



FIRST NATIONAL CORPORATION REPORTS RECORD FOURTH QUARTER AND ANNUAL 2025 EARNINGS

STRASBURG, Va., January 29, 2026 --- First National Corporation (the "Company" or "First National") (NASDAQ: FXNC), the bank holding company of First Bank (the "Bank"), reported consolidated net income of \$5.5 million and basic and diluted earnings per common share of \$0.61 for the fourth quarter of 2025. For the year ended December 31, 2025, the Company reported consolidated earnings of \$17.7 million and basic and diluted earnings per common share of \$1.97 and \$1.96, respectively, and adjusted operating earnings⁽¹⁾ of \$19.1 million and adjusted basic and diluted earnings per common share⁽¹⁾ of \$2.13 and \$2.12, respectively, for the year ended December 31, 2025.

"We are pleased to report a record fourth quarter of financial performance, as well as a record year. We spent 2025 integrating the Touchstone family and operations into our company, with a major focus on customer retention. The addition of experienced bankers in our Richmond, Roanoke, and Staunton markets helped support our net loan growth in the fourth quarter. We delivered a strong return to our shareholders as we increased our quarterly dividend in the fourth quarter 9.7% and grew our per share tangible book value 14% - all of which helped drive a stock price increase of 9.7% for the year. We are extremely pleased to deliver a double-digit return for our shareholders in 2025." said Scott C. Harvard, President and Chief Executive Officer of First National.

FINANCIAL HIGHLIGHTS FOR FOURTH QUARTER 2025

- Basic earnings per share of \$0.61 per share, compared to \$0.62 in the previous period, up from (\$0.10) one year prior
- Return on average assets of 1.06% compared to 1.09% in the previous period and (0.18%) one year prior
- Return on average equity of 11.86% compared to 12.43% in the previous period and (2.35%) one year prior
- Net interest margin, fully tax equivalent ("FTE")⁽¹⁾ of 3.95%, up from 3.84% in the previous period and 3.83% one year prior
- Asset quality improved with non-performing assets ("NPAs") declining to 0.32% of total loans
- Loan growth of \$16.3 million for the quarter, a 4.6% annualized growth rate
- Noninterest bearing deposits of \$509.9 million, or 28% of deposits, contributing to our low funding cost

FINANCIAL HIGHLIGHTS FOR 2025

- Basic earnings per share of \$1.97 compared to \$1.00 one year prior
- Return on average assets of 0.87% compared to 0.44% one year prior
- Return on average equity of 10.10% compared to 5.33% one year prior
- Net interest margin (FTE)⁽¹⁾ of 3.88% compared to 3.51% one year prior

NET INTEREST INCOME

For the fourth quarter of 2025, the Company's net interest margin (FTE)⁽¹⁾ was 3.95%, compared to 3.84% for the third quarter of 2025 and 3.83% in the fourth quarter of 2024. The Company's net interest margin (FTE)⁽¹⁾ for the fourth quarter of 2025 includes the impact of acquisition accounting fair value adjustments. Net accretion income related to acquisition accounting was \$201 thousand, a 4-basis point incremental increase to the net interest margin for the fourth quarter ended December 31, 2025. Net accretion income related to acquisition accounting was \$1.1 million for the year ended December 31, 2025, a 6-basis point incremental increase to the net interest margin.

The quarterly impact of acquisition accretion and amortization in 2025 is reflected in the following table (dollars in thousands):

| | Loans | Deposits | Borrowings | Total |
|--|--------------|-----------------|-------------------|--------------|
| For the quarter ended March 31, 2025 | \$ (194) | \$ 443 | \$ (285) | \$ (36) |
| For the quarter ended June 30, 2025 | 930 | 163 | (186) | 907 |
| For the quarter ended September 30, 2025 | 81 | 55 | (93) | 43 |
| For the quarter ended December 31, 2025 | 283 | (10) | (72) | 201 |
| | \$ 1,100 | \$ 651 | \$ (636) | \$ 1,115 |

Earning asset yields for the fourth quarter of 2025 decreased 2-basis points to 5.24% compared to the third quarter of 2025. Loan accretion increased in the fourth quarter compared to the prior quarter. For the fourth quarter of 2025, net interest income was \$19.0 million, an increase of \$657 thousand from \$18.3 million in the third quarter of 2025 due to a slight increase in net accretion income combined with a decrease in interest expense on average interest-bearing liabilities.

ALLOWANCE AND PROVISION FOR CREDIT LOSSES

The Company recorded a \$951 thousand provision for credit losses in the fourth quarter of 2025, compared to \$193 thousand for the third quarter of 2025. The fourth quarter provision was comprised of a \$923 thousand provision for credit losses on loans and a \$28 thousand provision for credit losses on unfunded commitments. Net charge-offs totaled \$651 thousand in the fourth quarter of 2025, compared to net charge-offs of \$939 thousand in the third quarter of 2025 and net charge-offs of \$1.3 million in the fourth quarter of 2024.

The allowance for credit losses on loans totaled \$14.7 million, or 1.02% of total loans on December 31, 2025, compared to \$14.4 million, or 1.01% of total loans on September 30, 2025, and \$16.4 million, or 1.12% of total loans on December 31, 2024. The increase in allowance for credit losses from the prior period is primarily due to increased pooled loan balances as well as three new loans with specific reserves on individually analyzed loans added in the fourth quarter. The decrease in allowance for credit losses from the fourth quarter of 2024 was driven by lower individually analyzed loans balances following charge-offs recorded in 2025. The allowance for credit losses to NPA coverage increased to 316% on December 31, 2025, compared to 253% on September 30, 2025, and to 231% on December 31, 2024.

NONINTEREST INCOME AND EXPENSE

Non-interest income increased \$502 thousand to \$5.0 million for the fourth quarter of 2025 from \$4.5 million in the prior quarter. Non-interest income increased 11.2% in the fourth quarter primarily due to increases in other income from the \$895 thousand recovery from an acquired loan that was charged off prior to the acquisition of Touchstone. This increase in other income was offset by decreases in ATM and check card income, decreases in fees for other customer services, and no bargain purchase gain recognized compared to the prior quarter.

Adjusted noninterest income⁽¹⁾, which excludes the bargain purchase gain (\$304 thousand in the third quarter of 2025) and loan recovery (\$895 thousand in the fourth quarter of 2025), decreased \$73 thousand to \$4.1 million for the fourth quarter of 2025 from \$4.2 million in the prior quarter, due to nominal decreases in ATM and check card income and fees for other customer services.

Noninterest expense increased \$327 thousand to \$16.1 million for the fourth quarter of 2025 from \$15.8 million in the prior quarter. Merger expense increased due to the one-time early lease termination for the now closed Raleigh loan production office acquired in the Touchstone merger. The Company is currently reviewing our total office footprint with plans to further improve operating leverage.

Adjusted operating noninterest expense⁽¹⁾, which excludes the Raleigh LPO lease termination (\$127 thousand in the fourth quarter of 2025) and amortization of intangible assets (\$442 thousand in the fourth quarter of 2025 and \$442 thousand in the third quarter of 2025), increased \$216 thousand to \$15.6 million for the fourth quarter of 2025 from \$15.3 million in the prior quarter, due to increases in equipment and other operating expense.

