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

FORM 10-K

☒ **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

☐ **Transaction report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission file number: 000-49883

PLUMAS BANCORP

(Exact name of Registrant as specified in its charter)

California	**75-2987096**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
5525 Kietzke Lane, Suite 100, Reno, Nevada	**89511**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(775) 786-0907**

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

Title of Each Class:	**Trading Symbol**	**Name of Each Exchange on which Registered:**
Common Stock, no par value	PLBC	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None.**

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule12b-2 of the Exchange Act:

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☒ Smaller Reporting Company ☒
Emerging Growth Company ☐

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

Indicate by check mark whether the registrant 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 aggregate market value of the voting and non-voting common equity held by non-affiliates on the Nasdaq Stock Market was approximately $246.7 million, based on the closing price reported to the Registrant on June 30, 2025 of $44.46 per share.

Shares of Common Stock held by each officer and director have been excluded in that such persons may be deemed to be affiliates. This determination of the affiliate status is not necessarily a conclusive determination for other purposes.

As of March 13, 2026, there were 6,978,988 shares of the registrant's Common Stock outstanding.

Documents Incorporated by Reference: Portions of the definitive proxy statement for the 2026 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission pursuant to SEC Regulation 14A are incorporated by reference in Part III, Items 10-14.

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PART I

Forward-Looking Information

This Annual Report on Form 10-K includes forward-looking statements and information that is subject to the "safe harbor" provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements, which may involve Plumas Bancorp's plans, beliefs, goals, expectations and forecasts are typically identified with words such as "may," "could," "should," "will," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan" or words or phases of similar meaning. Forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include, but are not limited to, the following factors:

- *Local, regional, national and international economic conditions and the impact they may have on us and our customers, and our assessment of that impact on our estimates including, but not limited to, the allowance for credit losses.*
- *The effects of and changes in trade, monetary and fiscal policies and laws, including the interest rate policies of the Federal Open Market Committee of the Federal Reserve Board.*
- *The ability of Plumas Bank to pay dividends to Plumas Bancorp.*
- *Potential adverse developments in the banking industry, such as bank failures, and the potential impact of such developments on customer confidence, liquidity, and regulatory responses to these developments.*
- *The concentration of our loan portfolio in loans secured by real estate and changes in the prices, values and sales volumes of commercial and residential real estate.*
- *The effects of concentrations in our loan portfolio, including geographic and industry concentrations.*
- *Our failure to maintain required levels of capital and our ability to raise additional capital as needed.*
- *Our failure to adequately manage our liquidity.*
- *Risks related to our hedging activities.*
- *Risks related to our recent acquisition of Cornerstone Community Bancorp and our growth strategy more generally, including the risk that we may not realize the anticipated benefits of such initiatives.*
- *The effect of changes in accounting policies and practices, as may be adopted by bank regulatory agencies, the Financial Accounting Standards Board or others.*
- *The costs and effects of changes in laws and regulations and of other legal and regulatory developments, including, but not limited to, increases in FDIC insurance premiums, legal proceedings or regulatory or other governmental inquiries, and the results of regulatory examinations, reviews or other inquires.*
- *Changes in the interest rate environment and volatility of rate sensitive assets and liabilities.*
- *Declines in the health of the economy, nationally or regionally, which could reduce the demand for loans, reduce the ability of borrowers to repay loans and/or reduce the value of real estate collateral securing most of our loans.*
- *Credit quality deterioration, which could cause an increase in the provision for credit losses.*
- *The impacts of inflation.*
- *Devaluation of securities we own.*
- *Asset/liability matching risks and liquidity risks.*
- *Loss of key personnel.*
- *Operational interruptions including data processing systems failure and fraud.*
- *Cybersecurity threats and the cost of defending against them, including the costs of compliance with potential legislation to combat cybersecurity at a state, national or global level.*
- *The possibility that we may reduce or discontinue the payments of dividends on common stock.*
- *Risk associated with or resulting from our growth strategy.*
- *Droughts and natural disasters, such as earthquakes, fires, and severe weather.*
- *Our success in managing the risks involved in the foregoing.*

Plumas Bancorp undertakes no obligation to revise or publicly release the results of any revision to these forward-looking statements.

ITEM 1. BUSINESS

References in this report to the "Company," "we," "us" and "our" refer to Plumas Bancorp and its consolidated subsidiary, unless the context indicates otherwise. References to the "Bank" refer to Company's wholly-owned subsidiary, Plumas Bank. References to "Management" refer to the members of the Company's management and references to the "Board of Directors" or the "Board" refer to the Company's Board of Directors.

General

The Company. Plumas Bancorp is a bank holding company headquartered in Reno, Nevada. Substantially all of the Company's operations are conducted through its subsidiary, Plumas Bank, which is also the principal source of the Company's revenue.

At December 31, 2025, the Company had consolidated assets of $2.2 billion, deposits of $1.8 billion, other liabilities of $168 million and shareholders' equity of $261 million. The Company's other liabilities include $21 million in borrowings, $29 million in lease liabilities and $98 million in repurchase agreements. These items are described in detail later in this Form 10-K.

The Company is a California corporation incorporated in 2002 for the purpose of becoming the holding company for the Bank, which it acquired in a bank holding company reorganization the same year.

Our common stock trades on the Nasdaq Stock Market under the symbol "PLBC." We file annual, quarterly, and other reports required under the Securities Exchange Act of 1934 with the Securities and Exchange Commission (the "SEC"). These reports are available at no cost on our website, *www.plumasbank.com*, as soon as reasonably practicable after filing with the SEC. These reports are also available through the SEC's website at *www.sec.gov*. The address of our headquarters is 5525 Kietzke Lane, Suite 100, Reno, Nevada, 89511.

The Bank. The Bank is a California state-chartered bank that was incorporated and commenced business in 1980. The Bank's deposit accounts are insured by the Federal Deposit Insurance Corporation (the "FDIC") up to applicable legal limits. The Bank is a member of the Federal Reserve System. At December 31, 2025, the Bank had approximately $2.2 billion in assets, $1.5 billion in net loans and $1.8 billion in deposits (including deposits of $9.4 million from the Company), other liabilities of $146 million and shareholders' equity of $273 million. The Bank's other liabilities include $29 million in lease liabilities and $98 million in repurchase agreements. It is currently the largest bank headquartered in Plumas County, California. The Bank's operations are conducted through its administrative office in Quincy, California.

The Bank primarily generates revenue from loans and investment securities in its portfolio and, to a lesser extent, service fees. With a predominant focus on personal service, the Bank positions itself as a multi-community independent bank serving the financial needs of individuals and businesses within the Bank's geographic footprint. The Bank's primary business is servicing the banking needs of these communities.

Our business has a modest seasonal component due to the heavy agricultural and tourism orientation of some of the communities we serve.

Our Markets

The Bank's primary service area covers the Northeastern portion of California, with Lake Tahoe to the south and the Oregon border to the north, and the Northwestern portion of Nevada. The Bank operates seventeen branches in California, including branches in Alturas, Anderson, Chester, Chico, Fall River Mills, Greenville, Kings Beach, Portola, Quincy, Red Bluff, Redding, Susanville, Tahoe City, Truckee and Yuba City. On July 1, 2025, we acquired our Anderson and Red Bluff branches and two branches in Redding with the acquisition of Cornerstone Community Bank ("Cornerstone"). In December 2015 the Bank opened a branch in Reno, Nevada, its first branch outside of California, and in 2018 the Bank purchased a branch located in Carson City, Nevada.

The Bank maintains 23 automated teller machines ("ATMs") tied in with major statewide and national networks. In addition to its branch network, the Bank operates a lending office specializing in government-guaranteed lending in Auburn, California with an additional lending officer in Southern California, a lending officer in Chandler, Arizona and a commercial/agricultural lending office located in Klamath Falls, Oregon. The Bank's primary business is servicing the banking needs of these communities. Its marketing strategy emphasizes its local ownership and commitment to serve the banking needs of individuals living and working in the Bank's primary service areas.

Strategy

The Bank's marketing strategy emphasizes its local ownership and management and commitment to serve the banking needs of individuals living and working in the Bank's primary service areas.

Our strategy is to counter rising competition by providing our own style of community-oriented, personalized service. We rely on local promotional activity, personal contacts by our officers, directors, employees, and shareholders, automated 24-hour banking, and the individualized service that we can provide through our flexible policies. This approach appears to be well-received by our customers who appreciate a more personal and customer-oriented environment in which to conduct their financial transactions. To meet the needs of customers who prefer to bank electronically, we offer telephone banking, mobile banking, remote deposit, mobile deposit, and internet banking with bill payment capabilities. This high tech and high touch approach allows customers to tailor their access to our services based on their particular preferences.

Lending

The Bank provides Small Business Administration (SBA) loans to qualified borrowers mostly in Northern California, through its government-guaranteed lending center headquartered in Auburn, California. In addition to its Auburn location the Bank has an SBA lender based in each of Atascadero, California and Chandler, Arizona. In 2007 the Bank was granted nationwide Preferred Lender status with the U.S. Small Business Administration, which enables our customers to obtain SBA funding without the potentially lengthy SBA approval process necessary of lenders than are not SBA Preferred Lenders. We expect government-guaranteed lending to continue to be an important part of our overall lending operation. We offer a SBA 7(a) loan product with a variable interest rate in which the guaranteed portion is salable in the secondary market, but we have seen a significant decline in interest in this product during the last several years. However, we have successfully pivoted to producing fixed rate SBA 7(a) loans, which we generally hold in our loan portfolio. At December 31, 2025 fixed rate SBA 7(a) loans totaling $104 million with guaranteed portions totaling $78 million were included in our commercial and commercial real estate loan portfolio. The weighted rate of these loans was 8.0%. Once demand for variable rate SBA 7(a) loans returns to an acceptable level, we plan to move most of our production efforts back to this product.

The Agricultural Credit Centers located in Alturas, Chico, Red Bluff, and Yuba City, California and Klamath Falls, Oregon provide an array of credit services supporting the agricultural activities that are key to the continued economic development of these communities. “Ag lending” clients include a full range of individual farming customers, small to medium-sized business farming organizations and corporate farming units.

As of December 31, 2025, the principal areas to which we have directed our lending activities, and the percentage of our total loan portfolio comprised by each, were as follows: (i) commercial real estate – 66.3%; (ii) commercial and industrial loans – 11.1%, (iii) agricultural loans (including agricultural real estate loans) – 10.4%, (iv) consumer loans (including residential equity lines of credit and automobile loans) – 7.3%; (v) construction and land development – 2.7%; and (vi) residential real estate – 2.2% . We discontinued our auto loan program in the fourth quarter of 2023.

We have established loan concentration guidelines as a percentage of capital and evaluate loan concentration levels within a single industry or group of related industries on a quarterly basis, or more frequently as loan conditions change.

Deposit Products

In addition to our lending activities, we offer a wide range of deposit products for the commercial and retail banking markets including checking, money market checking, business sweep, public funds sweep, savings, time deposit and retirement accounts, as well as remote deposit, telephone and mobile banking, including mobile deposit and internet banking with bill-pay options. Interest bearing deposits include higher yielding sweep accounts designed for our commercial customers and for public entities such as municipalities. As of December 31, 2025, the Bank had 47,667 deposit accounts with balances totaling approximately $1.8 billion, compared to 38,188 deposit accounts with balances totaling approximately $1.4 billion at December 31, 2024. We attract deposits through our customer-oriented product mix, competitive pricing, convenient locations, mobile and internet banking and remote deposit operations, all provided with a high level of customer service.

Most of the Bank’s deposits are attracted from individuals, business-related sources, and smaller municipal entities. This mix of deposit customers resulted in a relatively modest average deposit balance of approximately $38 thousand at December 31, 2025. We believe this broad and diverse deposit base makes us less vulnerable to adverse effects from the loss of depositors who may be seeking higher yields in other markets or who may otherwise draw down balances for cash needs.

We also offer a variety of other products and services complementing our lending and deposit services. These include cashier’s checks, bank-by-mail, ATMs, night depository, safe deposit boxes, direct deposit, electronic funds transfers, FedNow®-receive Service and other customary banking services. We offer a Remote Deposit product that allows our business customers to make non-cash deposits remotely from their physical location. This product enables us to extend our service area because we can now meet the deposit needs of customers who may not be located within a convenient distance of one of our branch offices.

We are not dependent on a single customer or group of related customers for a material portion of our deposits.

Other Products and Services

We also offer a variety of other products and services complementing our lending and deposit services. These include cashier’s checks, bank-by-mail, ATMs, night depository, safe deposit boxes, direct deposit, electronic funds transfers, FedNow®-receive Service and other customary banking services. We offer a Remote Deposit product that allows our business customers to make non-cash deposits remotely from their physical location. This product enables us to extend our service area by meeting the deposit needs of customers who may not be located within a convenient distance of one of our branch offices.

We devote a substantial amount of time and capital to the improvement of existing bank services. During 2022 we upgraded and replaced our fleet of ATM machines, enhanced incoming wire notifications and developed electronic tracking and monitoring for ACH origination and Remote Deposit Capture services and implemented the ability for our commercial online banking clients to originate one-time ACH payments. In 2023 we provided enhanced security features and monitoring to detect and rapidly notify clients of potential fraudulent debit card transactions and created the ability for clients to dispute debit card transactions utilizing an online interface. In 2024, we upgraded our branch deposit acceptance system, entered real-time payments by implementing FedNow®-receive, optimized our outgoing wire transfer capabilities, and launched Payee Match for Positive Pay to aid in combatting the rising trend of check fraud. Additionally, beginning in 2024 we began accepting through our website applications for our Business Exxpress product. In 2025, we enhanced international wire transfers, ACH origination, and treasury management solutions, and developed the ability for clients to automatically enroll business accounts in online banking, download multiple digital statements, and electronically notify the bank of loan payment notice errors.

The officers and employees of the Bank are continually engaged in marketing activities, including the evaluation and development of new products and services, to enable the Bank to retain and improve its competitive position in its service area.

Commitment to our Communities. The Board of Directors and management believe that the Company plays an important role in the economic well-being of the communities we serve. Our Bank has a continuing responsibility to provide a wide range of lending and deposit services to both individuals and businesses. We strive to tailor these services to meet the needs of the communities we serve.

We offer various loan products which encourage job growth and support community economic development. Types of loans offered range from personal and commercial loans to real estate, construction, agricultural, and government-guaranteed loans. Many banking decisions are made locally with the goal of maintaining customer satisfaction through the timely delivery of high-quality products and services.

Recent Expansion Activities. As part of our business strategy, we may regularly review opportunities to enhance the value of our franchise, including through acquisitions. On July 1, 2025, we completed the acquisition of Cornerstone Community Bancorp and its subsidiary, Cornerstone Community Bank, which merged with and into the Bank the same day. The estimated fair value of assets acquired at July 1, 2025 was $659.4 million consisting of $51.9 million in cash, $88.1 million in investment securities, $462.5 million in net loans, $11.6 million in core deposit intangible, $12.6 million in bank premises and equipment, $16.4 million in Bank Owned Life Insurance, and $16.3 million in other assets. The estimated fair value of deposits assumed totaled $580.9 million consisting of $88.6 million in non-interest bearing transaction accounts, $21.8 million in savings accounts, $334.3 million in money market accounts and $136.2 million in time deposits.

Dividends and Stock Repurchase Program. It is the policy of the Company to periodically distribute excess retained earnings to the shareholders through the payment of cash dividends, subject to the approval of the Board of Directors. The Company paid a quarterly cash dividend of $0.30 per shares each quarter in 2025, a quarterly cash dividend of $0.27 per share each quarter in 2024, and a quarterly cash dividend of $0.25 per share each quarter in 2023.

On February 2, 2026, the Company announced that the Board of Directors had approved a stock repurchase program authorizing the Company to repurchase up to $25 million of its common stock through the fourth quarter of 2026.

The Company's principal source of cash is dividends from the Bank. The ability of the Company to pay dividends and repurchase common stock is therefore dependent on the Bank's ability to generate net income and pay dividends to the Company.

Business Concentrations. No individual or single group of related customer accounts is considered material in relation to the Bank's assets or deposits, or in relation to our overall business. However, at December 31, 2025, approximately 82% of the Bank's total loan portfolio consisted of real estate-secured loans, including real estate mortgage loans, real estate construction loans, consumer equity lines of credit, and agricultural loans secured by real estate. Approximately 66% of our loans were commercial real estate loans as of December 31, 2025. Moreover, the business activities of the Company currently are focused in the California counties of Butte, Lassen, Modoc, Nevada, Placer, Plumas, Shasta Sutter, and Tehama and in Washoe and Carson City Counties in Northern Nevada. Consequently, our results of operations and financial condition are dependent upon the general trends in these economies and, in particular, the residential and commercial real estate markets. In addition, the concentration of our operations in these areas of California and Nevada exposes us to greater risk than other banking companies with a wider geographic base in the event of catastrophes, such as earthquakes, fires, drought and floods in these regions in California and Nevada.

Competition. The banking business is highly competitive. The business is largely dominated by a relatively small number of major banks with many offices operating over a wide geographical area. These banks have, among other advantages, a greater ability to invest in technology, to finance wide-ranging marketing campaigns and to allocate their resources to regions of highest yield and demand. Many of the major banks operating in the area offer certain services that we do not offer directly but may offer indirectly through correspondent institutions. By virtue of their greater total capitalization, such banks also have substantially higher lending limits than we do. For customers whose loan demands exceed our legal lending limit, we attempt to arrange for such loans on a participation basis with correspondent or other banks.

In addition to other banks, our competitors include savings institutions, credit unions, and numerous non-banking institutions such as finance companies, leasing companies, insurance companies, brokerage firms, internet-based fintech lenders and investment banking firms. In recent years, increased competition has also developed from specialized finance and non-finance companies that offer wholesale finance, credit card, and other consumer finance services, including on-line banking services and personal financial software. Strong competition for deposit and loan products affects the rates of those products as well as the terms on which they are offered to customers. Mergers between financial institutions have placed additional competitive pressure on banks within the industry to streamline their operations, reduce expenses, and increase revenues. In addition, competitive conditions have intensified as banks have increasingly affiliated with securities firms, insurance companies, and other financial companies.

As of June 30, 2025, within towns in which the Bank had a branch as of this same date there were 131 banking branch offices of competing institutions (excluding credit unions, but including savings banks), including 100 branches of 14 banks having assets more than $10 billion. As of June 30, 2025, the FDIC estimated the Bank's market share of deposits within the communities it serves to be as follows: Greenville, Quincy and Portola 100%, Alturas 67%, Susanville 59%, Kings Beach 52%, Chester 44%, Fall River Mills 38%, Tahoe City 32%, Truckee 18%, Yuba City 3%, Carson City 3%, Redding 2% and Reno and Chico less than 1%.

Technological innovations have also resulted in increased competition in financial services markets. Such innovation has, for example, made it possible for non-depository institutions to offer customers loans or automated transfer payment services that previously were considered traditional banking products. In addition, many customers now expect a choice of delivery systems and channels, including home computer, mobile, remote deposit, telephone, ATMs, mail, full-service branches and/or in-store branches. The sources of competition in such products include traditional banks as well as savings associations, credit unions, brokerage firms, money market and other mutual funds, asset management groups, finance and insurance companies, fintechs and mortgage banking firms.

Human Capital Resources. At December 31, 2025, we employed 246 persons. On a full-time equivalent basis, we employed 234 persons. None of our employees are represented by a labor union, and management considers its employee relations to be good.

While we expect to hire additional employees as we grow or as a result of attrition, we believe our human capital resources are adequate to support our current business. To attract and retain employees, we offer a competitive total compensation package that includes a comprehensive benefit program. We have adopted incentive compensation programs that are designed to retain and motivate employees and to align with our performance, including an incentive compensation plan, a 401K retirement plan, and an employee rewards plan. We regularly review our compensation and benefits and make adjustments to stay competitive. We continually invest in our work force through employee development, education and training.

Code of Ethics. Our Board of Directors has adopted a code of business conduct and ethics for directors, officers (including the Company's principal executive officer and principal financial officer) and financial personnel, known as the Corporate Governance Code of Ethics. This policy is available on our website at www.plumasbank.com. Shareholders may request a free copy of this policy from Plumas Bancorp, Ms. Jamie Huynh, Assistant Corporate Secretary, 5525 Kietzke Lane, Suite 100, Reno, Nevada, 89511.

Supervision and Regulation

General. As a banking organization, we are extensively regulated under federal and state law. These laws and regulations are generally intended to protect our customers and the financial system and not our shareholders. Our operations may be affected by legislative changes and by the policies of various regulatory authorities. Any change in applicable laws or regulations may have a material effect on our business and prospects. We cannot accurately predict the nature or the extent of the effects on our business and earnings that fiscal or monetary policies, or new federal or state legislation may have in the future. The following summaries of statutes and regulations are qualified in their entirety by reference to the particular statute or regulation.

Holding Company Regulation. The Company is a registered bank holding company under the Bank Holding Company Act of 1956, as amended, and is subject to supervision and regulation by the Board of Governors of the Federal Reserve System (the "FRB"). We are required to file reports with the FRB and the FRB periodically examines the Company. A bank holding company is required to serve as a source of financial and managerial strength to its subsidiary bank and, under appropriate circumstances, to commit resources to support its subsidiary bank. FRB regulations and policies require the Company to meet or exceed certain capital requirements and regulate provisions of certain bank holding company debt. The Company is also a bank holding company for purposes of the California Financial Code, so the Company and its subsidiaries are also subject to supervision and examination by the California Department of Financial Protection and Innovation ("DFPI").

The activities of bank holding companies are generally limited to the business of banking, managing or controlling banks, and other activities that the FRB has determined to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Bank holding companies that qualify and register as "financial holding companies" are also able to engage in certain additional financial activities, such as merchant banking and securities and insurance underwriting, subject to limitations set forth in federal law. The Company has not elected to become a financial holding company. As a bank holding company, the Company must obtain prior approval of the FRB before taking any action that causes a bank to become a controlled subsidiary of the bank holding company, acquiring direct or indirect ownership of 5% of the outstanding shares of any class of voting securities of another bank or bank holding company, acquiring all or substantially all the assets of a bank or merging or consolidating with another bank holding company.

Federal and State Bank Regulation. As a California-chartered commercial bank that is a member of the Federal Reserve System, the Bank is subject to the supervision and regulation of the DFPI and the FRB, as well as certain of the regulations of the FDIC and the Consumer Financial Protection Bureau ("CFPB"). The DFPI and the FRB regularly examine the Bank and may prohibit the Bank from engaging in what they believe constitutes unsafe or unsound banking practices or violations of law.

As a member of the Federal Reserve System, the Bank is required to purchase and maintain stock in the Federal Reserve Bank of San Francisco in an amount equal to 3.00% of the paid-up capital stock and surplus of the Bank and have available another 3.00% in reserves. At December 31, 2025, the Bank had $3.6 million in stock of the Federal Reserve Bank of San Francisco in compliance with this requirement.

Capital Adequacy. The federal banking agencies have adopted risk-based capital adequacy guidelines intended to measure capital relative to the degree of risk associated with a banking organization's operations for both transactions reported on the balance sheet as assets, and transactions, such as letters of credit and recourse arrangements, which are reported as off-balance-sheet items. Under these guidelines, nominal dollar amounts of assets and credit equivalent amounts of off-balance-sheet items are multiplied by one of several risk adjustment percentages, which range from 0% for assets with low credit risk, such as certain U.S. government securities, to 100% for assets with relatively higher credit risk, such as business loans.

A banking organization's risk-based capital ratios are calculated by dividing its qualifying capital by its total risk-adjusted assets and off-balance-sheet items. The regulators measure risk-adjusted assets and off-balance-sheet items against common equity Tier 1 capital, Tier 1 capital and total qualifying capital (the sum of Tier 1 capital and limited amounts of Tier 2 capital). Common equity Tier 1 capital generally consists of common stock and retained earnings. Tier 1 capital consists of common stock, retained earnings, noncumulative perpetual preferred stock and minority interests in certain subsidiaries, less most other intangible assets. Tier 2 capital may consist of a limited amount of the allowance for credit losses and certain other instruments with some characteristics of equity. The inclusion of elements of Tier 2 capital is subject to certain other requirements and limitations of the federal banking agencies.

If a bank does not maintain the required capital levels, federal banking regulators, as well as the DFPI, may issue a capital directive or take other enforcement measures to ensure the maintenance of required capital levels. Federal law requires, among other things, that federal bank regulators take "prompt corrective action" with respect to banks that do not meet minimum capital requirements. For this purpose, the law establishes five capital categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. At each successive lower capital category, a bank is subject to more restrictions and prohibitions, including restrictions on growth, restrictions on interest rates paid on deposits, restrictions or prohibitions on payment of dividends, and restrictions on the acceptance of brokered deposits. Furthermore, if an insured depository institution is classified in one of the undercapitalized categories, it is required to submit a capital restoration plan to the appropriate federal banking agency, and the holding company and any other company deemed to control the bank must guarantee the performance of that plan.

The federal bank regulatory agencies' risk-based capital adequacy guidelines, sometimes called "Basel III," establish minimum regulatory capital requirements for bank holding companies and depository institutions. The Basel III capital rules include a minimum common equity Tier 1 ratio of 4.5%, a Tier 1 capital ratio of 6.0%, a total risk-based capital ratio of 8.0%, and a minimum leverage ratio of 4.0% (calculated as Tier 1 capital to average consolidated assets). The minimum capital levels required to be considered "well capitalized" include a common equity Tier 1 ratio of 6.5%, a Tier 1 risk-based capital ratio of 8.0%, a total risk-based capital ratio of 10.0% and a leverage ratio of 5.0%. In addition, the Basel III capital rules require that banking organizations maintain a capital conservation buffer of 2.5% above the minimum capital requirements in order to avoid restrictions on their ability to pay dividends, repurchase stock or pay discretionary bonuses. Including the capital conservation buffer of 2.5%, the Basel III capital rules require the following minimum ratios for a bank holding company or bank to be considered "well capitalized": a common equity Tier 1 capital ratio of 7.0%; a Tier 1 capital ratio of 8.5%, and a total capital ratio of 10.5%. At December 31, 2025, the Company's and the Bank's capital ratios exceed the thresholds necessary to be considered "well capitalized" under the Basel III framework.

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

For additional information, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Standards."

Dividends and Stock Repurchases. The Company's ability to pay cash dividends is limited by California law and is dependent on dividends it may receive from the Bank. The California General Corporation Law permits a California corporation such as the Company to make a distribution to its shareholders' if its retained earnings equal at least the amount of the proposed distribution or if after giving effect to the distribution, the value of the corporation's assets exceeds the amount of its liabilities plus the amount of shareholders preferences, if any, and certain other conditions are met.

It is the FRB's policy that bank holding companies should generally pay dividends on common stock only out of current income and only if prospective earnings support the organization's expected future needs and financial condition. Further, it is the FRB's policy that bank holding companies should not maintain dividend levels that undermine their ability to be a source of strength to their banking subsidiaries. The FRB also discourages dividend payment ratios that are at maximum allowable levels unless both asset quality and capital are very strong.

The Bank is a legal entity that is separate and distinct from its holding company. The Company depends on the performance of the Bank for funds which may be received as dividends from the Bank for use in the operation of the Company and the ability of the Company to pay dividends to shareholders. Future cash dividends by the Bank will also depend upon management's assessment of future capital requirements, contractual restrictions, and other factors.

The California Financial Code restricts the dividends that the Bank may pay to the Company to the lesser of the Bank's retained earnings or the Bank's net income for the latest three fiscal years, less dividends previously declared during that period, or, with the approval of the DFPI, to the greater of the retained earnings of the Bank, the net income of the Bank for its last fiscal year, or the net income of the Bank for its current fiscal year. As of December 31, 2025, the maximum amount available for dividend distribution under this restriction was approximately $46 million. In addition, the Bank is subject to the Basel III capital rules and the capital conservation buffer discussed above.

The foregoing restrictions and limitations on dividends similarly restrict the Company's ability to repurchase shares of its common stock.

Loans-to-One Borrower. Under California law, the Bank's ability to make aggregate secured and unsecured loans-to-one-borrower is limited to 25% and 15%, respectively, of unimpaired capital and surplus. At December 31, 2025, the Bank's limit on aggregate secured loans-to-one-borrower was $67 million and unsecured loans-to-one borrower was $40 million. The Bank has established internal loan limits that are lower than its legal lending limits.

The Community Reinvestment Act. The Community Reinvestment Act ("CRA") requires the federal banking regulators to evaluate the record of depository institutions in meeting the credit needs of their local communities, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of those institutions. Federal banking regulators consider the Bank's CRA performance in evaluating applications for mergers, acquisitions and to establish new branches. A less than "Satisfactory" rating would likely result in the suspension of any growth of the Bank through acquisitions or opening de novo branches until the rating is improved. The Bank's most recent CRA rating was "Satisfactory."

Transactions with Affiliates. The Bank is subject to certain restrictions imposed by the Federal Reserve Act on extensions of credit to executive officers, directors, principal shareholders (including the Company) or any related interest of such persons. Extensions of credit must be made on substantially the same terms, including interest rates and collateral, as, and follow credit underwriting procedures that are not less stringent than, those prevailing at the time for comparable transactions with persons not affiliated with the Bank, and must not involve more than the normal risk of repayment or present other unfavorable features. Banks are also subject to certain lending limits and restrictions on overdrafts to such persons. A violation of these restrictions may result in the assessment of substantial civil monetary penalties on the affected bank or any officer, director, employee, agent or other person participating in the conduct of the affairs of that bank, the imposition of a cease and desist order, and other regulatory sanctions.

The Federal Reserve Act and the FRB's Regulation W limit the amount of certain loan and investment transactions between the Bank and its affiliates, require certain levels of collateral for such loans, and limit the amount of advances to third parties that may be collateralized by the securities of the Company or its subsidiaries. Regulation W requires that certain transactions between the Bank and its affiliates be on terms substantially the same, or at least as favorable to the Bank, as those prevailing at the time for comparable transactions with or involving nonaffiliated companies or, in the absence of comparable transactions, on terms and under circumstances, including credit standards, that in good faith would be offered to or would apply to nonaffiliated companies.

Safety and Soundness Standards. The federal banking regulators have adopted non-capital safety and soundness standards for institutions. These standards cover internal controls, information and internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, and standards for asset quality, earnings and stock valuation. An institution that fails to meet these standards must develop a plan acceptable to the agency, specifying the steps that it will take to meet the standards. Failure to submit or implement such a plan may subject the institution to regulatory enforcement actions, including civil money penalties.

Concentrations in Commercial Real Estate Lending. The federal banking regulators have issued guidance to identify institutions that may be exposed to potential significant commercial real estate lending risks and may therefore warrant greater supervisory scrutiny. The guidance includes the following numerical tests:

- total reported loans for construction, land development and other land represent 100% or more of the institution's total risk-based capital, or

- total commercial real estate loans represent 300% or more of the institution's total risk-based capital, and the outstanding balance of the institution's commercial real estate loan portfolio has increased by 50% or more during the previous 36 months.

The guidance does not limit a bank's 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. Banking regulators expect banks with concentrations of commercial real estate loans to maintain appropriate underwriting discipline, risk-management and capital commensurate with the level and nature of their commercial real estate risks.

Federal Deposit Insurance. The FDIC insures the Bank's deposits, up to prescribed statutory limits, through the Deposit Insurance Fund, currently up to $250,000 per depositor per institution. The Deposit Insurance Fund is funded primarily by FDIC assessments paid by the insured depository institution. The amount of FDIC assessments paid by a depository institution is based on its relative risk of default as measured by regulatory capital ratios and other supervisory factors. The Bank's FDIC insurance expense totaled $871 thousand for 2025.

While the FRB is the Bank's primary federal regulator, as a federally insured depository institution, the Bank is also subject to certain regulations of and supervision by the FDIC. The FDIC may terminate a depository institution's deposit insurance upon a finding that the institution's financial condition is unsafe or unsound or that the institution has engaged in unsafe or unsound practices that pose a risk to the Deposit Insurance Fund or that may prejudice the interest of the institution's depositors. Under California law, the termination of the Bank's deposit insurance would result in a termination of the Bank's charter.

Consumer Protection Laws and Regulations. The bank regulatory agencies continue to focus greater attention on compliance with consumer protection laws and their implementing regulations. Examination and enforcement have become more intense in nature, and insured institutions have been advised to carefully monitor compliance with such laws and regulations. The Company is subject to many federal and state consumer protection and privacy statutes and regulations, including but not limited to the following:

- The Equal Credit Opportunity Act generally prohibits discrimination in any credit transaction, whether for consumer or business purposes, on the basis of race, color, religion, national origin, sex, marital status, age (except in limited circumstances), receipt of income from public assistance programs, or good faith exercise of any rights under the Consumer Credit Protection Act.

- The Truth in Lending Act ("TILA") is designed to ensure that credit terms are disclosed in a meaningful way so that consumers may compare credit terms more readily and knowledgeably. As a result of the TILA, all creditors must use the same credit terminology to express rates and payments, including the annual percentage rate, the finance charge, the amount financed, the total of payments and the payment schedule, among other things. As a result of the Dodd-Frank Act, Regulation Z promulgated under the TILA includes numerous requirements regarding consumer mortgage origination and services. These changes include underwriting standards, mandated disclosures, fee limitations, prohibiting certain payments to a mortgage broker or loan officer based on the transaction's terms or conditions other than its principal amount and prohibiting dual compensation and prohibiting a mortgage broker or loan officer from "steering" consumers to transactions not in their interest to increase mortgage broker or loan officer compensation.

- The Fair Housing Act ("FH Act") regulates many practices, including making it unlawful for any lender to discriminate in its housing-related lending activities against any person because of race, color, religion, national origin, sex, handicap or familial status. A number of lending practices have been found by the courts to be, or may be considered, illegal under the FH Act, including some that are not specifically mentioned in the FH Act itself.

- The Home Mortgage Disclosure Act ("HMDA"), in response to public concern over credit shortages in certain urban neighborhoods, requires public disclosure of information that shows whether financial institutions are serving the housing credit needs of the neighborhoods and communities in which they are located. The HMDA also includes a "fair lending" aspect that requires the collection and disclosure of data about applicant and borrower characteristics as a way of identifying possible discriminatory lending patterns and enforcing anti-discrimination statutes.

- The Right to Financial Privacy Act imposes a new requirement for financial institutions to provide new privacy protections to consumers. Financial institutions must provide disclosures to consumers of its privacy policy and state the rights of consumers to direct their financial institution not to share their nonpublic personal information with third parties.

