The First Bancorp

2025
ANNUAL REPORT

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

☒ Annual Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934
For the Fiscal Year ended December 31, 2025

Commission File Number 0-26589

THE FIRST BANCORP, INC.

(Exact name of Registrant as specified in its charter)

Maine	**01-0404322**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

223 Main Street	**Damariscotta**	**Maine**	**04543**
(Address of principal executive offices)			(Zip code)

(207) 563-3195
Registrant's telephone number, including area code

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

Title of Each Class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	FNLC	NASDAQ Global Select Market

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ **No** ☐

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. (Check one):

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

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

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

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

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

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.
Common Stock: $271,239,386

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of March 1, 2026
Common Stock: 11,270,319 shares

Documents Incorporated By Reference:
Proxy Statement for the Annual Meeting of Shareholders
to be held on April 29, 2026

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ITEM 1. Discussion of Business

Overview

The First Bancorp, Inc. (the "Company") was incorporated under the laws of the State of Maine on January 15, 1985, for the purpose of becoming the parent holding company of The First National Bank of Damariscotta, which was chartered as a national bank under the laws of the United States on May 30, 1864. At the Company's Annual Meeting of Shareholders on April 30, 2008, the Company's name was changed from First National Lincoln Corporation to The First Bancorp, Inc.

On January 14, 2005, the acquisition of FNB Bankshares ("FNB") of Bar Harbor, Maine, was completed, adding seven banking offices and one investment management office in Hancock and Washington counties of Maine. FNB's subsidiary, The First National Bank of Bar Harbor, was merged into The First National Bank of Damariscotta at closing, and from January 31, 2005 until January 28, 2016, the combined banks operated under the name: The First, N.A. On January 28, 2016, the Board of Directors voted to change the name of The First, N.A. to First National Bank (the "Bank").

On December 11, 2020, the Bank completed the purchase of a branch at 1B Belmont Avenue in Belfast, Maine, from Bangor Savings Bank ("Bangor Savings"). The branch is one of six branches Bangor Savings acquired from Damariscotta Bank & Trust Company ("DB&T"), and this branch was divested by Bangor Savings to resolve competitive concerns in that market raised by the U.S. Department of Justice's Antitrust Division. As part of the transaction, the Bank acquired approximately $23 million in loans and assumed approximately $19 million in deposits. The transaction value was approximately $25.2 million consisting of the loans, building, equipment, core deposit intangible, and goodwill.

On January 31, 2022 the Bank opened a de novo branch office in Brewer, Maine. The Brewer office raised the Bank's branch location count to eighteen, and became its second branch in Penobscot County.

As of December 31, 2025, the Company's securities consisted of one class of common stock. At that date, there were 11,222,363 shares of common stock outstanding.

The common stock of the Bank is the principal asset of the Company, which has no other subsidiaries. The Bank's capital stock consists of one class of common stock, of which 290,069 shares, par value $2.50 per share, are issued and outstanding. All of the Bank's common stock is owned by the Company.

First National Bank: The Bank offers traditional banking products & services including deposit accounts, cash management and payment processing solutions, and consumer, commercial and mortgage loans. Personal service and convenience is emphasized to a customer base consisting primarily of small businesses, government entities, non-profit organizations, and individuals located or residing within its markets. The Bank continually evolves its processes and adapts to new technologies. Recent investments include areas such as mobile & digital banking, commercial loan origination, and document imaging. The banking business in the Bank's Mid-Coast and Eastern Maine market area is subject to modest seasonal fluctuations typically consisting of lower deposits in the winter and spring and higher deposits in the summer and fall. This fluctuation is predictable and has not had a materially adverse effect on the Bank.

In addition to traditional banking services, the Company provides investment management and private banking services through First National Wealth Management, an operating division of the Bank. First National Wealth Management offers a comprehensive array of private banking, financial planning, investment management and trust services to individuals, businesses, non-profit organizations and municipalities of varying asset size, and to provide the highest level of personal service. The staff includes investment and trust professionals with extensive experience. In 2019, the Bank introduced First National Investment Services. Through a partnership with a third party provider, First National Investment Services offers additional products such as brokerage, annuity products and certain types of insurance.

Competition: The financial services landscape has continued to evolve over the past five years. Within the Bank's primary market area, Maine-based community banks are the primary competitors for wallet share. Large out-of-state banks continue to be a presence as do smaller, local credit unions offering similar products and services. Adoption rates for online and mobile banking increased during the COVID-19 pandemic and further opened the market to new forms of competition. The introduction and acceptance of various digital currencies represents an emerging form of competition for deposits and payment services. Non-banking entities such as brokerage houses, mortgage companies and insurance companies also offer competitive products. Many of these entities and institutions have resources substantially greater than those available to the Bank and in some cases are not subject to the same regulatory restrictions as are the Company and the Bank.

The Company believes that there will continue to be a need for a bank in the Bank's primary market area with local management having decision-making power and emphasizing loans to small and medium-sized businesses and to individuals. The Bank has concentrated on extending business loans to such customers in the Bank's primary market area and to extending investment and trust services to clients with accounts of all sizes. Investment continues to be made in enhancing the Bank’s online and mobile offerings to both enhance service delivery and provide additional channels for customers to conduct business with the Bank. Additional investment has been made in new software platforms for commercial and residential lending. Management also makes decisions based upon, among other things, the knowledge of the Bank's employees regarding the communities and customers in the Bank's primary market area. The individuals employed by the Bank, to a large extent, reside near its branch offices and thus are generally familiar with their communities and customers. This is important in local decision-making and allows the Bank to respond to customer questions and concerns on a timely basis and fosters quality customer service.

The Bank has worked and will continue to work to position itself to be competitive in its market area. The Bank's ability to make decisions close to the marketplace, Management's commitment to providing quality banking products, the caliber of the professional staff, and the community involvement of the Bank's employees are all factors affecting the Bank's ability to be competitive.

Investor Relations**:** The Company maintains a website accessed via https://investors.thefirst.com where it makes available, free of charge, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as well as all Section 16 reports on Forms 3, 4, and 5, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. The Company's reports filed with, or furnished to, the SEC are also available at the SEC's website at www.sec.gov. Information contained on the Company's website does not constitute a part of this report. Beginning with the third quarter of 2018, the Company adopted inline XBRL. Interactive reports for our 10-K and 10-Q filings are available in iXBRL format at www.sec.gov.

Customer Information Security: The FDIC, the OCC and other bank regulatory agencies have published guidelines (the "Guidelines") establishing standards for safeguarding nonpublic personal information about customers that implement provisions of the Gramm-Leach-Bliley Act (the "GLBA"). Among other things, the Guidelines require each financial institution, under the supervision and ongoing oversight of its Board of Directors or an appropriate committee thereof, to develop, implement and maintain a comprehensive written information security program designed to ensure the security and confidentiality of customer information, to protect against any anticipated threats or hazards to the security or integrity of such information, and to protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer.

Protecting the privacy of our customers' information as well as the security of the Bank's systems and networks has long been and will continue to be a priority. The Board is committed to maintaining strong and meaningful privacy and security protections for our customers' information. For additional information, see Item 1C. "Cybersecurity" for a discussion of our cybersecurity risk management and strategy and oversight of risks from cybersecurity threats.

Human Capital

At December 31, 2025, the Company had 283 employees and full-time equivalency of 278 employees. Most employees live and work in the State of Maine, with a limited number of employees working remotely outside of Maine.

Talent Acquisition: The Company's success depends on attracting and retaining employees with a broad range of skills, including customer service, analytical capabilities, leadership, sales acumen and technical expertise. The Company recruits qualified candidates from all available sources and competes for talent primarily within its local and regional markets.

To attract and retain employees, the Company offers a comprehensive and competitive pay and benefits package. Eligible full-time employees and part-time employees scheduled to work at least 30 hours per week are provided access to a flexible benefits program, which includes group life, health, short and long-term disability insurance. Additional benefits include paid vacation, paid sick and personal time, paid birthday off and a 401(k) defined contribution plan for eligible employees. The Company participates in annual salary surveys to ensure wages are competitive in the local market, and since 1994 has offered a comprehensive annual incentive compensation plan available to all employees.

Diversity and Inclusion: The Company believes that our people are our most valuable asset. The collective differences, experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and the Company's achievement as well. We are committed to fostering, cultivating, and preserving a culture of diversity, equity and inclusion, reflective of our market area, both in our employee base and on our Board of Directors. Valuing diversity and inclusiveness enables us to achieve our corporate mission and creates value for our customers, employees, business partners and shareholders.

The Company prohibits discrimination based on race, color, religion, sex, sexual orientation, gender identity, age, national origin, physical or mental disability, veteran status, or other legally protected status. This policy applies to all aspects of employment, including hiring, training, development, promotion, compensation, benefits, and termination.

Training and Development: The Company emphasizes employee training and development as a means of supporting operational excellence, regulatory compliance, and effective risk management. Opportunities made available to employees may include participation in industry seminars, industry certificate programs, and advanced industry education at regional or national banking schools.

The Company has also developed an in- house program targeted to the development of future leaders. Managers conduct periodic coaching meetings with employees to review progress towards annual goals and identify areas of opportunity or performance improvement. Formal performance evaluations are conducted semi-annually. Our Education & Training department includes a Development Associate role dedicated to ensuring all employees are provided with development plans that meet their current and future career needs.

Employee Engagement: The Company recognizes that employees who are involved in, enthusiastic about and committed to their work and workplace contribute meaningfully to the success of the Company. The Company solicits employee feedback through a confidential web portal and periodically surveys employees on various topics of interest. We maintain human resources and other policies, including a harassment policy, to promote a workplace that is safe for all and provide a mechanism where our employees feel they can report incidents that run counter to our policies and the positive culture we endeavor to maintain. In addition, we have a confidential whistleblower program that forwards complaints to the Chair of the Audit Committee of the Board of Directors, and we work to take necessary action as quickly as possible should a complaint be received. This year, the Company participated in the Best Places to Work in Maine program in which a confidential employee engagement survey was delivered. Results for the Company were all above benchmark and we ranked #3 in the large employer category of the program. While pleased with these results, the Company continues to evaluate employee feedback and identify opportunities to further enhance engagement.

Succession Planning: The Company views succession planning as a priority and incorporates it into the strategic planning process. Succession plans are reviewed and updated annually for management roles, and are supported by the Company's development and leadership programs and initiatives. These plans are designed to identify both short- and long-term successors to promote continuity of leadership and operational stability.

Supervision and Regulation

The Company is a financial holding company within the meaning of the Bank Holding Company Act of 1956, as amended (the "BHC Act"), and section 225.82 of Regulation Y issued by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board" or "FRB"), and is required to file with the Federal Reserve Board periodic reports and other information required pursuant to the BHC Act. The Company is subject to examination by the Federal Reserve Board. Virtually all of the Company's cash revenues are generally derived from dividends paid to the Company by the Bank. These dividends are subject to various legal and regulatory restrictions which are summarized in Note 18 to the accompanying financial statements. The Bank is regulated by the Office of the Comptroller of the Currency (the "OCC") and is subject to the provisions of the National Bank Act and the Federal Deposit Insurance Act. As a result, it must meet a number of regulatory standings, including certain liquidity and capital requirements, which are discussed in the following sections.

General: As a financial holding company, the Company is subject to regulation under the BHC Act and to inspection, examination and supervision by its primary federal regulator, the FRB. The Company is also subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, both as administered by the Securities and Exchange Commission (the "SEC"). As a company with securities listed on the NASDAQ, the Company is subject to the rules of the NASDAQ for listed companies. The Bank is subject to regulation and examination primarily by the OCC and is subject to the regulations adopted by other federal agencies, including the Federal Deposit Insurance Corporation (the "FDIC") and the Consumer Financial Protection Bureau (the "CFPB").

Bank Holding Company Activities: As a bank holding company ("BHC") that has elected to become a financial holding company pursuant to the BHC Act, we may affiliate with securities firms and insurance companies and engage in other activities that are financial in nature or incidental or complementary to activities that are financial in nature, as those terms are used in the BHC Act.

As an FDIC-insured depository institution, the Bank is periodically rated for its compliance with the Community Reinvestment Act of 1977, as amended (the "CRA"). If the Bank were to receive a rating of less than satisfactory, the Company could be prohibited from engaging directly or indirectly in corporate acquisitions or mergers or in new activities, until the rating is raised to satisfactory or better.

In addition, if the FRB finds that the Bank is not well capitalized or well managed, the Company could also be prohibited from engaging directly or indirectly in corporate acquisitions or mergers or in new activities, and also could be required to enter into an agreement with the FRB to comply with all applicable capital and management requirements and which may contain additional limitations or conditions. If we fail to correct any such condition within a prescribed period, the FRB could take additional enforcement actions, including but not limited to ordering us to divest the Bank.

Dividend Restrictions. Generally speaking, a national bank, such as the Bank, is ordinarily permitted to pay dividends equivalent to the Bank’s current and undistributed prior earnings, provided the bank is adequately capitalized. However, other capital distributions by a bank require the prior approval of the OCC.

Separation Between the Company and the Bank. The Company is a legal entity separate and distinct from the Bank. The primary source of funds to pay dividends on our common stock is dividends from the Bank. Various federal and state statutory provisions and regulations limit the amount of dividends the Bank may pay without regulatory approval. Federal bank regulatory agencies have the authority to prohibit the Bank from engaging in unsafe or unsound practices in conducting its business. The payment of dividends, depending on the financial condition of the Bank, could be deemed an unsafe or unsound practice. The ability of the Bank to pay dividends in the future is currently, and could be further, influenced by bank regulatory policies and capital guidelines.

The Bank is subject to restrictions under federal law that limit the transfer of funds or other items of value from an insured depository institution subsidiary to any nonbank affiliate (including the Company) that comprise "covered transactions." In general, covered transactions include loans and other extensions of credit, investments and asset purchases, as well as certain other transactions involving the transfer of value from a subsidiary bank to an affiliate or for the benefit of an affiliate. Unless an exemption applies, covered transactions by a subsidiary bank with a single affiliate are limited to 10% of the subsidiary bank's capital and surplus and, with respect to all covered transactions with affiliates in the aggregate, to 20% of the subsidiary bank's capital and surplus. Also, loans and extensions of credit to affiliates generally are required to be secured by qualifying collateral. A bank's transactions with its nonbank affiliates are also generally required to be on arm's-length terms.

The FRB has a policy that a BHC is expected to act as a source of financial and managerial strength to its subsidiary bank and, under appropriate circumstances, to commit resources to support the subsidiary bank. This support may be required at times when the BHC may not have the resources to provide the support. The OCC may order an assessment of the BHC if the capital of one of its national bank subsidiaries were to become impaired. If the BHC failed to pay the assessment within three months, the OCC could order the sale of the BHC's holdings of stock in the national bank to cover the deficiency.

Insolvency and Resolution of the Bank. The insolvency and resolution of the Bank would be governed by the Federal Deposit Insurance Act, not by federal bankruptcy law. The Federal Deposit Insurance Act imposed limits on the amounts of deposit insurance afforded to a depositor; deposit amounts in excess of these limits are deemed uninsured under the Act. In the event of the "liquidation or other resolution" of an insured depository institution, the claims of depositors generally (including the claims of the FDIC as subrogee of insured depositors) and certain claims for administrative expenses of the FDIC as a receiver will have priority over other general unsecured claims against the institution. If an insured depository institution fails, claims of insured and uninsured U.S. depositors, along with claims of the FDIC, will have priority in payment ahead of unsecured creditors, including the BHC, and depositors whose deposits are solely payable at such insured depository institution's non-U.S. offices.

Capital Requirements: The Company and the Bank are subject to leverage capital requirements issued by the federal banking regulatory agencies (the “Capital Rules”), as well as risk-based capital requirements issued by the banking agencies based on the Basel Committee on Banking Supervision’s (“Basel Committee”) framework for strengthening capital and liquidity regulation (referred to as Basel III). If a banking organization's capital levels fall below the minimum requirements established by the Capital Rules, a bank or BHC will be expected to develop and implement a plan acceptable to its regulators to achieve adequate levels of capital within a reasonable period, and may be denied approval to conduct various activities, including engaging in new activities or corporate acquisitions or establishing new branches, until such capital levels are achieved. Federal regulations require federal bank regulators to take "prompt corrective action" with respect to insured depository institutions that fail to satisfy minimum capital requirements, and to impose significant restrictions on such institutions.

Leverage Capital Ratio: The capital regulations impose on the Bank and the Company a minimum "Leverage Capital Ratio" or ratio of "Tier 1 Capital" (as defined in the Risk-Based Capital Guidelines discussed in the following paragraphs) to Total Assets of 4.0%. It is possible that banking regulators may increase minimum capital requirements should economic conditions worsen.

Risk-Based Capital Requirements: The capital regulations also impose on the Bank and the Company minimum capital levels as a percentage of their respective risk-adjusted assets. Qualifying total capital ("Total Capital") for this purpose may include two components: "Core" (Tier 1) Capital and "Supplementary" (Tier 2) Capital; Tier 1 Capital is further broken down in the Capital Rules to Common Equity Tier 1 (CET1) and Additional Tier 1 Capital (AT1). Core Capital consists primarily of common stockholders' equity, which generally includes common stock, related surplus and retained earnings, certain non-cumulative perpetual preferred stock and related surplus, and minority interests in the equity accounts of consolidated subsidiaries, and (subject to certain limitations) mortgage servicing rights and purchased credit card relationships, less all other intangible assets (primarily goodwill). Neither the Company nor the Bank carries any capital items that would be considered AT1, thus CET1 and Tier 1 Capital for the Company and the Bank are equal. Supplementary Capital elements include, subject to certain limitations, a portion of the allowance for credit losses, perpetual preferred stock that does not qualify for inclusion in Tier 1 capital, long-term preferred stock with an original maturity of at least 20 years and related surplus, certain forms of perpetual debt and mandatory convertible securities, and certain forms of subordinated debt and intermediate-term preferred stock.

The risk-based capital rules assign the majority of balance sheet assets and the credit equivalent amounts of off-balance sheet obligations to one of four risk categories, weighted at 0%, 20%, 50% or 100%, as applicable. A small amount of assets and off-balance sheet obligations are assigned a risk weight above 100%. Applying these risk-weights to each category of the balance sheet assets and to the credit equivalent amounts of the off-balance sheet obligations, and summing the totals results in the amount of total Risk-Weighted Assets ("RWAs") for purposes of the risk-based capital requirements. RWAs for a depository institution, such as the Bank, will generally be less than reported balance sheet assets because its retail banking activities include proportionally more residential mortgage loans, many of its investment securities have a low risk weighting and there is a relatively small volume of off-balance sheet obligations.

The risk-based capital regulations require all banks to maintain a minimum ratio of CET1 to RWAs of 4.5%, CET1 plus AT1 to RWAs of 6.0%, and Total Capital to Risk-Weighted Assets of 8.0%, of which at least one-half (4.0%) must be Core (Tier 1) Capital. For the purpose of calculating these ratios: (i) a banking organization's Supplementary Capital eligible for inclusion in Total Capital is limited to no more than 100% of Core Capital; and (ii) the aggregate amount of certain types of Supplementary Capital eligible for inclusion in Total Capital is further limited. For example, the regulations limit the portion of the allowance for credit losses eligible for inclusion in Total Capital to 1.25% of Risk-Weighted Assets. The Federal Reserve Board has established substantially identical risk-based capital requirements, which are applied to BHCs on a consolidated basis. The risk-based capital regulations explicitly provide for the consideration of interest rate risk in the overall evaluation of a bank's capital adequacy to ensure that banks effectively measure and monitor their interest rate risk, and that they maintain capital adequate for that risk. An organization deemed by its federal banking regulator to have excessive interest rate risk exposure may be required to maintain additional capital (that is, capital in excess of the minimum ratios discussed above). The Bank believes, based on its level of interest rate risk exposure, that this provision will not have a material adverse effect on it.

Additionally, the Capital Rules require an organization to establish a capital conservation buffer of CET1 capital in an amount above the minimum risk-based capital requirements for “adequately capitalized” institutions equal to 2.5% of total RWA, resulting in a requirement for the Company and the Bank effectively to maintain CET1, Tier 1 and total capital ratios of 7%, 8.5% and 10.5%, respectively. Banking organizations with a ratio of CET1 capital to RWA above the minimum requirement but below the capital conservation buffer face restrictions on the ability to pay dividends, pay discretionary bonuses, and to engage in share repurchases based on the amount of the shortfall and the institution’s “eligible retained income” (the greater of (i) net income for the preceding four quarters, net of distributions and associated tax effects not reflected in net income and (ii) average net income over the preceding four quarters).

On December 31, 2025, the Company's consolidated Total Capital Ratio was 14.02%, its CET1 and Tier 1 ratios were 12.84%, and its Leverage Capital Ratio was 8.84%. Based on the above figures and accompanying discussion, the Company exceeds all regulatory capital requirements and is considered well capitalized.

Prompt Corrective Action: The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") requires, among other things, that federal banking regulators take "prompt corrective action" with respect to, and impose significant restrictions on, any bank that fails to satisfy its applicable minimum capital requirements. FDICIA establishes five capital categories consisting of "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." Under applicable regulations, a bank that has a Total Risk-Based Capital Ratio of 10.0% or greater, a Tier 1 Risk-Based Capital Ratio of 8.0% or greater, a CET1 ratio of 6.5% or greater, and a Leverage Capital Ratio of 5.0% or greater, and is not subject to any written agreement, order, capital directive or prompt corrective action directive to meet and maintain a specific capital level for any capital measure, is deemed to be "well capitalized." Generally, a bank that has a Total Risk-Based Capital Ratio of 8.0% or greater, a Tier 1 Risk-Based Capital Ratio of 6.0% or greater, a CET1 ratio of 4.5%, or greater and a Leverage Capital Ratio of 4.0% or greater, but does not meet the definition of a well-capitalized bank is considered to be "adequately capitalized." A bank that has a Total Risk-Based Capital Ratio of less than 8.0%, a Tier 1 Risk-Based Capital Ratio that is less than 6.0%, a CET1 ratio of less than 4.5%, or a Leverage Capital Ratio of less than 4.0% is considered "undercapitalized." A bank that has a Total Risk-Based Capital Ratio of less than 8.0%, a Tier 1 Risk-Based Capital Ratio that is less than 4.0%, a CET1 ratio of less than 3.0%, or a Leverage Capital Ratio that is less than 3.0% is considered to be "significantly undercapitalized." A bank that has a ratio of tangible equity to total assets equal to or less than 2% is deemed to be "critically undercapitalized." A bank may be deemed to be in a capital category lower than is indicated by its actual capital position if it is determined to be in an unsafe or unsound condition or receives an unsatisfactory examination rating. FDICIA generally prohibits a bank from making capital distributions (including payment of dividends) or paying management fees to controlling stockholders or their affiliates if, after such payment, the bank would be undercapitalized. As of December 31, 2025, the Bank was deemed "well capitalized."

Under FDICIA and the applicable implementing regulations, an undercapitalized bank will be subject to significant regulatory restrictions, including increased monitoring, restrictions on dividends, capital distributions, and management fees, limits on asset growth, and restrictions on certain expansion proposals, as well as the requirement to submit a capital restoration plan. In addition to the foregoing, the primary federal banking regulator may issue a "prompt corrective action directive" to any undercapitalized institution. Such a directive may (i) require sale or re-capitalization of the bank; (ii) impose additional restrictions on transactions between the bank and its affiliates; (iii) limit interest rates paid by the bank on deposits; (iv) limit asset growth and other activities; (v) require divestiture of subsidiaries; (vi) require replacement of directors and officers; and (vii) restrict capital distributions by the bank's parent holding company. Significantly undercapitalized or critically undercapitalized institutions are subject to more stringent limitations.

Cyber-Security Incident Disclosure: In November 2021, the U.S. bank regulatory agencies adopted a joint final rule regarding notification requirements for banking organizations related to significant computer security incidents. Under the final rule, bank holding companies and national banks, such as the Company and the Bank, are required to notify the FRB or OCC, respectively, within 36 hours of incidents that have materially disrupted or degraded, or are reasonably likely to materially disrupt or degrade the banking organization's ability to deliver services to a material portion of its customer base, or jeopardize the viability of key operations of the banking organization. In July 2023, the SEC adopted a final rule requiring registrants like the Company to disclose material cybersecurity incidents they experience via a Current Report on Form 8-K. Disclosure is required within four business days of a cybersecurity incident being determined to be material. For additional information, see Item 1C. "Cybersecurity" for a discussion of our cybersecurity risk management and strategy and oversight of risks from cybersecurity threats.

