see Note 13, Subordinated Notes, in ITEM 8 of this report.

Deferred Compensation Obligations

We maintain a non-qualified, unfunded deferred compensation plan for certain key management personnel. Under this plan, participating employees may defer compensation, which will entitle them to receive certain payments for up to, but not exceeding, fifteen years commencing upon retirement, death, disability or termination of employment. A similar Deferred Director Fee Plan entitles participating members of the Board of Directors to receive payments as elected by the participant upon separation from service, death, disability or termination of service. At December 31, 2025 and 2024, our aggregate payment obligations under both plans totaled $5.4 million and $6.0 million, respectively, and was recorded in interest payable and other liabilities in the consolidated statements of condition. Decreases in the deferred compensation plans in 2025 mainly resulted from increases in benefit payments to terminated employees.

We have entered into supplemental executive retirement plans ("SERPs") with a select group of executive officers, providing for certain retirement benefits at age 65 and reduced benefits upon early retirement. The annual amount of benefits in either pre-retirement scenario is based on a vesting schedule unique to each executive. The SERP also provides for lump sum benefits in the event of a change in control followed by the termination of the executive. Payments under the SERPs are expected to be funded by income from bank-owned life insurance policies. On December 31, 2025 and 2024, our liabilities under the SERPs totaled $4.8 million and $4.6 million, respectively, and were recorded in interest payable and other liabilities in the consolidated statements of condition. The SERPs are unfunded and non-qualified for tax purposes and subject to Title I of the Employee Retirement Income Security Act of 1974.

For additional information, see Note 10 to the Consolidated Financial Statements in ITEM 8 of this report.

Capital Adequacy

As discussed in Note 15 to the Consolidated Financial Statements in ITEM 8 of this report, the Bank's capital ratios were above regulatory guidelines to be considered "well capitalized" and Bancorp's ratios exceeded the required minimum ratios for capital adequacy purposes. For further discussion of bank capital requirements, refer to the SUPERVISION AND REGULATION section in ITEM 1 of this report.

The total risk-based capital ratio for Bancorp was 15.25% at December 31, 2025, compared to 16.54% at December 31, 2024. The reduction is primarily related to losses recognized on securities sales in 2025.

Bancorp's tangible common equity to tangible assets ("TCE ratio") decreased to 8.35% at December 31, 2025, from 9.93% at December 31, 2024, primarily due to increases in unrealized losses attributed to the HTM securities reclassification and the subsequent loss from sales of securities during 2025. The Bank's total risk-based capital ratio decreased to 13.90% at December 31, 2025, from 16.13% at December 31, 2024.

Bancorp's share repurchase program and activity are discussed in detail in ITEM 5 and in Note 8 to the Consolidated Financial Statements in ITEM 8 of this report. We expect to maintain strong capital levels and do not expect that we will be required to raise additional capital in 2026. Our anticipated sources of capital in 2026 include future earnings and shares issued under the stock-based compensation program.

Liquidity and Capital Resources

The goal of liquidity management is to provide adequate funds to meet loan demand and to fund operating activities and deposit withdrawals. We accomplish this goal by maintaining an appropriate level of liquid assets and formal lines of credit with the FHLB, FRBSF and correspondent banks that enable us to borrow funds as seen in the table below and discussed in Note 7 to the Consolidated Financial Statements in ITEM 8 of this report. Our Asset Liability Management Committee ("ALCO"), which is comprised of Bank directors and the Bank's Chief Executive Officer, is responsible for approving and monitoring our liquidity targets and strategies. The Bank has long-established minimum liquidity requirements that are regularly monitored using metrics and tools similar to those used by larger banks, such as the liquidity coverage ratio, and multi-scenario, long-horizon stress tests. Our contingency funding plan provides for early detection of potential liquidity issues in the market or the Bank and institutes prompt responses that may prevent or alleviate a liquidity crisis. Management monitors liquidity daily and regularly adjusts our position based on current and future liquidity needs. We also have relationships with third-party deposit networks and can adjust the placement of our deposits via reciprocal or one-way sales as part of our cash management strategy as discussed in Note 6 to the Consolidated Financial Statements in ITEM 8 of this report.

Net available funding sources, including unrestricted cash, unencumbered available-for-sale securities, and total available borrowing capacity, totaled $2.148 billion, or 63% of total deposits, and 209% of estimated uninsured and/or uncollateralized deposits as of December 31, 2025.

The following table details the components of our contingent liquidity sources as of December 31, 2025.

(in thousands)	Total Available	Amount Used	Net Availability
Internal Sources			
Unrestricted cash [1]	$ 206.6	N/A	$ 206.6
Unencumbered securities at market value	489.6	N/A	489.6
External Sources			
FHLB line of credit	967.2	$ —	967.2
FRB line of credit	344.7	—	344.7
Lines of credit at correspondent banks	140.0	—	140
Total Liquidity	$ 2,148.1	$ —	$ 2,148.1

[1] Excludes cash items in transit as of December 31, 2025.

Note: Brokered deposits available through third-party networks are not included above.

We obtain funds from the repayment and maturity of loans, deposit inflows, investment securities sales, maturities and paydowns, federal funds purchases, FRBSF and FHLB advances, other borrowings, and cash flow from operations. Although available as a liquidity source, we have not chosen to utilize brokered deposits. Our primary uses of funds are the origination of loans, the purchase of investment securities and loans, withdrawals of deposits, maturities of certificates of deposit, dividends to common stockholders, share repurchases and operating expenses.

Customer deposits are a significant component of our daily liquidity position. The attraction and retention of deposits depend upon the variety and effectiveness of our customer account products, service and convenience, rates paid to customers, and our financial strength. The cash cycles and unique business activities of some of our large commercial depositors may cause short-term fluctuations in their deposit balances held with us.

Our cash and cash equivalents increased by $88.0 million to $225.3 million at December 31, 2025, from $137.3 million at December 31, 2024. The most significant sources of liquidity during 2025 were proceeds from sales,

principal paydowns, calls and maturities of investment securities totaling $935.3 million, $195.5 million in increased deposits, loan payoffs of $145.7 million, $87.4 million in amortization of principal, a net $2.8 million decrease in utilization of credit lines, $45.0 million in proceeds from the issuance of subordinated notes and $39.1 million in net cash was provided by operating activities.

Significant uses of liquidity during 2025 were $1.069 billion in investment securities purchased, and $273.5 million in loan fundings. Additionally other uses included $16.1 million in cash dividends paid on common stock to our shareholders, and $3.3 million in common stock repurchases. Refer to the Consolidated Statement of Cash Flows in this Form 10-K for additional information on our sources and uses of liquidity. Management anticipates that our current strong liquidity position, as detailed in this report, and contingent funding sources are adequate to support our operational needs.

Unfunded credit commitments, as discussed in Note 17 to the Consolidated Financial Statements in ITEM 8 of this report, totaled $464.7 million at December 31, 2025. We expect to fund these commitments to the extent utilized primarily through the repayment of existing loans, principal paydowns of investment securities, and liquid assets.

Over the next twelve months, $198.2 million of time deposits will mature. We expect that a high percentage of these funds will remain with the Bank either through renewals or shifts to other deposit products. Any outflows can be absorbed by the Bank's excess liquidity. We believe our emphasis on local deposits, combined with our immediately available funding sources, provides a very stable base for our liquidity needs.

We had no outstanding short term borrowings under our credit facilities as of December 31, 2025, and 2024, as discussed in Note 7 to the Consolidated Financial Statements in ITEM 8 of this report. We issued Fixed-to-Floating Subordinated Notes of $45.0 million with a final maturity date of December 1, 2035, during 2025, to certain investors in a private placement, to strengthen our capital ratios as part of our balance sheet repositioning, as discussed in Note 13 to the Consolidated Financial Statements in ITEM 8 of this report.

Because Bancorp is a holding company and does not conduct regular banking operations, its primary sources of liquidity are dividends from the Bank. Under the California Financial Code, payment of a dividend from the Bank to Bancorp without advance regulatory approval is restricted to the lesser of the Bank’s retained earnings or the amount of the Bank’s net profits from the previous three fiscal years less the amount of dividends paid during that period. The Bank received approval from the State of California - Department of Financial Protection and Innovation on May 30, 2025, for a dividend of $32.0 million which was paid to Bancorp on May 30, 2025. The primary uses of funds for Bancorp are shareholder dividends, subordinated notes servicing, share repurchases and ordinary operating expenses. Bancorp held $35.2 million in cash as of December 31, 2025, which is expected to cover cash needs throughout 2026.

Statement Regarding Use of Non-GAAP Financial Measures

Financial results are presented in accordance with GAAP and with reference to certain non-GAAP financial measures. Management believes that, given industry turmoil that largely began in the first quarter of 2023, the presentation of Bancorp's non-GAAP TCE ratio reflecting the after tax impact of unrealized losses on held-to-maturity securities provides useful supplemental information to investors because it reflects the level of capital remaining after a hypothetical liquidation of the entire securities portfolio. In addition, management believes that providing selected financial measures excluding the loss on sale of securities discussed above is useful to investors as the strategic short-term loss taken for long-term profitability makes the operational performance difficult to compare to the prior period. Because there are limits to the usefulness of this or any other non-GAAP measure to investors, Bancorp encourages readers to consider its annual and quarterly consolidated financial statements and notes related thereto in their entirety, as filed with the Securities and Exchange Commission, and not to rely on any single financial measure. A reconciliation of the GAAP financial measures to comparable non-GAAP financial measures is presented below. There were no held-to-maturity securities held at December 31, 2025, resulting in the non-GAAP TCE ratio being equal to the GAAP TCE ratio.

Reconciliation of GAAP and Non-GAAP Financial Measures

(in thousands, unaudited)			December 31, 2025		December 31, 2024
Tangible Common Equity - Bancorp					
Total stockholders' equity		$	394,654		435,407
Goodwill and core deposit intangible			(74,670)		(75,546)
Total TCE	a		319,984		359,861
Unrealized losses on HTM securities, net of tax[1]			—		(89,171)
Unrealized losses on HTM securities included in AOCI, net of tax[2]			—		7,701
TCE, net of unrealized losses on HTM securities (non-GAAP)	b	$	319,984		278,391
Total assets		$	3,904,778		3,701,335
Goodwill and core deposit intangible			(74,670)		(75,546)
Total tangible assets	c		3,830,108		3,625,789
Unrealized losses on HTM securities, net of tax[1]			—		(89,171)
Unrealized losses on HTM securities included in AOCI, net of tax[2]			—		7,701
Total tangible assets, net of unrealized losses on HTM securities (non-GAAP)	d	$	3,830,108	$	3,544,319
Bancorp TCE ratio	a / c		8.35 %		9.93 %
Bancorp TCE ratio, net of unrealized losses on HTM securities (non-GAAP)	b / d		8.35 %		7.85 %
Tangible Book Value Per Share					
Common shares outstanding	e		16,103		16,089
Book value per share		$	24.51	$	27.06
Tangible book value per share	a / e	$	19.87	$	22.37

[1] There were no held-to-maturity securities as of December 31, 2025. Unrealized losses on held-to-maturity securities as of December 31, 2024 were $126.6 million including the unrealized losses that resulted from the transfer of securities from AFS to HTM, net of an estimated $37.4 million in deferred tax benefits based on a blended state and federal statutory tax rate of 29.56%. [2] The remaining unrealized losses that resulted from the transfer of securities from AFS to HTM, as of December 31, 2024, net of an estimated $3.2 million, in deferred tax benefits based on a blended state and federal statutory tax rate of 29.56% are added back as they are already included in AOCI.

(in thousands, except per share amounts; unaudited)	Years ended	
Net (loss) income	December 31, 2025	December 31, 2024
Net (loss) income (GAAP)	$ (35,675)	$ (8,409)
Adjustments:		
Losses on sale of investment securities from portfolio repositioning	88,202	32,541
Related income tax benefit	(26,073)	(9,619)
Adjustments, net of taxes	62,129	22,922
Comparable net income (non-GAAP)	$ 26,454	$ 14,513
Diluted (loss) earnings per share		
Weighted average basic and diluted shares	15,942	16,042
Diluted (loss) earnings per share (GAAP)	$ (2.24)	$ (0.52)
Comparable basic earnings per share (non-GAAP)	$ 1.66	$ 0.90
Return on average assets		
Average assets	$ 3,805,821	$ 3,773,882
Return on average assets (GAAP)	(0.94)%	(0.22)%
Comparable return on average assets (non-GAAP)	0.70 %	0.38 %
Return on average equity		
Average stockholders' equity	$ 435,660	$ 435,070
Return on average equity (GAAP)	(8.19)%	(1.93)%
Comparable return on average equity (non-GAAP)	6.07 %	3.34 %
Return on average tangible common equity		
Average goodwill and intangibles	$ 76,031	$ 75,115
Average tangible common equity	$ 359,629	$ 359,955
Return on average tangible common equity (GAAP)	(9.92)%	(2.34)%
Comparable return on average tangible common equity (non-GAAP)	7.36 %	4.03 %
Efficiency ratio		
Non-interest expense	$ 81,310	$ 78,740
Net interest income	$ 106,037	$ 91,582
Non-interest income (GAAP)	$ (76,650)	$ (21,360)
Losses on sale of investment securities from portfolio repositioning	88,202	32,541
Non-interest income (non-GAAP)	$ 11,552	$ 11,181
Efficiency ratio (GAAP)	276.69 %	112.13 %
Comparable efficiency ratio (non-GAAP)	69.15 %	76.62 %

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk is defined as the risk of loss arising from an adverse change in the market value (or prices) of financial instruments. A significant component of market risk is interest rate risk, which is inherent in our lending, investment, borrowing, and deposit gathering activities. The Bank manages interest rate sensitivity to minimize the exposure of our net interest margin, earnings, and capital to changes in interest rates. Interest rate changes can create fluctuations in the net interest margin due to an imbalance in the timing of repricing, or maturity of assets or liabilities. Interest rate changes can also affect the market value of our financial instruments, such as available-for-sale securities and the related unrealized gains or losses, which affect our equity value.

To mitigate interest rate risk, the structure of our assets and liabilities is managed with the objective of correlating the effects of interest rate changes on loans and investments with those of deposits and borrowings. The Asset/Liability Management Policy sets limits on the acceptable amount of change to net interest income and the economic value of equity in different interest rate environments.

From time to time, we enter into interest rate swap contracts to mitigate the changes in the fair value of selected investment securities and specified long-term fixed-rate loans and firm commitments to enter into long-term fixed-rate loans caused by changes in interest rates. Refer to Note 15 in the Consolidated Financial Statements in ITEM 8 of this report.

ALCO and the Board of Directors review our exposure to interest rate risk at least quarterly. We use simulation models to measure interest rate risk and to evaluate strategies to improve profitability in the context of policy guidelines. A simplified statement of condition is prepared on a quarterly basis as a starting point, using instrument level data of our actual loans, investments, borrowings and deposits as inputs. If potential changes to net equity value and net interest income resulting from hypothetical interest rate changes are not within the limits established by the Board of Directors, management may adjust the asset and liability mix to bring the risk position within approved limits or take other actions. Governing policies are subject to review by regulators and are updated to incorporate their observations and adapt to changes in idiosyncratic and systemic risks. As of December 31, 2025, interest rate risk was within the policy guidelines established by ALCO and the Board.

As of December 31, 2025, our interest rate risk position was within the policy guidelines established by ALCO and the Board based on an assessment that was completed before the reclassification of certain reciprocal network deposits from noninterest-bearing to interest-bearing. The results from an updated assessment, which will include the reclassification, are expected to be released in late April 2026 as part of our first quarter earnings release materials and preliminary calculations suggest that we should remain in compliance with policy guidelines.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
Bank of Marin Bancorp

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of condition of Bank of Marin Bancorp (the "Company") as of December 31, 2025, and 2024, the related consolidated statements of comprehensive (loss) income, changes in stockholders' equity and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2025 and 2024, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, because of the effect of the material weakness identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

Restatement of Previously Issued Financial Statements

As discussed in Note 19 to the consolidated financial statements, the 2024 consolidated financial statements have been restated.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment:

> Management did not design and implement adequate control activities related to the accounting for and classification of certain reciprocal network deposits and transactions.

We considered the material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the Company's consolidated financial statements as of and for the year ended December 31, 2025, and our opinion on such consolidated financial statements was not affected.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses on Loans

Critical Audit Matter Description

As described in Note 1 and Note 3 to the consolidated financial statements, the allowance for credit losses on loans at December 31, 2025, was $30.1 million on a total loan portfolio of $2.1 billion. The allowance for credit losses provides an estimate of lifetime expected losses in the loan portfolio. The measurement of expected credit losses is based on relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the financial assets.

We identified the qualitative internal and external risk factors used in the allowance for credit losses on loans as a critical audit matter. The principal considerations for our determination of this component of the allowance for credit losses on loans as a critical audit matter are subjectivity of the estimation and application of qualitative internal and external risk factors used in the calculation. The qualitative internal and external risk factors are used to adjust for differences in segment-specific risk characteristics or conditions that differ from those that existed during the historical period for which the probability of default and loss given default factors were developed. Auditing management's judgements regarding the qualitative internal and external risk factors applied to the allowance for

credit losses on loans involved especially challenging and subjective auditor judgments when performing audit procedures and evaluating the results of those procedures.

How We Addressed the Matter in Our Audit

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included evaluating the design and testing the operating effectiveness of internal controls related to the Company's calculation of the allowance for credit losses on loans, including controls over the qualitative internal and external risk factors utilized. Our audit procedures related to the matter included the following, among others:

- Evaluating the appropriateness of the methodology used in the calculation of the allowance for credit losses on loans, as well as testing completeness and accuracy of the data used in the calculation, application of the qualitative internal and external risk factors determined by management and used in the calculation, and verifying calculations in the allowance for credit losses on loans.
- Obtaining management's analysis of qualitative internal and external risk factors and evaluating the reasonableness of the assumptions used in determining the qualitative factor adjustments.

/s/ Baker Tilly US, LLP

Portland, Oregon
March 13, 2026

We have served as the Company's auditors since 2004.

BANK OF MARIN BANCORP
CONSOLIDATED STATEMENTS OF CONDITION
As of December 31, 2025 and 2024

(in thousands, except share data)		2025	2024 (As Restated)
Assets			
Cash, cash equivalents and restricted cash	$	225,303	$ 137,304
Investment securities:			
Held-to-maturity, at amortized cost (net of zero allowance for credit losses at December 31, 2025 and 2024)		—	879,199
Available-for-sale, at fair value (net of zero allowance for credit losses at December 31, 2025 and 2024)		1,327,812	387,534
Total investment securities		1,327,812	1,266,733
Loans, at amortized cost		2,120,853	2,083,256
Allowance for credit losses on loans		(30,089)	(30,656)
Loans, net of allowance for credit losses on loans		2,090,764	2,052,600
Goodwill		72,754	72,754
Bank-owned life insurance		71,306	71,026
Operating lease right-of-use assets		22,499	19,025
Bank premises and equipment, net		8,059	6,832
Core deposit intangible, net		1,916	2,792
Interest receivable and other assets		84,365	72,269
Total assets	**$**	**3,904,778**	**$ 3,701,335**
Liabilities and Stockholders' Equity			
Liabilities			
Deposits:			
Non-interest bearing	$	1,254,416	$ 1,274,747
Interest bearing:			
Transaction accounts		417,482	323,454
Savings accounts		232,109	225,691
Money market accounts		1,305,849	1,153,746
Time accounts		205,686	242,377
Total deposits		3,415,542	3,220,015
Borrowings and other obligations		709	154
Subordinated notes, net of issuance costs		43,857	—
Operating lease liabilities		24,747	21,509
Interest payable and other liabilities		25,269	24,250
Total liabilities		3,510,124	3,265,928
Commitments and contingent liabilities (Note 12 and 17)			
Stockholders' Equity			
Preferred stock, no par value, Authorized - 5,000,000 shares, none issued		—	—
Common stock, no par value, Authorized - 30,000,000 shares; Issued and outstanding - 16,102,687 and 16,089,454 at December 31, 2025 and 2024, respectively		214,910	215,511
Retained earnings		198,163	249,964
Accumulated other comprehensive loss, net of tax		(18,419)	(30,068)
Total stockholders' equity		394,654	435,407
Total liabilities and stockholders' equity	**$**	**3,904,778**	**$ 3,701,335**

The accompanying notes are an integral part of these consolidated financial statements.

BANK OF MARIN BANCORP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
Years ended December 31, 2025, 2024 and 2023

(in thousands, except per share amounts)	2025	2024 (As Revised)	2023 (As Revised)
Interest income			
Interest and fees on loans	$ 104,426	$ 101,484	$ 98,505
Interest on investment securities	38,467	33,075	38,660
Interest on federal funds sold and due from banks	9,535	6,714	2,329
Total interest income	152,428	141,273	139,494
Interest expense			
Interest on interest-bearing transaction accounts	5,408	4,279	3,445
Interest on savings accounts	2,329	2,003	867
Interest on money market accounts	31,841	33,914	18,553
Interest on time accounts	6,436	9,254	4,715
Interest on borrowings and other obligations	9	241	11,562
Interest on subordinated notes	368	—	—
Total interest expense	46,391	49,691	39,142
Net interest income	106,037	91,582	100,352
Provision for credit losses on loans	375	5,550	2,575
Provision for (reversal of) credit losses on unfunded loan commitments	185	(233)	(342)
Net interest income after provision for (reversal of) for credit losses	105,477	86,265	98,119
Non-interest income			
Wealth management and trust services	2,312	2,420	2,145
Service charges on deposit accounts	2,188	2,164	2,083
Earnings on bank-owned life insurance, net	1,779	1,714	1,488
Debit card interchange fees, net	1,612	1,701	1,831
Dividends on Federal Home Loan Bank stock	1,475	1,478	1,265
Merchant interchange fees, net	377	324	496
Earnings on bank-owned life insurance death benefits	306	—	314
Net losses on sale of investment securities	(88,202)	(32,541)	(5,893)
Other income	1,503	1,380	1,260
Total non-interest income	(76,650)	(21,360)	4,989
Non-interest expense			
Salaries and employee benefits	47,458	44,683	43,448
Occupancy and equipment	8,509	8,242	8,306
Data processing	4,326	4,222	4,057
Professional services	4,301	5,129	3,598
Information technology	2,046	1,686	1,569
Federal Deposit Insurance Corporation insurance	1,807	1,863	1,878
Depreciation and amortization	1,264	1,466	2,098
Directors' expense	1,115	1,213	1,212
Amortization of core deposit intangible	875	975	1,350
Charitable contributions	657	677	717
Deposit network fees	476	448	374
Other real estate owned	—	—	48
Other expense	8,476	8,136	8,417
Total non-interest expense	81,310	78,740	77,072
(Loss) income before provision for income taxes	(52,483)	(13,835)	26,036
(Benefit from) provision for income taxes	(16,808)	(5,426)	6,141
Net (loss) income	**$ (35,675)**	**$ (8,409)**	**$ 19,895**
Net (loss) income per common share:			
Basic	$ (2.24)	$ (0.52)	$ 1.24
Diluted	$ (2.24)	$ (0.52)	$ 1.24
Weighted average common shares:			
Basic	15,942	16,042	16,012
Diluted	15,942	16,042	16,026
Comprehensive (loss) income :			
Net (loss) income	$ (35,675)	$ (8,409)	$ 19,895
Other comprehensive income (loss):			
Change in net unrealized losses on available-for-sale securities	10,250	(2,848)	20,358
Reclassification adjustment for losses on available-for-sale securities included in net income	88,202	32,541	8,700
Reclassification adjustment for gains or losses for fair value hedges	—	1,359	(1,359)
Net unrealized losses on securities transferred from held-to-maturity to available-for-sale	(92,842)	—	—
Amortization of net unrealized loss on AFS securities transferred to HTM	10,932	1,504	1,743
Other comprehensive income, before tax	16,542	32,556	29,442
Deferred tax expense	4,893	9,618	8,702
Other comprehensive income, net of tax	11,649	22,938	20,740
Total comprehensive (loss) income	$ (24,026)	$ 14,529	$ 40,635

The accompanying notes are an integral part of these consolidated financial statements.