- The Real Estate Settlement Procedures Act ("RESPA") requires lenders to provide noncommercial borrowers with disclosures regarding the nature and cost of real estate settlements. Also, RESPA prohibits certain abusive practices, such as kickbacks, and places limitations on the amount of escrow accounts.

Penalties for noncompliance or violations under the above laws may include enforcement actions, fines, customer reimbursement and other penalties. Violations of consumer laws may also adversely affect the Bank's CRA rating. Due to heightened regulatory expectations related to compliance generally, the Company may incur additional compliance costs.

The Dodd-Frank Act created the CFPB as an independent federal agency with broad rulemaking, supervisory and enforcement powers under various federal consumer financial protection laws. The CFPB has examination and primary enforcement authority with respect to depository institutions with $10 billion or more in assets. Smaller institutions, including the Bank, are generally subject to rules promulgated by the CFPB but continue to be examined and supervised by their primary federal banking regulators for consumer compliance purposes.

Anti-Money Laundering Laws. A series of banking laws and regulations beginning with the Bank Secrecy Act require 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 US PATRIOT Act of 2001 (the "Patriot Act"), 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. These rules also mandate a variety of record keeping, reporting and employee training requirements. The Patriot Act also requires federal bank regulators to evaluate the effectiveness of an applicant in combating money laundering when determining whether to approve a proposed bank acquisition or merger.

Privacy and Data Security. The Gramm-Leach Bliley Act of 1999 ("GLBA") imposes requirements on financial institutions with respect to consumer privacy. The GLBA generally prohibits disclosure of consumer information to non-affiliated 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 annually. The Bank is 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. Customers must be notified when unauthorized disclosure involves sensitive customer information that may be misused.

Potential Enforcement Actions; Supervisory Agreements. Under federal law, the Company, the Bank and their institution-affiliated parties may be the subject of potential enforcement actions by the federal banking regulators for unsafe and unsound practices in conducting their businesses, or for violations of any law, rule or regulation or provision, any consent order with any agency, any condition imposed in writing by the agency or any written agreement with the agency. Enforcement actions may include the imposition of a conservator or receiver, cease-and-desist orders and written agreements, the termination of insurance of deposits, the imposition of civil money penalties, the payment of restitution and removal and prohibition orders against institution-affiliated parties. The DFPI also has authority to bring similar enforcement actions against the Bank.

Legislation and Proposed Changes. From time to time, legislation is enacted which has the effect of increasing the cost of doing business, limiting or expanding permissible activities or affecting the competitive balance between banks and other financial institutions. Proposals to change the laws and regulations governing the operations and taxation of banks, bank holding companies and other financial institutions are frequently made in Congress, in the California legislature and before various bank regulatory agencies. Typically, the intent of this type of legislation is to strengthen the banking industry, even if it may on occasion prove to be a burden on management's plans. No prediction can be made as to the likelihood of any major changes or the impact that new laws or regulations might have on us.

Effects of Government Monetary Policy. Our earnings and growth are affected not only by general economic conditions, but also by the fiscal and monetary policies of the federal government, particularly the FRB. The FRB implements national monetary policy for such purposes as curbing inflation and combating recession, through its open market operations in U.S. Government securities, control of the discount rate applicable to borrowings from the FRB, and establishment of reserve requirements against certain deposits. These activities influence growth of bank loans, investments and deposits, and also affect interest rates charged on loans or paid on deposits. The Company's profitability, like most financial institutions, is primarily dependent on interest rate spreads. In general, the difference between the interest rates paid by the Bank on interest-bearing liabilities, such as deposits and other borrowings, and the interest rates received by the Bank on interest-earning assets, such as loans extended to customers and securities held in the investment portfolio, will comprise the major portion of the Company's earnings. These rates are highly sensitive to many factors that are beyond our control, such as inflation, recession and unemployment, the monetary and fiscal policies of the federal government and the policies of regulatory agencies, particularly the FRB, and the impact which future changes in domestic and foreign economic conditions might have on us cannot be predicted. The nature and impact of future changes in monetary policies and their impact on us cannot be predicted with certainty.

Recent Accounting Pronouncements

See Note 2 – "Summary of Significant Accounting Policies – Adoption of New Accounting Standards" of the Company's Consolidated Financial Statements in Item 8 – Financial Statements and Supplementary Data of this Annual Report on Form 10-K for information related to recent accounting pronouncements.

ITEM 1A. RISK FACTORS

Risks Relating to our Business and Industry

The majority of our assets are loans, which are subject to credit risks and potential losses.

The Bank, like other lenders, is subject to credit risk, which is the risk of losing principal or interest due to borrowers' failure to perform their obligations in accordance with the terms of their credit agreements. Underwriting and documentation controls cannot mitigate all credit risk. Accordingly, our results of operations will be directly affected by the volume and timing of loan losses, which for several reasons can vary from period to period. The risks of loan losses may be exacerbated by a downturn in the economy or the real estate market in our market areas or a rapid increase in interest rates, which could have a negative effect on collateral values and borrowers' ability to repay. To the extent borrowers do not timely pay our loans, the loans are placed on non-accrual status, thereby reducing interest income. Further, under these circumstances, we may be required to make an additional provision for loan and lease losses or unfunded commitments, which could reduce our income and capital. See Management's Discussion and Analysis of Financial Condition and Results of Operations – "Analysis of Asset Quality and Allowance for Credit Losses".

A deterioration of national or local economic conditions could reduce our profitability.

Our lending operations and customers are primarily located in the eastern region of Northern California and in Northern Nevada. As a result, a significant majority of the loans in our loan portfolios as of December 31, 2025, were secured by properties and collateral located within these regions. As of such date, approximately 92% of the loans in our loan portfolio were made to borrowers who primarily conduct business or live in Northern California or Northern Nevada. This geographic concentration imposes risks from lack of geographic diversification, as adverse economic developments in Northern California or Northern Nevada, among other things, could affect the volume of loan originations, increase the level of nonperforming assets, increase the rate of foreclosure losses on loans and reduce the value of our loans and the underlying collateral. Any regional or local economic downturn affecting Northern California or Northern Nevada or existing or prospective borrowers or property values in such areas may affect us and our profitability more significantly and more adversely than depository organizations whose operations are less geographically concentrated. A significant downturn in the national economy or the local economy due to the real estate market, monetary or public policy decisions, tariffs and internal trading tension, agricultural commodity prices, natural disaster, fires, drought or other factors could result in a decline in the local economy in general, which could in turn negatively impact our business, financial condition, results of operations and prospects.

If our allowance for credit losses is not sufficient to absorb actual loan losses, our profitability could be reduced.

The risk of loan losses is inherent in the lending business. We maintain an allowance for credit losses based upon our actual losses over a relevant time period and management's assessment of all relevant qualitative factors that may cause future loss experience to differ from our historical loss experience. Although we maintain a rigorous process for determining the allowance for credit losses, we cannot be certain that it will be sufficient to cover future loan losses. Determining the appropriate levels of the allowances for credit losses inherently involves a high degree of subjectivity and judgment and requires us to make estimates of current credit risks and future trends, all of which may undergo material changes. If our allowance for credit losses is not adequate to absorb future losses, or if bank regulatory agencies require us to increase our allowance for credit losses, our earnings could be significantly and adversely impacted.

A deterioration in the real estate market could have a material adverse effect on our business, financial condition and results of operations.

As of December 31, 2025, approximately 77% of our total loan portfolio is secured by real estate, the majority of which is commercial real estate. The market value of real estate can fluctuate significantly in a short period of time as a result of market conditions in the area in which the real estate is located. Adverse changes affecting real estate values and the liquidity of real estate in our markets could increase the credit risk associated with our loan portfolio and could result in losses that would adversely affect credit quality, financial condition, and results of operation. Negative changes in the economy affecting real estate values and liquidity in our market areas could significantly impair the value of property pledged as collateral on loans and affect our ability to sell the collateral upon foreclosure without a loss or additional losses. Collateral may have to be sold for less than the outstanding balance of the loan, which could result in losses on such loans. Declines in real estate market values or increases in commercial and consumer delinquency levels could require increased net charge-offs which could adversely affect our financial condition, results of operations and cash flows.

Inflationary pressures and rising prices may affect our results of operations and financial condition.

Inflation began to rise sharply at the end of 2021 and has remained at an elevated level through 2024. While some broad inflation rates began to moderate in 2025, inflation rates in some sectors remained elevated relative to historical levels. Small to medium-sized businesses may be impacted more during periods of high inflation as they are not able to leverage economics of scale to mitigate cost pressures compared to larger businesses. Consequently, the ability of our business customers to repay their loans may deteriorate, and in some cases this deterioration may occur quickly, which would adversely impact our results of operations and financial condition. Furthermore, a prolonged period of inflation could cause wages and other costs to the Company to increase, which could adversely affect our results of operations and financial condition.

Changes in interest rates could reduce our business and profitability.

Our earnings could be significantly and adversely impacted by changes in interest rates. While we maintain processes for managing the impact of interest rate fluctuations on earnings, there is a risk that these processes may not fully mitigate the impact of interest rate fluctuations on our business and profitability.

Our earnings depend largely upon net interest income, which is the difference between the total interest income earned on interest earning assets (primarily loans and investment securities) and the total interest expense incurred on interest bearing liabilities (primarily deposits and borrowed funds). The rate of interest that we earn on assets and pay on liabilities is affected principally by direct competition and general economic conditions at the state and national level and other factors beyond our control such as actions of the FRB, the general supply of money in the economy, legislative tax policies, governmental budgetary matters, and other state and federal economic policies.

In a period of rising interest rates, the interest income we earn on our assets may not increase as rapidly as the interest expense we incur on our liabilities. Likewise, in a period of falling interest rates, the interest expense we incur on our liabilities may not decrease as rapidly as the interest income we earn on our assets. Historically, our liabilities have shorter contractual maturities than our assets. This creates a potential imbalance as interest rates change over time, which can create significant earnings volatility. Such an occurrence would have a material adverse effect on our net interest income and our results of operations.

Interest rate increases often result in larger payment requirements for our borrowers, increasing the potential for default. At the same time, the marketability of the property securing a loan may be adversely affected by any reduced demand resulting from higher interest rates.

Changes in interest rates can also affect the average life of our loans. A reduction in interest rates causes increased prepayments of loans as borrowers tend to refinance their debt to reduce their borrowing costs. This creates reinvestment risk, which is the risk that we may not be able to reinvest the funds from faster prepayments at rates that are comparable to the rates earned on the prepaid loans.

Changes in interest rates also affect the value of our interest-earning assets, particularly our investment securities portfolio. Generally, the value of fixed-rate securities fluctuates inversely with changes in interest rates, so the market value of our investment securities may fall as interest rates rise. Unrealized gains and losses on securities available for sale are reported as a separate component of equity, net of tax. Stockholders' equity, specifically accumulated other comprehensive income (loss) ("AOCI"), is increased or decreased by the amount of change in the estimated fair value of our securities available for sale, net of deferred income taxes. Decreases in the fair value of securities available for sale resulting from increases in interest rates could have an adverse effect on shareholders' equity.

A lack of liquidity could adversely affect our operations and jeopardize our business, financial condition and results of operations.

Liquidity is essential to our business. We rely on our ability to generate deposits and effectively manage the repayment and maturity schedules of our loans and investment securities, respectively, to ensure that we have adequate liquidity to fund our operations. An inability to raise funds through deposits, borrowings, securities sales, Federal Reserve Bank advances, the sale of loans and other sources could have a substantial negative effect on our liquidity. Our most important source of funding consists of deposits. Deposit balances may decrease if customers seek higher investment returns or choose to move deposits to other banks or investments that are perceived as having lower risks. 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.

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 the ability to borrow from the Federal Reserve Bank of San Francisco and the Federal Home Loan Bank and our ability to raise brokered deposits. We also may borrow funds from third-party lenders, such as other financial institutions. 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. If we increase interest rates paid to retain deposits, our earnings may be adversely affected, which could have an adverse effect on our business, financial condition and results of operations.

Significant declines in available funding could adversely affect our ability to originate loans, invest in securities, pay our expenses, distribute dividends to our shareholders, and fulfill our debt obligations or deposit withdrawal demands. In addition, 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 liquidity, business, financial condition and results of operations.

A reduction in the value, or impairment of our investment securities, can impact our earnings and common shareholders' equity.

Generally Accepted Accounting Principles ("GAAP") requires that we carry our available-for-sale investment securities at fair value on our balance sheet. Unrealized gains or losses on these securities, reflecting the difference between the fair market value and the amortized cost, net of its tax effect, are reported as a component of shareholders' equity. In certain instances, GAAP requires recognition through earnings of declines in the fair value of securities that are deemed to be impaired. Any impairment that is not credit related is recognized in other comprehensive income, net of applicable taxes. Credit-related impairment is recognized as an allowance for credit losses on the balance sheet, limited to the amount by which the amortized cost basis exceeds the fair value, with a corresponding adjustment to earnings. Changes in the fair value of these securities may result from a number of circumstances that are beyond our control, such as changes in interest rates, the financial condition of municipalities, government sponsored enterprises or insurers of municipal bonds, changes in demand for these securities as a result of economic conditions, or reduced market liquidity. If our investment securities decline in market value and impairments of these assets results, we could be required to recognize a loss which could have a material adverse effect on our net income and capital levels.

Adverse developments affecting the banking industry may erode customer confidence in the banking system and could have a material effect on our operations and/or stock price.

The high-profile failures of several depository institutions may have negatively impacted customer confidence in the safety and soundness of some regional and community banks. Future failures of or publicized financial difficulties at other depository institutions similarly erode customer confidence. As a result, we face that risk that customers may prefer to maintain deposits with larger financial institutions or invest in short-term fixed income securities instead of deposits with the Bank, either of which could materially adversely impact our liquidity, cost of funding, capital, and results of operations. In response to the failures of other depository institutions, we may face increased regulation and supervisory oversight, higher capital or liquidity requirements or a heightened risk of regulatory enforcement activities, any of which could have a material impact on our business. Further, our costs of deposit insurance may increase as a result of these bank failures and the resulting losses to the FDIC's Deposit Insurance Fund. In addition, concerns about the banking industry's operating environment and the public trading prices of bank holding companies are often correlated, particularly during times of financial stress, which could adversely impact the trading price of our common stock.

We could be required to raise additional capital in the future, but that capital may not be available when it is needed or may not be available on terms that are favorable to us or our existing shareholders.

As a depository organization, we must meet significant regulatory capital requirements and maintain sufficient liquidity. We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs. Our ability to raise additional capital depends on conditions in the capital markets, economic conditions, and a number of other factors, including investor perceptions regarding the banking industry, market conditions and governmental activities, and on our financial condition and performance. Accordingly, we cannot assure that we will be able to raise additional capital if needed, on terms acceptable to us or on terms that would not adversely affect our existing shareholders. If we fail to maintain capital to meet regulatory requirements, our financial condition, liquidity and results of operations would be materially and adversely affected.

The markets in which we operate are subject to the risks of drought, fires, earthquakes and other natural disasters.

The occurrence of catastrophic weather events or pandemics could adversely affect our financial condition or results of operations. Most of our offices are located in California, as are most of the real and personal properties securing our loans. The areas in which we operate and lend in California and Nevada are prone to earthquakes, fires, flooding and other natural disasters. In addition to possibly sustaining damage to our own properties, if there is a major earthquake, fire, flood or other natural disaster, we face the risk that many of our borrowers may experience uninsured property losses, or sustained job interruption and/or loss which may materially impair their ability to meet the terms of their loan obligations. Therefore, a major earthquake, fire, flood or other natural disaster in California or Nevada could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Over the past decade, California has experienced periods of severe drought. A significant portion of our borrowers are involved in or are dependent on the agricultural industry in California, which requires water. As of December 31, 2025, approximately 10% of our loans were categorized as agricultural loans. As a result of the drought, there have been governmental proposals concerning the distribution or rationing of water. If the amount of water available to agriculture becomes scarcer due to drought or rationing, growers may not be able to continue to produce agricultural products profitably, which could force some out of business. Although many of our customers are not directly involved in agriculture, they could be impacted by difficulties in the agricultural industry because many jobs and businesses in our market areas are related to the production of agricultural products. Therefore, a drought could adversely impact our loan portfolio, business, financial condition and results of operations.

We are subject to market, operational, accounting, credit and other related risks associated with our interest rate hedging strategies.

We may seek to mitigate our interest rate risk by entering into interest rate swaps and other interest rate derivative contracts from time to time. No hedging strategy can completely protect us and the derivative financial instruments we elect may not be effective in reducing our interest rate risk. Our hedging strategies rely on assumptions and projections regarding interest rates, asset levels and general market factors and subject us to counterparty risks, such as the risks of insolvency or other inability of the counterparty to a particular transaction to perform its obligations thereunder, including providing sufficient collateral. Hedging strategies that prove to be ineffective, inaccurate assumptions or projections or the failure of a counterparty to fulfill its contractual obligations could increase our risks and losses.

To the extent a derivative contract does not meet the requirements for applying hedge accounting in accordance with GAAP, our earnings may be adversely affected. In particular, to be eligible for hedge accounting under GAAP, derivatives must be highly effective in offsetting changes in the value or cash flows of the hedged items and appropriately designated or documented as such. If it is determined that a derivative is not highly effective at hedging the designated exposure, hedge accounting is discontinued and the changes in fair value of the instrument are included in our reported net income.

In addition, hedging strategies involve transaction and other costs. Therefore, our hedging strategies and the derivatives that we use may not adequately offset the risks of interest rate volatility and could result in or magnify losses, which could have an adverse effect on our financial condition and result of operations.

We face substantial competition from larger banks and other financial institutions.

We face substantial competition for deposits and loans. Competition for deposits primarily comes from other commercial banks, savings institutions, thrift and loan associations, credit unions, money market and mutual funds and other investment alternatives. Competition for loans comes primarily from other commercial banks, savings institutions, credit unions, mortgage banking firms, thrift and loan associations and increasingly “fintech” lending platforms. Larger competitors with larger capital resources have substantially greater resources to invest in technology and marketing and higher lending limits than us. In addition, with greater financial resources, they may be able to offer longer maturities or lower rates. Our competitors may also provide certain products and services for their customers, such as technological solutions, trust services and international banking, that we are unable to offer or may only be able to offer indirectly through correspondent relationships. Ultimately, competition can reduce our profitability, as well as make it more difficult to increase the size of our loan portfolio and deposit base.

Our growth strategy involves risks.

In July 2025, we completed our acquisition of Cornerstone Community Bancorp. In 2021 we acquired Bank of Feather River and in 2023 we opened a new branch in Chico California. Previously, during the last ten years we completed two branch purchase and assumption transactions, the establishment of a new branch office in Reno, Nevada and a loan production office in Klamath Falls, Oregon. As a result, the size and complexity of our business has increased. Our future success will depend, in part, upon our ability to manage this expanded business, which may pose challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity.

We may engage in additional acquisition activity and open additional offices in the future to expand our markets and further our growth strategy. Acquiring other banks or branches involves various other risks commonly associated with acquisitions including difficulty in estimating the value of the business to be acquired, integrating the operations, and retaining key employees and customers. We cannot assure that our acquisition of Cornerstone Community Bancorp or any future acquisitions or new offices will be successful or achieve the anticipated benefits. Further, growth may strain our administrative, managerial, financial and operational resources and increase demands on our systems and controls. If we pursue our growth strategy too aggressively or fail to attract qualified personnel, control costs or maintain asset quality, or if factors beyond management’s control divert attention away from our business operations, our pursuit of growth could have a material adverse impact on our business.

Our 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.

The accuracy of our financial statements and related disclosures could be affected if the judgments, assumptions or estimates used in our critical accounting policies are inaccurate.

The preparation of financial statements and related disclosures in conformity with GAAP requires us to make judgments, assumptions and estimates that affect the amounts reported in our consolidated financial statements and accompanying notes. Our critical accounting policies, which are included in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," describe those significant accounting policies and methods used in the preparation of our consolidated financial statements that we consider critical because they require judgments, assumptions and estimates that materially affect our consolidated financial statements and related disclosures. As a result, if future events or regulatory views concerning such analysis differ significantly from the judgments, assumptions and estimates in our critical accounting policies, those events or assumptions could have a material impact on our consolidated financial statements and related disclosures, in each case resulting in our need to revise or restate prior period financial statements, cause damage to our reputation and the price of our common stock and adversely affect our business, financial condition and results of operations.

We rely upon independent appraisals to determine the value of the real estate that secures a substantial portion of our loans, and the values indicated by such appraisals may not be realizable if we are forced to foreclose upon such loans.

A substantial portion of our loan portfolio consists of loans secured by real estate. We generally rely upon appraisers at the time of origination to estimate the value of such real estate. Appraisals are only estimates of value, and the soundness of those estimates may be affected by volatility in the real estate market or other changes in market conditions. In addition, the appraisers may make mistakes of fact or judgment, which adversely affect the reliability of their appraisals. In addition, events occurring after the initial appraisal may cause the value of the real estate to increase or decrease. For example, since 2020 and in light of the prevalence of hybrid work arrangements and associated lower occupancy rates, in many cases the value of commercial real estate secured by office properties has declined. As a result of these factors, the real estate securing some of our loans may be less valuable than anticipated at the time the loans were made. If a default occurs on a loan secured by real estate that is less valuable than originally estimated, then we may not be able to recover the outstanding balance of the loan and will suffer a loss.

Cybersecurity breaches and technological disruptions could damage our reputation and profitability.

Our electronic banking activities expose us to possible liability and harm to our reputation should an unauthorized party gain access to confidential customer information. Despite our considerable efforts and investment to provide the security and authentication necessary to effect secure transmission of data, we cannot guarantee that these precautions will protect our systems from security compromises or breaches. Although we have developed systems and processes that are designed to recognize and assist in preventing security breaches (and periodically test our security), a failure to protect against or mitigate breaches of security could adversely affect our ability to offer and grow our online services, constitute a breach of privacy or other laws, result in costly litigation and loss of customer relationships, negatively impact our reputation, and could have an adverse effect on our business, results of operations and financial condition. We may also incur substantial increases in costs in an effort to minimize or mitigate cybersecurity risks and to respond to cyber incidents.

The potential for operational risk exposure exists throughout our business. Integral to our performance is the continued efficacy of our technology and information systems, operational infrastructure and relationships with third parties and colleagues in day-to-day and ongoing operations. A failure by any or all of these resources subjects us to risks that may vary in size, scale and scope. This includes, but is not limited to, operational or systems failures, disruption of client operations and activities, ineffectiveness or exposure due to interruption in third party support as well as the loss of key colleagues or failure on the part of key colleagues to perform properly. The continued evolution and increased use of artificial intelligence technologies may further increase these risks.

Technology is changing rapidly and may put us at a competitive disadvantage.

The banking industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. Effective use of technology increases efficiency and enables banks to better serve customers. Our future success depends, in part, on our ability and the ability of our third-party partners to effectively implement new technology. The widespread adoption of new technologies, including mobile banking services, artificial intelligence, cryptocurrencies and payment systems, could require us in the future to make substantial expenditures to modify or adapt our existing products and services as we grow and develop new products to satisfy our customers' expectations and comply with regulatory guidance. Many of our larger competitors have substantially greater resources than we do to invest in technological improvements. As a result, they may be able to offer, or more quickly offer, additional or superior products that could put us at a competitive disadvantage.

The use of artificial intelligence in our marketplace may result in reputational harm or liability, or could otherwise adversely affect our business.

Artificial intelligence, including generative artificial intelligence, is or may be enabled by or integrated into our products and services or those developed by our third-party partners. As with many developing technologies, artificial intelligence presents risks and challenges that could affect its further development, adoption, and use, and therefore our business. Artificial intelligence algorithms may be flawed, for example datasets may contain biased information or otherwise be insufficient; and inappropriate or controversial data practices could impair the acceptance of artificial intelligence solutions and result in burdensome new regulations. If the analyses that products incorporating artificial intelligence assist in producing for us or our third-party partners are deficient, biased or inaccurate, we could be subject to competitive harm, potential legal liability and brand or reputational harm. The use of artificial intelligence may also present ethical issues. If we or our third-party partners offer artificial intelligence enabled products that are controversial because of their purported or real impact on human rights, privacy, or other issues, we may experience competitive harm, potential legal liability and brand or reputational harm. In addition, we expect that governments will continue to assess and implement new laws and regulations concerning the use of artificial intelligence, which may affect or impair the usability or efficiency of our products and services and those developed by our third-party partners.

We face risks relating to our reliance on third party vendors.

We outsource a large portion of our data processing to third parties who may encounter technological or other difficulties that could in turn significantly limit or affect our ability to process and account for customer transactions. These vendors provide services that support our operations, including the storage and processing of sensitive consumer and business customer data, as well as our sales efforts. A cyber security breach of a vendor's system may result in theft of our data or disruption of business processes. In most cases, we would be primarily liable to our customers for losses arising from a breach of a vendor's data security system.

We also rely on our outsourced service providers to implement and maintain prudent cyber security controls. The loss of these vendor relationships could disrupt the services we provide to customers and cause us to incur significant expense in connection with replacing these services.

Plumas Bancorp depends primarily on the operations of Plumas Bank to pay dividends, repurchase shares, repay its indebtedness and fund its operations. The Bank's ability to pay dividends to Plumas Bancorp depends on the success of the Bank's operations.

Plumas Bancorp is a separate and distinct legal entity from its subsidiary, the Bank, and it receives substantially all of its revenue from dividends paid by the Bank. There are legal limitations on the extent to which the Bank may extend credit, pay dividends or otherwise supply funds to, or engage in transactions with, Plumas Bancorp. Plumas Bancorp's inability to receive dividends from the Bank could adversely affect its business, financial condition, results of operations and prospects. Even if applicable laws and regulations would permit the Bank to pay dividends to Plumas Bancorp and would permit Plumas Bancorp to pay dividends to our shareholders, our Board of Directors could determine that it is not in the best interest of the our shareholders to do so in order to preserve or redeploy our capital resources, for example. For these reasons, the amount and frequency of dividends that we pay to shareholders may vary from time to time.

Damage to our reputation could significantly harm our business and prospects.

Our reputation is an important asset. Our relationship with many of our customers is predicated upon our reputation as a high-quality provider of financial services that adheres to the highest standards of ethics, service quality and regulatory compliance. Our ability to attract and retain customers, investors and employees depends upon external perceptions. Damage to our reputation among existing and potential customers, investors and employees could cause significant harm to our business and prospects and may arise from numerous sources, including litigation or regulatory actions, failing to deliver minimum standards of service and quality, lending practices, inadequate protection of customer information, sales and marketing efforts, compliance failures, cybersecurity breaches, unethical behavior and the misconduct of employees. Adverse developments in the banking industry may also, by association, negatively impact our reputation or result in greater regulatory or legislative scrutiny or litigation against us. We have policies and procedures in place intended to protect our reputation and promote ethical conduct, but these policies and procedures may not be fully effective. Negative publicity regarding our business, employees, or customers, with or without merit, may result in the loss of customers, investors, and employees, costly litigation, a decline in revenues and increased governmental regulation.

We are exposed to risk of environmental liabilities with respect to real properties that we may acquire.

If our borrowers are unable to meet their loan repayment obligations, we will initiate foreclosure proceedings with respect to and may take actions to acquire title to the personal and real property that collateralized their loans. As an owner of such properties, we could become subject to environmental liabilities and incur substantial costs for any property damage, personal injury, investigation and clean-up that may be required due to any environmental contamination that may be found to exist at any of those properties, even though we did not engage in the activities that led to such contamination. In addition, if we were the owner or former owner of a contaminated site, we could be subject to common law claims by third parties seeking damages for environmental contamination emanating from the site. If we were to become subject to significant environmental liabilities or costs, our business, financial condition, results of operations and prospects could be adversely affected.

Risks Related to Regulation of the Company and the Bank

We are subject to extensive regulation and may face regulatory enforcement actions, incur fines, penalties and other negative consequences from regulatory violations.

Our operations are subject to extensive regulation by federal, state and local governmental authorities and are subject to various laws and judicial and administrative decisions imposing requirements and restrictions on our operations. Over time, our business has been increasingly affected by the growing breadth of these regulations, and this trend is likely to continue. Federal and state banking regulators have significant discretion and authority to prevent or remedy unsafe or unsound practices or violations of laws or regulations by bank holding companies and banks in the performance of their supervisory and enforcement duties. If banking regulators determine that we have violated laws or engaged in unsafe or unsound practices, we could face enforcement actions, incur fines, penalties, and other negative consequences. While we maintain systems and procedures designed to ensure that we comply with applicable laws and regulations, we cannot be certain that these will be effective. We may also suffer other negative consequences resulting from findings of noncompliance with laws and regulations which may also damage our reputation, and this in turn might materially affect our business and results of operations. Further, some legal/regulatory frameworks provide for the imposition of fines, restitution, or penalties for noncompliance even though the noncompliance was inadvertent or unintentional and even though there were in place at the time systems and procedures designed to ensure compliance.

Regulatory policies regarding loans secured by commercial real estate could limit our ability to leverage our capital and adversely affect our growth and profitability.

The federal banking agencies have issued guidance regarding concentrations in commercial real estate ("CRE") lending for banks that are deemed to have particularly high concentrations of CRE loans within their lending portfolios. Under this guidance, a bank that has (i) total reported loans for construction, land development, and other land which represent 100% or more of the bank's total risk-based capital; or (ii) total CRE representing 300% or more of the bank's total risk-based capital, where the outstanding balance of the bank's CRE loan portfolio has increased 50% or more during the prior 36 months, is identified as having potential CRE concentration risk. While the agencies' guidance does not limit the levels of a bank's CRE lending, banks with higher levels of CRE loans are generally expected to implement enhanced underwriting, internal controls, risk management policies and portfolio stress testing, as well as higher levels of allowances for credit losses and capital levels as a result of CRE lending growth and exposures.

As of December 31, 2025, our CRE loans for purposes of this guidance, represented 389% of our total risk-based capital. As of December 31, 2025, total loans secured by CRE under construction and land development represented 15% of our total risk-based capital. As a result, the FRB, which is the Bank's federal banking regulator, could view the Bank as having a high concentration of CRE loans under this guidance.

Although we actively work to manage our CRE concentration and believe that our underwriting policies, management information systems, independent credit administration process, and monitoring of real estate loan concentrations are appropriate to address our CRE concentration, we face heightened regulatory scrutiny as a result of our CRE loan concentrations. Federal regulators could become concerned about our CRE loan concentrations, and we could be required to reduce our levels of CRE lending, increase our capital, allocate greater resources to the management of CRE risks, or any combination of these actions. The FRB could limit our ability to grow by, among other things, restricting their approvals for the establishment or acquisition of branches, or approvals of mergers or other acquisition opportunities. Further, we cannot guarantee that any risk management practices we implement will be effective to prevent losses relating to our CRE portfolio.

Any of these risks could have an adverse effect on our business, consolidated financial condition and consolidated results of operations.

General Risk Factors

The trading price of our common stock may be volatile or may decline.

The trading price of our common stock may fluctuate as a result of a number of factors, many of which are outside our control. Among the factors that could affect the trading price of our common stock are:

- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- research reports and recommendations by financial analysts;
- failure to meet analysts' revenue or earnings estimates;
- speculation in the press or investment community;
- our actions or those of our competitors, such as acquisitions or restructurings;
- actions by institutional shareholders;
- fluctuations in the stock prices and operating results of other financial institutions;
- general market conditions and, in particular, developments related to market conditions for the financial services industry;
- proposed or adopted regulatory changes or developments;
- anticipated or pending investigations, proceedings or litigation that involve or affect us;
- domestic and international economic factors unrelated to our performance.

A significant decline in the trading price of our common stock price could result in substantial losses for individual shareholders and could lead to costly and disruptive securities litigation.

The trading volume of our common stock is limited.

Although our common stock is traded on the Nasdaq Stock Market, trading volume to date has been relatively modest. The limited trading market for our common stock may lead to exaggerated fluctuations in market prices and possible market inefficiencies compared to more actively traded securities. It may also make it more difficult for investors to sell our common stock at desired prices, especially for holders seeking to dispose of a large number of shares of stock.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

We have designed and implemented controls and procedures to provide reasonable assurance that the information we are required to disclose in the reports that we file with the SEC under the Exchange Act is accurately accumulated and communicated to our management, and recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. However, no disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide absolute assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty, that alternative reasoned judgments can be drawn, or that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control systems, misstatements due to error or fraud may occur and not be detected, which could result in a material weakness in our internal controls over financial reporting and the correction or restatement of previously disclosed financial statements or information.

We rely on key executives and personnel and the loss of any of them could have a material adverse impact on our prospects.

Competition for qualified employees and personnel in the banking industry is intense and there are a limited number of qualified persons with knowledge of, and experience in, the California and Nevada community banking industry. The process of recruiting personnel with the combination of skills and attributes required to carry out the Company's strategies is often lengthy. Our success depends to a significant degree upon our ability to attract and retain qualified management, loan origination, finance, administrative, marketing, compliance, and technical personnel and upon the continued contributions of our management and personnel. In particular, our success has been and continues to be highly dependent upon the abilities and relationships of key executives and certain other employees.

Climate change may materially adversely affect our business and results of operations.

Concerns over the long-term impacts of climate change have led and will continue to lead to governmental efforts around the world to mitigate those impacts. Consumers and businesses also may change their behavior on their own as a result of these concerns. We and our clients will need to respond to new laws and regulations as well as consumer and business preferences resulting from climate change concerns. We and our clients may face cost increases, asset value reductions and operating process changes. The impact on our clients will likely vary depending on their specific attributes, including reliance on or role in carbon intensive activities. Among the impacts to us could be a drop in demand for our products and services, particularly in certain industry sectors. In addition, we could face reductions in creditworthiness on the part of some clients or in the value of assets securing loans. Our efforts to take these risks into account in making lending and other decisions, including by increasing our business with climate-friendly companies, may not be effective in protecting us from the negative impact of new laws and regulations or changes in consumer or business behavior.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY

Plumas Bancorp maintains a cyber risk management program that is designed to prevent, detect, and respond to information security threats. The Board of Directors is responsible for oversight of the Company's information security program, which is designed and implemented by management under the direction of the Chief Information Officer. In addition, the Internal Auditor and Risk Management Officer consider cybersecurity threat risks alongside other company risks as part of our overall risk assessment and management process.