INCOME TAXES

Income tax expense was \$1.39 million for the fourth quarter of 2025, compared to \$1.27 million for the third quarter of 2025. The effective tax rate of 20.2% for the fourth quarter of 2025 increased from the 18.6% in the third quarter of 2025. This increased effective tax rate in the fourth quarter was driven by additional income tax expense of \$78 thousand related to an adjustment to deferred tax assets related to the Touchstone acquisition partially offset by the final state tax refund for Touchstone. Tax expense and the related effective tax rate for the third quarter of 2025 were reduced due to the \$304 thousand adjustment to the bargain purchase gain related to the final Touchstone federal tax filing.

BALANCE SHEET

On December 31, 2025, total assets were \$2.039 billion, an increase of \$8.0 million or 0.4% from September 30, 2025, and an increase of \$28.5 million or 1.4% from December 31, 2024. Total assets were consistent with the prior quarter, and the increase from the prior year was driven by additional investment in securities available for sale.

On December 31, 2025, loans held for investment ("LHFI") net of allowance totaled \$1.435 billion, an increase of \$16.3 million or 1.1% from \$1.419 billion on September 30, 2025, and a decrease of \$15.6 million or 1.1% from December 31, 2024. Loans grew by \$17 million during the fourth quarter, the first quarter of net loan growth in 2025.

On December 31, 2025, total investments were \$326.0 million, an increase of \$20.5 million or 6.7% from September 30, 2025, and an increase of \$48.7 million or 17.6% from December 31, 2024. Available for sale ("AFS") securities totaled \$217.5 million on December 31, 2025, and \$196.5 million on September 30, 2025, and \$163.8 million on December 31, 2024. The increases compared to the prior quarters were driven by security purchases exceeding portfolio cashflows. Total net unrealized losses on the AFS securities portfolio were \$14.8 million on December 31, 2025, compared to \$15.4 million on September 30, 2025, and \$22.1 million on December 31, 2024. Held to maturity securities are carried at amortized cost and totaled \$103.0 million on December 31, 2025, \$104.6 million on September 30, 2025, and \$109.8 million on December 31, 2024.

On December 31, 2025, total deposits were \$1.800 billion, a decrease of \$10.0 million or 0.6% from the prior quarter, and a decrease of \$4.2 million or 0.2% from December 31, 2024. Overall, the deposit balances were consistent with the prior quarter and the prior year. There were \$25.0 million in other borrowings with the Federal Home Loan Bank on December 31, 2025, compared to no other borrowings on September 30, 2025, or December 31, 2024.

LIQUIDITY

Liquidity sources available to the Bank, including interest-bearing deposits in banks, unpledged securities available for sale, at fair value, and available lines of credit totaled \$743.0 million on December 31, 2025, \$676.1 million on September 30, 2025, and \$770.0 million on December 31, 2024.

The Bank maintains liquidity to fund loan growth and to meet potential demand from deposit customers, including potential volatile deposits. The estimated amount of uninsured customer deposits totaled \$538.2 million on December 31, 2025, \$555.0 million on September 30, 2025, and \$537.0 million on December 31, 2024. Excluding municipal deposits that have collateral pledged, the estimated amount of uninsured customer deposits totaled \$448.8 million on December 31, 2025, \$473.4 million on September 30, 2025, and \$445.5 million on December 31, 2024.

ASSET QUALITY

Overall non-performing assets ("NPAs") improved over the previous period and previous year as previously reserved loans were charged off in the fourth quarter of 2025. Management classifies NPAs as non-accrual loans and other real estate owned ("OREO"). NPAs as a percentage of total loans declined to 0.32% on December 31, 2025, down from 0.40% on September 30, 2025, and down from 0.48% on December 31, 2024. NPAs decreased by \$1.0 million to \$4.7 million on December 31, 2025, compared to \$5.7 million on September 30, 2025, and \$7.1 million on December 31, 2024.

There were no loans past due over 90 days or more and still accruing interest on December 31, 2025, compared to \$388 thousand on September 30, 2025, and \$365 thousand on December 31, 2024. Loans past-due 30-89 days and still accruing interest increased to \$3.8 million, or 0.26% of total loans on December 31, 2025, compared to \$3.6 million, or 0.25% of total loans on September 30, 2025, and \$3.1 million, or 0.21%, of total loans on December 31, 2024. The health care provider portfolio continues to decline with \$10.0 million in loan balances and \$4.1 million in unamortized premiums, with \$2.1 million on non-accrual which include specific reserves of \$1.6 million.

CAPITAL

During the fourth quarter of 2025, the Company declared and paid cash dividends of \$0.17 per common share, compared to \$0.155 in the third quarter of 2025 and \$0.155 in the fourth quarter of 2024. Tangible book value per share⁽¹⁾ grew to \$18.83 at December 31, 2025, from \$18.26 per share at September 30, 2025, and \$16.55 at December 31, 2024 primarily due to earnings and improvements in unrealized losses on available for sale securities, less dividends and corporate expenses paid.

The following table provides capital ratios and values for the periods ended:

| First National Corporation ⁽²⁾ | Dec 31, 2025 | Sep 30, 2025 | Dec 31, 2024 |
|--|---------------------|---------------------|---------------------|
| Total risk-based capital ratio | 14.53% | 15.15% | 14.57% |
| Tier 1 risk-based capital ratio | 12.93% | 12.83% | 11.98% |
| Common equity Tier 1 capital ratio | 12.30% | 12.20% | 11.35% |
| Leverage ratio | 9.29% | 9.24% | 8.59% |
| Tangible common equity to tangible assets ⁽¹⁾ | 8.40% | 8.17% | 7.46% |
| Tangible book value per share ⁽¹⁾ | \$ 18.83 | \$ 18.26 | \$ 16.55 |

| First Bank | Dec 31, 2025 | Sep 30, 2025 | Dec 31, 2024 |
|--|---------------------|---------------------|---------------------|
| Total risk-based capital ratio ⁽³⁾ | 13.64% | 13.40% | 12.34% |
| Tier 1 risk-based capital ratio ⁽³⁾ | 12.59% | 12.36% | 11.19% |
| Common equity Tier 1 capital ratio ⁽³⁾ | 12.59% | 12.36% | 11.19% |
| Leverage ratio ⁽³⁾ | 9.13% | 8.88% | 7.95% |
| Tangible common equity to tangible assets ⁽¹⁾ | 8.51% | 8.18% | 7.14% |

During the fourth quarter of 2025, the Company redeemed \$13 million in subordinated debt, at par, including redemptions on October 1, 2025 (\$5 million) and November 15, 2025 (\$8 million). There was no gain or loss recognized on these redemptions. These capital redemptions had minimal impact on the total risk-based capital ratio and should position the Company for improved profitability in future periods.

