

Federal Deposit Insurance Corporation
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026

or

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

For the transition period from _____ to _____

FDIC Certificate Number: 58481

FIRST BANK

(Exact Name of Registrant as Specified in its Charter)

New Jersey
(State or Other Jurisdiction of
Incorporation or Organization)

20-8164471
(I.R.S. Employer Identification No.)

2465 Kuser Road, Hamilton, New Jersey
(Address of Principal Executive Offices)

08690
(Zip Code)

(877) 821-2265
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$5.00 per share	FRBA	NASDAQ Global Market

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

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

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

As of May 6, 2026, there were 25,064,349 shares of the registrant's Common Stock, par value \$5.00 per share, outstanding.

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PART I – FINANCIAL INFORMATION
Item 1. Condensed Consolidated Financial Statements (unaudited)

FIRST BANK
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(in thousands, except for share data, unaudited)

	March 31, 2026	December 31, 2025
Assets		
Cash and due from banks	\$ 29,496	\$ 22,141
Restricted cash	9,280	7,780
Interest bearing deposits with banks	279,402	279,299
Cash and cash equivalents	318,178	309,220
Interest bearing time deposits with banks	747	747
Investment securities available for sale, at fair value (amortized cost of \$105,211 and \$108,635, respectively)	100,604	104,740
Investment securities held to maturity, net of allowance for credit losses of \$163 (fair value of \$38,210 and \$37,866, respectively)	40,951	40,424
Equity securities, at fair value	1,918	1,930
Restricted investment in bank stocks	13,202	13,877
Other investments	14,152	16,033
Loans, net of deferred fees and costs	3,304,110	3,293,225
Less: Allowance for credit losses	(45,919)	(45,384)
Net loans	3,258,191	3,247,841
Premises and equipment, net	18,036	18,367
Accrued interest receivable	14,887	14,382
Bank-owned life insurance	89,223	88,475
Goodwill	44,166	44,166
Other intangible assets, net	6,739	7,124
Deferred income taxes, net	22,965	22,623
Other assets	26,802	28,087
Total assets	\$ 3,970,761	\$ 3,958,036
Liabilities and Stockholders' Equity		
Liabilities:		
Non-interest bearing deposits	\$ 561,963	\$ 572,349
Interest bearing deposits	2,665,476	2,629,959
Total deposits	3,227,439	3,202,308
Borrowings	221,606	236,672
Subordinated debentures	34,419	34,384
Accrued interest payable	4,746	4,763
Other liabilities	33,173	36,407
Total liabilities	3,521,383	3,514,534
Commitments and Contingencies (See note 11)	-	-
Stockholders' Equity:		
Preferred stock, par value \$2 per share; 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, par value \$5 per share; 40,000,000 shares authorized; 27,939,061 shares issued and 25,061,700 shares outstanding and 27,643,986 shares issued and 24,800,244 shares outstanding, respectively	138,049	136,788
Additional paid-in capital	126,588	126,334
Retained earnings	219,867	214,458
Accumulated other comprehensive loss	(3,402)	(2,875)
Treasury stock, 2,877,361 and 2,843,742 shares, respectively	(31,724)	(31,203)
Total stockholders' equity	449,378	443,502
Total liabilities and stockholders' equity	\$ 3,970,761	\$ 3,958,036

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

FIRST BANK
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except for share data, unaudited)

	Three Months Ended March 31,	
	2026	2025
Interest and Dividend Income		
Investment securities—taxable	\$ 1,340	\$ 1,188
Investment securities—tax-exempt	48	51
Interest bearing deposits with banks, Federal funds sold and other	2,817	2,997
Loans, including fees	51,648	51,552
Total interest and dividend income	55,853	55,788
Interest Expense		
Deposits	19,152	20,844
Borrowings	2,034	2,412
Subordinated debentures	658	440
Total interest expense	21,844	23,696
Net interest income	34,009	32,092
Credit loss expense	5,553	1,544
Net interest income after credit loss expense	28,456	30,548
Non-Interest Income		
Service fees on deposit accounts	358	356
Loan fees	256	326
Income from bank-owned life insurance	748	793
Gains on sale of loans, net	240	29
Gains on recovery of acquired loans	61	24
Other non-interest income	721	443
Total non-interest income	2,384	1,971
Non-Interest Expense		
Salaries and employee benefits	12,320	11,118
Occupancy and equipment	2,581	2,464
Legal fees	239	368
Other professional fees	771	726
Regulatory fees	621	684
Directors' fees	255	282
Data processing	791	805
Marketing and advertising	433	399
Travel and entertainment	282	236
Insurance	182	214
Other real estate owned expense, net	-	920
Other expense	2,468	2,168
Total non-interest expense	20,943	20,384
Income Before Income Taxes	9,897	12,135
Income tax expense	2,251	2,754
Net Income	<u>\$ 7,646</u>	<u>\$ 9,381</u>
Basic earnings per common share	\$ 0.31	\$ 0.37
Diluted earnings per common share	\$ 0.30	\$ 0.37
Basic weighted average common shares outstanding	24,948,484	25,118,062
Diluted weighted average common shares outstanding	25,199,782	25,269,002

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

FIRST BANK
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(in thousands, unaudited)

	Three Months Ended March 31,	
	2026	2025
Net income	\$ 7,646	\$ 9,381
Other comprehensive (loss) income:		
Unrealized holding (losses) gains on investments arising during the period	(712)	1,336
Income tax effect	185	(349)
Total other comprehensive (loss) income, net of tax	(527)	987
Total comprehensive income	\$ 7,119	\$ 10,368

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

FIRST BANK
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data, unaudited)

	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total Stockholders' Equity
Balance—December 31, 2025	24,800,244	\$ 136,788	\$ 126,334	\$ 214,458	\$ (2,875)	\$ (31,203)	\$ 443,502
Net income	-	-	-	7,646	-	-	7,646
Other comprehensive loss, net of tax	-	-	-	-	(527)	-	(527)
Issuance of restricted stock	163,666	-	-	-	-	-	-
Vesting of restricted stock	-	588	(588)	-	-	-	-
Forfeiture of restricted stock	(3,070)	-	-	-	-	-	-
Exercise of stock options	134,479	673	296	-	-	-	969
Stock-based compensation expense	-	-	546	-	-	-	546
Cash dividends - common, \$0.09 per share	-	-	-	(2,237)	-	-	(2,237)
Repurchase of common stock	(33,619)	-	-	-	-	(521)	(521)
Balance—March 31, 2026	<u>25,061,700</u>	<u>\$ 138,049</u>	<u>\$ 126,588</u>	<u>\$ 219,867</u>	<u>\$ (3,402)</u>	<u>\$ (31,724)</u>	<u>\$ 449,378</u>
Balance—December 31, 2024	25,100,829	\$ 135,495	\$ 124,524	\$ 176,779	\$ (4,925)	\$ (22,717)	\$ 409,156
Net income	-	-	-	9,381	-	-	9,381
Other comprehensive income, net of tax	-	-	-	-	987	-	987
Issuance of restricted stock	170,766	-	-	-	-	-	-
Vesting of restricted stock	-	570	(570)	-	-	-	-
Forfeiture of restricted stock	(479)	-	-	-	-	-	-
Exercise of stock options	30,950	155	47	-	-	-	202
Stock-based compensation expense	-	-	554	-	-	-	554
Cash dividends - common, \$0.06 per share	-	-	-	(1,503)	-	-	(1,503)
Repurchase of common stock	(256,454)	-	-	-	-	(3,862)	(3,862)
Balance—March 31, 2025	<u>25,045,612</u>	<u>\$ 136,220</u>	<u>\$ 124,555</u>	<u>\$ 184,657</u>	<u>\$ (3,938)</u>	<u>\$ (26,579)</u>	<u>\$ 414,915</u>

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

FIRST BANK
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

	Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities:		
Net income	\$ 7,646	\$ 9,381
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss expense	5,553	1,544
Depreciation and amortization of premises and equipment	616	626
Accretion and amortization of discounts/premiums on investment securities, net	(50)	(7)
Accretion and amortization of fair value adjustments, net	(1,256)	(2,771)
Accretion and amortization of deferred loan fees and costs, net	(804)	(771)
Amortization of core deposit intangible assets and loan servicing rights	452	494
Amortization of subordinated debentures issuance cost	35	27
Noncash operating lease expense	675	653
Stock-based compensation	546	554
Net loss (gains) on equity securities	12	(27)
Originations of loans held for sale	(794)	(618)
Proceeds from sale of loans held for sale	806	-
Net gains on sale of loans	(240)	(29)
Loss on sale of premises and equipment	-	22
Increase in other real estate owned valuation allowance	-	815
Income from bank-owned life insurance	(748)	(793)
Deferred income tax benefit	(155)	-
Changes in assets and liabilities:		
Increase in accrued interest receivable	(505)	(622)
Decrease in intangible and other assets	2,084	18,427
(Decrease) Increase in accrued interest payable	(17)	1,068
Decrease in other liabilities	(2,880)	(7,814)
Net cash provided by operating activities	<u>10,976</u>	<u>20,159</u>
Cash flows from investing activities:		
Net increase in loans	(17,683)	(88,653)
Proceeds from sale of loans not originated for sale	4,060	517
Purchases of investment securities available for sale	(3,411)	(12,547)
Purchases of investment securities held to maturity	(817)	(157)
Proceeds from maturities, calls and paydowns of investment securities available for sale	6,888	6,253
Proceeds from maturities, calls and paydowns of investment securities held to maturity	286	880
Purchase of restricted stocks	(1,800)	(3,850)
Redemption of restricted stocks	2,475	2,250
Purchases of other investments	-	(1,738)
Purchases of premises and equipment	(271)	(545)
Net cash used in investing activities	<u>(10,273)</u>	<u>(97,590)</u>
Cash flows from financing activities:		
Net increase in deposits	25,096	63,815
Proceeds from borrowings	40,000	85,000
Repayments of borrowings	(55,052)	(50,051)
Proceeds from stock option exercises	969	202
Cash dividends paid on common stock	(2,237)	(1,503)
Purchase of treasury stock	(521)	(3,862)
Net cash provided by financing activities	<u>8,255</u>	<u>93,601</u>
Net increase in cash and cash equivalents	8,958	16,170
Cash and cash equivalents at beginning of year	309,220	271,914
Cash and cash equivalents at end of period	<u>\$ 318,178</u>	<u>\$ 288,084</u>

FIRST BANK
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited) continued

	Three Months Ended March 31,	
	2026	2025
Supplemental disclosures of cash flow information:		
Cash paid for interest on deposits and borrowings	\$ 21,791	\$ 22,519
Cash paid for income taxes	\$ 729	\$ 705
Supplemental schedule of non-cash activities:		
Vesting of restricted stock	\$ 588	\$ 570
Transfer of loans receivable to loans held-for-sale	\$ 3,832	\$ -

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 1 – Summary of Significant Accounting Policies

Basis of Financial Statement Presentation

The condensed consolidated financial statements of First Bank have been prepared in conformity with generally accepted accounting principles in the United States of America (“GAAP”). The unaudited condensed consolidated financial statements are prepared on an accrual basis and include the accounts of First Bank’s wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated from the accompanying unaudited condensed consolidated financial statements. As used in this Quarterly Report on Form 10-Q, “the Bank” and “the Company” refer to First Bank and its consolidated subsidiaries unless otherwise noted.

The consolidated statement of financial condition as of March 31, 2026, the consolidated statements of income, the consolidated statements of comprehensive income and the consolidated statements of changes in stockholders’ equity for the three months ended March 31, 2026 and 2025, and the consolidated statements of cash flows for the three months ended March 31, 2026 and 2025 are unaudited. The consolidated statement of financial condition as of December 31, 2025 was derived from the audited consolidated statement of financial condition as of that date.

In the opinion of management, all adjustments and disclosures which are generally routine and recurring in nature and necessary for a fair statement of interim results have been made. In preparing the condensed consolidated financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated statements of financial condition and results of operations for the periods indicated. Material estimates that are particularly susceptible to change are: the determination of the fair value of acquired loans; the allowance for credit losses and the evaluation of goodwill for impairment. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the condensed consolidated financial statements in the period they are deemed necessary. While management uses its best judgment, actual results could differ from those estimates.

The interim unaudited condensed consolidated financial statements included herein have been prepared in accordance with instructions for the Quarterly Report on Form 10-Q and the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP and industry practice have been condensed or omitted from interim reporting pursuant to SEC rules. The results of operations for the three months ended March 31, 2026 are not necessarily indicative of the results which may be expected for the entire year. The Company has evaluated subsequent events for potential recognition and/or disclosure through the date the unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q were available to be issued. Interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025, as filed with the Federal Deposit Insurance Corporation (“FDIC”).

Segment Reporting

The Company operates in a single operating and reportable segment, providing regional community banking services to retail and commercial customers. The Company’s operations are conducted throughout New Jersey, Pennsylvania, and Florida. Operating segments are identified based on the internal reports reviewed by the Company’s chief operating decision maker (“CODM”) to assess performance and allocate resources. The Company’s CODM is the Chief Executive Officer, who manages the business on a consolidated basis. Accordingly, management concluded that the Company has one operating segment and one reportable segment.

The CODM evaluates performance and allocates resources primarily based on consolidated net income along with key components of the consolidated statements of financial condition, including total assets and capital levels, to determine capital allocation, strategic initiatives, and reinvestment decisions. Refer to the unaudited condensed consolidated statements of financial condition and unaudited consolidated statements of income for net income and all significant expenses regularly provided and reviewed by the CODM.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 1 – Summary of Significant Accounting Policies— (Continued)

Recently Issued Accounting Guidance, Adopted Within The Company's Consolidated Financial Statements

Standard	Description	Date of Adoption	Effect on Consolidated Financial Statements
Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures	The amendments in this ASU require annual disclosure of more detailed tax rate reconciliation categories and income taxes paid by geography and jurisdiction	December 31, 2025	The Company updated its income tax disclosures in its Form 10-K for the year ended December 31, 2025, upon adoption of these amendments. Using the prospective method of adoption did not have a material effect on its consolidated financial statements.

Recently Issued Accounting Guidance, Not Yet Adopted Within The Company's Consolidated Financial Statements

Standard	Description	Date of Planned Adoption	Effect on Consolidated Financial Statements
ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses	The amendments in this ASU require disaggregated disclosures for certain expense categories.	January 1, 2027	The Company does not expect the adoption of these amendments to have a material effect on the Company's consolidated financial statements.
ASU 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software	The amendment in this ASU provides disclosure requirements and changes to accounting for internal-use software related capitalized costs.	January 1, 2028	The Company does not expect the adoption of these amendments to have a material effect on the Company's consolidated financial statements.

Note 2 – Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss included in stockholders' equity are as follows:

	March 31, 2026	December 31, 2025
	(in thousands)	
Net unrealized losses on investment securities available for sale	\$ (4,607)	\$ (3,895)
Income tax effect	1,206	1,020
Accumulated other comprehensive loss	<u>\$ (3,401)</u>	<u>\$ (2,875)</u>

Note 3 – Earnings Per Share

Basic earnings per share represent the effect of earnings upon the weighted average number of shares and participating securities outstanding for the period. Diluted earnings per share reflect the effect of earnings upon weighted average shares including the potential dilution that could occur if securities or contracts to issue common stock were converted or exercised, utilizing the treasury stock method. Unvested stock awards, which contain non-forfeitable rights to dividends whether paid or unpaid (i.e., participating securities), are included in the number of shares outstanding for both basic and diluted earnings per share. There are no securities that could potentially dilute basic earnings per share that were not included in the computation of diluted earnings per share.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 3 – Earnings Per Share— (Continued)

The following table presents a reconciliation of the calculation of basic and diluted earnings per share for the periods indicated:

	Three Months Ended March 31,	
	2026	2025
	(in thousands, except per share data)	
Net income available to common stockholders	\$ 7,646	\$ 9,381
Basic weighted average common shares outstanding	24,948	25,118
Effect of dilutive common stock equivalents	252	151
Diluted weighted average common shares outstanding	25,200	25,269
Basic earnings per common share	\$ 0.31	\$ 0.37
Diluted earnings per common share	\$ 0.30	\$ 0.37
Number of common stock equivalents excluded from the calculation of diluted earnings per share as the exercise prices were greater than the average price of the common stock	542	505

Note 4 – Stock-Based Compensation

On April 24, 2024, the Company's shareholders approved the First Bank 2024 Equity Incentive Plan. Consistent with prior equity plans, the 2024 Equity Incentive Plan allows for the grant of incentive options, non-qualified options and restricted stock to officers, employees and members of the Board of Directors. The 2024 Equity Incentive Plan increased the number of awards available for grant to 1,300,000, at which time all awards available for grant under predecessor plans were cancelled.

The following table presents the number of awards authorized, cumulative granted awards, net of cancellations, and awards available for grant at March 31, 2026:

Awards authorized	3,483,683
Cumulative granted awards, net of cancellations	2,559,719
Awards available for grant	923,964

The Company issues shares from its authorized but unissued common stock to satisfy stock option exercises and restricted stock grants.

Stock-based compensation expense recognized in earnings for the three months ended March 31, 2026 and 2025 was \$546,000 and \$554,000, respectively.

The Company's stock option activity for the three months ended March 31, 2026 and 2025 is summarized in the following tables:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Outstanding—December 31, 2025	560,985	\$ 11.18		
Exercised	(134,479)	7.20		
Outstanding — March 31, 2026	426,506	\$ 12.44	4.4	\$ 1,518,476
Exercisable— March 31, 2026	418,834	\$ 12.42	4.4	\$ 1,501,214

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 4 – Stock-Based Compensation— (Continued)

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Outstanding—December 31, 2024	678,366	\$ 11.02		
Exercised	(30,950)	6.54		
Expired	(199)	11.57		
Outstanding — March 31, 2025	647,217	\$ 11.23	4.4	\$ 2,316,693
Exercisable—March 31, 2025	609,466	\$ 11.08	4.1	\$ 2,276,314

No options were granted in 2026 or 2025. All options granted in 2024 and previous years have a term that shall not exceed ten years and a vesting period of one to three years. The exercise price of the options granted under the Plan and previous plans must be at least 100% of the fair market value of the Company's common stock on the date of grant. Terms and conditions of restricted stock awards are determined by the Board of Directors at the time of grant.

The aggregate intrinsic values in the preceding tables represent the pre-tax intrinsic values calculated by multiplying the number of in-the-money shares by the difference between the Company's closing stock price on the last trading day of the current reporting period and the exercise price.

Unrecognized compensation expense related to unvested stock options was \$32,000 as of March 31, 2026 which is expected to be recognized over a weighted average period of 0.9 years.