The Chief Information Officer supervises the information security team, which is responsible for maintaining and implementing our enterprise-wide cybersecurity strategy, policy, standards, and architecture processes. The Information Security Officer, in coordination with compliance and human resources, conducts annual and ongoing company-wide information security awareness training. The Chief Information Officer and Information Security Officer have combined over 35 years of IT management experience. We have developed processes to identify and oversee risks from cybersecurity threats associated with third-party service providers, which include the information security team assessing cybersecurity robustness during third-party vendor onboarding, the inclusion of protective provisions in third-party vendor agreements, and risk-based monitoring of third-party vendors on an ongoing basis.

The Board of Directors receives regular reports from the Chief Information Officer and the Information Security Officer on Plumas Bancorp's cyber risks and threats, the status of projects to strengthen Plumas Bancorp's information security systems, assessments of Plumas Bancorp's security program, and the emerging threat landscape. Additionally, the Chief Information Officer chairs the Technology Steering Committee, which drives awareness, ownership, and alignment across all business functions for effective cybersecurity risk management and reporting. In addition to conducting internal audits, Plumas Bancorp annually engages third parties to audit its information security programs, whose findings are reported to the Audit and Executive Committees of the Board. The Company also engages with key third-party vendors, industry participants, government agencies, and intelligence and law enforcement communities as part of our efforts, which are reported to the Technology Steering Committee and Board of Directors.

The Company has experienced and expects that it will continue to experience cyber-based attempts to compromise its information systems, although none, to its knowledge, has had a material adverse effect on its business, financial condition, or results of operations. Like all financial institutions, the Company faces the risks of such threats, the consequences of which could be material. See Item 1A – Risk Factors – "Cybersecurity breaches and technological discussions could damage our reputation and profitability," above. In addition, given the constant and evolving threat of cyber-based attacks, the Company incurs significant costs in its efforts to detect and prevent security breaches and incidents, and these costs may increase in the future.

ITEM 2. PROPERTIES

Of the Company's nineteen depository branches, eight are owned and eleven are leased. Our Yuba City branch is classified as owned; however, it is subject to a long-term land lease. The Company also leases two lending offices and five administrative offices and owns two administrative facilities.

Owned Properties		
192 Hartnell Avenue Redding, California	1845 California Street Redding, California	80 Main Street Quincy, California (1)
215 North Lake Boulevard Tahoe City, California	900 Mangrove Avenue Chico, California	315 Birch Street Westwood, California (1)
1280 Bridge Street Yuba City, California (4)	8475 North Lake Boulevard Kings Beach, California	2727 Ventura Street Anderson, California
500 Riverside Way Red Bluff, California		

Leased Properties		
330 Hartnell Avenue Redding, California (1)	1335 Hilltop Drive Redding, California	11641 Blocker Drive. Suite 140 Auburn, California (2)
1101 N. Carson St. Carson City, Nevada	107 S. 7th Street Klamath Falls, Oregon (3)	5525 Kietzke Lane, Suite 100 Reno, Nevada (1)
5050 Meadowood Mall Circle Reno, Nevada	336 West Main Street Quincy, California	120 North Pine Street Portola, California
11638 Donner Pass Road Truckee, California	43163 Highway 299 E Fall River Mills, California	121 Crescent Street Greenville, California
255 Main Street Chester, California	510 North Main Street Alturas, California	3000 Riverside Drive Susanville, California
35 South Lindan Avenue Quincy, California (1)	32 Central Avenue Quincy, California (1)	424 N. Mill Creek Rd. Quincy, California (1)

(1) Non-branch administrative or credit administrative offices.
(2) SBA lending office.
(3) Commercial lending office.
(4) Branch subject to long term land lease.

Including variable lease expense, total rent expense for the years ended December 31, 2025, 2024 and 2023 were $3,584,000, $3,064,000 and $635,000, respectively. The expiration dates of the leases vary, with the first such lease expiring during 2026 and the last such lease expiring during 2044.

Future minimum lease payments at December 31, 2025 for operating leases having initial or remaining noncancelable lease terms in excess of one year are as follows:

Year Ending December 31,		
2026	$	3,630,000
2027		3,410,000
2028		3,235,000
2029		3,272,000
2030		3,343,000
Thereafter		32,370,000
	$	49,260,000

The Company maintains insurance coverage on its premises, leaseholds and equipment, including business interruption and record reconstruction coverage. The branch properties and non-branch offices are adequate, suitable, in good condition and have adequate parking facilities for customers and employees. The Company and Bank are limited in their investments in real property under Federal and state banking laws. Generally, investments in real property are either for the Company and Bank use or are in real property and real property interests in the ordinary course of the Bank's business.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 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.

The Company's common stock is traded on the NASDAQ Capital Market under the ticker symbol "PLBC". As of December 31, 2025, there were 6,958,814 shares of the Company's common stock outstanding held by 5,855 shareholders of record.

It is the policy of the Company to periodically distribute excess retained earnings to the shareholders through the payment of cash dividends. Our Board of Directors believes that dividends help promote shareholder value and capital adequacy by enhancing the marketability of the Company's stock. The Company is subject to various restrictions on the payment of dividends. The Company paid a quarterly cash dividend of $0.30 per share on November 17, 2025, August 15, 2025, May 15, 2025, and February 17, 2025, and a quarterly cash dividend of $0.27 per share on November 15, 2024, August 15, 2024, May 15, 2024, and February 15, 2024.

The payment of future dividends is at the discretion of the Board. The Board generally considers the payment of dividends each quarter based on a number of factors, including our results of operations, general business conditions, growth, financial condition, anticipated capital needs and other factors deemed relevant by the Board.

Further, the Company is subject to various restrictions on the payment of dividends. See Note 13 "Shareholders' Equity – Dividend Restrictions" of the Company's Consolidated Financial Statements in Item 8 – Financial Statements and Supplementary Data of this report.

Issuer Purchases of Equity Securities. We did not repurchase any shares of our common stock during the quarterly period ended December 31, 2025.

The following table presents a summary of selected financial data and should be read in conjunction with the Company's consolidated financial statements and notes thereto included under Item 8 – Financial Statements and Supplementary Data.

	At or for the year ended December 31,				
	2025	2024	2023	2022	2021
	(dollars in thousands except per share information)				
Statement of Income					
Interest income	$ 101,647	$ 84,325	$ 74,592	$ 59,758	$ 48,070
Interest expense	13,877	10,634	4,798	1,249	1,136
Net interest income	87,770	73,691	69,794	58,509	46,934
Provision for credit losses	6,850	1,196	2,775	1,300	1,125
Non-interest income	10,526	8,780	10,722	11,050	8,716
Non-interest expense	51,854	42,274	37,530	32,590	26,038
Net income before income taxes	39,592	39,001	40,211	35,669	28,487
Provision for income taxes	9,975	10,382	10,435	9,225	7,478
Net income	$ 29,617	$ 28,619	$ 29,776	$ 26,444	$ 21,009
Total assets	$ 2,238,523	$ 1,623,326	$ 1,610,416	$ 1,621,044	$ 1,614,074
Total gross loans	$ 1,512,056	$ 1,015,424	$ 958,564	$ 911,949	$ 838,587
Loans held for sale	$ -	$ -	$ -	$ 2,301	$ 31,277
Allowance for credit losses	$ 19,959	$ 13,196	$ 12,867	$ 10,717	$ 10,352
Total deposits	$ 1,809,604	$ 1,371,101	$ 1,333,655	$ 1,457,809	$ 1,438,999
Total shareholders' equity	$ 261,076	$ 177,900	$ 147,317	$ 119,004	$ 134,082
Balance sheet (period average)					
Total assets	$ 1,946,338	$ 1,649,341	$ 1,587,149	$ 1,642,895	$ 1,386,028
Total gross loans	$ 1,252,139	$ 989,313	$ 933,997	$ 865,499	$ 800,785
Total deposits	$ 1,612,764	$ 1,331,412	$ 1,403,957	$ 1,487,346	$ 1,231,618
Total shareholders' equity	$ 217,162	$ 166,255	$ 126,984	$ 120,868	$ 117,967
Asset quality ratios					
Nonperforming loans/total loans	1.00%	0.40%	0.50%	0.13%	0.58%
Nonperforming assets/total assets	0.68%	0.27%	0.33%	0.07%	0.33%
Allowance for credit losses/total loans	1.32%	1.30%	1.34%	1.18%	1.23%
Net loan charge-offs	$ 442	$ 1,046	$ 954	$ 935	$ 675
Performance ratios					
Return on average assets	1.52%	1.74%	1.88%	1.61%	1.52%
Return on average equity	13.6%	17.2%	23.4%	21.9%	17.8%
Net interest margin	4.91%	4.79%	4.71%	3.82%	3.63%
Loans to deposits	83.6%	74.1%	71.9%	62.6%	58.3%
Efficiency ratio (1)	52.8%	51.3%	46.6%	46.9%	46.8%
Per share information					
Basic earnings	$ 4.60	$ 4.85	$ 5.08	$ 4.53	$ 3.82
Diluted earnings	$ 4.54	$ 4.80	$ 5.02	$ 4.47	$ 3.76
Common cash dividends	$ 1.20	$ 1.08	$ 1.00	$ 0.64	$ 0.56
Book value per common share	$ 37.52	$ 30.14	$ 25.09	$ 20.34	$ 23.05
Common shares outstanding at period end	6,958,814	5,903,368	5,871,523	5,850,216	5,816,991
Capital ratios – Plumas Bank					
Leverage ratio	11.1%	11.9%	10.8%	9.2%	8.4%
Tier 1 risk-based capital	14.8%	17.3%	15.7%	14.7%	14.4%
Total risk-based capital	16.0%	18.5%	16.9%	15.7%	15.5%

(1) The efficiency ratio is defined as non-interest expense divided by total revenue (net interest income and non-interest income).

ITEM 6. [RESERVED]

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

General

Plumas Bancorp is a bank holding company for Plumas Bank, a California state-chartered commercial bank. We derive our income primarily from interest received on real estate related, commercial, automobile and consumer loans and, to a lesser extent, interest on investment securities and cash balances and fees received in connection with servicing deposit and loan customers. Our major operating expenses are the interest we pay on deposits and borrowings and general operating expenses. We rely on locally-generated deposits to provide us with funds for making loans.

We are subject to competition from other financial institutions and our operating results, like those of other financial institutions operating in California and Northern Nevada, are significantly influenced by economic conditions in California and Northern Nevada, including the strength of the real estate market. In addition, both the fiscal and regulatory policies of the federal and state government and regulatory authorities that govern financial institutions and market interest rates also impact the Bank's financial condition, results of operations and cash flows.

Sales/leaseback and Investment Restructuring

2025 Sale/Leaseback

On March 28, 2025, Plumas Bank entered into an agreement for the purchase and sale of real property (the "Purchase Agreement"). The Purchase Agreement as amended provided for the sale to BBS Branch III, LLC, a Delaware limited liability company, two administrative buildings located in Quincy California for an aggregate cash purchase price of $5.5 million. The sale was completed on November 19, 2025, resulting in a net gain on sale of $5.5 million, recording of right-of-use assets totaling $5.3 million and recording a lease liability of $4.7 million.

Concurrent with the closing of the sale, Plumas Bank and Plumas Investor, LLC, a Delaware limited liability company and Plumas Quincy, LLC, a Delaware limited liability company entered into triple net lease agreements (the "Lease Agreements") pursuant to which the Bank leased back the Properties sold. The Lease Agreements have an initial term of 15 years with three five-year renewal options. The Lease Agreements provide for annual rent of approximately $463,000 in the aggregate for both Properties, increasing by three percent per annum each year.

The gain on sales of the branches was mostly offset by a $5.4 million loss on the sale of approximately $47 million in investment securities. We sold $47 million in investment securities having a weighted average tax equivalent yield of 2.43% recording a $5.4 million loss on the sales. As part of the restructuring, beginning in November 2025 and ending on January 13, 2026, we purchased $42 million in investment securities having a weighted average tax equivalent yield of 4.88%.

2024 Sale/Leaseback

On January 19, 2024, Plumas Bank entered into two agreements for the purchase and sale of real property (the "Sale Agreements"). One Sale Agreement provided for the sale to MountainSeed of nine properties owned and operated by Plumas Bank as branches for an aggregate cash purchase price of approximately $25.7 million. The branch portion of the sale was completed on February 14, 2024 resulting in a net gain on sale of $19.9 million, recording of right-of-use assets totaling $22.3 million and recording a lease liability of $22.3 million. The second Sale Agreement provided for the sale to MountainSeed of up to three properties operated as non-branch administrative offices (the "Non-Branch Offices"). This agreement was terminated in August 2024.

Concurrently with the closing of the sale of the branch properties, we entered into triple net lease agreements (the "Lease Agreements") pursuant to which Plumas Bank leased back each of the properties sold. Each Lease Agreement has an initial term of fifteen years with one 15-year renewal option. The Lease Agreements provide for an annual rent of approximately $2.4 million in the aggregate for the nine properties increased by two percent (2%) per annum for each year during the initial Term. During the renewal term, the initial rent will be the basic rent during the last year of the initial term, increased by two percent (2%) per annum for each year during the renewal term.

The gain on sales of the branches was offset by losses on the sale of approximately $115 million in investment securities. We sold $115 million in investment securities having a weighted average tax equivalent yield of 2.24% recording a $19.8 million loss on the sales. As part of the restructuring, beginning in December 2023 and ending on March 27, 2024, we purchased $120 million in investment securities having a weighted average tax equivalent yield of 5.25%.

Business Combination - Acquisition of Cornerstone Community Bancorp

On July 1, 2025 (the "Closing Date"), Plumas Bancorp (the "Company") completed its previously announced acquisition of Cornerstone Community Bancorp ("Cornerstone") pursuant to an Agreement and Plan of Merger and Reorganization, dated as of January 28, 2025, by and between the Company and Cornerstone (the "Merger Agreement"). Total book value of assets acquired from Cornerstone, excluding fair value adjustments, were $658 million, gross loans totaled $478 million, and deposits totaled $580 million. Goodwill associated with the acquisition of Cornerstone was $18.7 million; the core deposit intangible (CDI) was $11.6 million. In addition, the Company recorded a discount on the acquired loans totaling $15.5 million. With the completion of the merger, Plumas Bank adds four branches in Anderson, Red Bluff and Redding (two branches), California.

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

As a result of and upon the completion of the Merger, the Company assumed Cornerstone's obligations with respect to an aggregate principal amount of $12 million of subordinated notes, comprised of (a) $2 million in aggregate principal amount of 4.75% Fixed to Floating Rate Subordinated Notes due November 30, 2035 (the "2035 Notes") and (b) $10 million in aggregate principal amount of 4.75% Fixed-to-Floating Rate Subordinated Notes due November 30, 2030 (the "2030 Notes"). The 2035 Notes, which were issued in 2020, have a fixed interest rate of 4.75% for the first ten years and thereafter a quarterly variable interest rate equal to the then current three-month term Secured Overnight Financing Rate ("SOFR") plus 4.14%. The 2030 Notes, which were issued in 2020, have a fixed interest rate of 4.75% for the first five years and thereafter a quarterly variable interest rate equal to the then current three-month term SOFR plus 4.52%. The 2030 notes were called for redemption on December 30, 2025. Of the $10 million originally outstanding on the 2030 notes, principal payments were made on $5.8 million while $4.2 million remain outstanding at December 31, 2025. The remaining $4.2 million will be paid once the notes are surrendered for cancelation by the debenture holders as required under the 2030 Notes. In accordance with the terms of the 2030 Notes interest has ceased to accrue on the remaining $4.2 million. Interest expense recognized on the subordinated notes for the twelve months ended December 31, 2025, was $426 thousand.

Our financial statements are prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP). In connection with the acquisition, the Company incurred a variety of non-recurring expenses related to the Merger which are summarized on the following page under the heading "Reconciliation of Non-GAAP Disclosure". The non-recurring expenses for the twelve months ended December 31, 2025 were $7.3 million. Excluding these expenses, non-GAAP net income for the twelve months ended December 31, 2025 would have been $35.0 million, resulting in diluted earnings per share of $5.37 and return on average assets of 1.80%.

In addition, during the second half of 2025, the Company recorded additional expense and income related to the amortization and accretion, respectively related to the amortization/accretion of various Fair Value (FV) marks required under GAAP. The following table presents the effect on pretax earnings of the amortization/accretion of the FV marks recorded during the six months ended December 31, 2025 and the projected effect for the twelve months ended December 31, 2026. Positive numbers would increase pretax income and negative are a decrease in pretax income.

	(in thousands)			
	Actual Six Months Ending		Projected Twelve Months Ending	
Amortization/accretion of Fair Value marks	12/31/2025		12/31/2026	
Core Deposit Intangible	$	(1,127)	$	(2,082)
Discount on acquired loans		1,100		1,233
Premium/discount on acquired time deposits		655		(92)
Discount on acquired debentures		(142)		(23)
Total amortization/accretion of Fair Value marks	$	486	$	(964)

The projected accretion of the discount on acquired loans is based on the acquired loans contractual payment schedules and may differ significantly from the actual accretion during the projected periods. The accretion of the premium on time deposits of $655 thousand was accelerated with the payoff of $38.5 million in brokered deposits during the three months ended September 30, 2025. This resulted in a $160 thousand discount going forward which will be amortized as an increase in interest expense over the remaining life of the time deposits acquired.

NON-GAAP FINANCIAL MEASURES

In addition to results presented in accordance with generally accepted accounting principles in the GAAP, Management has presented these non-GAAP financial measures because it believes that they provide useful and comparative information to assess trends in the Company's core operations reflected in the current quarter's results and facilitate the comparison of our performance with the performance of our peers. However, these non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP.

Reconciliation of Non-GAAP Disclosure
(Unaudited. In thousands, except per share data)

	GAAP	Non-GAAP
	For the Twelve Months Ended	
	12/31/2025	12/31/2025
Income before tax	$39,592	$39,592
Exclude merger related items:		
Investment banking, legal and other expenses	N/A	1,963
CECL Day 1 loan loss allowance on acquired non-PCD loans	N/A	4,972
Unfunded commitment liability related to acquired loans	N/A	351
Total merger related items	N/A	7,286
Adjusted income before tax	39,592	46,878
Provision for income taxes	9,975	11,849
Net Income	$29,617	$35,029
Diluted shares outstanding	6,517	6,517
Average assets	1,946,338	1,946,338
Diluted earnings per share	$4.54	$5.37
Return on average assets	1.52%	1.80%

Critical Accounting Policies

Our accounting policies are integral to understanding the financial results reported. Our most complex accounting policies require management's judgment to ascertain the valuation of assets, liabilities, commitments and contingencies. We have established detailed policies and internal control procedures that are intended to ensure valuation methods are applied in an environment that is designed and operating effectively and applied consistently from period to period. The following is a brief description of our current accounting policies involving significant management valuation judgments.

Allowance for Credit Losses. The allowance for credit losses is an estimate of credit losses inherent in the Company's loan portfolio that have been incurred as of the balance-sheet date. The allowance is established through a provision for credit losses which is charged to expense. Additions to the allowance are expected to maintain the adequacy of the total allowance after credit losses and loan growth. Credit exposures determined to be uncollectible are charged against the allowance. Cash received on previously charged off amounts is recorded as a recovery to the allowance.

To estimate expected losses the Company generally utilizes historical loss trends and the remaining contractual lives of the loan portfolios to determine estimated credit losses through a reasonable and supportable forecast period. Individual loan credit quality indicators including loan grade and borrower repayment performance have been statistically correlated with historical credit losses and various economic metrics, including California unemployment rates, California housing prices, and California gross domestic product. Model forecasts may be adjusted for inherent limitations or biases that have been identified through independent validation and back-testing of model performance to actual realized results. At both January 1, 2023, the adoption and implementation date of ASC Topic 326, and December 31, 2025, the Company utilized a reasonable and supportable forecast period of approximately four quarters and obtained the forecast data from publicly available sources. The Company also considered the impact of portfolio concentrations, changes in underwriting practices, and other risk factors that might influence its loss estimation process. Management believes that the allowance for credit losses at December 31, 2025, appropriately reflected expected credit losses inherent in the loan portfolio at that date.

In determining the allowance for credit losses, accruing loans with similar risk characteristics are generally evaluated collectively. The Company's policy is that loans designated as nonaccrual no longer share risk characteristics similar to other loans evaluated collectively and as such, all nonaccrual loans, in excess of $100,000, are individually evaluated for reserves. As of December 31, 2025, the Bank's nonaccrual loans comprised the entire population of loans individually evaluated. The Company's policy is that nonaccrual loans in excess of $100,000, also represent the subset of loans where borrowers are experiencing financial difficulty where an evaluation of the source of repayment is required to determine if the nonaccrual loans should be categorized as collateral dependent.

We cannot provide you with any assurance that economic difficulties or other circumstances which would adversely affect our borrowers and their ability to repay outstanding loans will not occur which would be reflected in increased losses in our loan portfolio and which could result in actual losses that exceed reserves previously established.

The following discussion is designed to provide a better understanding of significant trends related to the Company's financial condition, results of operations, liquidity and capital. It pertains to the Company's financial condition, changes in financial condition and results of operations as of December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025. The discussion should be read in conjunction with the Company's audited consolidated financial statements and notes thereto and the other financial information appearing elsewhere herein.

Overview

The Company recorded net income of $29.6 million for the year ended December 31, 2025, an increase of $1.0 million or 4% from net income of $28.6 million during the year ended December 31, 2024. Pretax income increased by $591 thousand, or 2%, to $39.6 million in 2025 from $39.0 million during the year ended December 31, 2024. Net interest income increased by $14.1 million to $87.8 million during 2025 from $73.7 million for the year ended December 31, 2024. This increase in net interest income resulted from an increase in interest income of $17.3 million partially offset by an increase in interest expense of $3.2 million. Increases of $17.4 million in interest and fees on loans and $1.6 million in interest on investment securities were partially offset by decreases in interest on other interest earning assets totaling $1.7 million. Mostly related to the acquisition of Cornerstone the provision for credit losses increased from $1.2 million during the twelve months ended December 31, 2024 to $6.8 million during 2025.

During the year ended December 31, 2025, non-interest income totaled $10.5 million, an increase of $1.7 million from the $8.8 million earned during 2024. Non-interest expense increased by $9.6 million from $42.3 million during 2024 to $51.9 million during the twelve months ending December 31, 2025. The provision for income taxes totaled $10.0 million, a decrease of $407 thousand from 2024.

Total assets at December 31, 2025 were $2.2 billion, an increase of $615 million from December 31, 2024. The largest component of this increase was an increase in net loans of $490 million mostly related to the acquisition of Cornerstone.

Gross loans increased by approximately $497 million, or 49%, from $1.0 billion at December 31, 2024, to $1.5 billion at December 31, 2025. Increases in loans included $356 million in commercial real estate loans, $90 million in commercial loans, $39 million in agricultural loans, $22 million in residential real estate loans, $16 million in equity lines and $12 million in consumer and other loans. These increases were partially offset by decreases of $25 million in automobile loans and $13 million in construction loans. In the fourth quarter of 2023 we terminated our indirect automobile loan program. Ending this program, which was our lowest yielding loan segment, also improved our loan loss risk profile since this program had historically higher charge-off rates. Terminating this program also improved our consumer compliance risk profile.

Related mostly to the acquisition of Cornerstone, total deposits increased by $439 million from $1.4 billion at December 31, 2024, to $1.8 billion at December 31, 2025. The increase in deposits includes increases of $150 million in demand deposits, $173 million in money market accounts and $117 million in time deposits. Partially offsetting these increases was a decline of $1 million in savings deposits.

Borrowings increased from $15 million at December 31, 2024 to $21 million at December 31, 2025. Borrowings at December 31, 2025 consisted of $6 million in subordinated debentures and a $15 million Bancorp term loan with a correspondent bank. Borrowings at December 31, 2024 consisted of a $15 million Bancorp line of credit with a correspondent bank. This line of credit converted to a term loan on February 1, 2025.

Shareholders' equity increased by $83 million from $178 million at December 31, 2024 to $261 million at December 31, 2025. The $83 million increase includes earnings during the twelve-month period of $29.6 million, common stock and stock options issued in the acquisition of Cornerstone totaling $45.2 million, a decrease in other comprehensive loss of $14.7 million and restricted stock and stock option activity totaling $1.4 million. These items were partially offset by the payment of cash dividends totaling $7.7 million.

The return on average assets was 1.52% for the twelve months ended December 31, 2025, down from 1.74% for the twelve months ended December 31, 2024. The return on average equity decreased from 17.2% during 2024 to 13.6% during 2025.

Results of Operations

Net Interest Income

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

	Year ended December 31,								
	2025			2024			2023		
	Average balance	Interest income/ expense	Rates earned/ paid	Average balance	Interest income/ expense	Rates earned/ paid	Average balance	Interest income/ expense	Rates earned/ paid
	(dollars in thousands)								
Assets									
Interest-bearing cash and due from banks and deposits in banks	$ 75,123	$ 3,278	4.36%	$ 93,122	$ 4,993	5.36%	$ 86,897	$ 4,387	5.05%
Taxable investment securities	385,448	17,226	4.47%	370,228	15,308	4.13%	338,941	11,525	3.40%
Non-taxable investment securities (1)	76,172	2,268	2.98%	84,369	2,574	3.05%	123,002	3,681	2.99%
Total loans (2)(3)	1,252,139	78,875	6.30%	989,313	61,450	6.21%	933,997	54,999	5.89%
Total earning assets	1,788,882	101,647	5.68%	1,537,032	84,325	5.49%	1,482,837	74,592	5.03%
Cash and due from banks	30,883			27,077			26,100		
Other assets	126,573			85,232			78,212		
Total assets	$ 1,946,338			$ 1,649,341			$ 1,587,149		
Liabilities and shareholders' equity									
Money market deposits	$ 364,152	$ 7,053	1.94%	$ 226,372	$ 2,472	1.09%	227,819	$ 1,367	0.60%
Savings deposits	311,136	1,007	0.32%	324,000	705	0.22%	375,377	795	0.21%
Time deposits	164,998	3,980	2.41%	96,131	2,739	2.85%	74,570	1,568	2.10%
Other borrowings	22,263	1,061	4.77%	97,691	4,676	4.79%	17,945	896	4.99%
Junior subordinated debentures	-	-	0.00%	-	-	0.00%	2,268	141	6.22%
Repurchase agreements and other	52,933	776	1.47%	19,119	42	0.22%	18,576	31	0.17%
Total interest-bearing liabilities	915,482	13,877	1.52%	763,313	10,634	1.39%	716,555	4,798	0.67%
Noninterest bearing demand deposits	772,478			684,909			726,191		
Other liabilities	41,216			34,864			17,419		
Shareholders' equity	217,162			166,255			126,984		
Total liabilities and shareholders' equity	$ 1,946,338			$ 1,649,341			$ 1,587,149		
Net interest income		$ 87,770			$ 73,691			$ 69,794	
Net interest spread (4)			4.16%			4.10%			4.36%
Net interest margin (5)			4.91%			4.79%			4.71%

(1) Interest income is reflected on an actual basis and is not computed on a tax-equivalent basis.

(2) Average nonaccrual loan balances of $9.2 million for 2025, $4.4 million for 2024 and $3.0 million for 2023 are included in average loan balances for computational purposes.

(3) Loan origination fees and costs are included in interest income as adjustments of the loan yields over the life of the loan using the interest method. Loan interest income includes net costs of $988 thousand, $1.4 million and $1.3 million for 2025, 2024 and 2023, respectively.

(4) Net interest spread represents the average yield earned on interest-earning assets less the average rate paid on interest-bearing liabilities.

(5) Net interest margin is computed by dividing net interest income by total average earning assets.

The following table sets forth changes in interest income and interest expense, for the years indicated and the amount of change attributable to variances in volume, rates and the combination of volume and rates based on the relative changes of volume and rates:

	2025 compared to 2024 Increase (decrease) due to change in:				2024 compared to 2023 Increase (decrease) due to change in:			
	Average Volume(1)	Average Rate(2)	Mix(3)	Total	Average Volume(1)	Average Rate(2)	Mix(3)	Total
	(dollars in thousands)							
Interest-earning assets:								
Interest-bearing cash and due from banks and deposits in banks	$ (965)	$ (930)	$ 180	$ (1,715)	$ 314	$ 272	$ 20	$ 606
Taxable investment securities	629	1,238	51	1,918	1,064	2,489	230	3,783
Non-taxable investment securities	(250)	(62)	6	(306)	(1,156)	72	(23)	(1,107)
Loans	16,325	869	231	17,425	3,257	3,015	179	6,451
Total interest income	15,739	1,115	468	17,322	3,479	5,848	406	9,733
Interest-bearing liabilities:								
Money market deposits	1,505	1,912	1,164	4,581	(9)	1,121	(7)	1,105
Savings deposits	(28)	344	(14)	302	(109)	22	(3)	(90)
Time deposits	1,962	(420)	(301)	1,241	454	556	161	1,171
Other borrowings	(3,610)	(20)	15	(3,615)	3,981	(37)	(164)	3,780
Junior subordinated debentures	-	-	-	-	(141)	-	-	(141)
Repurchase agreements and other	74	238	422	734	1	10	-	11
Total interest expense	(97)	2,054	1,286	3,243	4,177	1,672	(13)	5,836
Net interest income	$ 15,836	$ (939)	$ (818)	$ 14,079	$ (698)	$ 4,176	$ 419	$ 3,897

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

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

(3) The mix change in net interest income represents the change in average balance multiplied by the change in rate.

2025 compared to 2024. Net interest income was $87.8 million for the year ended December 31, 2025, an increase of $14.1 million from the same period in 2024. The increase in net interest income includes an increase of $17.3 million in interest income partially offset by an increase of $3.2 million in interest expense.

Interest and fees on loans increased by $17.4 million, mostly related to an increase in average balance. The average balance of loans during the year ended December 31, 2025, was $1.3 billion, an increase of $263 million from $989 million during the same period in 2024. The average yield on loans increased by 9 basis points from 6.21% during 2024 to 6.30% during 2025.

Interest on investment securities increased by $1.6 million related to an increase in yield of 29 basis points to 4.22%. The increase in investment yields is consistent with market rate trends, the partial restructuring of the investment portfolio in February of 2024 and again in December 2025 and an increase in accretion of discount. Most of the increase in the accretion of discount was related to an investment security that prepaid during the fourth quarter of 2025. This repayment resulted in the recognition of $635 thousand in unamortized discount. Average investment securities increased from $455 million during the year ended December 31, 2024, to $462 million during the current period.

Interest on cash balances declined by $1.7 million, related to both a decline in balance and a decline in yield. The rate earned on cash balances declined by 100 basis points to 4.36% and the average balance declined from $93.1 million during 2024 to $75.1 million during 2025. The decline in rate is consistent with the decline in rate earned on FRB balances. The average rate earned on FRB balances declined from 5.21% during 2024 to 4.27% during 2025.

Related to an increase in interest bearing deposits, an increase in the cost of these deposits and the acquisition of Cornerstone partially offset by a $4.0 million decline in interest on Bank Term Funding Program (BTFP) borrowings, interest expense increased by $3.2 million to $13.9 during the year ended December 31, 2025. During 2024 Plumas Bank had borrowings under the BTFP which averaged $83 million for the twelve months ended December 31, 2024. All BTFP borrowings were paid off during 2024.

Interest paid on deposits increased by $6.1 million and is broken down by product type as follows: money market accounts - $4.6 million, savings deposits - $302 thousand and time deposits - $1.2 million. The average rate paid on interest-bearing deposits increased from 0.92% during 2024, to 1.43% during 2025. Average interest-bearing deposits totaled $840 million during the year ended December 31, 2025, an increase of $194 million from $646 million during the year ended December 31, 2024.

The average rate paid on interest bearing liabilities increased from 1.39% during 2024 to 1.52% during 2025.

Net interest margin for the year ended December 31, 2025, increased 12 basis points to 4.91%, up from 4.79% for the same period in 2024.

2024 compared to 2023. Net interest income for the twelve months ended December 31, 2024 was $73.7 million, an increase of $3.9 million from the $69.8 million earned during 2023. The increase in net interest income includes an increase of $9.7 million in interest income partially offset by an increase of $5.8 million in interest expense.

Interest and fees on loans increased by $6.5 million related to an increase in average balance and yield. The average balance of loans during the twelve months ended December 31, 2024 was $989 million, an increase of $55 million from $934 million during 2023. The average yield on loans increased by 32 basis points from 5.89% during 2023 to 6.21% during 2024.

Interest on investment securities increased by $2.7 million related to an increase in yield of 64 basis points to 3.93%. The increase in investment yield is consistent with the increase in market rates and the partial restructuring of the investment portfolio. Average investment securities declined from $462 million during the twelve months ended December 31, 2023 to $455 million during the current period. Interest on cash balances increased by $606 thousand related to an increase in yield of 31 basis points and an increase in average balance of $6.2 million from $86.9 million during 2023 to $93.1 million during 2024.

Interest expense increased from $4.8 million during 2023 to $10.6 million during the current period related mostly to an increase in rate paid on interest bearing liabilities and an increase in average borrowings. The average rate paid on interest bearing liabilities increased from 0.67% during the 2023 period to 1.39% in 2024 related to an increase in borrowings and an increase in market interest rates. Interest incurred on borrowings, including junior subordinated debentures in 2023, totaled $4.7 million and $1.0 million during 2024 and 2023, respectively. The average balance of borrowings increased by $78 million from $20 million during 2023 to $98 million during 2024.

Interest paid on deposits increased by $2.2 million; this increase is broken down by product type as follows: money market accounts - $1.1 million and time deposits -$1.2 million. Related to a decline in average balance of $51 million, interest on savings deposits declined by $90 thousand. The average rate paid on interest-bearing deposits increased from 0.55% during 2023 to 0.92% during the current period. Rates paid on money market accounts and time deposits increased by 49 basis points and 75 basis points, respectively. This is consistent with market conditions and an increase in higher rate public entity money market accounts.

Net interest margin for the year ended December 31, 2024 increased 8 basis points to 4.79%, up from 4.71% during 2023.

Provision for credit losses. During 2025 we recorded a provision for credit losses of $6.8 million, consisting of a provision for credit losses on loans of $6.9 million and a decrease in the reserve for unfunded commitments of $40 thousand. The provision includes the Current Expected Credit Losses (CECL) day 1 provision on non-Purchased Credit Deteriorated (non-PCD) loans acquired from CCB and a reserve for unfunded commitments on loans acquired from CCB. This compares to a provision for credit losses of $1.2 million consisting of a provision for credit losses on loans of $1.4 million and a decrease in the reserve for unfunded commitments of $179 thousand during 2024. See "Analysis of Asset Quality and Allowance for Credit Losses" for a discussion of loan quality trends and the provision for credit losses.