BANK OF MARIN BANCORP
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years ended December 31, 2025, 2024 and 2023

(in thousands, except share data)	Common Stock Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Taxes	Total
Balance at December 31, 2022	16,029,138	$ 215,057	$ 270,781	$ (73,746)	$ 412,092
Net income	—	—	19,895	—	19,895
Other comprehensive income, net of tax	—	—	—	20,740	20,740
Stock options exercised, net of shares surrendered for cashless exercises and tax withholdings	11,530	230	—	—	230
Stock issued under employee stock purchase plan	2,527	46	—	—	46
Stock issued under employee stock ownership plan	58,400	1,315	—	—	1,315
Restricted stock granted	61,978	—	—	—	—
Restricted stock surrendered for tax withholdings upon vesting	(2,498)	(70)	—	—	(70)
Restricted stock forfeited / cancelled	(21,024)	—	—	—	—
Stock-based compensation - stock options	—	181	—	—	181
Stock-based compensation - restricted stock	—	341	—	—	341
Cash dividends paid on common stock ($1.00 per share)	—	—	(16,106)	—	(16,106)
Stock issued in payment of director fees	18,362	398	—	—	398
Balance at December 31, 2023	16,158,413	$ 217,498	$ 274,570	$ (53,006)	$ 439,062
Net loss	—	—	(8,409)	—	(8,409)
Other comprehensive income, net of tax	—	—	—	22,938	22,938
Stock issued under employee stock purchase plan	2,184	38	—	—	38
Stock issued under employee stock ownership plan	60,800	1,149	—	—	1,149
Restricted stock granted	106,964	—	—	—	—
Restricted stock surrendered for tax withholdings upon vesting	(3,798)	(64)	—	—	(64)
Restricted stock forfeited / cancelled	(42,396)	—	—	—	—
Stock-based compensation - stock options	—	50	—	—	50
Stock-based compensation - restricted stock	—	580	—	—	580
Cash dividends paid on common stock ($1.00 per share)	—	—	(16,197)	—	(16,197)
Stock issued in payment of director fees	27,287	513	—	—	513
Stock repurchased, including commissions	(220,000)	(4,253)	—	—	(4,253)
Balance at December 31, 2024	16,089,454	$ 215,511	$ 249,964	$ (30,068)	$ 435,407
Net loss	—	—	(35,675)	—	(35,675)
Other comprehensive income, net of tax	—	—	—	11,649	11,649
Stock issued under employee stock purchase plan	1,539	35	—	—	35
Stock issued under employee stock ownership plan	65,150	1,476	—	—	1,476
Restricted stock granted	98,620	—	—	—	—
Restricted stock surrendered for tax withholdings upon vesting	(4,325)	(103)	—	—	(103)
Restricted stock forfeited / cancelled	(17,514)	—	—	—	—
Stock-based compensation - stock options	—	5	—	—	5
Stock-based compensation - restricted stock	—	810	—	—	810
Cash dividends paid on common stock ($1.00 per share)	—	—	(16,126)	—	(16,126)
Stock issued in payment of director fees	19,763	469	—	—	469
Stock repurchased, including commissions	(150,000)	(3,293)	—	—	(3,293)
Balance at December 31, 2025	16,102,687	$ 214,910	$ 198,163	$ (18,419)	$ 394,654

The accompanying notes are an integral part of these consolidated financial statements.

BANK OF MARIN BANCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2025, 2024 and 2023

(in thousands)	2025	2024	2023
Cash Flows from Operating Activities:			
Net (loss) income	$ (35,675)	$ (8,409)	$ 19,895
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Provision for credit losses on loans	375	5,550	2,575
Provision for (reversal of) credit losses on unfunded loan commitments	185	(233)	(342)
Noncash contribution expense to employee stock ownership plan	1,476	1,149	1,315
Noncash director compensation expense	469	513	398
Stock-based compensation expense	815	630	522
Amortization of core deposit intangible	875	975	1,350
Amortization of investment security premiums, net of accretion of discounts	734	2,536	6,897
(Accretion of discounts) amortization of premiums on acquired loans, net	(134)	(236)	(573)
Accretion of discount on subordinated notes	22	—	—
Issuance costs offset to subordinated notes	(1,165)	—	—
Net change in deferred loan origination costs/fees	302	120	(836)
Write-down of other real estate owned	—	—	40
Net losses on sale of investment securities	88,202	32,541	5,893
Depreciation and amortization	1,264	1,466	2,098
Loss on disposal of premises and equipment	9	—	—
Earnings on bank-owned life insurance policies	(1,779)	(1,714)	(1,488)
Earnings on bank-owned life insurance death benefits	(306)	—	(314)
Net changes in:			
Net changes in interest receivable and other assets	(17,181)	(6,695)	(4,149)
Net changes in interest payable and other liabilities	588	172	2,378
Total adjustments	74,751	36,774	15,764
Net cash provided by operating activities	39,076	28,365	35,659
Cash Flows from Investing Activities:			
Proceeds from sale of premises and equipment	—	21	—
Purchase of available-for-sale securities	(1,068,748)	(163,769)	—
Proceeds from sale of available-for-sale securities	167,017	292,621	205,795
Proceeds from sale of available-for-sale securities transferred from held-to-maturity	523,688	—	—
Proceeds from paydowns/maturities of held-to-maturity securities	82,081	46,551	47,170
Proceeds from paydowns/maturities of available-for-sale securities	162,491	31,210	59,316
Proceeds from sale of Visa Inc. Class B restricted common stock	—	—	2,807
(Increase) decrease in loans receivable, net	(38,270)	26,150	16,945
Purchased loans	(226)	(35,874)	—
Proceeds from sale of loan	—	—	3,263
Purchase of bank-owned life insurance policies	—	(1,211)	—
Proceeds from bank-owned life insurance policies	1,805	—	766
Purchase of premises and equipment	(1,819)	(520)	(1,749)
Proceeds from sale of other real estate owned	—	—	420
Cash paid for low income housing tax credit investment	(10)	(5)	(42)
Net cash provided by (used in) investing activities	(171,991)	195,174	334,691
Cash Flows from Financing Activities:			
Net increase (decrease) in deposits	195,527	(70,060)	(283,273)
Repayment of proceeds from short-term borrowings, net	—	(26,000)	(86,000)
Repayment of finance lease obligations	(126)	(152)	(148)
Proceeds from issuance of subordinated notes	45,000	—	—
Proceeds from stock options exercised	—	—	230
Restricted stock surrendered for tax withholdings upon vesting	(103)	(64)	(70)
Cash dividends paid on common stock	(16,126)	(16,197)	(16,106)
Stock repurchased, including commissions	(3,293)	(4,253)	—
Proceeds from stock issued under employee and director stock purchase plans	35	38	46
Net cash (used in) provided by financing activities	220,914	(116,688)	(385,321)
Net (decrease) increase in cash, cash equivalents and restricted cash	87,999	106,851	(14,971)
Cash, cash equivalents and restricted cash at beginning of period	137,304	30,453	45,424
Cash, cash equivalents and restricted cash at end of period	$ 225,303	$ 137,304	$ 30,453
Supplemental disclosure of cash flow information:			
Interest paid on deposits and borrowings	$ 43,143	$ 46,359	$ 34,038
Income taxes paid, net of refunds	$ 429	$ 2,245	$ 8,428
Supplemental disclosure of noncash investing and financing activities:			
Change in net unrealized gains or losses on available-for-sale securities	$ 10,250	$ (2,848)	$ 20,358
Stock issued to employee stock ownership plan			
Amortization of net unrealized loss on AFS securities transferred to HTM	$ 10,932	$ 1,504	$ 1,743
Transfer of loan to loans held-for-sale	$ —	$ —	$ 3,263
Restricted cash [1]	$ —	$ —	$ 330

[1] Restricted cash includes reserve requirements held with the Federal Reserve Bank of San Francisco and other cash pledged. In response to the COVID-19 pandemic, the Federal Reserve reduced the reserve requirement ratios to zero percent effective March 26, 2020.

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

Nature of Operations: Bank of Marin Bancorp ("Bancorp"), headquartered in Novato, California, conducts business primarily through its wholly-owned subsidiary, Bank of Marin (the "Bank"), a California state-chartered commercial bank that provides a wide range of financial services through 27 retail branches and 8 commercial banking offices across Northern California. Our customer base is made up of business, not-for-profit and personal banking relationships from the communities within our Northern California footprint.

Basis of Presentation: The consolidated financial statements include the accounts of Bancorp, a bank holding company, and its wholly-owned bank subsidiary, Bank of Marin, a California state-chartered commercial bank. References to “we,” “our,” “us” mean Bancorp and the Bank that are consolidated for financial reporting purposes. Our accounting and reporting policies conform to U.S. generally accepted accounting principles ("GAAP"), general practice, and regulatory guidance within the banking industry. A summary of our significant policies follows. All material intercompany transactions have been eliminated. We evaluated subsequent events through the date of filing with the Securities and Exchange Commission (“SEC”) and determined there were no subsequent events that required additional recognition or disclosure.

Segment Reporting: Our Chief Operating Decision Maker ("CODM") is our Chief Executive Officer, who reviews our financial information on a consolidated basis for purposes of evaluating financial performance and allocating resources. We have one operating and reportable segment, community banking, and our other operating segment, wealth management services, does not meet the quantitative threshold for separate reporting. Our CODM reviews consolidated net income before provision for income taxes as our primary measure of profitability alongside significant expense information consistent with the expense captions presented in our Consolidated Statements of Comprehensive Income (Loss). These metrics are used by our CODM to monitor actual results and to benchmark to our peers. Segment assets are equal to consolidated total assets in our Consolidated Statements of Condition and all segment non-cash items are equal to those disclosed in our Consolidated Statements of Cashflows. We derive materially all of our income from activities within the United States, and materially all of our long lived assets are physically located within the United States. No single customer or client relationship accounts for ten percent or more of our income.

Segment revenue, profit or loss, significant segment expenses and other segment items

(in thousands)	December 31, 2025	December 31, 2024	December 31, 2023
Community banking segment:			
Interest income	$ 152,428	$ 141,273	$ 139,494
Non-interest income	(78,962)	(23,780)	2,844
Reconciliation of income			
All other income[1]	2,312	2,420	2,145
Total consolidated income	75,778	119,913	144,483
Less:[2]			
Total interest expense	46,391	46,613	39,142
Provision for credit losses on loans	375	5,550	2,575
Reversal of credit losses on unfunded loan commitments	185	(233)	(342)
Non-interest expense			
Salaries and employee benefits	46,636	43,794	42,671
Occupancy and equipment	8,506	8,240	8,304
Data processing	4,126	4,032	3,879
Professional services	3,646	4,562	3,086
Information technology	2,046	1,686	1,569
Federal Deposit Insurance Corporation insurance	1,807	1,863	1,878
Depreciation and amortization	1,264	1,465	2,097
Directors' expense	1,115	1,213	1,212
Amortization of core deposit intangible	875	975	1,350
Charitable contributions	657	677	717
Deposit network fees	476	448	374
Other real estate owned	—	—	48
Other expense	8,421	8,068	8,357
Segment (loss) income	(50,748)	(9,040)	27,566
Reconciliation of segment (loss) income			
All other loss[1]	(1,735)	(1,717)	(1,530)
Loss before income taxes	$ (52,483)	$ (10,757)	$ 26,036

[1]Other income and loss from segment below the quantitative thresholds are attributable to one operating segment of the Bank, the Wealth Management and Trust Services, which does not meet the quantitative thresholds for presenting reportable segments. Expenses of Wealth Management and Trust Services are comprised of salary and employee benefits, professional services, data processing, occupancy and equipment and other expenses totaling $1.7 million.

[2]The significant expense categories and amounts align with the segment-level information that is regularly provided to the chief operating decision maker.

Accounting Changes and Reclassifications: Prior financial statements have been adjusted in this document to include the reclassification of a portion of deposit network fees within non-interest expense to deposit interest expense, as noted in the Explanatory Note in Part I and in Note 19, Restatement of Prior Period Financial Statements.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant accounting estimates reflected in the consolidated financial statements include the allowance for credit losses, fair value measurements, and goodwill impairment assessment, as discussed in the Notes herein.

Cash, Cash Equivalents and Restricted Cash: This includes cash, due from banks, federal funds sold and other short-term investments with maturities of less than three months at the time of purchase. Restricted cash includes balances not immediately available for business operations such as Federal Reserve Bank of San Francisco reserve requirements and cash pledged for interest rate swap contracts and local agency deposits.

Investment Securities: Investment securities are classified as "held-to-maturity" or "HTM," "trading securities" or "available-for-sale" or "AFS." Investments classified as held-to-maturity are those that we have the ability and intent to hold until maturity and are reported at cost, adjusted for the amortization or accretion of premiums or discounts.

Investments held for resale in anticipation of short-term market movements are classified as trading securities and are reported at fair value, with unrealized gains and losses included in earnings. Investments that are neither held-to-maturity nor trading are classified as available-for-sale and are reported at fair value. Unrealized gains and losses for available-for-sale securities, net of related taxes, are reported as a separate component of comprehensive income (loss) and included in stockholders' equity until realized. For discussion of our methodology in determining fair value, see Note 9, Fair Value of Assets and Liabilities.

Purchase premiums and discounts on investment securities are amortized or accreted over the life of the related security as an adjustment to yield using the effective interest method. For certain callable debt securities purchased at a premium, we amortize the premium to the earliest call date.

Dividend and interest income are recognized when earned. Realized gains and losses on the sale of securities are included in non-interest income. The specific identification method is used to calculate realized gains and losses on sales of securities.

Prior to the balance sheet repositioning in the fourth quarter of 2025, securities transferred from the available-for-sale category to the held-to-maturity category were recorded at fair value at the date of transfer and the unrealized holding gains or losses on the dates of the transfer of securities from available-for-sale to held-to-maturity were included in the balance of accumulated other comprehensive income (loss), net of tax, in the consolidated balance sheets and amortized over the life of the securities. After the repositioning, investments previously classified as held-to-maturity and reclassified as available-for-sale are recorded at fair value, and the unrealized gains or losses are included in the balance of accumulated other comprehensive income (loss), net of tax. Subsequent to the sale of a portion of these securities, the remaining balance of the unrealized holding gains or losses on the date of the original transfer held within accumulated other comprehensive income (loss) was realized.

Non-marketable equity securities include stock held for membership and regulatory purposes, such as Federal Home Loan Bank ("FHLB") stock and other non-marketable equity securities. These securities are accounted for at cost, evaluated for impairment as of each reporting period, and included in interest receivable and other assets on the consolidated statements of condition. During 2023, the Bank sold its remaining investment in Visa Inc. Class B restricted common stock, as discussed in Note 2 - Investment securities. As of December 31, 2025 and 2024 our investment in FHLB stock was carried at cost, as there was no impairment or changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Both cash and stock dividends from the FHLB are reported as non-interest income.

Allowance for Credit Losses on Investment Securities: The allowance for credit losses on held-to-maturity securities is a contra-asset valuation account determined in accordance with ASC 326, which is deducted from the securities' amortized cost basis at the balance sheet date as a result of management's assessment of the net amount expected to be collected. The allowance is measured on a pooled basis for securities with similar risk characteristics using historical credit loss information, adjusted for current conditions and reasonable and supportable forecasts. Securities that are determined to be uncollectible are written off against the allowance.

For available-for-sale securities in an unrealized loss position ("impaired security"), we assess whether 1) we intend to sell the security, or, 2) it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. Under either of these conditions, the security's amortized cost is written down to fair value through a charge to previously recognized allowances or earnings, as applicable. For impaired securities that do not meet these conditions, we assess whether the decline in fair value was due to credit loss or other factors. This assessment considers, among other things: 1) the extent to which the fair value is less than amortized cost, 2) the financial condition and near-term prospects of the issuer, 3) any changes to the rating of the security by a rating agency, and 4) our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in fair value. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss component. Any impairment due to non-credit-related factors that has not been recorded through an allowance for credit losses is recognized in other comprehensive income (loss). The discount rate used in determining the present value of the expected cash flows is based on the effective interest rate implicit in the security at the date of purchase.

Accrued interest receivable is excluded from the amortized costs and fair values of both held-to-maturity and available-for-sale securities and included in interest receivable and other assets on the consolidated statements of condition. Investment securities are placed on non-accrual status when principal or interest is contractually past due more than ninety days, or management does not expect full payment of principal and interest. We do not record an allowance for credit losses for accrued interest on investment securities, as the amounts are written-off when the investment is placed on non-accrual status. There were no non-accrual investment securities in any of the years presented in the consolidated financial statements.

Originated Loans: Loans are reported at amortized cost, which is the principal amount outstanding net of deferred fees (costs), purchase premiums (discounts) and net charge-offs (recoveries). Amortized cost excludes accrued interest, which is reflected in interest receivable and other assets in the consolidated statements of condition. We do not measure an allowance for credit losses on accrued interest receivable balances because these balances are written off in a timely manner as a reduction to interest income when loans are placed on non-accrual status as discussed below. Interest income is accrued daily using the simple interest method. Fees collected upon loan origination and certain direct costs of originating loans are deferred and recognized over the contractual lives of the related loans as yield adjustments using the interest method or straight-line method, as applicable. Upon prepayment or other disposition of the underlying loans before their contractual maturities, any associated unearned fees or unamortized costs are recognized.

Acquired Loans: ASC 326 modified the accounting for purchased loans and requires that an allowance for credit losses be established at the date of acquisition. However, for purchased financial assets with a more-than-insignificant amount of credit deterioration since origination ("PCD assets") that are measured at amortized cost, the initial allowance for credit losses is added to the purchase price rather than reported as a provision for credit losses. Subsequent changes in the allowance for credit losses on PCD assets are recognized through the provision for credit losses.

Past-Due and Non-Accrual Loan Policy: A loan is considered past due when a payment has not been received by the contractual due date. Loans are placed on non-accrual status when management believes that there is substantial doubt as to the collection of principal or interest, generally when they become contractually past due by 90 days or more with respect to principal or interest, except for loans that are well-secured and in the process of collection. When loans are placed on non-accrual status, any accrued but uncollected interest is reversed from current-period interest income and the amortization of deferred loan origination fees and costs is suspended. Interest payments received on nonaccrual loans are either applied against principal or reported as interest income, according to management's judgment as to the ultimate collectability of principal. We may return non-accrual loans to accrual status when one of the following occurs:

- The borrower has resumed paying the full amount of the principal and interest and we are satisfied with the borrower's financial position. In order to meet this test, we must have received repayment of all past due principal and interest, unless the amounts contractually due are reasonably assured of repayment within a reasonable period of time, and there has been a sustained period of repayment performance (generally, six consecutive monthly payments), according to the original or modified contractual terms.
- The loan has become well secured and is in the process of collection.

Loan Charge-Off Policy: For all loan types excluding overdraft accounts, we generally make a charge-off determination at or before 90 days past due. A collateral-dependent loan is partially charged down to the fair value of collateral securing it if: (1) it is deemed uncollectable, or (2) it has been classified as a loss by either our internal loan review process or external examiners. A non-collateral-dependent loan is partially charged down to its net realizable value under the same circumstances. Overdraft accounts are generally charged off when they exceed 60 days past due.

Collateral Dependent Loans: A loan is collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the sale or operation of the collateral. For collateral dependent loans, including those for which management determines foreclosure is probable, each loan is individually evaluated and the allowance for credit losses is based on the fair value of the collateral, adjusted for estimated selling costs when repayment is expected from the sale of the collateral, less the loan's amortized cost. In determining the fair value, management considers such information as the appraised value of the collateral, observed and potential future changes in collateral value, and historical loss experience for loans that were secured

by similar collateral. Generally, with problem credits that are collateral dependent, we obtain appraisals of the collateral at least annually. We may obtain appraisals more frequently if we believe the collateral value is subject to market volatility, if a specific event has affected the collateral, or if we believe foreclosure is imminent.

Allowance for Credit Losses on Loans ("ACL"): The ACL is a valuation account that is deducted from the amortized cost basis at the balance sheet date to present the net amount of loans expected to be collected. Amortized cost does not include accrued interest, which management elected to exclude from the estimate of expected credit losses (refer to the *Past-Due and Non-Accrual Loan Policy* section above). Management estimates the allowance quarterly using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Credit loss experience provides the basis for the estimation of expected credit losses.

The ACL model utilizes a discounted cash flow ("DCF") method to measure the expected credit losses on loans collectively evaluated that are sub-segmented by loan pools with similar credit risk characteristics, which are generally comprised of federal regulatory reporting codes (i.e., Call codes). Pooled segments include the following:

- Loans secured by real estate:
  - 1-4 family residential construction loans
  - Other construction loans and all land development and other land loans
  - Secured by farmland (including residential and other improvements)
  - Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit
  - Closed-end loans secured by 1-4 family residential properties, secured by first liens
  - Closed-end loans secured by 1-4 family residential properties, secured by junior liens
  - Secured by multifamily (5 or more) residential properties
  - Commercial real estate loans secured by owner-occupied non-farm nonresidential properties
  - Commercial real estate loans secured by other non-farm nonresidential properties
- Loans to finance agricultural production and other loans to farmers
- Commercial and industrial loans
- Loans to individuals for household, family and other personal expenditures (i.e., consumer loans)
- Municipal entities
- Non-profit organizations
- Other loans (overdraft credit lines)

The DCF method incorporates assumptions for probability of default ("PD"), loss given default ("LGD"), and prepayments and curtailments over the contractual terms of the loans. Under the DCF method, the ACL reflects the difference between the amortized cost basis and the present value of the expected cash flows using the loan's effective rate. We elected to report the change in present values from one reporting period to the next due to the passage of time and changes in the estimate of future expected cash flows through the provision for credit losses, rather than though interest income.

In determining the PD for each pooled segment, the Bank utilized regression analyses to identify certain economic drivers that were considered highly correlated to historical Bank or peer loan default experience. As a result, management chose the California unemployment rate as the primary economic forecast driver for all segments, except for municipal loans. In addition, the annual percentage change in the California gross domestic product was used in the commercial and industrial loan segment. For municipal loans, the ACL model utilized a constant default rate obtained from a nationally recognized default rate study, which is updated annually. A third party provides LGD estimates for each segment based on a banking industry Frye-Jacobs Risk Index approach. The ACL model incorporates a one-year reasonable and supportable forecast of economic factors, updated quarterly, which is based on Moody's Analytics' Baseline Forecast. For periods beyond the forecast horizon, the economic factors revert to historical averages on a straight-line basis over a one-year period.

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments and curtailments, when appropriate. The pooled loans' contractual loan terms exclude assumptions about extensions, renewals, and modifications.

Loans that do not share the same risk characteristics as pooled loans are evaluated individually for credit loss and generally include all non-accrual loans, collateral dependent loans, and certain modified loans and loans graded substandard or worse, as determined by management.