Restricted stock activity under the Company's stock-based compensation plans for the three months ended March 31, 2026 and 2025 is summarized in the following tables:

	Restricted Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (years)
Outstanding—December 31, 2025	286,303	\$ 13.28	
Granted	163,666	15.83	
Vested	(117,613)	13.00	
Forfeited	(3,070)	13.37	
Outstanding — March 31, 2026	329,286	\$ 14.65	2.3

	Restricted Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (years)
Outstanding—December 31, 2024	276,378	\$ 12.29	
Granted	170,766	13.86	
Vested	(114,104)	12.39	
Forfeited	(479)	12.37	
Outstanding — March 31, 2025	332,561	\$ 13.06	2.1

All restricted stock awards granted have a vesting period of one to three years. All restricted stock awards granted to officers and employees in 2026, 2025 and 2024 are also subject to a one-year post-vesting holding period, during which time shares may not be sold or otherwise transferred. Unrecognized compensation expense related to restricted stock was \$4.2 million as of March 31, 2026 which is expected to be recognized over a weighted average period of 2.4 years.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 5 – Investment Securities

Available-for-Sale ("AFS") Securities

The amortized cost and estimated fair value of investment securities available for sale are as follows as of the dates indicated, with gross unrealized gains and losses therein:

March 31, 2026				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment securities available for sale	(in thousands)			
U.S. Government-sponsored agency securities	\$ 2,500	\$ -	\$ (15)	\$ 2,485
Residential mortgage-backed securities:				
FNMA and FHLMC	75,421	340	(3,691)	72,070
GNMA	19,585	52	(1,300)	18,337
U.S. Treasury securities	4,001	20	-	4,021
SBA pools	2,380	5	(13)	2,372
Asset-backed securities	324	-	(3)	321
Corporate obligations	1,000	-	(2)	998
Total	\$ 105,211	\$ 417	\$ (5,024)	\$ 100,604

December 31, 2025				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment securities available for sale	(in thousands)			
U.S. Government-sponsored agency securities	\$ 2,500	\$ 4	\$ -	\$ 2,504
Residential mortgage-backed securities:				
FNMA and FHLMC	78,754	484	(3,491)	75,747
GNMA	17,639	87	(1,004)	16,722
U.S. Treasury securities	5,996	44	-	6,040
SBA Pools	2,396	3	(16)	2,383
Asset-backed securities	350	-	(3)	347
Corporate obligations	1,000	-	(3)	997
Total	\$ 108,635	\$ 622	\$ (4,517)	\$ 104,740

The Company did not record an allowance for credit losses ("ACL") on the AFS securities at March 31, 2026 and December 31, 2025. The Company considers the unrealized losses on the AFS securities to be related to fluctuations in market conditions, primarily interest rates, and not reflective of deterioration in credit. In addition, the Company has the intent and ability to hold these AFS securities until the amortized cost is recovered and has determined, it is not more likely than not that any AFS securities in an unrealized loss position would be required to be sold.

The Company does not estimate an allowance for credit losses on accrued interest receivable from AFS securities as the Company has a policy to charge off accrued interest deemed uncollectible in a timely manner. A debt security is placed on nonaccrual status at the time any principal or interest payments become 90 days delinquent. Interest accrued but not received for a security placed on nonaccrual is reversed against interest income. Accrued interest receivable totaled \$373,000 and \$363,000 at March 31, 2026 and December 31, 2025, respectively, for AFS securities and was reported in accrued interest receivable on the accompanying unaudited consolidated statements of financial condition.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 5 – Investment Securities — (Continued)

Held-to-maturity ("HTM") Securities

The amortized cost, estimated fair value and allowance for credit losses of investment securities held to maturity are as follows as of the dates indicated, with gross unrealized gains and losses therein:

March 31, 2026					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Allowance for Credit Losses
(in thousands)					
Investment securities held to maturity					
Residential mortgage-backed securities:					
FNMA and FHLMC	\$ 9,253	\$ -	\$ (1,475)	\$ 7,778	\$ -
GNMA	2,105	-	(54)	2,051	-
Obligations of state and political subdivisions	7,756	17	(190)	7,583	(4)
Corporate obligations	22,000	78	(1,280)	20,798	(159)
Total	\$ 41,114	\$ 95	\$ (2,999)	\$ 38,210	\$ (163)

December 31, 2025					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Allowance for Credit Losses
(in thousands)					
Investment securities held to maturity					
Residential mortgage-backed securities:					
FNMA and FHLMC	\$ 9,376	\$ 3	\$ (1,448)	\$ 7,931	\$ -
GNMA	2,115	7	(45)	2,077	-
Obligations of state and political subdivisions	7,096	42	(155)	6,983	(4)
Corporate obligations	22,000	97	(1,222)	20,875	(159)
Total	\$ 40,587	\$ 149	\$ (2,870)	\$ 37,866	\$ (163)

The following table presents the activity in the ACL for the HTM debt securities:

Three Months Ended March 31, 2026				Three Months Ended March 31, 2025			
	Obligations of state and political subdivisions	Corporate obligations	ACL Total		Obligations of state and political subdivisions	Corporate obligations	ACL Total
(in thousands)							
Balance—beginning of period	\$ 4	\$ 159	\$ 163	\$ 4	\$ 202	\$ 206	
Credit loss expense	-	-	-	1	2	3	
Balance—end of period	\$ 4	\$ 159	\$ 163	\$ 5	\$ 204	\$ 209	

The Company segments its HTM portfolio into agency residential mortgage-backed securities, obligations of state and political subdivisions and corporate obligations to determine the ACL. The ACL is determined based on the Company's historical losses, adjusted for qualitative factors including economic forecasts over a two-year reasonable and supportable forecast period. The Company has determined that for agency residential mortgage-backed securities it would be appropriate to assume the expected credit loss to be zero because these securities are guaranteed by enterprises that have credit ratings on par with the U.S. government or are guaranteed by the U.S. government. This assumption is reviewed and attested quarterly.

The Company does not estimate an allowance for credit losses on accrued interest receivable from HTM securities as the Company has a policy to charge off accrued interest deemed uncollectible in a timely manner. A debt security is placed on nonaccrual status at the time any principal or interest payments become 90 days delinquent. Interest accrued but not received for a security placed on nonaccrual is reversed against interest income. Accrued interest receivable totaled \$303,000 and \$237,000 at March 31, 2026 and December 31, 2025, respectively, for HTM securities and was reported in accrued interest receivable on the accompanying unaudited consolidated statements of financial condition.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 5 – Investment Securities — (Continued)

At March 31, 2026, the Company had no HTM securities that were past due 30 days or more as to principal or interest payments. The Company had no HTM securities classified as nonaccrual at March 31, 2026.

The amortized cost, fair value and contractual maturities of investment securities available for sale and held to maturity are shown in the tables below. Certain of these securities have call features which allow the issuer to redeem the security prior to maturity at the issuer's discretion. Expected maturities may differ from contractual maturities because the underlying mortgages supporting mortgage-backed securities may be prepaid without penalties. Consequently, residential mortgage-backed securities are not presented by maturity category.

	March 31, 2026			
	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(in thousands)			
Due within one year	\$ 3,001	\$ 3,005	\$ 1,727	\$ 1,725
Due after one year through five years	4,824	4,820	5,207	5,083
Due after five years through ten years	-	-	22,822	21,573
Due after ten years	2,380	2,372	-	-
Residential mortgage-backed securities:				
FNMA and FHLMC	75,421	72,070	9,253	7,778
GNMA	19,585	18,337	2,105	2,051
Total investment securities	<u>\$ 105,211</u>	<u>\$ 100,604</u>	<u>\$ 41,114</u>	<u>\$ 38,210</u>

The unrealized losses, categorized by the length of time of continuous loss position, and the fair value of related investment securities AFS are as follows, as of the dates indicated:

	March 31, 2026								
	Less than 12 months			12 months or longer			Total		
	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses
	(dollars in thousands)								
Investment securities available for sale									
U.S. Government-sponsored agency securities	1	\$ 2,485	\$ (15)	-	\$ -	\$ -	1	\$ 2,485	\$ (15)
Residential mortgage-backed securities:									
FNMA and FHLMC	10	23,932	(291)	24	22,141	(3,400)	34	46,073	(3,691)
GNMA	3	4,037	(249)	8	6,929	(1,051)	11	10,966	(1,300)
SBA pools	-	-	-	1	1,301	(13)	1	1,301	(13)
Asset-backed securities	-	-	-	1	321	(3)	1	321	(3)
Corporate obligations	-	-	-	1	998	(2)	1	998	(2)
Total	<u>14</u>	<u>\$30,454</u>	<u>\$ (555)</u>	<u>35</u>	<u>\$31,690</u>	<u>\$ (4,469)</u>	<u>49</u>	<u>\$62,144</u>	<u>\$ (5,024)</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 5 – Investment Securities — (Continued)

	December 31, 2025								
	Less than 12 months			12 months or longer			Total		
	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses
Investment securities available for sale	(dollars in thousands)								
Residential mortgage-backed securities:									
FNMA and FHLMC	8	18,526	\$ (133)	24	22,948	\$ (3,358)	32	41,474	(3,491)
GNMA	-	-	-	8	7,303	(1,004)	8	7,303	(1,004)
SBA pools	-	-	-	1	1,308	(16)	1	1,308	(16)
Asset-backed securities	-	-	-	1	347	(3)	1	347	(3)
Corporate obligations	-	-	-	1	997	(3)	1	997	(3)
Total	8	\$18,526	\$ (133)	35	\$32,903	\$ (4,384)	43	\$51,429	\$ (4,517)

The unrealized losses, categorized by the length of time of continuous loss position, and the fair value of related investment securities HTM are as follows, as of the dates indicated.

	March 31, 2026								
	Less than 12 months			12 months or longer			Total		
	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses
Investment securities held to maturity	(dollars in thousands)								
Residential mortgage-backed securities:									
FNMA and FHLMC	1	\$1,320	\$ (12)	14	\$ 7,778	\$ (1,463)	15	\$ 9,098	\$ (1,475)
GNMA	1	1,657	(12)	1	2,052	(42)	2	3,709	(54)
Obligations of state and political subdivisions	-	-	-	6	4,741	(161)	6	4,741	(161)
Corporate obligations	5	2,498	(29)	17	17,720	(1,280)	22	20,218	(1,309)
Total	7	\$5,475	\$ (53)	38	\$32,291	\$ (2,946)	45	\$37,766	\$ (2,999)

	December 31, 2025								
	Less than 12 months			12 months or longer			Total		
	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses
Investment securities held to maturity	(dollars in thousands)								
Residential mortgage-backed securities:									
FNMA and FHLMC	-	\$ -	\$ -	14	\$ 6,589	\$ (1,448)	14	\$ 6,589	\$ (1,448)
GNMA	-	-	-	1	396	(45)	1	396	(45)
Obligations of state and political subdivisions	-	-	-	6	2,255	(155)	6	2,255	(155)
Corporate obligations	-	-	-	17	17,778	(1,222)	17	17,778	(1,222)
Total	-	\$ -	\$ -	38	\$27,018	\$ (2,870)	38	\$27,018	\$ (2,870)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 5 – Investment Securities — (Continued)

During the three months ended March 31, 2026 and 2025, there were no securities sold.

Investment securities with a market value of \$73.9 million, \$36.7 million and \$516,000, respectively, were pledged as collateral for municipal deposits, Federal Reserve Bank ("FRB") Discount Window borrowings and Federal Home Loan Bank ("FHLB") borrowings at March 31, 2026. Investment securities with a market value of \$29.5 million, \$38.0 million and \$521,000, respectively, were pledged as collateral for municipal deposits, FRB borrowings and FHLB borrowings at December 31, 2025. The Company had no outstanding borrowings from the FRB at March 31, 2026 and December 31, 2025.

Other Investments

Other investments totaled \$14.2 million and \$16.0 million at March 31, 2026 and December 31, 2025, respectively. Other investments consisted of an investment in a Small Business Administration ("SBA") Loan Fund with a balance of \$7.8 million at both March 31, 2026 and December 31, 2025, and smaller investments in several community impact funds, two small business funds focused on fintech companies, and several Small Business and Investment Company (SBIC) Funds. These other investments primarily include equity investments that are measured at net asset value ("NAV") per share (or its equivalent) as a practical expedient to fair value and these equity investments are excluded from the fair value hierarchy levels detailed in Note 12 - Fair Value Measurements and Fair values of Financial Instruments. NAV represents the Company's proportionate interest in the net assets of the investee funds as reported by the fund managers.

Note 6 – Loans and Allowance for Credit Losses on Loans

The composition of loans is as follows as of the dates indicated:

	March 31, 2026	December 31, 2025
	(in thousands)	(in thousands)
Commercial and industrial	\$ 722,312	\$ 727,075
Commercial real estate:		
Owner-occupied	670,240	662,245
Investor	1,165,319	1,148,297
Construction and development	184,252	193,312
Multi-family	284,134	282,854
Residential real estate:		
Residential mortgage and first lien home equity loans	154,533	154,167
Home equity—second lien loans and revolving lines of credit	72,584	72,919
Consumer and other	54,235	55,862
	3,307,609	3,296,731
Net deferred loan fees and costs	(3,499)	(3,506)
Total loans	\$ 3,304,110	\$ 3,293,225

Accrued interest receivable is not included in the amortized cost basis of the Company's loans. Additionally, the Company does not estimate an allowance for credit losses on accrued interest receivable as the Company has a policy to charge off accrued interest deemed uncollectible in a timely manner. When a loan is placed on nonaccrual status, which occurs when a borrower becomes delinquent by 90 days, interest previously accrued but not collected is reversed against current period interest income. Accrued interest receivable for loans totaled \$14.0 million and \$13.5 million at March 31, 2026 and December 31, 2025, respectively, with no related ACL and was reported in accrued interest receivable on the accompanying unaudited consolidated statements of financial condition.

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, such as current financial information, historical payment experience, credit documentation, public information and current economic trends, among other factors. The following tables summarize the Company's loans by year of origination and internally assigned credit risk rating at March 31, 2026 and December 31, 2025. See the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025, as filed with the FDIC for additional information about asset classifications. There were no loans classified as "doubtful" or "loss" as of March 31, 2026 and December 31, 2025.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 6 – Loans and Allowance for Credit Losses on Loans — (Continued)

	Loans by Year of Origination at March 31, 2026							
	2026	2025	2024	2023	2022	Prior	Revolving	Total
	(in thousands)							
Commercial and industrial								
Pass	\$ 30,384	\$ 84,681	\$ 70,769	\$ 25,007	\$ 41,468	\$ 62,389	\$ 368,661	\$ 683,359
Special Mention	178	-	301	-	180	202	555	1,416
Substandard	-	286	680	25,066	348	10,483	674	37,537
Total Commercial and industrial	\$ 30,562	\$ 84,967	\$ 71,750	\$ 50,073	\$ 41,996	\$ 73,074	\$ 369,890	\$ 722,312
Owner-occupied								
Pass	\$ 23,646	\$ 101,527	\$ 84,200	\$ 58,666	\$ 73,806	\$ 283,356	\$ 18,734	\$ 643,935
Special Mention	-	-	-	-	10,678	313	-	10,991
Substandard	-	-	-	262	1,327	13,725	-	15,314
Total Owner-occupied	\$ 23,646	\$ 101,527	\$ 84,200	\$ 58,928	\$ 85,811	\$ 297,394	\$ 18,734	\$ 670,240
Investor								
Pass	\$ 42,229	\$ 71,161	\$ 78,836	\$ 52,254	\$ 201,687	\$ 689,727	\$ 12,764	\$ 1,148,658
Special Mention	-	-	-	6,964	-	-	-	6,964
Substandard	-	-	-	-	9,546	151	-	9,697
Total Investor	\$ 42,229	\$ 71,161	\$ 78,836	\$ 59,218	\$ 211,233	\$ 689,878	\$ 12,764	\$ 1,165,319
Construction and development								
Pass	\$ 860	\$ 71,186	\$ 62,040	\$ 8,500	\$ 1,750	\$ 20,529	\$ 19,387	\$ 184,252
Total Construction and development	\$ 860	\$ 71,186	\$ 62,040	\$ 8,500	\$ 1,750	\$ 20,529	\$ 19,387	\$ 184,252
Multi-family								
Pass	\$ 1,475	\$ 4,769	\$ 35,144	\$ 27,906	\$ 52,771	\$ 162,069	\$ -	\$ 284,134
Total Multi-family	\$ 1,475	\$ 4,769	\$ 35,144	\$ 27,906	\$ 52,771	\$ 162,069	\$ -	\$ 284,134
Residential mortgage and first lien home equity loans								
Pass	\$ 3,415	\$ 23,621	\$ 6,737	\$ 6,983	\$ 14,635	\$ 98,096	\$ -	\$ 153,487
Substandard	-	-	-	-	-	1,046	-	1,046
Total Residential mortgage and first lien home equity loans	\$ 3,415	\$ 23,621	\$ 6,737	\$ 6,983	\$ 14,635	\$ 99,142	\$ -	\$ 154,533
Home equity—second lien loans and revolving lines of credit								
Pass	\$ 681	\$ 2,371	\$ 1,371	\$ 1,238	\$ 973	\$ 7,965	\$ 57,747	\$ 72,346
Substandard	-	14	-	-	-	224	-	238
Total Home equity—second lien loans and revolving lines of credit	\$ 681	\$ 2,385	\$ 1,371	\$ 1,238	\$ 973	\$ 8,189	\$ 57,747	\$ 72,584
Consumer and other								
Pass	\$ 177	\$ 20,650	\$ 2,805	\$ 3,028	\$ 648	\$ 5,393	\$ 21,512	\$ 54,213
Substandard	-	-	-	-	-	22	-	22
Total Consumer and other	\$ 177	\$ 20,650	\$ 2,805	\$ 3,028	\$ 648	\$ 5,415	\$ 21,512	\$ 54,235
Total Loans								
Pass	\$ 102,867	\$ 379,966	\$ 341,902	\$ 183,582	\$ 387,738	\$ 1,329,524	\$ 498,805	\$ 3,224,384
Special Mention	178	-	301	6,964	10,858	515	555	19,371
Substandard	-	300	680	25,328	11,221	25,651	674	63,854
Total Loans	\$ 103,045	\$ 380,266	\$ 342,883	\$ 215,874	\$ 409,817	\$ 1,355,690	\$ 500,034	\$ 3,307,609

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 6 – Loans and Allowance for Credit Losses on Loans — (Continued)