The following tables present the activity in the allowance for credit losses and the reserve for unfunded commitments during the twelve months ended December 31, 2025, and 2024 (in thousands).

Allowance for Credit Losses	December 31, 2025	December 31, 2024
Balance, beginning of period	$ 13,196	$ 12,867
CECL Day 1 provision on acquired non-PCD loans	4,972	-
Provision charged to operations	1,918	1,375
Reserve on PCD loans	315	-
Losses charged to allowance	(1,095)	(2,039)
Recoveries	653	993
Balance, end of period	$ 19,959	$ 13,196

Reserve for Unfunded Commitments	December 31, 2025	December 31, 2024
Balance, beginning of period	$ 620	$ 799
Provision on acquired loans	351	-
Recovery of provision for credit losses	(391)	(179)
Balance, end of period	$ 580	$ 620

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. Based on information currently available, management believes that the allowance for credit losses is appropriate to absorb potential risks in the portfolio. However, no assurance can be given that the Company may not sustain charge-offs which are in excess of the allowance in any given period.

Non-Interest Income

The following table sets forth the components of non-interest income for the years ended December 31, 2025, 2024 and 2023

	Years Ended December 31,			**Change during Year**	
	2025	**2024**	**2023**	**2025**	**2024**
			(dollars in thousands)		
Gain on sale of buildings	$ 5,540	$ 19,854	$ -	$ (14,314)	$ 19,854
Interchange revenue	3,263	3,130	3,419	133	(289)
Service charges on deposit accounts	3,133	2,988	2,789	145	199
Earnings on bank owned life insurance policies, net (BOLI)	741	409	417	332	(8)
FHLB Dividends	658	546	418	112	128
Loan servicing fees	641	756	872	(115)	(116)
Gain on sale of loans	-	37	234	(37)	(197)
Loss on sale of investments	(5,811)	(19,817)	-	14,006	(19,817)
Other income	2,361	877	2,573	1,484	(1,696)
Total non-interest income	$ 10,526	$ 8,780	$ 10,722	$ 1,746	$ (1,942)

2025 compared to 2024. During the year ended December 31, 2025, non-interest income totaled $10.5 million, an increase of $1.7 million from the year ended December 31, 2024. The largest components of this increase were a legal settlement totaling $1.1 million related to the Dixie Fire in August of 2021 and an increase in earnings on BOLI of $332 thousand. A $14.3 million reduction in gain on sale of buildings related to our 2024 sales/lease back transaction was mostly offset by a $14.0 million reduction in loss on sale of investment securities related to the 2024 partial restructuring of our investment portfolio. Loss on sale of investment securities during 2025 consisted of the December 2025 partial restructuring of the investment portfolio discussed earlier, and a $628 thousand loss generated on the disposition of Cornerstone's investment portfolio during the third quarter of 2025.

2024 compared to 2023. During the year ended December 31, 2024, non-interest income totaled $8.8 million, a decrease of $1.9 million from the year ended December 31, 2023. The largest component of this decrease was a $1.7 million gain on termination of our interest rate swaps during 2023 which is included in other income in the above table. Related to the sale/leaseback transaction and the partial restructuring of our investment portfolio, a $19.9 million gain on sale of buildings was offset by a $19.8 million loss on investment securities. Other changes in non-interest income include a decline in interchange income of $289 thousand and an increase in service charges on deposit accounts of $199 thousand.

Non-Interest Expense

The following table sets forth the components of other non-interest expense for the years ended December 31, 2025, 2024 and 2023 (in thousands).

	Years Ended December 31,			Change during Year	
	2025	2024	2023	2025	2024
			(dollars in thousands)		
Salaries and employee benefits	$ 26,020	$ 21,744	$ 20,320	$ 4,276	$ 1,424
Occupancy and equipment	9,152	7,606	5,302	1,546	2,304
Outside service fees	5,615	4,576	4,496	1,039	80
Merger and acquisition expenses	1,963	-	-	1,963	-
Amortization of Core Deposit Intangible	1,300	201	237	1,099	(36)
Professional fees	1,220	1,407	1,258	(187)	149
Advertising and promotion	1,145	1,030	941	115	89
Armored car and courier	1,004	876	767	128	109
Deposit insurance	871	750	737	121	13
Business development	831	680	615	151	65
Director compensation, education and retirement	706	728	763	(22)	(35)
Telephone and data communications	592	780	806	(188)	(26)
Loan collection costs	340	388	423	(48)	(35)
Other operating expense	1,095	1,508	865	(413)	643
Total non-interest expense	$ 51,854	$ 42,274	$ 37,530	$ 9,580	$ 4,744

2025 compared to 2024. During the year ended December 31, 2025, total non-interest expense increased by $9.6 million from $42.3 million during the year ended December 31, 2024, to $51.9 million during the current period. The largest components of this increase were salary and benefit expenses of $4.3 million, merger related expenses of $2.0 million, occupancy and equipment expenses of $1.5 million, amortization of Core Deposit Intangible of $1.1 million and an increase in outside service fees of $1.0 million. The increase in salary and benefit expense included an increase in salary expense of $3.0 million primarily related to the acquisition of Cornerstone and to a lesser extent merit and promotional salary increases. Other significant increases in salary and benefit expense were $934 thousand in bonus expense, $256 thousand in health insurance costs and $269 thousand in payroll taxes. The increase in occupancy and equipment expenses and outside service fees mostly relates to the acquisition of Cornerstone.

2024 compared to 2023. During 2024 non-interest expense increased by $4.7 million to $42.3 million. The largest components of this increase were a $1.4 million increase in salary and benefit expenses, a $2.3 million increase in occupancy and equipment expenses and a $643 thousand increase in other non-interest expenses. The largest increases in salary and benefit expense were $695 thousand in salary expense and $401 thousand in commission expense. The increase in salary expense relates to both an increase in FTE and merit and promotional increases, while the increase in commission is related to increased SBA loan production. These were partially offset by an increase in the deferral of loan origination costs of $414 thousand related to an increase in SBA loan production. The increase in occupancy and equipment costs relates to a $2.4 million increase in rent expense related to the sales/leaseback transaction. The increase in other non-interest expense includes $277 thousand related to a recently concluded litigation.

Provision for Income Taxes. The Company recorded an income tax provision of $10.0 million, or 25.2% of pre-tax income for the year ended December 31, 2025. This compares to an income tax provision of $10.4 million, or 26.6% of pre-tax income during 2024. The percentages for 2025 and 2024 differ from statutory rates as tax exempt items of income, such as earnings on Bank owned life insurance and municipal securities interest, decrease taxable income while non-deductible merger transaction costs incurred during the current period increase taxable income. In addition, during the fourth quarter of 2025, we purchased green energy tax credits at a discount resulting in a $700 thousand reduction in the provision for income taxes.

Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the reported amount of assets and liabilities and their tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The determination of the amount of deferred income tax assets which are more likely than not to be realized is primarily dependent on projections of future earnings, which are subject to uncertainty and estimates that may change given economic conditions and other factors. The realization of deferred income tax assets is assessed, and a valuation allowance is recorded if it is "more likely than not" that all or a portion of the deferred tax asset will not be realized. "More likely than not" is defined as greater than a 50% chance. All available evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a valuation allowance is needed. Based upon the analysis of available evidence, management has determined that it is "more likely than not" that all deferred income tax assets as of December 31, 2025 and 2024 will be fully realized and therefore no valuation allowance was recorded.

Financial Condition

Mostly related to the acquisition of Cornerstone, total assets increased by $615 million from $1.6 billion on December 31, 2024, to $2.2 billion on December 31, 2025. The largest components of this increase were increases in gross loans of $497 million, investment securities of $39 million, accrued interest receivable and other assets of $25 million, Goodwill of $19 million, BOLI of $17 million, premises and equipment of $12 million and CDI of $10 million. Increases in liabilities include $439 million in deposits, $76 million in repurchase agreements, $6 million in borrowings and $7 million in accrued interest payable and other liabilities and $4 million in lease liabilities. Total shareholders' equity increased by $83 million. The following discussion provides detail on the major components of assets, liabilities and equity and the changes during 2025.

Loan Portfolio. Mostly related to the acquisition of CCB, gross loans increased by $497 million, or 49%, from $1.0 billion at December 31, 2024, to $1.5 billion at December 31, 2025. Increases in loans included $356 million in commercial real estate loans, $90 million in commercial loans, $39 million in agricultural loans, $22 million in residential real estate loans, $16 million in equity lines and $12 million in consumer and other loans. These increases were partially offset by decreases of $25 million in automobile loans and $13 million in construction loans. Although the Company offers a broad array of financing options, it continues to concentrate its focus on small to medium sized commercial businesses. These loans offer diversification as to industries and types of businesses, thus limiting material exposure in any industry concentrations. The Company offers both fixed and floating rate loans and obtains collateral in the form of real property, business assets and deposit accounts, but looks to business and personal cash flows as its primary source of repayment. In the fourth quarter of 2023 we terminated our indirect automobile loan program. Ending this program, which was our lowest yielding loan segment, also improved our loan loss risk profile since this program had historically higher charge-off rates. Terminating this program also improved our consumer compliance risk profile.

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

(dollars in thousands)	Balance at End of Period	Percent of Loans in Each Category to Total Loans	Balance at End of Period	Percent of Loans in Each Category to Total Loans
	12/31/2025	12/31/2025	12/31/2024	12/31/2024
Commercial	$ 167,851	11.1%	$ 77,444	7.6%
Agricultural	157,526	10.4%	118,866	11.7%
Real estate – residential	33,116	2.2%	11,539	1.1%
Real estate – commercial	1,002,627	66.3%	646,378	63.7%
Real estate – construction & land development	40,168	2.7%	53,503	5.3%
Equity Lines of Credit	53,647	3.5%	37,888	3.7%
Auto	39,595	2.6%	64,734	6.4%
Other	17,526	1.2%	5,072	0.5%
Total	$ 1,512,056	100%	$ 1,015,424	100%

The Company's real estate related loans, including real estate mortgage loans, real estate construction and land development loans, consumer equity lines of credit, and agricultural loans secured by real estate, comprised 82% of the total loan portfolio at December 31, 2025. Moreover, the business activities of the Company currently are focused in the California counties of Butte, Lassen, Modoc, Nevada, Placer, Plumas, Shasta, Sutter and Tehama and in Washoe and Carson City Counties in Northern Nevada. Consequently, the results of operations and financial condition of the Company are dependent upon the general trends in these economies and, in particular, the commercial real estate markets. In addition, the concentration of the Company's operations in these areas of Northeastern California and Northwestern Nevada exposes it to greater risk than other banking companies with a wider geographic base in the event of catastrophes, such as earthquakes, fires and floods in these regions.

Commercial real estate loans ("CRE") comprised 67% of the lending portfolio at December 31, 2025. CRE loans were 43% investor-owned, 43% owner-occupied, and 14% multi-family. Concentrations by real estate type within the CRE portfolio, excluding multi-family, were 14% Mixed Commercial Real Estate, 13% Office, 13% Retail, 10% Hospitality, 10% Industrial, 8% Gas Stations, 5% Medical buildings, 5% Special Purpose, 5% Mini Storage Facilities and, 5% Residential, with all remaining concentrations below 5%. There were no rent-controlled properties within the multi-family category. Office facilities are typically small and located in more rural areas. 21% of CRE loans were located in northern Nevada and 57% were located in northern California. Of the $15.1 million in non-accrual balances at December 31, 2025, approximately 13% were CRE. Of the $34.2 million in substandard balances at December 31, 2025 approximately 28% were CRE.

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

The rates of interest charged on variable rate loans are set at specific increments in relation to the Company's lending rate or other indexes such as the published prime interest rate or U.S. Treasury rates and vary with changes in these indexes. The frequency in which variable rate loans reprice can vary from one day to several years. At December 31, 2025, and December 31, 2024, approximately 80% and 77%, respectively, of the Company's loan portfolio was comprised of variable rate loans. Loans indexed to the prime interest rate were approximately 21% of the Company's variable rate loan portfolio on December 31, 2025; these loans reprice within one day to three months of a change in the prime rate. The remainder of the Company's variable rate loans mostly consist of commercial real estate loans tied to U.S. Treasury rates and reprice every five years. Approximately 75% of the variable rate loans are indexed to the five-year T-Bill rate and reprice every five years. While real estate mortgage, agricultural, commercial and consumer lending remain the foundation of the Company's historical loan mix, some changes in the mix have occurred due to the changing economic environment and the resulting change in demand for certain loan types.

A substandard loan is not adequately protected by the current sound worth and paying capacity of the borrower or the value of the collateral pledged, if any. Total substandard loans increased by $11.2 million from $23.0 million on December 31, 2024, to $34.2 million on December 31, 2025. Loans classified as special mention increased by $8.1 million from $12.0 million on December 31, 2024, to $20.1 million on December 31, 2025.

The following table sets forth the maturity of gross loan categories as of December 31, 2025. Also provided with respect to such loans are the amounts due after one year, classified according to sensitivity to changes in interest rates:

	Within One Year	After One Through 5 Years	After 5 Through 15 Years	Due After 15 Years	Total
			(in thousands)		
Commercial	$ 66,887	$ 81,424	$ 19,537	$ 3	$ 167,851
Agricultural	81,738	56,404	16,869	2,515	157,526
Real estate – residential	6,822	21,297	4,932	65	33,116
Real estate – commercial	75,612	274,356	473,824	178,835	1,002,627
Real estate – construction & land development	11,313	3,651	4,688	20,516	40,168
Equity Lines of Credit	6,604	19,514	21,386	6,143	53,647
Auto	18,447	21,148	-	-	39,595
Other	6,477	10,849	195	5	17,526
Total	$ 273,900	$ 488,643	$ 541,431	$ 208,082	$ 1,512,056

Amount due after one year at fixed interest rates:

	(in thousands)
Commercial	$ 59,956
Agricultural	3,490
Real estate – residential	6,678
Real estate – commercial	107,835
Real estate – construction & land development	4,913
Equity Lines of Credit	1,105
Auto	21,148
Other	10,836
Total	$ 215,961

Amount due after one year at variable interest rates:

	(in thousands)
Commercial	$ 41,008
Agricultural	72,298
Real estate – residential	19,616
Real estate – commercial	819,180
Real estate – construction & land development	23,942
Equity Lines of Credit	45,938
Auto	-
Other	213
Total	$ 1,022,195

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

The allowance for credit losses is established through charges to earnings in the form of the provision for credit losses. Loan losses are charged to, and recoveries are credited to, the allowance for credit losses. The allowance for credit losses is maintained at a level deemed appropriate by management to provide for known and inherent risks in the loan portfolio.

To estimate the Allowance for Credit Loss (ACL), the Company elected to use the Discounted Cash Flow (DCF) methodology. This method uses loan level repayment terms to determine expected cash flows which are then discounted by various assumptions such as prepayment or curtailment rates, Probability of Default and Loss Given Default rates.

The ACL is measured on the loan's amortized cost over the remaining contractual lives of the loan portfolios, adjusted for industry average prepayment and curtailment rates. The Company established a 12-month term for forecasting economic conditions followed by a 24-month straight line reversion to historical average conditions as its basis for the probability of loan default. The probability of default rate is determined by reviewing loans with similar risk characteristics that are combined to form loan pools which are statistically correlated with historical credit losses, defaults and various economic metrics, including California Unemployment rates, California Housing Prices and California Gross Domestic Product. Pool balances that are determined to have probable default are then adjusted for expected Loss Given Default. The Company selected the Frye Jacobs Index as its basis for Loss Given Default. Model forecasts may be adjusted for inherent limitations or biases that have been identified through independent validation and annual back-testing of model performance to actual realized results.

At December 31, 2025, and December 31, 2024, the Company utilized a reasonable and supportable forecast period of approximately four quarters and obtained the forecast data from publicly available sources. The Company also considered the impact of portfolio concentrations, changes in underwriting practices, and other risk factors that might influence its loss estimation process.

In determining the allowance for credit losses, accruing loans with similar risk characteristics are generally evaluated collectively. The Company's policy is that loans designated as nonaccrual no longer share risk characteristics similar to other loans evaluated collectively and as such, all nonaccrual loans, in excess of $100,000, are individually evaluated for reserves. As of December 31, 2025 and December 31, 2024, the Bank's nonaccrual loans comprised the entire population of loans individually evaluated. The Company's policy is that nonaccrual loans, in excess of $100,000, also represent the subset of loans where borrowers are experiencing financial difficulty where an evaluation of the source of repayment is required to determine if the nonaccrual loans should be categorized as collateral dependent. Nonaccrual loans with a balance less than or equal to $100,000 are evaluated collectively and consist primarily of automobile loans.

During the twelve months ended December 31, 2025, we recorded a provision for credit losses of $6.9 million, consisting of a provision for credit losses on loans of $6.9 million and a decrease in the reserve for unfunded commitments of $40 thousand. The provision includes the CECL day 1 provision on non-PCD loans acquired from CCB and the reserve for unfunded commitments on loans acquired from CCB. During 2024 we recorded a provision for credit losses of $1.2 million consisting of a provision for credit losses on loans of $1.4 million and a decrease in the reserve for unfunded commitments of $179 thousand.

Net charge-offs totaled $442 thousand and $1.0 million during the twelve months ended December 31, 2025, and 2024, respectively. The allowance for credit losses totaled $20.0 million at December 31, 2025, and $13.2 million at December 31, 2024. At least quarterly, the Company evaluates each specific reserve and if it determines that the loss represented by the specific reserve is uncollectable it records a charge-off for the uncollectable portion. Specific reserves related to collateral dependent loans totaled $1,516,000 and $29,000 at December 31, 2025, and December 31, 2024, respectively. The allowance for credit losses as a percentage of total loans was 1.32% on December 31, 2025, and 1.30% on December 31, 2024.

The following table provides selected credit ratios as of December 31, 2025, 2024 and 2023:

(dollars in thousands)	As of and for the Year Ended December 31,		
	2025	2024	2023
Allowance for credit losses to total loans outstanding	1.32%	1.30%	1.34%
Allowance for credit losses	$ 19,959	$ 13,196	$ 12,867
Total loans outstanding	$ 1,512,056	$ 1,015,424	$ 958,564
Nonaccrual loans to total loans outstanding	1.00%	0.40%	0.50%
Nonaccrual loans	$ 15,089	$ 4,105	$ 4,820
Total loans outstanding	$ 1,512,056	$ 1,015,424	$ 958,564
Allowance for credit losses to nonaccrual loans	132.28%	321.46%	266.95%
Allowance for credit losses	$ 19,959	$ 13,196	$ 12,867
Nonaccrual loans	$ 15,089	$ 4,105	$ 4,820
Net charge-offs during the period to average loans outstanding:			
Commercial	0.26%	0.35%	0.10%
Net charge-off during the period	$ 317	$ 277	$ 79
Average amount outstanding	$ 120,948	$ 78,279	$ 75,760
Agricultural	0.01%	0.00%	0.00%
Net charge-off during the period	$ 11	$ -	$ -
Average amount outstanding	$ 133,988	$ 122,871	$ 124,798
Real estate - residential	(0.22%)	(0.03%)	(0.02%)
Net charge-off during the period	$ (49)	$ (4)	$ (3)
Average amount outstanding	$ 22,471	$ 11,692	$ 14,223
Real estate - commercial	0.00%	0.00%	0.00%
Net charge-off during the period	$ (7)	$ (1)	$ (1)
Average amount outstanding	$ 814,894	$ 589,551	$ 520,498
Real estate - construction & land development	0.00%	0.00%	0.00%
Net charge-off during the period	$ -	$ -	$ -
Average amount outstanding	$ 50,510	$ 63,399	$ 55,034
Equity lines of credit	0.14%	(0.00%)	(0.00%)
Net charge-off during the period	$ 66	$ -	$ -
Average amount outstanding	$ 45,827	$ 37,620	$ 36,371
Auto	(0.03%)	0.88%	0.79%
Net charge-off during the period	$ (16)	$ 715	$ 804
Average amount outstanding	$ 51,641	$ 80,828	$ 101,800
Other	1.01%	1.16%	1.36%
Net charge-off during the period	$ 120	$ 59	$ 75
Average amount outstanding	$ 11,860	$ 5,073	$ 5,513
Total Loans	0.04%	0.11%	0.10%
Net charge-off during the period	$ 442	$ 1,046	$ 954
Average amount outstanding	$ 1,252,139	$ 989,313	$ 933,997

The following table provides a breakdown of the allowance for credit losses:

(dollars in thousands)	Balance at End of Period 12/31/2025	Percent of Loans in Each Category to Total Loans 12/31/2025	Balance at End of Period 12/31/2024	Percent of Loans in Each Category to Total Loans 12/31/2024
Commercial	$ 3,246	11.1%	$ 1,265	7.6%
Agricultural	3,973	10.4%	1,802	11.7%
Real estate – residential	258	2.2%	102	1.1%
Real estate – commercial	10,605	66.3%	7,459	63.7%
Real estate – construction & land development	514	2.7%	815	5.3%
Equity Lines of Credit	502	3.5%	460	3.7%
Auto	591	2.6%	1,215	6.4%
Other	270	1.2%	78	0.5%
Total	$ 19,959	100%	$ 13,196	100%

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

Nonperforming loans were $15.1 million on December 31, 2025, and $4.1 million on December 31, 2024. Nonperforming loans as a percentage of total loans increased to 1.00% on December 31, 2025, up from 0.40% on December 31, 2024. The increase in nonperforming loans is related to one agricultural loan relationship of 15 loans totaling $9.8 million. The borrower on these loans was unable to meet his commitments under modified loan agreements and therefore during the second quarter of 2025 we placed the loans on nonaccrual status. Specific loan loss reserves totaling $1.4 million related to this relationship’s loans were included in the allowance for credit losses at December 31, 2025.

It is the policy of management to make additions to the allowance for credit losses so that it remains appropriate to absorb the inherent risk of loss in the portfolio. Management believes that the allowance on December 31, 2025, is appropriate. However, the determination of the amount of the allowance is judgmental and subject to economic conditions which cannot be predicted with certainty. Accordingly, the Company cannot predict whether charge-offs of loans in excess of the allowance may occur in future periods.

Nonperforming assets (which are comprised of nonperforming loans, other real estate owned (“OREO”) and repossessed vehicle holdings) at December 31, 2025, were $15.3 million, up from $4.3 million at December 31, 2024. Nonperforming assets as a percentage of total assets increased to 0.68% at December 31, 2025, up from 0.27% at December 31, 2024. OREO totaled $226 thousand at December 31, 2025, and $91 thousand December 31, 2024.

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

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

The following table provides a summary of the change in the number and balance of OREO properties for the years ended December 31, 2025 and 2024, dollars in thousands:

	Year Ended December 31,			
	Number	2025	Number	2024
Beginning Balance	1	$ 91	1	$ 357
Additions	2	185	1	141
Dispositions	(1)	(23)	(1)	(357)
Provision from change in OREO valuation	-	(27)	-	(50)
Ending Balance	2	$ 226	$ 1	$ 91

Investment Portfolio and Federal Reserve Balances. Total investment securities were $477 million as of December 31, 2025, and $438 million at December 31, 2024. Unrealized losses on available-for-sale investment securities totaling $14.9 million were recorded, net of $4.4 million in tax benefits, as accumulated other comprehensive loss within shareholders' equity at December 31, 2025. During the twelve months ended December 31, 2025, the Company sold 135 available-for-sale investment securities for proceeds of $130.6 million recording a $6.1 million net loss on sale. The loss was partially offset by a gain of $254 thousand on the termination of a fair value hedge. The Company realized a gain on sale from 15 of these securities totaling $36 thousand and a loss on sale of 120 securities totaling $6.1 million. These sales mostly relate to the sale of the investment portfolio acquired from CCB and a partial restructure of our investment portfolio in which we offset the $5.5 million gain on our 2025 sales/leaseback transaction with a loss on sale of $5.4 million of investment securities. The securities sold had a weighted average tax equivalent yield of 2.43%. As part of the restructure, we replaced these securities with $42 million in securities having a weighted average yield of 4.88%.

Unrealized losses on available-for-sale investment securities totaling $35.7 million were recorded, net of $10.6 million in tax benefits, as accumulated other comprehensive loss within shareholders' equity at December 31, 2024. During the first quarter of 2024 we sold $116 million in investment securities having a weighted average tax equivalent yield of 2.24% recording a $19.8 million loss on sale. Beginning in December 2023 and ending on March 27, 2024 we purchased $120 million in investment securities having a weighted average tax equivalent yield of 5.25%. These sales and purchases were made as part of an investment restructure, the losses of which were offset by the gain recorded on the sales/leaseback.

The investment portfolio at December 31, 2025, consisted of $388 million in securities of U.S. Government-sponsored agencies and U.S. Government agencies, and 156 municipal securities totaling $89 million. The investment portfolio at December 31, 2024, consisted of $350 million in securities of U.S. Government-sponsored agencies and U.S. Government agencies, and 170 municipal securities totaling $88 million.

There were no Federal funds sold at December 31, 2025, and December 31, 2024; however, the Bank maintained interest earning balances at the Federal Reserve Bank totaling $39 million at December 31, 2025, and $47 million at December 31, 2024. The balance on December 31, 2025, earns interest at the rate of 3.65%.

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

The following table summarizes the maturities of the Company's securities at their carrying value, which represents fair value, and their weighted average tax equivalent yields at December 31, 2025. Mortgage-backed securities are included in maturity categories based on their stated maturity date. Expected maturities may differ from contractual maturities because the issuers may have the right to call or prepay obligations.

(dollars in thousands)	Within One Year		After One Through Five Years		After Five Through Ten Years		After Ten Years		Total	
Available-for-sale (Fair Value)	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
U.S. Government-sponsored agency mortgage-backed securities - residential	5,242	4.45%	120,509	4.57%	125,279	4.09%	2,135	4.58%	253,165	4.32%
U.S. Government agency mortgage-backed securities - commercial	-	0.00%	36,612	4.79%	98,152	3.89%	-	-%	134,764	4.11%
Municipal obligations	789	3.45%	6,624	4.26%	17,469	4.58%	63,784	4.03%	88,666	4.15%
Total	$ 6,031	4.32%	$ 163,745	4.61%	$ 240,900	4.04%	$ 65,919	4.05%	$ 476,595	4.23%

Deposits. Related mostly to the acquisition of Cornerstone, total deposits increased by $439 million from $1.4 billion at December 31, 2024, to $1.8 billion at December 31, 2025. The increase in deposits includes increases of $150 million in demand deposits, $173 million in money market accounts and $117 million in time deposits. Partially offsetting these increases was a decline of $1 million in savings deposits. At December 31, 2025, 47% of the Company's deposits were in the form of non-interest-bearing demand deposits. During the third quarter of 2025 we transferred over $60 million of third-party reciprocal deposits acquired from Cornerstone to our repurchase agreement product and paid off $38.5 million in brokered time deposits. These brokered deposits had a weighted average rate of 4.91%. At December 31, 2025, brokered deposits consist of a $10 million time deposit acquired from Cornerstone. The rate on this deposit is 3.80%.

The following tables show the distribution of deposits by type at December 31, 2025 and 2024 and the average balance and rates paid on deposits for the three years ending December 31, 2025:

(dollars in thousands)	Balance at End of Period 12/31/2025	Percent of Deposits in Each Category to Total Deposits 12/31/2025	Balance at End of Period 12/31/2024	Percent of Deposits in Each Category to Total Deposits 12/31/2024
Non-interest bearing	$ 848,986	46.9%	$ 699,401	51.0%
Money Market	440,552	24.3%	267,582	19.5%
Savings	309,337	17.1%	309,929	22.6%
Time	210,729	11.7%	94,189	6.9%
Total Deposits	$ 1,809,604	100%	$ 1,371,101	100%

(dollars in thousands)	Average Balance 12/31/2025	Yields/Rates 12/31/2025	Average Balance 12/31/2024	Yields/Rates 12/31/2024	Average Balance 12/31/2023	Yields/Rates 12/31/2023
Non-interest bearing	$ 772,478		$ 684,909		$ 726,191	
Money Market	364,152	1.94%	226,372	1.09%	227,819	0.60%
Savings	311,136	0.32%	324,000	0.22%	375,377	0.21%
Time	164,998	2.41%	96,131	2.85%	74,570	2.10%
Total interest bearing	$ 840,286	1.43%	$ 646,503	0.92%	$ 677,766	0.55%

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

On December 31, 2025, the Company estimates that it has approximately $720 million in uninsured deposits representing 40% of total deposits. Of this amount, $186 million represents deposits that are collateralized such as deposits of states, municipalities, and tribal accounts. On December 31, 2024, the Company estimates that it has approximately $496 million in uninsured deposits representing 36% of total deposits. Of this amount, $128 million represents deposits that are collateralized such as deposits of states, municipalities, and tribal accounts. Uninsured amounts are estimated based on the portion of the account balances in excess of FDIC insurance limits.

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

Maturity Distribution of Estimated Uninsured Time Deposits

(dollars in thousands)	December 31, 2025	December 31, 2024
Remaining maturity:		
Three months or less	$ 18,804	11,697
After three through six months	25,834	6,712
After six through twelve months	15,891	4,452
After twelve months	45,909	61
Total	$ 106,438	$ 22,922

Short-term Borrowing Arrangements. The Company is a member of the Federal Home Loan Bank of San Francisco (FHLB) and can borrow up to $400 million from the FHLB secured by commercial and residential mortgage loans with carrying values totaling $659 million. Based on its current level of FHLB stock holdings the Company can borrow up to $326 million. To borrow the full $400 million in available credit the Company would need to purchase $2 million in additional FHLB stock. The Company is also eligible to borrow at the Federal Reserve Bank (FRB) Discount Window. At December 31, 2025, the Company could borrow up to $39 million at the Discount Window secured by investment securities with a fair value of $41 million. In addition to its FHLB borrowing line and the Discount Window, the Company has unsecured short-term borrowing agreements with two of its correspondent banks in the amounts of $50 million and $20 million. There were no outstanding borrowings to the FHLB, FRB Discount Window or the correspondent banks at December 31, 2025 and 2024.

Note Payable. Plumas Bancorp had outstanding borrowings of $15 million with a correspondent bank. This loan matures on January 25, 2035, and can be prepaid at any time. During the initial three years the loan functioned as an interest only revolving line of credit. On February 1, 2025, the loan converted into a term loan requiring semi-annual interest payments and annual principal reductions. This borrowing bears interest at a fixed rate of 3.85% for the first 5 years and then beginning January 25, 2027 at a floating interest rate linked to WSJ Prime Rate for the remaining eight-year term. Interest expense recognized on this loan for the twelve-months ended December 31, 2025 and 2024, was $585 thousand and $641 thousand, respectively.

The Note is secured by the common stock of the Bank. The Loan Agreement contains certain financial and non-financial covenants, which include, but are not limited to, a minimum leverage ratio at the Bank, a minimum total risk-based capital ratio at the Bank, a maximum Texas Ratio at the Bank, a minimum level of Tier 1 capital at the Bank and a return on average assets needed to generate a 1.25X debt service coverage ratio. The Loan Agreement also contains customary events of default, including, but not limited to, failure to pay principal or interest, the commencement of certain bankruptcy proceedings, and certain adverse regulatory events affecting the Company or the Bank. Upon the occurrence of an event of default under the Loan Agreement, the Company's obligations under the Loan Agreement may be accelerated. The Company was in compliance with all covenants related to the Term Note at December 31, 2025.

Repurchase Agreements. The Bank offers a repurchase agreement product for its larger customers which use securities sold under agreements to repurchase as an alternative to interest-bearing deposits. Securities sold under agreements to repurchase totaling $97.9 million and $22.1 million at December 31, 2025, and December 31, 2024, respectively, are secured by U.S. Government agency securities with a carrying amount of $112.1 million and $38.5 million at December 31, 2025 and December 31, 2024, respectively. The increase in repurchase agreements is mostly related to the acquisition of Cornerstone. Cornerstone maintained reciprocal deposits with several customers. During July 2025 we converted these reciprocal deposits to repurchase agreements. Interest expense recognized on repurchase agreements for the twelve-months ended December 31, 2025 and 2024, was $776 thousand and $36 thousand, respectively.

Subordinated Debentures. As a result of and upon the completion of the Merger, the Company assumed Cornerstone's obligations with respect to an aggregate principal amount of $12 million of subordinated notes, comprised of (a) $2 million in aggregate principal amount of 4.75% Fixed to Floating Rate Subordinated Notes due November 30, 2035 (the "2035 Notes") and (b) $10 million in aggregate principal amount of 4.75% Fixed-to-Floating Rate Subordinated Notes due November 30, 2030 (the "2030 Notes"). The 2035 Notes, which were issued in 2020, have a fixed interest rate of 4.75% for the first ten years and thereafter a quarterly variable interest rate equal to the then current three-month term Secured Overnight Financing Rate ("SOFR") plus 4.14%. The 2030 Notes, which were issued in 2020, had a fixed interest rate of 4.75% for the first five years and thereafter a quarterly variable interest rate equal to the then current three-month term SOFR plus 4.52%. The 2030 notes were called for redemption on December 30, 2025. Of the $10 million originally outstanding on the 2030 notes, principal payments were made on $5.8 million while $4.2 million remain outstanding at December 31, 2025. The remaining $4.2 million will be paid once the notes are surrendered for cancelation by the debenture holders as required under the 2030 Notes. In accordance with the terms of the 2030 Notes interest has ceased to accrue on the remaining $4.2 million. Interest expense recognized on the subordinated notes for the twelve months ended December 31, 2025, was $426 thousand.

In addition to these borrowings, Cornerstone had an outstanding borrowing from the FHLB of $15 million which was paid in full in August 2025. Interest expense on this borrowing was $50 thousand during 2025.

Capital Resources

Shareholders' Equity. Shareholders' equity increased by $83 million from $178 million at December 31, 2024 to $261 million at December 31, 2025. The $83 million increase includes earnings during the twelve-month period of $29.6 million, common stock and stock options issued in the acquisition of Cornerstone totaling $45.2 million, a decrease in other comprehensive loss of $14.7 million and restricted stock and stock option activity totaling $1.4 million. These items were partially offset by the payment of cash dividends totaling $7.7 million.