Management considers whether adjustments to the quantitative portion of the ACL are needed for differences in segment-specific risk characteristics or to reflect the extent to which it expects current conditions and reasonable and supportable forecasts of economic conditions to differ from the conditions that existed during the historical period included in the development of PD and LGD. Qualitative internal and external risk factors include, but are not limited to, the following:

- Changes in the nature and volume of the loan portfolio
- Changes in the volume and severity of past due loans, the volume of non-accruals loans, and the volume and severity of adversely classified or graded loans
- The existence and effect of individual loan and loan segment concentrations
- Changes in lending policies and procedures, including changes in underwriting standards and collection, charge-off, and recovery practices not considered elsewhere
- Changes in the experience, ability, and depth of lending management and other relevant staff
- Changes in the quality of our systematic loan review processes
- Changes in economic and business conditions, and developments that affect the collectability of the portfolio
- Changes in the value of underlying collateral, where applicable
- The effect of other external factors such as legal and regulatory requirements on the level of estimated credit losses in the portfolio
- The effect of acquisitions of other loan portfolios on our infrastructure, including risk associated with entering new geographic areas as a result of such acquisitions
- The presence of specialized lending segments in the portfolio

There were no material changes to the ACL methodology during 2025. However, assumptions that mainly influenced management's current estimate of the expected credit losses were primarily adjustments to qualitative risk factors from continued uncertainty about inflation and recession risks and other external factors on both our non-owner-occupied commercial real estate and construction portfolios, loan and collateral concentration risks in our construction and commercial real estate portfolios, heightened portfolio management in light of current economic conditions, and continued negative trends in adversely graded loans and/or collateral values for our non-owner occupied commercial real estate office and multi-family real estate portfolios. Other elements of the estimated current expected credit losses included increased allowances for individually analyzed loans exhibiting unique credit risk characteristics and a slight increase in Moody's Analytics' Baseline Forecast of California's unemployment rate, partially offset by the impact of an overall decrease in loans. While we believe we use the best information available to determine the allowance for credit losses, our results of operations could be significantly affected if circumstances differ substantially from the assumptions used in determining the allowance. Our ACL model is sensitive to changes in unemployment rate forecasts and certain other assumptions that could result in material fluctuations in the allowance for credit losses and adversely affect our financial condition and results of operations.

Under ASU No. 2022-02 certain loan modifications made to borrowers experiencing financial difficulty are now subject to the Bank's standard ACL process, as outlined above.

For further information regarding the allowance for loan losses, see Note 3, Loans and Allowance for Loan Losses.

Allowance for Credit Losses on Unfunded Loan Commitments: We make commitments to extend credit to meet the financing needs of our customers in the form of loans or standby letters of credit. We are exposed to credit losses over a loan's contractual period in the event that a decline in credit quality of the borrower leads to nonperformance. We record an allowance for losses on unfunded loan commitments at the balance sheet date based on estimates of probability that these commitments will be drawn upon according to historical utilization experience of different types of commitments and expected loss severity and loss rates determined for pooled funded loans. The allowance for credit losses on unfunded commitments is a liability account included in interest payable and other liabilities on the consolidated statements of condition. Adjustments to the allowance for unfunded commitments are included in non-interest expense as a provision for (or reversal of) the allowance for unfunded commitments.

Transfers of Financial Assets: We have entered into certain loan participation agreements with other organizations. We account for these transfers of financial assets as sales when control over the transferred financial assets has been surrendered. Control over transferred assets is deemed to be surrendered when 1) the assets and liabilities have been isolated from us, 2) the transferee has the right to pledge or exchange the assets (or beneficial interests) it received, free of conditions that constrain it from taking advantage of that right, beyond a trivial benefit and 3) we do not maintain effective control over the transferred financial assets or third-party beneficial interests related to those transferred assets. Transfers of a portion of a loan must meet the criteria of a participating interest. If it does not meet the criteria of a participating interest, the transfer must be accounted for as a secured borrowing. In order to meet the criteria for a participating interest, all cash flows from the loan must be divided proportionately, the rights of each loan holder must have the same priority, and the loan holders must have no recourse to the transferor other than standard representations and warranties and no loan holder has the right to pledge or exchange the entire loan. We recognized no gains or losses on the sale of these participation interests in 2025, 2024 and 2023.

Premises and Equipment: Land is carried at cost and not depreciated. Bank-owned buildings, leasehold improvements, furniture, fixtures, software and equipment and are stated at cost, less accumulated depreciation, and depreciated/amortized on a straight-line basis. Furniture and fixtures are depreciated over eight years and equipment is generally depreciated over three to twenty years. Bank-owned buildings are depreciated over twenty-five to thirty years. Leasehold improvements are amortized over the lesser of their estimated useful lives or the terms of the leases. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred.

Leases: We lease certain premises under long-term non-cancelable operating leases, most of which include escalation clauses and one or more options to extend the lease term, and some of which contain lease termination clauses. Only those renewal and termination options that management determines are reasonably certain of exercising are included in the calculation of the lease liability. In addition, we lease certain equipment under finance leases. The equipment finance lease terms do not contain renewal options, bargain purchase options or residual value guarantees. We did not have any significant short-term leases during the reported periods.

Lease right-of-use assets represent the right to use the underlying asset while lease liabilities represent the present value of future lease obligations. We elected not to separate non-lease components from lease components and to exclude short-term leases (i.e., lease term of 12 months or less at the commencement date) from right-of-use assets and lease liabilities for all lease classifications. When calculating the lease liability, because most lease contracts do not contain an implicit interest rate, we discount lease payments over a lease's expected term based on the collateralized Federal Home Loan Bank borrowing rate that was commensurate with lease terms and minimum payments at the lease commencement date. Right-of-use assets for operating leases are amortized over the lease term by amounts that represent the difference between periodic straight-line lease expense and periodic interest accretion on the related liability to make lease payments, whereas finance leases are amortized on a straight-line basis over the term of the lease. Expense recognition for operating leases is recorded on a straight-line basis while expense recognition for finance leases represents the sum of periodic amortization of the associated right-of-use asset and the interest accretion on the lease liability. Refer to Note 12, Commitments and Contingencies, for further information.

Business Combinations: Business combinations are accounted for under the acquisition method of accounting in accordance with ASC 805, *Business Combinations*. A business is defined as a set of activities and assets that is both self-sustaining and managed to provide a return to investors and generally has three elements: inputs, processes and outputs. Under the acquisition method, the acquiring entity in a business combination recognizes the acquired assets and assumed liabilities at their estimated fair values as of the date of acquisition. Any excess of the purchase price over the fair value of net assets and other identifiable intangible assets acquired is recorded as goodwill. To the extent the fair value of net assets acquired, including other identifiable assets, exceed the purchase price, a bargain purchase gain is recognized. Assets acquired and liabilities assumed from a business combination are recognized at fair value. Results of operations of an acquired business are included in the consolidated statements of operations from the date of acquisition. Business acquisition-related costs, including conversion and restructuring charges, are expensed as incurred. If substantially all of an acquisition is made up of one asset or several similar assets, or without a substantive process that together contributes to the ability to create

outputs, the acquisition is accounted for as an asset acquisition and acquisition costs will be capitalized as part of the assets acquired, rather than expensed in a business combinations.

Goodwill and Other Intangible Assets: Goodwill arises from the acquisition method of accounting for business combinations and represents the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill is deemed to have an indefinite life, is not subject to amortization, and as such is tested for impairment at least annually or more frequently if events and circumstances lead management to believe the value of goodwill may be impaired. Goodwill is the only intangible asset with an indefinite life recorded in the Company's consolidated statements of financial condition. Impairment testing is performed at the reporting unit level, which management considered to be the Community Banking Segment at December 31, 2025.

Management's assessment of goodwill impairment is performed in accordance with *ASC 350-20, Intangibles - Goodwill and Other - Goodwill* and encompasses a two-step process to evaluate each reporting unit. First, the Company has the option to perform a qualitative assessment to evaluate relevant events or circumstances to determine whether it is more likely than not the fair value of the Company is less than its carrying amount, including goodwill. The factors considered in the qualitative assessment typically include macroeconomic conditions, industry and market conditions and the overall financial performance of the Company, among other factors. If the Company determines that it is more likely than not the fair value of the Company may be less than its carrying amounts, then it proceeds to the quantitative impairment test, whereby it calculates the fair value of the Company. Under GAAP, in its performance of impairment testing, management has the unconditional option to proceed directly to the quantitative impairment test, bypassing the qualitative assessment. If the carrying amount of the Company exceeds its fair value, the amount by which the carrying amount exceeds fair value, up to the carrying value of goodwill, is recorded through earnings as an impairment charge recorded in non-interest expense. If the results of the qualitative assessment indicate that it is not more likely than not that an impairment has occurred, or if the quantitative impairment test results in a fair value of the Company that is greater than the carrying amount, then no impairment charge is recorded.

The Company performs its annual goodwill impairment test as of November 30th each year. The results indicated that goodwill was not impaired as of November 30, 2025, and there were no changes to our assessment through December 31, 2025. In addition, the Company recorded no goodwill impairment for the year ended December 31, 2024 or 2023.

Core deposit intangibles ("CDI") arising from the acquisition of other financial institutions are considered to have definite useful lives and are amortized on an accelerated method over their estimated useful life of ten years. At December 31, 2025, the future estimated amortization expense for the CDI arising from our past acquisitions was as follows:

(in thousands)	2026	2027	2028	2029	2030	Thereafter	Total
Core deposit intangible amortization	$ 773	$ 634	$ 242	$ 165	$ 102	$ —	$ 1,916

The CDI represents the estimated future benefit of deposits related to an acquisition and is recorded separately from the related deposits and evaluated at least annually or when events and circumstances change. We recorded no impairment adjustments for the CDI in 2025, 2024 and 2023.

Other Real Estate Owned ("OREO"): OREO is comprised of property acquired through a business combination, foreclosure, in substance repossession or acceptance of deeds-in-lieu of foreclosure when the related loan receivable is de-recognized. OREO is recorded at fair value of the collateral less estimated costs to sell, establishing a new cost basis, and subsequently accounted for at the lower of cost or fair value less estimated costs to sell. Any shortfall of collateral value from the recorded investment of the related loan is recognized as loss at the time of foreclosure and is charged against the allowance for loan losses. Fair value of collateral is generally based on an independent appraisal of the property. Revenues and expenses associated with OREO, and subsequent adjustments to the fair value of the property and to the estimated costs of disposal, are realized and reported as a component of non-interest income and expense when incurred. We recorded a $40 thousand valuation adjustment to OREO in 2023 and no adjustment in 2025 and 2024. In July 2023, the Bank completed the sale of its only OREO property.

Bank Owned Life Insurance ("BOLI"): The Bank owns life insurance policies on certain key current and former officers. BOLI is recorded in interest receivable and other assets on the consolidated statements of condition at the amount that can be realized under the insurance contract at period-end, which is the cash surrender value adjusted for other charges or amounts due that are probable at settlement.

Investments in Low Income Housing Tax Credit Funds: We have invested in limited partnerships that were formed to develop and operate affordable housing projects for low or moderate-income tenants throughout California. Our ownership percentage in each limited partnership ranges from 1.0% to 3.5%. We account for the investments in qualified affordable housing tax credit funds using the proportional amortization method, where the initial cost of the investment is amortized in proportion to the tax credits and other tax benefits received. Low income housing tax credits and other tax benefits received, net of the amortization of the investment is recognized as part of income tax benefit. Each of the partnerships must meet the regulatory minimum requirements for affordable housing for a minimum 15-year compliance period to fully utilize the tax credits. If the partnerships cease to qualify during the compliance period, the credit may be denied for any period in which the project is not in compliance and a portion of the credit previously taken is subject to recapture with interest. We record an impairment charge if the value of the future tax credits and other tax benefits is less than the carrying value of the investments.

Employee Stock Ownership Plan ("ESOP"): We recognize compensation cost for ESOP contributions when funds become committed for the purchase of Bancorp's common shares into the ESOP in the year in which the employees render service entitling them to the contribution. If we contribute stock, the compensation cost is the fair value of the shares when they are committed to be released (i.e., when the number of shares becomes known and formally approved). In 2025, 2024 and 2023, Bancorp only made stock contributions to the ESOP.

Income Taxes: Income taxes reported in the consolidated financial statements are computed based on an asset and liability approach. We recognize the amount of taxes payable or refundable for the current year and we record deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases using enacted tax rates in effect for the year in which the temporary differences are expected to reverse. We record net deferred tax assets to the extent it is more likely than not that they will be realized. In evaluating our ability to recover the deferred tax assets and the need to establish a valuation allowance against the deferred tax assets, management considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies. In projecting future taxable income, management develops assumptions including the amount of future state and federal pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates being used to manage the underlying business. Bancorp files consolidated federal and combined state income tax returns.

We recognize the financial statement effect of a tax position when it is more likely than not, based on the technical merits and all available evidence, that the position will be sustained upon examination, including the resolution through protests, appeals or litigation processes. For tax positions that meet the more likely than not threshold, we measure and record the largest amount of tax benefit that is greater than fifty percent likely of being realized upon ultimate settlement with the taxing authority. The remainder of the benefits associated with tax positions taken is recorded as unrecognized tax benefits, along with any related interest and penalties. Interest and penalties related to unrecognized tax benefits are recorded in tax expense.

In deciding whether or not our tax positions taken meet the more likely than not recognition threshold, we must make judgments and interpretations about the application of inherently complex state and federal tax laws. To the extent tax authorities disagree with tax positions taken by us, our effective tax rates could be materially affected in the period of settlement with the taxing authorities. Revision of our estimate of accrued income taxes also may result from our own income tax planning, which may affect effective tax rates and results of operations for any reporting period.

We present an unrecognized tax benefit as a reduction of a deferred tax asset for a net operating loss ("NOL") carryforward, or similar tax loss or tax credit carryforward, rather than as a liability, when (1) the uncertain tax position would reduce the NOL or other carryforward under the tax law of the applicable jurisdiction and (2) we

intend to and are able to use the deferred tax asset for that purpose. Otherwise, the unrecognized tax benefit is presented as a liability instead of being netted with deferred tax assets.

Earnings per share ("EPS"): EPS is based upon the weighted average number of common shares outstanding during each year. The following table shows: 1) weighted average basic shares, 2) potentially dilutive weighted average common shares related to stock options and unvested restricted stock awards, and 3) weighted average diluted shares. Basic EPS are calculated by dividing net income by the weighted average number of common shares outstanding during each annual period, excluding unvested restricted stock awards. Diluted EPS are calculated using the weighted average number of potentially dilutive common shares. The number of potentially dilutive common shares included in year-to-date diluted EPS is a year-to-date weighted average of potentially dilutive common shares included in each quarterly diluted EPS computation. In computing diluted EPS, we exclude anti-dilutive shares such as options whose exercise prices exceed the current common stock price, as they would not reduce EPS under the treasury stock method. We have two forms of outstanding common stock: common stock and unvested restricted stock awards. Holders of unvested restricted stock awards receive non-forfeitable dividends at the same rate as common shareholders and they both share equally in undistributed earnings. Under the two-class method, the difference in EPS is nominal for these participating securities.

(in thousands, except per share data)		2025	2024	2023
Weighted average basic common shares outstanding		15,942	16,042	16,012
Potentially dilutive common shares related to:				
Stock options		—	—	3
Unvested restricted stock awards		—	—	11
Weighted average diluted common shares outstanding		15,942	16,042	16,026
Net (loss) income	$	(35,675)	$ (8,409)	$ 19,895
Basic EPS	$	(2.24)	$ (0.52)	$ 1.24
Diluted EPS	$	(2.24)	$ (0.52)	$ 1.24
Weighted average anti-dilutive common shares not included in the calculation of diluted EPS		252	368	364

[1] Because Bancorp was in a net loss position for the years ended December 31, 2025 and 2024, diluted net loss per share is the same as basic net loss per share, as the inclusion of potentially dilutive common shares would have been anti-dilutive.

Share-Based Compensation: All share-based payments, including stock options and restricted stock, are recognized as stock-based compensation expense in the consolidated statements of comprehensive income (loss) based on the grant-date fair value of the award with a corresponding increase in common stock. The grant-date fair value of the award is amortized on a straight-line basis over the requisite service period, which is generally the vesting period. The stock-based compensation expense excludes stock grants to directors as compensation for their services, which are recognized as director expenses separately based on the grant-date value of the stock. We account for forfeitures as they occur. See Note 8, Stockholders' Equity and Stock Option Plans, for further discussion.

We determine the fair value of stock options at the grant date using a Black-Scholes pricing model that takes into account the stock price at the grant date, exercise price, expected life of the option, volatility of the underlying stock, expected dividend yield and risk-free interest rate over the expected life of the option. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury yield curve in effect at the time of the grant. Expected volatility is based on the historical volatility of the common stock over the most recent period that is generally commensurate with the expected life of the options. The Black-Scholes option valuation model requires the input of highly subjective assumptions, including the expected life of the stock-based award and stock price volatility. The assumptions used represent management's best estimates based on historical information, but these estimates involve inherent uncertainties and the application of management's judgment. As a result, if other assumptions had been used, the recorded stock-based compensation expense could have been materially different from that recorded in the consolidated financial statements. The fair value of restricted stock is based on the stock price on the grant date.

We record excess tax benefits resulting from the exercise of non-qualified stock options, the disqualifying disposition of incentive stock options and vesting of restricted stock awards as tax benefits in the consolidated statements of comprehensive income (loss) with a corresponding decrease to current taxes payable. In addition, we reflect excess tax benefits as an operating activity in the consolidated statements of cash flows.

Cash paid for tax withholdings when shares are surrendered in a cashless stock option exchange is classified as a financing activity in the consolidated statements of cash flows.

Derivative Financial Instruments and Hedging Activities - Fair Value Hedges: All of our interest rate swap contracts are designated and qualified as fair value hedges. The terms of our loan interest rate swap contracts are closely aligned to the terms of the designated fixed-rate loans. The hedging relationships are tested for effectiveness on a quarterly basis using a qualitative approach. The qualitative analysis includes verification that there are no changes to the derivative's or hedged item's key terms and conditions and no adverse developments regarding risk of counterparty default, and validation that we continue to have fair value hedge designation. Our rate swaps on available-for-sale securities were designated as partial term fair value hedges and structured such that the changes in fair value of the interest rate swaps are expected to be perfectly effective in offsetting the changes in the fair value of the hedged items attributable to changes in the swap rate. Because the hedges met the criteria for using the shortcut method, there is no need to periodically reassess effectiveness during the term of the hedges.

The interest rate swaps are carried on the consolidated statements of condition at their fair value in other assets (when the fair value is positive) or in other liabilities (when the fair value is negative). For fair value designated hedges, the gain or loss on the hedging instruments, as well as the offsetting loss or gain on the hedged items, are recognized in current earnings as fair values change.

For derivative instruments executed with the same counterparty under a master netting arrangement, we do not offset fair value amounts of interest rate swaps in liability positions with the ones in asset positions.

From time to time, we make firm commitments to enter into long-term fixed-rate loans with borrowers backed by yield maintenance agreements and simultaneously enter into forward interest rate swap agreements with correspondent banks to mitigate the change in fair value of the yield maintenance agreement. Prior to loan funding, yield maintenance agreements with net settlement features that meet the definition of a derivative are considered as non-designated hedges and are carried on the consolidated statements of condition at their fair value in other assets (when the fair value is positive) or in other liabilities (when the fair value is negative). The offsetting changes in the fair value of the forward swap and the yield maintenance agreement are recorded in interest income. When the fixed-rate loans are originated, the forward swaps are designated to offset the change in fair value in the loans. Subsequent to the point of the swap designations, the fair value of the related yield maintenance agreements at the designation date that was recorded in other assets is amortized using the effective yield method over the life of the respective designated loans.

For further detail, refer to Note 15, Derivative Financial Instruments and Hedging Activities.

Revenue Recognition: We utilize the following five-step model for non-financial instrument related revenue that is in scope for ASC 606, *Revenue from Contracts with Customers*: 1) identify the contract, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations in the contract, and, 5) recognize revenue when (or as) the entity satisfies the performance obligation. Our main revenue streams in scope for ASC 606 include:

- Wealth management and trust services ("WMTS") fees - WMTS services include, but are not limited to: customized investment advisory and management; administrative services such as bill pay and tax reporting; trust administration, estate settlement, custody and fiduciary services. Performance obligations for investment advisory and management services are generally satisfied over time. Revenue is recognized monthly according to a tiered fee schedule based on the client's month-end market value of assets under our management. WMTS does not earn revenue based on performance or incentives. Costs associated with WMTS revenue-generating activities, such as payments to sub-advisors, are recorded separately as part of professional service expenses when incurred.

- Deposit account service charges - Service charges on deposit accounts consist of monthly maintenance fees, business account analysis fees, business online banking fees, check order charges, and other deposit account-related fees. Performance obligations for monthly maintenance fees and account analysis fees are satisfied, and the related revenue recognized, when we complete our performance obligation each month. Performance obligations related to transaction-based services (such as check orders) are satisfied, and the

related revenue recognized, at a point in time typically when the transaction is completed, except for business accounts subject to analysis where the transaction-based fees are part of the monthly account analysis fees.

- Debit card interchange fees - We issue debit cards to our consumer and small business customers that allow them to purchase goods and services from merchants in person, online, or via mobile devices using funds held in their demand deposit accounts held with us. Debit cards issued to our customers are part of global electronic payment networks (such as Visa) who pass a portion of the merchant interchange fees to debit card-issuing member banks like us when our customers make purchases through their networks. Performance obligations for debit card services are satisfied and revenue is recognized daily as the payment networks process transactions. Because we act in an agent capacity, we recognize network costs on a net basis with interchange fees in non-interest income.

Advertising Costs: Advertising costs are expensed as incurred. For the years ended December 31, 2025, 2024, and 2023, advertising costs totaled $1.0 million, $1.1 million, and $1.2 million, respectively.

Comprehensive Income (Loss): Comprehensive income (loss) primarily includes net income, changes in the unrealized gains or losses on available-for-sale investment securities, reclassification adjustment for gains or losses on fair value hedges, reclassification adjustment for realized (gains) losses on available-for-sale securities in net income, and amortization of net unrealized gains or losses on securities transferred from available-for-sale to held-to-maturity, net of related taxes, reported on the consolidated statements of comprehensive income (loss) and as components of stockholders' equity.

Fair Value Measurements: We use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. We base our fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., exit price notion) reflecting factors such as a liquidity premium. Securities available-for-sale and derivatives are recorded at fair value on a recurring basis. Equity investments that do not have readily determinable fair values are recorded at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. FHLB stock was carried at cost as of December 31, 2025, as there was no impairment or changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. Additionally, from time to time, we may be required to record certain assets and liabilities at fair value on a non-recurring basis, such as purchased loans and acquired deposits recorded at acquisition date, certain collateral dependent loans, other real estate owned and securities held-to-maturity that are other-than-temporarily impaired. These non-recurring fair value adjustments typically involve write-downs of individual assets due to application of lower-of-cost or market accounting.

When we develop our fair value measurement process, we maximize the use of observable inputs. Whenever there is no readily available market data, we use our best estimates and assumptions in determining fair value, but these estimates involve inherent uncertainties and the application of management's judgment. As a result, if other assumptions had been used, our recorded earnings or disclosures could have been materially different from those reflected in these consolidated financial statements.

Accounting Standards Adopted in 2025

In December 2023, the Financial Accounting Standards Board "FASB" issued Accounting Standards Update "ASU" No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments require disaggregated information about the effective tax rate reconciliation and additional disclosures on reconciling items and taxes paid that meet a quantitative threshold. The amendments are effective for annual reporting periods beginning after December 15, 2024, and may be adopted either prospectively or retrospectively. We adopted ASU No. 2023-09 prospectively in the fourth quarter of 2025. This ASU only impacted the Company's income tax disclosures and consequently, the adoption of this ASU did not have a material impact on the Company's business operations or Consolidated Statements of Financial Condition.

Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The

amendments are intended to improve income statement expense disclosure requirements, primarily through enhanced disclosures about certain costs and expenses included in income statement expense captions. The amendments are effective for annual reporting periods beginning after December 15, 2026 (i.e., year ended December 31, 2027 Form 10-K) and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of the amendments on its financial statement disclosures, and does not expect the adoption to have a material impact on its business operations or Consolidated Statements of Financial Condition.

In May 2025, the FASB issued ASU *2025-03*, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*, which revises current guidance for determining the accounting acquirer for a transaction effected primarily by exchanging equity interests in which the legal acquiree is a variable interest entity that meets the definition of a business. The amendments require that an entity consider the same factors that are currently required for determining which entity is the accounting acquirer in other acquisition transactions. *ASU 2025-03* is effective for the Company's annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods, with early adoption permitted. *ASU 2025-03* is required to be applied prospectively. The Company is evaluating the impact of this update on its financial statements and related disclosures, and does not expect the adoption to have a material impact on its business operations or Consolidated Statements of Financial Condition.