	Loans by Year of Origination at December 31, 2025							
	2025	2024	2023	2022	2021	Prior	Revolving	Total
	(in thousands)							
Commercial and industrial								
Pass	\$ 92,287	\$ 80,690	\$ 25,737	\$ 44,341	\$ 22,110	\$ 44,815	\$ 373,647	\$ 683,627
Special Mention	-	333	-	185	213	615	251	1,597
Substandard	70	397	30,272	597	1,708	8,712	95	41,851
Total Commercial and industrial	\$ 92,357	\$ 81,420	\$ 56,009	\$ 45,123	\$ 24,031	\$ 54,142	\$ 373,993	\$ 727,075
Owner-occupied								
Pass	\$ 98,705	\$ 84,134	\$ 60,518	\$ 79,801	\$ 78,771	\$ 219,485	\$ 16,824	\$ 638,238
Special Mention	-	-	-	7,828	315	-	-	8,143
Substandard	-	-	262	1,823	-	13,779	-	15,864
Total Owner-occupied	\$ 98,705	\$ 84,134	\$ 60,780	\$ 89,452	\$ 79,086	\$ 233,264	\$ 16,824	\$ 662,245
Investor								
Pass	\$ 65,118	\$ 80,298	\$ 59,402	\$ 202,551	\$ 178,033	\$ 538,814	\$ 12,393	\$ 1,136,609
Special Mention	-	-	-	9,561	-	-	-	9,561
Substandard	-	-	-	-	-	2,127	-	2,127
Total Investor	\$ 65,118	\$ 80,298	\$ 59,402	\$ 212,112	\$ 178,033	\$ 540,941	\$ 12,393	\$ 1,148,297
Construction and development								
Pass	\$ 65,812	\$ 66,322	\$ 17,038	\$ 1,744	\$ 7,072	\$ 13,436	\$ 21,888	\$ 193,312
Total Construction and development	\$ 65,812	\$ 66,322	\$ 17,038	\$ 1,744	\$ 7,072	\$ 13,436	\$ 21,888	\$ 193,312
Multi-family								
Pass	\$ 4,797	\$ 29,857	\$ 28,051	\$ 55,092	\$ 57,673	\$ 106,216	\$ 1,168	\$ 282,854
Total Multi-family	\$ 4,797	\$ 29,857	\$ 28,051	\$ 55,092	\$ 57,673	\$ 106,216	\$ 1,168	\$ 282,854
Residential mortgage and first lien home equity loans								
Pass	\$ 23,648	\$ 7,491	\$ 7,051	\$ 14,782	\$ 13,142	\$ 87,070	\$ -	\$ 153,184
Substandard	-	-	-	-	-	983	-	983
Total Residential mortgage and first lien home equity loans	\$ 23,648	\$ 7,491	\$ 7,051	\$ 14,782	\$ 13,142	\$ 88,053	\$ -	\$ 154,167
Home equity—second lien loans and revolving lines of credit								
Pass	\$ 2,640	\$ 1,475	\$ 1,280	\$ 997	\$ 143	\$ 7,989	\$ 58,161	\$ 72,685
Substandard	-	-	-	-	-	234	-	234
Total Home equity—second lien loans and revolving lines of credit	\$ 2,640	\$ 1,475	\$ 1,280	\$ 997	\$ 143	\$ 8,223	\$ 58,161	\$ 72,919
Consumer and other								
Pass	\$ 20,869	\$ 2,868	\$ 3,063	\$ 80	\$ 3,041	\$ 2,425	\$ 23,494	\$ 55,840
Substandard	-	-	-	-	-	22	-	22
Total Consumer and other	\$ 20,869	\$ 2,868	\$ 3,063	\$ 80	\$ 3,041	\$ 2,447	\$ 23,494	\$ 55,862
Total Loans								
Pass	\$ 373,876	\$ 353,135	\$ 202,140	\$ 399,388	\$ 359,985	\$ 1,020,250	\$ 507,575	\$ 3,216,349
Special Mention	-	333	-	17,574	528	615	251	19,301
Substandard	70	397	30,534	2,420	1,708	25,857	95	61,081
Total Loans	\$ 373,946	\$ 353,865	\$ 232,674	\$ 419,382	\$ 362,221	\$ 1,046,722	\$ 507,921	\$ 3,296,731

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 6 – Loans and Allowance for Credit Losses on Loans — (Continued)

The following tables summarize gross charge-offs by year of origination as of the dates indicated:

	Charge-offs by Year of Origination						
	2026	2025	2024	2023	2022	Prior	Total
Three Months Ended March 31, 2026	(in thousands)						
Commercial and industrial	\$ -	\$ 1,259	\$ 1,223	\$ 2,336	\$ 230	\$ 70	\$ 5,118
Commercial real estate:							
Owner-occupied	-	-	-	-	26	-	26
Consumer and other	1	-	-	-	-	1	2
Total charge-offs	\$ 1	\$ 1,259	\$ 1,223	\$ 2,336	\$ 256	\$ 71	\$ 5,146

	Charge-offs by Year of Origination						Total
	2025	2024	2023	2022	2021	Prior	
Three Months Ended March 31, 2025	(in thousands)						
Consumer and other	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 4
Total charge-offs	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 4

The performance and credit quality of the loan portfolio is also monitored by analyzing the length of time a scheduled contractual payment is past due. The following tables present the classes of the loan portfolio summarized by past due status as of the dates indicated:

	March 31, 2026							
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due and Still Accruing	Nonaccrual	PCD Non-accruing	Total Past Due	Total Current	Total
	(in thousands)							
Commercial and industrial	\$ 1,709	\$ 8,025	\$ -	\$ 8,049	\$ 411	\$ 18,194	\$ 704,118	\$ 722,312
Commercial real estate:								
Owner-occupied	477	-	-	3,149	2,247	5,873	664,367	670,240
Investor	66	50	-	9,647	-	9,763	1,155,556	1,165,319
Construction and development	-	-	-	-	-	-	184,252	184,252
Multi-family	-	-	-	-	-	-	284,134	284,134
Residential real estate:								
Residential mortgage and first lien home equity loans	2,198	-	-	443	1,491	4,132	150,401	154,533
Home equity—second lien loans and revolving lines of credit	56	-	-	238	-	294	72,290	72,584
Consumer and other	2	-	-	494	-	496	53,739	54,235
Total	<u>\$ 4,508</u>	<u>\$ 8,075</u>	<u>\$ -</u>	<u>\$ 22,020</u>	<u>\$ 4,149</u>	<u>\$ 38,752</u>	<u>\$ 3,268,857</u>	<u>\$ 3,307,609</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 6 – Loans and Allowance for Credit Losses on Loans — (Continued)

December 31, 2025								
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due and Still Accruing	Nonaccrual	PCD Non- accruing	Total Past Due	Total Current	Total
	(in thousands)							
Commercial and industrial	\$ 2,161	\$ 2,071	\$ -	\$ 9,242	\$ 412	\$ 13,886	\$ 713,189	\$ 727,075
Commercial real estate:								
Owner-occupied	211	-	-	3,618	2,262	6,091	656,154	662,245
Investor	-	52	-	101	-	153	1,148,144	1,148,297
Construction and development	-	-	-	-	-	-	193,312	193,312
Multi-family	-	-	-	-	-	-	282,854	282,854
Residential real estate:								
Residential mortgage and first lien home equity loans	670	-	-	924	1,547	3,141	151,026	154,167
Home equity—second lien loans and revolving lines of credit	641	156	-	253	-	1,050	71,869	72,919
Consumer and other	1	-	-	22	-	23	55,839	55,862
Total	\$ 3,684	\$ 2,279	\$ -	\$ 14,160	\$ 4,221	\$ 24,344	\$ 3,272,387	\$ 3,296,731

Loans are placed on nonaccrual status when management determines that the full repayment of principal and collection of interest according to contractual terms is no longer likely, generally when the loan becomes 90 days or more past due. Interest previously accrued on nonaccrual loans but not collected is reversed against current period interest income.

Nonaccrual loans by loan portfolio class, including loans acquired with credit deterioration, as of March 31, 2026 and December 31, 2025 are summarized as follows:

March 31, 2026			
Non-Accrual and PCD Non-Accruing Loans			
	With a Related Allowance	Without a Related Allowance	Total
	(in thousands)		
Commercial and industrial	\$ 5,987	\$ 2,473	\$ 8,460
Commercial real estate:			
Owner-occupied	704	4,692	5,396
Investor	-	9,647	9,647
Residential real estate:			
Residential mortgage and first lien home equity loans	-	1,933	1,933
Home equity—second lien loans and revolving lines of credit	-	238	238
Consumer and other	-	495	495
Total	\$ 6,691	\$ 19,478	\$ 26,169

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 6 – Loans and Allowance for Credit Losses on Loans — (Continued)

	December 31, 2025		
	Non-Accrual and PCD Non-Accruing Loans		
	With a Related Allowance	Without a Related Allowance	Total
	(in thousands)		
Commercial and industrial	\$ 6,069	\$ 3,173	\$ 9,242
Commercial real estate:			
Owner-occupied	1,873	1,745	3,618
Investor	-	101	101
Residential real estate:			
Residential mortgage and first lien home equity loans	-	924	924
Home equity—second lien loans and revolving lines of credit	-	253	253
Consumer and other	-	22	22
Total	\$ 7,942	\$ 6,218	\$ 14,160

The total recorded investment in loans secured by residential real estate property that were in the process of foreclosure was \$335,000 at March 31, 2026 and December 31, 2025, respectively. The Company had no foreclosed residential real estate property held at March 31, 2026 or December 31, 2025.

Loans totaling \$759.1 million and \$799.8 million at March 31, 2026 and December 31, 2025, respectively, were pledged as collateral for FHLB borrowings. Loans totaling \$278.0 million and \$247.2 million at March 31, 2026 and December 31, 2025, respectively, were pledged as collateral for borrowings at the FRB's Discount window.

The outstanding principal balance and related carrying amount of PCD non-accruing loans were as follows as of the dates indicated:

	March 31, 2026	December 31, 2025
	(in thousands)	
Outstanding principal balance	\$ 7,905	\$ 8,016
Carrying amount	4,149	4,221

The ACL on loans is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Credit quality within the loan portfolio is continuously monitored by management and is reflected within the ACL on loans. The ACL on loans is an estimate of lifetime expected losses inherent within the Company's existing loan portfolio.

The CECL model is primarily based on a vintage approach which estimates future losses over the expected life of the loan based on historical loan charge offs, net of recoveries and adjusted for certain qualitative factors. Based on the nature of the acquired loan portfolio from the Malvern Bank acquisition on July 17, 2023, and the loan data available, the Company utilizes a probability of default/loss given default method for these loans. Both methodologies utilize key assumptions and projections such as the expected life of each loan segment and economic projections. Key assumptions and projections are evaluated on at least a quarterly basis. During the three months ended March 31, 2026 and 2025, the Company continued to use the vintage approach and probability of default/loss given default and did not make any significant changes to the model or the key assumptions.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 6 – Loans and Allowance for Credit Losses on Loans — (Continued)

The following table presents the activity in the allowance for credit losses on loans by loan class for the periods indicated:

						Residential real estate			
	Commercial and industrial	Commercial real estate			Multi-family	Residential mortgage and first lien home equity loans	Home equity-second lien loans and revolving lines of credit	Consumer and other	Total
		Owner-occupied	Investor	Construction and development					
Three Months Ended March 31, 2026									
					(in thousands)				
Balance—beginning of period	\$ 25,090	\$ 5,200	\$ 7,232	\$ 1,860	\$ 1,978	\$ 1,127	\$ 1,879	\$ 1,018	\$ 45,384
Charge offs	(5,118)	(26)	-	-	-	-	-	(2)	(5,146)
Recoveries	111	-	-	-	-	-	-	1	112
Credit loss expense (benefit)	5,490	(14)	308	(165)	101	28	(101)	(78)	5,569
Balance—end of period	\$ 25,573	\$ 5,160	\$ 7,540	\$ 1,695	\$ 2,079	\$ 1,155	\$ 1,778	\$ 939	\$ 45,919

						Residential real estate				Total
	Commercial and industrial	Commercial real estate			Residential mortgage and first lien home equity loans	Home equity-second lien loans and revolving lines of credit	Consumer and other			
		Owner-occupied	Investor	Construction and development				Multi-family		
Three Months Ended March 31, 2025	(in thousands)									
Balance—beginning of period	\$ 15,390	\$ 6,014	\$ 8,644	\$ 2,063	\$ 2,589	\$ 1,202	\$ 1,272	\$ 599	\$ 37,773	
Charge offs	-	-	-	-	-	-	-	(4)	(4)	
Recoveries	4	11	-	-	4	-	-	-	19	
Credit loss expense (benefit)	2,045	(200)	(578)	(122)	220	(50)	158	(38)	1,435	
Balance—end of period	\$ 17,439	\$ 5,825	\$ 8,066	\$ 1,941	\$ 2,813	\$ 1,152	\$ 1,430	\$ 557	\$ 39,223	

The increase in the ACL balance and credit loss expense, primarily in the Bank's commercial and industrial portfolio, compared to the same period in 2025, was driven by recent charge offs in the Bank's small business portfolio and an increase in past due loans, which resulted in higher expected lifetime credit losses.

The Company also records an ACL for unfunded loan commitments that is recorded in other liabilities in the unaudited consolidated statements of financial condition. The ACL on unfunded loan commitments is based upon an evaluation of the unfunded credit facilities, including an assessment of historical commitment utilization experience and credit risk. The credit risk is evaluated similarly to the analysis for the ACL on loans. Net adjustments to the reserve for unfunded loan commitments are recorded to credit loss expense.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 6 – Loans and Allowance for Credit Losses on Loans — (Continued)

The following table presents the activity in the allowance for credit losses on unfunded commitments for the periods indicated:

	Three Months Ended March 31,	
	2026	2025
	(in thousands)	
Balance—beginning of period	\$ 705	\$ 587
Credit loss (benefit) expense	(16)	106
Balance—end of period	<u>\$ 689</u>	<u>\$ 693</u>

Loans are collateral-dependent when the debtor is experiencing financial difficulty and repayment is expected to be provided substantially through the sale or operation of the collateral. The expected credit loss for collateral dependent loans is measured as the difference between the amortized cost basis of the loan and the fair value of the collateral, which is adjusted to reflect the estimated cost to sell. Fair value estimates for collateral dependent loans are derived from appraised values based on the current market value or the "as is" value of the collateral, normally from recently received and reviewed appraisals. If the calculated expected credit loss is determined to be permanent or not recoverable, the amount of the expected credit loss is charged off.

The following table discloses collateral dependent loans as of the dates indicated:

	Collateral class	March 31, 2026	December 31, 2025
		(in thousands)	
Commercial and industrial	Business Assets	\$ 412	\$ -
Commercial real estate:			
Owner-occupied	Commercial real estate	5,396	3,618
Investor	Commercial real estate	9,647	101
Construction and development	Land	-	-
Multi-family	Commercial real estate	-	-
Residential real estate:			
Residential mortgage and first lien home equity loans	Residential real estate	1,933	924
Home equity—second lien loans and revolving lines of credit	Residential real estate	238	253
Consumer and other	Business Assets	494	22
Total		<u>\$ 18,120</u>	<u>\$ 4,918</u>

Collateral dependent loans are measured for impairment on a loan-by-loan basis for commercial and industrial loans and commercial real estate loans by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment.

During the current quarter, there were no significant changes to the underlying collateral and there was no deterioration noted in the collateral. Total collateral dependent loans include two commercial loans that were partially charged off with an outstanding amount of \$1.3 million at March 31, 2026 and \$1.4 million at December 31, 2025, respectively.

Loan Modifications to Borrowers Experiencing Financial Difficulty

Loan modifications to borrowers experiencing financial difficulty may include a reduction in interest rate, an extension in term, principal forgiveness and/or other than insignificant payment delay. Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is charged off.

For the three months ended March 31, 2026 and 2025, all loan modifications were term extensions. As of March 31, 2026 and December 31, 2025, loans with modifications to borrowers experiencing financial difficulty totaled \$3.9 million and \$4.0 million, respectively. There were no outstanding commitments to lend additional funds to such borrowers as of March 31, 2026 and December 31, 2025.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 6 – Loans and Allowance for Credit Losses on Loans — (Continued)

The following table presents loan modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2026 and 2025:

	Term Extension	% of Total by Loan Portfolio Segment
Three Months Ended March 31, 2026	(in thousands)	
Commercial and industrial	\$ 175	0.02%
Commercial real estate:		
Owner-occupied	632	0.09%
Total	\$ 807	0.02%

	Term Extension	% of Total by Loan Portfolio Segment
Three Months Ended March 31, 2025	(in thousands)	
Commercial and industrial	\$ 821	0.13%
Commercial real estate:		
Owner-occupied	2,580	0.37%
Total	\$ 3,401	0.10%

All term extensions included in the tables above were between three to twelve months.

The Company closely monitors the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table provides the performance of loans modified to borrowers experiencing financial difficulty during the twelve months ended March 31, 2026 and 2025:

	Current	Nonaccrual	Total
March 31, 2026	(in thousands)		
Commercial and industrial	\$ 175	\$ 535	\$ 710
Commercial real estate:			
Owner-occupied	-	3,078	3,078
Residential real estate:			
Residential mortgage and first lien home equity loans	-	128	128
Total	\$ 175	\$ 3,741	\$ 3,916

	Current	Nonaccrual	Total
March 31, 2025	(in thousands)		
Commercial and industrial	\$ 278	\$ 603	\$ 881
Commercial real estate:			
Owner-occupied	-	3,367	3,367
Residential real estate:			
Residential mortgage and first lien home equity loans	416	74	490
Total	\$ 694	\$ 4,044	\$ 4,738

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 7 - Deposits

The major types of deposits at March 31, 2026 and December 31, 2025 were as follows:

	March 31, 2026	December 31, 2025
	(in thousands)	
Non-interest bearing demand deposits	\$ 561,963	\$ 572,349
Interest bearing demand deposits	582,519	608,076
Money market deposits	1,075,226	1,061,325
Savings deposits	153,757	143,950
Time deposits	853,974	816,608
Total deposits	<u>\$ 3,227,439</u>	<u>\$ 3,202,308</u>

The aggregate amount of demand and savings deposit overdrafts that have been reclassified as loans were \$338,000 and \$117,000 at March 31, 2026 and December 31, 2025, respectively. The Company had \$319.5 million in brokered deposits at March 31, 2026, or 9.90% of total deposits, compared with \$301.3 million, or 9.41% of total deposits, at December 31, 2025.

Note 8 – Borrowings and Subordinated Debentures

The balance in borrowings at March 31, 2026 and December 31, 2025 consisted of FHLB advances and other secured borrowings. FHLB advances are secured by pledges of certain eligible collateral, including U.S. government and agency mortgage-backed securities and commercial loans. All of the Company's outstanding FHLB advances are fixed rate with original maturity periods ranging from one month to three years. All of the FHLB advances are interest only with a balloon payment due at maturity except two advances that have put options as of March 31, 2026. An advance in the amount of \$20.0 million issued on April 22, 2025, with a one-time put option one year from the date of issuance with a final maturity on April 22, 2028, was called on April 22, 2026. An advance in the amount of \$40.0 million issued on August 19, 2025, with a final maturity of August 19, 2028, has a one-time put option one year from the date of the issuance.

FHLB advances and other secured borrowings totaled \$215.0 million and \$6.6 million, respectively, at March 31, 2026. FHLB advances and other secured borrowings totaled \$230.0 million and \$6.7 million, respectively, at December 31, 2025. FHLB advances had a weighted average interest rate of 3.81% and 3.90% at March 31, 2026 and December 31, 2025, respectively.

As a member of the FHLB, the Company is eligible to borrow funds up to 50% of total assets from the FHLB subject to its stock and collateral requirements. Based on available qualified collateral as of March 31, 2026, the Company had the ability to borrow an additional \$349.8 million from the FHLB. The Company's borrowing facility at March 31, 2026 included \$489,000 in pledged securities, and \$759.1 million in commercial real estate loan collateral. At December 31, 2025, the Company had \$521,000 in pledged securities, and \$799.8 million in commercial real estate loan collateral. The Company's borrowing capacity with the FRB at March 31, 2026 and December 31, 2025 was \$260.4 million and \$133.5 million, respectively, based on qualified loans and investment securities pledged as collateral. The Company had no outstanding borrowings from the Federal Reserve Bank at March 31, 2026 or December 31, 2025.

The following table presents the contractual maturities of the Company's borrowings at March 31, 2026:

	March 31, 2026
	(in thousands)
Remainder of 2026	\$ 110,000
2027	45,000
2028	60,000
2029	-
2030	-
Thereafter	6,606
Total	<u>\$ 221,606</u>

The Company also had lines of credit for short-term borrowings with three correspondent banks at March 31, 2026 and December 31, 2025 totaling \$85.0 million. There were no borrowings on these facilities at either date.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 8 – Borrowings and Subordinated Debentures — (Continued)

Subordinated debenture notes ("notes") totaled \$34.4 million at each of March 31, 2026 and December 31, 2025. On June 18, 2025, the Bank issued a \$35.0 million private placement of fixed-to-floating rate subordinated notes with a maturity date of June 30, 2035 and a fixed rate of interest of 7.125% per annum for the first five years. Thereafter, the notes will pay interest at a floating rate, reset quarterly, equal to the then current three-month Secured Overnight Financing Rate ("SOFR") plus 343 basis points. The notes may be redeemed at the option of the Bank, without penalty, on or after June 30, 2030. These notes qualify as Tier 2 capital for regulatory purposes. These subordinated notes include \$581,000 of unamortized debt issuance costs as of March 31, 2026 that are being amortized over the first five years which is the expected life. Principal payment of these subordinated notes is not due until maturity.