It is the policy of the Company to periodically distribute excess retained earnings to the shareholders through the payment of cash dividends. Such dividends help promote shareholder value and capital adequacy by enhancing the marketability of the Company's stock. All authority to provide a return to the shareholders in the form of a cash or stock dividend or split rests with the Board of Directors. The Board will periodically, but on no regular schedule, review the appropriateness of a cash dividend payment. Banking regulations limit the amount of dividends that may be paid without prior approval of regulatory agencies. The Company paid a quarterly cash dividend of $0.30 per share on November 17, 2025, August 15, 2025, May 15, 2025, and February 17, 2025, and a quarterly cash dividend of $0.27 per share on February 15, 2024, May 15, 2024, August 15, 2024, and November 15, 2024.

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

In July, 2013, the federal bank regulatory agencies adopted rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. depository organizations, sometimes called "Basel III," that increased the minimum regulatory capital requirements for bank holding companies and depository institutions and implemented strict eligibility criteria for regulatory capital instruments. The Basel III capital rules include a minimum common equity Tier 1 ratio of 4.5%, a Tier 1 capital ratio of 6.0%, a total risk-based capital ratio of 8.0%, and a minimum leverage ratio of 4.0% (calculated as Tier 1 capital to average consolidated assets). The minimum capital levels required to be considered "well capitalized" include a common equity Tier 1 ratio of 6.5%, a Tier 1 risk-based capital ratio of 8.0%, a total risk-based capital ratio of 10.0% and a leverage ratio of 5.0%. In addition, the Basel III capital rules require that banking organizations maintain a capital conservation buffer of 2.5% above the minimum capital requirements in order to avoid restrictions on their ability to pay dividends, repurchase stock or pay discretionary bonuses. Including the capital conservation buffer of 2.5%, the Basel III capital rules require the following minimum ratios for a bank holding company or bank to be considered well capitalized: a common equity Tier 1 capital ratio of 7.0%, a Tier 1 capital ratio of 8.5%, and a total capital ratio of 10.5%. At December 31, 2025, the Company's and the Bank's capital ratios exceeded the thresholds necessary to be considered "well capitalized" under the Basel III framework.

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

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

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

			Minimum Amount of Capital Required			
	Actual		For Capital Adequacy Purposes (1)		To be Well-Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2025						
Common Equity Tier 1 Ratio	$ 247,747	14.8%	$ 75,265	4.5%	$ 108,717	6.5%
Tier 1 Leverage Ratio	247,747	11.1%	89,237	4.0%	111,547	5.0%
Tier 1 Risk-Based Capital Ratio	247,747	14.8%	100,354	6.0%	133,805	8.0%
Total Risk-Based Capital Ratio	268,425	16.0%	133,805	8.0%	167,257	10.0%
December 31, 2024						
Common Equity Tier 1 Ratio	$ 199,308	17.3%	$ 51,981	4.5%	$ 75,084	6.5%
Tier 1 Leverage Ratio	199,308	11.9%	66,856	4.0%	83,570	5.0%
Tier 1 Risk-Based Capital Ratio	199,308	17.3%	69,308	6.0%	92,411	8.0%
Total Risk-Based Capital Ratio	213,124	18.5%	92,411	8.0%	115,514	10.0%

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

Management believes that the Bank met all its capital adequacy requirements as of December 31, 2025.

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

Off-Balance Sheet Arrangements

Loan Commitments. In the normal course of business, there are various commitments outstanding to extend credits that are not reflected in the financial statements. Commitments to extend credit and letters of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Annual review of commercial credit lines, letters of credit and ongoing monitoring of outstanding balances reduces the risk of loss associated with these commitments. As of December 31, 2025, the Company had $249 million in unfunded loan commitments and $1.6 million in letters of credit. This compares to $155 million in unfunded loan commitments at December 31, 2024 and no letters of credit. Of the $249 million in unfunded loan commitments, $168 million and $81 million represent commitments to commercial and consumer customers, respectively. Of the total unfunded commitments at December 31, 2025, $117 million was secured by real estate, of which $45 million was secured by commercial real estate and $72 million was secured by residential real estate mostly in the form of equity lines of credit. The commercial loan commitments not secured by real estate primarily represent business lines of credit, while the consumer loan commitments not secured by real estate primarily represent overdraft protection lines. Since some of the commitments are expected to expire without being drawn upon the total commitment amounts do not necessarily represent future cash requirements.

Operating Leases. The Company leases eleven branches. Our Yuba City branch is classified as owned; however, it is subject to a long-term land lease. The Company also leases two lending offices and five administrative offices. Including variable lease expense, total rent expense for the years ended December 31, 2025, 2024 and 2023 were $3.6 million, $3.1 million and $635 thousand, respectively. The expiration dates of the leases vary, with the first such lease expiring during 2026 and the last such lease expiring during 2044.

Liquidity

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

The Company is a member of the Federal Home Loan Bank of San Francisco (FHLB) and can borrow up to $400 million from the FHLB secured by commercial and residential mortgage loans with carrying values totaling $659 million. Based on its current level of FHLB stock holdings the Company can borrow up to $326 million. To borrow the full $400 million in available credit the Company would need to purchase $2 million in additional FHLB stock. The Company is also eligible to borrow at the Federal Reserve Bank (FRB) Discount Window. At December 31, 2025, the Company could borrow up to $39 million at the Discount Window secured by investment securities with a fair value of $41 million. In addition to its FHLB borrowing line and the Discount Window, the Company has unsecured short-term borrowing agreements with two of its correspondent banks in the amounts of $50 million and $20 million. There were no outstanding borrowings to the FHLB, FRB Discount Window or the correspondent banks at December 31, 2025 and 2024.

Deposits represent the Bank's primary source of funds. Deposits are primarily core deposits in that they are demand, savings and time deposits generated from local businesses and individuals. These sources are considered to be relatively stable, long-term relationships thereby enhancing steady growth of the deposit base without major fluctuations in overall deposit balances. The Company experiences, to a small degree, some seasonality with the slower growth period between November through April, and the higher growth period from May through October. Related mostly to the acquisition of Cornerstone, total deposits increased by $439 million from $1.4 billion at December 31, 2024, to $1.8 billion at December 31, 2025. The Company estimates that it has approximately $720 million in uninsured deposits which includes uninsured deposits of Plumas Bancorp. Of this amount, $186 million represents deposits that are collateralized such as deposits of states, municipalities and tribal accounts. Uninsured amounts are estimated based on the portion of the account balances in excess of FDIC insurance limits.

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company we are not required to provide the information required by this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements of Plumas Bancorp and subsidiary, and report of the independent registered public accounting firm, are included in the Annual Report of Plumas Bancorp to its shareholders for the years ended December 31, 2025, 2024 and 2023.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Plumas Bancorp and subsidiary (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer 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.

As of December 31, 2025, management assessed the effectiveness of the Company's internal control over financial reporting based on the framework established in the *2013 Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2025, is effective.

elliott davis

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Plumas Bancorp and Subsidiary

Opinion on the Financial Statements
We have audited the accompanying consolidated balance sheets of Plumas Bancorp and its subsidiary (the Company) as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements 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 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters
The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the 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 financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses – Collectively Evaluated Loans

As described in Note 5 to the Company's financial statements, the Company has a gross loan portfolio of approximately $1.5 billion and related allowance for credit losses of $20.0 million as of December 31, 2025. As described by the Company in Note 2 to the Company's financial statements, the Company uses a discounted cash flow method to estimate expected credit losses. In addition to its own loss experience, the Company also includes peer bank historical loss experience in its assessment of expected credit losses to determine the allowance for credit losses. The Company utilized call report data to measure its and its peers' historical credit losses experience with similar risk characteristics within the segments over an economic cycle. Also considered were further adjustments to historical loss information to appropriately adjust for the impact of portfolio concentrations, changes in underwriting practices, imprecision in its economic forecasts, and other risk factors that might influence its loss estimation process.

We identified the Company's estimate of the allowance for credit losses ("ACL") for collectively evaluated loans as a critical audit matter. The principal considerations for our determination of the allowance for credit losses as a critical audit matter related to the high degree of subjectivity in the Company's determination of significant model assumptions, including the determination of qualitative factor adjustments and macroeconomic data in the reasonable and supportable forecasts. Auditing these complex judgments and assumptions by the Company involves especially challenging auditor judgment due to the nature and extent of audit evidence and effort required to address these matters, including the extent of specialized skill or knowledge needed.

The primary procedures we performed to address this critical audit matter included the following:

- We obtained an understanding of the Company's methodology and process for establishing the allowance for credit losses, including the selection and application of forecasts and the basis for development and related adjustments of the qualitative factor component of the allowance for credit losses.
- We tested the completeness and accuracy of the significant inputs into the model, including the underlying data used to develop the qualitative factors and forecasts.
- We tested the computational accuracy of the model utilized to determine the allowance for credit losses by recalculating the model outputs.
- We evaluated the relevance and the reasonableness of assumptions related to the determination of qualitative factor adjustments and the forecasting component of the ACL by comparing the data used in the model to internally developed, third-party sources, and other audit evidence gathered.

Business Combination – Valuation of Acquired Loan Portfolio

As described in Note 18 to the Company's financial statements, on July 1, 2025, the Company acquired Cornerstone Community Bancorp ("CCB"). The transaction has been accounted for as a business combination and accordingly, the identifiable assets acquired and liabilities assumed from CCB were recorded at fair value as of the acquisition date. The fair value of acquired loans held for investment was $462.5 million. Determining the fair value of acquired loans involves estimating the amount and timing of principal and interest cash flows expected to be collected on the loans and discounting those cash flows at a market rate of interest. The market rate adjustment represents the movement in market interest rates, irrespective of credit adjustments, compared to the contractual rates of the acquired loans. The credit adjustment made on pools of homogeneous loans represents the changes in credit quality of the underlying borrowers from loan inception to the acquisition date.

We identified the fair value of acquired loans held for investment as a critical audit matter due to the high degree of complexity and auditor judgment involved and the extent of effort involved, including the use of professionals with specialized skill and knowledge, in testing the Company's estimates and assumptions, including the discount rates and prepayment rates used in the discounted cash flow methodology.

The primary procedures we performed to address the critical audit matter include the following:

- We obtained an understanding of the Company's process for estimating the acquired loans' fair value, including an understanding over management's controls over establishing the discount rate, inputs, and other assumptions used in the discounted cash flow methodology.
- We tested the completeness and accuracy of certain underlying loan data provided by management that was significant to the discounted cash flow model.
- We utilized internal valuation specialists to assist in evaluating management's valuation methodologies and significant assumptions, including application of discount rates and prepayment rates by comparing management's selected assumptions to independently developed ranges based on third party market data.

/s/ Elliott Davis, LLC

We have served as the Company's auditor since 2024.

Franklin, Tennessee
March 19, 2026

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Plumas Bancorp and Subsidiary
Reno, Nevada

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows of Plumas Bancorp and Subsidiary (the "Company") for the year ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the results of its operations and its cash flows for the year ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Company adopted the provisions of FASB Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as of January 1, 2023, using the modified retrospective approach with an adjustment at the beginning of the adoption period. Our opinion is not modified with respect to this matter.

We served as the Company's auditor from 2013 to 2023. Such date incorporates the acquisition of certain assets of Vavrinek, Trine, Day & Co., LLP, by Eide Bailly LLP in 2019.

/s/ Eide Bailly LLP

San Ramon, California
March 20, 2024

PLUMAS BANCORP AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 80,616,000	$ 82,018,000
Investment securities available for sale, net of allowance for credit losses of $0 at December 31, 2025 and 2024	476,595,000	437,735,000
Loans, less allowance for credit losses of $19,959,000 at December 31, 2025 and $13,196,000 at 2024	1,495,834,000	1,005,375,000
Right-of-use assets	28,860,000	24,334,000
Other real estate owned	226,000	91,000
Premises and equipment, net	24,398,000	12,495,000
Bank owned life insurance	33,659,000	16,519,000
Core deposit intangible	11,101,000	791,000
Goodwill	24,215,000	5,502,000
Accrued interest receivable and other assets	63,019,000	38,466,000
Total assets	$ 2,238,523,000	$ 1,623,326,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	$ 848,986,000	$ 699,401,000
Interest bearing	960,618,000	671,700,000
Total deposits	1,809,604,000	1,371,101,000
Repurchase agreements	97,855,000	22,073,000
Accrued interest payable and other liabilities	19,946,000	12,493,000
Borrowings	21,013,000	15,000,000
Lease liabilities	29,029,000	24,759,000
Total liabilities	1,977,447,000	1,445,426,000
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Serial preferred stock - no par value; 10,000,000 shares authorized; none outstanding	-	-
Common stock - no par value; 22,500,000 shares authorized; issued and outstanding – 6,958,814 at December 31, 2025 and 5,903,368 at December 31, 2024	75,668,000	29,043,000
Retained earnings	195,899,000	174,002,000
Accumulated other comprehensive loss, net of taxes	(10,491,000)	(25,145,000)
Total shareholders' equity	261,076,000	177,900,000
Total liabilities and shareholders' equity	$ 2,238,523,000	$ 1,623,326,000

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

PLUMAS BANCORP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Interest income:			
Interest and fees on loans	$ 78,875,000	$ 61,450,000	$ 54,999,000
Interest on investment securities:			
Taxable	17,226,000	15,308,000	11,525,000
Exempt from Federal income taxes	2,268,000	2,574,000	3,681,000
Other	3,278,000	4,993,000	4,387,000
Total interest income	101,647,000	84,325,000	74,592,000
Interest expense:			
Interest on deposits	12,040,000	5,916,000	3,730,000
Interest on junior subordinated deferrable interest debentures	-	-	141,000
Interest on borrowings	1,061,000	4,676,000	896,000
Other	776,000	42,000	31,000
Total interest expense	13,877,000	10,634,000	4,798,000
Net interest income before provision for credit losses	87,770,000	73,691,000	69,794,000
Provision for credit losses	6,850,000	1,196,000	2,775,000
Net interest income after provision for credit losses	80,920,000	72,495,000	67,019,000
Non-interest income:			
Gain on sale of buildings	5,540,000	19,854,000	-
Interchange revenue	3,263,000	3,130,000	3,419,000
Service charges	3,133,000	2,988,000	2,789,000
Earnings on bank owned life insurance policies, net	741,000	409,000	417,000
Federal Home Loan Bank dividends	658,000	546,000	418,000
Loan servicing fees	641,000	756,000	872,000
Gain on sale of loans held for sale	-	37,000	234,000
Loss on sale of investment securities	(5,811,000)	(19,817,000)	-
Other	2,361,000	877,000	2,573,000
Total non-interest income	10,526,000	8,780,000	10,722,000

(Continued)

PLUMAS BANCORP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
(Continued)
For the Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Non-interest expenses:			
Salaries and employee benefits	$ 26,020,000	$ 21,744,000	$ 20,320,000
Occupancy and equipment	9,152,000	7,606,000	5,302,000
Other	16,682,000	12,924,000	11,908,000
Total non-interest expenses	51,854,000	42,274,000	37,530,000
Income before income taxes	39,592,000	39,001,000	40,211,000
Provision for income taxes	9,975,000	10,382,000	10,435,000
Net income	$ 29,617,000	$ 28,619,000	$ 29,776,000
Basic earnings per common share	$ 4.60	$ 4.85	$ 5.08
Diluted earnings per common share	$ 4.54	$ 4.80	$ 5.02
Common dividends per share	$ 1.20	$ 1.08	$ 1.00

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

PLUMAS BANCORP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Net Income	$ 29,617,000	$ 28,619,000	$ 29,776,000
Other comprehensive income :			
Change in available for sale securities	14,738,000	(9,427,000)	8,095,000
Change in cash flow hedge	-	-	(295,000)
Change in fair value hedge	254,000	-	-
Reclassification adjustments for net (gain) loss included in net income	5,811,000	19,817,000	(1,707,000)
Net unrealized holding gain	20,803,000	10,390,000	6,093,000
Related tax effect:			
Change in available for sale securities	(4,356,000)	2,787,000	(2,393,000)
Change in cash flow hedge	-	-	87,000
Change in fair value hedge	(75,000)	-	-
Reclassification adjustments for net (gain) loss included in net income	(1,718,000)	(5,858,000)	505,000
Income tax effect	(6,149,000)	(3,071,000)	(1,801,000)
Other comprehensive income	14,654,000	7,319,000	4,292,000
Total comprehensive income	$ 44,271,000	$ 35,938,000	$ 34,068,000

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

PLUMAS BANCORP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2025, 2024 and 2023

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (loss) (Net of Taxes)	Total Shareholders' Equity
	Shares	Amount			
Balance, January 1, 2023	5,850,216	$ 27,372,000	$ 128,388,000	$ (36,756,000)	$ 119,004,000
Net Income	-	-	29,776,000	-	29,776,000
Cumulative change from adoption of ASU 2016-13	-	-	(554,000)	-	(554,000)
Other comprehensive income	-	-	-	4,292,000	4,292,000
Exercise of stock options	22,132	339,000	-	-	339,000
Termination of restricted stock	(825)	-	-	-	-
Cash dividends on common stock ($1.00 per share)	-	-	(5,862,000)	-	(5,862,000)
Stock-based compensation expense	-	322,000	-	-	322,000
Balance December 31, 2023	5,871,523	28,033,000	151,748,000	(32,464,000)	147,317,000
Net Income	-	-	28,619,000	-	28,619,000
Other comprehensive income	-	-	-	7,319,000	7,319,000
Grants of restricted stock	435	-	-	-	-
Exercise of stock options	31,410	508,000	-	-	508,000
Cash dividends on common stock ($1.08 per share)	-	-	(6,365,000)	-	(6,365,000)
Stock-based compensation expense	-	502,000	-	-	502,000
Balance, December 31, 2024	5,903,368	29,043,000	174,002,000	(25,145,000)	177,900,000
Net Income	-	-	29,617,000	-	29,617,000
Other comprehensive income	-	-	-	14,654,000	14,654,000
Issuance of common stock	1,003,718	44,625,000	-	-	44,625,000
Exercise of stock options	48,695	1,105,000	-	-	1,105,000
Vesting of stock options assumed in merger	-	552,000	-	-	552,000
Vesting of restricted stock units	3,033	-	-	-	-
Cash dividends on common stock ($1.20 per share)	-	-	(7,720,000)	-	(7,720,000)
Stock-based compensation expense	-	343,000	-	-	343,000
Balance, December 31, 2025	6,958,814	$ 75,668,000	$ 195,899,000	$ (10,491,000)	$ 261,076,000

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

PLUMAS BANCORP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Cash flows from operating activities:			
Net income	$ 29,617,000	$ 28,619,000	$ 29,776,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	6,850,000	1,196,000	2,775,000
Provision for Other Real Estate Owned (OREO) losses	-	50,000	-
Change in deferred loan origination costs/fees, net	(590,000)	(250,000)	(318,000)
Stock-based compensation expense	343,000	502,000	322,000
Depreciation of premises and equipment and amortization of intangibles	2,835,000	1,496,000	1,667,000
Amortization of investment security premiums	718,000	831,000	1,268,000
Accretion of discounts on investments	(1,928,000)	(1,195,000)	(761,000)
Net loss on sale of investment securities	5,811,000	19,817,000	-
Accretion of premium on time deposits	(655,000)	-	-
Amortization of discount on subordinated debentures	142,000	-	-
Accretion of discount on loans	(1,100,000)	-	-
Gain on sale of loans held for sale	-	(37,000)	(234,000)
Loans originated for sale	-	(1,230,000)	(1,736,000)
Proceeds from loan sales	-	757,000	5,739,000
Net gain on sale of OREO	-	(5,000)	(39,000)
Net loss on sale of other vehicles owned	47,000	131,000	28,000
Earnings on bank owned life insurance policies	(741,000)	(409,000)	(417,000)
Gain on sale of buildings	(5,540,000)	(19,854,000)	-
(Increase) decrease in deferred income tax	2,269,000	(54,000)	(702,000)
Purchase of green-energy transferable tax credit	(9,300,000)	-	-
(Increase) decrease in accrued interest receivable and other assets	(5,285,000)	1,690,000	335,000
(Decrease) increase in accrued interest payable and other liabilities	(1,906,000)	(1,546,000)	635,000
Net cash provided by operating activities	21,587,000	30,509,000	38,338,000

(Continued)

PLUMAS BANCORP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)
For the Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Cash flows from investing activities:			
Proceeds from matured and called available-for-sale investment securities	$ 1,310,000	$ 8,950,000	$ 4,565,000
Proceeds from sale of available-for-sale securities	130,635,000	116,285,000	-
Purchases of available-for-sale investment securities	(122,866,000)	(120,812,000)	(73,111,000)
Proceeds from principal repayments from available-for-sale government-guaranteed mortgage-backed securities	56,077,000	37,959,000	31,656,000
Net increase in loans	(33,574,000)	(58,264,000)	(49,764,000)
Cash acquired in acquisition, net of consideration paid	35,777,000	-	-
Proceeds from sale of vehicles	305,000	763,000	484,000
Proceeds from sale of other real estate	22,000	362,000	122,000
Purchases of Federal Home Loan Bank stock	-	-	(2,540,000)
Purchase of Federal Reserve Bank stock	(1,407,000)	(9,000)	(8,000)
Proceeds from bank owned life insurance	-	-	322,000
Proceeds from sale of buildings	5,350,000	25,690,000	-
Purchases of premises and equipment	(1,311,000)	(678,000)	(2,278,000)
Net cash provided by (used in) investing activities	70,318,000	10,246,000	(90,552,000)
Cash flows from financing activities:			
Net (decrease) increase in demand, interest-bearing and savings deposits	(122,680,000)	34,909,000	(166,620,000)
Net (decrease) increase in time deposits	(19,044,000)	2,537,000	42,466,000
Net increase (decrease) in securities sold under agreements to repurchase	75,782,000	(981,000)	4,430,000
Cash dividends paid on common stock	(7,720,000)	(6,365,000)	(5,862,000)
Repayments on other borrowings	(20,750,000)	(185,000,000)	-
Redemption of Trust Preferred Securities	-	-	(10,310,000)
Increase in other borrowings	-	110,000,000	90,000,000
Proceeds from exercise of stock options	1,105,000	508,000	339,000
Net cash used in provided by financing activities	(93,307,000)	(44,392,000)	(45,557,000)
Decrease in cash and cash equivalents	(1,402,000)	(3,637,000)	(97,771,000)
Cash and cash equivalents at beginning of year	82,018,000	85,655,000	183,426,000
Cash and cash equivalents at end of year	$ 80,616,000	$ 82,018,000	$ 85,655,000

(Continued)

PLUMAS BANCORP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)
For the Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest expense	$ 14,293,000	$ 8,574,000	$ 3,628,000
Income taxes	$ 8,595,000	$ 9,655,000	$ 12,261,000
Supplemental noncash disclosures:			
Real estate and vehicles acquired through foreclosure/repossession	$ 404,000	$ 867,000	$ 1,072,000
Lease liabilities arising from obtaining right-of-use assets	$ 4,986,000	$ 22,588,000	$ 382,000
Common stock retired in connection with the exercise of stock options	$ 86,000	$ 78,000	$ 154,000
Assets acquired in acquisition plus goodwill recognized	$ 678,061,000	$ -	$ -
Liabilities assumed in acquisition	$ 616,745,000	$ -	$ -
Common stock issued in acquisition	$ 45,177,000	$ -	$ -

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

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. THE BUSINESS OF PLUMAS BANCORP

During 2002, Plumas Bancorp (the "Company") was incorporated as a bank holding company for the purpose of acquiring Plumas Bank (the "Bank") in a one bank holding company reorganization. This corporate structure gives the Company and the Bank greater flexibility in terms of operation, expansion and diversification. The Company formed Plumas Statutory Trust I ("Trust I") for the sole purpose of issuing trust preferred securities on September 26, 2002. The Company formed Plumas Statutory Trust II ("Trust II") for the sole purpose of issuing trust preferred securities on September 28, 2005. In March 2023 the Trusts were dissolved. Plumas Bancorp's Principal Executive Office is located in Reno, Nevada.

The Bank operates seventeen branches in California, including branches in Alturas, Anderson, Chester, Chico, Fall River Mills, Greenville, Kings Beach, Portola, Quincy, Redding (3 branches), Red Bluff, Susanville, Tahoe City, Truckee and Yuba City. The Bank's administrative headquarters are in Quincy, California. In December 2015 the Bank opened a branch in Reno, Nevada, its first branch outside of California, and in 2018 the Bank purchased a branch located in Carson City, Nevada. In addition, the Bank operates a lending office specializing in government-guaranteed lending in Auburn, California, and a commercial/agricultural lending office in Klamath Falls, Oregon. The Bank's primary source of revenue is generated from providing loans to customers who are predominately small and middle market businesses and individuals residing in the surrounding areas. On July 1, 2025, the Company completed its acquisition of Cornerstone Community Bancorp (Cornerstone) increasing its branch network in California by four branches: one in Anderson, one in Red Bluff and two in Redding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of the Company and the consolidated accounts of its wholly-owned subsidiary, Plumas Bank. All significant intercompany balances and transactions have been eliminated. The accounting and reporting policies of Plumas Bancorp and subsidiary conform with accounting principles generally accepted in the United States of America and prevailing practices within the banking industry.

Reclassifications

Certain reclassifications have been made to prior years' balances to conform to the classifications used in 2024. These reclassifications had no impact on the Company's consolidated financial position, results of operations or net change in cash and cash equivalents.

Segment Information

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business Combination and Fair Value Measurements

The Company completed its acquisition of Cornerstone on July 1, 2025. The transaction was accounted for under the acquisition method in accordance with Accounting Standards Codification 805, *Business Combinations* (ASC 805), and the identifiable assets acquired, and liabilities assumed were recorded at their estimated fair values. Acquisition-related costs, including legal, accounting, and other professional fees, totaled approximately $1.9 million and were expensed as incurred in accordance with ASC 805.

Fair Value Methodologies:

- Loans: Fair value was estimated using a discounted cash flow model that considered credit quality, interest rate environment, and expected prepayments. Credit mark adjustments were applied to reflect estimated losses.
- Investment Securities: Valued based on quoted market prices or observable inputs such as yield curves and credit spreads.
- Premises and Equipment: Based on third-party appraisals and market comparables.
- Core Deposit Intangible: Determined using a discounted cash flow model based on expected deposit retention and cost differentials relative to market rates.
- Time Deposits and Borrowings: Measured using present value techniques based on current market rates for similar instruments.
- Goodwill: Arises from synergies expected from the acquisition and is not amortizable for tax purposes.

Use of Estimates

To prepare financial statements in conformity with accounting principles generally accepted in the United States of America management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ. The allowance for credit losses, loan servicing rights, deferred tax assets, and fair values of financial instruments are particularly subject to change.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and due from banks and Federal funds sold are considered to be cash equivalents. Generally, Federal funds are sold for one day periods. Net cash flows are reported for customer loans and deposit transactions and repurchase agreements.

Investment Securities

Investments are classified into one of the following categories:

- Available-for-sale securities reported at fair value, with unrealized gains and losses excluded from earnings and reported, net of taxes, as accumulated other comprehensive income (loss) within shareholders' equity.

- Held-to-maturity securities, which management has the positive intent and ability to hold, reported at amortized cost, adjusted for the accretion of discounts and amortization of premiums. As of December 31, 2025 and 2024 the Company did not have any investment securities classified as held-to-maturity.

- Trading securities are bought and held principally for the purpose of selling in the near term and changes in the value of these securities are recorded through earnings. As of December 31, 2025 and 2024 the Company did not have any investment securities classified as trading.

Management determines the appropriate classification of its investments at the time of purchase and may only change the classification in certain limited circumstances.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Premiums on callable debt securities are amortized to their earliest call date. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

The Company evaluates available for sale debt securities in an unrealized loss position to determine whether the decline in the fair value below the amortized cost basis (impairment) is due to credit-related factors or noncredit-related factors. Any impairment that is not credit related is recognized in other comprehensive income, net of applicable taxes. Credit-related impairment is recognized as an allowance for credit losses on the balance sheet, limited to the amount by which the amortized cost basis exceeds the fair value, with a corresponding adjustment to earnings. Both the allowance for credit losses and the adjustment to net income may be reversed if conditions change. However, if the Company intends to sell an impaired available for sale debt security or more likely than not will be required to sell such a security before recovering its amortized cost basis, the entire impairment amount is recognized in earnings with a corresponding adjustment to the security's amortized cost basis. In evaluating available for sale debt securities in unrealized loss positions for impairment and the criteria regarding its intent or requirement to sell such securities, the Company considers the extent to which fair value is less than amortized cost, whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuers' financial condition, among other factors. Changes in the allowance for credit losses are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the ACL when management believes the uncollectability of an available for sale debt security is confirmed or when either of the criteria regarding intent or requirement to sell is met. No security credit losses were recognized during the years ended December 31, 2025, 2024 or 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Home Loan Bank Stock

As a member of the Federal Home Loan Bank (FHLB) System, the Bank is required to maintain an investment in the capital stock of the FHLB. The investment is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income. At December 31, 2025 and December 31, 2024, the Company held $8,084,000 and $6,234,000, respectively of FHLB stock. On the consolidated balance sheet, FHLB stock is included in accrued interest receivable and other assets.

Federal Reserve Bank Stock

The Bank is a member of its regional Federal Reserve Bank (FRB). FRB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income. At December 31, 2025 and December 31, 2024, the Company held $3,565,000 and $1,380,000, respectively of FRB stock. On the consolidated balance sheet, FRB stock is included in accrued interest receivable and other assets.

Loans Held for Sale, Loan Sales and Servicing

Included in the loan portfolio are loans which are 75% to 90% guaranteed by the Small Business Administration (SBA), US Department of Agriculture Rural Business Cooperative Service (RBS) and Farm Services Agency (FSA). In some cases, the guaranteed portion of these loans may be sold to a third party, with the Bank retaining the unguaranteed portion. The Company can receive a premium in excess of the adjusted carrying value of the loan at the time of sale.

There were no loans held for sale on December 31, 2025 and 2024. Loans held for sale are recorded at the lower of cost or fair value and therefore may be reported at fair value on a non-recurring basis. The fair values for loans held for sale are based on either observable transactions of similar instruments or formally committed loan sale prices.

SBA Government guaranteed loans with unpaid balances of $83,668,000 and $95,332,000 were being serviced for others at December 31, 2025 and 2024, respectively.

The Company accounts for the transfer and servicing of financial assets based on the fair value of financial and servicing assets it controls and liabilities it has assumed, derecognizes financial assets when control has been surrendered, and derecognizes liabilities when extinguished.

Servicing rights acquired through 1) a purchase or 2) the origination of loans which are sold or securitized with servicing rights retained are recognized as separate assets or liabilities. Servicing assets or liabilities are recorded at fair value and are subsequently amortized in proportion to and over the period of the related net servicing income or expense. Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. Impairment is determined by stratifying rights into groupings based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If the Company later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the allowance may be recorded as an increase to income. Changes in valuation allowances are reported with non-interest income on the statement of income. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses.

The Company's investment in the loan is allocated between the retained portion of the loan and the sold portion of the loan based on their fair values on the date the loan is sold. The gain on the sold portion of the loan is recognized as income at the time of sale.

The carrying value of the retained portion of the loan is discounted based on the estimated value of a comparable non-guaranteed loan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost which is the principal balance outstanding, net of purchase premiums or discounts, deferred loan fees and costs. Loans, if any, that are transferred from loans held for sale are carried at the lower of principal balance or market value at the date of transfer, adjusted for accretion of discounts. Interest is accrued daily based upon outstanding loan balances. However, when, in the opinion of management, the future collectability of interest and principal is in serious doubt, loans are placed on nonaccrual status and the accrual of interest income is suspended. Any interest accrued but unpaid is charged against income. Payments received are applied to reduce principal to the extent necessary to ensure collection. A loan is moved to non-accrual status in accordance with the Company's policy, typically after 90 days of non-payment unless well secured and in the process of collection. Past due status is based on the contractual terms of the loan. Subsequent payments on these loans, or payments received on nonaccrual loans for which the ultimate collectability of principal is not in doubt, are applied first to earned but unpaid interest and then to principal. A nonaccrual loan is returned to accruing status when the borrower has cured the delinquency, has made at least six consecutive months of timely contractual payments, and management determines, based on an evaluation of the borrower's financial condition and other relevant factors, that the collection of remaining principal and interest is reasonably assured.

Consistent with the guidance in ASC 326-20-30-5a, the Company has elected the practical expedient to exclude accrued interest receivable from the amortized cost basis of loans when estimating expected credit losses. Accrued interest receivable on loans is recorded separately in "Accrued interest receivable and other assets" on the Consolidated Balance Sheets. The Company writes off uncollectible accrued interest receivable by reversing interest income when amounts are 90 days past due or earlier if collection is deemed doubtful. Because accrued interest receivable is excluded from the amortized cost basis of loans, no allowance for credit losses is recorded on accrued interest receivable.

Loan balances are charged off when management concludes that amounts are uncollectible, which generally occurs upon confirmation of loss, bankruptcy, significant deterioration in the borrower's financial condition, or when the borrower is 120 days or more past due, depending on asset type.

Loan origination fees, commitment fees, direct loan origination costs and purchased premiums and discounts on loans are deferred and recognized as an adjustment of yield, to be amortized to interest income over the contractual term of the loan. The unamortized balance of deferred fees and costs is reported as a component of net loans.

Allowance for Credit Losses

To estimate the Allowance for Credit Loss (ACL), the Company elected to use the Discounted Cash Flow (DCF) methodology. This method uses loan level repayment terms to determine expected cash flows which are then discounted by various assumptions such as prepayment or curtailment rates, Probability of Default and Loss Given Default rates.

The ACL is measured on the loan's amortized cost over the remaining contractual lives of the loan portfolios, adjusted for industry average prepayment and curtailment rates. The Company established a 12-month term for forecasting economic conditions followed by a 24-month straight line reversion to historical average conditions as its basis for the probability of loan default. The probability of default rate is determined by reviewing loans with similar risk characteristics that are combined to form loan pools which are statistically correlated with historical credit losses, defaults and various economic metrics, including California Unemployment rates, California Housing Prices and California Gross Domestic Product. Pool balances that are determined to have probable default are then adjusted for expected loss given default. The Company selected the Frye Jacobs Index as its basis for Loss Given Default. Model forecasts may be adjusted for inherent limitations or biases that have been identified through independent validation and annual back-testing of model performance to actual realized results.