In November 2025, the FASB issued ASU 2025-08 *Financial Instruments - Credit Losses (Topic 326)* related to accounting for credit losses on purchased loans. This guidance requires the allowance established for certain loans that are acquired without credit deterioration, excluding credit cards, be offset by an increase in the basis of the acquired loans at acquisition. *ASU 2025-08* is effective for the Company's annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods, and should be applied prospectively to loans that are acquired on or after the initial application date. Early adoption is permitted, The Company is evaluating the impact of this update on its financial statements and related disclosures, and does not expect the adoption to have a material impact on its business operations or Consolidated Statements of Financial Condition.

In December 2025, the FASB issued ASU 2025-11 *Interim Reporting (Topic 270)* related to interim disclosure requirements. The amendments in this update clarify current interim disclosure requirements and provide a comprehensive list of required interim disclosures. The update also incorporates a disclosure principle that requires entities to disclose material events that occur after the end of the last annual reporting period. This update is effective for interim periods within annual periods beginning after December 15, 2027 and early adoption is permitted. The Company is currently evaluating the impact that the adoption of this new standard on its financial statements and related disclosures, and does not expect the adoption to have a material impact on its business operations or Consolidated Statements of Financial Condition.

Note 2: Investment Securities

Our investment securities portfolio consists of obligations of state and political subdivisions, U.S. federal government agencies, such as the Government National Mortgage Association ("GNMA"), and U.S. government-sponsored enterprises ("GSEs"), such as the Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), Federal Farm Credit Banks Funding Corporation and FHLB. We also invest in residential and commercial mortgage-backed securities ("MBS"/"CMBS") and collateralized mortgage obligations ("CMOs") issued or guaranteed by the GSEs, as reflected in the following table.

The Bank did not hold any HTM securities at December 31, 2025. In the fourth quarter of 2025, the Bank completed a balance sheet repositioning and reclassified its HTM portfolio into AFS. The Bank then sold securities with a book value of $593.2 million at a pre-tax loss of $69.5 million. A summary of the amortized cost, fair value and allowance for credit losses related to securities held-to-maturity as of December 31, 2024 is presented below.

Held-to-maturity: (in thousands)	Amortized Cost[1]	Allowance for Credit Losses	Net Carrying Amount	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
December 31, 2024						
Securities of U.S. government-sponsored enterprises:						
CMBS issued by FHLMC, FNMA and GNMA	$ 242,559	$ —	$ 242,559	$ —	$ (34,449)	$ 208,110
CMOs issued by FHLMC, FNMA and GNMA	209,748	—	209,748	—	(18,492)	191,256
MBS pass-through securities issued by FHLMC, FNMA and GNMA	192,388	—	192,388	—	(30,942)	161,446
SBA-backed securities	1,513	—	1,513	—	(61)	1,452
Debentures of government-sponsored agencies	141,431	—	141,431	—	(22,694)	118,737
Obligations of state and political subdivisions	61,560	—	61,560	—	(8,341)	53,219
Corporate bonds	30,000	—	30,000	—	(685)	29,315
Total held-to-maturity	$ 879,199	$ —	$ 879,199	$ —	$ (115,664)	$ 763,535

[1] Amortized cost and fair values exclude accrued interest receivable of $3.4 million at December 31, 2024, which is included in interest receivable and other assets in the consolidated statements of condition.

The following table summarizes the amortized cost of our portfolio of held-to-maturity securities issued by states and political subdivisions and corporate bonds by Moody's and/or Standard & Poor's bond ratings as of December 31, 2024.

(in thousands)	Obligations of state and political subdivisions December 31, 2024	Corporate bonds December 31, 2024
Aaa / AAA	$ 42,161	—
Aa1 / AA+	19,399	—
A2 / A	—	30,000
Total	$ 61,560	30,000

A summary of the amortized cost, fair value and allowance for credit losses related to securities available-for-sale as of December 31, 2025 and 2024 is presented below.

Available-for-sale: (in thousands)	Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized (Losses)	Allowance for Credit Losses	Fair Value
December 31, 2025					
Securities of U.S. government-sponsored enterprises:					
CMBS issued by FHLMC, FNMA and GNMA	$ 470,598	$ 1,052	$ (12,347)	$ —	$ 459,303
CMOs issued by FHLMC, FNMA and GNMA	208,752	818	(949)	—	208,621
MBS pass-through securities issued by FHLMC, FNMA and GNMA	583,409	1,639	(2,742)	—	582,306
Debentures of government- sponsored agencies	29,988	—	(6,294)	—	23,694
Obligations of state and political subdivisions	61,214	—	(7,326)	—	53,888
Total available-for-sale	$ 1,353,961	$ 3,509	$ (29,658)	$ —	$ 1,327,812
December 31, 2024					
Securities of U.S. government-sponsored enterprises:					
CMBS issued by FHLMC, FNMA and GNMA	$ 222,862	$ 154	$ (4,977)	$ —	$ 218,039
CMOs issued by FHLMC, FNMA and GNMA	42,432	28	(6,321)	—	36,139
MBS pass-through securities issued by FHLMC, FNMA and GNMA	30,498	2	(4,840)	—	25,660
SBA-backed securities	331	—	(23)	—	308
Debentures of government- sponsored agencies	8,971	—	(1,761)	—	7,210
U.S. Treasury securities	12,020	—	(1,205)	—	10,815
Obligations of state and political subdivisions	96,178	—	(12,464)	—	83,714
Corporate bonds	6,000	—	(351)	—	5,649
Asset-backed securities	—	—	—	—	—
Total available-for-sale	$ 419,292	$ 184	$ (31,942)	$ —	$ 387,534

[1] Amortized cost and fair value exclude accrued interest receivable of $4.8 million and $1.7 million at December 31, 2025 and 2024, respectively, which is included in interest receivable and other assets in the consolidated statements of condition.

The amortized cost and fair value of investment debt securities by contractual maturity at December 31, 2025 and 2024 are shown below. Expected maturities may differ from contractual maturities if the issuers of the securities have the right to call or prepay obligations with or without call or prepayment penalties.

	December 31, 2025				December 31, 2024			
	Held-to-Maturity		Available-for-Sale		Held-to-Maturity		Available-for-Sale	
(in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Within one year	$ —	$ —	$ 21,905	$ 21,884	$ 36,476	$ 36,380	$ 99,431	$ 99,258
After one but within five years	—	—	277,409	277,643	118,590	110,857	106,986	103,058
After five years through ten years	—	—	366,118	364,430	229,040	191,328	75,429	67,940
After ten years	—	—	688,529	663,855	495,093	424,970	137,446	117,278
Total	$ —	$ —	$ 1,353,961	$ 1,327,812	$ 879,199	$ 763,535	$ 419,292	$ 387,534

Sales of investment securities and gross gains and losses for the years ended December 31, 2025, 2024 and 2023 are shown in the following table.

(in thousands)	2025	2024	2023
Available-for-sale:			
Sales proceeds	$ 690,705	$ 292,621	$ 205,795
Gross realized gains	$ —	$ —	$ 5
Gross realized losses	$ (88,202)	$ (32,541)	$ (8,705)
Sale of equity securities: [1]			
Sales proceeds	$ —	$ —	$ 2,807
Gross realized gain	$ —	$ —	$ 2,807

[1] Refer to VISA Inc. Class B Common Stock section below for more information.

The reported values of pledged investment securities are shown in the following table (which includes both encumbered and unencumbered securities).

(in thousands)	December 31, 2025	December 31, 2024
Pledged to the State of California:		
Secure public deposits in compliance with the Local Agency Security Program	$ 311,543	$ 288,385
Collateral for trust deposits	1,010	1,284
Collateral for Wealth Management and Trust Services checking account	1,260	895
Total investment securities pledged to the State of California	313,813	290,564
Bankruptcy trustee deposits pledged with Federal Reserve Bank	1,992	651
Pledged to FHLB Securities-Backed Credit Program	224,787	284,148
Pledged to the Federal Reserve Discount Window	297,610	365,759
Total pledged investment securities	$ 838,202	$ 941,122

There were 114 and 269 securities in unrealized loss positions at December 31, 2025 and 2024, respectively. Those securities are summarized and classified according to the duration of the loss period in the tables below.

December 31, 2025	< 12 continuous months		≥ 12 continuous months		Total securities in a loss position	
(in thousands)	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Available-for-sale:						
CMBS issued by FHLMC, FNMA and GNMA	$ 142,774	$ (218)	$ 108,282	$ (12,129)	$ 251,056	$ (12,347)
CMOs issued by FHLMC, FNMA and GNMA	27,833	(165)	36,861	(784)	64,694	(949)
MBS pass-through securities issued by FHLMC, FNMA and GNMA	113,487	(386)	13,574	(2,356)	127,061	(2,742)
Debentures of government-sponsored agencies	—	—	23,693	(6,294)	23,693	(6,294)
Obligations of state and political subdivisions	247	(3)	50,616	(7,323)	50,863	(7,326)
Total available-for-sale	$ 284,341	$ (772)	$ 233,026	$ (28,886)	$ 517,367	$ (29,658)

December 31, 2024	< 12 continuous months		> 12 continuous months		Total securities in a loss position	
(in thousands)	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Held-to-maturity:						
CMBS issued by FHLMC, FNMA and GNMA	$ —	$ —	$ 208,110	$ (34,449)	$ 208,110	$ (34,449)
CMOs issued by FHLMC, FNMA and GNMA	18,451	(1,623)	172,805	(16,869)	191,256	(18,492)
MBS pass-through securities issued by FHLMC, FNMA and GNMA	3,487	(150)	157,959	(30,792)	161,446	(30,942)
SBA-backed securities	—	—	1,452	(61)	1,452	(61)
Debentures of government-sponsored agencies	—	—	118,737	(22,694)	118,737	(22,694)
Obligations of state and political subdivisions	5,558	(44)	47,661	(8,297)	53,219	(8,341)
Corporate bonds	—	—	29,315	(685)	29,315	(685)
Total held-to-maturity	$ 27,496	$ (1,817)	$ 736,039	$ (113,847)	$ 763,535	$ (115,664)
Available-for-sale:						
CMBS issued by FHLMC, FNMA and GNMA	$ 129,402	$ (343)	$ 58,065	$ (4,634)	$ 187,467	$ (4,977)
CMOs issued by FHLMC, FNMA and GNMA	—	—	33,749	(6,321)	33,749	(6,321)
MBS pass-through securities issued by FHLMC, FNMA and GNMA	7	—	25,495	(4,840)	25,502	(4,840)
SBA-backed securities	—	—	309	(23)	309	(23)
Debentures of government- sponsored agencies	—	—	7,210	(1,761)	7,210	(1,761)
U.S. Treasury securities	—	—	10,815	(1,205)	10,815	(1,205)
Obligations of state and political subdivisions	—	—	83,714	(12,464)	83,714	(12,464)
Corporate bonds	—	—	5,649	(351)	5,649	(351)
Total available-for-sale	$ 129,409	$ (343)	$ 225,006	$ (31,599)	$ 354,415	$ (31,942)
Total	$ 156,905	$ (2,160)	$ 961,045	$ (145,446)	$ 1,117,950	$ (147,606)

As of December 31, 2025, the investment portfolio included 73 investment securities that had been in a continuous loss position for twelve months or more and 41 investment securities that had been in a loss position for less than twelve months.

Securities issued by government-sponsored agencies, such as FNMA and FHLMC, usually have implicit credit support from the U.S. federal government. However, since 2008, FNMA and FHLMC have been under government conservatorship and, therefore, contractual cash flows for these investments carry explicit guarantees by the U.S.

federal government while FNMA and FHLMC remain under conservatorship. Securities issued by the SBA and GNMA have explicit credit guarantees by the U.S. federal government, which protects us from credit losses on the contractual cash flows of the securities.

Our investments in obligations of state and political subdivision bonds are deemed creditworthy after our comprehensive analysis of the issuers' latest financial information, credit ratings by major credit agencies, and/or credit enhancements.

No allowances for credit losses have been recognized on available-for-sale securities in an unrealized loss position, as management does not believe any of the securities are impaired due to credit risk factors at either December 31, 2025 or 2024. In addition, for any available-for-sale securities in an unrealized loss position at December 31, 2025 and 2024, the Bank assessed whether it intended to sell the securities, or if it was more likely than not that it would be required to sell the securities before recovery of its amortized cost basis, which would require a write-down to fair value through net income. Because the Bank did not intend to sell those securities that were in an unrealized loss position, and it was not more-likely-than-not that the Bank would be required to sell the securities before recovery of their amortized cost bases, the Bank determined that no write-down was necessary as of the reporting date.

On July 7, 2023, the Bank entered into various interest rate swap agreements with notional values totaling $101.8 million to hedge balance sheet interest rate sensitivity and protect selected securities in its available-for-sale portfolio against changes in fair value related to changes in the benchmark interest rate. On November 4, 2024, the Bank terminated these contracts resulting in an adjustment to book value that will be amortized over the life of the hedged securities. For additional details, refer to Note 14, Derivative Financial Instruments and Hedging Activities.

Non-Marketable Securities Included in Other Assets

FHLB Capital Stock

As a member of the FHLB, we are required to maintain a minimum investment in FHLB capital stock as determined by the Board of Directors of the FHLB. The minimum investment requirements can increase in the event we increase our total asset size or borrowings with the FHLB. Shares cannot be purchased or sold except between the FHLB and its members at the $100 per share par value. We held $16.7 million of FHLB stock included in other assets on the consolidated statements of condition at both December 31, 2025 and 2024. The carrying amounts of these investments are reasonable estimates of fair value because the securities are restricted to member banks and do not have a readily determinable market value. Based on our analysis of FHLB's financial condition and certain qualitative factors, we determined that the FHLB stock was not impaired at December 31, 2025 or 2024. On February 12, 2026, FHLB announced a cash dividend for the fourth quarter of 2025 at an annualized dividend rate of 8.75% to be distributed in mid-March 2026. In addition, FHLB announced a special cash dividend on the average capital stock outstanding during the fourth quarter of 2025 at an annualized rate of 11.36% which was distributed on February 25, 2026. Cash dividends paid on FHLB capital stock are recorded as non-interest income.

Visa Inc. Class B Common Stock

As a member bank of Visa U.S.A., we held 10,439 shares of Visa Inc. Class B common stock as of December 31, 2022. These shares had a carrying value of zero because they lacked a readily determinable fair value due to the restriction from resale to non-member banks of Visa U.S.A. until their conversion into Class A (voting) shares upon the termination of Visa Inc.'s Covered Litigation, and uncertainty about the conversion rate to Class A shares. On July 13, 2023, the Bank sold the entirety of its remaining investment in Visa Inc. Class B restricted common stock for a $2.8 million gain.

For further information, refer to Note 12, Commitments and Contingencies.

Note 3: Loans and Allowance for Credit Losses on Loans

The following table presents the amortized cost of loans by portfolio class as of December 31, 2025 and 2024.

(in thousands)	December 31, 2025	2024
Commercial and industrial	$ 159,898	$ 152,263
Real estate:		
Commercial owner-occupied	310,219	321,962
Commercial non-owner occupied	1,366,251	1,273,596
Construction	15,101	36,970
Home equity	99,222	88,325
Other residential	110,614	143,207
Installment and other consumer loans	59,548	66,933
Total loans, at amortized cost [1]	2,120,853	2,083,256
Allowance for credit losses on loans	(30,089)	(30,656)
Total loans, net of allowance for credit losses on loans	$ 2,090,764	$ 2,052,600

[1] Amortized cost includes net deferred loan origination costs of $2.2 million and $2.5 million at December 31, 2025 and 2024, respectively. Amounts are also net of unrecognized purchase discounts of $1.3 million and $1.1 million at December 31, 2025 and 2024, respectively. Amortized cost excludes accrued interest, which totaled $6.8 million and $6.8 million at December 31, 2025 and 2024, respectively, and is included in interest receivable and other assets in the consolidated statements of condition.

Lending Risks

Concentrations of Credit: Virtually all of our loans are from customers located in Northern California. Approximately 90% and 89% of total loans were secured by real estate at December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, 79% and 77%, respectively, of our total loans were commercial real estate, the majority of which were secured by real estate located in Marin, Sonoma, San Francisco, Alameda, Napa, Sacramento, and Contra Costa counties (California).

Commercial and Industrial Loans: Commercial loans are generally made to established small and mid-sized businesses to provide financing for their growth and working capital needs, equipment purchases and acquisitions. Management examines historical, current, and projected cash flows to determine the ability of the borrower to repay obligations as agreed. Commercial loans are made based primarily on the identified cash flows of the borrower and secondarily on the underlying collateral and guarantor support. The cash flows of borrowers, however, may not occur as expected, and the collateral securing these loans may fluctuate in value. Most commercial and industrial loans are secured by the assets being financed, such as accounts receivable and inventory, and typically include personal guarantees. We target stable businesses with guarantors who provide additional sources of repayment and have proven to be resilient in periods of economic stress. A weakened economy, and the resultant decreased consumer and/or business spending, may have an effect on the credit quality of commercial loans.

Commercial Real Estate Loans: Commercial real estate loans, which include income producing investment properties and owner-occupied real estate used for business purposes, are subject to underwriting standards and processes similar to commercial loans discussed above. We underwrite these loans to be repaid from cash flow from either the business or investment property and supported by real property collateral. Underwriting standards for commercial real estate loans include, but are not limited to, debt coverage and loan-to-value ratios. Furthermore, a large majority of our loans are guaranteed by the owners of the properties. Conditions in the real estate markets or a downturn in the general economy may adversely affect our commercial real estate loans. In the event of a vacancy, we expect guarantors to carry the loans until they find a replacement tenant. The owner's substantial equity investment provides a strong economic incentive to continue to support their commercial real estate projects. As such, we have generally experienced a relatively low level of losses and delinquencies in this portfolio.

Construction Loans: Construction loans are generally made to developers and builders to finance construction, renovation and occasionally land acquisitions in anticipation of near-term development. Construction loans include interest reserves that are used for the payment of interest during the development and marketing periods and are capitalized as part of the loan balance. When a construction loan is placed on nonaccrual status before the depletion of the interest reserve, we apply the interest funded by the interest reserve against the loan's principal

balance. These loans are underwritten after an evaluation of the borrower's financial strength, reputation, prior track record, and independent appraisals. We monitor all construction projects to determine whether they are on schedule, completed as planned and in accordance with the approved construction budgets. Significant events can affect the construction industry, including: the inherent volatility of real estate markets and vulnerability to delays due to weather, change orders, inability to obtain construction permits, labor or material shortages, and price changes. Estimates of construction costs and value associated with the completed project may be inaccurate. Repayment of construction loans is largely dependent on the ultimate success of the project.

Consumer Loans: Consumer loans primarily consist of home equity lines of credit, other residential loans, floating homes, and indirect luxury auto loans, along with a small number of installment loans. Our other residential loans include tenancy-in-common fractional interest loans ("TIC") located almost entirely in San Francisco County. We originate consumer loans utilizing credit score information, debt-to-income ratio, and loan-to-value ratio analysis. Diversification among consumer loan types, coupled with relatively small loan amounts that are spread across many individual borrowers, mitigates risk. We do not originate sub-prime residential mortgage loans, nor is it our practice to underwrite loans commonly referred to as "Alt-A mortgages," the characteristics of which are reduced documentation, borrowers with low FICO scores, or collateral with high loan-to-value ratios.

Credit Quality Indicators

We use a risk rating system to evaluate asset quality, and to identify and monitor credit risk in individual loans, and in the loan portfolio. Our definitions of “Special Mention” risk graded loans, or worse, are consistent with those used by the Federal Deposit Insurance Corporation ("FDIC"). Our internally assigned grades are as follows:

Pass and Watch: Loans to borrowers of acceptable or better credit quality. Borrowers in this category demonstrate fundamentally sound financial positions, repayment capacity, credit history, and management expertise. Loans in this category must have an identifiable and stable source of repayment and meet the Bank’s policy regarding debt-service-coverage ratios. These borrowers are capable of sustaining normal economic, market or operational setbacks without significant financial consequences. Negative external industry factors are generally not present. The loan may be secured, unsecured, or supported by non-real estate collateral for which the value is more difficult to determine and/or whose marketability is more uncertain. This category also includes “Watch” loans, where the primary source of repayment has been delayed. The “Watch” risk rating is intended to be a transitional grade, with either an upgrade or downgrade within a reasonable period.

Special Mention: Potential weaknesses that deserve close attention. If left uncorrected, those potential weaknesses may result in deterioration of the payment prospects for the asset. Special Mention assets do not present sufficient risk to warrant adverse classification.

Substandard: Inadequately protected by either the current sound worth and paying capacity of the obligor or the collateral pledged, if any. A Substandard asset has well-defined weaknesses that jeopardize the liquidation of the debt. Substandard assets are characterized by the distinct possibility that we will sustain some loss if such weaknesses or deficiencies are not corrected. Well-defined weaknesses include adverse trends or developments in the borrower’s financial condition, managerial weaknesses, and/or significant collateral deficiencies.

Doubtful: Critical weaknesses that make collection or liquidation in full improbable. There may be specific pending events that work to strengthen the asset; however, the amount or timing of the loss may not be determinable. Pending events generally occur within one year of the asset being classified as Doubtful. Examples include: merger, acquisition, or liquidation; capital injection; guarantee; perfecting liens on additional collateral; and refinancing. Such loans are placed on non-accrual status and are usually collateral-dependent.

We regularly review our credits for the accuracy of risk grades whenever we receive new information and at each quarterly and year-end reporting period. Borrowers are generally required to submit financial information at regular intervals. Typically, commercial borrowers with lines of credit are required to submit financial information with reporting intervals ranging from monthly to annually depending on credit size, risk and complexity. In addition, investor commercial real estate borrowers with loans exceeding a certain dollar threshold are usually required to submit rent rolls or property income statements annually. We monitor construction loans monthly. We review home equity and other consumer loans based on delinquency. We also review loans graded “Watch” or worse, regardless of loan type, no less than quarterly.

The following tables present the loan portfolio by loan portfolio class, origination/renewal year and internal risk rating as of December 31, 2025 and 2024. The current year vintage table reflects gross charge-offs by portfolio class and year of origination. Generally, existing term loans that were re-underwritten are reflected in the table in the year of renewal. Lines of credit that have a conversion feature at the time of origination, such as construction to perm loans, are presented by year of origination.