On September 1, 2025, the Bank redeemed \$30.0 million fixed-to-floating rate subordinated notes that were issued in 2020 ("2020 notes"). The 2020 notes carried a fixed rate of 5.50% per annum through June 1, 2025. On June 1, 2025, the 2020 notes repriced to a rate of 9.704% per annum. The 2020 notes also qualified as Tier 2 capital for regulatory purposes and included \$46,000 of debt issuance costs as of December 31, 2025, which we fully amortized as of June 1, 2025.

Note 9 – Goodwill and Other Intangible Assets

The Company's intangible assets consist of goodwill and core deposit intangibles that were recorded in connection with acquisitions. Intangible assets also include loan servicing rights related to loan servicing retained in connection with the origination and sale of loans guaranteed by the SBA.

Goodwill arising from acquisitions consists largely of the synergies and economies of scale expected from combining the operations of the acquired companies or branches. None of the goodwill is expected to be deductible for income tax purposes. Goodwill is not amortized but is subject to annual tests for impairment or more often if events or circumstances indicate it may be impaired. The Company may elect to perform a qualitative assessment for the annual impairment test. If the qualitative assessment indicates it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or if the Company elects not to perform a qualitative assessment, then the Company would be required to perform a quantitative test for goodwill impairment. If the estimated fair value of the reporting unit is less than the carrying value, goodwill is impaired and is written down to its estimated fair value.

The Company performed a qualitative assessment of goodwill as of August 31, 2025 and August 31, 2024, which is the Company's established annual assessment date, and determined that none of the Company's goodwill was impaired at either date. As of March 31, 2026 and December 31, 2025, no triggering events were identified. Therefore, the Company did not perform an interim impairment evaluation.

The Company's core deposit intangibles are included in other intangible assets, net, on the unaudited Condensed Consolidated Statements of Financial Condition and are amortized on an accelerated basis using an estimated life of ten years. An impairment loss would be recognized if the carrying amount of the intangible asset is not recoverable and exceeds fair value. The carrying amount of the intangible asset is not considered recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use of the asset.

A portion of certain SBA loans originated by the Company are sold to third parties, however, the Company may retain the servicing rights related to these loans. An intangible asset, referred to as loan servicing rights ("LSRs"), is recognized when a loan's servicing rights are retained upon the sale of a loan. All of the Company's LSRs relate to the sold portion of SBA loans and are similar in nature. LSRs are initially recorded at fair value based on a valuation model which calculates the present value of estimated future servicing income and are included in other intangible assets, net, on the unaudited consolidated statements of financial condition. LSRs are amortized over the period of the economic life of the assets arising from estimated net servicing revenues. LSRs are evaluated quarterly for impairment based upon the fair value of the LSRs as compared to the carrying amounts. The amortization of the LSRs is recorded as a reduction to servicing income received, which is included in loan fees on the unaudited consolidated statements of income. The model incorporates assumptions that market participants use in estimating future net servicing income, including estimates of prepayment speeds and discount rates. Loan prepayment speed is the annual rate at which borrowers are forecasted to repay their mortgage loan principal and is based on historical experience. The discount rate is used to determine the present value of future net servicing income. Another key assumption in the model is the required rate of return the market would expect for an asset with similar risk. These assumptions can, and generally will, change quarterly valuations as market conditions and interest rates change. Subsequent to the initial valuation, LSRs amortize in proportion to, and over the period of, the estimated future net servicing life of the underlying loans.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 9 – Goodwill and Other Intangible Assets — (Continued)

The following table presents the Company's core deposit intangibles and loan servicing rights for the periods presented:

	As of and For the Three Months Ended March 31,	
	2026	2025
	(in thousands)	
Core deposit intangibles		
Balance	\$ 12,733	\$ 12,733
Accumulated Amortization	(6,544)	(4,823)
Balance—end of the period	<u>\$ 6,189</u>	<u>\$ 7,910</u>
Amortization Expense	<u>\$ 412</u>	<u>\$ 467</u>
Loan servicing rights		
Balance—beginning of period	\$ 523	\$ 450
New LSRs	66	7
Amortization	(39)	(26)
Balance—end of the period	<u>\$ 550</u>	<u>\$ 431</u>
Fair value	<u>\$ 602</u>	<u>\$ 485</u>

Note 10 – Income Taxes

The Company accounts for income taxes under the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates as of the date of enactment. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Increases or decreases in the valuation reserve are charged or credited to income tax expense.

As of March 31, 2026 and December 31, 2025, the Company had net deferred tax assets of \$23.0 million and \$22.6 million, respectively. These deferred tax assets can only be realized if the Company generates taxable income in the future. The Company regularly evaluates the feasibility of deferred tax asset positions. In determining whether a valuation allowance is necessary, the level of taxable income in prior years is considered to the extent that carrybacks are permitted under current tax laws, as well as estimates of future pre-tax and taxable income and tax planning strategies that would, if necessary, be implemented. The Company expects to realize the deferred tax assets over the allowable carryback and/or carryforward periods. Therefore, no valuation allowance was deemed necessary against the deferred tax assets as of March 31, 2026 or December 31, 2025. However, if an unanticipated event occurred that materially changed pre-tax and taxable income in future periods, a valuation allowance may become necessary and could have a material effect on the Company's condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 10 – Income Taxes — (Continued)

When tax returns are filed, some tax 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% 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 consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company does not have uncertain tax positions that it deems material.

On June 28, 2024, New Jersey passed legislation which enacted a 2.5% surtax, termed the “Corporate Transit Fee,” on certain Corporation Business Tax (“CBT”) taxpayers that have New Jersey allocated taxable net income over \$10 million. The new surtax is in addition to the CBT and applies to privilege periods beginning on or after January 1, 2024, through December 31, 2028. The Corporate Transit Fee of 2.5% is levied on businesses with annual taxable net income allocated to New Jersey greater than \$10 million for the 2024–2028 privilege periods. Accordingly, these businesses will be subject to an 11.5% tax as opposed to the standard CBT rate of 9%. The new 11.5% rate will be imposed on the entire amount of taxable net income, not only the excess over \$10 million.

The Company made an equity investment in a limited liability company which sponsored Solar Tax Credit. The purpose of the investment is to assist in achieving goals associated with the Community Reinvestment Act. This investment is accounted for under proportional amortization method (“PAM”) and provides tax benefits to investors in the form of tax deductions from operating losses and tax credits. Under PAM, the initial cost of the investment is amortized in proportion to the credits and other tax benefits received and the net investment performance is recognized in the income statement as a component of income tax expense. The Company’s Solar Tax Credit commitment is \$2.5 million. The Company had invested \$2.2 million as of March 31, 2026, of which \$2.1 million has been proportionally amortized under PAM method. As of March 31, 2026 the carrying value of the investment is \$93,000 which is included in the other assets in the unaudited consolidated financial statements. The estimated impact of the income tax expense for the three months ended March 31, 2026 was \$22,000 which is included in income tax expense in the unaudited consolidated statements of income.

Income tax expense for the three months ended March 31, 2026 was \$2.3 million with an effective tax rate of 22.7%, compared to \$2.8 million with an effective tax rate of 22.7% for the first quarter of 2025. Income tax expense for the first quarters of 2026 and 2025 included the benefit of certain discrete items related to stock compensation activity which typically has an outsized impact during the first quarter because that is when year-end stock compensation is issued.

On July 4, 2025, the one big beautiful bill (“OBBB”) was enacted into law. The legislation includes a number of significant tax-related provisions, including changes affecting corporate tax incentives, international tax provisions, and various business credits and deductions. Pursuant to ASC 740, Income Taxes, the Company recognized the effects of the OBBB in the third fiscal quarter of 2025, the period in which the legislation was enacted. The Company has evaluated the potential impact of the OBBB on its financial statements and, based on its assessment, there was not a material impact on the Company's first quarter 2026 results and the Company does not expect the legislation to have a material impact on future periods.

The Company recognizes interest and/or penalties related to income tax matters in income tax expense. There were no material interest or penalties recorded in income tax expense for the three months ended March 31, 2026 and 2025.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 11 – Commitments and Contingencies

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

At March 31, 2026 and December 31, 2025, commitments to extend credit totaled \$604.2 million and \$595.6 million, respectively. At March 31, 2026 and December 31, 2025, the Company had outstanding standby letters of credit of \$14.8 million and \$17.1 million, respectively.

The Company recorded allowance for credit losses on unfunded commitments of \$689,000 and \$705,000 at March 31, 2026 and December 31, 2025 respectively.

In the ordinary course of business, the Company is party to litigation involving collection matters, contract claims and other miscellaneous causes of action arising from its business. Management does not consider that any such proceedings depart from usual routine litigation.

Note 12 – Fair Value Measurements and Fair Values of Financial Instruments

Fair Value Measurement

Management uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Company could have realized in a sale transaction on the dates indicated. The fair value amounts have been measured as of their respective year-ends and have not been re-evaluated or updated for purposes of these financial statements subsequent to those respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

The Company follows ASC Topic 820, Fair Value Measurement, which establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 12 – Fair Value Measurements and Fair Values of Financial Instruments — (Continued)

Fair Value on a Recurring Basis

Investment Securities

Investment securities available for sale are measured at fair value by using matrix pricing (Level 2), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices.

Equity Securities

The Company has one equity security which is a Community Reinvestment Act ("CRA") eligible Fund that is actively traded. The fair value is derived via active trades which are Level 1 inputs.

Derivatives

The Company records all derivatives on the unaudited consolidated statements of financial condition at fair value. The Company currently only has interest rate derivatives resulting from a service provided to certain qualified borrowers in a loan-related transaction. The fair value of the Company's derivatives is determined using discounted cash flow analysis using observable market-based inputs, which are considered Level 2 inputs.

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy are presented in the following tables as of the dates indicated:

	March 31, 2026			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities available for sale:	(in thousands)			
U.S. Government-sponsored agency securities	\$ 2,485	\$ -	\$ 2,485	\$ -
Residential mortgage-backed securities:				
FNMA and FHLMC	72,070	-	72,070	-
GNMA	18,337	-	18,337	-
U.S. Treasury securities	4,021	-	4,021	-
SBA pools	2,372	-	2,372	-
Asset-backed securities	321	-	321	-
Corporate obligations	998	-	998	-
Total securities available for sale	<u>\$ 100,604</u>	<u>\$ -</u>	<u>\$ 100,604</u>	<u>\$ -</u>
Equity securities	1,918	1,918	-	-
Derivative assets	10,135	-	10,135	-
Total	<u>\$ 112,657</u>	<u>\$ 1,918</u>	<u>\$ 110,739</u>	<u>\$ -</u>
Derivative liabilities	<u>\$ 10,135</u>	<u>\$ -</u>	<u>\$ 10,135</u>	<u>\$ -</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 12 – Fair Value Measurements and Fair Values of Financial Instruments — (Continued)

	December 31, 2025			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities available for sale:				
	(in thousands)			
U.S. Government-sponsored agency securities	\$ 2,504	\$ -	\$ 2,504	\$ -
Residential mortgage-backed securities:				
FNMA and FHLMC	75,747	-	75,747	-
GNMA	16,722	-	16,722	-
U.S. Treasury securities	6,040	-	6,040	-
SBA pools	2,383	-	2,383	-
Asset-backed securities	347	-	347	-
Corporate obligations	997	-	997	-
Total securities available for sale	\$ 104,740	-	104,740	-
Equity securities	1,930	1,930	-	-
Derivative assets	10,428	-	10,428	-
Total	\$ 117,098	\$ 1,930	\$ 115,168	\$ -
Derivative liabilities	\$ 10,428	\$ -	\$ 10,428	\$ -

Fair Value on a Nonrecurring Basis

Collateral dependent loans and other real estate owned are measured based on fair value of the underlying collateral; they are recorded at estimated fair value less estimated selling costs. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds. These loans and other real estate owned are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements.

For assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy are presented in the following tables as of the dates indicated:

	March 31, 2026			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Collateral dependent loans	\$ 1,292	\$ -	\$ -	\$ 1,292
Total	\$ 1,292	\$ -	\$ -	\$ 1,292

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 12 – Fair Value Measurements and Fair Values of Financial Instruments — (Continued)

	December 31, 2025			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Collateral dependent loans	\$ 1,436	\$ -	\$ -	\$ 1,436
Total	\$ 1,436	\$ -	\$ -	\$ 1,436

The following tables present additional information about Level 3 assets measured at fair value on a nonrecurring basis as of the dates indicated:

Quantitative Information about Level 3 Fair Value Measurements

March 31, 2026					
Fair Value	Valuation Method	Unobservable Input	Discount ⁽³⁾	Average ⁽³⁾	
(dollars in thousands)					
Collateral dependent loans	\$ 1,292	Fair value of collateral ⁽¹⁾	Appraised Value ⁽²⁾	8%	8%
Total	\$ 1,292				

Quantitative Information about Level 3 Fair Value Measurements

December 31, 2025					
Fair Value	Valuation Method	Unobservable Input	Discount ⁽³⁾	Average ⁽³⁾	
(dollars in thousands)					
Collateral dependent loans	\$ 1,436	Fair value of collateral ⁽¹⁾	Appraised Value ⁽²⁾	8%	8%
Total	\$ 1,436				

(1) Fair value is generally determined through independent appraisals of the underlying collateral, which include Level 3 inputs that are unobservable.

(2) Appraisals may be adjusted by management for qualitative factors such as economic conditions and estimated liquidation expenses.

(3) The range and weighted average of qualitative factors such as economic conditions and estimated liquidation expenses are presented as a percent of the appraised value.

Fair Value of Financial Instruments

Accounting guidance requires the disclosure of the estimated fair value of certain financial instruments, including those financial instruments for which the Company did not elect the fair value option, and requires the use of an exit price notion when measuring the fair value of financial instruments for disclosure purposes. Estimated fair values have been determined using available market information and appropriate valuation methodologies. Considerable judgment is required to interpret market data to develop estimates of fair value. The estimates presented are not necessarily indicative of amounts the Company could realize in a current market exchange. The use of alternative market assumptions and estimation methodologies could have a material effect on these estimates of fair value.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 12 – Fair Value Measurements and Fair Values of Financial Instruments — (Continued)

The carrying amounts and estimated fair values of the Company's financial instruments are provided in the following tables as of the dates indicated:

		March 31, 2026			
		Fair Value Measurements Using:			
	Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(in thousands)					
Financial Assets:					
Cash and cash equivalents	\$ 318,178	\$ 318,178	\$ 318,178	\$ -	\$ -
Interest bearing time deposits with banks	747	756	-	756	-
Investment securities available for sale	100,604	100,604	-	100,604	-
Investment securities held to maturity	40,951	38,210	-	38,210	-
Equity securities, at fair value	1,918	1,918	1,918	-	-
Restricted investment in bank stocks	13,202	13,202	-	13,202	-
Net loans	3,258,191	3,248,225	-	-	3,248,225
Accrued interest receivable	14,887	14,887	-	14,887	-
Derivative assets	10,135	10,135	-	10,135	-
Loan servicing rights	550	602	-	-	602
Financial Liabilities:					
Non-maturity deposits	2,373,465	2,373,115	2,373,115	-	-
Time deposits	853,974	852,017	-	852,017	-
Borrowings	221,606	221,679	-	221,679	-
Subordinated debentures	34,419	35,000	-	35,000	-
Accrued interest payable	4,746	4,746	-	4,746	-
Derivative liabilities	10,135	10,135	-	10,135	-
		December 31, 2025			
		Fair Value Measurements Using:			
	Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(in thousands)					
Financial Assets:					
Cash and cash equivalents	\$ 309,220	\$ 309,220	\$ 309,220	\$ -	\$ -
Interest bearing time deposits with banks	747	745	-	745	-
Investment securities available for sale	104,740	104,740	-	104,740	-
Investment securities held to maturity	40,424	37,866	-	37,866	-
Equity securities, at fair value	1,930	1,930	1,930	-	-
Restricted investment in bank stocks	13,877	13,877	-	13,877	-
Net loans	3,247,841	3,283,025	-	-	3,283,025
Accrued interest receivable	14,382	14,382	-	14,382	-
Derivative assets	10,428	10,428	-	10,428	-
Loan servicing rights	522	573	-	-	573
Financial Liabilities:					
Non-maturity deposits	2,385,700	2,385,700	2,385,700	-	-
Time deposits	816,608	815,549	-	815,549	-
Borrowings	236,672	237,106	-	237,106	-
Subordinated debentures	34,384	34,739	-	34,739	-
Accrued interest payable	4,763	4,763	-	4,763	-
Derivative liabilities	10,428	10,428	-	10,428	-

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 13 – Derivatives and Hedging Activities

Risk Management Objective of Using Derivatives

The Company is exposed to certain risk arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. All changes in fair value of the Company's derivatives are recognized directly in earnings, reported in other income on the unaudited consolidated statements of income. As of March 31, 2026 and December 31, 2025, the changes in the fair value of derivative assets are off-set by the changes in the fair value of derivative liabilities so there is no net impact on the unaudited consolidated statements of income. The changes in derivative assets and derivative liabilities are included as operating activities in the unaudited consolidated statement of cash flows. The Company currently only has interest rate derivatives resulting from a service provided to certain qualified borrowers in a loan related transaction and, therefore, are not used to manage interest rate risk in the Company's assets or liabilities.

Non-designated Hedges

Derivatives not designated as hedges are not speculative and result from a service the Company provides to certain borrowers. The Company executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting derivatives that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate derivatives associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings.

Tabular Disclosure of Fair Values of Derivative Instruments on the Consolidated Statements of Financial Condition

The tables below present the fair value of the Company's derivative financial instruments as well as their classification on the unaudited consolidated statements of financial condition as of the dates indicated:

	Fair Values of Derivative Instruments as of March 31, 2026					
	Derivative Assets			Derivative Liabilities		
	(in thousands)					
	Notional Amount	Consolidated Statements of Financial Condition Location	Fair Value	Notional Amount	Consolidated Statements of Financial Condition Location	Fair Value
Derivatives not designated as hedging instruments						
Interest Rate Products	\$ 210,797	Other Assets	\$ 10,135	\$ 210,797	Other Liabilities	\$ 10,135
Total derivatives not designated as hedging instruments ⁽¹⁾			\$ 10,135			\$ 10,135
Netting adjustments ⁽²⁾			929			929
Cash collateral ⁽³⁾			8,277			-
Net Derivative Amounts			\$ 929			\$ 9,206

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 13 – Derivatives and Hedging Activities — (Continued)

	Fair Values of Derivative Instruments as of December 31, 2025					
	Derivative Assets			Derivative Liabilities		
	(in thousands)					
	Notional Amount	Consolidated Statements of Financial Condition Location	Fair Value	Notional Amount	Consolidated Statements of Financial Condition Location	Fair Value
Derivatives not designated as hedging instruments						
Interest Rate Products	\$ 222,494	Other Assets	\$ 10,428	\$ 222,494	Other Liabilities	\$ 10,428
Total derivatives not designated as hedging instruments ⁽¹⁾			\$ 10,428			\$ 10,428
Netting adjustments ⁽²⁾			1,397			1,397
Cash collateral ⁽³⁾			7,418			-
Net Derivative Amounts			\$ 1,613			\$ 9,031

(1) Gross amounts are not offset in the Condensed Consolidated Statements of Financial Condition and the Company has not made an election to offset its derivative positions.