At December 31, 2025, the Company utilized a reasonable and supportable forecast period of four quarters and obtained the forecast data from publicly available sources. The Company also considered the impact of portfolio concentrations, changes in underwriting practices, and other risk factors that might influence its loss estimation process. Management believes that the allowance for credit losses at December 31, 2025, appropriately reflected expected credit losses inherent in the loan portfolio at that date.

In determining the allowance for credit losses, accruing loans with similar risk characteristics are generally evaluated collectively. The Company's policy is that loans designated as nonaccrual no longer share risk characteristics similar to other loans evaluated collectively and as such, all nonaccrual loans, in excess of $100,000, are individually evaluated for reserves. As of December 31, 2025, and 2024, the Bank's nonaccrual loans comprised the entire population of loans individually evaluated. The Company's policy is that nonaccrual loans, in excess of $100,000, also represent the subset of loans where borrowers are experiencing financial difficulty where an evaluation of the source of repayment is required to determine if the nonaccrual loans should be categorized as collateral dependent. Nonaccrual loans with a balance less than or equal to $100,000 are evaluated collectively and consist primarily of automobile loans.

The ACL includes expected credit losses over the contractual life of commitments not identified as unconditionally cancellable by the Company. The Reserve for Unfunded Commitments is estimated using the same reserve or coverage rates calculated on collectively evaluated loans following the application of a funding rate to the amount of the unfunded commitment. The funding rate represents management's estimate of the amount of the current unfunded commitment that will be funded over the remaining contractual life of the commitment and is based on historical data. The ACL on unfunded loan commitment is included in Other Liabilities while any related provision expense is included in the provision for credit loss expense.

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses (continued)

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

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

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

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

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

Loans not meeting the criteria above that are analyzed individually as part of the above-described process are considered to be pass-rated loans.

For other loans, which are primarily consumer loans and automobile loans the Company evaluates credit quality based on the aging status of the loan and by monitoring factors such as recent payment performance, borrower credit scores, and the frequency of extensions or payment deferrals.

The Company has identified the following portfolio segments to evaluate and measure the allowance for credit loss:

Commercial – Commercial loans are generally underwritten to existing cash flows of operating businesses. Debt coverage is provided by business cash flows and economic trends influenced by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

Agricultural – Loans secured by crop production and livestock are especially vulnerable to two risk factors that are largely outside the control of the Company and borrowers: commodity prices and weather conditions.

Real Estate – Residential and Home Equity Lines of Credit – The degree of risk in residential real estate lending depends primarily on the loan amount in relation to collateral value, the interest rate and the borrower's ability to repay in an orderly fashion. These loans generally possess a lower inherent risk of loss than other real estate portfolio segments. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. Weak economic trends indicate that the borrowers' capacity to repay their obligations may be deteriorating.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses (continued)

Real Estate – Commercial – Commercial real estate mortgage loans generally possess a higher inherent risk of loss than other real estate portfolio segments, except land and construction loans. Adverse economic developments or an overbuilt market impact commercial real estate projects and may result in troubled loans. Trends in vacancy rates of commercial properties impact the credit quality of these loans. High vacancy rates reduce operating revenues and the ability for properties to produce sufficient cash flow to service debt obligations.

Real Estate – Construction and Land Development – Construction and land development loans generally possess a higher inherent risk of loss than other real estate portfolio segments. A major risk arises from the necessity to complete projects within specified cost and timelines. Trends in the construction industry significantly impact the credit quality of these loans, as demand drives construction activity. In addition, trends in real estate values significantly impact the credit quality of these loans, as property values determine the economic viability of construction projects.

Automobile – An automobile loan portfolio is usually comprised of a large number of smaller loans scheduled to be amortized over a specific period. Most automobile loans are made directly for consumer purchases, but business vehicles may also be included. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. Weak economic trends indicate that the borrowers' capacity to repay their obligations may be deteriorating.

Other – Other loans primarily consist of consumer loans and are similar in nature to automobile loans.

Although management believes the allowance to be adequate, ultimate losses may vary from its estimates. At least quarterly, the Board of Directors and management review the adequacy of the allowance, including consideration of the relative risks in the portfolio, current economic conditions and other factors. If the Board of Directors and management determine that changes are warranted based on those reviews, the allowance is adjusted. In addition, the Company's primary regulators, the FRB and the Department of Financial Protection and Innovation (DFPI), as an integral part of their examination process, review the adequacy of the allowance. These regulatory agencies may require additions to the allowance based on their judgment about information available at the time of their examinations.

Purchased Credit Deteriorated (PCD) Loans

PCD loans are loans acquired at a discount that is due, in part, to credit quality deterioration since origination which may be determined through observation of missed payments, downgrade in risk rating, deterioration of a borrower's financial trends or other observable factors including subjectivity utilized by management. PCD loans are initially recorded at fair value, by taking the sum of the present value of expected future cash flows and an allowance for credit losses, at acquisition. The allowance for credit losses for PCD loans is recorded through a gross-up of reserves on the consolidated balance sheets, while the allowance for acquired non-PCD loans is recorded through the provision for credit losses on the consolidated statements of income, consistent with originated loans. Subsequent to acquisition, the allowance for credit losses for PCD loans will generally follow the same forward-looking estimation, provision, and charge-off process as non-PCD acquired and originated loans.

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-PCD Loans

As part of the acquisition of Cornerstone, the Company acquired a portfolio of loan receivables that did not exhibit credit deterioration at the acquisition date (non-PCD loans). In accordance with ASC 805 and ASC 326, these loans were initially recorded at fair value. An allowance for credit losses related to the non-PCD loans was recognized separately from the purchase price allocation, resulting in a charge to credit loss expense on the acquisition date. This treatment reflects the expected credit losses on the acquired loans and is consistent with the CECL model. The total fair value of non-PCD loans acquired was $432 million, the gross contractual amounts receivable is $579 million, and our best estimate of the contractual cash flows not expected to be collected is $6.7 million.

Other Real Estate Owned

Other real estate owned relates to real estate acquired in full or partial settlement of loan obligations. On December 31, 2025, other real estate owned totaled $226,000 consisting of two residential real estate properties. On December 31, 2024, other real estate owned totaled $91,000 consisting of one residential real estate property. There was one agricultural loan with a balance of $2,000,000 secured by equipment, farmland and a small residential real estate property for which formal foreclosure proceedings were in process at December 31, 2025 There was one commercial loan with a balance of $53,000 secured by a residential real estate property for which formal foreclosure proceedings were in process at December 31, 2024. Proceeds from sales of other real estate owned totaled $22,000, $362,000 and $122,000 for the years ended December 31, 2025, 2024 and 2023, respectively. For the years ended December 31, 2025, 2024 and 2023 the Company recorded gains on sale of other real estate owned of $0, $5,000 and $39,000, respectively. Other real estate owned is initially recorded at fair value less cost to sell when acquired. Any excess of the Bank's recorded investment in the loan balance and accrued interest income over the estimated fair value of the property less costs to sell is charged against the allowance for credit losses. A valuation allowance for losses on other real estate is maintained to provide for temporary declines in value. The allowance is established through a provision for losses on other real estate which is included in other expenses. Subsequent gains or losses on sales or write-downs resulting from permanent impairment are also recorded in other expenses as incurred.

The following table provides a summary of the change in the OREO balance for the years ended December 31, 2025 and 2024:

	Year Ended December 31,	
	2025	2024
Beginning balance	$ 91,000	$ 357,000
Additions	185,000	141,000
Dispositions	(23,000)	(357,000)
Provision for change in OREO valuation	(27,000)	(50,000)
Ending balance	$ 226,000	$ 91,000

Intangible Assets

Intangible assets consist of core deposit intangibles related to the acquisition of Cornerstone Community Bancorp, Feather River Bancorp and branch acquisitions and are amortized on an accelerated basis method over ten years. The Company evaluates the recoverability and remaining useful life annually to determine whether events or circumstances warrant a revision to the intangible asset or the remaining period of amortization. There were no such events or circumstances during the periods presented.

Aggregate amortization expense was $1,300,000, $201,000, and $237,000 for 2025, 2024 and 2023, respectively.2025, 2024 and 2023

The gross carrying amount of intangible assets and accumulated amortization was:

	2025		2024	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Core deposit intangibles	$ 13,873,000	$ 2,772,000	$ 2,263,000	$ 1,472,000

Estimated amortization expense for each of the next five years is $2,235,000, $1,990,000, $1,742,000, $1,479,000 and $1,244,000.

Goodwill

Goodwill totaling $18,713,000 was recorded on July 1, 2025, related to the acquisition of Cornerstone Community Bancorp resulting in total Goodwill of $24,215,000 at December 31, 2025. Goodwill is not amortized but is evaluated for impairment at least annually including during the fourth quarter of 2025. The Company did not recognize impairment during the years ended December 31, 2025, 2024 and 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the estimated useful lives of the related assets. The useful lives of premises are estimated to be twenty to thirty years. The useful lives of furniture, fixtures and equipment are estimated to be two to ten years. Leasehold improvements are amortized over the life of the asset or the life of the related lease, whichever is shorter. 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. The Company evaluates premises and equipment for financial impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable.

Bank Owned Life Insurance

The Company has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Revenue from Contracts with Customers

The Company records revenue from contracts with customers in accordance with Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers" ("Topic 606"). Under Topic 606, the Company must identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the Company satisfies a performance obligation. Significant revenue has not been recognized in the current reporting period that results from performance obligations satisfied in previous periods.

Most of our revenue-generating transactions are not subject to Topic 606, including revenue generated from financial instruments, such as our loans and investment securities. The Company has evaluated the nature of its contracts with customers and determined that further disaggregation of revenue from contracts with customers into more granular categories beyond what is presented in the Consolidated Statements of Income was not necessary. The Company generally fully satisfies its performance obligations on its contracts with customers as services are rendered and the transaction prices are typically fixed, charged either on a periodic basis or based on activity. Because performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgment involved in applying Topic 606 that significantly affects the determination of the amount and timing of revenue from contracts with customers.

The following are descriptions of significant revenues within the scope of ASC 606.

Deposit service charges

The Company earns fees from its deposit customers for account maintenance, transaction-based and overdraft services. Account maintenance fees consist primarily of account fees and analyzed account fees charged on deposit accounts on a monthly basis. The performance obligation is satisfied, and the fees are recognized on a monthly basis as the service period is completed. Transaction-based fees on deposit accounts are charged to deposit customers for specific services provided to the customer, such as non-sufficient funds fees, overdraft fees, and wire fees. The performance obligation is completed as the transaction occurs and the fees are recognized at the time each specific service is provided to the customer.

Debit card interchange fees

Debit card interchange income represents fees earned when a debit card issued by the Company is used. The Company earns interchange fees from debit cardholder transactions through the Visa payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. The performance obligation is satisfied, and the fees are earned when the cost of the transaction is charged to the cardholders' debit card. Certain expenses directly associated with the credit and debit card are recorded on a net basis with the interchange income.

Low Income Housing Tax Credits

The Company accounts for low-income housing tax credits and the related qualified affordable housing projects using the proportional amortization method. Under the proportional amortization method, the Company amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense (benefit). Upon entering into a qualified affordable housing project, the Company records, in other liabilities, the entire amount that it has agreed to invest in the project, and an equal amount, in other assets, representing its investment in the project. As the Company disburses cash to satisfy its investment obligation, other liabilities are reduced. Over time, as the tax credits and other tax benefits of the project are realized by the Company, the investment recorded in other assets is reduced using the proportional amortization method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Purchased Transferable Green-Energy Tax Credits

The Company may purchase transferable green-energy tax credits from third-party project developers pursuant to the transferability provisions of the Inflation Reduction Act of 2022. Purchased tax credits are accounted for in accordance with ASC 740, *Income Taxes*.

Purchased transferable tax credits are recorded as an income tax-related asset at the amount of cash consideration paid at the date the Company obtains control of the credits. The asset is subsequently recognized as a reduction of income tax expense in the period in which the credits are utilized to offset the Company's federal income tax liability. Purchased credits do not give rise to deferred tax assets or liabilities and are not amortized.

The Company evaluates the realizability of purchased credits each reporting period based on expected taxable income and statutory expiration dates. If it is more likely than not that any portion of the purchased credits will not be realized, the carrying amount is reduced and a corresponding charge is recorded within the Provision for income taxes in the consolidated statements of income. The Company assesses whether any uncertain tax positions exist related to the eligibility or utilization of purchased credits under the guidance in ASC 740-10. Any such amounts are recorded as liabilities for unrecognized tax benefits when appropriate.

Purchased credits are classified within Accrued interest receivable and other assets. Cash paid for the acquisition of purchased transferable credits is presented within Operating activities in the Consolidated Statements of Cash Flows.

Income Taxes

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

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

Accounting for Uncertainty in Income Taxes

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

Interest expense and penalties associated with unrecognized tax benefits, if any, are classified as income tax expense in the consolidated income statement. There have been no significant changes to unrecognized tax benefits or accrued interest and penalties for the years ended December 31, 2025 and 2024.

Earnings Per Share

Basic earnings per share (EPS), which excludes dilution, is computed by dividing income available to common stockholders (net income plus discount on redemption of preferred stock less preferred dividends and accretion) by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock, such as stock options, result in the issuance of common stock which shares in the earnings of the Company. The treasury stock method has been applied to determine the dilutive effect of stock options in computing diluted EPS.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale and unrealized gains on cash flow hedges and fair value hedges which are also recognized as separate components of equity. The amount related to the fair value hedge presented in other comprehensive income represents the basis adjustment to the hedged investment securities attributable to changes in fair value resulting from the hedged risk. The amount reclassified out of other accumulated comprehensive income relating to realized losses on securities available for sale was $5,811,000, $19,817,000 and $0 for 2025, 2024 and 2023, with the related tax benefit of $1,718,000, $5,858,000 and $0, respectively. During 2025 the amount reclassified out of other accumulated comprehensive income relating to realized losses on fair value hedges was $254,000 with the related tax expense of $75,000. During 2023 the amount reclassified out of other accumulated comprehensive income relating to realized losses on cash flow hedges was $1,707,000 with the related tax expense of $505,000.

Dividend Restrictions

Banking regulations require maintaining certain capital levels and may limit the dividend paid by the bank to the holding company or by the holding company to shareholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

Stock-Based Compensation

Compensation expense related to the Company's Stock based compensation plans, net of related tax benefit, recorded in 2025, 2024 and 2023 totaled $320,000, $450,000 and $300,000 or $0.05, $0.08 and $0.05 per diluted share, respectively. Compensation expense is recognized over the vesting period on a straight-line accounting basis.

The Company determines the fair value of options on the date of grant using a Black-Scholes-Merton option pricing model that uses assumptions based on expected option life, expected stock volatility and the risk-free interest rate. The expected volatility assumptions used by the Company are based on the historical volatility of the Company's common stock over the most recent period commensurate with the estimated expected life of the Company's stock options. The Company bases its expected life assumption on its historical experience and on the terms and conditions of the stock options it grants to employees. The risk-free rate is based on the U.S. Treasury yield curve for the periods within the contractual life of the options in effect at the time of the grant.

No stock options were granted in 2023, and no restricted stock units or restricted stock were granted in 2025 or 2023.

During the twelve months ended December 31, 2025 and 2024 the Company granted options to purchase 30,803 and 107,200 shares, respectively of common stock. The fair value of each option was estimated on the date of grant using the following assumptions.

	2025	2024
Expected life of stock options (in years)	7.5	6.2
Risk free interest rate	4.50%	3.98%
Annualized Volatility	34.8%	32.3%
Dividend yields	2.70%	3.17%
Weighted-average fair value of options granted during the year	$ 17.90	$ 9.25

Pending Accounting Pronouncements

Accounting Standards Update 2024-03 "*Income Statement Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40) :* I n November 2024, the FASB amended the Income Statement—Reporting Comprehensive Income topic in the Accounting Standards Codification to require public companies to disclose, in interim and annual reporting periods, additional information about certain expenses in the notes to financial statements. The amendments are effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.

Accounting Standards Update 2025-08 "Financial Instruments — Credit Losses (Topic 326): Purchased Loans*:* In November 2025, the FASB amended the Financial Instruments—Credit Losses topic in the Accounting Standards Codification to expand the population of acquired financial assets subject to the gross-up approach. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Company does not expect these amendments to have a material effect on its financial statements.

Impact of Recently Issued Accounting Pronouncements

Accounting Standards Update 2023-09 "*Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*" *("ASU 2023-09") :* In December 2023, the FASB amended the Income Taxes topic in the Accounting Standards Codification to improve the transparency of income tax disclosures. ASU 2023-09 was effective January 1, 2025 and did not have a significant impact on the Company's financial statements.

Accounting Standards Update 2024-02 "*Codification Improvements*" ("ASU 2024-02): In March 2024, the FASB issued amendments to the Codification that remove references to various FASB Concepts Statements. ASU 2024-02 was effective January 1, 2025 and did not have a significant impact on the Company's financial statements.

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

3. FAIR VALUE MEASUREMENTS (Continued)

Fair Value of Financial Instruments

The carrying amounts and estimated fair values of financial instruments, at December 31, 2025 are as follows (in dollars):

		Fair Value Measurements at December 31, 2025 Using:			
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Financial assets:					
Loans, net	1,495,834,000	-	-	1,494,830,000	1,494,830,000
Financial liabilities:					
Time deposits	210,729,000	-	209,147,000	-	209,147,000
Repurchase agreements	97,855,000	-	97,855,000	-	97,855,000
Borrowings	21,013,000	-	20,599,000	-	20,599,000

The carrying amounts and estimated fair values of financial instruments, at December 31, 2024 are as follows (in dollars):

		Fair Value Measurements at December 31, 2024 Using:			
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Financial assets:					
Loans, net	1,005,375,000	-	-	981,114,000	981,114,000
Financial liabilities:					
Time deposits	94,189,000	-	94,161,000	-	94,161,000
Repurchase agreements	22,073,000	-	22,073,000	-	22,073,000
Borrowings	15,000,000	-	13,967,000	-	13,967,000

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

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

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

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

Borrowings - The cash flows were calculated using the contractual features of the borrowing and then discounted using observable market rates using Level 2 inputs appropriate to the contractual maturity.

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

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

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. FAIR VALUE MEASUREMENTS (Continued)

Fair Value of Financial Instruments (continued)

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

		Fair Value Measurements at December 31, 2025 Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	$ 253,165,000	$ -	$ 253,165,000	$ -
U.S. Government agencies collateralized by mortgage obligations-commercial	134,764,000	-	134,764,000	-
Obligations of states and political subdivisions	88,666,000	-	88,666,000	-
	$ 476,595,000	$ -	$ 476,595,000	$ -

Assets and liabilities measured at fair value on a recurring basis at December 31, 2024 are summarized below:

		Fair Value Measurements at December 31, 2024 Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	$ 228,391,000	$ -	$ 228,391,000	$ -
U.S. Government agencies collateralized by mortgage obligations-commercial	121,870,000	-	121,870,000	-
Obligations of states and political subdivisions	87,474,000	-	87,474,000	-
	$ 437,735,000	$ -	$ 437,735,000	$ -

The fair value of securities available-for-sale equals quoted market price, if available. If quoted market prices are not available, fair value is determined using quoted market prices for similar securities or matrix pricing. There were no changes in the valuation techniques used during 2025 or 2024. Transfers between hierarchy measurement levels are recognized by the Company as of the beginning of the reporting period. Changes in fair market value are recorded in other comprehensive income (loss).

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. FAIR VALUE MEASUREMENTS (Continued)

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

		Fair Value Measurements at December 31, 2025 Using:			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses
Assets:					
Collateral-dependent loans					
Commercial	$ 84	$ -	$ -	$ 84	$ 39
Agricultural	1,904	-	-	1,904	1,448
Total	$ 1,988	$ -	$ -	$ 1,988	$ 1,487
Other Real Estate:					
RE – Residential	$ 91	$ -	$ -	$ 91	$ -
Equity lines of credit	135			135	$ -
Total	$ 226	$ -	$ -	$ 226	$ -

Assets and liabilities measured at fair value on a non-recurring basis at December 31, 2024, are summarized below:

		Fair Value Measurements at December 31, 2024 Using:			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses
Assets:					
Collateral-dependent loans					
Commercial	$ 24	$ -	$ -	$ 24	$ 1
Other Real Estate:					
RE – Residential	$ 91	$ -	$ -	$ 91	$ 50

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. FAIR VALUE MEASUREMENTS (Continued)

The Company has no liabilities which are reported at fair value.

The following methods were used to estimate fair value.

Collateral-Dependent Loans: The Bank does not record loans at fair value on a recurring basis. However, from time to time, fair value adjustments are recorded on these loans to reflect partial write-downs, through charge-offs or specific reserve allowances, that are based on fair value estimates of the underlying collateral. The fair value estimates for collateral-dependent loans are generally based on recent real estate appraisals or broker opinions, obtained from independent third parties, which are frequently adjusted by management to reflect current conditions and estimated selling costs (Level 3). Impairment charges of $1,487,000 were recognized during the twelve months ended December 31, 2025, related to collateral dependent loans. Impairment charges of $1,000 were recognized during the twelve months ended December 31, 2024, related to collateral dependent loans. The collateral-dependent loans at December 31, 2025 and December 31, 2024 consist solely of loans which had been allocated a specific credit reserve.

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

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

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2025 and 2024 (dollars in thousands):

Description	Fair Value 12/31/2025	Fair Value 12/31/2024	Valuation Technique	Significant Unobservable Input	Range (Weighted Average) 12/31/2025	Range (Weighted Average) 12/31/2024
Collateral-dependent loans:						
Commercial	$ 84	$ 24	Third Party appraisals	Management Adjustments to Reflect Current Conditions and Selling Costs	14% - 100% (45%)	45 %
Agricultural	1,904	-	Third Party appraisals	Management Adjustments to Reflect Current Conditions and Selling Costs	2% - 100% (43%)	
Total	$ 1,988	$ 24				
Other Real Estate:						
RE – Residential	$ 91	$ 91	Third Party appraisals	Management Adjustments to Reflect Current Conditions and Selling Costs	60 %	60 %
Equity lines of credit	135	-	Third Party appraisals	Management Adjustments to Reflect Current Conditions and Selling Costs	10 %	
Total	$ 226	$ 91				

4. INVESTMENT SECURITIES

The amortized cost and estimated fair value of investment securities at December 31, 2025 and 2024 consisted of the following:

Available-for-Sale	2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	$ 257,520,000	$ 2,709,000	$ (7,064,000)	$ 253,165,000
U.S. Government agencies collateralized by mortgage obligations-commercial	141,861,000	1,245,000	(8,342,000)	134,764,000
Obligations of states and political subdivisions	92,109,000	1,038,000	(4,481,000)	88,666,000
	$ 491,490,000	$ 4,992,000	$ (19,887,000)	$ 476,595,000

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

Available-for-Sale	2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	243,709,000	138,000	(15,456,000)	228,391,000
U.S. Government agencies collateralized by mortgage obligations-commercial	133,749,000	77,000	(11,956,000)	121,870,000
Obligations of states and political subdivisions	95,975,000	315,000	(8,816,000)	87,474,000
	$ 473,433,000	$ 530,000	$ (36,228,000)	$ 437,735,000

Unrealized losses on available-for-sale investment securities totaling $35,698,000 were recorded, net of $10,552,000 in tax benefits, as accumulated other comprehensive loss within shareholders' equity at December 31, 2024. During the twelve months ended December 31, 2024, the Company sold 157 available-for-sale investment securities for proceeds of $116,285,000 recording a $19,817,000 net loss on sale. The Company realized a gain on sale from ten of these securities totaling $115,000 and a loss on sale of 147 securities totaling $19,932,000.

Unrealized losses on available-for-sale investment securities totaling $46,088,000 were recorded, net of $13,624,000 in tax benefits, as accumulated other comprehensive loss within shareholders' equity at December 31, 2023. No investment securities were sold during the year ended December 31, 2023.

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

December 31, 2025	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities:						
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	$ 16,496,000	$ 109,000	$ 63,328,000	$ 6,955,000	$ 79,824,000	$ 7,064,000
U.S. Government agencies collateralized by mortgage obligations-commercial	6,941,000	35,000	51,781,000	8,307,000	58,722,000	8,342,000
Obligations of states and political subdivisions	2,783,000	7,000	35,480,000	4,474,000	38,263,000	4,481,000
	$ 26,220,000	$ 151,000	$ 150,589,000	$ 19,736,000	$ 176,809,000	$ 19,887,000

4. INVESTMENT SECURITIES (Continued)

Investment securities with unrealized losses at December 31, 2024 are summarized and classified according to the duration of the loss period as follows:

December 31, 2024

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities:						
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	$ 107,328,000	$ 1,917,000	$ 94,506,000	$ 13,539,000	$ 201,834,000	$ 15,456,000
U.S. Government agencies collateralized by mortgage obligations-commercial	55,921,000	926,000	57,735,000	11,030,000	113,656,000	11,956,000
Obligations of states and political subdivisions	18,938,000	250,000	48,460,000	8,566,000	67,398,000	8,816,000
	$ 182,187,000	$ 3,093,000	$ 200,701,000	$ 33,135,000	$ 382,888,000	$ 36,228,000

At December 31, 2025, the Company held 295 securities of which 12 were in a loss position for less than twelve months and 123 were in a loss position for twelve months or more. Of the 135 securities in a loss position 42 are U.S. Government-sponsored agencies collateralized by residential mortgage obligations, 24 are U.S. Government agencies collateralized by commercial mortgage obligations and 69 are obligations of states and political subdivisions. The unrealized losses relate to market rate conditions. All of the securities continue to pay as scheduled. For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. At December 31, 2025, neither of the criteria regarding intent or requirement to sell was met for any of the securities in an unrealized loss position.

Unrealized losses on investments in obligations of U.S. government agencies and U.S. government sponsored agencies are caused by interest rate increases.

Obligations of states and political subdivisions: Management reviewed the collectability of the obligations of the states and political subdivisions taking into consideration such factors as the financial condition of the issuers, credit ratings, and other information. Management believes the unrealized losses on the obligations of states and political subdivisions are attributable to changes in the investment spreads and interest rates and not changes in the credit quality of the issuers.

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

	Amortized Cost	Estimated Fair Value
Under one year	$ 790,000	$ 789,000
After one year through five years	6,524,000	6,624,000
After five years through ten years	17,201,000	17,470,000
After ten years	67,594,000	63,783,000
Investment securities not due at a single maturity date:		
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	257,520,000	253,165,000
U.S. Government agencies collateralized by mortgage obligations-commercial	141,861,000	134,764,000
	$ 491,490,000	$ 476,595,000

Investment securities with amortized costs totaling $354,819,000 and $225,313,000 and estimated fair values totaling $347,675,000 and $212,001,000 at December 31, 2025 and 2024, respectively, were pledged to secure deposits and repurchase agreements. Investment securities with amortized costs totaling $45,639,000 and $131,876,000 and estimated fair values totaling $40,682,000 and $120,060,000 at December 31, 2025 and 2024, respectively, were pledged at the Federal Reserve Bank Discount Window. No borrowings were outstanding on December 31, 2025 and 2024, at the Discount Window.

There were no transfers of available-for-sale investment securities during the years ended December 31, 2025, 2024 or 2023. There were no securities classified as held-to-maturity at December 31, 2025 or December 31, 2024.

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5. LOANS AND THE ALLOWANCE FOR CREDIT LOSSES

Outstanding loans are summarized below:

	December 31,	
	2025	2024
Commercial	$ 167,851,000	$ 77,444,000
Agricultural	157,526,000	118,866,000
Real estate – residential	33,116,000	11,539,000
Real estate – commercial	1,002,627,000	646,378,000
Real estate – construction & land development	40,168,000	53,503,000
Equity lines of credit (Equity LOC)	53,647,000	37,888,000
Auto	39,595,000	64,734,000
Other	17,526,000	5,072,000
Subtotal	1,512,056,000	1,015,424,000
Deferred loan costs, net	3,737,000	3,147,000
Loans, amortized cost basis	1,515,793,000	1,018,571,000
Allowance for credit losses	(19,959,000)	(13,196,000)
Loans, net	$ 1,495,834,000	$ 1,005,375,000

Salaries and employee benefits totaling $3,031,000, $2,697,000 and $2,283,000 have been deferred as loan origination costs during the years ended December 31, 2025, 2024 and 2023, respectively.

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5. LOANS AND THE ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table shows the loan portfolio allocated by management's internal risk ratings or payment activity at December 31, 2025:

	Term Loans - Amortized Cost Basis by Origination Year and Risk Grades - As of December 31, 2025								
(in thousands)	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior**	**Revolving Loans Book Amortized Cost Basis**	**Revolving Loans Converted to Term Amortized Cost Basis**	**Total - Amortized Cost Basis**
Commercial									
Pass	$ 23,877	$ 30,424	$ 22,262	$ 25,867	$ 11,871	$ 13,150	$ 39,108	$ -	$ 166,559
Special Mention	-	-	-	-	65	-	473	-	538
Substandard	2	-	225	85	754	339	194	-	1,599
Total Commercial loans	$ 23,879	$ 30,424	$ 22,487	$ 25,952	$ 12,690	$ 13,489	$ 39,775	$ -	$ 168,696
Current period gross charge-offs	$ -	$ 114	$ -	$ 51	$ -	$ -	$ 190	$ -	$ 355
Agricultural									
Pass	$ 9,045	$ 6,893	$ 15,988	$ 11,829	$ 13,875	$ 35,349	$ 32,117	$ -	$ 125,096
Special Mention	285	-	419	1,036	806	4,867	3,365	-	10,778
Substandard	1,165	231	4,246	11,236	2,978	1,323	715	-	21,894
Total Agricultural	$ 10,495	$ 7,124	$ 20,653	$ 24,101	$ 17,659	$ 41,539	$ 36,197	$ -	$ 157,768
Current period gross charge-offs	$ -	$ -	$ 11	$ -	$ -	$ -	$ -	$ -	$ 11
Real Estate - Residential									
Pass	$ 2,634	$ 4,189	$ 1,810	$ 9,315	$ 5,825	$ 8,980	$ 11	$ -	$ 32,764
Special Mention	-	-	-	-	-	149			149
Substandard	-	-	-	-	-	229	-	-	229
Total Real Estate - Residential	$ 2,634	$ 4,189	$ 1,810	$ 9,315	$ 5,825	$ 9,358	$ 11	$ -	$ 33,142
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Real Estate - Commercial									
Pass	$ 126,156	$ 116,542	$ 128,720	$ 166,246	$ 136,927	$ 309,406	$ 6,368	$ -	$ 990,365
Special Mention	1,183	-	-	238	941	1,756	-	-	4,118
Substandard	-	-	-	368	409	8,684	-	-	9,461
Total Real Estate - Commercial	$ 127,339	$ 116,542	$ 128,720	$ 166,852	$ 138,277	$ 319,846	$ 6,368	$ -	$ 1,003,944
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Real Estate - Construction									
Pass	$ 9,175	$ 12,674	$ 6,240	$ 3,516	$ 1,627	$ 1,069	$ 1,325	$ -	$ 35,626
Special Mention	-	-	4,396	-	-	-	-	-	4,396
Total Real Estate - Construction	$ 9,175	$ 12,674	$ 10,636	$ 3,516	$ 1,627	$ 1,069	$ 1,325	$ -	$ 40,022
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Equity LOC									
Pass	$ -	$ -	$ -	$ -	$ -		$ 51,149	$ 2,365	$ 53,514
Special Mention	-	-	-	-	-	-	-	93	93
Substandard	-	-	-	-	-		887	100	987
Total Equity LOC	$ -	$ -	$ -	$ -	$ -	$ -	$ 52,036	$ 2,558	$ 54,594
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ 66	$ -	$ 66
Total									
Pass	$ 170,887	$ 170,722	$ 175,020	$ 216,773	$ 170,125	$ 367,954	$ 130,078	$ 2,365	$ 1,403,924
Special Mention	1,468	-	4,815	1,274	1,812	6,772	3,838	93	20,072
Substandard	1,167	231	4,471	11,689	4,141	10,575	1,796	100	34,170
Total	$ 173,522	$ 170,953	$ 184,306	$ 229,736	$ 176,078	$ 385,301	$ 135,712	$ 2,558	$ 1,458,166
Current period gross charge-offs	$ -	$ 114	$ 11	$ 51	$ -	$ -	$ 256	$ -	$ 432
Auto									
Performing	$ -	$ -	$ 15,923	$ 14,577	$ 5,613	$ 3,161	$ -	$ -	$ 39,274
Non-performing	-	-	191	159	233	163	-	-	746
Total Auto	$ -	$ -	$ 16,114	$ 14,736	$ 5,846	$ 3,324	$ -	$ -	$ 40,020
Current period gross charge-offs	$ -	$ -	$ 107	$ 219	$ 41	$ 161	$ -	$ -	$ 528
Other									
Performing	$ 5,854	$ 6,203	$ 1,981	$ 2,962	$ 122	$ 24	$ 440	$ -	$ 17,586
Non-performing	-	21	-	-	-	-	-	-	21
Total Other	$ 5,854	$ 6,224	$ 1,981	$ 2,962	$ 122	$ 24	$ 440	$ -	$ 17,607
Current period gross charge-offs	$ -	$ 39	$ 46	$ 41	$ 2	$ 7	$ -	$ -	$ 135
Total									
Performing	$ 5,854	$ 6,203	$ 17,904	$ 17,539	$ 5,735	$ 3,185	$ 440	$ -	$ 56,860
Non-performing	-	21	191	159	233	163	-	-	767
Total	$ 5,854	$ 6,224	$ 18,095	$ 17,698	$ 5,968	$ 3,348	$ 440	$ -	$ 57,627

Total Loans	$ 179,376	$ 177,177	$ 202,401	$ 247,434	$ 182,046	$ 388,649	$ 136,152	$ 2,558	$ 1,515,793
Total gross charge-offs	$ -	$ 153	$ 164	$ 311	$ 43	$ 168	$ 256	$ -	$ 1,095

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5. LOANS AND THE ALLOWANCE FOR CREDIT LOSSES (Continued)

Term Loans - Amortized Cost Basis by Origination Year and Risk Grades - As of December 31, 2024