ABOUT FIRST NATIONAL CORPORATION

First National Corporation (NASDAQ: FXNC) is the parent company and bank holding company of First Bank, a community bank that first opened for business in 1907 in Strasburg, Virginia. The Bank offers loan and deposit products and services through its consumer and business mobile banking platforms, a network of ATMs located throughout its market area, two loan production offices, a customer service center in a retirement community, and thirty-three bank branch office locations located throughout the Shenandoah Valley, the Roanoke Valley, the Richmond MSA, the south-central regions of Virginia, and in northern North Carolina. In addition to providing traditional banking services, the Bank operates a wealth management division under the name First Bank Wealth Management. First Bank also owns First Bank Financial Services, Inc., which owns an interest in an entity that provides title insurance services.

NON-GAAP FINANCIAL MEASURES

In addition to financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), the Company uses certain non-GAAP financial measures that provide useful information for financial and operational decision making, evaluating trends, and comparing financial results to other financial institutions. The non-GAAP financial measures presented in this document include adjusted operating net income, adjusted operating non-interest expense, adjusted operating non-interest income, adjusted basic and diluted earnings per share, adjusted return on average assets, adjusted return on average equity, pre-provision pre-tax earnings, adjusted pre-provision pre-tax earnings, fully taxable equivalent interest income, the net interest margin, the efficiency ratio, tangible book value per share, and tangible common equity to tangible assets.

The Company believes certain non-GAAP financial measures enhance the understanding of its business and performance. Non-GAAP financial measures are supplemental and not a substitute for, or more important than, financial measures prepared in accordance with GAAP and may not be comparable to those reported by other financial institutions. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measure is included at the end of this release.

FORWARD-LOOKING STATEMENTS

Certain information contained in this discussion may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to the Company’s plans, objectives, expectations and intentions and other statements that are not historical facts, and other statements identified by words such as “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “targets,” “will,” “continue,” and “projects,” as well as similar expression. Although the Company believes that its expectations with respect to the forward-looking statements are based upon reliable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that actual results, performance, or achievements will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties. For details on factors that could affect expectations, future events, or results, see the risk factors and other cautionary language included in First National’s Annual Report on Form 10-K for the year ended December 31, 2024, most recent Quarterly Report on Form 10-Q and other filings with the Securities and Exchange Commission (the “SEC”).

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FIRST NATIONAL CORPORATION
Performance Summary
(in thousands)
 (unaudited)

| | For the Three Months Ended | | | For the Year Ended | |
|---|----------------------------|------------------|-------------------|--------------------|------------------|
| | Dec 31, 2025 | Sep 30, 2025 | Dec 31, 2024 | Dec 31, 2025 | Dec 31, 2024 |
| Income Statement | | | | | |
| Interest and dividend income | | | | | |
| Interest and fees on loans | \$ 21,513 | \$ 21,430 | \$ 21,516 | \$ 85,174 | \$ 63,483 |
| Interest on deposits in banks | 1,618 | 1,733 | 2,085 | 6,913 | 6,490 |
| Interest on federal funds sold | 1 | 1 | 189 | 41 | 189 |
| Taxable interest on securities | 1,734 | 1,562 | 1,284 | 5,923 | 4,733 |
| Tax-exempt interest on securities | 292 | 296 | 308 | 1,186 | 1,222 |
| Dividends | 66 | 65 | 104 | 260 | 202 |
| Total interest and dividend income | <u>\$ 25,224</u> | <u>\$ 25,087</u> | <u>\$ 25,486</u> | <u>\$ 99,497</u> | <u>\$ 76,319</u> |
| Interest expense | | | | | |
| Interest on deposits | \$ 5,929 | \$ 6,246 | \$ 6,415 | \$ 24,292 | \$ 20,964 |
| Interest on federal funds purchased | — | — | 1 | — | 1 |
| Interest on subordinated debt | 273 | 479 | 396 | 1,687 | 603 |
| Interest on junior subordinated debt | 67 | 67 | 68 | 266 | 270 |
| Interest on other borrowings | 3 | — | 247 | 6 | 2,029 |
| Total interest expense | <u>\$ 6,272</u> | <u>\$ 6,792</u> | <u>\$ 7,127</u> | <u>\$ 26,251</u> | <u>\$ 23,867</u> |
| Net interest income | <u>\$ 18,952</u> | <u>\$ 18,295</u> | <u>\$ 18,359</u> | <u>\$ 73,246</u> | <u>\$ 52,452</u> |
| Provision for credit losses | <u>951</u> | <u>193</u> | <u>4,750</u> | <u>2,887</u> | <u>7,850</u> |
| Net interest income after provision for credit losses | <u>\$ 18,001</u> | <u>\$ 18,102</u> | <u>\$ 13,609</u> | <u>\$ 70,359</u> | <u>\$ 44,602</u> |
| Noninterest income | | | | | |
| Service charges on deposit accounts | \$ 937 | \$ 985 | \$ 1,181 | \$ 3,955 | \$ 3,122 |
| ATM and check card fees | 1,124 | 1,336 | 792 | 4,584 | 3,305 |
| Wealth management fees | 936 | 910 | 903 | 3,611 | 3,617 |
| Fees for other customer services | 292 | 407 | 317 | 1,187 | 966 |
| Brokered mortgage fees | 190 | 166 | 90 | 649 | 252 |
| Income from bank owned life insurance | 383 | 284 | 264 | 1,144 | 755 |
| Net (losses) on securities available for sale | — | — | (154) | — | (115) |
| Net gains on sale of loans held for sale | 3 | 5 | — | 8 | — |
| Bargain purchase gain | — | 304 | 2,920 | 304 | 2,920 |
| Net gain on subordinated debt payoff | — | — | — | 80 | — |
| Other operating income | <u>1,153</u> | <u>103</u> | <u>131</u> | <u>1,496</u> | <u>1,558</u> |
| Total noninterest income | <u>\$ 5,018</u> | <u>\$ 4,500</u> | <u>\$ 6,444</u> | <u>\$ 17,018</u> | <u>\$ 16,380</u> |
| Noninterest expense | | | | | |
| Salaries and employee benefits | \$ 8,454 | \$ 8,487 | \$ 7,503 | \$ 33,663 | \$ 25,134 |
| Occupancy | 881 | 1,025 | 913 | 3,919 | 2,573 |
| Equipment | 1,282 | 1,056 | 1,123 | 4,420 | 3,131 |
| Marketing | 350 | 324 | 331 | 1,180 | 1,037 |
| Supplies | 207 | 158 | 186 | 780 | 489 |
| Legal and professional fees | 667 | 660 | 520 | 2,442 | 1,993 |
| ATM and check card expense | 570 | 569 | 385 | 2,115 | 1,508 |
| FDIC assessment | 258 | 305 | 285 | 1,292 | 860 |
| Bank franchise tax | 349 | 350 | 262 | 1,364 | 1,047 |
| Data processing expense | 501 | 495 | 684 | 2,262 | 1,404 |
| Amortization expense | 442 | 442 | 448 | 1,767 | 461 |
| Other real estate owned expense (income), net | — | — | 5 | (7) | 15 |
| Net (gain) loss on disposal of premises and equipment | — | (7) | — | — | 47 |
| Merger expense | 127 | — | 7,316 | 2,159 | 8,107 |
| Other operating expense | <u>2,037</u> | <u>1,918</u> | <u>1,968</u> | <u>8,077</u> | <u>5,128</u> |
| Total noninterest expense | <u>\$ 16,125</u> | <u>\$ 15,782</u> | <u>\$ 21,929</u> | <u>\$ 65,433</u> | <u>\$ 52,934</u> |
| Income (loss) before income taxes | <u>\$ 6,894</u> | <u>\$ 6,820</u> | <u>\$ (1,876)</u> | <u>\$ 21,944</u> | <u>\$ 8,048</u> |
| Income tax expense (benefit) | <u>1,390</u> | <u>1,270</u> | <u>(943)</u> | <u>4,241</u> | <u>1,082</u> |
| Net income (loss) | <u>\$ 5,504</u> | <u>\$ 5,550</u> | <u>\$ (933)</u> | <u>\$ 17,703</u> | <u>\$ 6,966</u> |