(2) Netting adjustments represents the amounts recorded to convert derivative assets and liabilities from a gross basis to a net basis in accordance with the applicable accounting guidance. The Company's interest rate swaps with institutional counterparties are subject to master netting arrangements. Interest rate swaps with commercial banking customers are not subject to master netting arrangements.

(3) Cash collateral represents the amount that cannot be used to offset the Company's derivative assets and liabilities from a gross basis to a net basis in accordance with the applicable accounting guidance. The application of the collateral cannot reduce the net derivative position below zero. Therefore, excess other collateral, if any, is not reflected above.

Credit-risk-related Contingent Features

The Company has agreements with each of its derivative counterparties that contain a provision whereby if the Company either defaults or is capable of being declared in default on any of its indebtedness, then the Company could also be declared in default on its derivative obligations.

As of March 31, 2026 and December 31, 2025, the fair value of derivatives in a net asset position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was \$8.3 million and \$7.6 million, respectively. As of March 31, 2026, the Company received \$9.0 million in cash collateral related to these agreements and is included in restricted cash on the unaudited consolidated statement of financial condition. The Company did not post any cash collateral as of March 31, 2026. As of December 31, 2025, the Company received \$7.5 million in cash collateral related to these agreements. The Company did not post any cash collateral as of December 31, 2025 related to these agreements. If the Company had breached any of these provisions at March 31, 2026, it could have been required to settle its obligations under the agreements at their termination value of \$9.2 million.

Note 14 – Leases

As of March 31, 2026, the Company leased twenty-one locations under non-cancellable operating leases, which expire at various dates through January 31, 2031. All of the Company's operating leases have renewal options. The renewal options are primarily for five years and are included in the calculation of the Company's right-of-use assets ("ROU") and lease liabilities when they are expected to be exercised. Certain leases also have escalation clauses which are primarily fixed dollar amount increases. No operating leases include variable lease payments. Two of the Company's operating leases are with related parties. The Company currently does not have any finance leases.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 14 – Leases — (Continued)

All of the operating leases in which the Company is the lessee are comprised of real property primarily for branches and office space. ROU assets and operating lease liabilities are reflected in the unaudited consolidated statements of financial condition in other assets and other liabilities, respectively.

The Company has elected not to include short-term leases (i.e., leases with initial terms of twelve months or less) in the unaudited consolidated statements of financial condition as provided for in the guidance. The Company did not enter into any short-term leases during the quarter ended March 31, 2026 or the year ended December 31, 2025.

The following provides additional information about the Company's operating leases:

	March 31, 2026	December 31, 2025
ROU assets (in thousands)	\$ 11,712	\$ 12,438
Lease liabilities (in thousands)	\$ 12,227	\$ 12,939
Weighted average remaining lease term (in years)	5.27	5.42
Weighted average discount rate	4.01%	3.99%

Future minimum payments for the periods ended:
(in thousands)

Remainder of 2026	\$ 2,520
2027	3,255
2028	2,662
2029	1,567
2030	1,090
Thereafter	2,654
Total Lease Payments	13,748
Less: Imputed interest	(1,521)
Total lease liabilities	\$ 12,227

	Three Months Ended March 31,	
	2026	2025
	(in thousands)	
Operating lease cost (cost resulting from lease payments)	\$ 845	\$ 737
Operating cash flows from operating leases	\$ 827	\$ 740

Total lease rental expenses were \$1.1 million and \$990,000 for the three months ended March 31, 2026 and 2025, respectively. Total rental expenses include certain common area maintenance charges and equipment leasing expenses and is included in occupancy and equipment expense on the unaudited consolidated statements of income.

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

The following management discussion and analysis of the Company's unaudited consolidated financial condition as of March 31, 2026 and the results of operations for the three months ended March 31, 2026 and 2025 ("MD&A") should be read in conjunction with the consolidated audited financial statements, including notes thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the Federal Deposit Insurance Corporation ("FDIC"), and the other information therein. The consolidated statements of financial condition as of March 31, 2026, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the three months ended March 31, 2026 and 2025, are unaudited. The consolidated statements of financial condition as of December 31, 2025 were derived from the audited consolidated statements of financial condition that were included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. The unaudited condensed consolidated financial statements include, in the opinion of management, all adjustments considered necessary for a fair presentation of such data. As used in this Quarterly Report on Form 10-Q, "we," "us," "our," "the Bank" and "the Company" refer to First Bank and its consolidated subsidiaries, unless otherwise noted.

Cautionary Statement Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements regarding First Bank's future financial and business performance, business and growth strategy, projected plans, objectives for our business, products and risk management, integration of the acquired businesses and anticipated results related thereto, our ability to recognize anticipated operational efficiencies, our market presence and desirability of the markets we operate in, competition in our markets, our competitive strength, consumers behavior and relative expectations, our share repurchase programs, anticipated changes in statutes, regulations or regulatory policies applicable to us and their impacts on our business, and other projections based on macroeconomic and industry conditions and trends, which are inherently unreliable due to the multiple factors that impact economic trends, and any such variations may be material. Such forward-looking statements are based on various facts and derived utilizing important assumptions, current expectations, estimates and projections about First Bank, any of which may change over time and some of which may be beyond First Bank's control. Statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans" and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature and not historical facts, although not all forward-looking statements include the foregoing.

Further, certain important factors that could affect First Bank's future results and cause actual results to differ materially from those expressed in the forward-looking statements include, but are not limited to: whether First Bank can: successfully implement its growth strategy, including identifying acquisition targets, consummating and integrating suitable acquisitions and realizing anticipated efficiencies, sustain its internal growth rate, and provide competitive products and services that appeal to its customers and target markets; difficult market conditions and unfavorable economic trends in the United States generally, and particularly in the market areas in which First Bank operates and in which its loans are concentrated, including the effects of inflation, declines in housing markets and public sentiment regarding the financial services industry; the chance that we may experience material weaknesses in our internal control over financial reporting or otherwise fail to maintain an effective system of internal controls in the future; an increase in unemployment levels and slowdowns in economic growth; First Bank's level of nonperforming assets and the costs associated with resolving any problem loans including litigation and other costs; changes in market interest rates may increase funding costs or reduce earning asset yields thus reducing margin; the impact of changes in interest rates, both up and down, and the credit quality and strength of underlying collateral and the effect of such changes on the market value of First Bank's investment securities portfolio; decreases in the value of securities and other assets, adequacy of loan loss reserves, or deposit levels necessitating increased borrowing to fund loans and investments; operational risks, including, but not limited to, the effects of cybersecurity incidents, fraud, natural disasters, public health emergencies, and geopolitical conflicts; the extensive federal and state regulation, supervision and examination governing almost every aspect of First Bank's operations, including the effect of any changes in regulations affecting financial institutions and expenses associated with complying with such regulations; uncertainties in tax estimates and valuations, including due to changes in state and federal tax law; First Bank's ability to comply with applicable capital and liquidity requirements, including the ability to generate liquidity internally or raise capital on favorable terms, including continued access to the debt and equity capital markets; and possible changes in trade, monetary and fiscal policies, accounting standards, laws and regulations and other activities of governments, agencies, and similar organizations.

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For discussion of these and other risks, uncertainties, and assumptions, including the important factors that may cause actual results to differ from expectations, please refer to Item 1A. Risk Factors in this Annual Report on Form 10-K and any updates to those risk factors set forth in First Bank's subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K. If one or more events related to these or other risks or uncertainties materialize, or if First Bank's underlying assumptions prove to be incorrect, actual results may differ materially from what First Bank anticipates. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and First Bank does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements, expressed or implied, included in this communication are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that First Bank or persons acting on First Bank's behalf may issue.

Business Overview

We are a New Jersey-chartered commercial bank which commenced operations in April 2007. We are regulated by the New Jersey Department of Banking and Insurance and the FDIC. We are headquartered in Hamilton, Mercer County, New Jersey, with total assets of \$3.97 billion, total loans of \$3.30 billion, total deposits of \$3.23 billion and total stockholders' equity of \$449.4 million at March 31, 2026. As of March 31, 2026 we operated twenty-six full-service branches, including five branches and our corporate and administrative offices in our primary market of Mercer County, New Jersey. Our branch network traverses the New York to Philadelphia corridor and includes a single location in Palm Beach County, Florida. We target business from individuals, businesses, and governmental entities located in our primary service regions throughout New Jersey and eastern Pennsylvania, with a particular focus on the corridor between New York City and Philadelphia.

We provide lending, deposit and other financial products and services with an emphasis on commercial real estate and commercial and industrial loans to small to mid-sized businesses and individuals. We also provide digital banking capabilities and treasury management products and services.

We focus on traditional deposit and loan products with businesses and individuals living and working in our markets as the source of most of our business. The majority of our deposits come from individuals and businesses located in close proximity to our branches. Most of our lending customers come from the New York City to Philadelphia corridor. By providing a superior customer experience, including access to our decision makers, and by expanding our brand into communities located in our target markets, we can continue to grow our business, increase profitability and create value for our shareholders.

We have a wholly-owned investment company subsidiary, FB Delaware Investment Company, Inc., a Delaware corporation, which was formed to manage an investment in commercial real estate. FB Delaware Investment Company, Inc. has in turn a wholly-owned New Jersey subsidiary, FB Preferred Capital, Inc., to hold and manage its commercial real estate loans. We also have several wholly-owned subsidiaries we utilize to hold foreclosed assets.

Financial service providers are challenged by intense competition, changing customer demands, increased pricing pressures and the ongoing impact of new regulations and industry consolidation. This is more so for traditional loan and deposit services, due to continuous competitive pressures as both banks and nonbanks compete for customers with a broad array of banking, investment and capital market products. Despite the challenges and competition, our key strengths include establishing relationships and providing personalized and specialized service to attract high quality business to the Company. We believe that the key differentiating factors between us and our competition are our philosophy of relationship banking and our in-market expertise. We remain committed to building customer relationships and delivering quality service to the banking markets we serve.

Critical Accounting Estimates

Our unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). In the preparation of our unaudited condensed consolidated financial statements, we are required to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

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We define our critical accounting estimates as those that require us to make subjective estimates and judgments about matters that are uncertain and are likely to have a material impact on our financial condition and results of operations as well as the specific manner in which we apply those principles. We believe our accounting policies governing the allowance for credit losses and the evaluation of goodwill for impairment, are critical accounting estimates. Management has reviewed and approved these critical accounting estimates and has discussed these policies with the Audit and Risk Management Committee of our Board of Directors.

Our critical accounting estimates are fundamental to understanding Management's Discussion and Analysis of Financial Condition and Results of Operations. We believe the estimates used in the preparation of our financial statements that require significant estimates and judgements are as follows:

Allowance for Credit Losses. The CECL model applies to loans and leases, unfunded lending commitments, held to maturity debt securities and other debt instruments measured at amortized cost. The impairment model for available for sale debt securities requires the recognition of credit losses through a valuation allowance when fair value is less than amortized cost, regardless of whether the impairment is considered to be other than temporary. The largest component of the Company's Allowance for Credit Losses ("ACL") is on loans.

The ACL on loans is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Credit quality within the loan portfolio is continuously monitored by management and is reflected within the ACL on loans. The ACL on loans is adjusted through a credit loss expense or benefit and reduced by loan charge offs, net of recoveries. The adequacy of our ACL is evaluated regularly and at least quarterly. The loan loss estimation process involves procedures to appropriately consider the unique characteristics of our loan portfolio segments. When computing ACL levels, credit loss assumptions are estimated using a model that categorizes loan pools based on loss history and other credit trends and risk characteristics, including current conditions and reasonable and supportable forecasts about the future. Our CECL model is primarily based on a vintage approach which estimates future losses over the expected life of the loan based on historical loan charge offs, net of recoveries and adjusted for qualitative factors. Based on the nature of the acquired loan portfolio from the Malvern Bank acquisition on July 17, 2023, and the loan data available, we utilize a probability of default/loss given default method for these loans. We evaluate our key assumptions and projections, such as the expected life of each loan segment and our economic projections, on at least a quarterly basis. Evaluations of the portfolio and individual credits are inherently subjective, as they require estimates, assumptions and judgments as to the facts and circumstances of particular situations. Determining the appropriateness of the ACL is complex and requires judgement by management about the effect of matters that are inherently uncertain. In future periods, evaluations of the overall loan portfolio, in light of the factors and forecasts then prevailing, may result in significant changes in the ACL and credit loss expense. Furthermore, the majority of our loans are secured by real estate in New Jersey and Pennsylvania. Accordingly, the collectability of a substantial portion of the carrying value of our loan portfolio is susceptible to changes in local market conditions and may be adversely affected by declines in real estate values. Future adjustments to the ACL may be necessary due to economic, operating, regulatory and other conditions beyond our control. We believe that our ACL is adequate to cover probable losses which are specifically identifiable, as well as losses inherent in our portfolio which are probable but not specifically identifiable.

The vintage loss rate approach creates segments of loans as outlined above and the loan segments are further sorted by loan origination year. Historical charge offs percentages, net of recoveries are calculated for each loan segment. An average life is also estimated for each loan segment based on the Company's historical loan data. The actual historical charge offs as a percent of total loans are calculated for each vintage year within each loan segment and projected based on historical charge off data for future years within the average life horizon of each loan segment. Those charge off percentages are added together to obtain an aggregated vintage loss percentage which is then multiplied by the outstanding loan balances at period end to obtain the quantitative portion of the ACL. The qualitative portion of the allowance is based on general economic forecasts and conditions and other internal and external factors affecting the Company as a whole, as well as specific loans. Factors considered include the following: loan delinquency levels and trends, concentrations of credit, average loan risk ratings and trends, the Company's lending policies and underwriting standards and the Company's lending management's experience depth and ability. The Company utilizes economic forecasts over a two-year reasonable and supportable forecast period followed by a cliff reversion to historical data. The Company uses national and local economic conditions projections including gross domestic product, unemployment rate, and inflationary rate published by reputable and credible third parties widely accepted in the industry.

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For the acquired Malvern loan portfolio, the Company utilizes a probability of default/loss given default methodology. Under the probability of default/loss given default methodology, loans are segmented similarly to the vintage method and an average life is also determined for each loan segment consistent with the vintage methodology. The probability of default is the likelihood that a loan will not be repaid and will default. It is calculated for each loan category. Loss Given Default is the fractional loss due to default. Factors to determine the probability of default are historical loan charge-offs, loan risk ratings and other qualitative factors such as loan delinquency levels and economic forecasts. The economic forecasts utilized to determine the probability of default are the same as the forecasts used in the vintage method. Factors to determine the loss given default include LTVs and historical loss rates. Based on these factors each loan is assigned a probability of default and loss given default. The probability of default is then multiplied by the loss given default to determine the required ACL.

The formal evaluation process for determining the adequacy of the ACL takes place on a quarterly basis. As part of our formal process, our lending staff reevaluates the original rating assigned to the loans based on the current loan characteristics and updates the original rating accordingly. In addition, on a quarterly basis our Asset Quality Review ("AQR") Committee, which includes the President and CEO, Chief Lending Officer, Chief Credit Officer, Chief Financial Officer, Chief Accounting Officer, Controller and loan relationship and workout managers, formally reviews the ratings on all criticized and classified loans. The AQR Committee also oversees higher risk performing loans classified as special mention, substandard, or nonperforming loans. We define higher risk performing loans as those loans that exhibit certain weaknesses and require a higher level of monitoring because of factors such as payment performance, business conditions, nature of collateral and other factors, as appropriate. The AQR Committee reviews changes in risk ratings, approves strategies regarding problem credits and reviews distressed credit loan analyses. Risk classifications range from one to ten or from minimal risk to loss. Charge offs are also determined based on this review process. The AQR Committee confirms ACL allocations for all distressed credits each quarter.

The ACL for individual loans, such as non-accrual and purchase credit deteriorated loans, that do not share risk characteristics with other loans are evaluated individually. Collateral-dependent loans are loans in which repayment of the loan is expected to be provided substantially through the sale of the collateral. The expected credit loss for collateral-dependent loans is measured as the difference between the amortized cost basis of the loan and the fair value of the collateral, which is adjusted for the estimated cost to sell.

We are required to conduct an impairment evaluation on available for sale ("AFS") securities to determine whether the Company has the intent to sell the security, or it is more likely than not that it will be required to sell the security before recovery. If these situations apply, the guidance requires us to reduce the security's amortized cost basis down to its fair value through earnings. We also evaluate the unrealized losses on AFS securities to determine if a security's decline in fair value below its amortized cost basis is due to credit factors. The evaluation was based upon factors such as the creditworthiness of the underlying issuer, historic payment history of each individual investment security and if applicable, the level of credit support in the security structure. Management also evaluates other factors and circumstances that may be indicative of a decline in the fair value of the security due to a credit factor. This includes, but is not limited to, an evaluation of the type of security, length of time and extent to which the fair value has been less than cost and near-term prospects of the issuer. If this assessment indicates that a credit loss exists, the present value of the expected cash flows of the security is compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost, an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis under ASC Topic 326, and declines due to non-credit factors are recorded in accumulated other comprehensive income ("AOCI"), net of taxes. If a credit loss is recognized in earnings, subsequent improvements to the expectation of collectability will be recognized through the ACL. If the fair value of the security increases above its amortized cost, the unrealized gain will be recorded in AOCI, net of taxes, on the unaudited consolidated statements of financial condition.

We segment our held to maturity ("HTM") portfolio into agency residential mortgage-backed securities, obligations of state and political subdivisions and corporate obligations to determine the ACL. The ACL is determined based on the Company's historical losses, adjusted for qualitative factors including economic forecasts over a two-year reasonable and supportable forecast period. The Company has determined that for agency residential mortgage-backed securities it would be appropriate to assume the expected credit loss to be zero because these securities are guaranteed by enterprises that have credit ratings on par with the U.S. government or are guaranteed by the U.S. government. This assumption will be reviewed and attested to quarterly.

Goodwill and Other Intangible Assets. Our intangible assets consist primarily of goodwill and core deposit intangibles. The initial recording of goodwill and other intangible assets requires subjective judgments concerning estimates of the fair value of the acquired assets and assumed liabilities. Goodwill is not amortized but is subject to annual tests for impairment, or more often if events or circumstances indicate it may be impaired. We may elect to perform a qualitative assessment for the annual impairment test. If the qualitative assessment indicates it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or if we elect not to perform a qualitative assessment, then we would be required to perform a quantitative test for goodwill impairment. If the estimated fair value of the reporting unit is less than the carrying value, goodwill is impaired and is written down to its estimated fair value.

In 2025 and 2024, we elected to perform a qualitative assessment of goodwill, as part of our established annual assessment date of August 31. Based on that assessment, we determined that it was more likely than not that the unit's fair value was not less than its carrying amount at both dates. We concluded that none of our goodwill was impaired as of August 31, 2025 or August 31, 2024. As of March 31, 2026 and December 31, 2025, no triggering events were identified and therefore, we did not perform an interim impairment evaluation.

We believe that the fair values of our intangible assets were in excess of their carrying amounts and therefore there was no impairment of intangible assets at March 31, 2026.

Recent Authoritative Accounting Guidance

See Note 1 of the Notes to unaudited condensed consolidated financial statements located elsewhere in this document for a description of recent authoritative accounting guidance including, if applicable, the respective dates of adoption and effects on our consolidated financial condition and results of operations.