(in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans Book Amortized Cost Basis	Revolving Loans Converted to Term Amortized Cost Basis	Total - Amortized Cost Basis
Commercial									
Pass	$ 19,885	$ 12,642	$ 12,042	$ 8,405	$ 1,658	$ 6,886	$ 13,232	$ -	$ 74,750
Special Mention	-	-	157	444	-	36	513	-	1,150
Substandard	61	244	1,050	365	469	30	75	-	2,294
Total Commercial loans	$ 19,946	$ 12,886	$ 13,249	$ 9,214	$ 2,127	$ 6,952	$ 13,820	$ -	$ 78,194
Current period gross charge-offs	$ -	$ 86	$ 43	$ -	$ -	$ 22	$ 151	$ -	$ 302
Agricultural									
Pass	$ 6,421	$ 9,331	$ 14,290	$ 11,389	$ 14,252	$ 28,075	$ 13,356	$ -	$ 97,114
Special Mention	518	53	1,159	358	1,307	1,639	534	-	5,568
Substandard	-	2,710	4,606	3,252	78	1,281	4,501	-	16,428
Total Agricultural	$ 6,939	$ 12,094	$ 20,055	$ 14,999	$ 15,637	$ 30,995	$ 18,391	$ -	$ 119,110
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Real Estate - Residential									
Pass	$ 632	$ 1,105	$ -	$ 2,064	$ 2,355	$ 4,639	$ 520	$ -	$ 11,315
Substandard	-	-	-	-	-	253	-	-	253
Total Real Estate - Residential	$ 632	$ 1,105	$ -	$ 2,064	$ 2,355	$ 4,892	$ 520	$ -	$ 11,568
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Real Estate -Commercial									
Pass	$ 90,579	$ 92,735	$ 137,607	$ 82,627	$ 73,405	$ 154,466	$ 7,142	$ -	$ 638,561
Special Mention	-	-	171	-	-	4,460	450	-	5,081
Substandard	-	-	628	-	921	1,760	-	-	3,309
Total Real Estate -Commercial	$ 90,579	$ 92,735	$ 138,406	$ 82,627	$ 74,326	$ 160,686	$ 7,592	$ -	$ 646,951
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Real Estate -Construction									
Pass	$ 21,110	$ 15,244	$ 11,054	$ 3,767	$ 947	$ 843	$ -	$ -	$ 52,965
Special Mention	$ -	$ -	$ 210	$ -	$ -	$ -	$ -	$ -	$ 210
Substandard	$ 110	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 110
Total Real Estate -Construction	$ 21,220	$ 15,244	$ 11,264	$ 3,767	$ 947	$ 843	$ -	$ -	$ 53,285
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Equity LOC									
Pass	$ -	$ -	$ -	$ -	$ -		$ 34,622	$ 3,483	$ 38,105
Substandard	-	-	-	-	-		371	279	650
Total Equity LOC	$ -	$ -	$ -	$ -	$ -	$ -	$ 34,993	$ 3,762	$ 38,755
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total									
Pass	$ 138,627	$ 131,057	$ 174,993	$ 108,252	$ 92,617	$ 194,909	$ 68,872	$ 3,483	$ 912,810
Special Mention	518	53	1,697	802	1,307	6,135	1,497	-	12,009
Substandard	171	2,954	6,284	3,617	1,468	3,324	4,947	279	23,044
Total	$ 139,316	$ 134,064	$ 182,974	$ 112,671	$ 95,392	$ 204,368	$ 75,316	$ 3,762	$ 947,863
Current period gross charge-offs	$ -	$ 86	$ 43	$ -	$ -	$ 22	$ 151	$ -	$ 302
Auto									
Performing	$ -	$ 23,163	$ 22,361	$ 10,426	$ 4,779	$ 4,063	$ -	$ -	$ 64,792
Non-performing	-	147	241	187	129	88	-	-	792
Total Auto	$ -	$ 23,310	$ 22,602	$ 10,613	$ 4,908	$ 4,151	$ -	$ -	$ 65,584
Current period gross charge-offs	$ -	$ 389	$ 598	$ 262	$ 171	$ 223	$ -	$ -	$ 1,643
Other									
Performing	$ 2,433	$ 1,245	$ 799	$ 318	$ 88	$ 5	$ 157	$ -	$ 5,045
Non-performing	-	48	24	3	2	-	2	-	79
Total Other	$ 2,433	$ 1,293	$ 823	$ 321	$ 90	$ 5	$ 159	$ -	$ 5,124
Current period gross charge-offs	$ -	$ 9	$ 35	$ 31	$ 6	$ 12	$ 1	$ -	$ 94
Total									
Performing	$ 2,433	$ 24,408	$ 23,160	$ 10,744	$ 4,867	$ 4,068	$ 157	$ -	$ 69,837
Non-performing	-	195	265	190	131	88	2	-	871
Total	$ 2,433	$ 24,603	$ 23,425	$ 10,934	$ 4,998	$ 4,156	$ 159	$ -	$ 70,708
Total Loans	$ 141,749	$ 158,667	$ 206,399	$ 123,605	$ 100,390	$ 208,524	$ 75,475	$ 3,762	$ 1,018,571
Total gross charge-offs	$ -	$ 484	$ 676	$ 293	$ 177	$ 257	$ 152	$ -	$ 2,039

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5. LOANS AND THE ALLOWANCE FOR CREDIT LOSSES (Continued)

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

	Non Performing Loans					
	December 31, 2025			December 31, 2024		
(in thousands)	Nonaccrual with no allowance for credit losses	Total nonaccrual	Past due 90 days or more and still accruing	Nonaccrual with no allowance for credit losses	Total nonaccrual	Past due 90 days or more and still accruing
Commercial	$ 458	$ 611	$ -	$ 302	$ 355	$ -
Agricultural	7,157	10,509	-	567	567	-
Real estate – residential	215	215	-	83	83	-
Real estate – commercial	2,000	2,000	-	1,579	1,579	-
Real estate – construction & land development	-	-	-	-	-	-
Equity lines of credit	988	988	-	650	650	-
Auto	745	745	-	792	792	-
Other	21	21	-	77	79	-
Total Gross Loans	$ 11,584	$ 15,089	$ -	$ 4,050	$ 4,105	$ -

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

At December 31, 2025, there were four nonaccrual commercial loans with an amortized cost of $152,000 that had allowance for credit losses totaling $68,000 and five nonaccrual agricultural loans with an amortized cost of $3,352,000 that had allowance for credit losses totaling $1,448,000. At December 31, 2024, there was one nonaccrual commercial loan with an amortized cost of $55,000 that had allowance for credit losses totaling $29,000. No income was recognized on nonaccrual loans accounted on a cash basis during the twelve months ended December 31, 2025, or the year ended December 31, 2024.

The following tables show interest reversed against interest income for loans placed on nonaccrual status during the twelve months ended December 31, 2025, 2024 and 2023.

	December 31, 2025	December 31, 2024	December 31, 2023
Commercial	$ 36,000	$ 15,000	$ 7,000
Agricultural	381,000	29,000	153,000
Real estate - residential	1,000	9,000	-
Real estate - commercial	10,000	52,000	38,000
Equity Lines of Credit	18,000	14,000	6,000
Auto	16,000	26,000	40,000
Other	3,000	2,000	2,000
Total	$ 465,000	$ 147,000	$ 246,000

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

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

5. LOANS AND THE ALLOWANCE FOR CREDIT LOSSES (Continued)

The following tables present the amortized cost basis of collateral dependent loans by class of loans at December 31, 2024, in thousands:

	Equipment	Crops	Commercial - 1st Deed	SFR-1st Deed	SFR-2nd Deed	SFR-3rd Deed	Total
Commercial	$ 245	$ -	$ -	$ -	$ -	$ -	$ 245
Agricultural	-	535	-	-	-	-	535
Real estate – residential	-	-	-	-	-	-	-
Real estate – commercial	-	-	739	53	652	50	1,494
Real estate - construction & land	-	-	-	-	-	-	-
Equity Lines of Credit	-	-	-	-	173	-	173
Total	$ 245	$ 535	$ 739	$ 53	$ 825	$ 50	$ 2,447

The following table presents the amortized cost basis of loans on December 31, 2025, that were both experiencing financial difficulty and modified during the twelve months ended December 31, 2025, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financial receivable is also presented below.

	Term Extension	
(in thousands)	Amortized Cost Basis	Total Class of Financing Receivable
Commercial	$ 844	0.08%
Agricultural	6,371	4.04%
Total	$ 7,215	0.48%

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty as of December 31, 2025:

	Weighted-Average Term Extension (in months)
Commercial	4.8
Agricultural	5.6
Total	5.5

The following table presents the amortized cost basis of loans on December 31, 2024, that were both experiencing financial difficulty and modified during the twelve months ended December 31, 2024, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financial receivable is also presented below.

	Term Extension	
(in thousands)	Amortized Cost Basis	Total Class of Financing Receivable
Commercial	$ 982	1.26%
Agricultural	10,017	8.41%
Total	$ 10,999	1.08%

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty as of December 31, 2024:

	Weighted-Average Term Extension (in months)
Commercial	58.3
Agricultural	6.1
Total	10.7

5. LOANS AND THE ALLOWANCE FOR CREDIT LOSSES (Continued)

The following table presents the amortized cost basis of loans on December 31, 2023, that were both experiencing financial difficulty and modified during the twelve months ended December 31, 2023, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financial receivable is also presented below.

	Term Extension	
(in thousands)	Amortized Cost Basis	Total Class of Financing Receivable
Commercial	$ 1,531	2.04%
Agricultural	5,715	4.41%
Total	$ 7,246	0.75%

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty as of December 31, 2023:

	Weighted-Average Term Extension (in months)
Commercial	6
Agricultural	9
Total	8.4

Loans with payment defaults by borrowers experiencing financial difficulty during the twelve months ended December 31, 2025, which had material modifications in rate, term or principal forgiveness during the twelve months prior to default, totaled $6.9 million in agricultural loans of which four totaling $4.9 million were past due 199 days and one totaling $2 million which was past due 260 days at December 31, 2025 and one commercial real estate loan totaling $73,000 which was 44 days past due at December 31, 2025. The agricultural loans were related to one borrower. Loans with payment defaults by borrowers experiencing financial difficulty during the twelve months ended December 31, 2024, which had material modifications in rate, term or principal forgiveness during the twelve months prior to default, totaled $4.3 million in agricultural loans which were not past due at December 31, 2024, and one commercial loan totaling $30,000 which was 70 days past due at December 31, 2024. There were no loan payment defaults by borrowers experiencing financial difficulty during the twelve months ended December 31, 2023, which had material modifications in rate, term or principal forgiveness during the twelve months prior to default.

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

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

December 31, 2024	30-89 Days Past Due	60-89 Days Past Due	90 Days and Still Accruing	Nonaccrual	Total Past Due and Nonaccrual	Current	Total
Commercial	$ 1,074	$ 533	$ -	$ 355	$ 1,962	$ 76,232	$ 78,194
Agricultural	273	-	-	567	840	118,270	119,110
Real estate – residential	348	319	-	83	750	10,818	11,568
Real estate - commercial	1,954	82	-	1,579	3,615	643,336	646,951
Real estate - construction & land	2,133	-	-	-	2,133	51,152	53,285
Equity Lines of Credit	1,416	189	-	650	2,255	36,500	38,755
Auto	1,251	242	-	792	2,285	63,299	65,584
Other	72	7	-	79	158	4,966	5,124
Total	$ 8,521	$ 1,372	$ -	$ 4,105	$ 13,998	$ 1,004,573	$ 1,018,571

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5. LOANS AND THE ALLOWANCE FOR CREDIT LOSSES (Continued)

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

	Commercial	Agricultural	Real Estate Residential	Real Estate Commercial	Real Estate Construction	Equity LOC	Auto	Other	Total
Year ended 12/31/25:									
Allowance for credit losses									
Beginning balance	$ 1,265	$ 1,802	$ 102	$ 7,459	$ 815	$ 460	$ 1,215	$ 78	$ 13,196
Charge-offs	(355)	(11)	-	-	-	(66)	(528)	(135)	(1,095)
Recoveries	38	-	49	7	-	-	544	15	653
Initial allowance on acquired PCD loans	58	31	-	226	-	-	-	-	315
Provision	2,240	2,151	107	2,913	(301)	108	(640)	312	6,890
Ending balance	$ 3,246	$ 3,973	$ 258	$ 10,605	$ 514	$ 502	$ 591	$ 270	$ 19,959
Year ended 12/31/24:									
Allowance for credit losses									
Beginning balance	$ 1,134	$ 1,738	$ 137	$ 6,678	$ 797	$ 439	$ 1,865	$ 79	$ 12,867
Charge-offs	(302)	-	-	-	-	-	(1,643)	(94)	(2,039)
Recoveries	25	-	4	1	-	-	928	35	993
Provision	408	64	(39)	780	18	21	65	58	1,375
Ending balance	$ 1,265	$ 1,802	$ 102	$ 7,459	$ 815	$ 460	$ 1,215	$ 78	$ 13,196
Year ended 12/31/23:									
Allowance for credit losses									
Beginning balance	$ 892	$ 1,086	$ 138	$ 4,980	$ 1,500	$ 687	$ 1,289	$ 145	$ 10,717
Impact of CECL Adoption	$ 354	$ 148	$ 2	$ 1,488	$ (951)	$ (421)	$ 9	$ (100)	$ 529
Charge-offs	(123)	-	-	-	-	-	(1,550)	(129)	(1,802)
Recoveries	44	-	3	1	-	-	746	54	848
Provision	(33)	504	(6)	209	248	173	1,371	109	2,575
Ending balance	$ 1,134	$ 1,738	$ 137	$ 6,678	$ 797	$ 439	$ 1,865	$ 79	$ 12,867

The following tables summarize the activity in the reserve for unfunded commitments which is recorded on the balance sheet within other liabilities for the twelve months ended December 31, 2025, and 2024.

Twelve months ended:	December 31, 2025	December 31,2024
Beginning balance	$ 620	$ 799
Provision on acquired loans	351	-
Recovery of provision for credit losses	(391)	(179)
Ending balance	$ 580	$ 620

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

6. PREMISES AND EQUIPMENT

Premises and equipment consisted of the following:

	December 31, 2025	December 31, 2024
Land	$ 4,224,000	$ 2,447,000
Premises	20,117,000	12,909,000
Furniture, equipment and leasehold improvements	9,426,000	7,693,000
Total	33,767,000	23,049,000
Less accumulated depreciation and amortization	(9,369,000)	(10,554,000)
Premises and equipment, net	$ 24,398,000	$ 12,495,000

Depreciation and amortization included in occupancy and equipment expense totaled $1,535,000, $1,295,000 and $1,430,000 for the years ended December 31, 2025, 2024 and 2023, respectively.

7. DEPOSITS

Interest-bearing deposits consisted of the following:

	December 31, 2025	December 31, 2024
Money market	$ 440,552,000	$ 267,582,000
Savings	309,338,000	309,929,000
Time, $250,000 or more	131,896,000	40,672,000
Other Time	78,832,000	53,517,000
Interest-bearing deposits	$ 960,618,000	$ 671,700,000

At December 31, 2025, the scheduled maturities of time deposits were as follows:

Year Ending December 31,	
2026	$ 153,879,000
2027	15,284,000
2028	2,214,000
2029	451,000
2030	38,859,000
thereafter	41,000
	$ 210,728,000

Deposit overdrafts reclassified as loan balances were $859,000 and $524,000 at December 31, 2025 and 2024, respectively.

8. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities sold under agreements to repurchase totaling $97,855,000 and $22,073,000 at December 31, 2025 and 2024, respectively, are secured by U.S. Government agency securities with a carrying amount of $112,059,000 and $38,461,000 at December 31, 2025 and 2024, respectively.

Securities sold under agreements to repurchase are financing arrangements that mature within two years. At maturity, the securities underlying the agreements are returned to the Company. Information concerning securities sold under agreements to repurchase during 2025 and 2024 is summarized as follows:

	2025	2024
Average daily balance during the year	$ 52,923,000	$ 19,001,000
Average interest rate during the year	1.47%	0.19%
Maximum month-end balance during the year	$ 103,187,000	$ 22,073,000
Weighted average interest rate at year-end	1.65%	0.19%

9. BORROWING ARRANGEMENTS

The Company is a member of the FHLB and can borrow up to $400 million from the FHLB secured by commercial and residential mortgage loans with carrying values totaling $659 million. The Company is required to hold FHLB stock as a condition of membership. At December 31, 2025, the Company held $8.8 million of FHLB stock which is recorded as a component of other assets. Based on its current level of FHLB stock holdings the Company can borrow up to $326 million. To borrow the full $400 million in available credit the Company would need to purchase $2 million in additional FHLB stock. At December 31, 2025 the Company could borrow up to $39 million at the FRB Discount Window secured by investment securities with amortized costs totaling $45,639,000 and estimated fair values totaling $40,682,000.

In addition to its FHLB borrowing line and collateralized borrowings at the FRB Discount Window, the Company has unsecured short-term borrowing agreements with two of its correspondent banks in the amounts of $50 million and $20 million. There were no outstanding borrowings to the FHLB, FRB or the correspondent banks at December 31, 2025, and December 31, 2024.

On January 25, 2022 the Company replaced its $15 million line of credit facility with a $15 million Loan Agreement (the "Loan Agreement") and Promissory Note (the "Term Note"). The Term Note matures on January 25, 2035, and can be prepaid at any time. During the initial three years of the Loan Agreement the Term Note functions as an interest only revolving line of credit. On February 1, 2025 the Term Note converted into a term loan requiring semi-annual interest payments and annual principal reductions. No further advances can be made. The proceeds of this lending facility shall be used by the Company for general corporation purposes, and to provide capital injections into the Bank. The Term Note bears interest at a fixed rate of 3.85% for the first 5 years and then beginning January 25, 2027 at a floating interest rate linked to WSJ Prime Rate for the remaining eight year term. The Loan Agreement provides for a $187,500 loan fee. The Note is secured by the common stock of the Bank. The Loan Agreement contains certain financial and non-financial covenants, which include, but are not limited to, a minimum leverage ratio at the Bank, a minimum total risk-based capital ratio at the Bank, a maximum Texas Ratio at the Bank, a minimum level of Tier 1 capital at the Bank and a return on average assets needed to generate a 1.25X debt service coverage ratio. The Loan Agreement also contains customary events of default, including, but not limited to, failure to pay principal or interest, the commencement of certain bankruptcy proceedings, and certain adverse regulatory events affecting the Company or the Bank. Upon the occurrence of an event of default under the Loan Agreement, the Company's obligations under the Loan Agreement may be accelerated. In March 2023 the Company borrowed $10 million on this note and during January of 2024 the Company borrowed an additional $5 million under this note for general corporate purposes, resulting in an ending balance at December 31, 2025, of $15 million. The Company was in compliance with all covenants related to the Term Note at December 31, 2025. Interest expense recognized on the Term Note for the twelve months ended December 31, 2025, 2024 and 2023 totaled $585,000, $641,000 and $369,000, respectively.

10. SUBORDINATED DEBENTURES

As a result of and upon the completion of the Merger, the Company assumed Cornerstone's obligations with respect to an aggregate principal amount of $12 million of subordinated notes, comprised of (a) $2 million in aggregate principal amount of 4.75% Fixed to Floating Rate Subordinated Notes due November 30, 2035 (the "2035 Notes") and (b) $10 million in aggregate principal amount of 4.75% Fixed-to-Floating Rate Subordinated Notes due November 30, 2030 (the "2030 Notes"). The 2035 Notes, which were issued in 2020, have a fixed interest rate of 4.75% for the first ten years and thereafter a quarterly variable interest rate equal to the then current three-month term Secured Overnight Financing Rate ("SOFR") plus 4.14%. The 2030 Notes, which were issued in 2020, had a fixed interest rate of 4.75% for the first five years and thereafter a quarterly variable interest rate equal to the then current three-month term SOFR plus 4.52%. The 2030 notes were called for redemption on December 30, 2025. Of the $10 million originally outstanding on the 2030 notes, principal payments were made on $5.8 million while $4.2 million remain outstanding at December 31, 2025. The remaining $4.2 million will be paid once the notes are surrendered for cancelation by the debenture holders as required under the 2030 Notes. In accordance with the terms of the 2030 Notes interest has ceased to accrue on the remaining $4.2 million. Interest expense recognized on the subordinated notes for the twelve months ended December 31, 2025, was $426 thousand.

11. LEASES

On January 19, 2024, Plumas Bank entered into an agreement for the purchase and sale of real property (the "Sale Agreement"). The Sale Agreement provided for the sale to MountainSeed of nine properties owned and operated by Plumas Bank as branches for an aggregate cash purchase price of approximately $25.7 million. The sale was completed on February 14, 2024 resulting in a net gain on sale of $19.9 million, recording of right-of-use assets totaling $22.3 million and recording a lease liability of $22.3 million.

Concurrently with the closing of the sale of the branch properties, we entered into triple net lease agreements (the "Lease Agreements") pursuant to which Plumas Bank leased back each of the properties sold. Each Lease Agreement has an initial term of fifteen years with one 15-year renewal option. The Lease Agreements provide for an annual rent of approximately $2.4 million in the aggregate for the nine properties increased by two percent (2%) per annum for each year during the initial Term. During the renewal term, the initial rent will be the basic rent during the last year of the initial term, increased by two percent (2%) per annum for each year during the renewal term.

On March 28, 2025, Plumas Bank entered into an agreement for the purchase and sale of real property (the "Purchase Agreement"). The Purchase Agreement as amended provided for the sale to BBS Branch III, LLC, a Delaware limited liability company, two administrative buildings located in Quincy California for an aggregate cash purchase price of $5.5 million. The sale was completed on November 19, 2025, resulting in a net gain on sale of $5.5 million, recording of right-of-use assets totaling $5.3 million and recording a lease liability of $4.7 million.

Concurrent with the closing of the sale, Plumas Bank and Plumas Investor, LLC, a Delaware limited liability company and Plumas Quincy, LLC, a Delaware limited liability company entered into triple net lease agreements (the "Lease Agreements") pursuant to which the Bank will lease back the Properties sold. The Lease Agreements have an initial term of 15 years with three five-year renewal options. The Lease Agreements provide for annual rent of approximately $463,000 in the aggregate for both Properties, increasing by three percent per annum each year.

The Company leases two lending offices, eleven branch offices including the nine branches sold and leased back in 2024, the land under our Yuba City branch, five administrative offices and three standalone ATM locations. The branch office leases, the administrative office leases described above, and the land lease have options to renew. The exercise of lease renewal options is at our sole discretion; therefore, they are not included in our Right of Use (ROU) assets and lease liabilities as they are not reasonably certain of exercise. We regularly evaluate the renewal options and when they are reasonably certain of exercise, we include the renewal period in our lease term. We have elected the practical expedient to exclude short-term leases from our ROU assets and lease liabilities. The branch leases, the administrative office leases, the land lease and one of the lending office leases are classified as operating leases while the remaining leases are all short-term leases. Right of use assets totaling $28,860,000 and $24,334,000 at December 31, 2025 and 2024, respectively were included on the consolidated balance sheets. Lease liabilities totaling $29,029,000 and $24,759,000 at December 31, 2025 and 2024, respectively were included on the consolidated balance sheets.

For all leases, other than the leases entered into on November 19, 2025, described above, we use our incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments. For the two office building leases entered into on November 19, 2025, we used the implicit rate provided by the lessor in determining the present value of the lease payments. The Company's weighted average rate used in the calculation of the right-of-use assets and lease liabilities was estimated at 8.3% for the years ending December 31, 2025, and 2024.

The following table presents a maturity analysis of the operating lease liability at December 31, 2025:

	Maturities of Lease Liabilities
Year ended December 31, 2026	$ 3,630,000
Year ended December 31, 2027	3,410,000
Year ended December 31, 2028	3,235,000
Year ended December 31, 2029	3,272,000
Year ended December 31, 2030	3,343,000
Thereafter	32,370,000
	49,260,000
Less: Present value discount	(20,231,000)
Lease Liability December 31, 2025	$ 29,029,000

The weighted-average remaining lease term was 13.5 years and 14.3 years for the years ended December 31, 2025, and 2024, respectively.

Total lease costs for the year ended December 31, 2025 were $3,584,000 consisting of $3,469,000 related to operating leases, $54,000 related to short-term leases and variable lease expense of $61,000. Total lease costs for the year ended December 31, 2024 were $3,064,000 consisting of $3,004,000 related to operating leases, $29,000 related to short-term leases and variable lease expense of $31,000. Cash paid on operating leases was $3,095,000 and $2,655,000 for the years ended December 31, 2025 and 2024, respectively.

Rental expense included in occupancy and equipment expense totaled $3,523,000, $3,033,000 and $599,000 for the years ended December 31, 2025, 2024 and 2023, respectively.

12. COMMITMENTS AND CONTINGENCIES

Financial Instruments With Off-Balance-Sheet Risk

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business in order to meet the financing needs of its customers. These financial instruments include commitments to extend credit and letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized on the consolidated balance sheet.

The Company's exposure to credit loss in the event of nonperformance by the other party for commitments to extend credit and letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and letters of credit as it does for loans included on the consolidated balance sheet.

The following financial instruments represent off-balance-sheet credit risk, in thousands:

	December 31,	
	2025	2024
Commitments to extend credit	$ 248,578	$ 155,391
Letters of credit	$ 1,650	$ -

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. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but may include accounts receivable, crops, inventory, equipment, income-producing commercial properties, farmland and residential properties.

Letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. The fair value of the liability related to these letters of credit, which represents the fees received for issuing the guarantees, was not significant at December 31, 2025 and 2024. The Company recognizes these fees as revenues over the term of the commitment or when the commitment is used.

At December 31, 2025, consumer loan commitments represent approximately 3% of total commitments and are generally unsecured. Commercial and agricultural loan commitments represent approximately 52% of total commitments and are generally secured by various assets of the borrower. Real estate loan commitments, including consumer home equity lines of credit, represent the remaining 45% of total commitments and are generally secured by property with a loan-to-value ratio not to exceed 80%. In addition, the majority of the Company’s commitments have variable interest rates.

Concentrations of Credit Risk

The Company grants real estate mortgage, real estate construction, commercial, agricultural and consumer loans to customers throughout Plumas, Nevada, Placer, Lassen, Sierra, Shasta, Sutter, Tehama and Modoc counties in California and Washoe and Carson City counties in Northern Nevada. Although the Company has a diversified loan portfolio, a substantial portion of its portfolio is secured by commercial and residential real estate. A continued substantial decline in the economy in general, or a continued decline in real estate values in the Company’s primary market areas in particular, could have an adverse impact on the collectability of these loans. However, personal and business income represents the primary source of repayment for a majority of these loans.

Contingencies

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

13. SHAREHOLDERS' EQUITY

Dividend Restrictions

The Company's ability to pay cash dividends is dependent on dividends paid to it by the Bank and limited by California corporation law. Under California law, the holders of common stock of the Company are entitled to receive dividends when and as declared by the Board of Directors, out of funds legally available, subject to certain restrictions. The California General Corporation Law permits a California corporation such as the Company to make a distribution to its shareholders if its retained earnings equal at least the amount of the proposed distribution or if after giving effect to the distribution, the value of the corporation's assets exceed the amount of its liabilities plus the amount of shareholders preferences, if any, and certain other conditions are met.

Dividends from the Bank to the Company are restricted under California law to the lesser of the Bank's retained earnings or the Bank's net income for the latest three fiscal years, less dividends previously declared during that period, or, with the approval of the DFPI to the greater of the retained earnings of the Bank, the net income of the Bank for its last fiscal year, or the net income of the Bank for its current fiscal year. As of December 31, 2025, the maximum amount available for dividend distribution under this restriction was $64,247,000. The Company paid a quarterly cash dividend of $0.30 per share on November 17, 2025, August 15, 2025, May 15, 2025, and February 17, 2025, and a quarterly cash dividend of $0.27 per share on November 15, 2024, August 15, 2024, May 15, 2024, and February 15, 2024.

Earnings Per Share

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

	For the Year Ended December 31,		
(In thousands, except per share data)	2025	2024	2023
Net Income:			
Net income	$ 29,617	$ 28,619	$ 29,776
Earnings Per Share:			
Basic earnings per share	$ 4.60	$ 4.85	$ 5.08
Diluted earnings per share	$ 4.54	$ 4.80	$ 5.02
Weighted Average Number of Shares Outstanding:			
Basic shares	6,440	5,895	5,863
Effect of dilutive of stock options and restricted stock	77	73	71
Diluted shares	6,517	5,968	5,934

Shares of common stock issuable under stock options for which the exercise prices were greater than the average market prices were not included in the computation of diluted earnings per share due to their antidilutive effect. Stock options not included in the computation of diluted earnings per share, due to shares not being in the-money and having an antidilutive effect, were 0, 5,860 and 101,994 for the years ended December 31, 2025, 2024 and 2023, respectively.

13. SHAREHOLDERS' EQUITY (Continued)

Stock Options

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

In May 2013, the Company established the 2013 Stock Option Plan for which 131,847 shares of common stock are reserved. With the establishment of the Company's 2022 Equity Incentive Plan, no further options may be issued under the 2013 Stock Option Plan, though options previously granted continue to be outstanding and governed by the plan.

During the years ended December 31, 2025, and December 31, 2024, 30,803 and 107,200 options, respectively were granted under the 2022 plan. There were no options granted during the year ended December 31, 2023, under the 2022 plan. There were no options granted during the years ended December 31, 2025, 2024, and 2023 under the 2013 plan.

A summary of the activity within the 2013 Plan follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Intrinsic Value
Options outstanding at January 1, 2023	189,917	$ 21.14		
Options exercised	(24,400)	$ 18.59		
Options outstanding at December 31, 2023	165,517	$ 21.52		
Options cancelled	(1,600)	$ 24.40		
Options exercised	(32,070)	$ 17.03		
Options outstanding at December 31, 2024	131,847	$ 22.58		
Options cancelled	(3,200)	$ 22.19		
Options exercised	(45,505)	$ 22.64		
Options outstanding at December 31, 2025	83,142	$ 22.56	1.2	$ 1,840,328
Options exercisable at December 31, 2025	83,142	$ 22.56	1.2	$ 1,840,328

A summary of the activity within the 2022 Plan follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Intrinsic Value
Options outstanding at January 1, 2023	117,200	$ 31.00		
Options cancelled	(10,400)	$ 31.00		
Options exercised	(1,300)	$ 31.00		
Options outstanding at December 31, 2023	105,500	$ 31.00		
Options granted	107,200	$ 34.07		
Options cancelled	(1,200)	$ 34.07		
Options exercised	(1,300)	$ 31.00		
Options outstanding at December 31, 2024	210,200	$ 32.55		
Options granted	30,803	$ 31.09		
Options cancelled	(21,980)	$ 32.41		
Options exercised	(5,100)	$ 31.36		
Options outstanding at December 31, 2025	213,923	$ 32.38	7.2	$ 2,633,200
Options exercisable at December 31, 2025	100,278	$ 31.60	6.7	$ 1,312,809
Expected to vest after December 31, 2025	95,936	$ 33.16	7.6	$ 1,106,111

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

13. SHAREHOLDERS' EQUITY (Continued)

Stock Options (Continued)

Information related to the stock options plans during the twelve months ended December 31, 2025, and 2024.

	2025	2024
Fair value of options vested	$ 361,000	$ 199,000
Intrinsic value of options exercised	$ 1,087,000	$ 700,000
Cash received from option exercises	$ 1,105,000	$ 508,000
Tax benefit from option exercises	$ 93,000	$ 83,000
Compensation cost	$ 343,000	$ 393,000
Tax benefit associated with compensation cost	$ 23,000	$ 51,000

As of December 31, 2025, there was $774 thousand of total unrecognized compensation cost related to non-vested, share-based compensation under the 2022 plan. That cost is expected to be recognized over a weighted average period of 3.0 years. As of December 31, 2025, there was no unrecognized compensation cost related to non-vested, share-based compensation under the 2013 plan.

Restricted Stock and Restricted Stock Units

During the twelve months ended December 31, 2024, the Company granted 3,033 restricted stock units with a fair value of $34.07 per share and a one-year vesting period. Compensation costs related to these units during the twelve months ended December 31, 2025 and 2024, were $14,000 and $89,000, respectively. As of December 31, 2025, there was no unrecognized compensation cost related to restricted stock units.

During 2024 the Company granted 435 shares of restricted stock with a fair value of $46.04 per share and which fully vested on December 31, 2024, resulting in compensation costs during 2024 of $20,000. During 2022 the Company granted 1,650 shares of restricted stock with a fair value of $31 per share and a one-year vesting period. 825 of these shares were terminated during 2023 and 825 were fully vested on December 31, 2023. Compensation costs related to these shares during the twelve months ended December 2025, 2024, and 2023 totaled $0, $0, and $4,000, respectively. On December 31, 2025, and 2024, there was no unrecognized compensation cost related to restricted stock.

Regulatory Capital

The Bank is subject to certain regulatory capital requirements administered by the FDIC. Failure to meet these minimum capital requirements can initiate certain mandatory and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines, the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. These quantitative measures are established by regulation and require that minimum amounts and ratios of total and Tier 1 capital to risk-weighted assets and of Tier 1 capital to average assets be maintained. Capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

The Bank is also subject to additional capital guidelines under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the below table, and cannot be subject to a written agreement, order or capital directive issued by the FRB.

In July 2013, the federal bank regulatory agencies adopted rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks, sometimes called "Basel III," that increased the minimum regulatory capital requirements for bank holding companies and banks and implemented strict eligibility criteria for regulatory capital instruments. The Basel III capital rules include a minimum common equity Tier 1 ratio of 4.5%, a Tier 1 capital ratio of 6.0%, a total risk-based capital ratio of 8.0%, and a minimum leverage ratio of 4.0% (calculated as Tier 1 capital to average consolidated assets). The minimum capital levels required to be considered "well capitalized" include a common equity Tier 1 ratio of 6.5%, a Tier 1 risk-based capital ratio of 8.0%, a total risk-based capital ratio of 10.0% and a leverage ratio of 5.0%. In addition, the Basel III capital rules require that banking organizations maintain "a capital conservation buffer" of 2.5% above the minimum capital requirements in order to avoid restrictions on their ability to pay dividends, repurchase stock or pay discretionary bonuses. Including the capital conservation buffer of 2.5%, the Basel III capital rules require the following minimum ratios for a bank holding company or bank to be considered well capitalized: a common equity Tier 1 capital ratio of 7.0%; a Tier 1 capital ratio of 8.5%, and a total capital ratio of 10.5%. At December 31, 2025, the Company's and the Bank's capital ratios exceed the thresholds necessary to be considered "well capitalized" under the Basel III framework.