FIRST NATIONAL CORPORATION

Performance Summary

(in thousands, except share and per share data)
(unaudited)

| | For the Three Months Ended | | | For the Year Ended | |
|--|----------------------------|-----------------|-----------------|--------------------|-----------------|
| | Dec 31, 2025 | Sep 30, 2025 | Dec 31, 2024 | Dec 31, 2025 | Dec 31, 2024 |
| Common Share and Per Common Share Data | | | | | |
| Earnings (loss) per common share, basic | \$ 0.61 | \$ 0.62 | \$ (0.10) | \$ 1.97 | \$ 1.00 |
| Adjusted earnings per common share, basic ⁽¹⁾ | \$ 0.62 | \$ 0.58 | \$ 0.66 | \$ 2.13 | \$ 2.10 |
| Weighted average shares, basic | 9,011,378 | 8,999,153 | 8,971,649 | 8,994,410 | 6,955,592 |
| Earnings (loss) per common share, diluted | \$ 0.61 | \$ 0.62 | \$ (0.10) | \$ 1.96 | \$ 1.00 |
| Adjusted earnings per common share, diluted ⁽¹⁾ | \$ 0.62 | \$ 0.58 | \$ 0.66 | \$ 2.12 | \$ 2.10 |
| Weighted average shares, diluted | 9,030,437 | 9,023,185 | 8,994,315 | 9,015,480 | 6,971,089 |
| Shares outstanding at period end | 9,025,395 | 9,009,209 | 8,974,102 | 9,025,395 | 8,974,102 |
| Tangible book value per share at period end ⁽¹⁾ | \$ 18.83 | \$ 18.26 | \$ 16.55 | \$ 18.83 | \$ 16.55 |
| Market price per share at period end | \$ 25.24 | \$ 22.68 | \$ 23.01 | \$ 25.24 | \$ 23.01 |
| Cash dividends declared | \$ 0.170 | \$ 0.155 | \$ 0.155 | \$ 0.635 | \$ 0.605 |
| Key Performance Ratios | | | | | |
| Return on average assets ⁽⁴⁾ | 1.06% | 1.09% | (0.18%) | 0.87% | 0.44% |
| Adjusted return on average assets ⁽¹⁾⁽⁴⁾ | 1.08% | 1.03% | 1.15% | 0.94% | 0.92% |
| Return on average equity ⁽⁴⁾ | 11.86% | 12.43% | (2.35%) | 10.10% | 5.33% |
| Adjusted return on average equity ⁽¹⁾⁽⁴⁾ | 12.08% | 11.75% | 15.01% | 10.92% | 11.19% |
| Net interest margin ⁽⁴⁾ | 3.93% | 3.83% | 3.83% | 3.86% | 3.51% |
| Net interest margin fully tax-equivalent ⁽¹⁾⁽⁴⁾ | 3.95% | 3.84% | 3.83% | 3.88% | 3.51% |
| Efficiency ratio ⁽¹⁾ | 64.66% | 67.97% | 63.97% | 68.18% | 66.73% |
| Average Balances | | | | | |
| Average assets | \$ 2,061,973 | \$ 2,022,958 | \$ 2,051,578 | \$ 2,026,527 | \$ 1,597,150 |
| Average earning assets | 1,914,802 | 1,897,328 | 1,919,864 | 1,898,424 | 1,504,946 |
| Average noninterest deposits to total average deposits | 29.28% | 29.13% | 29.20% | 29.12% | 30.83% |
| Average shareholders' equity | \$ 184,167 | \$ 177,130 | \$ 157,844 | \$ 175,264 | \$ 130,715 |
| Asset Quality | | | | | |
| Allowance for credit losses on loans to nonperforming assets | 316.27% | 253.37% | 230.63% | 316.27% | 230.63% |
| Allowance for credit losses on loans to period end loans | 1.02% | 1.01% | 1.12% | 1.02% | 1.12% |
| Nonperforming assets to period end loans | 0.32% | 0.40% | 0.48% | 0.32% | 0.48% |
| Loan charge-offs | \$ 753 | \$ 1,027 | \$ 1,432 | \$ 4,805 | \$ 4,033 |
| Loan recoveries | 102 | 88 | 98 | 366 | 283 |
| Net charge-offs | 651 | 939 | 1,334 | 4,439 | 3,750 |
| Non-accrual loans | 4,654 | 5,702 | 7,058 | 4,654 | 7,058 |
| Other real estate owned, net | — | — | 53 | — | 53 |
| Nonperforming assets | 4,654 | 5,702 | 7,111 | 4,654 | 7,111 |
| Loans 30 to 89 days past due, accruing | 3,830 | 3,580 | 3,085 | 3,830 | 3,085 |
| Loans over 90 days past due, accruing | — | 388 | 365 | — | 365 |
| Capital Ratios ⁽⁵⁾ | | | | | |
| Total capital | \$ 201,622 | \$ 194,910 | \$ 181,449 | \$ 201,622 | \$ 181,449 |
| Tier 1 capital | 186,193 | 179,781 | 164,454 | 186,193 | 164,454 |
| Common equity Tier 1 capital | 186,193 | 179,781 | 164,454 | 186,193 | 164,454 |
| Total capital to risk-weighted assets ⁽³⁾ | 13.64% | 13.40% | 12.34% | 13.64% | 12.34% |
| Tier 1 capital to risk-weighted assets ⁽³⁾ | 12.59% | 12.36% | 11.19% | 12.59% | 11.19% |
| Common equity Tier 1 capital / risk-weighted assets ⁽³⁾ | 12.59% | 12.36% | 11.19% | 12.59% | 11.19% |
| Leverage ratio ⁽³⁾ | 9.13% | 8.88% | 7.95% | 9.13% | 7.95% |

FIRST NATIONAL CORPORATION

Performance Summary

(in thousands)