Dodd-Frank Wall Street Reform and Consumer Protection Act: The Dodd-Frank Act, enacted on July 21, 2010, resulted in broad changes to the U.S. financial system. The Dodd-Frank Act has affected, and we expect it will continue to affect, most of our business in some way, either directly through regulation of specific activities or indirectly through regulation of concentration risks, capital and liquidity.

Title X of the Dodd-Frank Act consists of the Consumer Financial Protection Act which established the CFPB. The CFPB regulates the offering and provision of consumer financial products and services under federal consumer financial laws, and has rule-writing responsibility with respect to certain federal laws pertaining to consumer financial products and services, and with respect to certain financial service providers, the CFPB assumed examination and enforcement authority from the existing federal banking regulatory agencies. Neither the Company nor the Bank is subject to examination or enforcement by the CFPB, but is required to adhere to regulations adopted and implemented by the CFPB.

Deposit Insurance Assessments: The Bank is a member of the Deposit Insurance Fund ("DIF") maintained by the FDIC. Through the DIF, the FDIC insures the deposits of the Bank up to prescribed limits for each depositor. The DIF was formed March 31, 2006, upon the merger of the Bank Insurance Fund and the Savings Insurance Fund. The FDIC may terminate a depository institution's deposit insurance upon a finding that the institution's financial condition is unsafe or unsound or that the institution has engaged in unsafe or unsound practices or has violated any applicable rule, regulation, order or condition enacted or imposed by the institution's regulatory agency. The termination of deposit insurance for the Bank could have a material adverse effect on our earnings.

The Bank is subject to deposit insurance assessments to maintain the DIF; these assessments are based on its assets. With respect to small banks such as the Bank (generally those banks with less than $10 billion of assets that have been insured for at least five years) assessments are calculated using a risk based approach, utilizing the CAMELS rating system, which is a supervisory rating system designed to take into account and reflect financial and operational risks that a bank may face, as one component of the assessment calculation along with seven additional metrics including capital adequacy, asset quality, earnings, brokered deposit reliance, and assets growth rate. Assessment rates specific to the Bank are calculated quarterly based upon its balance sheet and performance metrics as of the prior quarter end. The FDIC has the power to adjust deposit insurance assessment rates at any time, and the Company is not able to predict the amount or timing of any adjustment. An increase in the Bank's deposit insurance assessment could have a material impact on the Company.

Brokered Deposits and Pass-Through Deposit Insurance Limitations: Under FDICIA, a bank cannot accept brokered deposits unless it either (i) is "Well Capitalized" or (ii) is "Adequately Capitalized" and has received a written waiver from its primary federal banking regulator. For this purpose, "Well Capitalized" and "Adequately Capitalized" have the same definitions as in the Prompt Corrective Action regulations. See "Prompt Corrective Action" above. Banks that are not in the "Well Capitalized" category are subject to certain limits on the rates of interest they may offer on any deposits (whether or not obtained through a third-party deposit broker). Pass-through insurance coverage is not available in banks that do not satisfy the requirements for acceptance of brokered deposits, except that pass-through insurance coverage will be provided for employee benefit plan deposits in institutions which at the time of acceptance of the deposit meet all applicable regulatory capital requirements and send written notice to their depositors that their funds are eligible for pass-through deposit insurance. Industry regulators published changes to the definition of brokered deposits that became effective April 1, 2021; the new standards have had no impact upon the Company's business. Further changes to the definition of brokered deposits have been proposed in the last twelve months and will be monitored by the Bank for potential impact. The Bank currently accepts brokered deposits.

Standards for Safety and Soundness: Pursuant to FDICIA the federal bank regulatory agencies have prescribed, by regulation, standards and guidelines for all insured depository institutions and depository institution holding companies relating to: (i) internal controls, information systems and internal audit systems; (ii) loan documentation; (iii) credit underwriting; (iv) interest rate risk exposure; (v) asset growth; and (vi) compensation, fees and benefits. The compensation standards prohibit employment contracts, compensation or benefit arrangements, stock option plans, fee arrangements or other compensatory arrangements that would provide "excessive" compensation, fees or benefits, or that could lead to material financial loss. In addition, the federal bank regulatory agencies are required by FDICIA to prescribe standards specifying: (i) maximum classified assets to capital ratios; (ii) minimum earnings sufficient to absorb losses without impairing capital; and (iii) to the extent feasible, a minimum ratio of market value to book value for publicly-traded shares of depository institutions and depository institution holding companies.

USA Patriot Act: The USA PATRIOT Act of 2001, designed to deny terrorists and others the ability to obtain anonymous access to the U.S. financial system, has significant implications for depository institutions, broker-dealers and other businesses involved in the transfer of money. The USA PATRIOT Act, together with the implementing regulations of various federal regulatory agencies, have caused financial institutions, including the Bank, to adopt and implement additional, or to amend existing, policies and procedures with respect to, among other things, anti-money laundering compliance, suspicious activity and currency transaction reporting, customer identity verification and customer risk analysis. The Act and its underlying regulations also permit information sharing for counter-terrorist purposes between federal law enforcement agencies and financial institutions, as well as among financial institutions, subject to certain conditions, and require the various federal bank regulatory agencies to evaluate the effectiveness of an applicant in combating money laundering activities when considering applications for approval of acquisitions or new activities, including but not limited to those filed under Section 3 of the BHC Act or under the Bank Merger Act.

The Bank Secrecy Act: The Bank Secrecy Act (the "BSA") requires all financial institutions, including banks and securities broker-dealers, to, among other things, establish a risk-based system of internal controls reasonably designed to prevent money laundering and the financing of terrorism. It includes a variety of recordkeeping and reporting requirements (such as cash and suspicious activity reporting) as well as due diligence/know-your-customer documentation requirements. In January 2021, the Anti-Money Laundering Act of 2020 (“AMLA”), which amends the BSA, was enacted. The AMLA codifies a risk-based approach to anti-money laundering compliance for financial institutions; requires the development of standards by the U.S. Department of the Treasury for evaluating technology and internal processes for BSA compliance; and expands enforcement- and investigation-related authority, including a significant expansion in the available sanctions for certain BSA violations. The Bank has established an anti-money laundering program to comply with the BSA requirements.

Office of Foreign Assets Control. The U.S. has imposed and may continue to impose economic sanctions that affect transactions with designated foreign countries, nationals and others. These sanctions, which generally are administered by U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”), take many different forms. Failure to comply with these sanctions could have serious legal and reputational consequences for the Bank. The Bank has established a transaction monitoring program to comply with OFAC requirements.

The Sarbanes-Oxley Act: The Sarbanes-Oxley Act of 2002 ("SOX") implemented a broad range of corporate governance and accounting measures for public companies (including publicly-held bank holding companies such as the Company) designed to promote honesty and transparency in corporate America and better protect investors from corporate wrongdoings. SOX's principal provisions, many of which have been implemented through regulations released and policies and rules adopted by the securities exchanges in 2003 and 2004, provide for and include, among other things:

- The creation of an independent accounting oversight board;
- Auditor independence provisions which restrict non-audit services that accountants may provide to clients;
- Additional corporate governance and responsibility measures, including the requirement that the chief executive officer and chief financial officer of a public company certify financial statements;
- The forfeiture of bonuses or other incentive-based compensation and profits from the sale of an issuer's securities by directors and senior officers in the twelve-month period following initial publication of any financial statements that later require restatement;
- An increase in the oversight of, and enhancement of certain requirements relating to, audit committees of public companies and how they interact with the public company's independent auditors;
- Requirements that audit committee members must be independent and are barred from accepting consulting, advisory or other compensatory fees from the issuer;
- Requirements that companies disclose whether at least one member of the audit committee is a 'financial expert' (as such term is defined by the SEC), and if not, why not;
- Expanded disclosure requirements for corporate insiders, including accelerated reporting of stock transactions by insiders and a prohibition on insider trading during certain blackout periods;
- A prohibition on personal loans to directors and officers, except certain loans made by insured financial institutions, such as the Bank, on non-preferential terms and in compliance with bank regulatory requirements;
- Disclosure of a code of ethics and filing a Form 8-K in the event of a change or waiver of such code; and
- A range of enhanced penalties for fraud and other violations.

The Company complies with the provisions of SOX and its underlying regulations. Management believes that such compliance efforts have strengthened the Company's overall corporate governance structure, and does not believe that such compliance has had, or will in the future have, a material impact on the Company's results of operations or financial condition.

Impact of Monetary Policy: Our business and earnings are affected significantly by the fiscal and monetary policies of the federal government and its agencies. We are particularly affected by the policies of the FRB, which regulates the supply of money and credit in the United States. Among the instruments of monetary policy available to the FRB are (a) conducting open market operations in United States government securities, (b) changing the discount rates of borrowings of depository institutions, (c) imposing or changing reserve requirements against depository institutions' deposits, and (d) imposing or changing reserve requirements against certain borrowings by banks and their affiliates. These methods are used in varying degrees and combinations to directly affect the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits. The policies of the FRB may have a material effect on our business, results of operations and financial condition. The nature of future monetary policies and the effect of such policies on the future business and earnings of the Company and the Bank cannot be predicted. See Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 1A - Risk Factors, regarding the Bank's net interest margin and the effect of interest rate volatility on future earnings.

ITEM 1A. Risk Factors

The risks and uncertainties described below are not the only ones the Company faces. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us and our business. If any of these risks were to materialize, our business, financial condition or results of operations could be materially and adversely affected.

Risk Associated With Our Business

Credit Risks

We are subject to credit risk and may incur losses if loans are not repaid.

There are inherent risks associated with our lending activities. These risks include, among other things, the impact of changes in interest rates and changes in the economic conditions in the markets where we operate as well as those across the United States and abroad. Increases in interest rates and/or weakening economic conditions could adversely impact the ability of borrowers to repay outstanding loans and the value of the collateral securing these loans. Other changes in the values of underlying collateral securing loans could pose additional risk if the collateral must be relied upon for repayment in the event of a loan default. We seek to mitigate the risks inherent in our loan portfolio by adhering to specific underwriting practices. Although we believe that our underwriting criteria are appropriate for the various kinds of loans we make, we may incur losses on loans that meet our underwriting criteria, and these losses may exceed the amounts set aside as reserves in our allowance for credit losses.

Our loan portfolio includes commercial, commercial real estate, and commercial construction loans that may have higher risks than other types of loans.

Our commercial, commercial real estate, and commercial construction loans at December 31, 2025 and 2024 were $981.4 million and $970.9 million, or 41.0% and 41.5% of total loans, respectively. Commercial and commercial real estate loans generally carry larger loan balances and can involve a greater degree of financial and credit risk than other types of loans. As a result, banking regulators continue to give greater scrutiny to lenders with a high concentration or a high growth rate of commercial real estate loans in their portfolios, and such lenders are expected to implement stricter underwriting criteria, internal controls, risk management policies and portfolio stress testing, as well as higher capital levels and appropriate loss allowances. The increased financial and credit risk associated with these types of loans are a result of several factors, including the concentration of principal in a limited number of loans and borrowers, the size of loan balances, the effects of general economic conditions on income-producing properties, the potential illiquidity of the real estate collateral securing such losses, and the increased difficulty of evaluating and monitoring these types of loans.

Regulators have the right to require banks to maintain elevated levels of capital or liquidity due to commercial real estate loan concentrations, and could do so, especially if there is a downturn in our local real estate markets. In addition, when underwriting a commercial or industrial loan, we may take a security interest in commercial real estate, and, in some instances upon a default by the borrower, we may foreclose on and take title to the property, which results in added expense in the form of tax, insurance and other maintenance costs, and which may lead to potential financial risks for us under applicable environmental laws. If hazardous substances were discovered on any of these properties, we may be liable to governmental agencies or third parties for the costs of remediation of the hazard, as well as for personal injury and property damage. Many environmental laws can impose liability regardless of whether the accused lender knew of, or had been responsible for, the contamination.

Furthermore, the repayment of loans secured by commercial real estate is typically dependent upon the successful operation of the related real estate or commercial project. If the cash flows from the project are reduced, a borrower's ability to repay the loan may be impaired. This cash flow shortage may result in the failure to make loan payments. In such cases, we may be compelled to modify the terms of the loan. In addition, the nature of these loans is such that they are generally less predictable and more difficult to evaluate and monitor. As a result, repayment of these loans may, to a greater extent than residential loans, be subject to adverse conditions in the real estate market or the broader economy.

Our Allowance for Credit Losses may be insufficient and require additional provision from earnings.

The Bank maintains an allowance for credit losses based on, among other things, national and regional economic conditions, historical loss experience and delinquency trends. We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of borrowers and the value of the real estate and other assets serving as collateral for the repayment of loans. In determining the size of the allowance for credit losses, we rely on our experience and our evaluation of economic conditions. However, we cannot predict credit losses with certainty, and we cannot provide assurance that charge-offs in future periods will not exceed the allowance for credit losses. If, as a result of general economic conditions, previously incorrect assumptions or an increase in defaulted loans, we determine that additional increases in the allowance for credit losses are necessary, we will incur additional provision expenses. In addition, regulatory agencies review the Bank's allowance for credit losses and may require additions to the allowance based on their judgment about information available to them at the time of their examination. Management could also decide that the allowance for credit losses should be increased. If charge-offs in future periods exceed the allowance for credit losses, we will need additional provisions to increase the allowance for credit losses. Furthermore, growth in the loan portfolio would generally lead to an increase in the provision for credit losses. The Bank adopted ASC 326, the current expected credit loss ("CECL") standard in the first quarter of 2023, and increased its Allowance for Credit Losses ("ACL") via a one-time charge to retained earnings.

Increases in the ACL typically result in a decrease in net income and capital, and may have a material adverse effect on our financial condition, results of operations, and cash flows. See the section captioned "Credit Risk Management and Allowance for Credit Losses" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, located elsewhere in this report, for further discussion related to our process for determining the appropriate level of the allowance for credit losses.

The Maine foreclosure process can be lengthy and add additional losses for the Bank.

Residential foreclosures in Maine occur through the judicial system. Under ideal circumstances, it can take as little as six months to foreclose on a Maine property; however, if the borrower contests the foreclosure or the court delays the foreclosure, the process may take up to two years, or longer in some instances. In 2009, the Maine Legislature passed "An Act to Preserve Home Ownership and Stabilize the Economy by Preventing Unnecessary Foreclosures." This law provides for mediation of foreclosure of residential mortgages and borrowers may choose mediation in which each party must attend court supervised mediation sessions and evaluate foreclosure alternatives in good faith. This law also provides that issues such as reinstatement of the mortgage, modification of the loan and restructuring of the mortgage debt are to be addressed at these mediation sessions. Given the uncertain timeframe related to foreclosure in Maine, the Bank can incur additional legal fees and other costs, such as payment of property taxes and insurance, if the foreclosure process is extended. In addition, the value of the property may further decline if the borrower fails to maintain the property in good order or market conditions worsen during this extended period.

The Bank is exposed to risk of environmental liabilities with respect to properties to which it takes title.

In the course of business, the Bank may own or foreclose and take title to real estate that may be subject to environmental liabilities with respect to subject property. As a result, the Company may be held liable for property damage, personal injury, investigation and restoration costs. The cost associated with investigation or restoration activities could be substantial. In addition, as the owner or former owner of a contaminated site, the Company may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property.

A decline in economic conditions or real estate values in our primary market area could adversely impact results of operations and financial condition.

Most of the Bank's lending is in Mid-Coast and Eastern Maine. As a result of this geographic concentration, a significant broad-based deterioration in economic conditions in this area of Northern New England could have a material adverse impact on the quality of the Bank's loan portfolio, and could result in a decline in the demand for our products and services and, accordingly, could negatively impact our results of operations. Such a decline in economic conditions could impair borrowers' ability to pay outstanding principal and interest on loans when due and, consequently, adversely affect the cash flows of our business. The Bank's loan portfolio is largely secured by real estate collateral. A substantial portion of the real and personal property securing the loans in the Bank's portfolio is located in Mid-Coast and Eastern Maine. Conditions in the real estate market in which the collateral for the Bank's loans is located strongly influence the level of the Bank's non-performing loans, the potential or actual amounts realized from real estate collateral in the event of default, and ultimately the results of operations.

Liquidity & Interest Rate Risks

Changes in interest rates have and could continue to adversely affect our net interest income and profitability.

Our earnings and cash flows are largely dependent upon our net interest income. Net interest income is the difference between interest income earned on interest-earning assets, such as loans and securities, and interest expense paid on interest-bearing liabilities, such as deposits and borrowed funds. Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions, demand for loans, securities and deposits, and policies of various governmental and regulatory agencies and, in particular, the Board of Governors of the Federal Reserve System. Changes in monetary policy, including changes in interest rates, could influence not only the interest we receive on loans and securities and the amount of interest we pay on deposits and borrowings, but such changes could also affect:

- our ability to originate loans and obtain deposits;
- the fair value of our financial assets and liabilities; and
- the average duration of our loans and securities that are collateralized by mortgages.

If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, our net interest income, and therefore our earnings, could be adversely affected. Earnings could also be adversely affected if the interest rates received on loans and other investments fall more quickly than the interest rates paid on deposits and other borrowings. If interest rates decline, our higher-rate loans and investments may be subject to prepayment risk, which could negatively impact our net interest margin. Conversely, if interest rates increase, our loans and investments may be subject to extension risk, which could negatively impact our net interest margin as well. Any substantial, unexpected or prolonged change in market interest rates could have a material adverse effect on our financial condition, results of operations and cash flows. See Item 7A. Quantitative and Qualitative Disclosures about Market Risk, located elsewhere in this report, for further discussion related to our management of interest rate risk.

The value of our investment portfolio may be negatively affected by changes in interest rates and disruptions in securities markets.

Volatile market conditions may detrimentally affect the value of securities held in our portfolio due to the perception of heightened credit and liquidity risks. There can be no assurance that the declines in market value associated with these disruptions will not result in other than temporary impairments of these assets, which would lead to accounting charges that could have a material adverse effect on our net income and capital levels. Our mortgage-backed bond portfolio may be subject to extension risk as interest rates rise, extending the average life of the bonds. As of December 31, 2025, the Bank's investment portfolio had market values of $264.5 million and $356.1 million in available for sale and held to maturity investment securities, respectively. Numerous factors, including lack of liquidity for re-sales of certain investment securities, absence of reliable pricing information for investment securities, adverse changes in business climate, adverse actions by regulators, rising interest rates, or unanticipated changes in the competitive environment could have a negative effect on our investment portfolio in future periods. If an impairment charge is significant enough it could affect the ability of the Bank to renew funding. This could have a material adverse effect on our liquidity and the Bank's ability to upstream dividends to the Company and for the Company to then pay dividends to shareholders. It could also negatively impact our regulatory capital ratios and result in our not being classified as "well-capitalized" for regulatory purposes.

Illiquidity could impair our ability to fund operations and jeopardize our financial condition.

Liquidity is essential to our business. An inability to raise funds through traditional deposits, brokered deposit issuance, renewal or rollover, secured or unsecured borrowings, the sale of securities or loans or other sources could have a substantial negative effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities could be impaired by factors that affect us specifically or the financial services industry or the economy in general, or could be available only under terms which are unacceptable to us. We rely primarily on commercial and retail deposits and, to a lesser extent, brokered deposit issuances, renewals and rollovers, advances from the Federal Home Loan Bank of Boston (the "FHLB") and other secured and unsecured borrowings to fund our operations. Factors that could detrimentally impact our access to liquidity sources include a decrease in the level of our business activity as a result of a downturn in the markets in which our loans are concentrated, adverse regulatory action against us, changes in market interest rates or increased competition for funding within our market. Disruptions in the capital markets or interest rate changes may make the terms of wholesale funding sources less favorable and may make it difficult for us to sell securities when needed to provide additional liquidity. In addition, if we fall below the FDIC's thresholds to be considered "well capitalized", we will be unable to issue new brokered deposits, continue to roll over or renew brokered funds, and the interest rate we pay on deposits in general would be subject to restrictions. As a result, there is a risk that our cost of funding will increase or we will not have sufficient funds to meet our obligations when they become due.

Loss of lower-cost funding sources could lead to margin compression and decrease net interest income.

Checking and savings, NOW, and money market deposit account balances and other forms of customer deposits can decrease when customers perceive alternative investments, such as the stock market, as providing a better risk/return proposition. If customers move money out of bank deposits and into other investments, we could lose a relatively low-cost source of funds, increasing our funding costs and reducing our net interest income and net income. Advances from the FHLB are typically a reliable source of funding and often less expensive than other types of wholesale funding. The availability of qualified collateral on the Bank's balance sheet determines the level of advances available from FHLB and a deterioration in quality in the Bank's loan portfolio can adversely impact the availability of this source of funding, which could increase our funding costs and reduce our net interest income.

Lack of loan demand may adversely impact net interest income.

Loan demand in the Bank's market area may be limited during periods of weak economic conditions. This could have the greatest impact on the commercial loan portfolio. In addition, in order to reduce the Bank's exposure to interest rate risk, the Bank may sell residential mortgages to the secondary market that have been refinanced by borrowers seeking to take advantage of lower interest rates. Should this happen, net interest income may be negatively impacted if loans are replaced by lower-yielding investment securities or if the balance sheet is allowed to shrink.

Operational Risk

The soundness of other financial institutions could adversely affect us.

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services companies are interrelated as a result of trading, clearing, counterparty, or other relationships. We have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. As a result, defaults by, or even rumors or questions about, one or more financial services companies, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. In addition, many of these transactions expose us to credit risk in the event of default of our counterparty or client. Further, our credit risk may be exacerbated when the collateral held by us cannot be realized or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due us. There is no assurance that any such losses would not materially and adversely affect our business, financial condition or results of operations.

Our investment management activities are dependent on the value of investment securities which may lead to revenue fluctuations.

First National Wealth Management is the investment management arm of the Bank, operating under trust powers granted by the OCC in the Bank's charter. First National Wealth Management provides trustee, investment management and custody services for individual, municipal and business clients, predominantly in the Bank's market area. First National Wealth Management's revenues are directly tied to the asset values of the investments it manages for clients, and these may be adversely affected by a decline in the market value of these investments caused by fluctuations in the bond and stock markets.

We are dependent upon the services of our management team, and if we are unable to retain the services of our management team, our business may suffer.

Our future success and profitability are substantially dependent upon the management and banking abilities of our senior executives. Changes in key personnel may be disruptive to our business and could have a material adverse effect on our business, financial condition and results of operations. We believe that our future results will also depend in part upon our attracting and retaining highly skilled and qualified management. The current employment landscape includes a low national and local unemployment rate, continued upward wage pressures, and for some positions increased workplace flexibility brought about by remote work options. Competition for the best people in most activities in which we are engaged can be intense, and we may not be able to retain or hire the people we want and/or need. In order to attract and retain qualified employees, we must compensate such employees at market levels. Typically, those levels have caused employee compensation to be our greatest operating expense. If we are unable to continue to attract and retain qualified employees, or do so at increased rates necessary to maintain our competitive position, our performance, including our competitive position, could suffer, and, in turn, have a material adverse effect on us. Although we have incentive compensation plans aimed, in part, at long-term employee retention, the unexpected loss of services of one or more of our key personnel could still occur, and such events may have a material adverse effect on us because of the loss of the employee's skills, knowledge of our market, and years of industry experience, and the difficulty of promptly finding qualified replacement personnel for our talented executives and/or relationship managers.

Our internal control systems are inherently limited and may fail or be circumvented.

We face the risk that the design of our controls and procedures, including those intended to mitigate the risk of fraud by employees or outsiders, may prove to be inadequate or may be circumvented, thereby causing delays in detection of errors or inaccuracies in data and information. Although Management regularly reviews and updates our internal controls, disclosure controls and procedures, and corporate governance policies and procedures, the Company's systems of internal controls, disclosure controls and corporate governance policies and procedures are inherently limited. The inherent limitations of our system of internal controls include the use of judgment in decision-making that can be faulty; breakdowns can occur because of human error; and controls can be circumvented by individual acts or by collusion of two or more people. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and any design may not succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations of a cost-effective control system, misstatements due to error or fraud may occur and may not be detected, which may have an adverse effect on the Company's business, results of operations or financial condition. While the Company is not aware of any such events, remediation of any identified limitations may be ineffective in improving internal controls.