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

In 2019, the federal banking agencies issued a rule establishing a "community bank leverage ratio" (the ratio of a bank's tier 1 capital to average total consolidated assets) that qualifying institutions with less than $10 billion in assets may elect to use in lieu of the generally applicable leverage and risk-based capital requirements under Basel III. A qualifying banking organization that elects to use the new ratio will be considered to have met all applicable federal regulatory capital and leverage requirements, including the minimum capital levels required to be considered "well capitalized," if it maintains a community bank leverage ratio capital exceeding 9%. The new rule became effective on January 1, 2020. Plumas Bank has chosen not to opt into the community bank leverage ratio at this time.

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

13. SHAREHOLDERS' EQUITY (Continued)

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

	Actual		Minimum Amount of Capital Required For Capital Adequacy Purposes (1)		To be Well-Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2025						
Common Equity Tier 1 Ratio	$ 247,747	14.8%	$ 75,265	4.5%	$ 108,717	6.5%
Tier 1 Leverage Ratio	247,747	11.1%	89,237	4.0%	111,547	5.0%
Tier 1 Risk-Based Capital Ratio	247,747	14.8%	100,354	6.0%	133,805	8.0%
Total Risk-Based Capital Ratio	268,285	16.0%	133,805	8.0%	167,257	10.0%
December 31, 2024						
Common Equity Tier 1 Ratio	$ 199,308	17.3%	$ 51,981	4.5%	$ 75,084	6.5%
Tier 1 Leverage Ratio	199,308	11.9%	66,856	4.0%	83,570	5.0%
Tier 1 Risk-Based Capital Ratio	199,308	17.3%	69,308	6.0%	92,411	8.0%
Total Risk-Based Capital Ratio	213,124	18.5%	92,411	8.0%	115,514	10.0%

(1) Does not include amounts required under the capital conservation buffer discussed above.

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

14. OTHER EXPENSES

Other expenses consisted of the following:

	Year Ended December 31,		
	2025	2024	2023
Outside service fees	$ 5,615,000	$ 4,576,000	$ 4,496,000
Merger and acquisition expenses	1,963,000	-	-
Professional fees	1,220,000	1,407,000	1,258,000
Advertising and promotion	1,145,000	1,030,000	941,000
Armored car and courier	1,004,000	876,000	767,000
Telephone and data communications	592,000	780,000	806,000
Deposit insurance	871,000	750,000	737,000
Director compensation, education and retirement	706,000	728,000	763,000
Business development	831,000	680,000	615,000
Loan collection costs	340,000	388,000	423,000
Amortization of Core Deposit Intangible	1,300,000	201,000	237,000
Other operating expense	1,095,000	1,508,000	865,000
Other non-interest expense	$ 16,682,000	$ 12,924,000	$ 11,908,000

15. INCOME TAXES

The provision for income taxes for the years ended December 31, 2025, 2024 and 2023 consisted of the following:

2025	Federal	State	Total
Current	$ 4,558,000	$ 3,148,000	$ 7,706,000
Deferred	1,713,000	556,000	2,269,000
Provision for income taxes	$ 6,271,000	$ 3,704,000	$ 9,975,000

2024	Federal	State	Total
Current	$ 6,896,000	$ 3,540,000	$ 10,436,000
Deferred	75,000	(129,000)	(54,000)
Provision for income taxes	$ 6,971,000	$ 3,411,000	$ 10,382,000

2023	Federal	State	Total
Current	$ 7,310,000	$ 3,827,000	$ 11,137,000
Deferred	(582,000)	(120,000)	(702,000)
Provision for income taxes	$ 6,728,000	$ 3,707,000	$ 10,435,000

15. INCOME TAXES (Continued)

Deferred tax assets (liabilities) consisted of the following:

	December 31, 2025	December 31, 2024
Deferred tax assets:		
Allowance for credit losses	$ 9,989,000	$ 3,714,000
Deferred compensation	2,315,000	1,166,000
State taxes	618,000	734,000
Premises and equipment	554,000	190,000
Unrealized loss on available-for-sale investment securities	4,315,000	10,552,000
Lease liability	8,410,000	6,968,000
Acquired Net operating loss	750,000	-
Other	995,000	1,144,000
Total deferred tax assets	27,946,000	24,468,000
Deferred tax liabilities:		
Deferred loan costs	(1,627,000)	(1,397,000)
Purchase accounting adjustments	(3,105,000)	(249,000)
Right-of-use assets	(8,361,000)	(6,849,000)
Other	(360,000)	(241,000)
Total deferred tax liabilities	(13,453,000)	(8,736,000)
Net deferred tax assets	$ 14,493,000	$ 15,732,000

Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the reported amount of assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The determination of the amount of deferred income tax assets which are more likely than not to be realized is primarily dependent on projections of future earnings, which are subject to uncertainty and estimates that may change given economic conditions and other factors. The realization of deferred income tax assets is assessed and a valuation allowance is recorded if it is "more likely than not" that all or a portion of the deferred tax asset will not be realized. "More likely than not" is defined as greater than a 50% chance. All available evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a valuation allowance is needed.

At December 31, 2025 total deferred tax assets were approximately $27,946,000 and total deferred tax liabilities were approximately $13,453,000 for a net deferred tax asset of $14,493,000. The Company's deferred tax assets primarily relate to timing differences in the tax deductibility of unrealized losses on investment securities, depreciation on premises and equipment, the provision for credit losses and deferred compensation. Based upon our analysis of available evidence, management of the Company determined that it is "more likely than not" that all of our deferred income tax assets as of December 31, 2025 and 2024 will be fully realized and therefore no valuation allowance was recorded. On the consolidated balance sheet, net deferred tax assets are included in accrued interest receivable and other assets.

Federal and State net operating loss carryforwards (NOLs) as of the Financial Statement Date totaled $2,762,000 and $1,987,000, respectively. The realization of these NOLs is dependent upon the Company's ability to generate future taxable income during the carryforward periods. The Company has evaluated the available evidence, both positive and negative, and has concluded that it is more likely than not that the NOLs will be fully realized, therefore no valuation allowance was recorded.

The Company recognized, as components of tax expense, tax credits and other tax benefits and amortization expense relating to our investment in Qualified Affordable House Projects as follows:

	December 31, 2025	December 31, 2024	December 31, 2023
Tax credits and other tax benefits - decrease in tax expense	$ 382,359	$ 305,928	$ 142,691
Amortization - increase in tax expense	$ 334,198	$ 237,753	$ 93,012

The carrying value of Low-Income Housing Tax Credit Funds was $6,790,000 and $2,150,000 as of December 31, 2025 and 2024, respectively. As of December 31, 2025, the Company has committed to make additional capital contributions to the Low-Income Housing Tax Credit Funds in the amount of $4,249,000, and these contributions are expected to be made over the next several years.

During the year ended December 31 2025, the Company purchased $10 million of transferable green-energy tax credits from unrelated third-party project developers under the transferability provisions of the Inflation Reduction Act of 2022. The purchased credits relate primarily to a solar project placed in service during 2025.

15. INCOME TAXES (Continued)

The Company elected to apply the guidance in ASC 740, Income Taxes, and therefore recognizes purchased tax credits as a reduction of income tax expense when (i) the Company obtains control of the credits, and (ii) realization is considered more likely than not.

The credits were acquired at a 7% discount from face value.

As of December 31, 2025, the Company recognized:

- $700 thousand of income tax benefit from the utilization of purchased credits
- $10 million of remaining purchased credits, recorded within Accrued interest receivable and other assets
- $9.3 million of cash paid for credits, reflected within *Operating activities* in the Consolidated Statements of Cash Flows

No impairment or valuation allowance is considered necessary for the purchased credits.

The provision for income taxes differs from amounts computed by applying the statutory Federal income tax rate to operating income before income taxes. The significant items comprising these differences consisted of the following:

	Year Ending December 31					
	2025		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
US Federal Statutory Tax Rate	$ 8,314,422	21.00%	$ 8,190,210	21.00%	$ 8,444,310	21.00%
State and Local Income Taxes, Net of Federal Income Tax Effect	2,971,573	7.51%	2,730,070	7.00%	2,814,770	7.00%
Enactment of new tax laws	(6,629)	(0.02%)	-	0.00%	-	0.00%
Tax Credits						
Affordable housing tax credit and benefits	(382,359)	(0.97%)	(305,928)	(0.80%)	(142,691)	(0.40%)
Affordable housing amortization	334,198	0.84%	237,753	0.60%	93,012	0.20%
Acquired Solar ITCs (Investment Tax Credits)	(700,000)	(1.77%)	-	0.00%	-	0.00%
Other						
Interest on obligations of states and political subdivisions	(430,841)	(1.09%)	(468,012)	(1.22%)	(723,798)	(1.75%)
Net increase in cash surrender value of bank owned life insurance	(155,223)	(0.39%)	(78,002)	(0.20%)	(80,422)	(0.20%)
Other, net	29,859	0.08%	75,909	0.22%	29,819	0.15%
Total	$ 9,975,000	25.19%	$ 10,382,000	26.60%	$ 10,435,000	26.00%

The cash paid across jurisdictions for income taxes (net of refunds) during the year was as follows:

	Year Ending December 31		
	2025	2024	2023
Federal	$ 5,750,000	$ 6,260,000	$ 8,100,000
State and Local			
California	2,805,000	3,360,000	4,130,000
Other	40,000	35,000	31,000
Subtotal State and Local	2,845,000	3,395,000	4,161,000
Total	$ 8,595,000	$ 9,655,000	$ 12,261,000

The Company and its subsidiary file income tax returns in the U.S. federal and applicable state jurisdictions. The Company conducts all of its business activities in the states of California, Nevada and Oregon. There are currently no pending U.S. federal, state, and local income tax or non-U.S. income tax examinations by tax authorities.

With few exceptions, the Company is no longer subject to tax examinations by U.S. Federal taxing authorities for years ended before December 31, 2022, and by state and local taxing authorities for years ended before December 31, 2021.

The unrecognized tax benefits and changes therein and the interest and penalties accrued by the Company as of or during the years ended December 31, 2025 and 2024 were not significant. The Company does not expect the total amount of unrecognized tax benefits to significantly increase or decrease in the next twelve months.

16. RELATED PARTY TRANSACTIONS

During the normal course of business, the Company enters into lending transactions with related parties, including executive officers and directors. The following is a summary of the aggregate activity involving related party borrowers during 2024 and 2025:

Balance, January 1, 2024	$	4,526,000
Effect of change in composition of related parties		22,640,000
Disbursements		7,000
Amounts repaid		(4,374,000)
Balance December 31 2024		22,799,000
Effect of change in composition of related parties		2,653,000
Disbursements		150,000
Amounts repaid		(789,000)
Balance, December 31, 2025	$	24,813,000
Undisbursed commitments to related parties, December 31, 2025	$	298,000

Deposits from executive officers, directors and their affiliates at year-end 2025 and 2024 were $7.3 million and $10.7 million.

17. EMPLOYEE BENEFIT PLANS

Profit Sharing Plan

The Plumas Bank Profit Sharing Plan commenced April 1, 1988 and is available to employees meeting certain service requirements. Under the Plan, employees are able to defer a selected percentage of their annual compensation. Included under the Plan's investment options is the option to invest in Company stock. The Company's contribution, which is recorded net of forfeitures, consisted of a matching amount of 30% of the employee's contribution up to a total of 3% of the employee's compensation totaling $468,000, $397,000 and $351,000 for the years ended December 31, 2025, 2024 and 2023, respectively.

Salary Continuation and Retirement Agreements

Salary continuation and retirement agreements are in place for the Company's president, its current executive vice presidents, six members of the Board of Directors as well as five former executives and four former directors. Under these agreements, the directors and executives will receive monthly payments for periods ranging from ten to fifteen years, after retirement. The estimated present value of these future benefits is accrued over the period from the effective dates of the agreements until the participants' expected retirement dates. The expense recognized under these plans for the years ended December 31, 2025, 2024 and 2023 totaled $504,000, $483,000 and $595,000, respectively. Accrued compensation payable under these plans totaled $6,346,000 and $4,143,000 at December 31, 2025 and 2024, respectively and is included in accrued interest payable and other liabilities on the consolidated balance sheet.

In connection with some of these agreements, the Bank purchased single premium life insurance policies with cash surrender values totaling $33,659,000 and $16,519,000 at December 31, 2025 and 2024, respectively. Income earned on these policies, net of expenses, totaled $741,000, $409,000 and $417,000 for the years ended December 31, 2025, 2024 and 2023, respectively.

18. COMPREHENSIVE INCOME

The changes in the accumulated balances for each component of other comprehensive loss, net of tax for the twelve months ended December 31, 2025 and 2024 were as follows, in thousands:

	Unrealized Losses on AFS Securities	Accumulated Comprehensive Loss, net of tax
Beginning balance, January 1, 2024	$ (46,088)	(32,464)
Current year-to-date other comprehensive income	10,390	7,319
Ending balance, December 31, 2024	$ (35,698)	$ (25,145)
Current year-to-date other comprehensive income	20,803	14,654
Ending balance, December 31, 2025	$ (14,895)	$ (10,491)

The changes in the accumulated balances for each component of other comprehensive loss, net of tax for the twelve months ended December 31, 2025 and 2024 were as follows, in thousands:

Amounts Reclassified from Accumulated Other Comprehensive Loss

Details about Accumulated Other Comprehensive (Loss) Components	Year Ended December 31, 2025	Year Ended December 31, 2024	Affected Line Item on the Statement of Income
Fair value hedge			
Termination of fair value hedge	$ 254	$ -	Non-Interest Income
Tax effect	(75)	-	Provision for income taxes
Investment securities			
Loss on sale of investment securities	5,811	19,817	Non-Interest Income
Tax effect	(1,718)	(5,858)	Provision for income taxes
Total reclassifications for the period	$ 4,272	$ 13,959	Net Income

19. BUSINESS COMBINATIONS - ACQUISITION OF CONERSTONE COMMUNITY BANCORP

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

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

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

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

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

Identifiable Assets:		**(in thousands)**
Cash and cash equivalents	$	51,916
Investment Securities		88,067
Loans		462,489
Core deposit intangible		11,610
Bank premises and equipment		12,567
Bank owned life insurance		16,399
Other assets		16,300
Total identifiable assets acquired	**$**	**659,348**
Liabilities:		
Deposits:		
Non-interest bearing	$	88,557
Interest bearing		
Savings accounts		21,797
Money market accounts		334,289
Time accounts		136,239
Total deposits		**580,882**
FHLB borrowings		15,000
Subordinated debentures		11,623
Other liabilities		9,240
Total liabilities assumed	**$**	**616,745**
Net identifiable assets	**$**	**42,603**

19. BUSINESS COMBINATIONS - ACQUISITION OF CORNERSTONE COMMUNITY BANCORP (Continued)

		(in thousands)
Book value of net assets acquired from Cornerstone	$	41,727
Fair value adjustments:		
Loans (net of Cornerstone's deferred costs/fees and allowance)		(9,152)
Bank premises and equipment		(1,123)
Core deposit intangible asset		11,610
Subordinated debentures		379
Time Deposits		(556)
Other		(317)
Total purchase accounting adjustments	$	841
Deferred tax asset (tax effect of purchase accounting adjustments at 29.56% plus tax on cash paid on termination of stock options)		35
Fair value of net identifiable assets acquired from Cornerstone	**$**	**42,603**
Merger consideration (cash payments of $16.1 million and $45.2 million in stock)		61,316
Less: fair value of net assets acquired from Cornerstone		(42,603)
Goodwill recognized	**$**	**18,713**

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

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

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

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

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

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

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

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

The following unaudited pro forma financial information presents the combined results of Plumas Bancorp and Cornerstone as if the acquisition had occurred on January 1, 2024, in thousands. Acquisition expenses totaling $6.4 million, net of tax, are included in the year ended December 31, 2024, net income. These results are not necessarily indicative of future performance.

Period Ended		Net Interest Income		Net Income
Year Ended December 31, 2025	$	97,464	$	37,220
Year Ended December 31, 2024	$	95,452	$	17,663

Pro Forma Adjustments Included for the Year Ended December 31, 2024:

● Amortization of acquired intangibles	$	2,197
● Accretion of discount on loans	$	1,717
● Accretion of premium on time deposits acquired	$	616
● Amortization of discount on subordinated debentures	$	154
● Income tax benefit of adjustments	$	5

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

20. PARENT ONLY CONDENSED FINANCIAL STATEMENTS

CONDENSED BALANCE SHEETS
December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 9,406,000	$ 12,261,000
Investment in bank subsidiary	272,899,000	180,744,000
Other assets	297,000	369,000
Total assets	$ 282,602,000	$ 193,374,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Other liabilities	$ 513,000	$ 474,000
Borrowings	21,013,000	15,000,000
Total liabilities	21,526,000	15,474,000
Shareholders' equity:		
Common stock	75,668,000	29,043,000
Retained earnings	195,899,000	174,002,000
Accumulated other comprehensive loss, net of taxes	(10,491,000)	(25,145,000)
Total shareholders' equity	261,076,000	177,900,000
Total liabilities and shareholders' equity	$ 282,602,000	$ 193,374,000

CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Income:			
Dividends declared by bank subsidiary	$ 26,000,000	$ 10,000,000	$ 7,500,000
Gain on termination of swaps	-	-	1,707,000
Earnings from investment in Plumas Statutory Trust I and II	-	-	5,000
Total income	26,000,000	10,000,000	9,212,000
Expenses:			
Interest on junior subordinated deferrable interest debentures	-	-	141,000
Interest on borrowings	1,012,000	641,000	369,000
Other expenses	595,000	622,000	523,000
Total expenses	1,607,000	1,263,000	1,033,000
Income before equity in undistributed income of bank subsidiary	24,393,000	8,737,000	8,179,000
Equity in undistributed income of bank subsidiary	4,708,000	19,462,000	21,746,000
Income before income taxes	29,101,000	28,199,000	29,925,000
Income tax (expense) benefit	516,000	420,000	(149,000)
Net income	$ 29,617,000	$ 28,619,000	$ 29,776,000
Total comprehensive income	$ 44,271,000	$ 35,938,000	$ 34,068,000

PLUMAS BANCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

20. PARENT ONLY CONDENSED FINANCIAL STATEMENTS (Continued)

CONDENSED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Cash flows from operating activities:			
Net income	$ 29,617,000	$ 28,619,000	$ 29,776,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed income of bank subsidiary	(4,708,000)	(19,462,000)	(21,746,000)
Stock-based compensation expense	80,000	174,000	78,000
Amortization of discount on borrowings	142,000	-	-
(Increase) decrease in other assets	(56,000)	94,000	554,000
(Decrease) increase in other liabilities	(51,000)	85,000	(185,000)
Net cash provided by operating activities	25,024,000	9,510,000	8,477,000
Cash flows from financing activities:			
Cash dividends paid on common stock	(7,720,000)	(6,365,000)	(5,862,000)
Redemption of Trust Preferred Securities	-	-	(10,310,000)
Decrease in other borrowings	(5,750,000)	-	-
Increase in other borrowings	-	5,000,000	10,000,000
Proceeds from exercise of stock options	1,105,000	508,000	339,000
Net cash used in financing activities	(12,365,000)	(857,000)	(5,833,000)
Cash flows from investing activities:			
Cash paid in acquisition	(15,514,000)	-	-
(Decrease) increase in cash and cash equivalents	(2,855,000)	8,653,000	2,644,000
Cash and cash equivalents at beginning of year	12,261,000	3,608,000	964,000
Cash and cash equivalents at end of year	$ 9,406,000	$ 12,261,000	$ 3,608,000

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is (i) recorded, processed, summarized and reported as and when required and (ii) accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting.

During the fourth quarter of 2025, no change in the Company's internal control over financial reporting was identified in connection with this evaluation that has materially affected or is reasonably likely to materially affect internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting and Attestation Report of Registered Public Accounting Firm

Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm are set forth in our consolidated financial statements and the reports thereon set forth in Item 8 of this report.

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 will be included in our Definitive Proxy Statement for our 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days of December 31, 2025, and is incorporated by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 will be included in our Definitive Proxy Statement for our 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days of December 31, 2025, and is incorporated by reference.

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

The security ownership information required by this Item will be included in our Definitive Proxy Statement for our 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days of December 31, 2025, and is incorporated by reference.

Equity Compensation Plan Information

The following table provides information as of December 31, 2025, with respect to options and restricted stock units outstanding and shares available for future awards under the Company's active equity incentive plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	297,065	$ 29.14	385,412
Equity compensation plans not approved by security holders	None	Not Applicable	None
Total	297,065	$ 29.63	385,412

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

The information required by Item 13 will be included in our Definitive Proxy Statement for our 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days of December 31, 2025, and is incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 will be included in our Definitive Proxy Statement for our 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days of December 31, 2025, and is incorporated by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

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

2.1	Agreement and Plan of Reorganization and Merger dated as of January 28, 2025, by and between Plumas Bancorp and Cornerstone Community Bancorp, included as exhibit 2.1 to the Registrant's 8-K filed on January 29, 2025, which is incorporated by this reference herein.
3.1	Articles of Incorporation as amended of Registrant included as exhibit 3.1 to the Registrant's Form S-4, File No. 333-84534, which is incorporated by reference herein.
3.2	Bylaws of Registrant as amended on August 16, 2023 included as exhibit 3.1 to the Registrant's Form 8-K filed on August 16, 2023, which is incorporated by this reference herein.
3.3	Amendment of the Articles of Incorporation of Registrant dated November 1, 2002, is included as exhibit 3.3 to the Registrant's 10-Q for September 30, 2005, which is incorporated by this reference herein.
3.4	Amendment of the Articles of Incorporation of Registrant dated August 17, 2005, is included as exhibit 3.4 to the Registrant's 10-Q for September 30, 2005, which is incorporated by this reference herein.
4	Specimen form of certificate for Plumas Bancorp included as exhibit 4 to the Registrant's Form S-4, File No. 333-84534, which is incorporated by reference herein.
4.1	Description of Securities of Plumas Bancorp Registered Under Section 12 of the Exchange Act, dated December 31, 2023, which is incorporated by reference herein.
10.1	Executive Salary Continuation Agreement of Andrew J. Ryback dated August 23, 2005, is included as exhibit 10.01 to the Registrant's 8-K filed on October 17, 2005, which is incorporated by this reference herein.
10.2	Amendment to Executive Salary Continuation Agreement of Andrew J. Ryback dated December 17, 2008, is included as exhibit 10.1 to the Registrant's 10-K for December 31, 2008, which is incorporated by this reference herein.
10.3	Split Dollar Agreement of Andrew J. Ryback dated August 23, 2005, is included as Exhibit 10.02 to the Registrant's 8-K filed on October 17, 2005, which is incorporated by this reference herein.
10.4	Amendment to Salary Continuation Agreement of Andrew J. Ryback dated February 1, 2022 is included as Exhibit 10.1 to the Registrant's 8-K filed on February 1, 2022, which is incorporated by this reference herein.
10.5	First Amendment to Split Dollar Agreement of Andrew J. Ryback, is included as exhibit 10.51 to the Registrant's 10-K for December 31, 2008, which is incorporated by this reference herein.
10.6	Employment Agreement by and among Andrew Ryback, Plumas Bancorp and Plumas Bank dated as of December 16, 2021, is included as exhibit 10.1 to the Registrant's 8-K filed on December 17, 2021, which is incorporated by this reference herein.
10.7	Amendment to Salary Continuation Agreement of Richard Belstock dated February 1, 2022 is included as Exhibit 10.2 to the Registrant's 8-K filed on February 1, 2022 ,which is incorporated by this reference herein.
10.9	Amendment to Salary Continuation Agreement of Jeffery Moore dated February 1, 2022 is included as Exhibit 10.4 to the Registrant's 8-K filed on February 1, 2022, which is incorporated by this reference herein.
10.10	Amendment to Salary Continuation Agreement of Aaron Boigon dated February 1, 2022 is included as Exhibit 10.5 to the Registrant's 8-K filed on February 1, 2022, which is incorporated by this reference herein.
10.11	Salary Continuation Agreement of Richard L. Belstock dated April 1, 2016, is included as Exhibit 10.2 to the Registrant's 8-K filed on April 4, 2016, which is incorporated by this reference herein.

10.13	Salary Continuation Agreement of Jeff Moore dated April 1, 2020, is included as Exhibit 10.14 to the Registrant's 10-K filed on March 3, 2021, which is incorporated by this reference herein.
10.14	Salary Continuation Agreement of Aaron Boigon dated April 1, 2019, is included as Exhibit 10.4 to the Registrant 's 8-K filed on April 2, 2019, which is incorporated by this reference herein.
10.17	Loan Agreement dated January 25, 2022 is included as Exhibit 10.1 to the Registrant's 8-K filed on January 26, 2022, which is incorporated by this reference herein.
10.18	Promissory Note dated January 25, 2022 is included as Exhibit 10.2 to the Registrant's 8-K filed on January 26, 2022, which is incorporated by this reference herein.
10.19	Director Retirement Agreement of Steven M. Coldani dated December 21, 2016, is included as Exhibit 10.13 to the Registrant's 10-K filed on March 17, 2017, which is incorporated by this reference herein.
10.20	Amendment to the Plumas Bank Amended and Restated Director Retirement Agreement for Steven M. Coldani adopted on May 17, 2023, is included as Exhibit 10.1 to the Registrant's 10-Q filed on August 9, 2023, which is incorporated by this reference herein.
10.25	Director Retirement Agreement of Robert McClintock, is included as Exhibit 10.66 to the Registrant's 10-K filed on March 23, 2012, which is incorporated by this reference herein.
10.26	Amendment to the Plumas Bank Amended and Restated Director Retirement Agreement for Robert J. McClintock adopted on May 17, 2023, is included as Exhibit 10.2 to the Registrant's 10-Q filed on August 9, 2023, which is incorporated by this reference herein.
10.29	Director Retirement Agreement of Michonne R. Ascuaga adopted on May 17, 2023, is included as Exhibit 10.5 to the Registrant's 10-Q filed on August 9, 2023, which is incorporated by this reference herein.
10.30	Director Retirement Agreement of Heidi S. Gansert adopted on May 17, 2023, is included as Exhibit 10.6 to the Registrant's 10-Q filed on August 9, 2023, which is incorporated by this reference herein.
10.31	Director Retirement Agreement of Richard F. Kenny adopted on May 17, 2023, is included as Exhibit 10.7 to the Registrant's 10-Q filed on August 9, 2023, which is incorporated by this reference herein.
10.32	Amended and Restated Director Retirement Agreement of Daniel E. West dated May 10, 2000, is included as Exhibit 10.18 to the Registrant's 10-QSB for June 30, 2002, which is incorporated by this reference herein.
10.33	Consulting Agreement of Daniel E. West dated May 10, 2000, is included as Exhibit 10.19 to the Registrant's 10-QSB for June 30, 2002, which is incorporated by this reference herein.
10.34	First Amendment to the Plumas Bank Amended and Restated Director Retirement Agreement for Daniel E. West adopted on September 19, 2007, is included as Exhibit 10.69 to the Registrant's 8-K filed on September 25, 2007, which is incorporated by this reference herein.
10.35	Amendment to the Plumas Bank Amended and Restated Director Retirement Agreement for Daniel E. West adopted on May 17, 2023 , is included as Exhibit 10.4 to the Registrant's 10-Q filed on August 9, 2023, which is incorporated by this reference herein.
10.41	Form of Indemnification Agreement (Plumas Bancorp) is included as Exhibit 10.1 to the Registrant's 8-K filed on August 20,2020 which is incorporated by this reference herein.
10.42	Form of Indemnification Agreement (Plumas Bank) is included as Exhibit 10.2 to the Registrant's 8-K filed on August 20,2020 which is incorporated by this reference herein.
10.43	Amendment to the Plumas Bank Amended and Restated Director Consulting Agreement for Daniel E. West adopted on December 18, 2024.
10.47	2013 Stock Option Plan is included as exhibit 99.1 of the Form S-8 filed September 12, 2013, which is incorporated by this reference herein.

10.48	Specimen Form of Incentive Stock Option Agreement under the 2013 Stock Option Plan is included as exhibit 99.2 of the Form S-8 filed September 12, 2013, which is incorporated by this reference herein.
10.49	Specimen Form of Nonqualified Stock Option Agreement under the 2013 Stock Option Plan is included as exhibit 99.3 of the Form S-8 filed September 12, 2013, which is incorporated by this reference herein.
10.50	Agreement for Purchase and Sale of Real Property by and between Plumas Bank and Mountainseed Real Estate Services, LLC (Branches) is included as Exhibit 10.1 to the Registrant's 8-K filed on January 23, 2024 which is incorporated by this reference herein.
10.51	Agreement for Purchase and Sale of Real Property by and between Plumas Bank and Mountainseed Real Estate Services, LLC (Non-Branch Offices) is included as Exhibit 10.2 to the Registrant's 8-K filed on January 23, 2024 which is incorporated by this reference herein.
10.52	Form of Lease Agreement by and between Plumas Bank and Mountainseed Real Estate Services, LLC is included as Exhibit 10.3 to the Registrant's 8-K filed on January 23, 2024 which is incorporated by this reference herein.
10.53	First Amendment to Agreement for Purchase and Sale of Property is included as Exhibit 10.3 to the Registrant's 8-K filed on March 15, 2024 which is incorporated by this reference herein.
10.54	Termination Agreement 2024 by and between Plumas Bank and Mountainseed Real Estate Services, LLC is included as Exhibit 10.3 to the Registrant's 8-K filed on August 15, 2024, which is incorporated by this reference herein.
10.55	Agreement for Purchase and Sale of Real Property by and between Plumas Bank and Brookline Branch Services, LLC is included as Exhibit 10.1 to the Registrant's 8-K filed on April 1, 2025, which is incorporated by this reference herein.
10.56	Form of Lease Agreement by and between Plumas Bank and Plumas Quincy, LLC is included as Exhibit 10.2 to the Registrant's 8-K filed on November 24, 2025, which is incorporated by this reference herein.
10.57	Form of Lease Agreement by and between Plumas Bank and Plumas Investor, LLC is included as Exhibit 10.3 to the Registrant's 8-K filed on November 24, 2025, which is incorporated by this reference herein.
10.60	Form of Change of Control Agreement among Plumas Bancorp, Plumas Bank and certain executive officers is included as Exhibit 10.1 to the Registrant's 8-K filed on July 22, 2025, which is incorporated by this reference herein.
10.61	Schedule of Executive Officers Party to Change of Control Agreements is included as Exhibit 10.2 to the Registrant's 8-K filed on July 22, 2025, which is incorporated by this reference herein.
10.62	Amended Form of Change of Control Agreement among Plumas Bancorp, Plumas Bank and certain executive officers is included as Exhibit 10.1 to the Registrant's 8-K filed on August 22, 2025, which is incorporated by this reference herein.
10.63	Schedule of Executive Officers Party to Change of Control Agreements is included as Exhibit 10.2 to the Registrant's 8-K filed on August 22, 2025, which is incorporated by this reference herein.
10.65	Description of Plumas Bancorp 2025 Cash Non-Equity Incentive Plan Incorporated by Reference to the Company's Form 8-K filed December 20, 2024.
10.71	Form of Stock Option Agreement Under Plumas Bancorp 2022 Equity Incentive Plan, is included as Exhibit 10.1 to the Registrant's 8-K filed on June 16, 2022, which is incorporated by this reference herein.
10.72	Form of Stock Option Agreement Under Plumas Bancorp 2022 Equity Incentive Plan with Post-Retirement Exercisability is included as Exhibit 10.2 to the Registrant's 8-K filed on June 16, 2022, which is incorporated by this reference herein.
10.73	Form of Restricted Stock Award Agreement Under Plumas Bancorp 2022 Equity Incentive Plan is included as Exhibit 10.3 to the Registrant's 8-K filed on June 16, 2022, which is incorporated by this reference herein
10.74	Form of Restricted Stock Unit Agreement Under Plumas Bancorp 2022 Equity Incentive Plan is included as Exhibit 10.1 to the Registrant's 8-K/A filed on April 15, 2024, which is incorporated by this reference herein.
10.75	Form of Restricted Stock Unit Agreement Under Plumas Bancorp 2022 Equity Incentive Plan (2026) is included as Exhibit 10.1 to the Registrant's 8-K filed on March 2, 2026, which is incorporated by this reference herein.
10.76	Plumas Bancorp 2022 Equity Incentive Plan (incorporated by reference to Appendix A to Plumas Bancorp's Definitive Proxy Statement filed on March 28, 2022)
19.1*	Insider Trading Policy

21.01	Plumas Bank – California.
23.01*	Independent Registered Public Accountant's Consent dated March 19, 2025.
23.02*	Independent Registered Public Accountant's Consent dated March 19, 2025.
31.1*	Rule 13a-14(a) [Section 302] Certification of Principal Financial Officer dated March 19, 2025.
31.2*	Rule 13a-14(a) [Section 302] Certification of Principal Executive Officer dated March 19, 2025.
32.1*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated March 19, 2025.
32.2*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated March 19, 2025.
97.1	Compensation Clawback Policy dated October 18, 2023 is included as Exhibit 97.1 to the Registrant's 10-K filed on March 20, 2024, which is incorporated by this reference herein.
101.INS*	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
*	Filed herewith

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.

PLUMAS BANCORP
(Registrant)

Date: March 19, 2026

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

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 date indicated.

/s/ ANDREW J. RYBACK Andrew J. Ryback, *President, Chief Executive Officer and Director*	Date: March 19, 2026
/s/ RICHARD L. BELSTOCK Richard L. Belstock, *Executive Vice President and Chief Financial Officer*	Date: March 19, 2026
/s/ DANIEL E. WEST Daniel E. West, *Director and Chairman of the Board*	Date: March 19, 2026
/s/ ROBERT J. MCCLINTOCK Robert J. McClintock, *Director and Vice Chairman of the Board*	Date: March 19, 2026
/s/ MICHONNE R. ASCUAGA Michonne R. Ascuaga, *Director*	Date: March 19, 2026
/s/ STEVEN M. COLDANI Steven M. Coldani, *Director*	Date: March 19, 2026
/s/ KEVIN FOSTER Kevin Foster, *Director*	Date: March 19, 2026
/s/ HEIDI S. O'GARA Heidi S. O'Gara, *Director*	Date: March 19, 2026
/s/ RICHARD F. KENNY Richard F. Kenny, *Director*	Date: March 19, 2026
/s/ SUSHIL A. PATEL Sushil A. Patel, *Director*	Date: March 19, 2026
/s/ KEN E. ROBISON Ken E. Robison, *Director*	Date: March 19, 2026