(unaudited)

| | For the Period Ended | | | | |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Dec 31, 2025 | Sep 30, 2025 | Jun 30, 2025 | Mar 31, 2025 | Dec 31, 2024 |
| Balance Sheet | | | | | |
| Cash and due from banks | \$ 20,836 | \$ 23,716 | \$ 34,435 | \$ 27,432 | \$ 24,916 |
| Interest-bearing deposits in banks | 140,074 | 165,601 | 159,880 | 178,600 | 137,958 |
| Cash and cash equivalents | \$ 160,910 | \$ 189,317 | \$ 194,315 | \$ 206,032 | \$ 162,874 |
| Securities available for sale, at fair value | 217,538 | 196,476 | 187,579 | 160,976 | 163,847 |
| Securities held to maturity, at amortized cost (net of allowance for credit losses) | 102,872 | 104,608 | 106,430 | 108,292 | 109,741 |
| Restricted securities, at cost | 5,624 | 4,436 | 5,624 | 4,436 | 3,741 |
| Loans, net of allowance for credit losses | 1,435,026 | 1,418,750 | 1,428,251 | 1,435,895 | 1,450,604 |
| Other real estate owned, net | — | — | — | — | 53 |
| Premises and equipment, net | 34,561 | 34,107 | 34,530 | 34,609 | 34,824 |
| Accrued interest receivable | 6,430 | 6,238 | 6,143 | 6,126 | 6,020 |
| Bank owned life insurance | 38,577 | 38,652 | 38,367 | 38,136 | 37,873 |
| Goodwill | 3,030 | 3,030 | 3,030 | 3,030 | 3,030 |
| Core deposit intangibles, net | 13,219 | 13,661 | 14,102 | 14,544 | 14,986 |
| Other assets | 20,907 | 21,479 | 23,070 | 21,270 | 22,688 |
| Total assets | \$ 2,038,694 | \$ 2,030,754 | \$ 2,041,441 | \$ 2,033,346 | \$ 2,010,281 |
| Noninterest-bearing demand deposits | \$ 509,874 | \$ 511,482 | \$ 541,204 | \$ 540,387 | \$ 520,153 |
| Savings and interest-bearing demand deposits | 926,579 | 931,241 | 900,658 | 922,197 | 924,880 |
| Time deposits | 363,095 | 366,860 | 361,304 | 362,392 | 358,745 |
| Total deposits | \$ 1,799,548 | \$ 1,809,583 | \$ 1,803,166 | \$ 1,824,976 | \$ 1,803,778 |
| Other borrowings | 25,000 | — | 25,000 | — | — |
| Subordinated debt, net | 8,312 | 21,241 | 21,148 | 21,461 | 21,176 |
| Junior subordinated debt | 9,279 | 9,279 | 9,279 | 9,279 | 9,279 |
| Accrued interest payable and other liabilities | 10,359 | 9,442 | 9,316 | 8,955 | 9,517 |
| Total liabilities | \$ 1,852,498 | \$ 1,849,545 | \$ 1,867,909 | \$ 1,864,671 | \$ 1,843,750 |
| Common stock | 11,282 | 11,262 | 11,236 | 11,233 | 11,218 |
| Surplus | 78,216 | 78,187 | 77,578 | 77,354 | 77,058 |
| Retained earnings | 108,937 | 104,964 | 100,810 | 97,152 | 96,947 |
| Accumulated other comprehensive (loss), net | (12,239) | (13,204) | (16,092) | (17,064) | (18,692) |
| Total shareholders' equity | \$ 186,196 | \$ 181,209 | \$ 173,532 | \$ 168,675 | \$ 166,531 |
| Total liabilities and shareholders' equity | \$ 2,038,694 | \$ 2,030,754 | \$ 2,041,441 | \$ 2,033,346 | \$ 2,010,281 |
| Loan Portfolio | | | | | |
| Real estate loans: | | | | | |
| Construction and land development | \$ 88,424 | \$ 78,470 | \$ 78,169 | \$ 81,596 | \$ 84,480 |
| Secured by farmland | 11,879 | 12,812 | 12,514 | 12,314 | 14,133 |
| Secured by 1-4 family residential | 527,282 | 533,458 | 544,577 | 550,183 | 547,576 |
| Other real estate loans | 685,099 | 671,723 | 667,550 | 653,367 | 658,029 |
| Commercial and industrial loans (except those secured by real estate) | 117,256 | 117,047 | 119,910 | 131,539 | 140,393 |
| Consumer installment loans | 8,419 | 8,358 | 8,113 | 8,034 | 7,582 |
| Deposit overdrafts | 543 | 535 | 454 | 486 | 450 |
| All other loans | 10,843 | 10,794 | 12,150 | 13,111 | 14,361 |
| Total loans | \$ 1,449,745 | \$ 1,433,197 | \$ 1,443,437 | \$ 1,450,630 | \$ 1,467,004 |
| Allowance for credit losses | (14,719) | (14,447) | (15,186) | (14,735) | (16,400) |
| Loans, net | \$ 1,435,026 | \$ 1,418,750 | \$ 1,428,251 | \$ 1,435,895 | \$ 1,450,604 |

FIRST NATIONAL CORPORATION
Average Balances, Yields and Rates Paid
(in thousands)
(unaudited)