We continually encounter technological change that may be difficult (costly) to keep up with. The financial services industry is continually undergoing technological change with frequent introductions of new technology driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. Our future success depends, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in our operations. Our largest competitors have substantially greater resources to invest in technological improvements. We may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our customers. Failure to successfully keep pace with technological change affecting the financial services industry, and increased costs due to efforts to keep pace with change, could have a material adverse effect on us. To date, there has been no material adverse effect on our business or operations due to failure of keeping pace with technological change.

As a result of recent innovations related to generative artificial intelligence ("AI"), the Bank has established a cross-functional task force to analyze current and future use cases for AI and to promote effective and secure implementation. The task force has developed a policy to govern the permissible use of AI tools. Currently employees have access to generative AI applications for limited productivity and research purposes. The tools are not integrated into the Bank's core systems, automated workflows, underwriting, fraud decisioning compliance monitoring, or other customer-facing processes. The Bank does not intentionally input customer data into external generative AI platforms. Traditional machine-learning capabilities remain embedded within certain long-standing third-party banking applications, consistent with industry practice. The Bank continues to evaluate potential operational, regulatory, data security, and other opportunities and risks associated with AI technologies.

We are subject to security, transactional and operational risks relating to the use of technology that could damage our reputation and our business.

We rely heavily on communications and information systems to conduct our business, serving both internal and customer constituencies, and substantial investment has been made in these systems in recent years. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan, and other systems. While we have in place policies and procedures, security applications and fraud mitigation applications designed to prevent or limit the effect of failure, interruption, fraud attack or security breach of or affecting our information systems, there can be no assurance that any such failures, interruptions, fraud attacks or security breaches will not occur or, if they do occur, that they will be adequately and promptly addressed. Fraud attacks targeting customer-controlled devices, plastic payment card terminals, and merchant data collection points provide another source of potential loss, possibly through no fault of our own. The occurrence of any failures, interruptions or security breaches of information systems used to process customer transactions could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability and/or substantial remediation or recovery costs, any of which could have a material adverse effect on our financial condition, results of operations and cash flows. To date, there has been no material adverse effect on our business or operations due to these risks.

Our information systems may experience an interruption or breach in security.

We rely heavily on communications, information systems (both internal and provided by third parties) and the internet to conduct our business. Our business is dependent on our ability to process and monitor large numbers of daily transactions in compliance with legal, regulatory and internal standards and specifications. In addition, a significant portion of our operations relies heavily on the secure processing, storage and transmission of personal and confidential information, such as the personal information of our customers and clients. Our use of and reliance on, and the risks associated with, such operations are likely to increase in the future as we continue to increase mobile capabilities and other internet-based product offerings and expand our internal usage of web-based products and third-party hosted applications.

In the event of a failure, interruption or breach of our information systems and business operations, we may be unable to avoid impact to our customers and business. Other U.S. financial service institutions and companies have reported breaches in the security of their websites or other systems and have experienced significant distributed denial-of-service attacks, some of which involved sophisticated and targeted attacks intended to disable or degrade service, or sabotage systems. Other potential attacks have attempted to obtain unauthorized access to confidential information or destroy data, often through the introduction of computer viruses or malware, cyberattacks and other means. To date, none of these efforts has had a material adverse effect on our business or operations. However, our costs of preventing, detecting, and addressing such threats or attacks continue to increase. Such security attacks can originate from a wide variety of sources, including persons who are involved with organized crime or who may be linked to terrorist organizations or hostile foreign governments. Those same parties may also attempt to fraudulently induce employees, customers or other users of our systems to disclose sensitive information in order to gain access to our data or funds or those of our customers or clients. The Bank regularly works with a third party information security consultant to review and test various systems, and has an ongoing information security training program for employees. Despite these efforts our security systems may not be able to protect our information systems from similar attacks due to the rapid evolution and creation of sophisticated cyberattacks. We are also subject to the risk that our employees, without authorization may intercept and transmit confidential or proprietary information. An interception, misuse or mishandling of personal, confidential or proprietary information being sent to or received from a customer or third party could result in legal liability, remediation costs, regulatory action and reputational harm.

We also have risk related to data or security breaches affecting other companies. Under Federal banking regulations, if a consumer's debit card is compromised, the liability for unauthorized transactions falls primarily on the issuing financial institution, not on the consumer or the company which experienced the data or security breach. Since the introduction of EMV or Chip cards, we have had the ability to charge back fraudulent transactions to the acquiring merchant if that merchant does not have an EMV capable terminal. In the normal course of business the Bank issues EMV/Chip debit cards to its customers to keep this risk as low as possible. Since most terminals are now EMV compliant, we have added processing rules to reject any transactions presented on our customers' cards with only magnetic stripe (fall back) data.

We are subject to claims and litigation that may impact our earnings and/or our reputation.

From time to time, customers, vendors or other parties may make claims and take legal action against us. Whether any particular claims and legal actions are founded or unfounded, if such claims and legal actions are not resolved in a manner favorable to us, they may result in financial liability and/or adversely affect the market perception of the Bank and its products and services. Any financial liability or reputational damage could have a material adverse effect on our business, which, in turn, could have a material adverse effect on our financial condition and results of operations. We maintain reserves for certain claims when deemed appropriate based upon our assessment that a loss is probable, consistent with applicable accounting guidance. At any given time we may have legal actions asserted against us in various stages of litigation. Resolution of a legal action can often take years. We are also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding our business, including, among other things, accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. The number of and risk associated with these investigations and proceedings has increased in recent years with regard to many firms in the financial services industry due to changes to the consumer protection laws provided for by the Dodd-Frank Act, the creation of the CFPB, and the uncertainty as to whether federal pre-emption of certain state consumer laws remains intact for federally chartered financial institutions like the Bank. A weakening of federal pre-emption could increase our compliance and operational costs and risks since the Bank is a national bank, and we could face new state and local regulation and enforcement activity. There have also been a number of highly publicized cases involving fraud or misconduct by employees in the financial services industry in recent years, and we face the risk that employee misconduct could occur. It is not always possible to deter or prevent employee misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Any financial liability for which we have not adequately maintained reserves or insurance coverage, and/or any damage to our reputation from such claims and legal actions, could have a material adverse effect on us.

Damage to our reputation could significantly harm our businesses.

Our ability to attract and retain customers, clients, investors and highly-skilled management and employees is impacted by our reputation. Significant harm to our reputation can arise from adverse financial market developments, employee misconduct, actual or perceived unethical behavior, litigation or regulatory outcomes, failing to deliver minimum or required standards of service and quality, compliance failures, disclosure of confidential information, and the activities of our clients, customers and counterparties, including vendors and cyber attacks. Actions by the financial services industry generally or by certain members or individuals in the industry could also significantly adversely affect our reputation. We could also suffer significant reputational harm if we fail to properly identify and manage potential conflicts of interest. The actual or perceived failure to adequately address conflicts of interest could affect the willingness of clients to deal with us, which could adversely affect our businesses.

Our operations and financial performance could be adversely affected by natural disasters. Climate change may exacerbate these risks and introduce additional compliance, strategic, reputational, and/or other types of risks.

Our business, as well as the business activities of our vendors and customers, could be negatively affected by climate change. Climate change presents immediate and long-term risks, which are expected to increase over time. Climate change risks could include but are not limited to operational risk from the physical effects of climate events on our facilities and other assets as well as those of our vendors and customers, and transitional risks, including new or more stringent regulatory requirements, increased monitoring and disclosure requirements, and potential effects on our reputation and/or changes in our business as a result of our climate change practices, our carbon footprint or our business relationships with customers who may operate in carbon-intensive industries.

Natural disasters can disrupt our operations, result in damage to our properties, negatively impact the value of the collateral for our loans and have an adverse economic effect on the markets in which we operate, any of which could have a material adverse effect on our results of operations and financial condition. A significant natural disaster, such as a tornado, hurricane, earthquake, fire or flood, occurring either in the markets in which we operate or where key vendors or customers operate, could have a material adverse impact on our ability to conduct business, and our insurance coverage may be insufficient to compensate for losses that may occur. Climate change may result in reduced availability of insurance for our borrowers, including insurance that protects property pledged as collateral, or disrupt their operations, which could increase our credit risk by diminishing borrowers' repayment capacity or collateral values. Because we primarily serve individuals and businesses located in coastal and eastern Maine, a localized natural disaster likely would have a greater impact on our business, operations and financial condition than if our business were more geographically diverse.

Banking regulators and other supervisory authorities, investors and other stakeholders have increasingly viewed financial institutions as important in helping to address the risks related to climate change both directly and with respect to their customers. This focus may result in financial institutions coming under increased pressure regarding the monitoring and disclosure, and management of climate risks in related lending and investment activities. Any potential future legislative or regulatory changes regarding climate risk management and practices may result in higher regulatory, compliance, credit and reputational risks and costs, and may affect the activities in which we engage and the products that we offer.

Our recent results may not be indicative of our future results.

We may not be able to sustain our historical rate of growth, and may not even be able to grow our business at all. In addition, our recent growth may distort some of our historical financial ratios and statistics. Various factors, such as economic conditions, regulatory and legislative considerations and competition, may also impede our ability to expand our market presence. If we were to experience a significant decrease or reversal in our historical rate of growth, our results of operations and financial condition may be adversely affected due to a high percentage of our operating costs being fixed expenses.

Risks Associated With Our Industry

We may be adversely affected by volatility in United States and global economic conditions and changes in fiscal, monetary, trade, and regulatory policies.

The onset of COVID-19 in the United States in early 2020 quickly plunged the US economy into its first recession since the Great Recession of 2008-2009. Unprecedented levels of monetary stimulus from the Federal Reserve and fiscal stimulus from the Federal government were enacted ultimately leading to levels of inflationary pressure not seen in the US economy since the 1980's. In response the Federal Reserve enacted a series of interest rate increases and other actions designed to slow the economy and rein in inflation, which have been largely successful but have yet to reach the stated price change target. Despite the FOMC reversing course and lowering interest rates in the second half of 2024, risk of sustained economic slowdown or recession remains if interest rates remain elevated for too long, or if inflation is re-kindled necessitating another round of rate increases. Future disruptions, pandemic or otherwise, particularly those that impact the State of Maine's tourism and hospitality industries, or have negative events in the financial markets, that cause adverse changes in payment patterns, leading to increases in delinquencies and default rates, may impact our charge-offs and provision for credit losses. As the severity level of any disruption increases, it is more likely to exacerbate the adverse effects of difficult market conditions on us and others in the financial services industry.

The economy in the United States and globally has experienced volatility in recent years and may continue to experience some level of volatility for the foreseeable future. Unfavorable or uncertain economic conditions can be caused by declines in economic growth, business activity, or investor or business confidence; limitations on the availability of or increases in the cost of credit and capital; increases in inflation or changes in interest rates; uncertainties regarding fiscal and monetary policies; the timing and impact of changing governmental policies, including changes in guidance and interpretation by regulatory authorities; governmental shutdowns, changes in trade policies by the United States or other countries, such as tariffs or retaliatory tariffs; supply chain disruptions; consumer spending; employment levels; labor shortages; challenging labor market conditions; wage stagnation; energy prices; home prices; commercial property values; bankruptcies or a default by a significant market participant or class of counterparties; fluctuations in equity, commodity, and futures prices; the implied volatility of interest rates and credit spreads; natural disasters; climate change; epidemics; pandemics; terrorist attacks; acts of war; or a combination of these or other factors.

Volatile business and economic conditions could have adverse effects on our business, including but not limited to the following:

- investors may have less confidence in the equity markets in general and in financial services industry stocks in particular, which could place downward pressure on our stock price and resulting market valuation;
- increased cost of debt capital; or decreased or no access to credit markets;
- economic and market developments may further affect consumer and business confidence levels and may cause declines in credit usage and adverse changes in payment patterns, causing increases in delinquencies and default rates;
- our ability to assess the creditworthiness of our customers may be impaired if the criteria and approaches we use to select, manage, and underwrite loans become less predictive of future behaviors;
- we could suffer decreases in demand for loans or other financial products and services or decreased deposits or other investments in accounts with us;
- competition in the financial services industry could intensify as a result of the increasing consolidation of financial services companies in connection with current market conditions or otherwise; and
- the value of loans and other assets or the collateral securing loans may decrease.

We operate in a highly regulated environment and may be adversely affected by changes in law and regulations.

Bank holding companies and national banks operate in a highly regulated environment and are subject to supervision and examination by various regulatory agencies, as discussed earlier. The cost of compliance with regulatory requirements may adversely affect our results of operations or financial condition. Federal and state laws and regulations govern numerous matters including but not limited to: changes in the ownership or control of banks and bank holding companies; maintenance of adequate capital and the financial condition of a financial institution; permissible types, amounts and terms of extensions of credit and investments; permissible non-banking activities; the required level of reserves against deposits; assessments for federal deposit insurance, and restrictions on dividend payments. These and other restrictions limit the manner in which we may conduct our business and obtain financing. If we fail to meet minimum regulatory capital guidelines and other regulatory requirements, our financial condition would be materially and adversely affected. Our failure to maintain the status of "well-capitalized" under our regulatory framework could affect the confidence of our customers in us, thus compromising our competitive position, or could cause our regulators to take corrective or other supervisory action. The regulatory framework may change over time based upon economic conditions, legislative or executive branch initiatives, or other factors and these changes may or may not be beneficial to the Company or the Bank.

Basel III Capital Rules may increase our capital requirements or otherwise limit future activity.

In June 2013 the Federal Reserve Board finalized rules that substantially amended the regulatory risk-based capital rules applicable to us. These rules implement the Basel III regulatory capital reforms and changes required by the Dodd-Frank Act. Phase-in of the rules started in 2015 and was completed in 2019. The Company and Bank complied with the fully phased requirements well in advance of the completion date and continued to do so as of December 31, 2025.

In July 2023 US bank regulators jointly published proposed rulemaking for Basel III Finalization, also referred to as Basel III Endgame or B3E. The proposal significantly altered the regulatory capital regime for US banks, generally increasing required capital levels for banks with $100 billion or more in assets with potential for unintended consequences on regional and community banks whose total assets are below threshold, such as the Bank, which could result in lower returns on equity, require additional capital, limit lending activities, or limit distributions such as dividends. The 2023 B3E proposal was ultimately withdrawn, and a new proposal is expected in 2026 with likely implementation in 2027. The Company and Bank will continue to monitor and assess any changes.

In addition, in a weak economic environment, bank regulators may expect the Bank or the Company to adopt capital standards that are more stringent than those required by applicable existing regulations. The application of more stringent capital standards could result in lower returns on equity, require the raising of more capital, or result in adverse regulatory actions or other consequences if we are unable to comply with such standards. Implementation of changes to asset risk weightings for risk-based capital calculations, items included or deducted in calculating regulatory capital, or additional capital conservation buffers could result in management modifying our business strategy and could limit our ability to make distributions, including paying dividends or repurchasing our shares, or to grow the Bank's business.

Significant competition in the financial services industry may impact our results.

We face substantial competition in all areas of our operations from a variety of different competitors, many of which are larger and have more financial resources than we do and, in some cases, are not subject to the same regulatory restrictions as the Company and the Bank. We compete with other providers of financial services such as commercial and savings banks, savings and loan associations, credit unions, money market and mutual funds, mortgage companies, asset managers, insurance companies and a wide array of other local, regional and national institutions which offer financial services. We face competitive pressure from multiple directions. Large out-of-state banks maintain a growing presence in our primary market, offering both brick-and-mortar branch networks and sophisticated mobile and digital platforms. At the same time, smaller community banks and local credit unions compete for the same customer base by offering similar banking products and services, often with a similarly personalized approach. The introduction and growing acceptance of digital currencies represents an emerging form of competition for deposits and payment services. Furthermore, mergers between financial institutions within Maine and in nearby states have added competitive pressure. If we are unable to compete effectively, we will lose market share and our income generated from loans, deposits, and other financial products will decline.

Risks Associated With Our Common Stock

There may not be a robust trading market for our common stock.

Although our common stock is traded on the NASDAQ Global Select market and is part of the Russell 2000 Index, the trading volume of the common stock has historically not been substantial. For the year ended December 31, 2025, the average monthly trading volume of our common stock was 426,747 shares, or approximately 3.80% of the average number of our outstanding common shares. Due to the limited trading volume in our common stock, the intraday spread between bid and ask prices of the shares can be quite high. There can be no assurance that a more robust, active or economical trading market for our common stock will develop. The market value and liquidity of our common stock may, as a result, be adversely affected.

The price of our common stock may fluctuate.

The price of our common stock on the NASDAQ Global Select Market constantly changes. Price fluctuations may or may not track the general direction of equity markets, and could be significant. We expect the market price of our common stock will continue to fluctuate. Holders of our common stock will be subject to the risk of volatility and significant changes in prices. Our common stock price can fluctuate as a result of many factors, some of which are beyond our control, including:

- quarterly fluctuations in our operating and financial results;
- operating results that vary from the expectations of investors;
- changes in expectations as to our future financial performance, including financial estimates;
- events negatively impacting the financial services industry which result in a general decline for the industry;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidance, interpretations or principles;
- general domestic economic and market conditions; and
- declines in bank stock prices driven by macro-economic concerns.

The stock market over time is has experienced extreme price and volume fluctuations, and industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, actual or anticipated interest rate changes or credit loss trends, could also cause our stock price to decrease regardless of our operating results.

The inability to receive dividends from the Bank would negatively affect our ability to pay dividends to shareholders.

The Company is a legal entity separate and distinct from the Bank. With the exception of cash raised from debt and equity issuances, we receive substantially all of our cash flow from dividends from the Bank. These dividends are the principal source of funds to pay dividends on our common stock. Federal banking law and regulations limit the amount of dividends that the Bank can pay. For further information on the regulatory restrictions on the payment of dividends by the Bank, see "Supervision and Regulation" in Item 1. In the event the Bank is unable to pay dividends to the Company or such dividends were to be restricted or reduced, we may not be able to service debt, pay obligations or pay dividends on our common stock. Our right to participate in a distribution of assets upon the Bank's liquidation or reorganization would be subject to the prior claims of the Bank's creditors.

If we do not manage our capital position strategically, our return on equity could be lower compared to our competitors as a result of our high level of capital.

If we are unable to strategically use our excess capital, or to successfully continue capital management programs, such as stock repurchase programs or quarterly dividends to our shareholders, then our goal of generating a return on average equity that is competitive and increasing earnings per share and book value per share without assuming undue risk, could be delayed or may not be attained. Failure to achieve a competitive return on average equity might decrease investments in our common stock and might cause our common stock to trade at lower prices.

We may issue additional equity securities or engage in other transactions which dilute our book value or affect the priority of the common stock, which may adversely affect the market price of our common stock.

Our Board of Directors may determine from time to time that we need to raise additional capital by issuing additional shares of our common stock or other securities. Except pursuant to the rules of the NASDAQ Stock Market, we are not restricted from issuing additional shares of common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive, common stock to the extent of our authorized but unissued capital stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future offerings, or the prices at which such offerings may be effected. Such offerings could be dilutive to common shareholders or reduce the market price of our common stock. Holders of our common stock are not entitled to preemptive rights or protection against dilution. New investors also may have rights, preferences and privileges that are senior to, and that adversely affect, our then-current common shareholders. We may attempt to increase our capital resources or, if our or the Bank's capital ratios fall below the required minimums, we could be forced to raise additional capital, by making offerings of debt or preferred equity securities, including medium-term notes, trust preferred securities, senior or subordinated notes and preferred stock. Upon liquidation, holders of shares of our preferred stock and lenders with respect to other borrowings would receive distributions of our available assets prior to the holders of our common stock. Our Board of Directors is authorized to issue one or more series of preferred stock from time to time without any action on the part of our shareholders (except as may be required under NASDAQ Stock Market rules). Our Board of Directors also has the power, without shareholder approval (except as may be required under NASDAQ Stock Market rules), to set the terms of any such series of preferred stock that may be issued, including voting rights, dividend rights and preferences over our common stock with respect to dividends or upon our dissolution, winding-up and liquidation and other terms. If we issue preferred stock in the future that has a preference over our common stock with respect to the payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of holders of our common stock and the market price of our common stock could be adversely affected.

Environmental, social and governance oversight may influence stock price and increase compliance costs.

Some investors may consider how corporations, such as the Company, are addressing environmental, social and governance matters, commonly known as "ESG" matters when making investment decisions. Investor advocacy groups, investment funds and influential investors (collectively "influencers") are also increasingly focused on these practices, especially as they relate to the environment, health and safety, diversity, labor conditions and human rights. Specific examples of matters being evaluated as part of the investment decision or recommendation by certain investors and influencers include the business risks of climate change and the adequacy of companies’ responses to climate change, diversity of a company's management and/or board of directors, community involvement and charitable giving, and the inclusion of ESG factors in the determination of executive compensation. These shifts in investing priorities may result in adverse effects on the trading price of the Company’s common stock if investors determine, whether real or perceived, that the Company's ESG actions are not satisfactory. In addition, new government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosure. Increased ESG related compliance costs could result in increases to our overall operational costs.

Potential acquisitions may disrupt our business and dilute shareholder value.

Acquiring other banks, businesses, or branches involves various risks commonly associated with acquisitions, including:

- potential exposure to unknown or contingent liabilities of the target;
- exposure to potential asset quality issues of the target;
- difficulty and expense of integrating the operations and personnel of the target;
- potential disruption to our business;
- potential diversion of Management's time and attention;
- the possible loss of key employees and customers of the target;
- difficulty in estimating the value of the assets and liabilities of the target; and
- potential changes in banking or tax laws or regulations that may affect the target.

Merger or acquisition discussions and, in some cases, negotiations may take place and future mergers or acquisitions involving cash, debt or equity securities may occur at any time. Acquisitions typically involve the payment of a premium over book and market values, and, therefore, some dilution of our tangible book value and net income per common share may occur in connection with any future transaction. Furthermore, failure to realize the expected revenue increases, cost savings, increases in geographic or product presence, and/or other projected benefits from an acquisition could have a material adverse effect on us.

ITEM 1B. Unresolved Staff Comments

None

ITEM 1C. Cybersecurity

Risk Management & Strategy: The Company is committed to maintaining strong and meaningful privacy and security protections for our customers' information by making available sufficient human and financial resources to protect against and monitor cybersecurity threats. These threats have increased as the use of technology has proliferated in our core business. Examples include internet banking, mobile banking, remote deposit capture, work from home accommodations, and advance function ATMs.

The Company has programs in place for the ongoing assessment of cybersecurity threats and risks, has data security programs designed to prevent and detect threats, attacks, incursions and breaches, and processes in place for the management, mitigation and remediation of potential, and any actual, cybersecurity and information technology risks and breaches. The Company maintains a robust third party risk management program to oversee and identify material risks stemming from third-party service providers. Information technology staff regularly participates in relevant education opportunities and attends industry events that include cybersecurity matters. The Bank is a member of the Financial Services Information Sharing and Analysis Center ("FS-ISAC"). In 2025 we utilized the National Institute of Standards and Technology ("NIST") Cybersecurity Framework ("CSF") as replacement for the sunsetted Federal Financial Institutions Examination Council ("FFIEC") Cybersecurity Assessment Tool ("CAT"). Information security training is required for all employees no less than annually.

To assist with its information security programs, the Company engages with multiple third-party providers and specialists, including firms with personnel credentialed by internationally recognized organizations such as ISC2, the SANS Institute, and ISACA. Services provided include but are not limited to network evaluations, configuration and vulnerability assessments, penetration testing, and business continuity planning, the results of which are shared with management along with any remediation plans. In addition, an annual information systems and security audit is conducted by the Company's internal audit provider with results reported to the Audit Committee of the Board. Information security matters also fall within the scope of periodic examinations by the Bank's primary regulator, the Office of the Comptroller of the Currency ("OCC").

Included in our mitigation strategy is a comprehensive cybersecurity insurance policy. The Board and Management recognize that cybersecurity matters, including expenditure related threats and the impact of incursions or breaches, may trigger disclosure requirements under SEC rules and regulations, and intend to remain vigilant with respect to the cybersecurity aspects of these obligations.

Neither the Bank nor the Company have experienced any information security breaches of its systems in the past five years. Based on the information available as of the date of this Annual Report on Form 10-K, we are not aware of any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. However, despite our cybersecurity risk management processes, there can be no assurance that we, or the third parties with which we interact, will not experience a cybersecurity incident in the future that may materially affect us. For additional information, see Item 1A. "Risk Factors" for a discussion of cybersecurity risks that we face.