Comparison of Results of Operations for Three Months Ended March 31, 2026 and 2025

Net Income

Net income for the three months ended March 31, 2026 was \$7.6 million compared to \$9.4 million of net income for the same period in 2025. Diluted earnings per share were \$0.30 for the three months ended March 31, 2026 compared to diluted earnings per share of \$0.37 for the same period in 2025. The decrease in net income was primarily due to an increase of \$4.0 million in credit loss expense and an increase in non-interest expense of \$559,000, partially offset by an increase in net interest income of \$1.9 million driven by decreased interest expense. Income tax expense for the three months ended March 31, 2026 and 2025 was \$2.3 million with an effective tax rate of 22.7% and \$2.8 million with an effective tax rate of 22.7%, respectively.

Net Interest Income

Our results of operations depend primarily on our net interest income, the largest and most significant component of our operating income. Net interest income is the difference between income on our interest earning assets and the expense on interest bearing liabilities, primarily deposits. Net interest income depends upon the relative amounts and types of interest earning assets and interest-bearing liabilities, and the interest rate earned or paid on them. Net interest income is also impacted by changes in interest rates and the shape of market yield curves. Net interest spread is the difference between the weighted average rate received on interest earning assets and the weighted average rate paid to fund those interest earning assets.

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The following tables provide an analysis of net interest income by each major category of average interest earning assets and average interest-bearing liabilities, and the related average interest yields and costs for the periods indicated. Average yields are derived by dividing annualized interest income by the average balance of the related assets, and average costs are derived by dividing annualized interest expense by the average balance of the related liabilities. The average interest yields and costs include fees, costs, premiums and discounts, which are considered adjustments to interest rates.

	Three Months Ended March 31,					
	2026			2025		
	Average Balance	Interest	Average Rate ⁽⁵⁾	Average Balance	Interest	Average Rate ⁽⁵⁾
(dollars in thousands)						
Interest earning assets						
Investment securities ^{(1) (2)}	\$ 146,775	\$ 1,398	3.86%	\$ 134,274	\$ 1,250	3.78%
Loans ⁽³⁾	3,296,478	51,648	6.35%	3,170,772	51,552	6.59%
Interest bearing deposits with banks, Federal funds sold and other	266,057	2,425	3.70%	234,032	2,575	4.46%
Restricted investment in bank stocks	13,112	284	8.78%	14,137	300	8.61%
Other investments	17,909	108	2.45%	14,054	122	3.52%
Total interest earning assets ⁽²⁾	3,740,331	55,863	6.06%	3,567,269	55,799	6.34%
Allowance for credit losses	(45,994)			(38,181)		
Non-interest earning assets	244,814			261,101		
Total assets	\$ 3,939,151			\$ 3,790,189		
Interest bearing liabilities						
Interest bearing demand deposits	\$ 602,566	\$ 3,284	2.21%	644,736	\$ 4,027	2.53%
Money market deposits	1,049,717	7,602	2.94%	1,045,013	8,631	3.35%
Savings deposits	150,213	608	1.64%	142,502	650	1.85%
Time deposits	840,849	7,658	3.69%	717,881	7,536	4.26%
Total interest bearing deposits	2,643,345	19,152	2.94%	2,550,132	20,844	3.31%
Borrowings	213,406	2,034	3.87%	234,526	2,412	4.17%
Subordinated debentures	34,396	658	7.65%	29,963	440	5.87%
Total interest bearing liabilities	2,891,147	21,844	3.06%	2,814,621	23,696	3.41%
Non-interest bearing deposits	555,321			521,326		
Other liabilities	42,949			40,570		
Stockholders' equity	449,734			413,672		
Total liabilities and stockholders' equity	\$ 3,939,151			\$ 3,790,189		
Net interest income/interest rate spread ⁽²⁾		34,019	3.00%		32,103	2.93%
Net interest margin ^{(2) (4)}			3.69%			3.65%
Tax equivalent adjustment ⁽²⁾		(10)			(11)	
Net interest income		\$ 34,009			\$ 32,092	

(1) Average balance of investment securities available for sale is based on amortized cost.

(2) Interest and average rates are presented on a tax equivalent basis using a federal income tax rate of 21%.

(3) Average balances of loans include loans on nonaccrual status.

(4) Net interest income divided by average total interest earning assets.

(5) Annualized.

Rate/Volume Analysis

Changes in net interest income and margin result from the interaction between the volume and composition of interest earning assets, interest bearing liabilities and related yields and funding costs. The following tables demonstrate the impact on net interest income of changes in the volume of interest earning assets and interest-bearing liabilities and changes in interest rates earned and paid for the periods presented.

Three Months Ended March 31, 2026 versus 2025			
Increase (Decrease) Due to Change in ⁽¹⁾			
	Average Volume	Average Rate	Net Change
	(in thousands)		
Interest income			
Investment securities ⁽²⁾	\$ 119	\$ 29	\$ 148
Loans	2,005	(1,909)	96
Interest bearing deposits with banks, Federal funds sold and other	325	(475)	(150)
Restricted investment in bank stocks	(22)	6	(16)
Other investments	29	(43)	(14)
Total interest income ⁽²⁾	2,456	(2,392)	64
Interest expense			
Interest bearing demand deposits	(252)	(491)	(743)
Money market deposits	39	(1,068)	(1,029)
Savings deposits	34	(76)	(42)
Time deposits	1,194	(1,072)	122
Total interest bearing deposits	1,015	(2,707)	(1,692)
Borrowings	(208)	(169)	(377)
Subordinated debentures	71	146	217
Total interest expense	878	(2,730)	(1,852)
Net interest income ⁽²⁾	\$ 1,578	\$ 338	\$ 1,916

(1) Changes in interest income or expense attributable to both changes in volume and changes in rate have been allocated in proportion to the relationship of the absolute dollar amount of change in each category.

(2) Tax equivalent using a federal income tax rate of 21%.

The table below presents the changes in interest earning asset and interest bearing liability average balances, interest income and interest expense over the comparable prior year period:

	Average Balance Change		Interest Change		Rate/Margin Change
	\$	%	\$	%	%
	(dollars in thousands)				
Interest earning assets					
Investment securities ⁽¹⁾⁽²⁾	12,501	9.31%	148	11.84%	0.08%
Loans ⁽³⁾	125,706	3.96%	96	0.19%	(0.24%)
Interest bearing deposits with banks					
Federal funds sold and other	32,025	13.68%	(150)	(5.83%)	(0.76%)
Restricted investment in bank stocks	(1,025)	(7.25%)	(16)	(5.33%)	0.17%
Other Investments	3,855	27.43%	(14)	(11.48%)	(1.07%)
Total interest earning assets ⁽²⁾	173,062	4.85%	64	0.11%	(0.28%)
Interest bearing liabilities					
Deposits	93,213	3.66%	(1,692)	(8.12%)	(0.37%)
Borrowings	(21,120)	(9.01%)	(378)	(15.67%)	(0.30%)
Subordinated debentures	4,433	14.79%	218	49.55%	1.78%
Total interest bearing liabilities	76,526	2.72%	(1,852)	(7.82%)	(0.35%)
Net interest income/interest rate spread ⁽²⁾			1,916	5.97%	
Net interest margin ⁽²⁾⁽⁴⁾					0.04%
Tax equivalent adjustment ⁽²⁾			1	(9.09%)	
Net Interest Income			1,917	5.97%	

(1) Average balance of investment securities available for sale is based on amortized cost.

(2) Interest income is presented on a tax equivalent basis using a federal income tax rate of 21%.

(3) Average balance of loans includes loans on nonaccrual status.

(4) Net interest income divided by average total interest earning assets.

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Our net interest margin on a tax equivalent basis was 3.69% for the three months ended March 31, 2026 compared to 3.65% for the three months ended March 31, 2025. The net interest margin is calculated by dividing net interest income by average interest earning assets. Loan prepayment penalty fees and amortization of premiums and discounts from fair value measurements of assets acquired and liabilities assumed in acquisitions impact our tax equivalent net interest margin. For the three months ended March 31, 2026 loan prepayment penalty fees totaled \$517,000, compared to \$134,000 for the three months ended March 31, 2025. The net impact of amortization of premiums and discounts from fair value measurements of assets acquired and liabilities assumed in acquisitions totaled \$1.3 million and \$2.8 million during the first quarter of 2026 and 2025, respectively.

During 2024, the Federal Open Market Committee ("FOMC") decreased the targeted Federal funds rate by 50 basis points in September, 25 basis points in November and another 25 basis points in December, lowering the targeted Federal funds upper limit rate to 4.50%. During 2025, the targeted Federal Funds rate remained unchanged until the FOMC decreased the rate by 25 basis points in September 2025, 25 basis points in October 2025 and another 25 basis points in December 2025. The decline in the Federal funds rate has helped to ease deposit pricing pressures while also lowering asset yields.

Key drivers of changes in net interest income:

Three months ended March 31, 2026 versus March 31, 2025

- The margin compared to the prior year period increased, primarily driven by an improved interest rate spread, reflecting declines in average rates on deposits and borrowings which outpaced the reduction in average yield on earning assets.
- Interest income on a tax equivalent basis year over year increased slightly primarily due to loan growth offset by a decrease of 24 basis points in the average yield on loans.
- The average balance increase in interest bearing deposits with banks and federal funds was more than offset by the decrease in average yield on those assets.
- The average balance of investments securities increased, primarily due to new investment securities purchased during 2025 and the first three months of 2026, coupled with a higher investment yield, resulted in a modest increase in interest income on investments. Our investment securities yield is affected by the U.S. Treasury yield curve and the types and durations of securities purchased.
- The decrease in average rates on interest bearing deposits drove interest expense lower, but was partially offset by the increase in average interest bearing deposits.
- The decrease in average borrowings was primarily due to the increase of average deposits to fund loan growth which was coupled with a decrease in the average rate and resulted in a modest decrease in interest expense on borrowings.
- Interest expense on subordinated debentures increased primarily due to \$35.0 million in new subordinated debentures issued on June 18, 2025. The proceeds from this issuance were used primarily to pay off \$30.0 million previously issued subordinated debentures on September 1, 2025.

In the current rate and economic environment, we will continue our focus on liquidity to ensure our liquidity position remains satisfactory to meet our funding requirements. Our deposit-gathering goals remain unchanged, and we will continue to build strong customer relationships that will help us grow core deposits and reduce our reliance on higher cost deposits, which would assist in managing our cost of funds. We have lowered rates on a significant portion of our deposit base after the recent rate cuts, however, the deposit environment continues to be very competitive. We also continue to manage a well-balanced asset and liability position.

Federal Reserve monetary policy and the effects of geopolitical issues on the economy will be key variables that will impact margin performance in 2026.

Credit Loss Expense

We recorded a credit loss expense totaling \$5.6 million during the three months ended March 31, 2026, compared to a credit loss expense totaling \$1.5 million for the same period of the previous year. The credit loss expense for the first quarter of 2026 was primarily due to additional charge-offs related to our small business portfolio and an increase in past due loans. The comparably lower expense during the three ended March 31, 2025 was primarily due to limited charge-offs and moderate past due loans. Our ratio of nonperforming loans to total loans was 0.79% at March 31, 2026 compared to 0.56% at December 31, 2025 and 0.36% at March 31, 2025. The allowance for credit losses to total loans ratio was 1.39% at March 31, 2026 compared to 1.38% at December 31, 2025 and 1.21% at March 31, 2025. The allowance for loan losses to nonperforming loans ratio was 175.47% at March 31, 2026 compared to 246.91% at December 31, 2025 and 338.60% at March 31, 2025. See "Allowance for Credit Losses" below for additional information.

Non-Interest Income

Non-interest income consists of income from service charges and related fees on deposit and loan accounts, income from bank owned life insurance, gains on sale of loans, gains on recovery of acquired loans, gain on sale of other assets and fees for other banking services. While our strategic focus on net interest income continues, we have benefited from targeted programs we have implemented to generate non-interest income. We are growing our Small Business Administration ("SBA") loan business and have a loan swap program in place for certain borrowers that also generates non-interest income. For the three months ended March 31, 2026 and 2025, non-interest income represented 6.6% and 5.8% respectively of our total net revenue, defined as net interest income plus total non-interest income.

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

	Three Months Ended March 31,			
	2026	2025	Change	
			\$	%
	(dollars in thousands)			
Non-Interest Income				
Service fees on deposit accounts	\$ 358	\$ 356	\$ 2	0.56%
Loan fees	256	326	(70)	(21.47%)
Income from bank-owned life insurance	748	793	(45)	(5.67%)
Gains on sale of loans, net	240	29	211	727.59%
Gains on recovery of acquired loans	61	24	37	154.17%
All other non-interest income ⁽¹⁾	721	443	278	62.75%
Total non-interest income	\$ 2,384	\$ 1,971	\$ 413	20.95%

(1) All other non-interest income includes all other non-interest income amounts not included in the other categories listed above.

Key drivers of changes in non-interest income:

Three months ended March 31, 2026 versus March 31, 2025

- Increased gains on sale of loans during the first three months of 2026 compared to 2025.
- Other non-interest income, for the first three months of 2026, included \$304,000 in gains on certain equity investments that are measured at net asset value ("NAV") per share.

Non-Interest Expense

Non-interest expense consists primarily of salaries and employee benefits, occupancy and equipment expense and other expenses related to conducting our operations and growing our business. Such other expenses primarily include data processing fees, marketing expenses, loan origination expenses and expenses associated with the management of problem assets, including other real estate owned ("OREO") expenses, if any, and regulatory and professional fees. Salaries and employee benefits is our largest component of non-interest expense. Occupancy and equipment expense is generally our second largest component of non-interest expense and consists primarily of rent, real estate taxes, maintenance costs and expenses associated with equipment.

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

	Three Months Ended March 31,			
	2026	2025	Change	
			\$	%
	(dollars in thousands)			
Non-Interest Expense				
Salaries and employee benefits	\$ 12,320	\$ 11,118	\$ 1,202	10.81%
Occupancy and equipment	2,581	2,464	117	4.75%
Legal fees	239	368	(129)	(35.05%)
Other professional fees	771	726	45	6.20%
Regulatory fees	621	684	(63)	(9.21%)
Directors' fees	255	282	(27)	(9.57%)
Data processing	791	805	(14)	(1.74%)
Marketing, advertising	433	399	34	8.52%
Travel and entertainment	282	236	46	19.49%
Insurance	182	214	(32)	(14.95%)
Other real estate owned expense, net	—	920	(920)	(100.00%)
All other expenses	2,468	2,168	300	13.84%
Total Non-Interest Expense	\$ 20,943	\$ 20,384	\$ 559	2.74%

Key drivers of changes in non-interest expense:
Three months ended March 31, 2026 versus March 31, 2025

- Salaries and employee benefits increased primarily due to a growing employee base with full-time equivalent employees increasing 3.8% from 315 at March 31, 2025 to 327 at March 31, 2026, combined with merit salary increases and increases in health benefit costs.
- Occupancy and equipment costs increased primarily due to higher weather-related maintenance costs and annual rent increases.
- Other real estate expense was muted in the first quarter of 2026 while the first quarter of 2025 included an \$815,000 write-down of an OREO asset. The Bank did not have any OREO properties during the first quarter of 2026.
- All other expenses include all other non-interest expense categories. The increase was primarily due to expenses related to strategic initiatives and our expanded customer base.

Our focus remains on the strong and consistent generation of net interest income. Our strength as a commercial lender combined with strong asset quality metrics and effective management of non-interest expense growth is the foundation for achieving our earnings goals in 2026. We continue to focus on our operating efficiency, even though we have experienced the continued impact of inflation on our expense base. Our objective is to maintain or improve our operating efficiency moving forward.

The efficiency ratio, a non-GAAP financial measure that we believe is widely followed in the banking industry, measures adjusted non-interest expense as a percentage of total revenue. This measure should not be directly compared to similarly titled measures reported by other companies, as we cannot guarantee other companies present similar measures in the same way.

The following table provides a reconciliation between certain GAAP financial measures (net interest income, non-interest income and non-interest expense) and the related non-GAAP measures (adjusted non-interest expense and adjusted total revenue) to derive the efficiency ratio measure:

	Three Months Ended March 31,	
	2026	2025
	(dollars in thousands)	
Non-interest expense	\$ 20,943	\$ 20,384
Add: Gains on sale of other real estate owned	-	815
Adjusted non-interest expense (numerator)	\$ 20,943	\$ 19,569
Net interest income	\$ 34,009	\$ 32,092
Non-interest income	2,384	1,971
Total net revenue	36,393	34,063
Bank owned life insurance incentive	-	(88)
Adjusted total revenue (denominator)	\$ 36,393	\$ 33,975
Efficiency ratio	57.55%	57.60%

Income Tax Expense

Income tax expense for the three months ended March 31, 2026 was \$2.3 million with an effective tax rate of 22.7%, compared to \$2.8 million with an effective tax rate of 22.7% for the first quarter of 2025. The effective tax rate for the first quarters of 2026 and 2025 included the impact of certain discrete items related to stock compensation activity which typically has an outsized impact during the first quarter because that is when year-end stock compensation is issued.

Our federal corporate income tax rate for the periods presented was 21%. We are primarily impacted by New Jersey state tax laws. On June 28, 2024, New Jersey passed legislation which enacted a 2.5% surtax, termed the "Corporate Transit Fee," on certain Corporation Business Tax ("CBT") taxpayers that have New Jersey allocated taxable net income over \$10 million. The new surtax is in addition to the CBT and applies to privilege periods beginning on or after January 1, 2024, through December 31, 2028. The Corporate Transit Fee of 2.5% is levied on businesses with annual taxable net income allocated to New Jersey greater than \$10 million. The 2024-2028 privilege rate will be imposed on the entire amount of the Company's taxable net income, not just our net income that exceeds \$10 million. The changes to New Jersey tax law are reflected in our overall effective tax rate and tax expense.

On July 4, 2025, the one big beautiful bill ("OBBB") was enacted into law. The legislation includes a number of significant tax-related provisions, including changes affecting corporate tax incentives, international tax provisions, and various business credits and deductions. Pursuant to ASC 740, Income Taxes, the Company was required to record the effects of the OBBB in the third fiscal quarter of 2025, the period in which the legislation was enacted. The Company has evaluated the potential impact of the OBBB on its financial statements and, based on its assessment, there was not a material impact on the Company's three-month results and the Company does not expect the legislation to have a material impact on future periods.

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Our effective tax rate reflects the ownership of tax-exempt bank-owned life insurance and tax-free municipal securities, the benefit of our real estate investment trust and our participation in certain federal and state tax credits. We continue to work with our tax advisors to identify opportunities to reduce our overall tax liability.

Comparison of Financial Condition at March 31, 2026 and December 31, 2025

Assets

Total assets increased from \$3.96 billion at December 31, 2025 to \$3.97 billion at March 31, 2026, an increase of \$12.7 million or 0.3%. Total loans increased \$10.9 million, or 0.3%, to \$3.30 billion at March 31, 2026 compared to \$3.29 billion at December 31, 2025. The increase reflected growth in commercial loans, after declines during the fourth quarter of 2025 driven primarily by elevated levels of loan payoffs.

The Bank also increased its cash and cash equivalents by \$9.0 million, or 2.9%, compared to December 31, 2025, to ensure adequate on-balance sheet liquidity. The growth in assets was partially funded by deposits and further augmented by an increase in retained earnings. As of March 31, 2026, the Bank's total deposits were \$3.23 billion, an increase of \$25.1 million, or 0.8%, from \$3.20 billion at December 31, 2025. Deposit growth was primarily due to our team's success in attracting new deposit relationships while also maintaining existing relationships amid heightened industry-wide pricing competition.