| | Three Months Ended | | | | | | | | | |
|---|--------------------|-------------------------|---------------------------|--------------------|-------------------------|---------------------------|-------------------|-------------------------|---------------------------|--|
| | December 31, 2025 | | | September 30, 2025 | | | December 31, 2024 | | | |
| | Average Balance | Interest Income/Expense | Yield/Rate ⁽⁷⁾ | Average Balance | Interest Income/Expense | Yield/Rate ⁽⁷⁾ | Average Balance | Interest Income/Expense | Yield/Rate ⁽⁷⁾ | |
| Assets | | | | | | | | | | |
| Securities: | | | | | | | | | | |
| Taxable | \$ 261,463 | \$ 1,735 | 2.63% | \$ 242,797 | \$ 1,562 | 2.55% | \$ 222,869 | \$ 1,284 | 2.29% | |
| Tax-exempt ⁽¹⁾ | 52,441 | 370 | 2.80% | 51,493 | 375 | 2.89% | 52,943 | 391 | 2.93% | |
| Restricted | 4,449 | 66 | 5.88% | 4,436 | 65 | 5.80% | 3,773 | 104 | 10.96% | |
| Total securities | \$ 318,353 | \$ 2,171 | 2.70% | \$ 298,726 | \$ 2,002 | 2.66% | \$ 279,585 | \$ 1,779 | 2.53% | |
| Loans: | | | | | | | | | | |
| Taxable | \$1,431,171 | \$ 21,468 | 5.95% | \$1,437,946 | \$ 21,386 | 5.90% | \$1,446,432 | \$ 21,447 | 5.90% | |
| Tax-exempt ⁽¹⁾ | 3,565 | 57 | 6.32% | 3,473 | 55 | 6.29% | 5,193 | 88 | 6.74% | |
| Total loans | \$1,434,736 | \$ 21,525 | 5.95% | \$1,441,419 | \$ 21,441 | 5.90% | \$1,451,625 | \$ 21,535 | 5.90% | |
| Federal funds sold | 33 | — | — | 55 | — | — | 16,963 | 188 | 4.42% | |
| Interest-bearing deposits with other institutions | \$ 161,680 | \$ 1,618 | 3.97% | 157,128 | \$ 1,734 | 4.38% | \$ 171,692 | \$ 2,085 | 4.83% | |
| Total earning assets | \$1,914,802 | \$ 25,314 | 5.24% | \$1,897,328 | \$ 25,177 | 5.26% | \$1,919,865 | \$ 25,587 | 5.30% | |
| Less: allowance for credit losses on loans | (14,883) | | | (15,378) | | | (16,781) | | | |
| Total non-earning assets | 162,054 | | | 141,008 | | | 148,495 | | | |
| Total assets | \$2,061,973 | | | \$2,022,958 | | | \$2,051,579 | | | |
| Liabilities and Shareholders' Equity | | | | | | | | | | |
| Interest bearing deposits: | | | | | | | | | | |
| Checking | \$ 401,385 | \$ 1,185 | 1.17% | \$ 376,344 | \$ 1,256 | 1.32% | \$ 369,546 | \$ 1,314 | 1.41% | |
| Regular savings | 207,169 | 183 | 0.35% | 209,909 | 208 | 0.39% | 212,738 | 171 | 0.32% | |
| Money market accounts | 331,288 | 1,656 | 1.98% | 330,115 | 1,882 | 2.26% | 359,708 | 2,320 | 2.57% | |
| Time deposits | 365,961 | 2,905 | 3.15% | 363,702 | 2,900 | 3.16% | 355,181 | 2,610 | 2.92% | |
| Total interest-bearing deposits | \$1,305,803 | \$ 5,929 | 1.80% | \$1,280,070 | \$ 6,246 | 1.94% | \$1,297,173 | \$ 6,415 | 1.97% | |
| Federal funds purchased | 1 | — | — | — | — | — | 6 | — | — | |
| Subordinated debt | 12,167 | 274 | 8.94% | 21,304 | 479 | 8.92% | 17,131 | 395 | 9.17% | |
| Junior subordinated debt | 9,279 | 67 | 2.87% | 9,279 | 66 | 2.83% | 9,279 | 68 | 2.94% | |
| Other borrowings | 272 | 3 | 3.93% | — | — | 0.00% | 20,109 | 248 | 4.90% | |
| Total interest-bearing liabilities | \$1,327,522 | \$ 6,273 | 1.87% | \$1,310,653 | \$ 6,791 | 2.06% | \$1,343,698 | \$ 7,126 | 2.11% | |
| Non-interest bearing liabilities | | | | | | | | | | |
| Demand deposits | 540,640 | | | 526,240 | | | 534,951 | | | |
| Other liabilities | 9,644 | | | 8,935 | | | 15,086 | | | |
| Total liabilities | \$1,877,806 | | | \$1,845,828 | | | \$1,893,735 | | | |
| Shareholders' equity | 184,167 | | | 177,130 | | | 157,844 | | | |
| Total liabilities and Shareholders' equity | \$2,061,973 | | | \$2,022,958 | | | \$2,051,579 | | | |
| Net interest income ⁽¹⁾ | | \$ 19,041 | | | \$ 18,386 | | | \$ 18,461 | | |
| Interest rate spread ⁽¹⁾ | | | 3.37% | | | 3.21% | | | 3.19% | |
| Cost of funds | | | 1.33% | | | 1.47% | | | 1.51% | |
| Interest expense as a percent of average earning assets | | | 1.30% | | | 1.42% | | | 1.48% | |
| Net interest margin FTE ⁽¹⁾ | | | 3.95% | | | 3.84% | | | 3.83% | |

FIRST NATIONAL CORPORATION
Average Balances, Yields and Rates Paid
(in thousands)
 (unaudited)

| | Year Ended | | | | | |
|---|----------------------------|-----------------------------|--------------------------------|----------------------------|-----------------------------|--------------------------------|
| | December 31, 2025 | | | December 31, 2024 | | |
| | Average Balance | Interest Income/ Expense | Yield / Rate ⁽⁷⁾ | Average Balance | Interest Income/ Expense | Yield / Rate ⁽⁷⁾ |
| Assets | | | | | | |
| Securities: | | | | | | |
| Taxable | \$ 236,181 | \$ 5,923 | 2.51% | \$ 221,611 | \$ 4,733 | 2.14% |
| Tax-exempt ⁽¹⁾ | 51,613 | 1,502 | 2.91% | 53,289 | 1,547 | 2.90% |
| Restricted | 4,377 | 260 | 5.94% | 2,522 | 202 | 8.01% |
| Total securities | \$ 292,171 | \$ 7,685 | 2.63% | \$ 277,422 | \$ 6,482 | 2.34% |
| Loans: | | | | | | |
| Taxable | \$ 1,441,319 | \$ 84,982 | 5.90% | \$ 1,096,312 | \$ 63,320 | 5.78% |
| Tax-exempt ⁽¹⁾ | 3,978 | 244 | 6.13% | 2,561 | 206 | 8.04% |
| Total loans | \$ 1,445,297 | \$ 85,226 | 5.90% | \$ 1,098,873 | \$ 63,526 | 5.78% |
| Federal funds sold | 892 | 40 | 4.52% | 4,244 | 189 | 4.44% |
| Interest-bearing deposits with other institutions | | | | | | |
| Total earning assets | \$ 160,064 | \$ 6,913 | 4.32% | \$ 124,407 | \$ 6,490 | 5.22% |
| Less: allowance for credit losses on loans | \$ 1,898,424 | \$ 99,864 | 5.26% | \$ 1,504,946 | \$ 76,687 | 5.10% |
| Total non-earning assets | (15,437) | | | (13,381) | | |
| Total assets | <u>\$ 143,540</u> | | | <u>105,585</u> | | |
| | <u><u>\$ 2,026,527</u></u> | | | <u><u>\$ 1,597,150</u></u> | | |
| Liabilities and Shareholders' Equity | | | | | | |
| Interest bearing deposits: | | | | | | |
| Checking | \$ 377,944 | \$ 4,880 | 1.29% | \$ 278,558 | \$ 4,870 | 1.75% |
| Regular savings | 210,510 | 756 | 0.36% | 160,795 | 292 | 0.18% |
| Money market accounts | 332,467 | 7,370 | 2.22% | 294,818 | 8,265 | 2.80% |
| Time deposits | 363,641 | 11,286 | 3.10% | 239,590 | 7,537 | 3.15% |
| Total interest-bearing deposits | \$ 1,284,562 | \$ 24,292 | 1.89% | \$ 973,761 | \$ 20,964 | 2.15% |
| Federal funds purchased | 1 | — | — | 2 | — | — |
| Subordinated debt | 20,308 | 1,688 | 8.31% | 8,889 | 603 | 6.78% |
| Junior subordinated debt | 9,279 | 266 | 2.86% | 9,279 | 270 | 2.91% |
| Other borrowings | 137 | 6 | 4.28% | 42,486 | 2,029 | 4.78% |
| Total interest-bearing liabilities | \$ 1,314,287 | \$ 26,252 | 2.00% | \$ 1,034,417 | \$ 23,866 | 2.31% |
| Non-interest bearing liabilities | | | | | | |
| Demand deposits | 527,756 | | | 422,981 | | |
| Other liabilities | <u>9,220</u> | | | <u>9,037</u> | | |
| Total liabilities | <u>\$ 1,851,263</u> | | | <u>\$ 1,466,435</u> | | |
| Shareholders' equity | 175,264 | | | 130,715 | | |
| Total liabilities and Shareholders' equity | <u>\$ 2,026,527</u> | | | <u>\$ 1,597,150</u> | | |
| Net interest income ⁽¹⁾ | | <u><u>\$ 73,612</u></u> | | | <u><u>\$ 52,821</u></u> | |
| Interest rate spread ⁽¹⁾ | | | 3.26% | | | 2.79% |
| Cost of funds | | | 1.43% | | | 1.64% |
| Interest expense as a percent of average earning assets | | | 1.38% | | | 1.59% |
| Net interest margin FTE ⁽¹⁾ | | | 3.88% | | | 3.51% |