Governance: Our Board has overall oversight responsibility with respect to the Company's approach to risk management, including cybersecurity risks. Although the Board has the ultimate responsibility for risk oversight, operational responsibility for cybersecurity matters is delegated to the Chief Information Officer ("CIO") who oversees all technology needs of the Company, including the assessment and management of material risks from cybersecurity threats. The CIO has over thirty years experience in bank operations including network security and cybersecurity matters. The Bank employs a full-time Cybersecurity Analyst ("CA") who brings over twenty-five years of information technology and network security experience to the role. In addition, we have various management- and Board-level committees that also oversee risk to the extent it relates to the committee's responsibilities and provides reports to the Board in its respective area of responsibility. Information security matters are a standing topic for the Management-only Technology Steering Committee ("TSC") where membership includes the CIO, CA and other senior level managers, and the Management-Board level Enterprise Risk Management ("ERM") Committee where membership includes the CIO, senior level managers, and a representative from the Board. Minutes from each ERM session are reported to the Audit Committee of the Board, and the CIO provides information security updates at each meeting of the Board.

ITEM 2. Properties

The principal office of the Company and the Bank is located in Damariscotta, Maine. The Bank operates 18 full-service banking offices in six counties in the Mid-Coast, Eastern and Down East regions of Maine:

Lincoln County	Knox County	Waldo County	Hancock County	Washington County
Boothbay Harbor	Camden	Belfast	Bar Harbor	Eastport
Damariscotta	Rockland Park Street		Blue Hill	Calais
Waldoboro	Rockland Union Street	**Penobscot County**	Ellsworth	
Wiscasset	Rockport	Bangor	Northeast Harbor	
		Brewer	Southwest Harbor	

First National Wealth Management, the investment management and trust division of the Bank, operates from our locations in Bangor, Bar Harbor, Ellsworth and Damariscotta. The Bank also maintains an Operations Center in Damariscotta. The Company owns all of its locations except for the land under the Southwest Harbor drive-up facility, the land under the Belfast branch, and the Brewer branch. Long-term land leases are in place for the Southwest Harbor and Belfast locations and an operating lease is in place for Brewer. The Company also owns undeveloped land in Belfast. Management believes that the Bank's current facilities are suitable and adequate in light of its current needs and its anticipated needs over the near term.

ITEM 3. Legal Proceedings

There are no material pending legal proceedings to which the Company or the Bank is a party or to which any of their properties are subject, other than routine litigation incidental to the business of the Bank. None of these proceedings is expected to have a material effect on the financial condition of the Company or of the Bank.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Market Information and Holders of Record

Shares of the Company's common stock trade on NASDAQ under the symbol "FNLC". The last transaction in the Company's stock on NASDAQ during 2025 was on December 31 at $26.44 per share. As of February 19, 2026, there were 2,338 stockholders of record of our common stock. There are no warrants outstanding with respect to the Company's common stock and the Company has no securities outstanding which are convertible into common equity.

Dividend Policy

The Board declared a quarterly dividend of $0.36 per share on the Company's common stock for the first quarter of the year ended December 31, 2025 and quarterly dividends of $0.37 per share on the Company's common stock for each of the second, third and fourth quarters of the year ended December 31, 2025, resulting in total dividends for the year ended December 31, 2025 of $16.3 million. The Company expects to continue its policy of paying regular cash dividends on a quarterly basis.

However, the quarterly dividends on our common stock are subject to the discretion of the Board and dependent on, among other things, our financial condition, results of operations, capital requirements and other factors that our Board may deem relevant. In addition, dividends from the Bank are the principal source of funds for the payment of dividends to the Company. See "Supervision and Regulation" in Item 1, and Item 1A, "Risk Factors" for additional information regarding the regulatory restrictions on the payment of dividends by the Bank.

Repurchase of Shares and Use of Proceeds

The Company does not currently have an active share repurchase program, nor does it have any active trading plans. In the absence of any programs or plans, share repurchase activity is typically limited and consists of shares repurchased from employees for purposes of paying tax obligations on equity grants that have vested.

The Company made the following repurchases of its common stock during the year ended December 31, 2025:

Month	Shares Purchased	Average Price Per Share	Total shares purchased as part of publicly announced repurchase plans	Maximum number of shares that may be purchased under the plans
January 2025	10,039	$ 25.74	—	—
February 2025	745	25.73	—	—
March 2025	—	—	—	—
April 2025	—	—	—	—
May 2025	—	—	—	—
June 2025	—	—	—	—
July 2025	—	—	—	—
August 2025	—	—	—	—
September 2025	—	—	—	—
October 2025	—	—	—	—
November 2025	—	—	—	—
December 2025	—	—	—	—
	10,784	$ 25.74	—	—

Unregistered Sales of Equity Securities

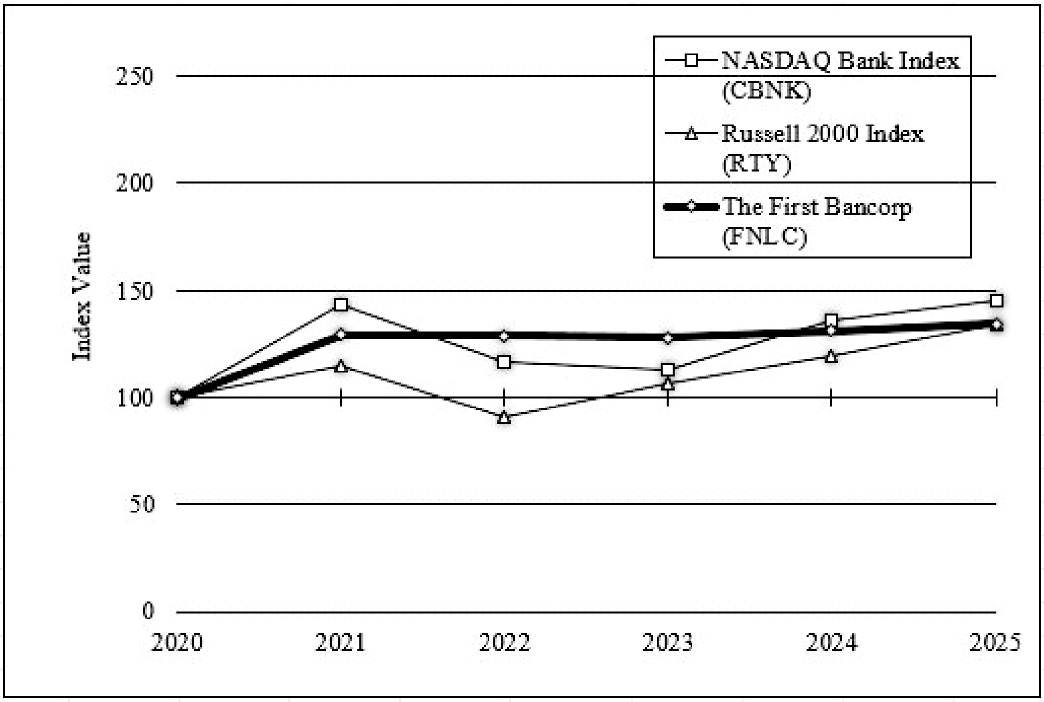
None

Securities Authorized for Issuance Under Equity Compensation Plans

Please see Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters under Part III of this Annual Report on Form 10-K for the information required by Item 201(d) of Regulation S-K.

Performance Graph

Set forth below is a line graph comparing the five-year cumulative total return of $100.00 invested in the Company's common stock ("FNLC"), assuming reinvestment of all cash dividends and retention of all stock dividends, with a comparable amount invested in the Russell 2000 Index ("Russell 2000") and the NASDAQ Combined Bank Index ("NASD Bank"). The Russell 2000 is an index of small-cap U.S. stocks in which the Company is included. The NASD Bank index is a capitalization-weighted index designed to measure the performance of all NASDAQ stocks in the banking sector.



	2020	2021	2022	2023	2024	2025
FNLC	$100.00	$129.25	$128.71	$127.96	$131.17	$134.29
Russell 2000	$100.00	$114.78	$91.30	$106.71	$119.00	$134.23
NASD Bank	$100.00	$142.91	$116.67	$112.66	$135.73	$145.32

ITEM 6. No Required Information

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company was incorporated in the State of Maine on January 15, 1985, and is the parent holding company of the Bank. On January 28, 2016, the Board of Directors voted to change the Bank's name to First National Bank from The First, N.A.

The Company generates almost all of its revenues from the Bank, which was chartered as a national bank under the laws of the United States on May 30, 1864. The Bank, which has eighteen offices along coastal and eastern Maine, emphasizes personal service to the communities it serves, concentrating primarily on small businesses and individuals.

The Bank offers a wide variety of traditional banking services and derives the majority of its revenues from net interest income – the spread between what it earns on loans and investments and what it pays for deposits and borrowed funds. While net interest income typically increases as earning assets grow, the spread can vary up or down depending on the level and direction of movements in interest rates. Management believes the Bank has moderate exposure to changes in interest rates, as discussed in "Interest Rate Risk Management" elsewhere in Management's Discussion.

Non-interest income is the Bank's secondary source of revenue and includes fees and service charges on deposit accounts and services, interchange from debit cards, income from the sale and servicing of mortgage loans, and income from investment management and private banking services through First National Wealth Management (previously First Advisors), a division of the Bank.

The abbreviations and descriptions identified below may be used throughout Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operation and Item 8 - Financial Statement and Supplementary Data. The following is provided to aid the reader and provide a reference page when reviewing these sections of the Form 10-K.

Abbreviation	Description	Abbreviation	Description
ACL	Allowance for credit losses	GDP	Gross domestic product
AFS	Available-for-sale	GNMA	Government National Mortgage Association
ALCO	Asset/Liability Committee	HTM	Held-to-maturity
AOCI	Accumulated other comprehensive income (loss)	IAL	Individually Analyzed Loans
ASC	Accounting Standards Codification	IRS	Internal Revenue Service
ASU	Accounting Standards Update	MPF	Mortgage Partnership Finance Program
C&I	Commercial and Industrial	OAEM	Other assets especially mentioned
CDs	Certificates of deposit	OCC	Office of the Comptroller of the Currency
CECL	Current Expected Credit Loss	OCI	Other comprehensive income (loss)
CET1	Common Equity Tier 1	OIS	Overnight Indexed Swap
CLLD	Construction, land, and land development	OREO	Other real estate owned
EPS	Earnings per share	POR	Period of Redemption
FASB	Financial Accounting Standards Board	PSA	Public Securities Association
FDIC	Federal Deposit Insurance Corporation	PTPP	Pre-Tax, Pre-Provision
FHLB	Federal Home Loan Bank	SEC	Securities and Exchange Commission
FHLBB	Federal Home Loan Bank of Boston	SOFR	Secured Overnight Financing Rate
FHLMC	Federal Home Loan Mortgage Corporation	The 2020 Plan	The 2020 Equity Incentive Plan
FNMA	Federal National Mortgage Association	The Bank	First National Bank
FOMC	Federal Open Market Committee	The Company	The First Bancorp, Inc.
FRB	Federal Reserve Board	U.S.	United States of America
FRBB	Federal Reserve Bank of Boston	USD	U.S. Dollar
GAAP	Accounting principles generally accepted in the U.S.	WSJP	Wall Street Journal Prime

Forward-Looking Statements

This report contains statements that are "forward-looking statements." We may also make written or oral forward-looking statements in other documents we file with the SEC, in our annual reports to shareholders, in press releases and other written materials, and in oral statements made by our officers, directors or employees. You can identify forward-looking statements by the use of the words "believe," "expect," "anticipate," "intend," "estimate," "assume," "outlook," "will," "should," and other expressions that predict or indicate future events and trends and which do not relate to historical matters. You should not rely on forward-looking statements, because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of the Company. These risks, uncertainties and other factors may cause the actual results, performance or achievements of the Company to be materially different from the anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Some of the factors that might cause these differences include the following: changes in general national, regional or international economic conditions or conditions affecting the banking or financial services industries or financial capital markets, volatility and disruption in national and international financial markets, government intervention in the U.S. financial system, reductions in net interest income resulting from interest rate volatility as well as changes in the balance and mix of loans and deposits, reductions in the market value of wealth management assets under administration, changes in the value of securities and other assets, reductions in loan demand, changes in loan collectability, default and charge-off rates, changes in the size and nature of the Company's competition, changes in legislation or regulation and accounting principles, policies and guidelines, and changes in the assumptions used in making such forward-looking statements. In addition, the factors described under "Risk Factors" in Item 1A of this Annual Report on Form 10-K may result in these differences. You should carefully review all of these factors, and you should be aware that there may be other factors that could cause these differences. These forward-looking statements were based on information, plans and estimates at the date of this annual report, and we assume no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially from the results discussed in these forward-looking statements. Readers are also urged to carefully review and consider the various disclosures made by the Company, which attempt to advise interested parties of the factors that affect the Company's business.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in Note 1, "Summary of Significant Accounting Policies," to the consolidated financial statements contained in Item 8, "Financial Statements and Supplementary Data," of this Form 10-K. In applying these accounting policies, management is required to exercise judgment in determining many of the methodologies, assumptions and estimates to be utilized. Certain of the critical accounting estimates are more dependent on such judgment and in some cases may contribute to volatility in the Company's reported financial performance should the assumptions and estimates used be incorrect or change over time due to changes in circumstances.

Management's discussion and analysis of the Company's financial condition and results of operations is based on the consolidated financial statements which are prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of such financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, Management evaluates its estimates, including those related to the ACL, fair value of securities, goodwill, the valuation of mortgage servicing rights, derivative financial instruments, and other-than-temporary impairment on securities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets that are not readily apparent from other sources. Actual results could differ from the amounts derived from Management's estimates and assumptions under different assumptions or conditions.

Allowance for Credit Losses. Management believes the ACL requires the most significant estimates and assumptions used in the preparation of the consolidated financial statements. The ACL is based on Management's evaluation of the level of the allowance required in relation to the estimated loss exposure in the loan portfolio, off-balance sheet commitments, and investment portfolio.

Management regularly evaluates the allowance, typically monthly, to determine the appropriate level by taking into consideration factors such as the size and growth trajectory of the portfolio, quality trends as measured by key indicators, prior loan loss experience in major portfolio segments, local and national business conditions, economic forecasts, the results of any stress testing undertaken during the period, and Management's estimation of potential losses. Period-to-period changes to any or all of these of these factors could change the level of ACL required, in turn impacting our level of provision expense and ultimately our net income. Similarly, the use of different estimates or assumptions could produce different provisions for credit losses which would likely result in changes to the Company's net income. In the12 months ended December 31, 2025, the ACL-Loans increased by $494,000, the ACL-Off-Balance Commitments decreased by $149,000 and the ACL-HTM Securities decreased by $50,000. Further discussion of the ACL may be found in Note 3, "Investment Securities", Note 5, "Loans" and Note 6, "Allowance for Credit Losses", to the consolidated financial statements contained in Item 8 of the Form 10-K.

Fair Value of Securities. Determining a market price for securities carried at fair value is a critical accounting estimate in the Company's financial statements. Pricing of individual securities is subject to a number of factors including changes in market interest rates, changes in prepayment speeds and assumptions, changes in market tolerance for risk, and any changes in the risk profile of the security. The Company subscribes to a widely recognized, independent pricing service and updates carrying values no less frequently than monthly. It also validates the values provided by the pricing service no less frequently than quarterly by measuring against security prices provided by a secondary source. Results of the validation are reported to the ALCO each quarter and any variances between the two sources above defined thresholds are investigated by management. A finding that the Company's methodology for valuation of its investment securities is materially incorrect could result in changes to the carrying value of securities on its balance sheet and corresponding changes in shareholders equity position. As of December 31, 2025 the fair value of AFS securities decreased by $10.2 million and the fair value of HTM securities increased by $489,000 from that of December 31, 2024. These changes are due to a combination of rate-driven market price adjustments for the underlying securities and reinvestment of incoming cash flow to other segments of the balance sheet. Further discussion of the fair value of securities may be found in Note 3, "Investment Securities", to the consolidated financial statements contained in Item 8 of the Form 10-K.

Credit Loss Recognition on Securities. Another significant estimate related to investment securities is the evaluation of potential credit losses on investment securities. The evaluation of securities for potential credit losses is a quantitative and qualitative process, which is subject to risks and uncertainties and is intended to determine whether declines in the fair value of investments should be recognized as a charge to the allowance for credit losses. The risks and uncertainties include changes in general economic conditions, the issuer's financial condition and/or future prospects, the effects of changes in interest rates or credit spreads and the expected recovery period of unrealized losses. Securities that are in an unrealized loss position are reviewed at least quarterly to determine if recognition of a loss is required. The primary factors considered in this evaluation (a) the length of time and extent to which the fair value has been less than cost or amortized cost and the expected recovery period of the security, (b) the financial condition, credit rating and future prospects of the issuer, (c) whether the debtor is current on contractually obligated interest and principal payments, (d) the volatility of the securities' market price, (e) the intent and ability of the Company to retain the investment for a period of time sufficient to allow for recovery, which may be at maturity and (f) any other information and observable data considered relevant, including the expectation of receipt of all principal and interest when due. The Bank invests only in investment grade securities and no credit losses have been recognized on securities currently held. Further discussion of credit loss recognition on securities may be found in Note 3, "Investment Securities", to the consolidated financial statements contained in Item 8 of the Form 10-K.

Goodwill. Management utilizes numerous techniques to estimate the value of various assets held by the Company, including methods to determine the appropriate carrying value of goodwill as required under FASB ASC Topic 350 "Intangibles – Goodwill and Other." In addition, goodwill from a purchase acquisition is subject to ongoing periodic impairment tests, which include an evaluation of the ongoing assets, liabilities and revenues from the acquisition and an estimation of the impact of business conditions. Testing has indicated that no impairment of goodwill has occurred and the value of goodwill as of December 31, 2025 is unchanged from the prior year.

Mortgage Servicing Rights. The valuation of mortgage servicing rights is a critical accounting policy which requires significant estimates and assumptions. The Bank often sells mortgage loans it originates and retains the ongoing servicing of such loans, receiving a fee for these services, generally 0.25% of the outstanding balance of the loan per annum. Mortgage servicing rights are recognized at fair value when they are acquired through the sale of loans, and are reported in other assets. They are amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. The rights are subsequently carried at the lower of amortized cost or fair value. Management uses an independent firm which specializes in the valuation of mortgage servicing rights to determine the fair value. The most important assumption is the anticipated loan prepayment rate, and increases in prepayment speed and amount result in lower valuations of mortgage servicing rights. The valuation also includes an evaluation for impairment based upon the fair value of the rights, which can vary depending upon current interest rates and prepayment expectations, as compared to amortized cost. Impairment is determined by stratifying rights by predominant characteristics, such as interest rates and terms. The fair value of mortgage servicing rights as of December 31, 2025 decreased by $369,000 from that of December 31, 2024 primarily due to loan amortization and payoffs outpacing sales of new loans during the year, and no impairment was recognized as of either date. The use of different assumptions could produce a different valuation. All of the assumptions are based on standards the Company believes would be utilized by market participants in valuing mortgage servicing rights and are consistently derived and/or benchmarked against independent public sources. Further information may be found in Note 4, "Mortgage Servicing Rights", to the consolidated financial statements contained in Item 8 of the Form 10-K.

Derivative Financial Instruments Designated as Hedges. The Company recognizes all derivatives in the consolidated balance sheets at fair value. On the date a derivative contract is entered into, the derivative is designated as a hedge of either a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (“cash flow hedge”), a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (“fair value hedge”), or a held for trading instrument (“trading instrument”). The relationships between hedging instruments and hedged items is formally documented, as is the risk management objectives and strategy for undertaking various hedge transactions. Both at the hedge’s inception and on an ongoing basis, determination is made as to whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows or fair values of hedged items. Changes in fair value of a derivative that is effective and that qualifies as a cash flow hedge are recorded in OCI and are reclassified into earnings when the forecasted transaction or related cash flows affect earnings. Changes in fair value of a derivative that qualifies as a fair value hedge and the change in fair value of the hedged item are both recorded in earnings and offset each other when the transaction is effective. Those derivatives that are classified as trading instruments, including customer loan swaps, are recorded at fair value with changes in fair value recorded in earnings. Hedge accounting is discontinued when it is determined that the derivative is no longer effective in offsetting changes in the cash flows of the hedged item, that it is unlikely that the forecasted transaction will occur, or that the designation of the derivative as a hedging instrument is no longer appropriate. Among the factors that may influence the fair value of a derivative instrument are changes in market interest rates, changes in the time remaining to maturity of the instrument, or credit quality of the counter-party. Further information, including period-to-period changes in the fair value of derivatives, may be found in Note 14, "Financial Derivative Instruments", to the consolidated financial statements contained in Item 8 of the Form 10-K.

Use of Non-GAAP Financial Measures

Certain information in Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this Report contains financial information determined by methods other than in accordance with GAAP. Management uses these “non-GAAP” measures in its analysis of the Company's performance (including for purposes of determining the compensation of certain executive officers and other Company employees) and believes that these non-GAAP financial measures provide a greater understanding of ongoing operations and enhance comparability of results with prior periods and with other financial institutions, as well as demonstrating the effects of significant gains and charges in the current period, in light of the disclosure practices employed by many other publicly-traded financial institutions. The Company believes that a meaningful analysis of its financial performance requires an understanding of the factors underlying that performance. Management believes that investors may use these non-GAAP financial measures to analyze financial performance without the impact of unusual items that may obscure trends in the Company's underlying performance. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

In several places net interest income is calculated on a fully tax-equivalent basis. Specifically included in interest income was tax-exempt interest income from certain investment securities and loans. An amount equal to the tax benefit derived from this tax-exempt income has been added back to the interest income total which, as adjusted, increased net interest income accordingly. Management believes the disclosure of tax-equivalent net interest income information improves the clarity of financial analysis, and is particularly useful to investors in understanding and evaluating the changes and trends in the Company's results of operations. Other financial institutions commonly present net interest income on a tax-equivalent basis. This adjustment is considered helpful in the comparison of one financial institution's net interest income to that of another institution, as each will have a different proportion of tax-exempt interest from its earning assets. Moreover, net interest income is a component of a second financial measure commonly used by financial institutions, net interest margin, which is the ratio of net interest income to average earning assets. For purposes of this measure as well, other financial institutions generally use tax equivalent net interest income to provide a better basis of comparison from institution to institution. The Company follows these practices.

The following table provides a reconciliation of tax-equivalent financial information to the Company's consolidated financial statements prepared in accordance with GAAP. A Federal income tax rate of 21.0% was used in 2025 and 2024.

	Years ended December 31,	
Dollars in thousands	**2025**	2024
Net interest income as presented	**$ 77,377**	$ 63,910
Effect of tax-exempt income	**2,837**	2,780
Net interest income, tax equivalent	**$ 80,214**	$ 66,690

The Company presents its efficiency ratio using non-GAAP information which is most commonly used by financial institutions. The GAAP-based efficiency ratio is noninterest expenses divided by net interest income plus noninterest income from the Consolidated Statements of Income and Comprehensive Income. The non-GAAP efficiency ratio excludes securities losses from noninterest expenses, excludes securities gains from noninterest income, and adds the tax-equivalent adjustment to net interest income.

The following table provides a reconciliation between the GAAP and non-GAAP efficiency ratio:

	Years ended December 31,	
Dollars in thousands	**2025**	2024
Non-interest expense, as presented	**$ 50,928**	$ 47,156
Net interest income, as presented	**77,377**	63,910
Effect of tax-exempt income	**2,837**	2,780
Non-interest income, as presented	**17,340**	16,355
Effect of non-interest tax-exempt income	**214**	185
Adjusted net interest income plus non-interest income	**$ 97,768**	$ 83,230
Non-GAAP efficiency ratio	**52.09 %**	56.66 %
GAAP efficiency ratio	**53.77 %**	58.75 %

The Company presents certain information based upon average tangible common shareholders' equity instead of total average shareholders' equity. The difference between these two measures is the Company's intangible assets, specifically goodwill from prior acquisitions. Management, banking regulators and many stock analysts use the tangible common equity ratio and the tangible book value per common share in conjunction with more traditional bank capital ratios to compare the capital adequacy of banking organizations with significant amounts of goodwill or other intangible assets, typically stemming from the use of the purchase accounting method in accounting for mergers and acquisitions.