We anticipate reasonable asset growth in 2026 as we intend to grow our organic loan portfolio primarily throughout New Jersey and Eastern Pennsylvania. We will also continue to assess new acquisition opportunities when they fit into our strategic objectives and enhance shareholder value.

Loans

Our loan portfolio consists primarily of commercial real estate and commercial and industrial loans. Loans, net of deferred fees and costs, increased from \$3.29 billion at December 31, 2025 to \$3.30 billion at March 31, 2026, a net increase of \$10.9 million, or 0.3%.

As reflected in our 2026 loan origination results, primarily in our commercial portfolios, we have continued to source quality loan relationships. We have maintained a strong pipeline and we remain focused on building new relationships with creditworthy borrowers in our markets. Our value proposition is to provide quality service to our new and established borrowers who embrace our relationship banking philosophy.

The following table reflects the composition of the loan portfolio as of the dates indicated:

	March 31, 2026	December 31, 2025	March 31, 2026 vs December 31, 2025	
			Change	
			\$	%
			(in thousands)	
Commercial and industrial	\$ 722,312	\$ 727,075	\$ (4,763)	-0.7%
Commercial real estate:				
Owner-occupied	670,240	662,245	7,995	1.2%
Investor	1,165,319	1,148,297	17,022	1.5%
Construction and development	184,252	193,312	(9,060)	-4.7%
Multi-family	284,134	282,854	1,280	0.5%
Residential real estate:				
Residential mortgage and first lien home equity loans	154,533	154,167	366	0.2%
Home equity-second lien loans and revolving lines of credit	72,584	72,919	(335)	-0.5%
Consumer and other	54,235	55,862	(1,627)	-2.9%
	3,307,609	3,296,731	10,878	0.3%
Net deferred loan fees and costs	(3,499)	(3,506)	7	0.2%
Total loans	\$ 3,304,110	\$ 3,293,225	\$ 10,885	0.3%

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At March 31, 2026, total commercial loans represented 91.6% of total loans, which included the balances in commercial and industrial and commercial real estate in the above table. We manage risk associated with our commercial loan portfolio through disciplined underwriting policies and procedures, diversification and loan monitoring practices. The majority of our commercial and industrial loans are secured by business assets and many of our commercial real estate and commercial and industrial loans are supported by personal guarantees and other assets of the principals or borrowers.

Commercial and industrial (“C&I”) loans consist of lines of credit, term loans and demand loans. C&I loans typically consist of loans to finance equipment, inventory, receivables, and other working capital needs for small to mid-sized businesses. Our goal is to further diversify our commercial loan portfolio by continuing to grow commercial real estate owner occupied and C&I loans. Organic C&I growth anticipated to be steady in 2026. Our C&I loan portfolio encompasses a wide variety of industry classifications. There are no significant concentrations of loans to any particular sector. We monitor loan concentrations by industry classification and diversify risk as we deem appropriate.

Commercial real estate loans, the largest component of our loan portfolio, are composed of owner-occupied, investor, construction, land development and other land loans and multi-family loans. CREI and CREO loans are generally offered on a fixed and variable rate basis with a five-year repricing and a term of five to fifteen years.

CREI loans include investor-owned and tenanted investment properties. CREI loans are secured by different types of properties including retail, office, industrial and mixed use. Retail properties make up our largest segment, comprising \$454.5 million of CREI loans at March 31, 2026. Our retail segment is further broken down into three categories: single tenant/credit rated, single tenant/non-credit rated and multiple tenant strip malls. Loans secured by multi-family properties make up our next largest segment totaling \$284.1 million at March 31, 2026. Loans secured by industrial properties were \$244.5 million, loans secured by office buildings totaled \$165.3 million, mixed use properties totaled \$92.0 million, and loans secured by hotels were \$78.3 million at March 31, 2026. Other types of investor loans include medical buildings and restaurants.

CREO loans are made for the acquisition of new property or the refinancing of existing property. These loans are typically related to commercial businesses and secured by the underlying real estate used in the business or real property of the principals.

Construction and development loans primarily fund residential and commercial projects, and to a lesser extent, acquisition of land for future development. Residential construction loans include single family and multi-family projects. Commercial construction loans include office and professional development, retail development and other commercial-related projects. Construction and development loans generally have terms of one to three years, are interest only and have floating rates indexed to the prime rate.

Multi-family loans consist primarily of loans secured by apartment buildings and are generally originated on a fixed rate basis for five to ten year terms.

Residential real estate loans are composed of loans secured by one to four family properties, in two main categories: (i) residential mortgage and first lien home equity loans, and (ii) second lien home equity loans and revolving lines of credit. Generally, one to four family residential loans are made in connection with a broader loan relationship. We underwrite home equity loans to the same credit standards as single family homes. We generally underwrite residential real estate loans to conform to standards required by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

Our strength as a commercial and business lender is reflected in a strong and consistent commercial loan pipeline during various economic cycles. The combination of expanded markets and a higher legal lending limit, which was \$69.9 million at December 31, 2025, will help us achieve our lending goals in 2026. Commercial loan growth remains an important contributor to our future profitability and enhancing shareholder value.

Nonperforming Assets

Nonperforming assets consist of nonperforming loans. The increase in nonperforming assets was due to the addition of nonperforming loans during the first three months of 2026.

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The following table reflects the composition of our nonperforming assets as of the dates indicated:

	March 31, 2026	December 31, 2025
	(dollars in thousands)	
Nonaccrual loans:		
Commercial and industrial	\$ 8,049	\$ 9,242
Commercial real estate:		
Owner-occupied	3,149	3,618
Investor	9,647	101
Residential real estate:		
Residential mortgage and first lien home equity loans	443	924
Home equity—second lien loans and revolving lines of credit	238	253
Consumer and other	494	22
Total nonaccrual loans	22,020	14,160
Total PCD Non-accruing loans	4,149	4,221
Loans past due 90 days or more and still accruing	-	-
Total nonperforming loans	26,169	18,381
Total nonperforming assets	\$ 26,169	\$ 18,381
Nonaccrual loans to total loans	0.67%	0.43%
Nonperforming loans to total loans	0.79%	0.56%
Nonperforming assets to total assets	0.66%	0.46%

We continue to maintain a strong asset quality profile, however delinquencies increased during the three months ended March 31, 2026 with a total of \$12.6 million in loans delinquent 30-89 days, or 0.38% of total loans at March 31, 2026, compared to \$6.0 million, or 0.18%, at December 31, 2025. The increase in delinquencies from a historically low level at December 31, 2025 was primarily due to an increase in commercial and industrial and commercial real estate loan delinquencies. The level of delinquencies at March 31, 2026 is in line with historical averages. Nonperforming loans increased during the first quarter of 2026, primarily due to the addition of a well secured, single-borrower commercial real estate credit totaling \$9.5 million. This increase was offset somewhat by pay-offs and paydowns on certain other nonperforming loans during the quarter. We continue to diligently work to reduce nonaccrual loans to maximize our collection of principal and interest. Our focus remains on sustaining our strong asset quality.

Allowance for Credit Losses ("ACL")

Our ACL included an ACL on loans of \$45.9 million and \$45.4 million, an ACL on HTM securities of \$163,000 and \$163,000 and an ACL on off-balance sheet commitments of \$689,000 and \$705,000 as of March 31, 2026 and December 31, 2025, respectively. The increase in the ACL on loans for the first quarter of 2026 was primarily due to additional charge-offs related to the Bank's small business portfolio and the increase in past due loans. The ACL on loans is estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications. The level of the allowance is based on our evaluation of estimated lifetime losses in the portfolio, after consideration of the risk characteristics of the loans and prevailing economic conditions. Our methodology for evaluating the adequacy of the ACL consists of several significant criteria, which include a specific allowance for identified distressed credits and a general allowance allocated to segments of the portfolio and homogeneous categories of loans that possess similar risk characteristics. The pools of loans are evaluated for loss exposure based upon historical loss rates for each of those classes of loans and adjusted for qualitative factors. The evaluation process for determining the adequacy of the allowance for credit losses takes place quarterly.

The following tables provide information regarding loans charged off, loan recoveries, and the allowance for credit losses for each of the periods presented:

	March 31, 2026	December 31, 2025
	(dollars in thousands)	
Allowance for credit losses on loans	\$ 45,919	\$ 45,384
Total loans, net of deferred fees and costs	\$ 3,304,110	\$ 3,293,225
Nonperforming loans	\$ 26,169	\$ 18,381
Allowance for credit losses to total loans	1.39%	1.38%
Allowance for credit losses to nonperforming loans	175.47%	246.91%
Nonperforming loans to total loans	0.79%	0.56%

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						Residential real estate		Consumer and other	Total									
						Residential mortgage and first lien home equity loans	Home equity-second lien loans and revolving lines of credit											
	Commercial and industrial	Owner-occupied	Investor	Construction and development	Multi-family	(dollars in thousands)												
As of March 31, 2026																		
ACL	\$	25,573	\$	5,160	\$	7,540	\$	1,695	\$	2,079	\$	1,155	\$	1,778	\$	939	\$	45,919
% of total ACL		55.69%		11.24%		16.42%		3.69%		4.53%		2.52%		3.87%		2.04%		100.00%
% of total loans		0.77%		0.16%		0.23%		0.05%		0.06%		0.04%		0.05%		0.03%		1.39%
Loan portfolio balance	\$	722,312	\$	670,240	\$	1,165,319	\$	184,252	\$	284,134	\$	154,533	\$	72,584	\$	54,235	\$	3,307,609
% of total loans		21.84%		20.27%		35.23%		5.57%		8.59%		4.67%		2.19%		1.64%		100.00%
Three months ended March 31, 2026																		
Loan charge offs	\$	5,118	\$	26	\$	-	\$	-	\$	-	\$	-	\$	-	\$	2	\$	5,146
Loan recoveries		111		-		-		-		-		-		-		1		112
Net charge offs (recoveries)	\$	5,007	\$	26	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1	\$	5,034
Average loan amounts outstanding	\$	731,219	\$	665,076	\$	1,147,621	\$	182,776	\$	285,774	\$	154,347	\$	74,027	\$	55,638	\$	3,296,478
Annualized net charge offs (recoveries) during the period to average loans outstanding		2.78%		0.02%		0.00%		0.00%		0.00%		0.00%		0.00%		0.01%		0.62%
						Residential real estate		Consumer and other	Total									
						Residential mortgage and first lien home equity loans	Home equity-second lien loans and revolving lines of credit											
	Commercial and industrial	Owner-occupied	Investor	Construction and development	Multi-family	(dollars in thousands)												
As of December 31, 2025																		
ACL	\$	25,022	\$	5,241	\$	7,232	\$	1,860	\$	1,999	\$	1,127	\$	1,885	\$	1,018	\$	45,384
% of total ACL		55.14%		11.55%		15.93%		4.10%		4.41%		2.48%		4.15%		2.24%		100.00%
% of total loans		0.76%		0.16%		0.22%		0.06%		0.06%		0.03%		0.06%		0.03%		1.38%
Loan portfolio balance	\$	727,075	\$	662,245	\$	1,148,297	\$	193,312	\$	282,854	\$	154,167	\$	72,919	\$	55,862	\$	3,296,731
% of total loans		22.05%		20.09%		34.83%		5.86%		8.58%		4.68%		2.21%		1.69%		100.00%
Year Ended December 31, 2025																		
Loan charge offs	\$	4,439	\$	215	\$	-	\$	-	\$	-	\$	-	\$	-	\$	17	\$	4,671
Loan recoveries		344		69		-		-		55		-		-		-		468
Net charge offs (recoveries)	\$	4,095	\$	146	\$	-	\$	-	\$	(55)	\$	-	\$	-	\$	17	\$	4,203
Average loan amounts outstanding	\$	689,022	\$	688,299	\$	1,177,297	\$	185,052	\$	297,223	\$	149,844	\$	61,211	\$	41,557	\$	3,289,505
Net charge offs (recoveries) during the period to average loans outstanding		0.59%		0.02%		0.00%		0.00%		(0.02%)		0.00%		0.00%		0.04%		0.13%
						Residential real estate		Consumer and other	Total									
						Residential mortgage and first lien home equity loans	Home equity-second lien loans and revolving lines of credit											
	Commercial and industrial	Owner-occupied	Investor	Construction and development	Multi-family	(dollars in thousands)												
As of March 31, 2025																		
ACL	\$	17,439	\$	5,825	\$	8,066	\$	1,941	\$	2,813	\$	1,152	\$	1,430	\$	557	\$	39,222
% of total ACL		44.46%		14.85%		20.56%		4.95%		7.17%		2.94%		3.65%		1.42%		100.00%
% of total loans		0.54%		0.18%		0.25%		0.06%		0.09%		0.04%		0.04%		0.01%		1.21%
Loan portfolio balance	\$	651,690	\$	694,113	\$	1,160,549	\$	200,262	\$	308,217	\$	142,298	\$	52,438	\$	29,760	\$	3,239,327
% of total loans		17.68%		22.29%		37.87%		6.26%		8.67%		4.66%		1.61%		0.96%		100.00%
Three months ended March 31, 2025																		
Loan charge offs	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4	\$	4
Loan recoveries		4		11		-		-		4		-		-		-		19
Net charge offs (recoveries)	\$	(4)	\$	(11)	\$	-	\$	-	\$	(4)	\$	-	\$	-	\$	4	\$	(15)
Average loan amounts outstanding	\$	602,314	\$	675,641	\$	1,168,725	\$	200,307	\$	300,152	\$	141,836	\$	50,659	\$	31,138	\$	3,170,772
Annualized net charge offs (recoveries) during the period to average loans outstanding		(0.00%)		(0.01%)		0.00%		0.00%		(0.01%)		0.00%		0.00%		0.05%		(0.00%)

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As of December 31, 2025, we increased our ACL to total loans to 1.38% from 1.20% at the end of 2024, primarily to address recent trends in our C&I small business express portfolio. This portfolio consists of small businesses loans, each under \$500,000, originated through an expedited underwriting process that primarily relies on a credit score-based model. The total outstanding loan balance in this portfolio was approximately \$95.9 million, or 2.9% of our total loan portfolio, at March 31, 2026. We have recently adjusted our model and underwriting procedures for this portfolio which has reduced new production significantly. During the first quarter of 2026, we experienced elevated charge-off levels almost exclusively in this portfolio. We increased our ACL to total loans ratio slightly to 1.39% at March 31, 2026, primarily due to continued trends in our small business portfolio. Excluding this segment of our loan portfolio, our allowance for credit losses continues to be supported by stable and solid asset quality metrics and management believes that the allowance for credit losses at March 31, 2026 remains adequate in relation to expected lifetime losses in the loan portfolio.

Investment Securities

The investment securities portfolio is used principally to assist in managing liquidity, interest rate risk and regulatory capital, and to take advantage of market opportunities that provide favorable returns with limited credit risk.

Investment securities represented 3.6% and 3.7% of total assets at March 31, 2026 and December 31, 2025, respectively. Investment securities decreased to \$143.5 million at March 31, 2026 compared to \$147.1 million at December 31, 2025, a decrease of \$3.6 million, or 2.5%. During the three months ended March 31, 2026 and 2025, the Company did not sell any securities. There were maturities, calls and principal paydowns in our investment portfolio, which were replaced primarily with additional residential mortgage-backed security purchases. The level and nature of future purchases or sales will be based on our current and projected cash liquidity levels, interest rate risk position, and market conditions. Refer to Note 5 of the Notes to unaudited condensed consolidated financial statements, Investment Securities in PART 1 – FINANCIAL INFORMATION of this document for additional information on investment securities.

The following table presents the maturity distribution and weighted average yields of our investment securities portfolio on a contractual maturity basis at March 31, 2026:

	March 31, 2026					
	Available for Sale			Held to Maturity		
	Amortized Cost	Fair Value	Weighted Average Yield ^{(1) (2)}	Amortized Cost	Fair Value	Weighted Average Yield ^{(1) (2)}
	(dollars in thousands)					
Due within one year	\$ 3,001	\$ 3,005	4.30%	\$ 1,727	\$ 1,725	4.50%
Due after one year through five years	4,824	4,820	4.14%	5,207	5,083	3.48%
Due after five years through ten years	-	-	-	22,822	21,573	4.62%
Due after ten years	2,380	2,372	4.44%	-	-	-
Residential mortgage-backed securities:						
FNMA and FHLMC	75,421	72,070	3.46%	9,253	7,778	2.50%
GNMA	19,585	18,337	3.47%	2,105	2,051	4.29%
Total	\$ 105,211	\$ 100,604	3.54%	\$ 41,114	\$ 38,210	3.98%

(1) Tax equivalent using a federal income tax rate of 21%.

(2) Weighted average yield is based on amortized cost.

We conduct an impairment evaluation quarterly on available for sale ("AFS") securities with unrealized losses to determine whether the Company has the intent to sell the security or it is more likely than not that it will be required to sell the security before recovery. If these situations apply, the guidance requires the Company to reduce the security's amortized cost basis down to its fair value through earnings. We also evaluate the unrealized losses on AFS securities to determine if a security's decline in fair value below its amortized cost basis is due to credit factors. The evaluation is based upon factors such as the creditworthiness of the underlying borrowers, performance of the underlying collateral, if applicable, and the level of credit support in the security structure. Management also evaluates other factors and circumstances that may be indicative of a decline in the fair value of the security due to a credit factor. This includes, but is not limited to, an evaluation of the type of security, length of time and extent to which the fair value has been less than cost and near-term prospects of the issuer. If this assessment indicates that a credit loss exists, the present value of the expected cash flows of the security is compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost, an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis and declines due to non-credit factors are recorded in accumulated other comprehensive income ("AOCI"), net of taxes. If a credit loss is recognized in earnings, subsequent improvements to the expectation of collectability will be recognized through the ACL. If the fair value of the security increases above its amortized cost, the unrealized gain will be recorded in AOCI, net of taxes, on the condensed consolidated statements of financial condition.

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We did not record an ACL on the AFS securities at March 31, 2026 or December 31, 2025. As of March 31, 2026 and December 31, 2025, the Company considered the unrealized losses on the AFS securities to be related to fluctuations in market conditions, primarily interest rates, and not reflective of deterioration in credit. In addition, we have the intent and ability to hold these AFS securities until the amortized cost is recovered and we have determined it is not more likely than not that any of the AFS securities in an unrealized loss position would be required to be sold. At March 31, 2026 and December 31, 2025, unrealized losses were due to market uncertainty resulting from inflation and rising interest rates from the time of the security purchase.

The Company segments its held to maturity ("HTM") portfolio into agency residential mortgage-backed securities, obligations of state and political subdivisions and corporate obligations to determine the ACL. The ACL is determined based on the Company's historical losses, adjusted for qualitative factors including economic forecasts over a two-year reasonable and supportable forecast period. The Company has determined that for agency residential mortgage-backed securities it would be appropriate to assume the expected credit loss to be zero because these securities are guaranteed by enterprises that have credit ratings on par with the U.S. government or are guaranteed by the U.S. government. This assumption will be reviewed and attested to quarterly.

There was an ACL of \$163,000 against HTM securities at March 31, 2026 and December 31, 2025, related principally to corporate obligations.

At March 31, 2026, the Company had no HTM securities that were past due 30 days or more as to principal or interest payments. The Company had no HTM securities classified as nonaccrual at March 31, 2026.