(in thousands)	Term Loans - Amortized Cost by Origination Year						Revolving Loans	
December 31, 2025	2025	2024	2023	2022	2021	Prior	Amortized Cost	Total
Commercial and industrial:								
Pass and Watch	$ 32,723	$ 5,735	$ 15,069	$ 6,002	$ 632	$ 22,238	$ 62,490	$ 144,889
Special Mention	1,002	2,392	—	—	—	102	10,925	14,421
Substandard	19	520	—	—	—	—	49	588
Total commercial and industrial	$ 33,744	$ 8,647	$ 15,069	$ 6,002	$ 632	$ 22,340	$ 73,464	$ 159,898
Gross current period charge-offs	$ (14)	$ —	$ —	$ —	$ —	$ —	$ (103)	$ (117)
Commercial real estate, owner-occupied:								
Pass and Watch	$ 25,844	$ 12,158	$ 11,858	$ 35,709	$ 42,288	$ 132,766	$ 284	$ 260,907
Special Mention	7,275	—	367	4,092	18,153	14,461	—	44,348
Substandard	1,513	—	—	3,137	—	314	—	4,964
Total commercial real estate, owner-occupied	$ 34,632	$ 12,158	$ 12,225	$ 42,938	$ 60,441	$ 147,541	$ 284	$ 310,219
Commercial real estate, non-owner occupied:								
Pass and Watch	$ 238,253	$ 99,947	$ 53,969	$ 155,608	$ 189,703	$ 531,672	$ 12,022	$ 1,281,174
Special Mention	21,857	—	—	—	—	37,399	—	59,256
Substandard	—	—	—	—	—	25,821	—	25,821
Total commercial real estate, non-owner occupied	$ 260,110	$ 99,947	$ 53,969	$ 155,608	$ 189,703	$ 594,892	$ 12,022	$ 1,366,251
Gross current period charge-offs	$ —	$ —	$ —	$ —	$ (809)	$ —	$ —	$ (809)
Construction:								
Pass and Watch	$ 4,602	$ 10,499	$ —	$ —	$ —	$ —	$ —	$ 15,101
Total construction	$ 4,602	$ 10,499	$ —	$ —	$ —	$ —	$ —	$ 15,101
Home equity:								
Pass and Watch	$ 97	$ 44	$ 13	$ —	$ —	$ 630	$ 97,976	$ 98,760
Substandard	—	—	—	—	—	161	301	462
Total home equity	$ 97	$ 44	$ 13	$ —	$ —	$ 791	$ 98,277	$ 99,222
Other residential:								
Pass and Watch	$ 2,971	$ 15,899	$ 15,479	$ 17,745	$ 9,280	$ 49,168	$ —	$ 110,542
Substandard	—	—	72	—	—	—	—	72
Total other residential	$ 2,971	$ 15,899	$ 15,551	$ 17,745	$ 9,280	$ 49,168	$ —	$ 110,614
Installment and other consumer:								
Pass and Watch	$ 10,515	$ 13,253	$ 9,858	$ 8,057	$ 6,553	$ 9,447	$ 1,661	$ 59,344
Substandard	—	—	176	—	—	28	—	204
Total installment and other consumer	$ 10,515	$ 13,253	$ 10,034	$ 8,057	$ 6,553	$ 9,475	$ 1,661	$ 59,548
Gross current period charge-offs	$ —	$ —	$ —	$ —	$ —	$ (15)	$ (1)	$ (16)
Total loans:								
Pass and Watch	$ 315,005	$ 157,535	$ 106,246	$ 223,121	$ 248,456	$ 745,921	$ 174,433	$ 1,970,717
Total Special Mention	$ 30,134	$ 2,392	$ 367	$ 4,092	$ 18,153	$ 51,962	$ 10,925	$ 118,025
Total Substandard	$ 1,532	$ 520	$ 248	$ 3,137	$ —	$ 26,324	$ 350	$ 32,111
Totals	$ 346,671	$ 160,447	$ 106,861	$ 230,350	$ 266,609	$ 824,207	$ 185,708	$ 2,120,853
Total gross current period charge-offs	$ (14)	$ —	$ —	$ —	$ (809)	$ (15)	$ (104)	$ (942)

(in thousands)	Term Loans - Amortized Cost by Origination Year						Revolving Loans	
December 31, 2024	2024	2023	2022	2021	2020	Prior	Amortized Cost	Total
Commercial and industrial:								
Pass and Watch	$ 9,951	$ 20,282	$ 7,742	$ 1,371	$ 2,650	$ 27,487	$ 71,212	$ 140,695
Special Mention	598	—	—	—	5	221	7,286	8,110
Substandard	—	—	2,793	—	—	—	665	3,458
Total commercial and industrial	$ 10,549	$ 20,282	$ 10,535	$ 1,371	$ 2,655	$ 27,708	$ 79,163	$ 152,263
Commercial real estate, owner-occupied:								
Pass and Watch	$ 14,638	$ 13,386	$ 43,381	$ 44,536	$ 41,160	$ 130,197	$ 169	$ 287,467
Special Mention	—	378	—	18,870	804	9,499	—	29,551
Substandard	—	—	2,110	—	—	2,834	—	4,944
Total commercial real estate, owner-occupied	$ 14,638	$ 13,764	$ 45,491	$ 63,406	$ 41,964	$ 142,530	$ 169	$ 321,962
Commercial real estate, non-owner occupied:								
Pass and Watch	$ 119,053	$ 64,906	$ 162,804	$ 196,661	$ 179,060	$ 442,574	$ 9,178	$ 1,174,236
Special Mention	18,343	—	2,736	2,097	729	39,888	—	63,793
Substandard	—	497	—	2,127	—	32,943	—	35,567
Total commercial real estate, non-owner occupied	$ 137,396	$ 65,403	$ 165,540	$ 200,885	$ 179,789	$ 515,405	$ 9,178	$ 1,273,596
Construction:								
Pass and Watch	$ 18,128	$ —	$ 11,380	$ —	$ —	$ —	$ —	$ 29,508
Special Mention	7,462	—	—	—	—	—	—	7,462
Total construction	$ 25,590	$ —	$ 11,380	$ —	$ —	$ —	$ —	$ 36,970
Home equity:								
Pass and Watch	$ 94	$ 13	$ —	$ —	$ —	$ 968	$ 86,337	$ 87,412
Substandard	—	—	—	—	—	174	739	913
Total home equity	$ 94	$ 13	$ —	$ —	$ —	$ 1,142	$ 87,076	$ 88,325
Other residential:								
Pass and Watch	$ 35,390	$ 17,267	$ 19,682	$ 12,989	$ 24,378	$ 33,501	$ —	$ 143,207
Total other residential	$ 35,390	$ 17,267	$ 19,682	$ 12,989	$ 24,378	$ 33,501	$ —	$ 143,207
Installment and other consumer:								
Pass and Watch	$ 17,525	$ 15,429	$ 10,841	$ 7,798	$ 2,788	$ 10,901	$ 1,429	$ 66,711
Substandard	—	—	—	207	—	15	—	222
Total installment and other consumer	$ 17,525	$ 15,429	$ 10,841	$ 8,005	$ 2,788	$ 10,916	$ 1,429	$ 66,933
Total loans:								
Pass and Watch	$ 214,779	$ 131,283	$ 255,830	$ 263,355	$ 250,036	$ 645,628	$ 168,325	$ 1,929,236
Total Special Mention	$ 26,403	$ 378	$ 2,736	$ 20,967	$ 1,538	$ 49,608	$ 7,286	$ 108,916
Total Substandard	$ —	$ 497	$ 4,903	$ 2,334	$ —	$ 35,966	$ 1,404	$ 45,104
Totals	$ 241,182	$ 132,158	$ 263,469	$ 286,656	$ 251,574	$ 731,202	$ 177,015	$ 2,083,256

The following table shows the amortized cost of loans by portfolio class, payment aging and non-accrual status as of December 31, 2025 and 2024.

Loan Aging Analysis by Portfolio Class

(in thousands)	Commercial and industrial	Commercial real estate, owner-occupied	Commercial real estate, non-owner occupied	Construction	Home equity	Other residential	Installment and other consumer	Total
December 31, 2025								
30-59 days past due	$ 76	$ —	$ —	$ —	$ 381	$ —	$ 1,070	$ 1,527
60-89 days past due	66	—	1,250	—	—	—	—	1,316
90 days or more past due [1]	19	77	8,118	—	—	72	204	8,490
Total past due	161	77	9,368	—	381	72	1,274	11,333
Current	159,737	310,142	1,356,882	15,102	98,841	110,542	58,274	2,109,520
Total loans [1]	$ 159,898	$ 310,219	$ 1,366,250	$ 15,102	$ 99,222	$ 110,614	$ 59,548	$ 2,120,853
Non-accrual loans [2]	$ 524	$ 314	$ 25,387	$ —	$ 401	$ 72	$ 204	$ 26,902
Non-accrual loans with no allowance	$ —	$ 314	$ 8,822	$ —	$ 401	$ —	$ 204	$ 9,741
December 31, 2024								
30-59 days past due	$ 203	$ 208	$ 718	$ —	$ 738	$ —	$ 415	$ 2,282
60-89 days past due	—	559	—	—	186	—	7	752
90 days or more past due [1]	2,793	113	10,742	—	248	—	8	13,904
Total past due	2,996	880	11,460	—	1,172	—	430	16,938
Current	149,267	321,082	1,262,136	36,970	87,153	143,207	66,503	2,066,318
Total loans [1]	$ 152,263	$ 321,962	$ 1,273,596	$ 36,970	$ 88,325	$ 143,207	$ 66,933	$ 2,083,256
Non-accrual loans [2]	$ 2,845	$ 1,537	$ 28,525	$ —	$ 752	$ —	$ 222	$ 33,881
Non-accrual loans with no allowance	$ —	$ 1,537	$ 497	$ —	$ 752	$ —	$ 207	$ 2,993

[1] There were no non-performing loans past due more than ninety days and accruing interest at December 31, 2025 and 2024.

[2] None of the non-accrual loans as of December 31, 2025 or 2024 were earning interest on a cash basis. We recognized no interest income on non-accrual loans in 2025, 2024, or 2023. Accrued interest of $53 thousand, $530 thousand, and $206 thousand was reversed from interest income for the loans that were placed on non-accrual status in 2025, 2024, and 2023, respectively.

Collateral Dependent Loans

The following table presents the amortized cost basis of individually analyzed collateral-dependent loans, which were all on non-accrual status, by portfolio class and collateral type as of December 31, 2025 and 2024.

	Amortized Cost by Collateral Type				
(in thousands)	Commercial Real Estate	Residential Real Estate	Other	Total[1]	Allowance for Credit Losses
December 31, 2025					
Commercial real estate, owner-occupied	314	—	—	314	—
Commercial real estate, non-owner occupied	25,387	—	—	25,387	7,226
Home equity	—	401	—	401	—
Other residential	—	72	—	72	18
Total	$ 25,701	$ 473	$ —	$ 26,174	$ 7,244
December 31, 2024					
Commercial and industrial	$ 52	$ —	$ —	$ 52	$ 52
Commercial real estate, owner-occupied	1,537	—	—	1,537	—
Commercial real estate, non-owner occupied	28,525	—	—	28,525	7,933
Home equity	—	752	—	752	—
Installment and other consumer	—		222	222	15
Total	$ 30,114	$ 752	$ 222	$ 31,088	$ 8,000

[1] There were no collateral-dependent residential real estate mortgage loans in process of foreclosure or in substance repossessed at December 31, 2025 and 2024.

The weighted average loan-to-value of collateral-dependent loans was approximately 106% and 115% at December 31, 2025 and 2024, respectively.

Loan Modifications to Borrowers Experiencing Financial Difficulty

The following table summarizes the amortized cost of loans as of December 31, 2025 and 2024 modified for borrowers experiencing financial difficulty during the years ended December 31, 2025 and 2024, respectively, by portfolio class and type of modification granted.

(in thousands)	Term Extension	Multiple Modifications	Total Modifications	Percent of Portfolio Class Total
December 31, 2025				
Commercial and industrial	$ —	$ 505	$ 505	0.3 %
Commercial real estate, owner-occupied	1,513	$ —	1,513	0.5 %
Commercial real estate, non-owner occupied	3,371	$ —	3,371	0.3 %
Total	$ 4,884	$ 505	$ 5,389	
December 31, 2024				
Home equity	$ 188	$ —	$ 188	0.2 %
Total	$ 188	$ —	$ 188	

As of December 31, 2025 and 2024, there were no unfunded loan commitments for loans that were modified during the periods presented.

The following table summarizes the financial effect of loan modifications presented in the table above during the years ended December 31, 2025 and 2024 by portfolio class.

(in thousands)	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in years)
Year ended December 31, 2025		
Commercial and industrial	4.8 %	1.7
Commercial real estate, owner-occupied	—	0.5
Commercial real estate, non-owner occupied	—	1.2
Year ended December 31, 2024		
Home equity	—	6.6

The loan modifications did not significantly impact the determination of the allowance for credit losses on loans during the years ended December 31, 2025 and 2024.

The Bank closely monitors the performance of the modified loans to understand the effectiveness of its modification efforts. The following table summarizes the amortized cost and payment status of loans as of December 31, 2025 and 2024 that were modified during the years ended December 31, 2025 and 2024, respectively, by portfolio class.

(in thousands)	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total	Non-Accrual
December 31, 2025						
Commercial and industrial	$ 505	$ —	$ —	$ —	$ 505	$ 505
Commercial real estate, owner-occupied	1,513	—	—	—	1,513	$ —
Commercial real estate, non-owner occupied	3,371	—	—	—	3,371	$ 708
Total	$ 5,389	$ —	$ —	$ —	$ 5,389	$ 1,213
December 31, 2024						
Home equity	$ 188	$ —	$ —	$ —	$ 188	$ 113
Total	$ 188	$ —	$ —	$ —	$ 188	$ 113

There were no loans to borrowers experiencing financial difficulty that were modified within the previous twelve months that had subsequently defaulted (i.e., fully or partially charged-off or became 90 days or more past due).

Allocation of the Allowance for Credit Losses on Loans

The following table presents the details of the allowance for credit losses on loans segregated by loan portfolio class as of December 31, 2025 and 2024.

Allocation of the Allowance for Credit Losses on Loans

(in thousands)	Commercial and industrial	Commercial real estate, owner-occupied	Commercial real estate, non-owner occupied	Construction	Home equity	Other residential	Installment and other consumer	Unallocated	Total
December 31, 2025									
Modeled expected credit losses	$ 1,512	$ 1,553	$ 8,449	$ 38	$ 736	$ 1,059	$ 697	$ —	$ 14,044
Qualitative adjustments	522	901	5,802	161	67	2	106	1,185	8,746
Specific allocations	55	—	7,226	—	—	18	—	—	7,299
Total	$ 2,089	$ 2,454	$ 21,477	$ 199	$ 803	$ 1,079	$ 803	$ 1,185	$ 30,089
December 31, 2024									
Modeled expected credit losses	$ 759	$ 1,241	$ 7,632	$ 41	$ 620	$ 1,133	$ 625	$ —	$ 12,051
Qualitative adjustments	672	1,120	6,528	597	64	8	268	1,255	10,512
Specific allocations	145	—	7,933	—	—	—	15	—	8,093
Total	$ 1,576	$ 2,361	$ 22,093	$ 638	$ 684	$ 1,141	$ 908	$ 1,255	$ 30,656

The $567 thousand decrease in the allowance for credit losses on loans in 2025 was largely due to the charge-off of $809 thousand in the first quarter of 2025 of an acquired commercial non-owner occupied real estate loan that the Bank had previously reserved $449 thousand for as of December 31, 2024. This was offset by a provision totaling $375 thousand in 2025 impacted by modest deterioration in Moody's economic forecasts, a loss driver analysis peer group update, and pooled loan growth, partially offset by qualitative risk factor improvements in areas including staff experience and classified/delinquent/non-accrual loans and specific reserve adjustments.

The $5.5 million increase in the allowance for credit losses on loans in 2024 was largely due to the specific allowance increase of $6.7 million. This was mainly due to the increased reserve of $5.2 million for one non-owner occupied commercial real estate loan totaling $16.7 million that, although current, had experienced a deterioration in the collateral value and, therefore, a material increase in the loan-to-value.

Allowance for Credit Losses on Loans Rollforward

The following table discloses activity in the allowance for credit losses for the periods presented.

Allowance for Credit Losses on Loans Rollforward

(in thousands)	Commercial and industrial	Commercial real estate, owner-occupied	Commercial real estate, non-owner occupied	Construction	Home equity	Other residential	Installment and other consumer	Unallocated	Total
Year ended December 31, 2025									
Beginning balance	$ 1,576	$ 2,361	$ 22,093	$ 638	$ 684	$ 1,141	$ 908	$ 1,255	$ 30,656
(Reversal) provision	630	93	193	(439)	119	(62)	(89)	(70)	375
(Charge-offs)	(117)	—	(809)	—	—	—	(16)	—	(942)
Recoveries	—	—	—	—	—	—	—	—	—
Ending balance	$ 2,089	$ 2,454	$ 21,477	$ 199	$ 803	$ 1,079	$ 803	$ 1,185	$ 30,089
Year ended December 31, 2024									
Beginning balance	$ 1,712	$ 2,476	$ 14,933	$ 1,832	$ 552	$ 653	$ 976	$ 2,038	$ 25,172
(Reversal) provision	(116)	(115)	7,152	(1,194)	132	488	(14)	(783)	5,550
(Charge-offs)	(41)	—	—	—	—	—	(58)	—	(99)
Recoveries	21	—	8	—	—	—	4	—	33
Ending balance	$ 1,576	$ 2,361	$ 22,093	$ 638	$ 684	$ 1,141	$ 908	$ 1,255	$ 30,656
Year ended December 31, 2023									
Beginning balance	$ 1,794	$ 2,487	$ 12,676	$ 1,937	$ 558	$ 595	$ 868	$ 2,068	$ 22,983
Provision (reversal)	(100)	395	2,257	(130)	(6)	58	131	(30)	2,575
(Charge-offs)	(11)	(406)	—	—	—	—	(24)	—	(441)
Recoveries	29	—	—	25	—	—	1	—	55
Ending balance	$ 1,712	$ 2,476	$ 14,933	$ 1,832	$ 552	$ 653	$ 976	$ 2,038	$ 25,172

Pledged Loans

Our FHLB line of credit is secured under terms of a blanket collateral agreement by a pledge of certain qualifying loans with unpaid principal balances of $1.396 billion and $1.351 billion at December 31, 2025 and 2024, respectively. In addition, we pledged eligible TIC loans, which totaled $97.2 million and $110.0 million at December 31, 2025 and 2024, respectively, to secure our borrowing capacity with the Federal Reserve Bank ("FRB"). For additional information, see Note 7, Borrowings.

Related Party Loans

The Bank has, and expects to have in the future, banking transactions in the ordinary course of its business with directors, officers, principal shareholders and their businesses or associates. These transactions, including loans, are granted on substantially the same terms, including interest rates and collateral on loans, as those prevailing at the same time for comparable transactions with persons not related to us. Likewise, these transactions do not involve more than the normal risk of collectability or present other unfavorable features.

The following table shows changes in net loans to related parties for each of the three years ended December 31, 2025, 2024 and 2023.

(in thousands)	2025	2024	2023
Balance at beginning of year	$ 4,132	$ 5,832	$ 6,445
Additions	—	1,425	—
Repayments	(91)	(3,125)	(613)
Reclassified due to a change in borrower status	(416)	—	—
Balance at end of year	$ 3,625	$ 4,132	$ 5,832

Undisbursed commitments to related parties totaled $10 thousand and $211 thousand as of December 31, 2025 and 2024, respectively.

Note 4: Bank Premises and Equipment

A summary of bank premises and equipment follows:

	December 31,	
(in thousands)	2025	2024
Leasehold improvements	$ 17,442	$ 16,762
Furniture and equipment	10,789	10,544
Buildings	1,292	1,261
Land	1,170	1,170
Finance lease right-of-use assets [1]	766	616
Subtotal	31,459	30,353
Accumulated depreciation and amortization	(23,400)	(23,521)
Bank premises and equipment, net	$ 8,059	$ 6,832

[1] See Note 12, Commitments and Contingencies, for more information.

The amount of depreciation and amortization totaled $1.3 million, $1.5 million, and $2.1 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Note 5: Bank Owned Life Insurance

We own life insurance policies on the lives of certain current and former officers designated by the Board of Directors to fund our employee benefit programs. Death benefits, including gross amounts under split dollar agreements, were estimated to be $132.7 million as of December 31, 2025. Generally, under split dollar agreements, the benefits to the employees' beneficiaries are limited to each employee's active service period. The investments in BOLI policies are reported at their cash surrender value, net of surrender charges, of $71.3 million and $71.0 million at December 31, 2025 and 2024, respectively. The cash surrender value includes both the original premiums paid for the life insurance policies and the accumulated accretion of policy income since the inception of the policies, net of mortality costs and other fees. Earnings on BOLI totaled $1.8 million, $1.7 million and $1.5 million in 2025, 2024 and 2023, respectively. Earnings for death benefit proceeds in excess of the cash surrender values of the BOLI policies of $306 thousand in 2025 and $313 thousand in 2023. There were no death benefit proceeds in 2024. We regularly monitor the financial information and credit ratings of our insurance carriers to ensure that they are creditworthy and comply with our policy.

Note 6: Deposits

A stratification of time deposits is presented in the following table:

	December 31,	
(in thousands)	2025	2024
Time deposits of less than or equal to $250 thousand	$ 102,371	$ 134,068
Time deposits of more than $250 thousand	103,315	108,309
Total time deposits	$ 205,686	$ 242,377

Interest on time deposits was $6.4 million, $9.3 million, and $4.7 million in 2025, 2024 and 2023, respectively.

Scheduled maturities of time deposits at December 31, 2025 are as follows:

(in thousands)	2026	2027	2028	2029	2030	Thereafter	Total
Scheduled time deposit maturities	$ 198,180	$ 3,486	$ 2,287	$ 802	$ 932	$ —	$ 205,686

As of December 31, 2025, $311.5 million in securities were pledged as collateral for our local agency deposits.

The aggregate amount of deposit overdrafts that have been reclassified as loan balances was $282 thousand and $393 thousand at December 31, 2025 and 2024, respectively.

The Bank accepts deposits from shareholders, members of the board of directors, and employees in the normal course of business, and the terms are comparable to those with non-affiliated parties. The total deposits from board directors and their businesses, and executive officers were $13.5 million and $18.0 million at December 31, 2025 and 2024, respectively.

Note 7: Borrowings and Other Obligations

Federal Home Loan Bank: The Bank had lines of credit with the FHLB totaling $967.2 million and $948.1 million as of December 31, 2025 and 2024, respectively, based on the eligible collateral of certain loans and investment securities.

Federal Funds Lines of Credit: The Bank had unsecured lines of credit with correspondent banks for overnight borrowings totaling $140.0 million and $125.0 million as of December 31, 2025 and 2024, respectively. In general, interest rates on these lines approximate the federal funds effective rate.

Federal Reserve Bank: The Bank had a line of credit through the Discount Window at the Federal Reserve Bank of San Francisco ("FRBSF") totaling $344.7 million as of December 31, 2025, secured by investment securities and residential loans. As of December 31, 2024, the Bank had a line of credit through the Discount Window totaling $358.0 million, secured by investment securities and residential loans.

Subordinated Notes: On November 19, 2025, the Company issued Fixed-to-Floating Subordinated Notes (“2035 Notes”) of $45.0 million with a final maturity date of December 1, 2035, to certain investors in a private placement. The 2035 Notes have an initial fixed interest rate of 6.75% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, commencing on June 1, 2026. See Note 13: Subordinated Notes.

Other Obligations: Finance lease liabilities totaling $709 thousand and $154 thousand at December 31, 2025 and 2024, respectively, are included in borrowings and other obligations in the Consolidated Statements of Condition. Refer to Note 12, Commitments and Contingencies, for additional information.

The carrying values, average balances and average rates on borrowings and other obligations as of and for the years ended December 31, 2025, 2024 and 2023 are summarized in the following table.

	2025			2024			2023		
(dollars in thousands)	Carrying Value	Average Balance	Average Rate	Carrying Value	Average Balance	Average Rate	Carrying Value	Average Balance	Average Rate
FHLB short-term borrowings	$ —	$ —	— %	$ —	$ 119	5.52 %	$ —	$ 164,299	5.10 %
FHLB fixed-rate advances	—	—	— %	—	—	— %	—	—	— %
Federal funds lines of credit	—	—	— %	—	—	— %	—	—	— %
FRBSF advances - Discount Window	—	—	— %	—	2,680	5.42 %	—	—	— %
FRBSF short-term borrowings under the BTFP	—	—	— %	—	1,607	5.00 %	26,000	56,959	5.30 %
Subordinated notes	43,857	5,189	6.98 %	—	—	— %	—	$ —	— %
Other obligations (finance leases)	709	253	3.52 %	154	222	2.23 %	298	$ 364	1.88 %
Total borrowings and other obligations	$ 44,566	$ 5,442	6.82 %	$ 154	$ 4,628	5.13 %	$ 26,298	$ 221,623	5.15 %

Note 8: Stockholders' Equity and Stock Plans

Share-Based Awards

The 2020 Director Stock Plan (the "Plan") provides for the payment of director fees in common shares of Bancorp's common stock not to exceed 250,000 shares and a way for directors to purchase shares at fair market value. During 2025, 2024 and 2023 we issued 19,763, 27,287 and 18,362 shares of common stock, respectively, for director payments. As of December 31, 2025, 162,592 shares were available for future director fees and purchases.