The following table provides a reconciliation of average tangible common shareholders' equity to the Company's consolidated financial statements, which have been prepared in accordance with GAAP:

	Years ended December 31,	
Dollars in thousands	**2025**	2024
Average shareholders' equity as presented	**$ 268,059**	$ 249,786
Less average intangible assets	**(30,791)**	(30,817)
Average tangible shareholders' common equity	**$ 237,268**	$ 218,969

To provide period-to-period comparison of operating results prior to consideration of credit loss provision and income taxes, the non-GAAP measure of PTPP Net Income is presented. The following table provides a reconciliation to Net Income:

	Years ended December 31,	
Dollars in thousands	**2025**	2024
Net income, as presented	**$ 34,394**	$ 27,045
Add: credit loss expense	**1,850**	525
Add: income taxes expense	**7,545**	5,539
Pre-tax, pre-provision net income	**$ 43,789**	$ 33,109

Executive Summary

The Company reported net income for the year ended December 31, 2025 of $34.4 million, up $7.3 million or 27.2% from $27.0 million reported for the year ended December 31, 2024. Earnings per common share on a fully diluted basis were $3.07 and $2.43, respectively, for the same periods, up $0.64 or 26.3%.

Earnings for the Company rebounded strongly in 2025. Net interest margin expansion, which began in the second half of 2024, continued and accelerated throughout 2025 leading to a significant increase in net income interest income and ultimately improved bottom-line profitability for the Bank and Company. Margin expansion was achieved via a focus on generation of lower-cost local deposits to replace higher-cost wholesale sources, scheduled re-pricing of legacy earning assets, targeted origination of new earning assets, and pricing discipline on both sides of the balance sheet.

During 2025, total assets increased $9.3 million or 0.3%, ending the year at $3.166 billion. The loan portfolio increased $53.2 million or 2.3% in 2025, ending the year at $2.394 billion. The investment portfolio was down $22.9 million or 3.5% as cash flow from matured and amortizing securities was redeployed to other segments of the balance sheet rather than reinvested. On the liability side of the balance sheet, core deposits increased $77.0 million or 4.8%, to $1.687 billion as of December 31, 2025. Certificates of deposit decreased $137.5 million or 12.3% from the end of 2024. Local CDs decreased $12.2 million and wholesale CDs decreased $125.3 million at December 31, 2025 compared to December 31, 2024.

Asset quality continues to be favorable. Non-performing loans stood at 0.54% of total loans as of December 31, 2025 up from 0.18% of non-performing loans a year ago, but remaining below long-term averages. Net chargeoffs were $1.6 million, or 0.07% of average loans in 2025, compared to $463,000, or 0.02% of average loans for the year ended December 31, 2024. Past due loans were 0.90% of total loans as of December 31, 2025, an increase from 0.40% of total loans at December 31, 2024. The allowance as a percentage of loans outstanding stood at 1.06% in 2025, level with December 31, 2024. The provision for credit losses on loans was $2.0 million in 2025, as compared to $1.3 million in 2024.

The Company's capital position improved in 2025, the result of improved profitability and a slower rate of balance sheet expansion as compared to the prior several years. The Company's total risk-based capital ratio was 14.02% as of December 31, 2025, solidly above the well-capitalized threshold of 10.0% set by the FDIC, the FRB, and the OCC.

On a tax-equivalent basis, net interest income increased $13.5 million or 20.3% for the year ended December 31, 2025 compared to the year ended December 31, 2024. Total interest income increased $11.4 million, or 7.7%, from 2024, while total interest expense decreased $2.0 million, or 2.4%. The Company's tax-equivalent net interest margin was 2.63% in 2025, compared to 2.29% in 2024. Net interest margin by quarter was 2.48%, 2.52%, 2.70% and 2.83% for the first through fourth quarters of 2025, respectively, as compared to 2.22%, 2.21%, 2.32%, and 2.42% in the same periods of 2024.

Non-interest income in 2025 was $17.3 million, an increase of $985,000 or 6.0% from the $16.4 million reported in 2024. The year-to-year increase in non-interest income is primarily attributable to Wealth Management revenue growth of $464,000 or 9.3% from 2024, and an increase in other operating income of $357,000 or 11.5%, during the same period.

Non-interest expense in 2025 was $50.9 million, an increase of $3.8 million or 8.0% from the $47.2 million reported in 2024. Employee salary and benefit expense increased $2.8 million or 11.4% from the prior year. Asset growth and premium calculation variances led to a $331,000 increase in deposit insurance premiums from the prior year. Income taxes on operating earnings were $7.5 million for the year ended December 31, 2025, up $2.0 million from the same period in 2024.

Improved earnings performance led to a corresponding improvement in the Company's operating ratios. Return on average assets of 1.08% and a return on average tangible common equity (non-GAAP) of 14.50% for the year ended December 31, 2025, compare favorably to 0.89% and 12.35%, respectively, for the prior year. Our non-GAAP efficiency ratio continues to be an important component in our overall performance and improved to 52.09% for 2025. Dividends paid to shareholders totaled $1.47 per share, representing 47.39% of basic earnings per share for the year.

Results of Operations

Net Interest Income

Net interest income on a tax-equivalent basis increased 20.3% or $13.5 million to $80.2 million for the year ended December 31, 2025 from the $66.7 million reported for the year ended December 31, 2024. The Company's net interest margin was 2.63% in 2025, compared to 2.29% in 2024.

Total interest income on a tax-equivalent basis in 2025 was $163.1 million, an increase of $11.5 million or 7.6% from the $151.6 million posted by the Company in 2024. A shift in earning asset composition from investments to higher-yielding loans coupled with higher interest rates on both new loans and re-priced legacy transactions contributed to the increase in interest income. Total interest expense in 2025 was $82.9 million, a decrease of $2.0 million or 2.4% from the $84.9 million posted by the Company in 2024. Generally lower market interest rates resulting from FOMC actions coupled with growth in local deposits that allowed for a reduction in higher-cost wholesale funding each contributed to the interest expense decrease. Tax-exempt interest income amounted to $10.7 million for the year ended December 31, 2025, and $10.5 million for the year ended December 31, 2024.

The following table presents changes in interest income and expense attributable to changes in interest rates, volume, and rate/volume[1] for interest-earning assets and interest-bearing liabilities. Tax-exempt income is calculated on a tax-equivalent basis, using a 21.0% Federal income tax rate in 2025 and 2024.

Year ended December 31, 2025 compared to 2024				
Dollars in thousands	Volume	Rate	Rate/ Volume[1]	Total
Interest on earning assets				
Interest-bearing deposits	$ (97)	$ (64)	$ 11	$ (150)
Investment securities	(408)	243	(5)	(170)
Loans held for sale	—	—	—	—
Loans	8,749	2,873	193	11,815
Total interest income	8,244	3,052	199	11,495
Interest expense				
Deposits	3,152	(5,643)	(224)	(2,715)
Borrowings	513	158	15	686
Total interest expense	3,665	(5,485)	(209)	(2,029)
Change in net interest income	$ 4,579	$ 8,537	$ 408	$ 13,524

[1] *Represents the change attributable to a combination of change in rate and change in volume.*

The following table presents the interest earned on or paid for each major asset and liability category, respectively, for the years ended December 31, 2025 and 2024, as well as the average yield for each major asset and liability category, and the net yield between assets and liabilities. Tax-exempt income has been calculated on a tax-equivalent basis using a 21% Federal income tax rate in 2025 and 2024. Unrecognized interest on non-accrual loans is not included in the amount presented, but the average balance of non-accrual loans is included in the denominator when calculating yields.

	2025		2024	
Dollars in thousands	**Amount of interest**	**Average Yield/ Rate**	Amount of interest	Average Yield/ Rate
Interest-earning assets				
Interest-bearing deposits	**$ 400**	**4.33 %**	$ 550	4.91 %
Investment securities	**20,783**	**3.21 %**	20,953	3.17 %
Loans held for sale	**—**	**— %**	—	— %
Loans	**141,925**	**5.94 %**	130,110	5.81 %
Total interest-earning assets	**163,108**	**5.35 %**	151,613	5.21 %
Interest-bearing liabilities				
Deposits	**76,697**	**3.17 %**	79,412	3.41 %
Borrowings	**6,197**	**3.48 %**	5,511	3.38 %
Total interest-bearing liabilities	**82,894**	**3.19 %**	84,923	3.41 %
Net interest income	**$ 80,214**		$ 66,690	
Interest rate spread		**2.17 %**		1.80 %
Net interest margin		**2.63 %**		2.29 %

Average Daily Balance Sheets

The following table shows the Company's average daily balance sheets for the years ended December 31, 2025 and 2024:

	For the years ended December 31,	
Dollars in thousands	**2025**	2024
Assets		
Cash and cash equivalents	**$ 26,381**	$ 25,164
Interest-bearing deposits in other banks	**9,231**	11,213
Securities available for sale (includes tax exempt securities of $36,309 in 2025 and $36,447 in 2024)	**274,238**	275,706
Securities to be held to maturity, net of ACL (included tax exempt securities of $249,793 in 2025 and $252,236 in 2024)	**365,358**	377,966
Restricted equity securities, at cost	**7,523**	6,311
Loans held for sale (fair value approximates cost)	**42**	34
Loans	**2,389,603**	2,239,050
Allowance for credit losses	**(25,046)**	(24,361)
Net loans	**2,364,557**	2,214,689
Accrued interest receivable	**17,070**	15,443
Premises and equipment, net	**28,084**	28,066
Other real estate owned	**34**	97
Goodwill	**30,646**	30,646
Other assets	**65,302**	64,289
Total Assets	**$ 3,188,466**	$ 3,049,624
Liabilities & Shareholders' Equity		
Demand deposits	**$ 293,647**	$ 281,265
NOW deposits	**625,988**	624,691
Money market deposits	**415,288**	328,838
Savings deposits	**258,312**	274,989
Certificates of deposit	**1,121,349**	1,100,004
Total deposits	**2,714,584**	2,609,787
Borrowed funds – short-term	**82,557**	67,899
Borrowed funds – long-term	**95,500**	95,000
Dividends payable	**2,215**	1,006
Other liabilities	**25,551**	26,146
Total Liabilities	**2,920,407**	2,799,838
Shareholders' Equity:		
Common stock	**112**	111
Additional paid-in capital	**72,724**	70,656
Retained earnings	**232,282**	219,658
Net unrealized loss on securities available for sale	**(37,341)**	(41,351)
Net unrealized gain on cash flow hedging derivative instruments	**42**	460
Net unrealized loss on securities transferred from available for sale to held to maturity	**(46)**	(51)
Net unrealized gain on postretirement benefit costs	**286**	303
Total Shareholders' Equity	**268,059**	249,786
Total Liabilities & Shareholders' Equity	**$ 3,188,466**	$ 3,049,624

Non-Interest Income

Non-interest income in 2025 was $17.3 million, an increase of $985,000 or 6.0% from the $16.4 million reported in 2024. The year-to-year increase in non-interest income is primarily attributable to Wealth Management revenue growth of $464,000 or 9.3% from 2024, and an increase in other operating income of $357,000 or 11.5%, during the same period. Mortgage banking revenue increased $52,000 or 6.5% from 2024 and service charge revenues increased $113,000, or 5.5% year-over-year.

Non-Interest Expense

Non-interest expense in 2025 was $50.9 million, an increase of $3.8 million or 8.0% from the $47.2 million reported in 2024. Employee salary and benefit expense increased $2.8 million or 11.4% from the prior year, attributable to a combination of salary adjustments, incentive compensation accruals, increased benefit costs, and several one-time expenses resulting from retirements. FDIC insurance premiums increased by $331,000 attributable to various factor changes in the premium calculation. Furniture and equipment expense was up $256,000 or 4.6% on higher software costs, and other operating expense increased $396,000 or 3.4%. from 2024.

Provision to the Allowance for Credit Losses Loans

The Company's provision to the ACL loans was $2.0 million in 2025, up from $1.3 million provisioned in 2024. The ACL loans stood at 1.06% of total loans as of December 31, 2025, compared to 1.06% as of December 31, 2024.

Net loan charge-offs in 2025 were $1.6 million or 0.07% of average loans, up from $463,000 or 0.02% of loans in 2024. Non-performing assets stood at 0.41% of total assets as of December 31, 2025 compared to 0.14% of total assets at December 31, 2024. The change in non-performing assets is primarily centered in two credit relationships in which resolution activities have commenced and against which specific reserves have been established. Past-due loans were 0.90% of total loans as of December 31, 2025, an increase from 0.40% of total loans as of December 31, 2024.

Income Taxes

Income taxes on operating earnings were $7.5 million for the year ended December 31, 2025, up $2.0 million from 2024.

Net Income

Net income for 2025 was $34.4 million, up 27.2% or $7.3 million from net income of $27.0 million that was posted in 2024. Earnings per share on a fully diluted basis for 2025 were $3.07, up $0.64 or 26.3% from the $2.43 reported for the year ended December 31, 2024.

Key Ratios

Return on average assets in 2025 was 1.08%, up from the 0.89% posted in 2024. Return on average tangible common equity was 14.50% in 2025, compared to 12.35% in 2024. In 2025, the Company's dividend payout ratio (dividends declared per share divided by earnings per share) was 47.39%, compared to 58.44% in 2024. The Company's non-GAAP efficiency ratio – a benchmark measure of the amount spent to generate a dollar of income – was 52.09% in 2025, compared to 56.66% in 2024.

Investment Management and Fiduciary Activities

As of December 31, 2025, First National Wealth Management, the Bank's trust and investment management division, had assets under management or custody with a market value of $1.384 billion, consisting of 1,306 trust accounts, estate accounts, agency accounts, and self-directed individual retirement accounts. This compares to December 31, 2024, when 1,272 accounts with a market value of $1.290 billion were under management or custody.

Comparison of the Years Ended December 31, 2024 and 2023

A discussion of changes in our results of operations during the year ended December 31, 2024 compared to the year ended December 31, 2023 has been omitted from this Annual Report on Form 10-K but may be found in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 7, 2025, which discussion is incorporated herein by reference, and which is available free of charge on the SECs website at www.sec.gov.

Assets and Asset Quality

Total assets of $3.166 billion at December 31, 2025 increased 0.3% or $9.3 million from $3.157 billion at December 31, 2024. The investment portfolio, including restricted equity securities decreased $22.9 million or 3.5% over December 31, 2024, and the loan portfolio increased $53.2 million or 2.3%. Year-over-year, average assets were up $138.8 million in 2025 over 2024. Average loans in 2025 were $150.6 million higher than in 2024, and average investments in 2025 were $14.1 million lower than in 2024.

Non-performing assets to total assets stood at 0.41% at December 31, 2025, up from the 0.14% of total assets at December 31, 2024. In general terms, the Company's long-standing approach to working with borrowers and ethical loan underwriting standards helps alleviate some of the payment problems on customers' loans and minimizes actual loan losses, in Management's opinion. There was no OREO or related allowance at December 31, 2025. The company held one OREO property with a carrying value of $173,000, net of an allowance of $35,000 on December 31, 2024.

Net chargeoffs in 2025 were $1.6 million or 0.07% of average loans outstanding, up $1.1 million from 2024. Residential real estate term loans represent 30.9% of the total loan portfolio, and this loan category generally has a lower level of losses in comparison to other loan types. In 2025, residential mortgages had a net recovery of 0.001% compared to a loss ratio of 0.065% for the entire loan portfolio. The Company does not have a credit card portfolio or offer dealer consumer loans, which generally carry more risk and potentially higher losses than other types of consumer credit.

The ACL-loans ended 2025 at $25.4 million and stood at 1.06% of total loans outstanding, compared to $24.9 million and 1.06% of total loans outstanding at December 31, 2024. A $2.0 million provision for losses was made during the year ended 2025.

Investment Activities

During 2025, the investment portfolio, including restricted equity securities, decreased 3.5% to end the year at $628.7 million, compared to $651.6 million at December 31, 2024. Average investments in 2025 were $14.1 million lower than in 2024. The change in value of the portfolio is attributable primarily to limited reinvestment of incoming cash flow from amortizing and matured investments, as cash flow was re-directed to other segments of the balance sheet. As of December 31, 2025, mortgage-backed securities had a carrying value of $259.0 million and a fair value of $250.2 million. Of this total, securities with a fair value of $64.5 million or 25.8% of the mortgage-backed portfolio were issued by the GNMA and securities with a fair value of $185.7 million or 74.2% of the mortgage-backed portfolio were issued by the FHLMC and the FNMA.

The Company's investment securities are classified into three categories: securities available for sale, securities to be held to maturity and restricted equity securities. Securities available for sale consist primarily of debt securities which Management intends to hold for indefinite periods of time. They may be used as part of the Company's funds management strategy, and may be sold in response to changes in interest rates, prepayment risk and liquidity needs, to increase capital ratios, or for other similar reasons. Securities to be held to maturity consist primarily of debt securities that the Company has acquired solely for long-term investment purposes, rather than for trading or future sale. For securities to be categorized as HTM, Management must have the intent and the Company must have the ability to hold such investments until their respective maturity dates. Restricted equity securities consist of investments in the stock of the FRBB and the FHLBB; ownership of these securities is required as a condition of the Bank's membership in the respective banks and these shares are not able to be pledged or sold. The Company does not hold trading account securities.

All investment securities are managed in accordance with a written investment policy adopted by the Board of Directors. It is the Company's general policy that investments for either the AFS or HTM portfolio be limited to government debt obligations, time deposits, and corporate bonds or commercial paper with one of the three highest ratings given by a nationally recognized rating agency. The portfolio is currently invested primarily in U.S. Government sponsored agency securities, mortgage-backed securities and tax-exempt obligations of states and political subdivisions. The individual securities have been selected to enhance the portfolio's overall yield while not materially adding to the Company's level of interest rate risk.

During the third quarter of 2014, the Company transferred securities with a total amortized cost of $89,780,000 with a corresponding fair value of $89,757,000 from AFS to HTM. The net unrealized loss, net of taxes, on these securities at the date of the transfer was $15,000. The net unrealized holding loss at the time of transfer continues to be reported in AOCI, net of tax and is amortized over the remaining lives of the securities as an adjustment of the yield. The amortization of the net unrealized loss reported in AOCI will offset the effect on interest income of the discount for the transferred securities. The remaining unamortized balance of the net unrealized losses for the securities transferred from AFS to HTM was $38,000, net of taxes, at December 31, 2025. This compares to $47,000, net of taxes at December 31, 2024. These securities were transferred as a part of the Company's overall investment and balance sheet strategies.

The following table sets forth the Company's investment securities at their carrying amounts as of December 31, 2025 and 2024:

Dollars in thousands	**2025**	2024
Securities available for sale		
U.S. Treasury and Agency securities	**$ 18,072**	$ 19,796
Mortgage-backed securities	**210,434**	219,382
State and political subdivisions	**33,990**	33,252
Asset-backed securities	**1,984**	2,250
	264,480	274,680
Securities to be held to maturity		
U.S. Treasury and Agency securities	**38,100**	38,100
Mortgage-backed securities	**48,566**	52,370
State and political subdivisions	**248,408**	252,180
Corporate securities	**21,000**	27,250
	356,074	369,900
Less allowance for credit losses	**(146)**	(196)
Net securities to be held to maturity	**355,928**	369,704
Restricted equity securities		
Federal Home Loan Bank Stock	**7,238**	6,166
Federal Reserve Bank Stock	**1,037**	1,037
	8,275	7,203
Total securities	**$ 628,683**	$ 651,587

The Company adopted ASC 326, the CECL standard in 2023. In conjunction with adoption, holdings of AFS securities and HTM securities were evaluated to determine the need to establish an ACL, if any. The total ACL for HTM securities was $146,000 and $196,000 as of December 31, 2025 and 2024, respectively. Further details are included in Note 3 of the accompanying financial statements.

The following table sets forth information on the yields and expected maturities of the Company's investment securities as of December 31, 2025. Yields on tax-exempt securities have been computed on a tax-equivalent basis using a tax rate of 21%. Mortgage-backed securities are presented according to their contractual maturity date, while the yield takes into effect intermediate cash flows from repayment of principal which results in a much shorter average life.

	Available For Sale		Held to Maturity	
Dollars in thousands	Fair Value	Yield to maturity	Amortized Cost	Yield to maturity
U.S. Treasury & Agency Securities				
Due in 1 year or less	$ —	0.00 %	$ —	0.00 %
Due in 1 to 5 years	5,749	1.13 %	11,500	1.00 %
Due in 5 to 10 years	3,026	1.25 %	3,150	2.30 %
Due after 10 years	9,297	2.00 %	23,450	1.56 %
Total	18,072	1.60 %	38,100	1.50 %
Mortgage-Backed Securities				
Due in 1 year or less	2	3.45 %	—	0.00 %
Due in 1 to 5 years	835	1.25 %	3	8.00 %
Due in 5 to 10 years	6,812	3.51 %	3,336	4.89 %
Due after 10 years	202,785	2.65 %	45,227	1.53 %
Total	210,434	2.67 %	48,566	1.76 %
State & Political Subdivisions				
Due in 1 year or less	90	5.06 %	1,729	3.27 %
Due in 1 to 5 years	—	0.00 %	21,050	3.55 %
Due in 5 to 10 years	8,855	2.36 %	73,154	3.42 %
Due after 10 years	25,045	3.39 %	152,475	2.42 %
Total	33,990	3.13 %	248,408	2.82 %
Asset-Backed Securities				
Due in 1 year or less	—	0.00 %	—	0.00 %
Due in 1 to 5 years	—	0.00 %	—	0.00 %
Due in 5 to 10 years	—	0.00 %	—	0.00 %
Due after 10 years	1,984	4.95 %	—	0.00 %
Total	1,984	4.95 %	—	0.00 %
Corporate Securities				
Due in 1 year or less	—	0.00 %	—	0.00 %
Due in 1 to 5 years	—	0.00 %	2,250	3.11 %
Due in 5 to 10 years	—	0.00 %	18,750	5.60 %
Due after 10 years	—	0.00 %	—	0.00 %
Total	—	0.00 %	21,000	5.33 %
	$ 264,480	2.67 %	$ 356,074	2.68 %

AFS Debt Securities in an Unrealized Loss Position

The AFS securities portfolio contains certain securities, the amortized cost of which exceeds fair value, which at December 31, 2025 amounted to $40.1 million, or 13.19% of the amortized cost of the total AFS securities portfolio. At December 31, 2024, this amount was $54.2 million, or 16.48% of the total AFS securities portfolio.

The Company's evaluation of securities for impairment is a quantitative and qualitative process intended to determine whether declines in the fair value of AFS investment securities should be recognized as a charge against the ACL. The primary factors considered in evaluating whether a loss should be recognized include: (a) the length of time and extent to which the fair value has been less than cost or amortized cost and the expected recovery period of the security, (b) the financial condition, credit rating and future prospects of the issuer, (c) whether the debtor is current on contractually obligated interest and principal payments, (d) the volatility of the securities market price, (e) the intent and ability of the Company to retain the investment for a period of time sufficient to allow for recovery, which may be at maturity, and (f) any other information and observable data considered relevant in determining whether full collection of amounts contractually due will be realized.

The Company's best estimate of cash flows uses severe economic recession assumptions due to market uncertainty. The Company's assumptions include but are not limited to delinquencies, foreclosure levels and constant default rates on the underlying collateral, loss severity ratios, and constant prepayment rates. If the Company does not expect to receive 100% of future contractual principal and interest, a charge against the ACL is recognized. Estimating future cash flows is a quantitative and qualitative process that incorporates information received from third party sources along with certain internal assumptions and judgments regarding the future performance of the underlying collateral.