The carrying value of our AFS investment securities portfolio at March 31, 2026 was \$100.6 million, a decrease of \$4.1 million from \$104.7 million at December 31, 2025. The decrease was primarily due to \$6.9 million in maturities, calls and principal paydowns from our residential mortgage-backed securities portfolio, partially offset by purchases of \$3.4 million in residential MBS during the three months of 2026. As of March 31, 2026, the AFS portfolio had net unrealized losses of \$4.6 million compared to \$3.9 million at December 31, 2025.

HTM investment securities, net of allowance, totaled \$41.0 million at March 31, 2026, compared to \$40.4 million at December 31, 2025, an increase of \$527,000. The increase in HTM securities was primarily due to the purchase of \$817,000, partially offset by \$286,000 in maturities, calls and principal paydowns from our municipal and corporate bond portfolios.

Mortgage-Backed Securities

We held \$106.4 million and \$107.9 million in residential MBS (at amortized cost) at March 31, 2026 and December 31, 2025, respectively, in our AFS and HTM securities portfolios. All of these MBS were guaranteed by the Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corp ("FHLMC") or Government National Mortgage Association ("GNMA"). We generally purchase MBS with average lives of less than five years in the base case with limited extension risk in a +300 basis point scenario. MBS are expected to provide stable cash flows in rising or falling interest rate environments. These securities provide liquidity through the monthly cash flow of principal and interest. Principal paydowns from the MBS portfolio totaled \$5.0 million for the three months ended March 31, 2026. Included in our MBS portfolio at March 31, 2025 and December 31, 2025 were \$48.6 million and \$48.3 million, respectively, of U.S. agency collateralized mortgage obligations.

Refer to Note 5 of the Notes to unaudited condensed consolidated financial statements, Investment Securities in PART 1 – FINANCIAL INFORMATION of this document for additional information on investment securities.

Equity Securities

The Company has one equity security carried at fair value of \$1.9 million for both periods March 31, 2026 and December 31, 2025. The equity security is a CRA eligible fund that is actively traded and has a readily determinable fair value. Changes in fair value is recorded in other income in the consolidated statement of income.

Other Investments

Other investments totaled \$14.2 million and \$16.0 million at March 31, 2026 and December 31, 2025, respectively. Other investments consist of an investment in an SBA Loan Fund with a balance of \$7.8 million and \$7.8 million at March 31, 2026 and December 31, 2025, respectively, and smaller investments in several community impact bond funds, two small business funds focused on fin-tech companies, and several Small Business and Investment Company (SBIC) Funds. The SBA Loan Fund and the community impact bond funds were purchased for the purpose of assisting the Company in satisfying its Community Reinvestment Act of 1977 (as amended) requirements. The fin-tech funds specialize in the research, development, proper selection of, and investment in technology companies, as well as the incubation and acceleration of emerging technologies, whose mission is to make banks more competitive in today's market. The SBIC funds will invest into portfolio companies that qualify as economic development activities. These other investments primarily include equity investments that are measured at net asset value ("NAV") per share (or its equivalent) as a practical expedient to fair value. NAV represents the Company's proportionate interest in the net assets of the investee funds as reported by the fund managers.

Restricted Investment in Bank Stocks

Restricted investment in bank stocks totaled \$13.2 million and \$13.9 million at March 31, 2026 and December 31, 2025, respectively. Restricted stock is carried at cost and is composed of required investments in the common stock of the Federal Home Loan Bank of New York ("FHLB") and Atlantic Community Bancshares, Inc. ("ACBI"), the holding company for Atlantic Community Bankers Bank ("ACBB"). The Company is a member of FHLB and ACBI, and as a condition of membership, is required to hold a specific amount of FHLB and ACBI stock. These equity investments are non-marketable and are redeemable only at par, subject to the respective institutions' redemption policies and regulatory approval. Management evaluates the restricted stock for impairment based on an assessment of the ultimate recoverability of the investment's cost, rather than on temporary changes in value, consistent with applicable accounting guidance for non-marketable equity securities. In assessing recoverability, management considers factors including, but not limited to: (i) the significance of the decline in net assets of the FHLB and ACBI as compared to the capital stock amount for the FHLB and ACBI, respectively, and the length of time this situation has persisted; (ii) commitments by the FHLB and ACBI to make payments required by law or regulation and the level of such payments in relation to the operations of the FHLB and ACBI, respectively; (iii) the impact of legislative and regulatory changes on institutions and, accordingly, on the customer base of the FHLB and ACBB; and (iv) the liquidity position of the FHLB or ACBI.

LIABILITIES

Deposits

The following table presents the types of deposits at March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025	March 31, 2026 vs December 31, 2025 Change	
			\$	%
			(dollars in thousands)	
Non-interest bearing demand deposits	\$ 561,963	\$ 572,349	\$ (10,386)	-1.8%
Interest bearing demand deposits	582,519	608,076	(25,557)	-4.2%
Money market deposits	1,075,226	1,061,325	13,901	1.3%
Savings deposits	153,757	143,950	9,807	6.8%
Time deposits	853,974	816,608	37,366	4.6%
Total deposits	\$ 3,227,439	\$ 3,202,308	25,131	0.8%

We continue to effectively manage our customer relationships and maintain or grow deposit balances while also focusing on lowering deposit costs.

Borrowings and Subordinated Debentures

At March 31, 2026 and December 31, 2025 borrowings consisted of Federal Home Loan Bank ("FHLB") advances and secured borrowings. We are a member of the FHLB of New York and use FHLB advances as an alternative source of funds for loan growth and to manage liquidity and interest rate risk. Our FHLB advances are collateralized by eligible investment securities and qualifying commercial mortgage loans. Subordinated debenture notes ("notes") totaled \$34.4 million at each of March 31, 2026 and December 31, 2025. Refer to Note 8 of the Notes to unaudited condensed consolidated financial statements, Borrowings and Subordinated Debentures in PART 1 – FINANCIAL INFORMATION of this document for additional information on the borrowings and subordinated debentures.

Liquidity

Our liquidity is a measure of our ability to fund loans, withdrawals of deposits and other cash outflows in a cost-effective manner. Our principal sources of funds include deposits, scheduled amortization and prepayments of loan principal, principal cash flows from mortgage-backed securities, borrowings and funds provided by operations. While scheduled loan payments, borrowings and principal cash flows from mortgage-backed securities are relatively predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions and competition.

Total cash and cash equivalents increased by \$9.0 million, or 2.9%, during the three months ended March 31, 2026 to \$318.2 million. The Bank currently has a strong liquidity base and a diverse source of funding options. We have significant unused borrowing capacity. We are also working to increase our borrowing capacity with both the FHLB and FRB and we have a number of wholesale deposit relationships for contingent funding purposes.

On at least a quarterly basis, the Asset Liability Committee and Board of Directors review a comprehensive liquidity analysis. The analysis provides a summary of the current liquidity measurements, projections, and future liquidity positions given various levels of liquidity stress. Management also maintains a detailed Contingency Funding Plan designed to respond to overall stress in the financial condition of the banking industry or a prospective liquidity problem specific to First Bank.

As of March 31, 2026, our liquid assets (cash and cash equivalents and eligible unpledged securities) totaled \$345.7 million, or 8.7% of total assets, compared to \$383.8 million, or 9.7% of total assets, at December 31, 2025.

As a member of the FHLB, we are eligible to borrow funds up to 50% of our total assets from the FHLB, subject to its collateral requirements. Based on available eligible securities and qualified commercial real estate loan collateral, as of March 31, 2026 we had the ability to borrow an additional \$349.8 million. At March 31, 2026, we had additional borrowing capacity of \$260.4 million through the Federal Reserve Bank discount window and \$85.0 million from three correspondent banks.

At March 31, 2026, our outstanding commitments to extend credit totaled \$604.2 million.

We have competitively positioned our deposit products and services to continue to add to lower cost core deposits throughout our attractive markets. Based on projected loan and deposit growth, we expect liquidity to remain adequate to support our operations.

CAPITAL AND REGULATORY MATTERS

Stockholders' Equity

Total stockholders' equity increased from \$443.5 million at December 31, 2025 to \$449.4 million at March 31, 2026, an increase of \$5.9 million, or 1.3%. The increase was primarily the result of net income of \$7.6 million during the three months of 2026, which was partially offset by \$521,000 in stock repurchases and \$2.2 million in dividends paid.

Tangible stockholders' equity excludes intangible assets. The tangible stockholders' equity ratio is a non-GAAP financial measure that we believe provides management and investors with information that is useful in understanding our financial performance and condition. This measure should not be directly compared to similarly titled measures reported by other companies, as we cannot guarantee other companies present similar measures in the same way.

The following table provides a reconciliation and calculation of the non-GAAP tangible stockholders' equity ratio:

	March 31, 2026	December 31, 2025
	(dollars in thousands)	(dollars in thousands)
Stockholders' equity	\$ 449,378	\$ 443,502
Less: Goodwill and other intangible assets, net	50,905	51,290
Tangible stockholders' equity (numerator)	<u>\$ 398,473</u>	<u>\$ 392,212</u>
Total assets	\$ 3,970,761	\$ 3,958,036
Less: Goodwill and other intangible assets, net	50,905	51,290
Adjusted total assets (denominator)	<u>\$ 3,919,856</u>	<u>\$ 3,906,746</u>
Tangible stockholders' equity ratio	10.17%	10.04%

Accumulated Other Comprehensive Income (Loss)

Our accumulated other comprehensive income or loss position consists of net unrealized gains or losses on investment securities available for sale, net of tax. Based on changes in the U.S. Treasury yield curve, AFS securities values moved higher at March 31, 2026 compared to December 31, 2025, which resulted in net unrealized losses, net of tax, of \$3.4 million at March 31, 2026, compared to \$2.9 million at December 31, 2025.

Regulatory Capital

We are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet the minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our condensed consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices.

We are subject to Basel III regulatory capital reforms and changes required by the Dodd-Frank Act. These requirements created a required ratio for common equity Tier 1 (“CET1”) capital, increased the leverage and Tier 1 capital ratios, changed the risk weight of certain assets for purposes of the risk-based capital ratios, created an additional capital conservation buffer over the required capital ratios and changed what qualifies as capital for purposes of meeting these various capital requirements.

Under these capital regulations, the minimum capital ratios are: (i) a Tier 1 leverage ratio of 4.0%; (ii) CET1 capital of 4.5% of risk-weighted assets; (iii) Tier 1 capital of 6.0% of risk-weighted assets; and (iv) total capital of 8.0% of risk-weighted assets. CET1 generally consists of common stock and retained earnings, subject to applicable regulatory adjustments and deductions.

The required capital conservation buffer consists of additional CET1 capital greater than 2.5% of risk-weighted assets above the required minimum levels. We must maintain such buffer to avoid limitations on paying dividends, engage in share repurchases, and pay discretionary bonuses based on percentages of eligible retained income that could be utilized for such actions.

Under the regulatory prompt corrective action standards, in order to be considered well capitalized, the Company must have: (i) a Tier 1 leverage ratio of 5.0%; (ii) CET1 capital of 6.5% of risk-weighted assets, (iii) Tier 1 risk-based capital of 8.0% of risk-weighted assets, and (iv) a total risk-based capital ratio of 10.0% of risk-weighted assets. Our capital amounts and classifications are subject to qualitative judgments by the regulators about components, risk weightings and other factors.

The following tables provide our regulatory capital amounts and ratios as well as the required regulatory minimums as of the dates indicated:

	Actual		Minimum For Capital Adequacy Purposes		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(dollars in thousands)						
At March 31, 2026:						
Tier 1 leverage capital	\$ 396,075	10.20%	\$ 155,298	4.00%	\$ 194,122	5.00%
Common equity tier 1 capital	396,075	10.88%	163,787	4.50%	236,581	6.50%
Tier 1 risk-based capital	396,705	10.88%	218,382	6.00%	291,176	8.00%
Total risk-based capital	475,990	13.08%	291,176	8.00%	363,970	10.00%
December 31, 2025:						
Tier 1 leverage capital	\$ 389,287	9.75%	\$ 159,630	4.00%	\$ 199,538	5.00%
Common equity tier 1 capital	389,287	10.67%	164,116	4.50%	237,057	6.50%
Tier 1 risk-based capital	389,287	10.67%	218,822	6.00%	291,762	8.00%
Total risk-based capital	469,267	12.87%	291,762	8.00%	364,703	10.00%

At March 31, 2026 and December 31, 2025, we were well-capitalized for regulatory purposes and met the requirements for maintaining the capital conservation buffer.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Some Specific Factors Affecting Future Results of Operations

Future movement of interest rates cannot be predicted with certainty. Our interest rate risk profile is positioned in such a way that moderate changes in interest rates likely will not have a significant impact on our results of operations. However, because overall future performance is dependent on many other factors, past performance is not necessarily an indication of future results.

Interest Rate Sensitivity Analysis

The Company manages interest rate risk by identifying and quantifying interest rate risk exposures through the use of net interest income simulation and economic value of equity (“EVE”) models. Various assumptions are used to produce these analyses, including, but not limited to, the rates paid on interest bearing non-maturity deposits relative to market interest rates, the level of new and existing business, loan and investment prepayment speeds, the shape of the yield curve and competitive pricing.

The Company’s simulation model measures the volatility of net interest income to changes in market interest rates by modeling interest income and interest expense dynamically over specified time periods under different interest rate scenarios. The table below sets forth the Company’s exposure to interest rate risk as measured by the change in net interest income for the next twelve months with a static balance sheet under various interest rate shocks as of March 31, 2026 and December 31, 2025:

	Net Interest Income			
	March 31, 2026		December 31, 2025	
	Amount	% Change	Amount	% Change
	(dollars in thousands)			
Rate Shock ⁽¹⁾				
+ 400	\$ 144,909	1.8%	\$ 144,758	1.9%
+ 300	144,254	1.3%	144,116	1.4%
+ 200	143,634	0.9%	143,499	1.0%
+ 100	142,978	0.4%	142,878	0.5%
+ 0 (Static)	142,409	-	142,100	-
- 100	140,210	(1.5%)	141,478	(0.4%)
- 200	138,981	(2.4%)	141,625	(0.3%)
- 300	137,856	(3.2%)	141,093	(0.7%)
- 400	136,515	(4.1%)	140,089	(1.4%)

(1) Change in interest rates in basis points.

Economic Value At Risk

The Company’s EVE model projects the Company’s asset and liability cash flows to their maturity dates, discounting those cash flows at appropriate interest rates, and then aggregating the discounted cash flows. EVE is the estimated net present value of assets less the net present value of liabilities. Market rates are adjusted up and down in the model to calculate the various levels of EVE with interest rate changes. The variance in the economic value of equity is measured as a percentage of the present value of equity. The sensitivity of EVE to changes in the level of interest rates is a measure of potential market value risk. The Company uses the sensitivity of EVE principally to measure the exposure of equity to changes in interest rates over a relatively long-term horizon. The table below sets forth the Company’s exposure to interest rate risk as measured by the change in EVE under various interest rate shocks as of March 31, 2026 and December 31, 2025:

	Economic Value of Equity			
	March 31, 2026		December 31, 2025	
	Amount	% Change	Amount	% Change
	(dollars in thousands)			
Rate Shock ⁽¹⁾				
+ 400	\$ 480,469	(10.3%)	\$ 467,981	(10.6%)
+ 300	491,983	(8.2%)	480,026	(8.3%)
+ 200	506,810	(5.4%)	495,123	(5.4%)
+ 100	520,666	(2.8%)	509,745	(2.6%)
+ 0 (Static)	535,717	-	523,527	-
- 100	536,257	0.1%	536,418	2.5%
- 200	530,319	(1.0%)	534,975	2.2%
- 300	523,058	(2.4%)	533,896	2.0%
- 400	509,310	(4.9%)	525,219	0.3%

(1) Change in interest rates in basis points.

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All methods used to measure interest rate sensitivity involve the use of assumptions, which may tend to oversimplify the manner in which actual yields and costs respond to changes in market interest rates. Actual outcomes could differ significantly from the simulation outcomes. The Company's interest rate sensitivity should be reviewed in conjunction with the audited consolidated financial statements and notes thereto in the Company's 2025 Annual Report on Form 10-K.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures.

First Bank's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934). Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report, is recorded, processed, summarized and reported within the time periods specified in the FDIC's rules and forms.

(b) Changes in internal control over financial reporting.

For the quarter ended March 31, 2026, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, First Bank is a party in the ordinary course of business to litigation involving collection matters, contract claims and other miscellaneous causes of action arising from its business. Management does not consider that any such proceedings depart from usual routine litigation, and in its judgment neither the Company's consolidated financial condition nor its results of operations will be affected materially by any present proceedings.

Item 1A. Risk Factors.

For information regarding the Company's risk factors, see "Item 1A. Risk Factors" in First Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 as filed with the FDIC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the three months ended March 31, 2026, the Bank issued 134,479 shares of Common Stock in connection with the exercise of outstanding stock options previously granted to certain officers and directors. Exercise prices ranged from \$6.50 to \$14.50 and the aggregate proceeds from such issuances were \$969,000. The shares were issued in reliance on the exemption provided by Section (3)(a)(2) of the Securities Act of 1933 because the sales involved securities issued by a bank.

On November 7, 2025, the Bank received regulatory approvals for a new share repurchase program. The program provides for the repurchase of up to 1.2 million shares of First Bank common stock for an aggregate repurchase amount of up to \$20.4 million. The share repurchase program will expire on September 30, 2026. During the three months ended March 31, 2026, the Company repurchased 33,619 shares of common stock at an average price of \$15.50 per share.

Month Ended	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Program
January 1, 2026 to January 31, 2026	-	\$ -	-	1,200,000
February 1, 2026 to February 28, 2026	-	\$ -	-	1,200,000
March 1, 2026 to March 31, 2026	33,619	\$ 15.50	33,619	1,166,381
Total	33,619	\$ 15.50	33,619	1,166,381

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Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the three months ended March 31, 2026, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in SEC regulations.

Item 6. Exhibits.

An Exhibit Index has been filed as part of this report and is incorporated herein by reference.

Exhibit Index

Exhibit No.	Description of Exhibit
3.1	First Restated Certificate of Incorporation of First Bank (incorporated by reference to Exhibit 3.1 to the Company's 2019 Annual Report on Form 10-K filed by the registrant with the FDIC on March 27, 2020)
3.2	Amended and Restated Bylaws of First Bank (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the registrant with the FDIC on February 19, 2020)
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002
32.1+	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
* Filed herewith	
+ Furnished herewith	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST BANK

(Registrant)

Date: May 8, 2026

/s/ Andrew L. Hibshman

Andrew L. Hibshman
Executive Vice President, Treasurer
and Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) OR RULE 15D-14(A) AND SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick L. Ryan, Chief Executive Officer of First Bank, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of First Bank;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2026

/s/ Patrick L. Ryan

Patrick L. Ryan

President and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) OR RULE 15D-14(A) AND SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew L. Hibshman, Chief Financial Officer of First Bank, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of First Bank;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2026

/s/ Andrew L. Hibshman

Andrew L. Hibshman

Executive Vice President, Treasurer and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the Quarterly Report on Form 10-Q of First Bank (the "Company") for the period ended March 31, 2026, as filed with the Federal Deposit Insurance Corporation on the date hereof (the "Report"), each of the undersigned officers of the Company, certifies, to the best knowledge and belief of the signatory, that the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as applicable; and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Date: May 8, 2026

/s/ Patrick L. Ryan

Patrick L. Ryan

President and Chief Executive Officer

(Principal Executive Officer)

/s/ Andrew L. Hibshman

Andrew L. Hibshman

Executive Vice President, Treasurer and Chief Financial Officer

(Principal Financial Officer)