FIRST NATIONAL CORPORATION

Non-GAAP Reconciliation

(in thousands, except share and per share data)

(unaudited)

| | For the Three Months Ended | | | For the Year Ended | |
|---|----------------------------|-----------------|-----------------|--------------------|-----------------|
| | Dec 31, 2025 | Sep 30, 2025 | Dec 31, 2024 | Dec 31, 2025 | Dec 31, 2024 |
| Operating Net Income | | | | | |
| Net income (GAAP) | \$ 5,504 | \$ 5,550 | \$ (933) | \$ 17,703 | \$ 6,966 |
| Add: Merger-related expenses | 127 | — | 7,316 | 2,159 | 8,107 |
| Add: Day 2 Non-PCD Provision | — | — | 3,931 | — | 3,931 |
| Subtract: Bargain purchase gain | — | (304) | (2,920) | (304) | (2,920) |
| Subtract: Tax effect of adjustment ⁽⁵⁾ | (27) | 64 | (1,439) | (417) | (1,463) |
| Adjusted operating net income (non-GAAP) | \$ 5,604 | \$ 5,310 | \$ 5,955 | \$ 19,141 | \$ 14,621 |
| Adjusted Earnings Per Share, Basic | | | | | |
| Weighted average shares, basic | 9,011,378 | 8,999,153 | 8,971,649 | 8,994,410 | 6,955,592 |
| Basic earnings (loss) per share (GAAP) | \$ 0.61 | \$ 0.62 | \$ (0.10) | \$ 1.97 | \$ 1.00 |
| Adjusted earnings per share, basic (non-GAAP) | \$ 0.62 | \$ 0.58 | \$ 0.66 | \$ 2.13 | \$ 2.10 |
| Adjusted Earnings Per Share, Diluted | | | | | |
| Weighted average shares, diluted | 9,030,437 | 9,023,185 | 8,994,315 | 9,015,480 | 6,971,089 |
| Diluted earnings (loss) per share (GAAP) | \$ 0.61 | \$ 0.62 | \$ (0.10) | \$ 1.96 | \$ 1.00 |
| Adjusted diluted earnings per share (non-GAAP) | \$ 0.62 | \$ 0.58 | \$ 0.66 | \$ 2.12 | \$ 2.10 |
| Adjusted Pre-Provision, Pre-Tax Earnings | | | | | |
| Net interest income | \$ 18,952 | \$ 18,295 | \$ 18,359 | \$ 73,246 | \$ 52,452 |
| Total noninterest income | 5,018 | 4,500 | 6,444 | 17,018 | 16,380 |
| Net revenue | \$ 23,970 | \$ 22,795 | \$ 24,803 | \$ 90,264 | \$ 68,832 |
| Total noninterest expense | 16,125 | 15,782 | 21,929 | 65,433 | 52,934 |
| Pre-provision, pre-tax earnings | \$ 7,845 | \$ 7,013 | \$ 2,874 | \$ 24,831 | \$ 15,898 |
| Add: Merger expenses | 127 | — | 7,316 | 2,159 | 8,107 |
| Add: Day 2 Non-PCD Provision | — | — | 3,931 | — | 3,931 |
| Subtract: Bargain purchase gain | — | (304) | (2,920) | (304) | (2,920) |
| Adjusted pre-provision, pre-tax earnings | \$ 7,972 | \$ 6,709 | \$ 11,201 | \$ 26,686 | \$ 25,016 |
| Adjusted Performance Ratios | | | | | |
| Average assets | \$ 2,061,973 | \$ 2,022,958 | \$ 2,051,578 | \$ 2,026,527 | \$ 1,597,150 |
| Return on average assets (GAAP) | 1.06% | 1.09% | (0.18%) | 0.87% | 0.44% |
| Adjusted return on average assets (non-GAAP) | 1.08% | 1.03% | 1.15% | 0.94% | 0.92% |
| Average shareholders' equity | \$ 184,167 | \$ 177,130 | \$ 157,844 | \$ 175,264 | \$ 130,715 |
| Return on average equity (GAAP) | 11.86% | 12.43% | (2.35%) | 10.10% | 5.33% |
| Adjusted return on average equity (non-GAAP) | 12.08% | 11.75% | 15.01% | 10.92% | 11.19% |
| Net Interest Margin | | | | | |
| Net interest income | \$ 18,952 | \$ 18,295 | \$ 18,359 | \$ 73,246 | \$ 52,452 |
| Tax-equivalent net interest income (non-GAAP) | 19,041 | 18,385 | 18,461 | 73,612 | 52,821 |
| Average earning assets | 1,914,802 | 1,897,328 | 1,919,864 | 1,898,424 | 1,504,946 |
| Net interest margin | 3.93% | 3.83% | 3.80% | 3.86% | 3.49% |
| Net interest margin fully tax equivalent (non-GAAP) | 3.95% | 3.84% | 3.83% | 3.88% | 3.51% |

FIRST NATIONAL CORPORATION

Non-GAAP Reconciliation

(in thousands)