The 2017 Employee Stock Purchase Plan ("ESPP") gives our employees an opportunity to purchase Bancorp's common shares through payroll deductions of between one and fifteen percent of their pay. Shares are purchased

quarterly at a five percent discount from the closing market price on the last day of the quarter. As of December 31, 2025, 369,200 shares were available for future purchases under the ESPP.

Under the 2017 Equity Plan, the Compensation Committee of the Board of Directors has the discretion to determine, among other things, which employees, advisors and non-employee directors will receive share-based awards, the number and timing of awards, the vesting schedule for each award, and the type of award to be granted. As of December 31, 2025, there were 687,955 shares available for future grants to employees, advisors and non-employee directors. Options are issued at an exercise price equal to the fair value of the stock at the date of grant. Options granted to officers and employees generally vest by one-third on each anniversary of the grant for three years and expire ten years from the grant date. Options granted to non-employee directors vest immediately and expire ten years from the grant date. Stock options and restricted stock may be net settled in a cashless exercise by a reduction in the number of shares otherwise deliverable upon exercise or vesting in satisfaction of the exercise payment and/or applicable tax withholding requirements. Shares withheld under net settlement arrangements are available for future grants. The table below depicts the total number of shares, amount, and weighted average price withheld for cashless exercises in each of the respective years.

	December 31, 2025	December 31, 2024	December 31, 2023
Number of shares withheld	4,325	3,798	3,132
Total amount withheld (in thousands)	$ 103	$ 64	$ 86
Weighted-average price	$ 23.93	$ 16.89	$ 27.57

Performance-based stock awards (restricted stock) are issued to a selected group of employees under the 2017 Equity Plan. Stock award vesting is contingent upon the achievement of pre-established long-term performance goals set by the Compensation Committee of the Board of Directors. Performance is measured over a three-year period and cliff vested. These performance-based stock awards were granted at a maximum opportunity level, and based on the achievement of the pre-established goals, the actual payouts can range from 0% to 200% of the target award. For performance-based stock awards, an estimate is made of the number of shares expected to vest based on the probability that the performance criteria will be met to determine the amount of compensation expense to be recognized. The estimate is re-evaluated quarterly, and total compensation expense is adjusted for any change in the current period.

A summary of stock option activity for the years ended December 31, 2025, 2024, and 2023 is presented in the following table. The intrinsic value of options outstanding and exercisable is calculated as the number of in-the-money options times the difference between the market price of our stock and the exercise prices of the in-the-money options as of each year-end period presented.

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)	Weighted Average Grant-Date Fair Value	Weighted Average Remaining Contractual Term (in years)
Options outstanding at December 31, 2022	329,705	$ 33.22	$ 813		5.59
Granted	10,040	32.54		8.49	
Cancelled, expired or forfeited	(23,804)	35.06			
Exercised	(12,164)	20.25	88		
Options outstanding at December 31, 2023	303,777	33.22	1		4.86
Exercisable (vested) at December 31, 2023	283,578	33.46	1		4.65
Options outstanding at December 31, 2023	303,777	33.22	1		4.86
Cancelled, expired or forfeited	(25,594)	29.81			
Options outstanding at December 31, 2024	278,183	33.92	2		3.93
Exercisable (vested) at December 31, 2024	273,242	33.46	1		3.87
Options outstanding at December 31, 2024	278,183	33.92	2		3.93
Cancelled, expired or forfeited	(64,539)	29.61			
Options outstanding at December 31, 2025	213,644	35.22	33		3.52
Exercisable (vested) at December 31, 2025	213,644	35.22	33		3.52

A summary of the options outstanding and exercisable by price range as of December 31, 2025 is presented in the following table:

Range of Exercise Prices	Stock Options Outstanding as of December 31, 2025			Stock Options Exercisable as of December 31, 2025	
	Stock Options Outstanding	Remaining Contractual Life (in years)	Weighted Average Exercise Price	Stock Options Exercisable	Weighted Average Exercise Price
$10.00 - $20.00	402	1.05	$ 19.96	402	$ 19.96
$20.01 - $30.00	24,930	0.18	24.76	24,930	24.76
$30.01 - $40.00	134,914	4.10	34.54	134,914	34.54
$40.01 - $50.00	53,398	3.65	41.95	53,398	41.95
	213,644			213,644	

The following table summarizes non-vested restricted stock awards and changes during the years ended December 31, 2025, 2024, and 2023.

	Number of Shares	Weighted Average Grant-Date Fair Value
Non-vested awards at December 31, 2022	82,366	$ 36.28
Granted	61,978	27.10
Vested	(15,768)	36.24
Cancelled or forfeited	(21,024)	36.86
Non-vested awards at December 31, 2023	107,552	30.88
Granted	106,964	16.61
Vested	(20,832)	31.76
Cancelled or forfeited	(42,396)	26.97
Non-vested awards at December 31, 2024	151,288	21.77
Granted	98,620	23.96
Vested	(31,711)	23.07
Cancelled or forfeited	(17,514)	30.27
Non-vested awards at December 31, 2025	200,683	21.90

We determine the fair value of stock options at the grant date using the Black-Scholes pricing model that takes into account the stock price at the grant date, exercise price, and the following assumptions (weighted-average shown). There were no options granted during the year ended 2025 or 2024.

	Years ended December 31,		
	2025	2024	2023
Risk-free interest rate	N/A	N/A	3.94 %
Expected dividend yield on common stock	N/A	N/A	3.07 %
Expected life in years	N/A	N/A	5.0
Expected price volatility	N/A	N/A	34.68 %

The fair value of stock options as of the grant date is recorded as stock-based compensation expense in the consolidated statements of comprehensive income (loss) over the requisite service period, which is generally the vesting period, with a corresponding increase in common stock. Stock-based compensation also includes compensation expense related to the issuance of restricted stock awards. The grant-date fair value of the restricted stock awards, which equals the grant date price, is recorded as compensation expense over the requisite service period with a corresponding increase in common stock as the shares vest. Stock options and restricted stock awards issued include a retirement eligibility clause whereby the requisite service period is satisfied at the retirement eligibility date. For those awards, we accelerate the recording of stock-based compensation when the award holder is eligible to retire. However, retirement eligibility does not affect the vesting of restricted stock or the exercisability of the stock options, which are based on the scheduled vesting period. Total compensation expense for stock options and restricted stock awards was $815 thousand, $622 thousand, and $522 thousand during 2025, 2024, and 2023, respectively, and the total recognized deferred tax benefits related thereto were $242 thousand, $206 thousand, and $146 thousand, respectively.

As of December 31, 2025, there was $1.6 million of total unrecognized compensation expense related to non-vested stock options and restricted stock awards, which is expected to be recognized over a weighted-average period of approximately 2.2 years. The total grant-date fair value of stock options vested during the years ended December 31, 2025, 2024, and 2023 was $41 thousand, $100 thousand, and $255 thousand, respectively. The total grant-date fair value of restricted stock awards vested during the years ended December 31, 2025, 2024, and 2023 was $760 thousand, $355 thousand, and $428 thousand, respectively.

We record excess tax benefits (deficiencies) resulting from the exercise of non-qualified stock options, the disqualifying disposition of incentive stock options and vesting of restricted stock awards as income tax benefits (expense) in the consolidated statements of comprehensive income (loss), with a corresponding decrease (increase) to current taxes payable. In 2025 and 2023 we recognized $6 thousand and $2 thousand, respectively, in excess tax benefits recorded as a reduction to income tax expense related to these types of transactions while in 2024 we recognized none. The tax benefits realized from disqualifying dispositions of incentive stock options were recognized in tax expense to the extent of the book compensation cost recorded.

Dividends

Presented below is a summary of cash dividends paid in the years ended December 31, 2025, 2024, and 2023 to common shareholders, recorded as a reduction from retained earnings. On January 22, 2026, the Board of Directors declared a $0.25 per share cash dividend, paid on February 12, 2026 to the shareholders of record at the close of business on February 5, 2026.

	Years ended December 31,		
(in thousands except per share data)	2025	2024	2023
Cash dividends to common stockholders	$ 16,126	$ 16,197	$ 16,106
Cash dividends per common share	$ 1.00	$ 1.00	$ 1.00

Holders of unvested restricted stock awards are entitled to dividends at the same per-share ratio as holders of common stock. Tax benefits for dividends paid on unvested restricted stock awards are recorded as tax benefits in the consolidated statements of comprehensive income (loss) with a corresponding decrease to current taxes payable. Dividends on forfeited awards are included in stock-based compensation expense.

Under the California Corporations Code, payment of dividends by Bancorp to its shareholders is restricted to the amount of retained earnings immediately prior to the distribution or the amount of assets that exceeds the total liabilities immediately after the distribution. As of December 31, 2025, Bancorp's retained earnings and total assets that exceeded total liabilities were $198.2 million and $394.7 million, respectively.

Under the California Financial Code, payment of dividends by the Bank to Bancorp generally is restricted to the lesser of retained earnings or the amount of undistributed net profits of the Bank from the three most recent fiscal years. Dividends in excess of that amount may be paid with prior approval of the DFPI. Bancorp held $35.2 million in cash as of December 31, 2025, which is sufficient to meet its cash flow needs, including interest payments on subordinated notes, for the next twelve months.

Share Repurchase Program

Bancorp repurchased 150,000 shares totaling $3.3 million at an average price of $21.93 per share during the year ended December 31, 2025, under our share repurchase program. On July 24, 2025, the Board of Directors authorized the repurchase of up to $25.0 million of its common stock effective July 24, 2025 through July 31, 2027. This stock buyback program replaced the program approved in 2023 which expired July 31, 2025, under which Bancorp repurchased 320,000 shares totaling $6.4 million. Bancorp will continue to assess opportunities to utilize the new program. Bancorp repurchased 220,000 shares totaling $4.3 million at an average price of $19.21 per share in the year ended December 31, 2024, under our share repurchase program that expired on July 31, 2025.

Under the share repurchase program, Bancorp may purchase shares of its common stock through various means, such as open market transactions, including block purchases, and privately negotiated transactions. The number of shares repurchased and the timing, manner, price and amount of any repurchases will be determined at Bancorp's discretion. Factors include, but are not limited to, stock price, trading volume and general market conditions, along

with Bancorp's general business conditions. The program may be suspended or discontinued at any time and does not obligate Bancorp to acquire any specific number of shares of its common stock.

As part of the share repurchase program, Bancorp entered into a trading plan adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. The 10b5-1 trading plan permits common stock to be repurchased at times that might otherwise be prohibited under insider trading laws or self-imposed trading restrictions. The 10b5-1 trading plan is administered by an independent broker and is subject to price, market volume and timing restrictions.

Note 9: Fair Value of Assets and Liabilities

Fair Value Hierarchy and Fair Value Measurement

We group our assets and liabilities that are measured at fair value into three levels within the fair value hierarchy, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Valuations are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuations for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3: Valuations are based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Values are determined using pricing models and discounted cash flow models and may include significant management judgment and estimation.

Transfers between levels of the fair value hierarchy are recognized through our monthly and/or quarterly valuation process in the reporting period during which the event or circumstances that caused the transfer occurred. No such transfers occurred in the years presented.

The following table summarizes our assets and liabilities that were required to be recorded at fair value on a recurring basis.

(in thousands) Description of Financial Instruments	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measurement Categories: Changes in Fair Value Recorded In[1]
December 31, 2025					
Securities available for sale:					
Commercial mortgage-back securities, mortgage-backed securities and collateralized mortgage obligations issued by U.S. government-sponsored agencies	$ 1,250,230	$ —	$ 1,250,230	$ —	OCI
Debentures of government sponsored agencies	$ 23,694	$ —	$ 23,694	$ —	OCI
Obligations of state and political subdivisions	$ 53,888	$ —	$ 53,888	$ —	OCI
Derivative financial assets (interest rate contracts)	$ 148	$ —	$ 148	$ —	NI
Derivative financial liabilities (interest rate contracts)	$ 11	$ —	$ 11	$ —	NI
December 31, 2024					
Securities available for sale:					
Commercial mortgage-back securities, mortgage-backed securities and collateralized mortgage obligations issued by U.S. government-sponsored agencies	$ 279,838	$ —	$ 279,838	$ —	OCI
SBA-backed securities	$ 308	$ —	$ 308	$ —	OCI
Debentures of government sponsored agencies	$ 7,210	$ —	$ 7,210	$ —	OCI
U.S. Treasury securities	$ 10,815	$ 10,815	$ —	$ —	OCI
Obligations of state and political subdivisions	$ 83,714	$ —	$ 83,714	$ —	OCI
Corporate bonds	$ 5,649	$ —	$ 5,649	$ —	OCI
Derivative financial assets (interest rate contracts)	$ 333	$ —	$ 333	$ —	NI

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

Available-for-sale securities are recorded at fair value on a recurring basis. When available, quoted market prices (Level 1) are used to determine the fair value of available-for-sale securities. Level 1 securities include U.S. Treasury securities. If quoted market prices are not available, we obtain pricing information from a reputable third-party service provider, who may utilize valuation techniques that use current market-based or independently sourced parameters, such as bid/ask prices, dealer-quoted prices, interest rates, benchmark yield curves, prepayment speeds, probability of default, loss severity and credit spreads (Level 2). Level 2 securities include

asset-backed securities, obligations of state and political subdivisions, U.S. agencies or government-sponsored agencies' debt securities, mortgage-backed securities, government agency-issued securities, and corporate bonds. As of December 31, 2025 and 2024, there were no Level 3 securities.

In the fourth quarter of 2025, the Bank reclassified its HTM portfolio into AFS. We did not record any credit loss expense on held-to-maturity securities during 2025 or 2024. Fair value of held-to-maturity securities is determined using the same techniques discussed above for available-for-sale securities. See further discussion on the balance sheet repositioning within Note 2, Investment Securities.

On a recurring basis, derivative financial instruments are recorded at fair value, which is based on the income approach using observable Level 2 market inputs, reflecting market expectations of future interest rates as of the measurement date. Standard valuation techniques are used to calculate the present value of the future expected cash flows assuming an orderly transaction. Valuation adjustments may be made to reflect both our own credit risk and the counterparties' credit risk in determining the fair value of the derivatives. These unobservable inputs are not considered significant inputs to the fair value measurement overall. Level 2 inputs for the valuations are limited to observable market prices for Secured Overnight Financing Rate ("SOFR") and Overnight Index Swap ("OIS") rates (for the very short term), quoted prices for SOFR futures contracts, observable market prices for SOFR and OIS swap rates, and one-month and three-month SOFR basis spreads at commonly quoted intervals. Mid-market pricing of the inputs is used as a practical expedient in fair value measurements. We project spot rates at reset days specified by each swap contract to determine future cash flows, then discount to present value using OIS curves as of the measurement date. When the value of any collateral placed with counterparties is less than the interest rate derivative liability, a credit valuation adjustment ("CVA") is applied to reflect the credit risk we pose to counterparties. We have used the spread between the Standard & Poor's BBB rated U.S. Bank Composite rate and SOFR for the closest maturity term corresponding to the duration of the swaps to derive the CVA. Because there is little to no counterparty risk, we did not incorporate credit adjustments from our assessment of the counterparty credit risk in determining fair value. For further discussion on our methodology for valuing our derivative financial instruments, refer to Note 9, Derivative Financial Instruments and Hedging Activities.

Certain financial assets may be measured at fair value on a non-recurring basis. These assets are subject to fair value adjustments that result from the application of the lower of cost or fair value accounting or write-downs of individual assets, such as individually analyzed loans that are collateral dependent and other real estate owned ("OREO"). As of December 31, 2025 and 2024, we carried assets measured at fair value on a non-recurring basis totalling $18.9 million and $23.1 million, respectively, which were all individually analyzed loans that are collateral dependent (Level 3) net of specific allowances of $7.2 million and $8.0 million, respectively.

Disclosures about Fair Value of Financial Instruments

The table below is a summary of fair value estimates for financial instruments as of December 31, 2025 and 2024, excluding financial instruments recorded at fair value on a recurring basis (summarized in the first table in this note). The carrying amounts in the following table are recorded in the consolidated statements of condition under the indicated captions. Further, we have not disclosed the fair value of financial instruments specifically excluded from disclosure requirements such as bank-owned life insurance policies ("BOLI"), lease obligations and non-maturity deposit liabilities. Additionally, we held shares of Federal Home Loan Bank ("FHLB") of San Francisco stock at cost as of December 31, 2025 and 2024. There were no impairments or changes resulting from observable price changes in orderly transactions for the identical or similar investments of the same issuer as of December 31, 2025 and 2024. See further discussion on values within Note 2, *Investment Securities*.

(in thousands)	December 31, 2025 Carrying Amounts	Fair Value	Fair Value Hierarchy	December 31, 2024 Carrying Amounts	Fair Value	Fair Value Hierarchy
Financial assets (recorded at amortized cost)						
Cash and cash equivalents	$ 225,303	$ 225,303	Level 1	$ 137,304	$ 137,304	Level 1
Investment securities held-to-maturity	—	—	Level 2	879,199	763,535	Level 2
Loans, net of allowance for credit losses	2,090,764	2,043,150	Level 3	2,052,600	1,965,429	Level 3
Interest receivable	11,561	11,561	Level 2	11,934	11,934	Level 2
Financial liabilities (recorded at amortized cost)						
Time deposits	205,686	206,040	Level 2	242,377	243,773	Level 2
Subordinated notes	43,857	44,852	Level 2	—	—	Level 2
Interest payable	2,072	2,072	Level 2	3,019	3,019	Level 2

The fair value of loans is based on exit price techniques and obtained from an independent third-party that uses its proprietary valuation model and methodology and may differ from the actual price from a prospective buyer. The discounted cash flow valuation approach reflects key inputs and assumptions that are unobservable, such as loan probability of default, loss given default, prepayment speed, and market discount rates.

The fair value of fixed-rate time deposits is estimated by discounting future contractual cash flows using discount rates that reflect the current observable market rates offered for time deposits of similar remaining maturities.

The fair value of the subordinated notes are estimated by an independent third-party using a discounted cash flow approach based on current interest rates for similar financial instruments adjusted for credit and liquidity spreads.

The value of off-balance-sheet financial instruments is estimated based on the fee income associated with the commitments, which, in the absence of credit exposure, is considered to approximate their settlement value. The fair value of commitment fees was not material as of December 31, 2025 and 2024.

Note 10: Benefit Plans

Deferred Compensation Plans

We established the Bank of Marin Executive Deferred Compensation Plan, which allows certain key management personnel designated by the Board of Directors of the Bank to defer up to 80% of their salary and 100% of their annual bonus. In addition, we assumed deferred compensation plans for certain members of management and non-employee directors as part of an acquisition in 2021. In 2021, we established a similar Deferred Director Fee Plan, which allows members of the Board of Directors to defer the cash portion of their director compensation. Amounts deferred earn interest equal to the prime rate, as published in the Wall Street Journal, on the first business day of each year, which was 7.5% on January 1, 2025, and 8.5% on January 1, 2024. Benefit payments will generally commence upon separation from service at or after normal retirement age, as elected by the participant.

Our deferred compensation obligations under these plans totaled $5.4 million and $6.0 million at December 31, 2025 and 2024, respectively, and are included in interest payable and other liabilities.

401(k) Defined Contribution Plan

Our 401(k) Defined Contribution Plan (“401(k) Plan”) is available to all regular employees at least eighteen years of age who complete ninety days of service, and participate in the plan beginning on the first day of the calendar quarter that immediately follows the date the participant meets the age and service requirements. Under the 401(k) Plan, employees can defer between 1% and 50% of their eligible compensation, up to the maximum amount allowed by the Internal Revenue Code. The Bank provides an employer-match of 70% of each participant's contribution, with a maximum of $5 thousand per participant per year. Employer matching contributions to the 401(k) Plan vest at a rate of 20% per year over five years. Employer contributions totaled $884 thousand, $875 thousand and $871 thousand for the years ended December 31, 2025, 2024 and 2023, respectively, and are recorded in salaries and employee benefits expense.

Employee Stock Ownership Plan

Our Employee Stock Ownership Plan (“ESOP”) is available to all employees under the same eligibility criteria as the 401(k) Plan; however, employee contributions are not permitted. The Board of Directors determines a specific portion of the Bank's profits to be contributed to the ESOP each year either in common stock or in cash for the purchase of Bancorp stock to be allocated to all eligible employees based on a percentage of their salaries, regardless of whether an employee participates in the 401(k) Plan. For all participants, employer contributions vest over a five-year service period. After five years of service, all future employer contributions vest immediately.

Bancorp issued shares of common stock and contributed them to the ESOP totaling $1.5 million in 2025, $1.1 million in 2024 and $1.3 million in 2023, based on the quoted market price on the date of contribution. Cash dividends paid on Bancorp stock held by the ESOP are used to purchase additional shares in the open market. All shares of Bancorp stock held by the ESOP are included in the calculations of basic and diluted earnings per share. The Company's contributions to the ESOP are included in salaries and benefits expense.

Supplemental Executive Retirement Plans

Supplemental executive retirement plans ("SERPs") have been established for a select group of executive management who, upon retirement, will receive 25% of their estimated salary as salary continuation benefit payments that are fixed between five to fifteen years, depending on the executives' service period. Each participant is required to participate in the plan for five years before vesting begins. After five years, the participant vests ratably in the benefit over the remaining service period until age 65. As part of previous acquisitions, we assumed SERPs for certain former executive officers and directors. These plans are unfunded and nonqualified for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974.

At December 31, 2025 and 2024, respectively, our total liability under the SERPs was $4.8 million and $4.6 million recorded in interest payable and other liabilities.

Note 11: Income Taxes

Pretax income from continuing operations for each of the three years ended December 31 was as follows:

(in thousands)		2025	2024	2023
Domestic	$	(52,483) $	(13,835) $	26,036
Foreign		—	—	—
Total	$	(52,483) $	(13,835) $	26,036

The current and deferred components of the income tax provision for each of the three years ended December 31 are as follows:

(in thousands)		2025	2024	2023
Current tax(benefit) provision				
Federal	$	422 $	(214) $	3,234
State		2	(60)	2,823
Total current tax (benefit) provision		424	(274)	6,057
Deferred tax (benefit) provision				
Federal		(11,302)	(3,520)	319
State		(5,930)	(1,632)	(235)
Foreign		—	—	—
Total deferred tax (benefit) provision		(17,232)	(5,152)	84
Total income tax (benefit) provision	$	(16,808) $	(5,426) $	6,141

The effective tax rate for 2025, 2024 and 2023 differs from the current federal statutory income tax rate as follows:

(in thousands)	2025		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
Federal statutory income tax rate	$ (11,021)	21.00 %	$ (2,908)	21.00 %	$ 5,464	21.00 %
California franchise tax, net of federal tax benefit (a)	(4,681)	8.92 %	(1,342)	9.70 %	2,057	7.90 %
Tax credits						
Low income housing (includes benefits of tax losses, net of amortization	(73)	0.14 %	(68)	0.49 %	(156)	(0.60)%
Other	(21)	0.04 %	(19)	0.14 %	(26)	(0.10)%
Nontaxable or nondeductible items						
Tax-exempt interest, net of TEFRA	(672)	1.28 %	(674)	4.87 %	(807)	(3.10)%
Other	(315)	0.60 %	(55)	0.40 %	—	— %
Other adjustments						
Other	(25)	0.04 %	(360)	2.60 %	(391)	(1.50)%
Taxes at effective rate	$ (16,808)	32.02 %	$ (5,426)	39.20 %	$ 6,141	23.60 %

(a) State taxes in California made up the majority (greater than 50%) of the tax effect in this category.