As of December 31, 2025, the Company had AFS debt securities in an unrealized loss position with a fair value of $228.7 million and unrealized losses of $40.1 million, as identified in the table below. Securities in a continuous unrealized loss position of twelve months or more amounted to a fair value $226.9 million as of December 31, 2025, compared with $234.1 million at December 31, 2024. The Company has concluded that these securities are fully collectible and that no charge against the allowance is required. This conclusion was based on the issuer's continued satisfaction of the securities obligations in accordance with their contractual terms and the expectation that the issuer will continue to do so, Management's intent and ability to hold these securities for a period of time sufficient to allow for any anticipated recovery in fair value which may be at maturity, the expectation that the Company will receive 100% of future contractual cash flows, as well as the evaluation of the fundamentals of the issuer's financial condition and other objective evidence. The following table summarizes AFS debt securities in an unrealized loss position for which an ACL has not been recorded at December 31, 2025:

	Less than 12 months		**12 months or more**		**Total**	
Dollars in thousands	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury & Agency securities	$ —	$ —	$ 18,072	$ (4,973)	$ 18,072	$ (4,973)
Mortgage-backed securities	1,732	(4)	177,093	(30,138)	178,825	(30,142)
State and political subdivisions	—	—	30,672	(4,989)	30,672	(4,989)
Asset-backed securities	—	—	1,096	(15)	1,096	(15)
	$ 1,732	$ (4)	$ 226,933	$ (40,115)	$ 228,665	$ (40,119)

For securities with unrealized losses, the following information was considered in determining that no charge against the allowance for decline in fair value was required in the current reporting period:

AFS Securities issued by the U.S. Treasury and U.S. Government-sponsored agencies & enterprises. As of December 31, 2025, the total unrealized losses on these securities amounted to $5.0 million, compared with $6.2 million at December 31, 2024. All of these securities were credit rated "AAA" or "AA+" by the major credit rating agencies. Management believes that securities issued by the U.S. Treasury and U.S. Government-sponsored agencies and enterprises carry zero or near-zero credit risk, and that 100% of the amounts contractually due will be collected.

AFS Mortgage-backed securities issued by U.S. Government agencies and U.S. Government-sponsored enterprises. As of December 31, 2025, the total unrealized losses on these securities amounted to $30.1 million, compared with $41.0 million at December 31, 2024. All of these securities were credit rated "AAA" by the major credit rating agencies. Management believes that securities issued by U.S. Government agencies bear no credit risk because they are backed by the full faith and credit of the United States and that securities issued by U.S. Government-sponsored enterprises have minimal credit risk, as these agencies enterprises play a vital role in the nation's financial markets. Management believes that the unrealized losses at December 31, 2025 were attributable to changes in current market yields and spreads since the date the underlying securities were purchased, and that 100% of the amounts contractually due will be realized. The Company also has the ability and intent to hold these securities until a recovery of their amortized cost, which may be at maturity.

AFS Obligations of state and political subdivisions. As of December 31, 2025, the total unrealized losses on municipal securities amounted to $5.0 million, compared with $6.9 million at December 31, 2024. Municipal securities are supported by the general taxing authority of the municipality and, in the cases of school districts, are generally supported by state aid. At December 31, 2025, all municipal bond issuers were current on contractually obligated interest and principal payments. The Company attributes the unrealized losses at December 31, 2025 to changes in prevailing market yields and pricing spreads since the date the underlying securities were purchased, combined with current market liquidity conditions and market conditions in general. The Company has the ability and intent to hold these securities until a recovery of their amortized cost, which may be at maturity, and believes that 100% of the amounts contractually due will be realized.

AFS Asset-backed securities. As of December 31, 2025, total unrealized losses on asset-backed securities were $15,000, compared with none at December 31, 2024. These securities consist of U.S Government backed student loans along with other credit enhancements.

FHLBB and FRBB Stock

The Bank is a member of the FHLBB, a cooperatively owned wholesale bank for housing and finance in the six New England States. As a requirement of membership in the FHLBB, the Bank must own a minimum required amount of FHLBB stock, calculated periodically based primarily on its level of borrowings from the FHLBB. The Bank uses the FHLBB for a portion of its wholesale funding needs. As of December 31, 2025 and 2024, the Bank's investment in FHLB stock totaled $7.2 million and $6.2 million, respectively. FHLBB stock is a non-marketable equity security and therefore is reported at cost, subject to adjustments for any observable market transactions on the same or similar instruments of the investee. No impairment losses have been recorded through December 31, 2025.

The Bank is also a member of the FRBB. As a requirement for membership in the FRBB, the Bank must own a minimum required amount of FRBB stock. The Bank uses FRBB for certain correspondent banking services and maintains borrowing capacity at its discount window. The Bank's investment in FRBB stock totaled $1.0 million at December 31, 2025 and 2024. The Company periodically evaluates its investment in FHLBB and FRBB stock for impairment based on, among other factors, the capital adequacy of the Banks and their overall financial condition. No impairment losses have been recorded through December 31, 2025. The Bank will continue to monitor its investment in these restricted equity securities.

Lending Activities

The Company provides loans to customers within our market area, the State of Maine, with very limited exposures outside of Maine. Loans are originated primarily via our network of branch offices, along with an online channel for residential mortgage loans.

The loan portfolio increased $53.2 million or 2.3% in 2025, with total loans of $2.394 billion at December 31, 2025, compared to $2.341 billion at December 31, 2024. Commercial loans increased $17.5 million or 1.3% between December 31, 2024 and December 31, 2025. Residential term loans increased by $28.4 million or 4.0%, home equity lines of credit increased $19.2 million or 15.6%, and municipal loans decreased by $9.8 million or 15.8% over the same period.

The loan portfolio is segmented into eleven classes. Commercial loans comprise six of the classes: commercial real estate owner occupied, commercial real estate non-owner occupied, commercial construction, C&I, multifamily and agriculture. Residential mortgage loans comprise two of the classes: residential real estate term and residential real estate construction. The remaining classes are municipal loans, home equity loans, and consumer loans. Further descriptions of each class, and the risk factors associated with each, are included in Note 5 and Note 6 of the accompanying financial statements.

The following table summarizes the loan portfolio, by class, as of December 31, 2025 and 2024:

	As of December 31,			
Dollars in thousands	**2025**		2024	
Commercial				
Real Estate Owner Occupied	**$ 378,263**	**15.8 %**	$ 358,588	15.3 %
Real Estate Non-Owner Occupied	**409,177**	**17.1 %**	403,899	17.3 %
Construction	**35,025**	**1.5 %**	99,717	4.3 %
C&I	**376,907**	**15.7 %**	365,817	15.6 %
Multifamily	**158,910**	**6.6 %**	108,732	4.6 %
Agriculture	**48,145**	**2.0 %**	52,219	2.2 %
Municipal	**52,074**	**2.2 %**	61,827	2.6 %
Residential				
Term	**739,188**	**30.9 %**	710,807	30.4 %
Construction	**35,332**	**1.5 %**	35,481	1.5 %
Home Equity				
Revolving and Term	**142,219**	**5.9 %**	123,063	5.3 %
Consumer	**18,869**	**0.8 %**	20,790	0.9 %
Total loans	**$ 2,394,109**	**100.0 %**	$ 2,340,940	100.0 %

The following table sets forth certain information regarding the contractual maturities of the Bank's loan portfolio as of December 31, 2025:

Dollars in thousands	< 1 Year	1 - 5 Years	5 - 10 Years	> 10 Years	Total
Commercial					
Real Estate Owner Occupied	$ 5,469	$ 116,990	$ 30,388	$ 225,416	$ 378,263
Real Estate Non-Owner Occupied	14,890	93,835	30,041	270,411	409,177
Construction	701	20,148	4,361	9,815	35,025
C&I	88,502	172,709	28,719	86,977	376,907
Multifamily	16,192	38,000	5,125	99,593	158,910
Agriculture	2,413	19,250	8,348	18,134	48,145
Municipal	8,628	11,770	12,535	19,141	52,074
Residential					
Term	1,758	63,687	39,047	634,696	739,188
Construction	1,876	5,878	—	27,578	35,332
Home Equity					
Revolving and Term	5,336	11,372	8,001	117,510	142,219
Consumer	7,017	6,112	1,094	4,646	18,869
Total loans	$ 152,782	$ 559,751	$ 167,659	$ 1,513,917	$ 2,394,109

The following table provides a listing of loans, by class, between variable and fixed rates as of December 31, 2025:

	Fixed-Rate		Adjustable-Rate		Total	
Dollars in thousands	Amount	% of total	Amount	% of total	Amount	% of total
Commercial						
Real Estate Owner Occupied	$ 69,607	2.9 %	$ 308,656	12.9 %	$ 378,263	15.8 %
Real Estate Non-Owner Occupied	112,577	4.7 %	296,600	12.4 %	409,177	17.1 %
Construction	20,054	0.9 %	14,971	0.6 %	35,025	1.5 %
C&I	146,438	6.1 %	230,469	9.6 %	376,907	15.7 %
Multifamily	26,859	1.1 %	132,051	5.5 %	158,910	6.6 %
Agriculture	9,533	0.4 %	38,612	1.6 %	48,145	2.0 %
Municipal	51,875	2.2 %	199	0.0 %	52,074	2.2 %
Residential						
Term	465,586	19.5 %	273,602	11.4 %	739,188	30.9 %
Construction	10,180	0.4 %	25,152	1.1 %	35,332	1.5 %
Home Equity						
Revolving and Term	23,744	1.0 %	118,475	4.9 %	142,219	5.9 %
Consumer	11,752	0.5 %	7,117	0.3 %	18,869	0.8 %
Total loans	$ 948,205	39.7 %	$ 1,445,904	60.3 %	$ 2,394,109	100.0 %

Loan Concentrations

As of December 31, 2025, the Bank had one concentration of loans in one particular industry that exceeded 10% of its total loan portfolio: (1) loans to lessors of residential buildings and dwellings, totaling $266.1 million, or 11.11%. This compares to two concentrations of loans in two particular industries that exceeded 10% of its total loan portfolio as of December 31, 2024: (1) loans to lessors of residential buildings and dwellings, totaling $260.7 million, or 11.14%, of total loans, and (2) loans to hotels (except Casino hotels) and motels, totaling $242.1 million, or 10.34% of total loans.

Loans Held for Sale

As of December 31, 2025 and 2024, the Bank had no loans held for sale.

Credit Risk Management and Allowance for Credit Losses on Loans

Upon adoption of ASC 326, the CECL standard, in 2023, the Company replaced the incurred loss model that recognized loan losses when it became probable that a credit loss would be incurred, with a requirement to recognize lifetime expected credit losses immediately when a financial asset is originated or purchased. The ACL is a valuation amount that is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans, or portions thereof, are charged off against the allowance when they are deemed uncollectible. The ACL consists of three elements: (1) specific reserves for loans individually analyzed; (2) general reserves for each portfolio segment; and, (3) qualitative reserves. All outstanding loans are considered in evaluating the appropriateness of the allowance with similar risk characteristics in the portfolio. Prior to adoption of ASC 326, under the incurred loss methodology, the Company evaluated portfolio risk characteristics largely on loan purpose.

The Company provides for loan losses through the ACL which represents an estimated reserve for losses in the loan portfolio. To determine an appropriate level for general reserves, a discounted cash flow approach is applied to each portfolio segment implementing a probability of default and loss given default estimate based upon a number of factors including historical losses over an economic cycle, economic forecasts, loan prepayment speeds and curtailment rates. To determine an appropriate level for qualitative reserves various factors are considered including underwriting policies, credit administration practices, experience, ability and depth of lending management, and economic factors not captured in the general reserve calculation.

The ACL is increased by provisions charged against current earnings. Loan losses are charged against the allowance when Management believes that the collectibility of the loan principal is unlikely. Recoveries on loans previously charged off are credited to the allowance. The adequacy of the ACL is overseen by the ACL Committee whose membership includes senior level personnel from the Executive, Lending, Risk, and Finance functions of the Bank. While Management uses available information to assess possible losses on loans, future additions to the allowance may be necessary based on increases in non-performing loans, changes in economic conditions or outlook, growth in loan portfolios, or for other reasons. Any future additions to the allowance would be recognized in the period in which they were determined to be necessary. In addition, various regulatory agencies periodically review the Company's ACL as an integral part of their examination process. Such agencies may require the Company to record additions to the allowance based on judgments different from those of Management.

The ACL includes reserve amounts assigned to IAL. This includes loans with balances of $250,000 or more that have either been placed into non-accrual or are loans identified by management as having characteristics that may impact ultimate collectability and therefore merit individual analysis. A specific reserve is allocated to an individual loan when the amount of a probable loss is estimable on the basis of its collateral value, the present value of anticipated future cash flows, or its net realizable value. At December 31, 2025, IALs with specific reserves totaled $4.1 million and the amount of such reserves was $2.7 million. This compares to IALs with specific reserves of $1.7 million at December 31, 2024 and the amount of such reserves was $1.0 million. Additional detail on IALs may be found in Note 5 of the accompanying financial statements.

The total ACL on loans at December 31, 2025 is considered by Management to be appropriate to address the potential for credit losses inherent in the loan portfolio at that date. However, determination of the appropriate allowance level is based upon a number of assumptions made about future events, which we believe are reasonable, but which may or may not prove valid. Thus, there can be no assurance charge-offs in future periods will not exceed the ACL or that additional increases in the ACL will not be necessary.

The following table summarizes our allocation of allowance by loan class as of December 31, 2025 and 2024. The percentages are the portion of each loan type to total loans:

	As of December 31,			
Dollars in thousands	**2025**		2024	
Commercial				
Real Estate Owner Occupied	**$ 5,344**	**15.8 %**	$ 5,045	15.3 %
Real Estate Non-Owner Occupied	**5,820**	**17.1 %**	4,829	17.3 %
Construction	**250**	**1.5 %**	944	4.3 %
C&I	**5,023**	**15.7 %**	5,364	15.6 %
Multifamily	**826**	**6.6 %**	1,239	4.6 %
Agriculture	**519**	**2.0 %**	605	2.2 %
Municipal	**193**	**2.2 %**	262	2.6 %
Residential				
Term	**5,949**	**30.9 %**	5,241	30.4 %
Construction	**299**	**1.5 %**	474	1.5 %
Home Equity				
Revolving and Term	**958**	**5.9 %**	686	5.3 %
Consumer	**184**	**0.8 %**	182	0.9 %
Total	**$ 25,365**	**100.0 %**	$ 24,871	100.0 %

A breakdown of the ACL as of December 31, 2025, by loan class, and allowance element, is presented in the following table:

Dollars in thousands	Specific Reserves on Loans Evaluated Individually	General Reserves on Loans Based on Historical Loss Experience	Reserves for Qualitative Factors	Total Reserves
Commercial				
Real Estate Owner Occupied	$ 377	$ 4,173	$ 794	$ 5,344
Real Estate Non-Owner Occupied	1,209	3,979	632	5,820
Construction	—	194	56	250
C&I	961	3,522	540	5,023
Multifamily	—	669	157	826
Agriculture	—	472	47	519
Municipal	—	33	160	193
Residential				
Term	87	5,270	592	5,949
Construction	—	249	50	299
Home Equity				
Revolving and Term	106	747	105	958
Consumer	—	174	10	184
Total	$ 2,740	$ 19,482	$ 3,143	$ 25,365

Based upon Management's evaluation, provisions are made to maintain the allowance as a best estimate of expected losses within the portfolio. The provision for credit losses to maintain the allowance was $2.0 million in 2025 compared to $1.3 million in 2024. Net charge offs were $1.6 million in 2025 compared to net charge offs of $463,000 in 2024. The ACL as a percentage of outstanding loans was at 1.06% at December 31, 2025 compared to 1.06% at December 31, 2024.

The following table summarizes the activities in the ACL as of December 31, 2025 and 2024:

	As of December 31,	
Dollars in thousands	**2025**	2024
Balance at beginning of year	**$ 24,871**	$ 24,030
Loans charged off:		
Commercial		
Real Estate Owner Occupied	**53**	—
Real Estate Non-Owner Occupied	**—**	—
Construction	**—**	—
C&I	**1,333**	451
Multifamily	**—**	—
Agriculture	**27**	—
Municipal	**—**	—
Residential		
Term	**1**	37
Construction	**—**	—
Home Equity		
Revolving and Term	**—**	7
Consumer	**329**	252
Total	**1,743**	747
Recoveries on loans previously charged off		
Commercial		
Real Estate Owner Occupied	**—**	100
Real Estate Non-Owner Occupied	**—**	—
Construction	**—**	—
C&I	**76**	25
Multifamily	**—**	—
Agriculture	**—**	—
Municipal	**—**	—
Residential		
Term	**7**	32
Construction	**—**	—
Home Equity		
Revolving and Term	**16**	24
Consumer	**89**	103
Total	**188**	284
Net loans charged off	**1,555**	463
Provision for credit losses	**2,049**	1,304
Balance at end of period	**$ 25,365**	$ 24,871
Ratio of net loans charged off to average loans outstanding[1]	**0.065 %**	0.021 %
Ratio of allowance for credit losses to total loans outstanding	**1.06 %**	1.06 %

[1]*Annualized using a 365-day basis in 2025 and a 366-day basis in 2024.*

ACL for Unfunded Commitments

Adoption of CECL resulted in an increase in the Company's ACL for unfunded commitments. Our modeling methodology applies the same class level credit loss factors used in the ACL for loans model to applicable classes of unfunded commitments to determine an appropriate ACL level. Utilization assumptions are based upon an independent analysis of the Bank's historical data. The ACL for unfunded commitments is reported on the Company's consolidated balance sheets within other liabilities and totaled $565,000 as of December 31, 2025.

Nonperforming Loans

Nonperforming loans are comprised of loans, for which based on current information and events, it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement or when principal and interest is 90 days or more past due unless the loan is both well secured and in the process of collection (in which case the loan may continue to accrue interest in spite of its past due status). A loan is "well secured" if it is secured (1) by collateral in the form of liens on or pledges of real or personal property, including securities, that have a realizable value sufficient to discharge the debt including accrued interest) in full, or (2) by the guarantee of a financially responsible party. A loan is "in the process of collection" if collection of the loan is proceeding in due course either (1) through legal action, including judgment enforcement procedures, or (2) in appropriate circumstances, through collection efforts not involving legal action which are reasonably expected to result in repayment of the debt or in its restoration to a current status in the near future.

Generally, when a loan becomes 90 days past due it is evaluated for collateral dependency based upon the most recent appraisal or other evaluation method. If the collateral value is lower than the outstanding loan balance plus accrued interest and estimated selling costs, the loan is placed on non-accrual status, all accrued interest is reversed from interest income, and a specific reserve is established for the difference between the loan balance and the collateral value less selling costs, or, in certain situations, the difference between the loan balance and the collateral value less selling costs is written off. Concurrently, a new appraisal or valuation may be ordered, depending on collateral type, currency of the most recent valuation, the size of the loan, and other factors appropriate to the loan. Upon receipt and acceptance of the new valuation, the loan may have an additional specific reserve or write down based on the updated collateral value. On an ongoing basis, appraisals or valuations may be done periodically on collateral dependent nonperforming loans and an additional specific reserve or write down will be made, if appropriate, based on the new collateral value.

Once a loan is placed on nonaccrual, it remains in nonaccrual status until the loan is current as to payment of both principal and interest and the borrower demonstrates the ability to pay and remain current. All payments made on nonaccrual loans are applied to the principal balance of the loan.

Nonperforming loans, expressed as a percentage of total loans, totaled 0.54% at December 31, 2025 compared to 0.18% at December 31, 2024. The following table shows the distribution of nonperforming loans by class as of December 31, 2025 and 2024:

	As of December 31,	
Dollars in thousands	**2025**	2024
Commercial		
Real Estate Owner Occupied	**$ 4,027**	$ 553
Real Estate Non-Owner Occupied	**1,346**	61
Construction	**8**	18
C&I	**1,914**	1,695
Multifamily	**—**	—
Agriculture	**441**	31
Municipal	**—**	—
Residential		
Term	**4,193**	1,599
Construction	—	—
Home Equity		
Revolving and Term	**945**	291
Consumer	**5**	—
Total non-performing loans	**$ 12,879**	$ 4,248
Allowance for credit losses on loans as a percentage of nonperforming loans	**196.9 %**	585.5 %

The amounts shown for total nonperforming loans do not include loans 90 or more days past due and still accruing interest. These are loans in which we expect to collect all amounts due, including past-due interest. As of December 31, 2025, loans 90 or more days past due and still accruing interest totaled $665,000, compared to $1.0 million at December 31, 2024.

Loan Modifications Made to Borrowers Experiencing Financial Difficulty
The Company adopted ASU 2022-02 effective January 1, 2023. Reporting of loan modifications subject to ASU 2022-02 may be found in Note 5 of the accompanying financial statements.

Past Due Loans

The Bank's overall loan delinquency ratio was 0.90% at December 31, 2025, versus 0.40% at December 31, 2024. Loans 90 days delinquent and accruing decreased from $1.0 million at December 31, 2024 to $665,000 as of December 31, 2025.

The following table sets forth loan delinquencies as of December 31, 2025 and 2024:

	As of December 31,	
Dollars in thousands	**2025**	2024
Commercial		
Real Estate Owner Occupied	**$ 5,115**	$ 549
Real Estate Non-Owner Occupied	**2,019**	—
Construction	**110**	—
C&I	**1,746**	1,998
Multifamily	**1,760**	—
Agriculture	**693**	115
Municipal	**—**	—
Residential		
Term	**7,391**	3,686
Construction	**90**	390
Home Equity		
Revolving and Term	**2,374**	1,536
Consumer	**309**	1,109
Total	**$ 21,607**	$ 9,383
Loans 30-89 days past due to total loans	**0.468 %**	0.311 %
Loans 90+ days past due and accruing to total loans	**0.028 %**	0.044 %
Loans 90+ days past due on non-accrual to total loans	**0.407 %**	0.046 %
Total past due loans to total loans	**0.903 %**	0.401 %

Potential Problem Loans and Loans in Process of Foreclosure

Potential problem loans consist of classified, accruing commercial and commercial real estate loans that were between 30 and 89 days past due. Such loans are characterized by weaknesses in the financial condition of borrowers or collateral deficiencies. Based on historical experience, the credit quality of some of these loans may improve due to improvements in the economy as well as changes in collateral values or the financial condition of the borrowers, while the credit quality of other loans may deteriorate, resulting in some amount of loss. At December 31, 2025, there were five potential problem loans with a balance of $3.7 million or 0.156% of total loans. This compared to one potential problem loan with a balance of $84,000 or 0.004% of total loans at December 31, 2024.

As of December 31, 2025, there were seven residential loans in the process of foreclosure with a total balance of $1.8 million and one home equity line of credit totaling $63,000. The Bank's residential foreclosure process begins when a loan becomes 75 days past due at which time a Demand/Breach Letter is sent to the borrower. If the loan becomes 120 days past due, copies of the promissory note and mortgage deed are forwarded to the Bank's attorney for review and a complaint for foreclosure is then prepared. An authorized Bank officer signs the affidavit certifying the validity of the documents and verification of the past due amount which is then forwarded to the court. Once a Motion for Summary Judgment is granted, a POR begins which gives the customer 90 days to cure the default. A foreclosure auction date is then set 30 days from the POR expiration date if the default is not cured.

As of December 31, 2025, there were seven commercial loans in the process of foreclosure with a total balance of $3.8 million. The Bank's commercial foreclosure process begins when a loan becomes 60 days past due, at which time a default letter is issued. At expiration of the period to cure default, which lasts 12 days after the issuing of the default letter, copies of the promissory note and mortgage deed are forwarded to the Bank's attorney for review. A Notice of Statutory Power of Sale is then prepared. This notice must be published for three consecutive weeks in a newspaper located in the county in which the property is located. A notice also must be issued to the mortgagor and all parties of interest 21 days prior to the sale. The foreclosure auction occurs and the Affidavit of Sale is recorded within the appropriate county within 30 days of the sale.

The Bank's written policies and procedures for foreclosures, along with its implementation of said policies and procedures, are subject to annual review by its internal audit provider. The scope of this review includes loans held in portfolio and loans serviced for others. There were no issues requiring management attention in the most recent review. Servicing for others includes loans sold to FHLMC, FNMA, and the FHLBB through its MPF program. The Bank follows the published guidelines of each investor. Loans serviced for FHLMC and FNMA have been sold without recourse, and the Bank has no liability for these loans in the event of foreclosure. A de minimis volume of loans has been sold to and serviced for MPF to date. The Bank retains a second loss layer credit enhancement obligation; no losses have been recorded on this credit enhancement obligation since the Bank started selling loans to MPF in 2013.