(unaudited)

| | For the Three Months Ended | | | For the Year Ended | |
|--|----------------------------|-----------------|-----------------|--------------------|-----------------|
| | Dec 31, 2025 | Sep 30, 2025 | Dec 31, 2024 | Dec 31, 2025 | Dec 31, 2024 |
| Adjusted Noninterest Income | | | | | |
| Total noninterest income | \$ 5,018 | \$ 4,500 | \$ 6,444 | \$ 17,018 | \$ 16,380 |
| Subtract: bargain purchase gain | — | (304) | (2,920) | (304) | (2,920) |
| Subtract: loan recovery | (895) | — | — | (895) | — |
| Net revenue | \$ 4,123 | \$ 4,196 | \$ 3,524 | \$ 15,819 | \$ 13,460 |
| Adjusted Operating Noninterest Expense | | | | | |
| Total noninterest expense | \$ 16,125 | \$ 15,782 | \$ 21,929 | \$ 65,433 | \$ 52,934 |
| Subtract: merger expenses | (127) | — | (7,316) | (2,159) | (8,107) |
| Subtract: amortization expense | (442) | (442) | (448) | (1,767) | (461) |
| Adjusted operating noninterest expense | \$ 15,556 | \$ 15,340 | \$ 14,165 | \$ 61,507 | \$ 44,366 |
| Efficiency Ratio | | | | | |
| Total noninterest expense (GAAP) | \$ 16,125 | \$ 15,782 | \$ 21,929 | \$ 65,433 | \$ 52,934 |
| Subtract/add: other real estate owned (expense) income, net | — | — | (5) | 7 | (15) |
| Subtract: amortization of intangibles | (442) | (442) | (448) | (1,767) | (461) |
| Add/Subtract: gain (loss) on disposal of premises and equipment, net | — | 9 | 3 | 16 | (47) |
| Subtract: merger expenses | (127) | — | (7,316) | (2,159) | (8,107) |
| Adjusted operating non-interest expense (non-GAAP) | \$ 15,556 | \$ 15,349 | \$ 14,163 | \$ 61,530 | \$ 44,304 |
| Tax-equivalent net interest income (non-GAAP) | \$ 19,041 | \$ 18,385 | \$ 18,461 | \$ 73,612 | \$ 52,821 |
| Total noninterest income (GAAP) | 5,018 | 4,500 | 6,444 | 17,018 | 16,380 |
| Subtract: net gain on subordinated debt payoff | — | — | — | (80) | — |
| Subtract: bargain purchase gain | — | (304) | (2,920) | (304) | (2,920) |
| Add/Subtract: securities losses (gains), net | — | — | 154 | — | 115 |
| Adjusted income for efficiency ratio (non-GAAP) | \$ 24,059 | \$ 22,581 | \$ 22,139 | \$ 90,246 | \$ 66,396 |
| Efficiency ratio (non-GAAP) | 64.66% | 67.97% | 63.97% | 68.18% | 66.73% |

FIRST NATIONAL CORPORATION

Non-GAAP Reconciliation(*in thousands, except share and per share data*)

(unaudited)

| | For the Three Months Ended | | | For the Year Ended | |
|--|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Dec 31, 2025 | Sep 30, 2025 | Dec 31, 2024 | Dec 31, 2025 | Dec 31, 2024 |
| Tax-Equivalent Net Interest Income | | | | | |
| GAAP measures: | | | | | |
| Interest income – loans | \$ 21,513 | \$ 21,430 | \$ 21,516 | \$ 85,174 | \$ 63,483 |
| Interest income – investments and other | 3,711 | 3,657 | 3,970 | 14,323 | 12,836 |
| Interest expense – deposits | (5,929) | (6,246) | (6,415) | (24,292) | (20,964) |
| Interest expense – federal funds purchased | — | — | (1) | — | (1) |
| Interest expense – subordinated debt | (273) | (479) | (396) | (1,687) | (603) |
| Interest expense – junior subordinated debt | (67) | (67) | (68) | (266) | (270) |
| Interest expense – other borrowings | (3) | — | (247) | (6) | (2,029) |
| Net interest income | <u>\$ 18,952</u> | <u>\$ 18,295</u> | <u>\$ 18,359</u> | <u>\$ 73,246</u> | <u>\$ 52,452</u> |
| Non-GAAP measures: | | | | | |
| Add: Tax benefit realized on non-taxable interest income – loans ⁽⁶⁾ | \$ 12 | \$ 11 | \$ 18 | \$ 51 | \$ 43 |
| Add: Tax benefit realized on non-taxable interest income – municipal securities ⁽⁶⁾ | 77 | 79 | 84 | 315 | 326 |
| Tax benefit realized on non-taxable interest income | <u>\$ 89</u> | <u>\$ 90</u> | <u>\$ 102</u> | <u>\$ 366</u> | <u>\$ 369</u> |
| Tax-equivalent net interest income | <u><u>\$ 19,041</u></u> | <u><u>\$ 18,385</u></u> | <u><u>\$ 18,461</u></u> | <u><u>\$ 73,612</u></u> | <u><u>\$ 52,821</u></u> |
| Tangible Common Equity and Tangible Assets | | | | | |
| Total assets (GAAP) | \$ 2,038,694 | \$ 2,030,754 | \$ 2,010,281 | \$ 2,038,694 | \$ 2,010,281 |
| Subtract: goodwill | (3,030) | (3,030) | (3,030) | (3,030) | (3,030) |
| Subtract: core deposit intangibles, net | (13,219) | (13,661) | (14,986) | (13,219) | (14,986) |
| Tangible assets (Non-GAAP) | <u>\$ 2,022,445</u> | <u>\$ 2,014,063</u> | <u>\$ 1,992,265</u> | <u>\$ 2,022,445</u> | <u>\$ 1,992,265</u> |
| Total shareholders' equity (GAAP) | \$ 186,196 | \$ 181,209 | \$ 166,531 | \$ 186,196 | \$ 166,531 |
| Subtract: goodwill | (3,030) | (3,030) | (3,030) | (3,030) | (3,030) |
| Subtract: core deposit intangibles, net | (13,219) | (13,661) | (14,986) | (13,219) | (14,986) |
| Tangible common equity (Non-GAAP) | <u>\$ 169,947</u> | <u>\$ 164,518</u> | <u>\$ 148,515</u> | <u>\$ 169,947</u> | <u>\$ 148,515</u> |
| Tangible common equity to tangible assets ratio (non-GAAP) | 8.40% | 8.17% | 7.45% | 8.40% | 7.45% |

Tangible Book Value Per Share

| | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Tangible common equity (non-GAAP) | \$ 169,947 | \$ 164,518 | \$ 148,515 | \$ 169,947 | \$ 148,515 |
| Common shares outstanding, ending | 9,025,395 | 9,009,209 | 8,974,102 | 9,025,395 | 8,974,102 |
| Tangible book value per share (non-GAAP) | <u>\$ 18.83</u> | <u>\$ 18.26</u> | <u>\$ 16.55</u> | <u>\$ 18.83</u> | <u>\$ 16.55</u> |

⁽¹⁾ Non-GAAP financial measure. See “Non-GAAP Financial Measures” and “Non-GAAP Reconciliation” tables for additional information and detailed calculations of adjustments.

⁽²⁾ The Company is a small bank holding company under applicable regulations and guidance and is not subject to the minimum regulatory capital regulations for bank holding companies. The regulatory requirements that apply to bank holding companies that are subject to regulatory capital requirements are presented above, along with the Company's capital ratios as determined under those regulations.

⁽³⁾ All ratios on December 31, 2025, are estimates and subject to change pending the Bank's filing of its Call Report. All other periods are presented as filed.

⁽⁴⁾ Ratios are annualized.

⁽⁵⁾ Capital ratios presented are for First Bank.

⁽⁶⁾ The tax rate utilized in calculating the tax benefit is 21%

⁽⁷⁾ Yields and interest income are presented on a taxable-equivalent basis using the federal statutory tax rate of 21%