The following table shows the tax effect of our cumulative temporary differences as of December 31:

(in thousands)	2025	2024
Deferred tax assets:		
Net unrealized losses on securities available-for-sale	$ 7,731	$ 12,624
Net operating loss carryforwards	19,855	9,327
Allowance for credit losses on loans and unfunded loan commitments	9,214	6,404
Operating and finance lease liabilities	7,526	3,137
Deferred compensation and salary continuation plans	3,017	4,353
Accrued but unpaid expenses	2,062	1,644
Interest received on non-accrual loans	831	643
Stock-based compensation	492	639
Tax credit carryforwards	467	396
Charitable contribution carryforwards	394	—
Fair value adjustment on acquired loans	384	—
Depreciation and disposals on premises and equipment	321	81
State franchise tax	—	—
Other	2	269
Total gross deferred tax assets	52,296	39,517
Deferred tax liabilities:		
Operating and finance lease right-of-use assets	(6,856)	(5,669)
Deferred loan origination costs and fees	(1,719)	(1,685)
Core deposit intangible assets	(567)	(825)
Purchase accounting adjustments	(43)	(488)
Other	(167)	(245)
Total gross deferred tax liabilities	(9,352)	(8,912)
Net deferred tax assets	$ 42,944	$ 30,605

As of December 31, 2025, the Bank had net deferred tax assets of approximately $42.9 million. Management evaluates the realizability of its deferred tax assets quarterly by assessing the need for a valuation allowance. In making this assessment, management considers all available positive and negative evidence, including past earnings, forecasted future taxable income, and the reversal of existing taxable temporary differences. Based on this evaluation, management determined that it is more-likely-than-not that the Bank will realize the benefits of its deferred tax assets. Accordingly, no valuation allowance was recorded as of December 31, 2025.

As of December 31, 2025, the Bank had net operating loss carryforwards ("NOLs") for federal income tax purposes of $65.6 million. This NOL is carried forward indefinitely but is limited to 80% of taxable income. In addition, as of December 31, 2025, the Bank had California net operating loss carryforwards of $71.0 million. If not fully utilized, the California NOLs will begin to expire in 2032. As of December 31, 2025, the Bank has general business credit carryforwards compromised of Qualified Zone Academy Bond ("QZAB") and Low Income Housing ("LIH") credits of $68 thousand and $400 thousand, respectfully. The QZAB credits will expire in 2045 if not utilized.

Income taxes paid (net of refunds) for each of the three years ended December 31 were as follows:

(in thousands)		2025	2024	2023
Federal	$	425	$ 860	$ 5,012
State		4	1,385	3,416
Foreign		—	—	—
Total	$	429	$ 2,245	$ 8,428

Income taxes paid (net of refunds) exceeded five percent of total income taxes paid (net of refunds) in the following jurisdictions for each of the three years ended December 31:

(in thousands)		2025	2024	2023
State				
California	$	—	$ 1,385	$ 3,416
New Jersey		4	—	—
Foreign		—	—	—
Total	$	4	$ 1,385	$ 3,416

Bancorp and the Bank have entered into a tax allocation agreement, which provides that income taxes shall be allocated between the parties on a separate entity basis. The intent of this agreement is that each member of the consolidated group will incur no greater tax liability than it would have incurred on a stand-alone basis.

We file a consolidated return in the U.S. federal tax jurisdiction and a combined return in the State of California and in the State of New Jersey. There were no ongoing federal or state income tax examinations at the time of the issuance of this report. We are no longer subject to examinations by tax authorities for years before 2022 for federal income tax and before 2021 for California. At December 31, 2025 and 2024, there were no unrecognized tax benefits, and neither the Bank nor Bancorp had accruals for interest and penalties related to unrecognized tax benefits.

Note 12: Commitments and Contingencies

Leases

We lease premises under long-term non-cancelable operating leases with remaining terms of approximately 3 months to 16 years, 5 months, most of which include escalation clauses and one or more options to extend the lease term, and some of which contain lease termination clauses. Lease terms may include certain renewal options that were considered reasonably certain to be exercised.

We lease certain equipment under finance leases with initial terms of three years to five years. The equipment finance leases do not contain renewal options, bargain purchase options, or residual value guarantees.

The following table shows the balances of operating and finance lease right-of-use assets and lease liabilities as of December 31, 2025 and 2024.

(in thousands)		December 31, 2025		December 31, 2024
Operating leases:				
Operating lease right-of-use assets	$	22,499	$	19,025
Operating lease liabilities		24,747		21,509
Finance leases:				
Finance lease right-of-use assets		766		616
Accumulated amortization		(73)		(467)
Finance lease right-of-use assets, net[1]	$	693	$	149
Finance lease liabilities[2]	$	709	$	154

[1] Included in premises and equipment in the consolidated statements of condition.

[2] Included in borrowings and other obligations in the consolidated statements of condition.

The following table shows supplemental disclosures of noncash investing and financing activities for the years ended December 31, 2025, 2024 and 2023.

(in thousands)		2025		2024		2023
Right-of-use assets obtained in exchange for operating lease liabilities	$	7,738	$	3,034	$	437
Right-of-use assets obtained in exchange for finance lease liabilities	$	682	$	8	$	7

The following table shows components of operating and finance lease cost for the years ended December 31, 2025, 2024 and 2023.

(in thousands)		2025		2024		2023
Operating lease cost[1]	$	4,797	$	4,911	$	5,493
Total operating lease cost	$	4,797	$	4,911	$	5,493
Finance lease cost:						
Amortization of right-of-use assets[2]	$	139	$	148	$	147
Interest on finance lease liabilities[3]		9		5		7
Total finance lease cost	$	148	$	153	$	154
Total lease cost	$	4,945	$	5,064	$	5,647

[1] Included in occupancy and equipment expense in the consolidated statements of comprehensive income (loss).

[2] Included in depreciation and amortization in the consolidated statements of comprehensive income (loss).

[3] Included in interest on borrowings and other obligations in the consolidated statements of comprehensive income (loss).

The following table shows the future minimum lease payments, weighted average remaining lease terms, and weighted average discount rates under operating and finance lease arrangements as of December 31, 2025. The discount rates used to calculate the present value of lease liabilities were based on the collateralized FHLB borrowing rates that were commensurate with lease terms and minimum payments on the lease commencement date.

(in thousands)	December 31, 2025	
Year	Operating Leases	Finance Leases
2026	$ 4,702	$ 193
2027	4,216	188
2028	3,821	183
2029	3,189	183
2030	2,967	15
Thereafter	9,897	—
Total minimum lease payments	28,792	762
Amounts representing interest (present value discount)	(4,045)	(53)
Present value of net minimum lease payments (lease liability)	$ 24,747	$ 709
Weighted average remaining term (in years)	8.11	4.04
Weighted average discount rate	3.33 %	3.67 %

Litigation Matters

Bancorp may be subject to legal actions that arise from time to time in the normal course of business. Bancorp's management is not aware of any pending legal proceedings to which either it or the Bank may be a party or has recently been a party that will have a material adverse effect on the financial condition or results of operations of Bancorp or the Bank.

The Bank is responsible for a proportionate share of certain litigation indemnifications provided to Visa U.S.A. ("Visa") by its member banks in connection with Visa's lawsuits related to anti-trust charges and interchange fees ("Covered Litigation"). We sold our remaining shares on July 13, 2023, however, our proportionate share of the litigation indemnification liability does not change or transfer upon the sale of our Class B Visa shares to member banks or, per the terms of the sale, to the recent purchaser of our shares. Visa established an escrow account for the Covered Litigation that it periodically funds, which is expected to cover the settlement payment obligations.

Litigation is ongoing, and until the court approval process is complete, there is no assurance that Visa will resolve the claims as contemplated by the amended class settlement agreement, and additional lawsuits may arise from individual merchants who opted out of the class settlement. However, until the escrow account is fully depleted and the conversion rate of Class B to Class A common stock is reduced to zero, no future cash settlement payments are required by the member banks, such as us, on the Covered Litigation. Therefore, we are not required to record any contingent liabilities for the indemnification related to the Covered Litigation, as we consider the probability of losses to be remote.

In the third quarter of 2024, the Bank recorded a non-recurring accrual for a legal resolution of a Private Attorneys General Act/putative class action lawsuit of $615 thousand, pre-tax, involving alleged violations of wage and hour laws for all non-exempt employees covering any and all claims that were or could have been alleged in the operative complaint through the financial period of December 11, 2019 to October 12, 2024. The Bank shall pay an "all in" Gross Settlement Amount ("GSA") of $615 thousand to settle all of the wage and hour class and PAGA claims, and the named Plaintiff's individual claims. This amount settles all claims that were or could have been asserted based on the facts alleged in the operative complaint, and the as of yet unasserted individual claims by the named plaintiff, and includes attorneys' fees, costs including the cost of administration, and incentive payments. The only amount over and above the GSA which the Bank shall pay is its share of payroll taxes on the amount of the net settlement that is allocated as wages. There has been no finding of wrongdoing and the Bank denies all claims. The settlement agreement still requires final court approval and notice requirements; however, the Bank does not anticipate further costs related to this action. We are not aware of any other similar wage and hour claims at this time.

Note 13: Subordinated Notes

On November 19, 2025, the Company issued Fixed-to-Floating Subordinated Notes (“2035 Notes”) of $45.0 million with a final maturity date of December 1, 2035, to certain investors in a private placement. The 2035 Notes have an

initial fixed interest rate of 6.75% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, commencing on June 1, 2026.

From and including December 1, 2030, and thereafter, the 2035 Notes will bear interest at a floating rate. The floating interest rate will reset quarterly and shall be equal to the then current three-month Term SOFR plus 335 basis points, payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, commencing on March 1, 2031. If the then current three-month term SOFR rate is less than zero, the three-month SOFR will be deemed to be zero. Debt issuance cost was $1.2 million, which is being amortized through the 2035 Notes maturity date. The Company has the right to redeem the 2035 Notes, in whole or in part, on or after December 1, 2030.

At December 31, 2025, the balance of the 2035 Notes included in the Company's Consolidated Balance Sheet, net of debt issuance cost, was $43.9 million. The amortization of debt issuance cost was $22 thousand for the year ended December 31, 2025.

The Company was in compliance with all covenants under the terms of the 2035 Notes.

Note 14: Concentrations of Credit Risk

Concentration of credit risk is associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby potentially exposing us to adverse economic, political, regulatory, geographic, industrial or credit developments. Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, investment securities and loans.

At times, our cash in correspondent bank accounts may exceed FDIC insured limits. We place cash and cash equivalents with the Federal Reserve Bank and other high credit quality financial institutions, periodically monitor their credit worthiness and limit the amount of credit exposure to any one institution according to regulations.

Concentrations of credit risk with respect to investment securities primarily related to the U.S. government and GSEs, which accounted for $1.274 billion, or 96% of our total investment portfolio at December 31, 2025 and $1.075 billion, or 85% at December 31, 2024. The increase was mainly due to the purchase of $1.1 billion, primarily offset by $650.2 million in sales, $169.4 million in paydowns and $60.2 million in calls and maturities of this security type in 2025. The largest security not issued by the U.S. government or a GSE accounted for approximately 1% of our total investment portfolio at both December 31, 2025 and 2024.

We also manage our credit exposure related to our loan portfolio to avoid the risk of undue concentration of credits in a particular industry or geographic location by reducing significant exposure to highly leveraged transactions or to any individual customer or counterparty, and by obtaining collateral, as appropriate. With the heightened market concern about non-owner-occupied commercial real estate, and in particular the office sector, we continue to maintain diversity among property types and within our geographic footprint. In particular, our office commercial real estate portfolio in the City of San Francisco represented 3% of our total loan portfolio and 4% of our total non-owner-occupied commercial real estate portfolio as of December 31, 2025.

No single borrower relationship accounted for more than 3.2% of outstanding loan balances at December 31, 2025 and 2024, respectively. The largest loan concentration is real estate, which accounted for 90% and 89% of our loan portfolio at December 31, 2025 and 2024, respectively. Commercial real estate loans outstanding by county were primarily in Marin County at December 31, 2025 and 2024.

Note 15: Derivative Financial Instruments and Hedging Activities

The Bank is exposed to certain risks from both its business operations and changes in economic conditions. As part of our asset/liability and interest rate risk management strategy, we may enter into interest rate derivative contracts to modify repricing characteristics of certain of our interest-earning assets and interest-bearing liabilities. The Bank generally designates interest rate hedging agreements utilized in the management of interest rate risk as either fair value hedges or cash flow hedges.

Our credit exposure, if any, on interest rate swap asset positions is limited to the fair value (net of any collateral pledged to us) and interest payments of all swaps by each counterparty. Conversely, when an interest rate swap is

in a liability position exceeding a certain threshold, we may be required to post collateral to the counterparty in an amount determined by the agreements. Collateral levels are monitored and adjusted on a regular basis for changes in interest rate swap values.

We had three interest rate swap agreements on certain loans with our customers, which are scheduled to mature at various dates ranging from June 2031 to July 2032. The loan interest rate swaps were designated as fair value hedges and allowed us to offer long-term fixed-rate loans to customers without assuming the interest rate risk of a long-term asset. Converting our fixed-rate interest payments to floating-rate interest payments, generally benchmarked to the one-month U.S. dollar SOFR index, protects us against changes in the fair value of our loans associated with fluctuating interest rates. The notional amounts of the interest rate contracts are equal to the notional amounts of the hedged loans.

In the third quarter of 2023, the Bank entered into various interest rate swap agreements with notional values totaling $101.8 million to hedge balance sheet interest rate sensitivity and protect certain of our fixed rate available-for-sale securities against changes in fair value related to changes in interest rates by receiving floating rate interest from a counterparty in exchange for us making fixed-rate interest payments. In the fourth quarter of 2024, the Bank terminated these contracts, resulting in an immaterial loss that is being amortized over the life of the hedged securities. In the second quarter of 2025, a total of $69.1 million of par value of these securities were sold.

Information on our derivatives follows:

	Asset derivatives		Liability derivatives	
(in thousands)	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Loans receivable:				
Interest rate contracts - notional amount	$ 5,030	$ 7,654	$ 1,643	$ —
Interest rate contracts - fair value[1]	$ 148	$ 333	$ 11	$ —

[1] Refer to Note 9, Fair Value of Assets and Liabilities, for valuation methodology.

The following table presents the carrying amount and associated cumulative basis adjustment related to the application of fair value hedge accounting that is included in the carrying amount of hedged assets as of December 31, 2025 and 2024.

	Carrying Amounts of Hedged Assets		Cumulative Amounts of Fair Value Hedging Adjustments Included in the Carrying Amounts of the Hedged Assets	
(in thousands)	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Loans receivable[1]	$ 6,452	$ 7,215	$ (186)	$ (398)

[1] Carrying value equals the amortized cost basis of the loans underlying the hedge relationship, which is the loan balance net of deferred loan origination fees and cost and the fair value hedge adjustment. Amortized cost excludes accrued interest, which was not material.

The following table presents the pretax net gains (losses) recognized in interest income related to our fair value hedges for the years presented.

	Years ended December 31,		
(in thousands)	2025	2024	2023
Interest on investment securities [1]			
Increase (decrease) in fair value of interest rate swaps hedging available-for-sale securities	$ —	$ 1,359	$ (1,359)
Hedged interest earned (paid)	—	646	367
Decrease (increase) in carrying value included in the hedged available-for-sale securities	—	(1,359)	1,359
Net gain recognized in interest income on investment securities	$ —	$ 646	$ 367
Interest and fees on loans [1]			
Decrease (increase) in fair value of interest rate swaps hedging loans receivable	$ (196)	$ 47	$ (317)
Hedged interest earned (paid)	112	201	268
Increase (decrease) in carrying value included in the hedged loans	212	(30)	359
Decrease in value of yield maintenance agreement	(7)	(8)	(9)
Net gain (loss) recognized in interest income on loans	$ 121	$ 210	$ 301

[1] Represents the income line item in the statements of comprehensive income (loss) in which the effects of fair value hedges are recorded.

Our derivative transactions with the counterparty are under an International Swaps and Derivative Association ("ISDA") master agreement that includes "right of set-off" provisions. "Right of set-off" provisions are legally enforceable rights to offset recognized amounts and there may be an intention to settle such amounts on a net basis. We do not offset such financial instruments for financial reporting purposes. Information on financial instruments that are eligible for offset in the consolidated statements of condition follows:

Offsetting of Financial Assets and Derivative Assets

(in thousands)	Gross Amounts of Recognized Assets [1]	Gross Amounts Offset in the Statements of Condition	Net Amounts of Assets Presented in the Statements of Condition [1]	Gross Amounts Not Offset in the Statements of Condition		Net Amount
				Financial Instruments	Cash Collateral Received	
December 31, 2025						
Counterparty	$ 148	$ —	$ 148	$ —	$ —	$ 148
Total	**$ 148**	**$ —**	**$ 148**	**$ —**	**$ —**	**$ 148**
December 31, 2024						
Counterparty	$ 333	$ —	$ 333	$ —	$ —	$ 333
Total	**$ 333**	**$ —**	**$ 333**	**$ —**	**$ —**	**$ 333**

Offsetting of Financial Liabilities and Derivative Liabilities

(in thousands)	Gross Amounts of Recognized Liabilities [1]	Gross Amounts Offset in the Statements of Condition	Net Amounts of Liabilities Presented in the Statements of Condition [1]	Gross Amounts Not Offset in the Statements of Condition		Net Amount
				Financial Instruments	Cash Collateral Pledged	
December 31, 2025						
Counterparty	$ 11	$ —	$ 11	$ (11)	$ —	$ —
Total	**$ 11**	**$ —**	**$ 11**	**$ (11)**	**$ —**	**$ —**
December 31, 2024						
Counterparty	$ —	$ —	$ —	$ —	$ —	$ —
Total	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**

[1] Amounts exclude accrued interest on swaps.

Note 16: Regulatory Matters

We are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet the minimum capital requirements as set forth in the following tables can trigger certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a material effect on our consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and the Bank's prompt corrective action classification are also subject to qualitative judgments by the regulators about components of capital, risk weightings and other factors.

Management reviews capital ratios on a regular basis and produces a five-year capital plan semi-annually to ensure that capital exceeds the prescribed regulatory minimums and is adequate to meet our anticipated future needs. Stress tests are performed on capital ratios and include scenarios such as additional unrealized losses on the investment portfolio, additional deposit growth, loan credit quality deterioration, and potential share repurchases. For all periods presented, the Bank's ratios exceed the regulatory definition of "well-capitalized" under the regulatory framework for prompt corrective action and Bancorp's ratios exceed the required minimum ratios to be considered a well-capitalized bank holding company. In addition, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action as of December 31, 2025. There are no conditions or events since that notification that management believes have changed the Bank's categories and we expect the Bank to remain well capitalized for prompt corrective action purposes.

The Bancorp's and Bank's capital adequacy ratios as of December 31, 2025 and 2024 are presented in the following tables.

Bancorp Capital Ratios (dollars in thousands)	Actual		Adequately Capitalized Threshold [1]		Threshold to be a Well Capitalized Bank Holding Company	
December 31, 2025	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital (to risk-weighted assets)	$ 392,305	15.25 %	$ 270,111	10.50 %	$ 257,249	10.00 %
Tier 1 Capital (to risk-weighted assets)	$ 317,501	12.34 %	$ 218,700	8.50 %	$ 205,835	8.00 %
Tier 1 Leverage Capital (to average assets)	$ 317,501	8.26 %	$ 153,754	4.00 %	$ 192,192	5.00 %
Common Equity Tier 1 (to risk-weighted assets)	$ 317,501	12.34 %	$ 180,106	7.00 %	$ 167,241	6.50 %
December 31, 2024						
Total Capital (to risk-weighted assets)	$ 420,606	16.54 %	$ 266,991	10.50 %	$ 254,277	10.00 %
Tier 1 Capital (to risk-weighted assets)	$ 389,448	15.32 %	$ 216,136	8.50 %	$ 203,422	8.00 %
Tier 1 Leverage Capital (to average assets)	$ 389,448	10.46 %	$ 148,899	4.00 %	$ 198,464	5.00 %
Common Equity Tier 1 (to risk-weighted assets)	$ 389,448	15.32 %	$ 177,994	7.00 %	$ 165,280	6.50 %

Bank Capital Ratios (dollars in thousands)	Actual		Adequately Capitalized Threshold [1]		Threshold to be Well Capitalized under Prompt Corrective Action Provisions	
December 31, 2025	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital (to risk-weighted assets)	$ 357,407	13.90 %	$ 269,984	10.50 %	$ 257,127	10.00 %
Tier 1 Capital (to risk-weighted assets)	$ 326,460	12.69 %	$ 218,669	8.50 %	$ 205,806	8.00 %
Tier 1 Leverage Capital (to average assets)	$ 326,460	8.49 %	$ 153,809	4.00 %	$ 192,262	5.00 %
Common Equity Tier 1 (to risk-weighted assets)	$ 326,460	12.69 %	$ 180,081	7.00 %	$ 167,218	6.50 %
December 31, 2024						
Total Capital (to risk-weighted assets)	$ 410,186	16.13 %	$ 266,955	10.50 %	$ 254,243	10.00 %
Tier 1 Capital (to risk-weighted assets)	$ 379,028	14.91 %	$ 216,107	8.50 %	$ 203,395	8.00 %
Tier 1 Leverage Capital (to average assets)	$ 379,028	10.18 %	$ 148,887	4.00 %	$ 186,108	5.00 %
Common Equity Tier 1 (to risk-weighted assets)	$ 379,028	14.91 %	$ 177,970	7.00 %	$ 165,258	6.50 %

[1] Except for Tier 1 Leverage Capital, the adequately capitalized thresholds reflect the regulatory minimum plus a 2.5% capital conservation buffer as required under the *Basel III Capital Standards* in order to avoid limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses.

Note 17: Financial Instruments with Off-Balance Sheet Risk

We make commitments to extend credit in the normal course of business to meet the financing needs of our customers. These financial instruments include commitments to extend credit in the form of loans or through standby letters of credit. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Because various commitments will expire without being fully drawn, the total commitment amount does not necessarily represent future cash requirements.

Our credit loss exposure is equal to the contractual amount of the commitment in the event of nonperformance by the borrower. We use the same credit underwriting criteria for all credit exposure. The amount of collateral obtained, if deemed necessary by us, is based on management's credit evaluation of the borrower. Collateral types pledged may include accounts receivable, inventory, other personal property and real property.

The contractual amount of unfunded loan commitments and standby letters of credit not reflected in the consolidated statements of condition are as follows:

(in thousands)	December 31, 2025	December 31, 2024
Commercial lines of credit	$ 232,758	$ 233,462
Revolving home equity lines	208,509	208,372
Undisbursed construction loans	13,946	8,294
Personal and other lines of credit	7,900	7,781
Standby letters of credit	1,615	2,777
Total unfunded loan commitments and standby letters of credit	$ 464,728	$ 460,686

As of December 31, 2025, approximately 41% of the commitments expire in 2026, 47% expire between 2027 and 2033 and 12% expire thereafter.

We record an allowance for credit losses on unfunded loan commitments at the balance sheet date based on estimates of the probability that these commitments will be drawn upon according to historical utilization experience of the different types of commitments and expected loss rates determined for pooled funded loans. The allowance for credit losses on unfunded commitments totaled $1.1 million and $894 thousand as of December 31, 2025 and 2024, respectively, which is included in interest payable and other liabilities in the consolidated statements of condition.

We recorded a provision for credit losses on unfunded commitments totaling $185 thousand, and reversals of $233 thousand and $342 thousand in 2025, 2024, and 2023, respectively. The provision in 2025 was primarily due to loan growth. The reversals in 2024 and 2023 were due primarily to decreases in total unfunded loan commitments.