Other Real Estate Owned

OREO and repossessed assets are comprised of properties or other assets acquired through a foreclosure proceeding, or acceptance of a deed or title in lieu of foreclosure. Real estate acquired through foreclosure is carried at the lower of cost or fair value less estimated cost to sell or the cost of the asset and is not included as part of the ACL totals. At December 31, 2025 there were no OREO properties and no allowance for losses. This compares to December 31, 2024 when there was one OREO property with a balance of $173,000, net of an allowance for OREO losses of $35,000. The table below presents the composition of OREO at December 31, 2025 and 2024:

	As of December 31,	
Dollars in thousands	**2025**	2024
Residential		
Term	**$ —**	$ 208
Construction	**—**	—
Home equity line of credit	**—**	—
Consumer	**—**	—
Total	**$ —**	$ 208
Related Allowance		
Residential		
Term	**—**	35
Construction	**—**	—
Home equity line of credit	**—**	—
Consumer	**—**	—
Total	**$ —**	$ 35
Net Value		
Residential		
Term	**—**	173
Construction	**—**	—
Home equity line of credit	**—**	—
Consumer	**—**	—
Total	**$ —**	$ 173

<u>Funding, Liquidity and Capital Resources</u>

Liquidity

Liquidity is the ability of a financial institution to meet maturing liability obligations, depositor withdrawal requests, and customer loan demand. The Bank's lead source of liquidity is deposits, including brokered deposits, which funded 85.1% of total average assets in 2025, as compared to 85.6% a year ago. Other sources of funding include discretionary use of purchased liabilities (e.g., FHLBB term or overnight advances, and other borrowings), cash flows from the securities portfolio and loan repayments. Securities designated as AFS may also be sold in response to short-term or long-term liquidity needs, although

Management has no intention to do so at this time. While the generally preferred funding strategy is to attract and retain low cost deposits, our ability to do so is affected by competitive interest rates and terms in the marketplace.

The Bank has a detailed liquidity funding policy and a contingency funding plan that provide for prompt and comprehensive responses to unexpected demands for liquidity. Management has developed quantitative models to estimate needs for contingent funding that could result from unexpected outflows of funds in excess of "business as usual" cash flows. In Management's estimation, risks are concentrated amongst several major categories: runoff of in-market deposit balances, an inability to renew wholesale sources of funding, and materially increased utilization of available credit lines by borrowers. Of these, potential runoff of deposit balances would have the most significant impact on contingent liquidity. Our modeling attempts to quantify deposits at risk over selected time horizons. In addition to these outflow risks, several other "business as usual" factors enter into the calculation of the adequacy of contingent liquidity, including payment proceeds from loans and investment securities, maturing debt obligations and maturing time deposits. Stress testing analysis of liquidity resources under various scenarios is conducted no less than quarterly and results are reported to the ALCO. Borrowings supplement deposits as a source of liquidity; our borrowings typically consist of customer repurchase agreements and FHLBB advances. The Bank tests its borrowing capacity with the FRBB, the FHLBB and Fed Funds lines with other correspondents no less than annually; each has been successfully tested within the past year.

The Company defines its primary sources of contingent liquidity as cash & equivalents, unencumbered U.S. Government or Agency bond collateral, available capacity at FHLBB, and available authorized brokered deposit issuance capacity. As of December 31, 2025, the Bank had primary sources of contingent liquidity of $951.0 million or 30.3% of its total assets. It is Management's opinion that this is an appropriate level. In addition, the Bank has $313.0 million in borrowing capacity under the FRBB's Borrower in Custody programs as well as securities available as collateral, $101.0 million in credit lines with correspondent banks, and $40.0 million in other unencumbered securities available as collateral for borrowing. These bring the Bank's total sources of liquidity to $1.405 billion or 44.8% of its total assets.

The ALCO establishes guidelines for liquidity in its Asset/Liability policy and monitors internal liquidity measures to manage liquidity exposure. Based on its assessment of the liquidity considerations described above, Management believes the Company's sources of funding will meet anticipated funding needs.

The Company is dependent upon the payment of cash dividends by the Bank to service its commitments. As the sole shareholder of the Bank, the Company is entitled to such dividends when and as declared by the Bank's Board of Directors from legally available funds. For the years ended December 31, 2025, 2024 and 2023 the Bank declared dividends to the Company of $15.9 million, $15.8 million and $14.8 million, respectively. The Bank's regulator, the OCC, may limit the amount of dividends declared and paid in a calendar year based upon certain factors. Further discussion may be found in Capital Resources below.

Deposits

During 2025, total deposits decreased by $60.5 million, ending the year at $2.665 billion compared to $2.725 billion at December 31, 2024. Core deposit balances increased $77.0 million or 4.8%, focused in money market accounts. Certificates of Deposit decreased $137.5 million or 12.3% with the preponderance of the decrease being brokered time deposits.

Estimated uninsured deposits totaled $516.9 million, or 19.4% of total deposits, and $506.2 million, or 18.6% of total deposits, at December 31, 2025 and 2024, respectively. The company has pledged assets as collateral covering certain deposits; these amounts were $385.2 million and $349.8 million as of December 31, 2025 and 2024, respectively.

Average deposits increased $104.8 million in 2025, as shown in the following table, which sets forth the average daily balance for the Bank's principal deposit categories for each period:

	Years ended December 31,		% change
Dollars in thousands	**2025**	2024	2025 vs 2024
Demand deposits	**$ 293,647**	$ 281,265	4.40 %
NOW accounts	**625,988**	624,691	0.21 %
Money market accounts	**415,288**	328,838	26.29 %
Savings	**258,312**	274,989	(6.06)%
Certificates of deposit	**1,121,349**	1,100,004	1.94 %
Total deposits	**$ 2,714,584**	$ 2,609,787	4.02 %

The average cost of deposits (including non-interest-bearing accounts) was 2.82% for the year ended December 31, 2025, compared to 3.04% for the year ended December 31, 2024. The following table sets forth the average cost of each category of interest-bearing deposits for the periods indicated.

	Years ended December 31,	
	2025	2024
NOW	**2.62 %**	3.05 %
Money market	**3.31 %**	3.91 %
Savings	**0.23 %**	0.25 %
Certificates of deposit	**4.09 %**	4.25 %
Total interest-bearing deposits	**3.17 %**	3.41 %

Of all certificates of deposit, $727.7 million or 74.46% will mature by December 31, 2026. As of December 31, 2025 and 2024, the Bank held a total of $147.7 million and $187.1 million in certificate of deposit accounts with balances in excess of $250,000, respectively. The following table summarizes the time remaining to maturity for these certificates of deposit.

	As of December 31,	
Dollars in thousands	**2025**	2024
Within 3 Months	**$ 57,004**	$ 91,919
3 months through 6 months	**60,167**	39,163
6 months through 12 months	**29,295**	48,865
Over 12 months	**1,190**	7,126
Total	**$ 147,656**	$ 187,073

Borrowed Funds

Borrowed funds consists of advances from the FHLBB, advances from the FRBB Discount Window, and securities repurchase agreements with customers. Advances from the FHLBB are secured with pledged collateral consisting of FHLBB stock, funds on deposit with FHLBB, U.S. Agency notes, mortgage-backed securities, and qualifying first mortgage loans. FRBB Discount Window advances are similarly secured with collateral consisting of FRBB stock, funds on deposit at FRBB, U.S. Agency notes or other eligible securities, and qualifying commercial, home equity and construction loans. As of December 31, 2025, term advances from FHLBB totaled $137.5 million, with a weighted average interest rate of 3.77% per annum. Overnight and short-term (maturing within thirty days) advances totaled $42 million, while longer term advances with remaining maturities ranging from one to five years totaled $95.5 million. This compares to term advances from FHLBB totaling $95.0 million, with an interest rate of 3.74% per annum as of December 31, 2024; there were no overnight advances. Of the $95.5 million in longer term advances outstanding as of December 31, 2025, advances totaling $95.0 million grant a put option to FHLBB to recall the advance at periodic intervals based upon interest rate movement and outlook.

The Bank offers securities repurchase agreements to municipal and corporate customers as an alternative to deposits. The balance of these agreements as of December 31, 2025 was $50.3 million, compared to $51.3 million on December 31, 2024. The weighted average interest rates payable under these agreements were 2.60% per annum as of December 31, 2025, compared to 2.87% per annum as of December 31, 2024.

The maximum amount of borrowed funds outstanding at any month-end during each of the last two years was $218.4 million at the end of February in 2025 and $230.6 million at the end of June in 2024. The average amount outstanding during 2025 was $178.1 million with a weighted average interest rate of 3.48% per annum. This compares to an average outstanding amount of $162.9 million with a weighted average interest rate of 3.38% per annum in 2024.

Capital Resources

Shareholders' equity as of December 31, 2025 was $283.1 million, compared to $252.5 million as of December 31, 2024.

During 2025, the Company declared cash dividends of $0.36 per share in the first quarter and $0.37 per share in the remaining three quarters, or $1.47 per share for the year. The dividend payout ratio, which is calculated by dividing dividends declared per share by basic earnings per share, was 47.39% for the year ended December 31, 2025 compared to 58.44% for the year ended December 31, 2024. In determining future dividend payout levels, the Board of Directors carefully analyzes capital requirements and earnings retention, as set forth in the Company's Dividend Policy. The ability of the Company to pay cash dividends to its shareholders depends on receipt of dividends from its subsidiary, the Bank. The subsidiary may pay dividends to its parent out of so much of its net profits as the Bank's directors deem appropriate, subject to the limitation that the total of all dividends declared by the Bank in any calendar year may not exceed the total of its net profits of that year combined with its retained net profits of the preceding two years. The amount available for dividends in 2026 is this year's net income plus $31.8 million.

In 2025, 79,944 shares were issued via employee stock programs, the dividend reinvestment plan, and restricted stock grants. The Company received consideration totaling $916,000. The following table summarizes the Company's 2025 stock issuances.

Dividend reinvestment plan	16,619
Employee stock program	20,028
Restricted stock grants	43,297
Total	79,944

Financial institution regulators have established guidelines for minimum capital ratios for banks and bank holding companies. The net unrealized gain or loss on AFS securities is generally not included in computing regulatory capital. During the first quarter of 2015, the Company adopted the new Basel III regulatory capital framework as approved by the federal banking agencies. In order to avoid limitations on capital distributions, including dividend payments, the Company must hold a capital conservation buffer of 2.5% above the adequately capitalized risk-based capital ratios.

Capital at December 31, 2025 was sufficient to meet the requirements of regulatory authorities. Leverage capital of the Company, or total shareholders' equity divided by average total assets for the current quarter less goodwill and any net unrealized gain or loss on securities AFS and postretirement benefits, stood at 8.84% on December 31, 2025 and 8.47% at December 31, 2024. To be rated "well-capitalized", regulatory requirements call for a minimum leverage capital ratio of 5.00%. Given their capital structures, the regulatory Tier 1 capital and CET1 ratios are equal for both the Bank and the Company. At December 31, 2025, the Company had CET1 and tier-one risk-based capital ratios of 12.84%, and a tier-two, or total, risk-based capital ratio of 14.02%, versus 12.04% and 13.22%, respectively, at December 31, 2024. To be rated "well-capitalized", regulatory requirements call for minimum CET1, tier-one and tier-two risk-based capital ratios of 6.50%, 8.00% and 10.00%, respectively. The Company's actual levels of capitalization were comfortably above the standards to be rated "well-capitalized" by regulatory authorities.

The Company met each of the well-capitalized ratio guidelines at December 31, 2025. The following tables indicate the capital ratios for the Bank and the Company at December 31, 2025 and December 31, 2024.

As of December 31, 2025	Leverage	Common Equity Tier 1	Tier 1	Total Risk-Based
Bank	8.82 %	12.77 %	12.77 %	13.95 %
Company	8.84 %	12.84 %	12.84 %	14.02 %
Adequately capitalized ratio	4.00 %	4.50 %	6.00 %	8.00 %
Adequately capitalized ratio plus capital conservation buffer	n/a %	7.00 %	8.50 %	10.50 %
Well capitalized ratio (Bank only)	5.00 %	6.50 %	8.00 %	10.00 %

As of December 31, 2024	Leverage	Common Equity Tier 1	Tier 1	Total Risk-Based
Bank	8.32 %	11.98 %	11.98 %	13.16 %
Company	8.47 %	12.04 %	12.04 %	13.22 %
Adequately capitalized ratio	4.00 %	4.50 %	6.00 %	8.00 %
Adequately capitalized ratio plus capital conservation buffer	n/a %	7.00 %	8.50 %	10.50 %
Well capitalized ratio (Bank only)	5.00 %	6.50 %	8.00 %	10.00 %

Except as identified in Item 1A, "Risk Factors", Management knows of no present trends, events or uncertainties that will have, or are reasonably likely to have, a material effect on the Company's capital resources, liquidity, or results of operations.

Contractual Obligations

The following table sets forth the contractual obligations of the Company as of December 31, 2025:

Dollars in thousands		**Total**		**Less than 1 year**		**1-3 years**		**3-5 years**		**More than 5 years**
Operating leases	**$**	**596**	$	137	$	56	$	56		347
Total	**$**	**596**	$	137	$	56	$	56	$	347

Capital Purchases

In 2025, the Company made capital purchases totaling $3.2 million for facility improvements to branch or operations premises and technology investments in various hardware and software. This cost will be amortized over an average of seven years, adding approximately $200,000 to pre-tax operating costs per year.

Goodwill

On December 11, 2020, the Bank completed the purchase of a branch at 1B Belmont Avenue in Belfast, Maine, from Bangor Savings Bank ("Bangor Savings"). The branch is one of six branches Bangor Savings acquired from Damariscotta Bank & Trust Company ("DB&T"), and this branch was divested by Bangor Savings to resolve competitive concerns in that market raised by the U.S. Department of Justice's Antitrust Division. The transaction value was approximately $25.2 million consisting of loans, the building, equipment, core deposit intangible and goodwill. Goodwill totaled $841,000; this amount is not amortizable under GAAP but is amortizable for tax purposes.

On October 26, 2012, the Bank completed the purchase of a branch at 63 Union Street in Rockland, Maine, from Camden National Bank that was formerly operated by Bank of America. As part of the transaction, the Bank acquired approximately $32.3 million in deposits as well as a small volume of loans. The excess of the purchase price over the fair value of the assets acquired, liabilities assumed, and the amount allocated for core deposit intangible totaled $2.1 million and was recorded as goodwill. The goodwill is not amortizable under GAAP but is amortizable for tax purposes.

On January 14, 2005, the Company acquired FNB Bankshares (“FNB”) of Bar Harbor, Maine, and its subsidiary, The First National Bank of Bar Harbor. The total value of the transaction was $48.0 million, and all of the voting equity interest of FNB was acquired in the transaction. The transaction was accounted for as a purchase and the excess of purchase price over the fair value of net identifiable assets acquired equaled $27.6 million and was recorded as goodwill, none of which was deductible for tax purposes. The portion of the purchase price related to the core deposit intangible was amortized over its expected economic life.

Goodwill is evaluated annually for possible impairment under the provisions of FASB ASC Topic 350, “Intangibles – Goodwill and Other”. As of December 31, 2025, in accordance with Topic 350, the Company completed its annual review of goodwill and determined there has been no impairment. The Bank also carries $125,000 in goodwill for a de minimis transaction in 2001.

Effect of Future Interest Rates on Post-retirement Benefit Liabilities

In evaluating the Company's post-retirement benefit liabilities, Management believes changes in discount rates which have occurred pursuant to Federal legislation will not have a significant impact on the Company's future operating results or financial condition.

Climate Change

The Company is mindful of the potential risk of climate change on its operations as well as on its customers, vendors and other stakeholders. The Item 1A Risk Factors section of this 10-K highlights the general nature of climate change related risks. We expect these risks to increase over time, and expect that there may be a material financial impact, the extent of which cannot be reasonably estimated at this time. Increased regulation related to measurement and reporting of climate change risk may increase our operating costs, though we are unable to estimate the added cost at this time.

The Company and Bank strive to be responsible corporate citizens and have undertaken a number of initiatives in recent years to operate efficiently and reduce our carbon footprint. To reduce energy consumption we have installed energy efficient lighting in multiple locations, we have eliminated daily courier runs between branch locations, have installed high efficiency heating appliances in several locations, and when constructing a new branch location opted for a geothermal heating & cooling system. By leveraging technology platforms, we encourage customer use of digital banking products including electronic statement delivery, have reduced paper consumption by encouraging electronic data storage, and expanded the use of video conferencing technology saving employee travel requirements. Our lending activities include work with solar farm projects and research laboratories working on climate change issues, we hold several green bonds in the investment portfolio, and our wealth management division works with clients who seek to direct their investments to be compatible with responsible ESG investing objectives. In management's opinion, none of these efforts has had a negative impact on the Company's operations.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates, and the Company's market risk is composed primarily of interest rate risk. The ALCO is responsible for reviewing the interest rate sensitivity position of the Company and establishing policies to monitor and limit exposure to interest rate risk. All guidelines and policies established by the ALCO have been approved by the Board of Directors.

Asset/Liability Management

The primary goal of asset/liability management is to maximize net interest income within the interest rate risk limits set by the ALCO. Interest rate risk is monitored through the use of two complementary measures: static gap analysis and earnings simulation modeling. While each measurement has limitations, taken together they present a reasonably comprehensive view of the magnitude of interest rate risk in the Company, the level of risk through time, and the amount of exposure to changes in certain interest rate relationships.

Static gap analysis measures the amount of repricing risk embedded in the balance sheet at a point in time. It does so by comparing the differences in the repricing characteristics of assets and liabilities. A gap is defined as the difference between the principal amount of assets and liabilities which reprice within a specified time period. The cumulative one-year gap, at December 31, 2025, was (13.24)% of total assets, compared to (15.98)% of total assets at December 31, 2024. The ALCO's policy limit for the one-year gap is plus or minus 20% of total assets. Core deposits with non-contractual maturities are presented based upon historical patterns of balance attrition, which are reviewed at least annually.

The gap repricing distributions include principal cash flows from residential mortgage loans and mortgage-backed securities in the time frames in which they are expected to be received. Mortgage prepayments are estimated by applying industry median projections of prepayment speeds to portfolio segments based on coupon range and loan age.

The Company's summarized static gap, as of December 31, 2025, is presented in the following table:

Dollars in thousands	**0-90 Days**	**90-365 Days**	**1-5 Years**	**5+ Years**
Investment securities at amortized cost (HTM) and fair value (AFS)	$ 50,324	$ 52,572	$ 146,446	$ 371,066
Restricted equity securities, at cost	7,238	—	—	1,037
Loans	884,511	380,255	865,900	263,443
Other interest-earning assets	—	—	—	30,750
Non-rate-sensitive assets	13,126	—	—	70,570
Total assets	955,199	432,827	1,012,346	736,866
Interest-bearing deposits	1,237,011	449,034	252,518	446,291
Borrowed funds	92,321	25,000	70,500	—
Non-rate-sensitive liabilities and equity	—	—	—	564,563
Total liabilities and equity	1,329,332	474,034	323,018	1,010,854
Period gap	$ (374,133)	$ (41,207)	$ 689,328	$ (273,988)
Percent of total assets	(11.93) %	(1.31) %	21.97 %	(8.73) %
Cumulative gap (current)	$ (374,133)	$ (415,340)	$ 273,988	$ —
Percent of total assets	(11.93) %	(13.24) %	8.73 %	— %

The earnings simulation model forecasts capture the impact of changing interest rates on one-year and two-year net interest income. The modeling process calculates changes in interest income received and interest expense paid on all interest-earning assets and interest-bearing liabilities reflected on the Company's consolidated balance sheet. None of the assets used in the simulation are held for trading purposes. The modeling is done for a variety of scenarios that incorporate changes in the absolute level of interest rates as well as basis risk, as represented by changes in the shape of the yield curve and changes in interest rate relationships. Management evaluates the effects on income of alternative interest rate scenarios against earnings in a stable interest rate environment. This analysis is also most useful in determining the short-run earnings exposures to changes in customer behavior involving loan payments and deposit additions and withdrawals.

The Company's most recent simulation model calculates projected impact on net interest income in scenarios where short-term interest rates gradually decrease by two percentage points, gradually decreases by one percentage point, and where short-term rates gradually increase by two percentage points. The Company's modeling as of December 31, 2025 projects net interest income would increase by approximately 3.4% if short-term rates affected by FOMC actions fall gradually by two percentage points over the next year, and would increase by approximately 1.8% if short term rates gradually fall by one percentage point over the next year; net interest income would decrease by approximately 4.0% if rates rise gradually by two percentage points over the next year. Each scenario is well within the ALCO's policy limit of a decrease in net interest income of no more than 10.0% given a 2.0% move in interest rates, up or down. Management believes this reflects a reasonable interest rate risk position. In year two, and assuming no additional movement in rates, the model forecasts that net interest income would be higher than that earned in the first year of a stable rate environment by 15.3% in the two percentage point falling-rate scenario, and higher by 13.2% in the one percentage point falling rate scenario; net interest income would be higher than that earned in a stable rate environment by 2.6% in a two percentage point rising rate scenario, when compared to the year-one base scenario. Each year two scenario is well within the ALCO's policy limit of a decrease of no more than 20% given a 2.0% move in interest rates, up or down. A summary of the Bank's interest rate risk simulation modeling, as of December 31, 2025 and 2024 is presented in the following table:

Changes in Net Interest Income	**2025**	2024
Year 1		
Projected changes if rates decrease by 1.0%	**1.8%**	1.7%
Projected changes if rates decrease by 2.0%	**3.4%**	2.8%
Projected change if rates increase by 2.0%	**(4.0)%**	(4.2)%
Year 2		
Projected changes if rates decrease by 1.0%	**13.2%**	17.8%
Projected changes if rates decrease by 2.0%	**15.3%**	19.1%
Projected change if rates increase by 2.0%	**2.6%**	2.6%

This dynamic simulation model includes assumptions about how the balance sheet is likely to evolve through time and in different interest rate environments. Loans and deposits are projected to maintain stable balances. All maturities, calls and prepayments in the securities portfolio are assumed to be reinvested in similar assets. Mortgage loan prepayment assumptions are developed from industry median estimates of prepayment speeds and amounts for portfolios with similar coupon ranges and seasoning. Non-contractual deposit volatility and pricing are assumed to follow historical patterns. The sensitivities of key assumptions are analyzed annually and reviewed by the ALCO.

This sensitivity analysis does not represent a Company forecast and should not be relied upon as being indicative of expected operating results. These hypothetical estimates are based upon numerous assumptions including, among others, the nature and timing of interest rate levels, yield curve shape, prepayments on loans and securities, pricing decisions on loans and deposits, and reinvestment/ replacement of asset and liability cash flows. While assumptions are developed based upon current economic and local market conditions, the Company cannot make any assurances as to the predictive ability of these assumptions, including how customer preferences or competitor influences might change.

Interest Rate Risk Management

A variety of financial instruments can be used to manage interest rate sensitivity. These may include investment securities, interest rate swaps, and interest rate caps and floors. Frequently called interest rate derivatives, interest rate swaps, caps and floors have characteristics similar to securities but possess the advantages of customization of the risk-reward profile of the instrument, minimization of balance sheet leverage and improvement of liquidity. As of December 31, 2025, the Company was using interest rate swaps and interest rate caps for interest rate risk management. See Notes 14 and 19 of the accompanying financial statements for additional discussion of derivative usage.

The Company engages an independent consultant to periodically review its interest rate risk position, as well as the effectiveness of simulation modeling and reasonableness of assumptions used. As of December 31, 2025, there were no significant differences between the views of the independent consultant and Management regarding the Company's interest rate risk exposure. Management expects interest rates will remain flat or decrease slightly in the next year, and believes that the current level of interest rate risk is acceptable.