Note 18: Condensed Bank of Marin Bancorp Parent Only Financial Statements

Presented below is financial information for Bank of Marin Bancorp, parent holding company only.

CONDENSED UNCONSOLIDATED STATEMENTS OF CONDITION December 31, 2025 and 2024				
(in thousands)		2025		2024
Assets				
Cash and due from Bank of Marin	$	35,190	$	10,329
Investment in bank subsidiary		403,613		424,987
Other assets		185		232
Total assets	$	438,988	$	435,548
Liabilities and stockholders' equity				
Accrued expenses payable	$	477	$	141
Subordinated notes		43,857		—
Total liabilities		44,334		141
Stockholders' equity		394,654		435,407
Total liabilities and stockholders' equity	$	438,988	$	435,548

CONDENSED UNCONSOLIDATED STATEMENTS OF (LOSS) INCOME Years ended December 31, 2025, 2024 and 2023						
(in thousands)		2025		2024		2023
Income						
Dividends from bank subsidiary	$	32,000	$	25,000	$	20,000
Total income		32,000		25,000		20,000
Expense						
Interest expense		368		—		—
Non-interest expense		1,986		1,814		1,705
Total expense		2,354		1,814		1,705
Income before income taxes and equity in undistributed net income of subsidiary		29,646		23,186		18,295
Income tax benefit		430		434		504
Income before equity in undistributed net income of subsidiary		30,076		23,620		18,799
(Loss) earnings of bank subsidiary greater (less) than dividends received from bank subsidiary		(65,751)		(32,029)		1,096
Net (loss) income	$	(35,675)	$	(8,409)	$	19,895

CONDENSED UNCONSOLIDATED STATEMENTS OF CASH FLOWS Years ended December 31, 2025, 2024 and 2023			
(in thousands)	2025	2024	2023
Net (loss) income			
	$ (35,675)	$ (8,409)	$ 19,895
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Earnings of bank subsidiary less (greater) than dividends received from bank subsidiary	65,751	32,029	(1,096)
Accretion of discount on subordinated notes	22	—	—
Noncash director compensation expense	68	71	60
Net changes in:			
Other assets	49	(76)	99
Other liabilities	336	39	(86)
Net cash provided by operating activities	30,551	23,654	18,872
Cash Flows from Investing Activities:			
Capital contribution to bank subsidiary	(30,035)	(38)	(276)
Net cash used in investing activities	(30,035)	(38)	(276)
Cash Flows from Financing Activities:			
Restricted stock surrendered for tax withholdings upon vesting	(104)	(64)	(70)
Cash dividends paid on common stock	(16,127)	(16,197)	(16,106)
Stock repurchased, including commissions and excise tax	(3,293)	(4,253)	—
Proceeds from issuance of subordinated notes, net of issuance costs	43,834	—	—
Proceeds from stock options exercised and stock issued under employee and director stock purchase plans	35	38	276
Net cash provided by (used in) financing activities	24,345	(20,476)	(15,900)
Net increase (decrease) in cash and cash equivalents	24,861	3,140	2,696
Cash and cash equivalents at beginning of year	10,329	7,189	4,493
Cash and cash equivalents at end of year	$ 35,190	$ 10,329	$ 7,189
Supplemental schedule of noncash investing and financing activities:			
Stock issued in payment of director fees	$ 469	$ 513	$ 398
Stock issued to ESOP	$ 1,476	$ 1,149	$ 1,315

Note 19: Restatement of Prior Period Financial Statements (Quarterly Information Unaudited)

Restatement Background

The Company has restated herein the impacted line items to the Consolidated Statements of Condition, and revised the Consolidated Statements of Comprehensive (Loss) Income as of and for the years ended December 31, 2024 and December 31, 2023. In addition, the Company has restated the impacted line items to its unaudited quarterly Condensed Consolidated Statements of Condition and revised the Condensed Consolidated Statements of Comprehensive (Loss) Income for the first three quarters of the years ended December 31, 2025 and December 31, 2024.

Description of Misstatements

Certain errors were made in the Company's accounting related to the classification of certain reciprocal network deposits and related interest expense as non-interest bearing deposits and non-interest expense when they should have been included in interest bearing deposits and interest expense. The reclassification of the expense was determined not to be material and had no impact on net income (loss) or earnings per share, for the revised periods.

The required reclassifications on the balance sheet from non-interest bearing deposits to interest bearing deposits were determined to be material, although the reclassifications did not have any impact on total balance sheet amounts, including total deposits and stockholders' equity for the restated periods.

Description of Restated and Revised Tables

The following tables present the amounts previously reported and a reconciliation of the restatement amounts reported on the restated Consolidated Statements of Condition and the revised amounts on the Consolidated

Statements of Comprehensive (Loss) Income for the periods presented. The misclassifications had no impact on the reported Consolidated Statements of Cash Flows for the periods below.

Further information regarding the misstatements and related restatements and revisions are summarized in the tables below.

Corrected Consolidated Statement of Condition

(in thousands)	As of December 31, 2024		
	As Previously Reported	Adjustment	As Restated
Deposits:			
Non-interest bearing	$ 1,399,900	$ (125,153)	$ 1,274,747
Interest bearing:			
Transaction accounts	198,301	125,153	323,454
Savings accounts	225,691	—	225,691
Money market accounts	1,153,746	—	1,153,746
Time accounts	242,377	—	242,377
Total deposits	3,220,015	—	3,220,015

Corrected Consolidated Statement of Comprehensive (Loss) Income

(in thousands)	Year Ended December 31, 2024		
	As Previously Reported	Adjustment	As Revised
Interest expense			
Interest on interest-bearing transaction accounts	$ 1,201	$ 3,078	$ 4,279
Interest on savings accounts	2,003	—	2,003
Interest on money market accounts	33,914	—	33,914
Interest on time accounts	9,254	—	9,254
Interest on borrowings and other obligations	241	—	241
Interest on subordinated notes	—	—	—
Total interest expense	46,613	3,078	49,691
Non-interest expense			
Deposit network fees	3,526	(3,078)	448

Corrected Consolidated Statement of Condition

(in thousands)	As of December 31, 2023		
	As Previously Reported	Adjustment	As Restated
Deposits:			
Non-interest bearing	$ 1,441,987	$ (132,276)	$ 1,309,711
Interest bearing:			
Transaction accounts	225,040	132,276	357,316
Savings accounts	233,298	—	233,298
Money market accounts	1,138,433	—	1,138,433
Time accounts	251,317	—	251,317
Total deposits	3,290,075	—	3,290,075

Corrected Consolidated Statement of Comprehensive (Loss) Income

(in thousands)	Year Ended December 31, 2023 As Previously Reported	Adjustment	As Revised
Interest expense			
Interest on interest-bearing transaction accounts	$ 1,036	$ 2,409	$ 3,445
Interest on savings accounts	867	—	867
Interest on money market accounts	18,553	—	18,553
Interest on time accounts	4,715	—	4,715
Interest on borrowings and other obligations	11,562	—	11,562
Interest on subordinated notes	—	—	—
Total interest expense	36,733	2,409	39,142
Non-interest expense			
Deposit network fees	2,783	(2,409)	374

Corrected Consolidated Statements of Condition

(in thousands)	As of September 30, 2025 As Previously Reported	Adjustment	As Restated	As of June 30, 2025 As Previously Reported	Adjustment	As Restated
Deposits:						
Non-interest bearing	$ 1,458,230	$ (212,983)	$ 1,245,247	$ 1,379,814	$ (161,166)	$ 1,218,648
Interest bearing:						
Transaction accounts	185,485	212,983	398,468	180,444	161,166	341,610
Savings accounts	224,642	—	224,642	221,172	—	221,172
Money market accounts	1,297,703	—	1,297,703	1,246,013	—	1,246,013
Time accounts	216,516	—	216,516	217,605	—	217,605
Total deposits	3,382,576	—	3,382,576	3,245,048	—	3,245,048

Corrected Consolidated Statements of Condition

(in thousands)	As of March 31, 2025 As Previously Reported	Adjustment	As Restated	As of September 30, 2024 As Previously Reported	Adjustment	As Restated
Deposits:						
Non-interest bearing	$ 1,426,446	$ (148,941)	$ 1,277,505	$ 1,473,379	$ (141,526)	$ 1,331,853
Interest bearing:						
Transaction accounts	184,322	148,941	333,263	181,001	141,526	322,527
Savings accounts	228,038	—	228,038	222,588	—	222,588
Money market accounts	1,246,739	—	1,246,739	1,156,483	—	1,156,483
Time accounts	216,426	—	216,426	275,798	—	275,798
Total deposits	3,301,971	—	3,301,971	3,309,249	—	3,309,249

Corrected Consolidated Statements of Condition

(in thousands)	As of June 30, 2024 As Previously Reported	Adjustment	As Restated	As of March 31, 2024 As Previously Reported	Adjustment	As Restated
Deposits:						
Non-interest bearing	$ 1,417,661	$ (131,760)	$ 1,285,901	$ 1,444,435	$ (126,174)	$ 1,318,261
Interest bearing:						
Transaction accounts	178,712	131,760	310,472	211,274	126,174	337,448
Savings accounts	228,946	—	228,946	224,262	—	224,262
Money market accounts	1,121,336	—	1,121,336	$ 1,136,595	—	1,136,595
Time accounts	267,122	—	267,122	$ 267,536	—	267,536
Total deposits	3,213,777	—	3,213,777	3,284,102	—	3,284,102

Corrected Consolidated Statements of Comprehensive (Loss) Income

(in thousands)	Three Months Ended September 30, 2025			Nine Months Ended September 30, 2025		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Interest expense						
Interest on interest-bearing transaction accounts	$ 328	$ 1,037	$ 1,365	$ 1,022	$ 2,795	$ 3,817
Interest on savings accounts	600	—	600	1,720	—	1,720
Interest on money market accounts	8,376	—	8,376	23,880	—	23,880
Interest on time accounts	1,571	—	1,571	4,920	—	4,920
Interest on borrowings and other obligations	1	—	1	3	—	3
Interest on subordinated notes	—	—	—	—	—	—
Total interest expense	10,876	1,037	11,913	31,545	2,795	34,340
Non-interest expense						
Deposit network fees	1,158	(1,037)	121	3,144	(2,795)	349

Corrected Consolidated Statements of Comprehensive (Loss) Income

(in thousands)	Three Months Ended June 30, 2025			Six Months Ended June 30, 2025		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Interest expense						
Interest on interest-bearing transaction accounts	$ 351	$ 940	$ 1,291	$ 694	$ 1,758	$ 2,452
Interest on savings accounts	587	—	587	1,120	—	1,120
Interest on money market accounts	7,878	—	7,878	15,504	—	15,504
Interest on time accounts	1,559	—	1,559	3,349	—	3,349
Interest on borrowings and other obligations	1	—	1	2	—	2
Interest on subordinated notes	—	—	—	—	—	—
Total interest expense	10,376	940	11,316	20,669	1,758	22,427
Non-interest expense						
Deposit network fees	1,054	(940)	114	1,986	(1,758)	228

Corrected Consolidated Statements of Comprehensive (Loss) Income

(in thousands)	Three Months Ended March 31, 2025		
	As Previously Reported	Adjustment	As Revised
Interest expense			
Interest on interest-bearing transaction accounts	$ 343	$ 818	$ 1,161
Interest on savings accounts	533	—	533
Interest on money market accounts	7,626	—	7,626
Interest on time accounts	1,790	—	1,790
Interest on borrowings and other obligations	1	—	1
Interest on subordinated notes	—	—	—
Total interest expense	10,293	818	11,111
Non-interest expense			
Deposit network fees	932	(818)	114

Corrected Consolidated Statements of Comprehensive (Loss) Income

(in thousands)	Three Months Ended September 30, 2024			Nine Months Ended September 30, 2024		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Interest expense						
Interest on interest-bearing transaction accounts	$ 339	$ 816	$ 1,155	$ 874	$ 2,354	$ 3,228
Interest on savings accounts	565	—	565	1,447	—	1,447
Interest on money market accounts	8,714	—	8,714	25,804	—	25,804
Interest on time accounts	2,431	—	2,431	7,002	—	7,002
Interest on borrowings and other obligations	1	—	1	240	—	240
Interest on subordinated notes	—	—	—	—	—	—
Total interest expense	12,050	816	12,866	35,367	2,354	37,721
Non-interest expense						
Deposit network fees	927	(816)	111	2,688	(2,354)	334

Corrected Consolidated Statements of Comprehensive (Loss) Income

(in thousands)	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Interest expense						
Interest on interest-bearing transaction accounts	$ 274	$ 807	$ 1,081	$ 535	$ 1,538	$ 2,073
Interest on savings accounts	511	—	511	882	—	882
Interest on money market accounts	8,641	—	8,641	17,090	—	17,090
Interest on time accounts	2,291	—	2,291	4,571	—	4,571
Interest on borrowings and other obligations	148	—	148	239	—	239
Interest on subordinated notes	—	—	—		—	—
Total interest expense	11,865	807	12,672	23,317	1,538	24,855
Non-interest expense						
Deposit network fees	916	(807)	109	1,761	(1,538)	223

Corrected Consolidated Statements of Comprehensive (Loss) Income

(in thousands)	Three Months Ended March 31, 2024		
	As Previously Reported	Adjustment	As Revised
Interest expense			
Interest on interest-bearing transaction accounts	$ 261	$ 731	$ 992
Interest on savings accounts	371	—	371
Interest on money market accounts	8,449	—	8,449
Interest on time accounts	2,280	—	2,280
Interest on borrowings and other obligations	91	—	91
Interest on subordinated notes	—	—	—
Total interest expense	11,452	731	12,183
Non-interest expense			
Deposit network fees	845	(731)	114

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE
None.

ITEM 9A. CONTROLS AND PROCEDURES

(A) Evaluation of Disclosure Controls and Procedures

Bank of Marin Bancorp and its subsidiary (the "Company") conducted an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934 (the "Act")) as of the end of the period covered by this report. The term disclosure controls and procedures means controls and other procedures that are designed to ensure that information we are required to disclose in the reports that we file or submit under the Act (15 U.S.C. 78a et seq.) is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports that we file or submit under the Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective due to the material weakness in internal control over financial reporting discussed below.

This material weakness resulted material misstatements to our previously issued annual consolidated financial statements for the years ended December 31, 2024 and 2023, and the quarters ended September 30, 2025, June 30, 2025, March 31, 2025, September 30, 2024, June 30, 2024, and March 31, 2024, which are being restated and revised in this Annual Report on Form 10-K.

(B) Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting (as defined in Rules 13a-15(f) promulgated under the 1934 Act). The internal control process has been designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Management conducted an assessment of the effectiveness of internal control over financial reporting as of December 31, 2025, utilizing the framework established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2025, as discussed below.

Material Weakness

We have identified the following material weakness which exists as of December 31, 2025:

Management did not design and implement adequate control activities related to the accounting for and classification of certain reciprocal deposits and transactions.

The ineffective controls over the accounting for and classification of reciprocal network deposits resulted in (1) a material misclassification of deposits within the Consolidated Statements of Condition between interest bearing deposits and non-interest bearing deposits and (2) an immaterial misclassification of expenses within the Consolidated Statements of Comprehensive (Loss) Income, between interest expense and non-interest expense, with no impact to net (loss) income. Accordingly, we have restated our annual consolidated financial statements for the years ended December 31, 2024 and 2023, and our unaudited interim condensed consolidated financial statements for the quarters ended September 30, 2025, June 30, 2025, March 31, 2025, September 30, 2024, June 30, 2024, and March 31, 2024. While only the statement of condition misclassification was significant enough to result in the material misstatement, management

chose to revise the statement of comprehensive (loss) income as well for the affected periods in order to provide a more complete picture.

Remediation Plan for the Material Weakness

In response to the identified material weakness noted above, management has begun a remediation plan to enhance its internal control over financial reporting to:

- Enhance risk assessment procedures over reciprocal deposit networks to identify whether additional control activities are needed to conform to our accounting policies;
- Increase involvement of technical accounting resources for complex areas at initial onboarding and for periodic review; and
- Require formal documentation of technical conclusion and evidence of supervisory oversight for third party reciprocal deposit networks.

While we expect that the implementation of these controls will address this material weakness, management continues to evaluate and work to improve its internal control over financial reporting, and may determine to take additional measures or determine to modify the remediation plan described above.

Notwithstanding the identified material weakness, management, including our chief executive officer and chief financial officer have determined, based on the procedures performed, that the consolidated financial statements included in this Annual Report on Form 10-K fairly represent in all material respects the financial condition, results of operations and cash flows of the Company for the periods presented in accordance with U.S. generally accepted accounting principles.

The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by Baker Tilly US, LLP, the Company's independent registered public accounting firm, as stated in their report, which report expresses and adverse opinion due to a material weakness, dated March 13, 2026 below.

(C) Audit Report of the Registered Public Accounting Firm

The Company's independent registered public accounting firm, Baker Tilly US, LLP, has audited the effectiveness of internal control over financial reporting as of December 31, 2025 as stated in their audit report, which report expresses an adverse opinion due to a material weakness, and is incorporated herein by reference.

(D) Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2025, except as noted above, there were no significant changes that materially affected, or are reasonably likely to affect, our internal control over financial reporting identified in connection with the evaluation mentioned in (B) above. The term internal control over financial reporting, as defined by Rule 15d-15(f) of the Act, is a process designed by, or under the supervision of, the issuer's principal executive and principal financial officers, or persons performing similar functions, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required to be reported under ITEM 10 is incorporated by reference to our Proxy Statement for the 2026 Annual Meeting of Shareholders. Bancorp and the Bank have adopted a Code of Ethics that applies to all staff, including the Chief Executive Officer, Chief Financial Officer, and Principal Accounting Officer. A copy of the Code of Ethical Conduct, which is also included on our website, will be provided to any person, without charge, upon written request to the Corporate Secretary, Bank of Marin Bancorp, 504 Redwood Boulevard, Suite 100, Novato, CA 94947. During 2025, there were no changes in the procedures for the election or nomination of directors.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to our Proxy Statement for the 2026 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference to ITEM 5 above, Note 8 to our audited consolidated financial statements and to our Proxy Statement for the 2026 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference to our Proxy Statement for the 2026 Annual Meeting of Shareholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Company's independent registered public accounting firm is Baker Tilly US, LLP, Issuing Office: Portland, OR, PCAOB ID: 23.

The information required by this Item is incorporated by reference to our Proxy Statement for the 2026 Annual Meeting of Shareholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(A) Documents Filed as Part of this Report:

1. Financial Statements

The financial statements and supplementary data listed below are filed as part of this report under ITEM 8, captioned Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

Management's Report on Internal Control over Financial Reporting

Consolidated Statements of Condition as of December 31, 2025 and 2024

Consolidated Statements of Comprehensive (Loss) Income for the years ended December 31, 2025, 2024 and 2023

Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2025, 2024 and 2023

Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023

Notes to Consolidated Financial Statements

2. Financial Statement Schedules

All financial statement schedules have been omitted, as they are inapplicable or the required information is included in the financial statements or notes thereto.

(B) Exhibits Filed:

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

Exhibit Number	Exhibit Description	Incorporated by Reference				Herewith
		Form	File No.	Exhibit	Filing Date	
3.01	Articles of Incorporation, as amended	S-4	333-257025	3.01	June 11, 2021	
3.02	Bylaws, as amended	S-4	333-257025	3.02	June 11, 2021	
4.1	6.750% Fixed-to-Floating Rate Subordinated Note due December 1, 2035	8-K	001-33572	4.1	November 19, 2025	
4.01	Description of Capital Stock	10-K	001-33572	4.01	March 16, 2023	
10.1	Subordinated Note Purchase Agreement, dated as of November 19, 2025	8-K	01-33572	10.1	November 19, 2025	
10.01	Employee Stock Ownership Plan	S-8	333-218274	4.1	May 26, 2017	
10.02	2017 Employee Stock Purchase Plan	S-8	333-221219	4.1	October 30, 2017	
10.03	2017 Equity Plan, as amended	S-8	333-227840	4.1	October 15, 2018	
10.04	2020 Director Stock Plan	S-8	333-239555	4.1	June 30, 2020	
10.05	Form of Indemnification Agreement for Directors and Executive Officers, dated August 9, 2007	10-Q	001-33572	10.06	November 7, 2007	
10.06	2010 Annual Individual Incentive Compensation Plan, revised 2019	10-K	001-33572	10.07	March 15, 2021	
10.07	Salary Continuation Agreement for executive officer Tani Girton, Chief Financial Officer, dated October 18, 2013	8-K	001-33572	10.2	November 4, 2014	
10.08	2007 Form of Change in Control Agreement	8-K	001-33572	10.1	October 31, 2007	
10.09	Director Deferred Fee Plan, dated December 17, 2020	10-K	001-33572	10.13	March 15, 2021	
10.10	Employment Agreement with Timothy Myers, dated September 23, 2021	8-K	001-33572	10.1	September 24, 2021	
10.11	Salary Continuation Agreement, as amended for executive officer Timothy Myers, Chief Executive Officer, dated January 1, 2022	8-K	001-33572	10.1	December 21, 2022	
10.13	Salary Continuation Agreement for executive officer Misako Stewart, Chief Credit Officer, dated January 1, 2022	8-K	001-33572	10.3	December 21, 2022	
10.14	Salary Continuation Agreement for executive officer Brandi Campbell, Head of Retail Banking, dated July 1, 2022	8-K	001-33572	10.4	December 21, 2022	
10.15	Salary Continuation Agreement by and between Bank of Marin and Dave Bonaccorso, dated January 2, 2025	8-K	001-33572	10.10	January 2, 2025	
14.01	Code of Ethical Conduct, dated September 25, 2025					Filed
19.01	Insider Trading Policy					Filed
21.01	List of Subsidiaries					Filed
23.01	Consent of Baker Tilly US, LLP					Filed
31.01	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					Filed
31.02	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					Filed
32.01	Certification pursuant to 18 U.S.C. §1350 as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002					Filed
97.1	Incentive Compensation Recovery Policy, dated October 22, 2025					Filed
101.INS	Inline XBRL Instance Document					Filed
101.SCH	Inline XBRL Taxonomy Extension Schema Document					Filed
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					Filed
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					Filed
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					Filed
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					Filed

Copies of any exhibit to our Annual Report on Form 10-K listed in the index above will be furnished to shareholders as of the record date without charge upon written request by such shareholder addressed as follows: Corporate Secretary, Bank of Marin Bancorp, 504 Redwood Boulevard, Suite 100, Novato, CA 94947.

ITEM 16. Form 10-K Summary
None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Bank of Marin Bancorp (registrant)

March 13, 2026	*/s/ David Bonaccorso*
Date	David Bonaccorso
	Executive Vice President & Chief Financial Officer
	(Principal Financial Officer)
	(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: March 13, 2026

/s/ Timothy D. Myers
Timothy D. Myers
President & Chief Executive Officer, Director
(Principal Executive Officer)

Dated: March 13, 2026

/s/ David Bonaccorso
David Bonaccorso
Executive Vice President & Chief Financial Officer
(Principal Financial Officer)
(Principal Accounting Officer)

Members of Bank of Marin Bancorp's Board of Directors

Dated: March 13, 2026

/s/ James C. Hale
James C. Hale
Chairman of the Board

Dated: March 13, 2026

/s/ Nicolas C. Anderson
Nicolas C. Anderson

Dated: March 13, 2026

/s/ Russell A. Colombo
Russell A. Colombo

Dated: March 13, 2026

/s/ Charles D. Fite
Charles D. Fite

Dated: March 13, 2026

/s/ Cigdem Gencer
Cigdem Gencer

Dated: March 13, 2026

/s/ Kevin R. Kennedy
Kevin R. Kennedy

Dated: March 13, 2026

/s/ Joel Sklar
Joel Sklar, M.D.

Dated: March 13, 2026

/s/ Brian M. Sobel
Brian M. Sobel

Dated: March 13, 2026

/s/ Secil Tabli Watson
Secil Tabli Watson