ITEM 8. Financial Statements and Supplementary Data

Consolidated Balance Sheets

The First Bancorp, Inc. and Subsidiary

As of December 31,	**2025**	2024
Assets		
Cash and cash equivalents	**$ 27,779,000**	$ 27,636,000
Interest-bearing deposits in other banks	**4,124,000**	22,100,000
Securities available for sale	**264,480,000**	274,680,000
Securities to be held to maturity (net of ACL), fair value of $315,482,000 at December 31, 2025, and $314,993,000 at December 31, 2024	**355,928,000**	369,704,000
Restricted equity securities, at cost	**8,275,000**	7,203,000
Loans	**2,394,109,000**	2,340,940,000
Less allowance for credit losses	**25,365,000**	24,871,000
Net loans	**2,368,744,000**	2,316,069,000
Accrued interest receivable	**14,185,000**	13,976,000
Premises and equipment, net	**28,767,000**	27,855,000
Other real estate owned	**—**	173,000
Goodwill	**30,646,000**	30,646,000
Other assets	**63,375,000**	66,968,000
Total assets	**$ 3,166,303,000**	$ 3,157,010,000
Liabilities		
Demand deposits	**$ 279,912,000**	$ 292,255,000
NOW deposits	**689,083,000**	676,107,000
Money market deposits	**469,689,000**	376,627,000
Savings deposits	**248,805,000**	265,451,000
Certificates of deposit	**977,263,000**	1,114,811,000
Total deposits	**2,664,752,000**	2,725,251,000
Borrowed funds – short term	**92,321,000**	51,278,000
Borrowed funds – long term	**95,500,000**	95,000,000
Other liabilities	**30,587,000**	32,988,000
Total liabilities	**2,883,160,000**	2,904,517,000
Commitments and contingent liabilities		
Shareholders' equity		
Common stock, one cent par value per share	**112,000**	112,000
Additional paid-in capital	**73,714,000**	71,832,000
Retained earnings	**240,456,000**	222,823,000
Accumulated other comprehensive income (loss)		
Net unrealized loss on securities available for sale	**(31,341,000)**	(42,671,000)
Net unrealized loss on securities transferred from available for sale to held to maturity	**(38,000)**	(47,000)
Net unrealized gain on cash flow hedging derivative instruments	**—**	157,000
Net unrealized gain on postretirement costs	**240,000**	287,000
Total shareholders' equity	**283,143,000**	252,493,000
Total liabilities and shareholders' equity	**$ 3,166,303,000**	$ 3,157,010,000
Common stock		
Number of shares authorized	**18,000,000**	18,000,000
Number of shares issued and outstanding	**11,222,363**	11,155,528
Book value per common share	**$ 25.23**	$ 22.63
Tangible book value per common share	**$ 22.49**	$ 19.87

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

Consolidated Statements of Income and Comprehensive Income

The First Bancorp, Inc. and Subsidiary

Years ended December 31,	**2025**	2024	2023
Interest income			
Interest and fees on loans (includes tax-exempt income of $2,878,000 in 2025, $2,518,000 in 2024, and $1,913,000 in 2023)	**$141,160,000**	$129,440,000	$108,274,000
Interest on deposits with other banks	**400,000**	550,000	517,000
Interest and dividends on investments (includes tax-exempt income of $7,793,000 in 2025, $7,940,000 in 2024, and $8,032,000 in 2023)	**18,711,000**	18,842,000	19,383,000
Total interest income	**160,271,000**	148,832,000	128,174,000
Interest expense			
Interest on deposits	**76,697,000**	79,411,000	61,004,000
Interest on borrowed funds	**6,197,000**	5,511,000	1,963,000
Total interest expense	**82,894,000**	84,922,000	62,967,000
Net interest income	**77,377,000**	63,910,000	65,207,000
Credit loss expense - loans	**2,049,000**	1,304,000	1,330,000
Credit loss reduction - debt securities HTM	**(50,000)**	(238,000)	(4,000)
Credit loss reduction - off-balance sheet credit exposures	**(149,000)**	(541,000)	(142,000)
Total credit loss expense	**1,850,000**	525,000	1,184,000
Net interest income after provision for credit losses	**75,527,000**	63,385,000	64,023,000
Non-interest income			
Fiduciary and investment management income	**5,427,000**	4,963,000	4,654,000
Service charges on deposit accounts	**2,161,000**	2,048,000	1,887,000
Mortgage origination and servicing income, net of amortization	**846,000**	794,000	813,000
Debit card income	**5,455,000**	5,456,000	5,384,000
Other operating income	**3,451,000**	3,094,000	2,699,000
Total non-interest income	**17,340,000**	16,355,000	15,437,000
Non-interest expense			
Salaries and employee benefits	**26,998,000**	24,230,000	21,942,000
Occupancy expense	**3,394,000**	3,373,000	3,319,000
Furniture and equipment expense	**5,878,000**	5,622,000	5,391,000
FDIC insurance premiums	**2,722,000**	2,391,000	1,962,000
Amortization of identified intangibles	**26,000**	26,000	26,000
Other operating expense	**11,910,000**	11,514,000	11,118,000
Total non-interest expense	**50,928,000**	47,156,000	43,758,000
Income before income taxes	**41,939,000**	32,584,000	35,702,000
Applicable tax expense	**7,545,000**	5,539,000	6,184,000
Net income	**$ 34,394,000**	$ 27,045,000	$ 29,518,000
Basic earnings per common share	**$ 3.10**	$ 2.45	$ 2.68
Diluted earnings per common share	**3.07**	2.43	2.66
Other comprehensive income (loss), net of tax			
Net unrealized gain (loss) on securities available for sale, net of taxes	**11,330,000**	(3,096,000)	5,143,000
Net unrealized gain on transferred securities, net of taxes	**9,000**	9,000	8,000
Net unrealized loss on hedging derivative instruments	**(157,000)**	(143,000)	(244,000)
Net unrecognized (loss) gain on postretirement benefits	**(47,000)**	(16,000)	30,000
Other comprehensive gain (loss)	**11,135,000**	(3,246,000)	4,937,000
Comprehensive income	**$ 45,529,000**	$ 23,799,000	$ 34,455,000

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

Consolidated Statements of Changes in Shareholders' Equity

The First Bancorp, Inc. and Subsidiary

	Common stock and additional paid-in capital		Retained	Accumulated other comprehensive	Total shareholders'
	Shares	Amount	earnings	income (loss)	equity
Balance at December 31, 2022	**11,045,186**	**$68,545,000**	**$204,343,000**	**$ (43,965,000)**	**$228,923,000**
Net income	—	—	29,518,000	—	29,518,000
Net unrealized gain on securities available for sale, net of tax	—	—	—	5,143,000	5,143,000
Net unrealized loss on hedging derivative instruments, net of tax	—	—	—	(244,000)	(244,000)
Net unrealized gain on securities transferred from available for sale to held to maturity, net of tax	—	—	—	8,000	8,000
Unrecognized gain for post-retirement benefits, net of tax	—	—	—	30,000	30,000
Comprehensive income	—	—	29,518,000	4,937,000	34,455,000
Cash dividends declared ($1.39 per share)	—	—	(15,409,000)	—	(15,409,000)
Equity compensation expense	—	820,000	—	—	820,000
Payment for repurchase of common stock	(8,645)	—	(250,000)	—	(250,000)
Issuance of restricted stock, net of forfeitures	29,626	—	—	—	—
Proceeds from sale of common stock	31,890	817,000	—	—	817,000
Adoption of ASU No. 2016-13	—	—	(6,277,000)	—	(6,277,000)
Balance at December 31, 2023	**11,098,057**	**$70,182,000**	**$211,925,000**	**$ (39,028,000)**	**$243,079,000**
Net income	—	—	27,045,000	—	27,045,000
Net unrealized loss on securities available for sale, net of tax	—	—	—	(3,096,000)	(3,096,000)
Net unrealized loss on cash flow hedging derivative instruments, net of tax	—	—	—	(143,000)	(143,000)
Net unrealized gain on securities transferred from available for sale to held to maturity, net of tax	—	—	—	9,000	9,000
Unrecognized loss for post-retirement benefits, net of tax	—	—	—	(16,000)	(16,000)
Comprehensive income (loss)	—	—	27,045,000	(3,246,000)	23,799,000
Cash dividends declared ($1.43 per share)	—	—	(15,935,000)	—	(15,935,000)
Equity compensation expense	—	895,000	—	—	895,000
Payment for repurchase of common stock	(9,831)	—	(212,000)	—	(212,000)
Issuance of restricted stock, net of forfeitures	32,859	—	—	—	—
Proceeds from sale of common stock	34,443	867,000	—	—	867,000
Balance at December 31, 2024	**11,155,528**	**$71,944,000**	**$222,823,000**	**$ (42,274,000)**	**$252,493,000**

	Common stock and additional paid-in capital		Retained	Accumulated other comprehensive	Total shareholders'
	Shares	Amount	Earnings	income (loss)	equity
Balance at December 31, 2024	**11,155,528**	**$71,944,000**	**$222,823,000**	**$ (42,274,000)**	**$252,493,000**
Net income	—	—	34,394,000	—	34,394,000
Net unrealized gain on securities available for sale, net of tax	—	—	—	11,330,000	11,330,000
Net unrealized loss on cash flow hedging derivative instruments, net of tax	—	—	—	(157,000)	(157,000)
Net unrealized gain on securities transferred from available for sale to held to maturity, net of tax	—	—	—	9,000	9,000
Unrecognized loss for post-retirement benefits, net of tax	—	—	—	(47,000)	(47,000)
Comprehensive income	—	—	34,394,000	11,135,000	45,529,000
Cash dividends declared ($1.47 per share)	—	—	(16,479,000)	—	(16,479,000)
Equity compensation expense	—	966,000	—	—	966,000
Payment for repurchase of common stock	(13,109)	—	(282,000)	—	(282,000)
Issuance of restricted stock, net of forfeitures	43,297	—	—	—	—
Proceeds from sale of common stock	36,647	916,000	—	—	916,000
Balance at December 31, 2025	**11,222,363**	**$73,826,000**	**$240,456,000**	**$ (31,139,000)**	**$283,143,000**

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

Consolidated Statements of Cash Flows

The First Bancorp, Inc. and Subsidiary

For the years ended December 31,	**2025**	2024	2023
Cash flows from operating activities			
Net income	**$ 34,394,000**	$ 27,045,000	$ 29,518,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**2,208,000**	2,209,000	2,107,000
Change in deferred taxes	**81,000**	20,000	(1,360,000)
Credit loss expense	**1,850,000**	525,000	1,184,000
Loans originated for resale	**(8,619,000)**	(5,866,000)	(3,916,000)
Proceeds from sales and transfers of loans	**8,813,000**	6,009,000	4,283,000
Net gain on sales of loans	**(194,000)**	(143,000)	(92,000)
Net amortization of investment premiums	**568,000**	596,000	111,000
Net gain on sale of other real estate owned	**(33,000)**	—	(42,000)
Provision for losses on other real estate owned	**—**	35,000	—
Equity compensation expense	**966,000**	895,000	820,000
Net increase in other assets and accrued interest	**(947,000)**	(5,414,000)	(680,000)
Net (decrease) increase in other liabilities	**(2,542,000)**	(923,000)	4,624,000
Net (loss) gain on disposal of premises and equipment	**(10,000)**	4,000	33,000
Amortization of investments in tax credit structures	**1,253,000**	1,029,000	303,000
Net acquisition amortization	**26,000**	26,000	26,000
Net cash provided by operating activities	**37,814,000**	26,047,000	36,919,000
Cash flows from investing activities			
Decrease (increase) in interest-bearing deposits in other banks	**17,976,000**	(18,612,000)	205,000
Proceeds from maturities, payments, calls of securities available for sale	**38,132,000**	29,665,000	97,524,000
Proceeds from maturities, payments, calls and sales of securities held to maturity	**15,036,000**	18,441,000	8,149,000
Proceeds from sales of other real estate owned	**206,000**	—	106,000
Purchases of securities available for sale	**(14,108,000)**	(26,718,000)	(88,581,000)
Purchases of securities to be held to maturity	**(1,250,000)**	(2,750,000)	—
(Purchase) redemption of restricted equity securities	**(1,072,000)**	(3,818,000)	498,000
Net increase in loans	**(54,724,000)**	(212,157,000)	(215,077,000)
Capital expenditures	**(3,220,000)**	(1,475,000)	(2,635,000)
Proceeds from sale of premises and equipment	**22,000**	4,000	3,000
Net cash used in investing activities	**(3,002,000)**	(217,420,000)	(199,808,000)
Cash flows from financing activities			
Net increase in demand, savings, and money market accounts	**77,049,000**	81,025,000	18,209,000
Net (decrease) increase in certificates of deposit	**(137,548,000)**	44,564,000	202,576,000
Advances on long-term borrowings	**500,000**	95,000,000	—
Repayment on long-term borrowings	**—**	—	(84,000)
Net increase (decrease) in short-term borrowings	**41,043,000**	(18,374,000)	(33,747,000)
Payment to repurchase common stock	**(282,000)**	(212,000)	(250,000)
Proceeds from sale of common stock	**916,000**	867,000	817,000
Dividends paid	**(16,347,000)**	(15,803,000)	(15,418,000)
Net cash (used) provided by financing activities	**(34,669,000)**	187,067,000	172,103,000
Net increase (decrease) in cash and cash equivalents	**143,000**	(4,306,000)	9,214,000
Cash and cash equivalents at beginning of year	**27,636,000**	31,942,000	22,728,000
Cash and cash equivalents at end of year	**$ 27,779,000**	$ 27,636,000	$ 31,942,000

For the years ended December 31,	**2025**	2024	2023
Interest paid	**$ 82,978,000**	$ 84,441,000	$ 62,228,000
Income taxes paid	**5,670,000**	4,527,000	5,621,000
Non-cash transactions:			
Net transfer from loans to other real estate owned	**$ —**	$ 208,000	$ —
Change in net unrealized loss on available for sale securities, net of tax	**$ (11,330,000)**	$ (3,096,000)	$ 5,143,000

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

Notes to Consolidated Financial Statements

Nature of Operations
The Company, through its wholly-owned subsidiary, the Bank, provides a full range of banking services to individual and corporate customers from 18 offices in coastal and eastern Maine. First National Wealth Management, a division of the Bank, provides investment management, private banking and financial planning services. On January 28, 2016, the Board of Directors voted to change the Bank's name to First National Bank from The First, N.A.

Note 1. Summary of Significant Accounting Policies

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and the Bank. All intercompany accounts and transactions have been eliminated in consolidation.

Subsequent Events
Events occurring subsequent to December 31, 2025 have been evaluated as to their potential impact on the financial statements.

Use of Estimates in Preparation of Financial Statements
In preparing the financial statements in accordance with GAAP, Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the balance sheet and revenues and expenses for the reporting period. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for credit losses, the valuations of mortgage servicing rights, derivative financial instruments, debt securities in an unrealized loss position, and goodwill.

Investment Securities
Investment securities are classified as AFS or HTM when purchased. There are no trading account securities. AFS securities consist primarily of debt securities which Management intends to hold for indefinite periods of time. They may be used as part of the Bank's funds management strategy, and may be sold in response to changes in interest rates or prepayment risk, changes in liquidity needs, or for other reasons. They are accounted for at fair value, with unrealized gains or losses adjusted through shareholders' equity, net of related income taxes. The cost basis is adjusted for the amortization of premiums and accretion of discounts, computed using the effective interest method over the securities' contractual lives. HTM securities consist primarily of debt securities which Management has acquired solely for long-term investment purposes, rather than for purposes of trading or future sale. For HTM Securities, Management has the intent and the Bank has the ability to hold such securities until their respective maturity dates. Such securities are carried at cost adjusted for the amortization of premiums and accretion of discounts, computed using the effective interest method over the securities' contractual lives. Effective January 1, 2022 securities purchases are accounted for on a trade date basis; prior to January 1, 2022 a settlement date basis was used. Reported amounts would not be materially different if basis had not changed. Gains and losses on the sales of investment securities are determined using the amortized cost of the specifically identified security.

Fair Value of Securities. Determining a market price for securities carried at fair value is a critical accounting estimate in the Company's financial statements. Pricing of individual securities is subject to a number of factors including changes in market interest rates, changes in prepayment speeds and assumptions, changes in market tolerance for risk, and any changes in the risk profile of the security. The Company subscribes to a widely recognized, independent pricing service and updates carrying values no less frequently than monthly. It also validates the values provided by the pricing service no less frequently than quarterly by measuring against security prices provided by a secondary source. Results of the validation are reported to the Bank's ALCO each quarter and any variances between the two sources above defined thresholds are investigated by management.

Credit Loss Recognition on Securities. Another significant estimate related to investment securities is the evaluation of potential credit losses on investment securities. The evaluation of securities for potential credit losses is a quantitative and qualitative process, which is subject to risks and uncertainties and is intended to determine whether declines in the fair value of investments should be recognized as a charge to the ACL. The risks and uncertainties include changes in general economic conditions, the issuer's financial condition and/or future prospects, the effects of changes in interest rates or credit spreads and the expected recovery period of unrealized losses. Securities that are in an unrealized loss position are reviewed at least quarterly to determine if recognition of a loss is required. The primary factors considered in this evaluation are (a) the length of time and extent to which the fair value has been less than cost or amortized cost and the expected recovery period of the security, (b) the financial condition, credit rating and future prospects of the issuer, (c) whether the debtor is current on contractually obligated interest and principal payments, (d) the volatility of the securities' market price, (e) the intent and ability of the Company to retain the investment for a period of time sufficient to allow for recovery, which may be at maturity, and (f) any other information and observable data considered relevant, including the expectation of receipt of all principal and interest when due.

Derivative Financial Instruments Designated as Hedges
The Company recognizes all derivatives in the consolidated balance sheets at fair value. On the date a derivative contract is entered into, the derivative is designated as a hedge of either a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"), a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), or a held for trading instrument ("trading instrument"). The relationships between hedging instruments and hedged items is formally documented, as is the risk management objectives and strategy for undertaking various hedge transactions. Both at the hedge's inception and on an ongoing basis, determination is made as to whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows or fair values of hedged items. Changes in fair value of a derivative that is effective and that qualifies as a cash flow hedge are recorded in OCI and are reclassified into earnings when the forecasted transaction or related cash flows affect earnings. Changes in fair value of a derivative that qualifies as a fair value hedge and the change in fair value of the hedged item are both recorded in earnings and offset each other when the transaction is effective. Those derivatives that are classified as trading instruments, including customer loan swaps, are recorded at fair value with changes in fair value recorded in earnings. Hedge accounting is discontinued when it is determined that the derivative is no longer effective in offsetting changes in the cash flows of the hedged item, that it is unlikely that the forecasted transaction will occur, or that the designation of the derivative as a hedging instrument is no longer appropriate.

Loans Held for Sale
Loans held for sale consist of residential real estate mortgage loans and are carried at the lower of aggregate cost or fair value, as determined by current investor yield requirements.

Loans
Loans are generally reported at their outstanding principal balances, adjusted for chargeoffs, the ACL and any deferred fees or costs to originate loans. Loan commitments are recorded when funded.

Loan Fees and Costs
Loan origination fees and certain direct loan origination costs are deferred and recognized in interest income as an adjustment to the loan yield over the life of the related loans. The unamortized net deferred fees and costs are included on the balance sheets with the related loan balances, and the amortization is included with the related interest income.

Allowance for Credit Losses
Management believes the ACL requires the most significant estimates and assumptions used in the preparation of the consolidated financial statements. The ACL is based on Management's evaluation of the level of the allowance required in relation to the estimated loss exposure in the loan and investment portfolios. The allowance is comprised of the ACL on loans, the ACL on unfunded commitments, and the ACL on HTM securities. Management regularly evaluates the allowance, typically monthly, to determine the appropriate level by taking into consideration factors such as the size and growth trajectory of the portfolios, quality trends as measured by key indicators, prior loan loss experience in each loan portfolio segment, local and national business and economic conditions, and other factors contributing to Management's estimation of potential losses. The use of different estimates or assumptions could produce different provisions for credit losses.

Loan Modifications
ASU 2022-02, Troubled Debt Restructurings and Vintage Disclosures, amended ASC 326 for entities that have adopted ASU 2016-13, the CECL standard, such as the Company. ASU 2022-02 eliminated the accounting guidance for TDRs and introduced new guidance for enhanced reporting of certain loan modifications to borrowers experiencing financial difficulty. Loan modifications may include interest rate reduction, term extension, payment deferral, principle forgiveness or a combination thereof. It is the intent of such modifications to minimize future losses while providing borrowers with financial relief. Prior to adoption of ASU 2022-02, the Company evaluated loan modifications and other transactions to determine if classification as a TDR was necessary. A TDR constituted a restructuring of debt if the Company, for economic or legal reasons related to the borrower's financial difficulties, granted a concession to the borrower that it would not have otherwise considered.

Accrual of Interest Income and Expense
Interest on loans and investment securities is taken into income using methods which relate the income earned to the balances of loans and investment securities outstanding. Interest expense on liabilities is derived by applying applicable interest rates to principal amounts outstanding. For all classes of loans, recording of interest income on problem loans, which includes individually analyzed loans, ceases when collectibility of principal and interest within a reasonable period of time becomes doubtful. Cash payments received on non-accrual loans, which includes some individually analyzed loans, are applied to reduce the loan's principal balance until the remaining principal balance is deemed collectible, after which interest is recognized when collected. As a general rule, a loan may be restored to accrual status when payments are current for a substantial period of time, generally six months, and

repayment of the remaining contractual amounts is expected or when it otherwise becomes well secured and in the process of collection.

Premises and Equipment
Premises, furniture and equipment are stated at cost, less accumulated depreciation. Depreciation expense is computed by straight-line methods over the asset's estimated useful life.

Other Real Estate Owned
Real estate acquired by foreclosure or deed in lieu of foreclosure is transferred to OREO and recorded at fair value, less estimated costs to sell, based on appraised value at the date actually or constructively received. Loan losses arising from the acquisition of such property are charged against the ACL. Subsequent provisions to reduce the carrying value of a property are recorded to the allowance for OREO losses and a charge to operations on a property specific basis.

Goodwill and Identified Intangible Assets
Intangible assets include the excess of the purchase price over the fair value of net assets acquired (goodwill) from the acquisitions of FNB Bankshares in 2005, a bank branch in Rockland, Maine and bank building in Bangor, Maine in 2012, and a bank branch in Belfast, Maine in 2020, as well as the core deposit intangible related to the respective acquisitions. The Company annually evaluates goodwill, and periodically evaluates other intangible assets, for impairment. At December 31, 2025, the Company determined goodwill and other intangible assets were not impaired.

Income Taxes
Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases, and for tax credits that are available to offset future taxable income. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period the change is enacted.

Mortgage Servicing Rights
The valuation of mortgage servicing rights is a critical accounting policy which requires significant estimates and assumptions. The Bank often sells mortgage loans it originates and retains the ongoing servicing of such loans, receiving a fee for these services, generally 0.25% of the outstanding balance of the loan per annum. Mortgage servicing rights are recognized at fair value when they are acquired through the sale of loans, and are reported in other assets. They are amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. The rights are subsequently carried at the lower of amortized cost or fair value. Management uses an independent firm which specializes in the valuation of mortgage servicing rights to determine the fair value which is recorded on the balance sheet. The most important assumption is the anticipated loan prepayment rate, and increases in prepayment speed results in lower valuations of mortgage servicing rights. The valuation also includes an evaluation for impairment based upon the fair value of the rights, which can vary depending upon current interest rates and prepayment expectations, as compared to amortized cost. Impairment is determined by stratifying rights by predominant characteristics, such as interest rates and terms. The use of different assumptions could produce a different valuation. All of the assumptions are based on standards the Company believes would be utilized by market participants in valuing mortgage servicing rights and are consistently derived and/or benchmarked against independent public sources.

Post-Retirement Benefits
The cost of providing post-retirement benefits is accrued during the active service period of the employee or director.

Earnings Per Share
Basic EPS data are based on the weighted average number of common shares outstanding during each year. Diluted EPS gives effect to restricted stock granted and stock options and warrants outstanding, if any, determined by the treasury stock method.

Comprehensive Income (Loss)
Comprehensive income (loss) includes net income and OCI, which is comprised of the change in unrealized gains and losses on securities AFS net of tax, change in unrealized gains and losses on securities transferred from AFS to HTM net of amortization, change in unrealized gains and losses on cash flow hedging derivative instruments, net of tax, and unrecognized gains and losses related to post-retirement benefit costs, net of tax.

Segments
The Company's reportable segment is determined by the Chief Financial Officer, who is the designated chief operating decision maker, based upon information provided about the Company's products and services offered, primarily banking operations. The segment is also distinguished by the level of information provided by the chief operating decision maker, who uses such information to review performance of various components of the business, which are then aggregated if operating performance, products/services, and customers are similar. The chief operating decision maker will evaluate the financial performance of the Company's business components such as by evaluating revenue streams, significant expenses, and budget to actual results in assessing the Company's segment and in the determination of allocating resources. The chief operating decision maker uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The chief operating decision maker uses consolidated net income to benchmark the Company against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessing performance and in establishing compensation. Loans, investments, and deposit product service fees provide the revenues in the banking operation. Interest expense, credit loss expense, and salaries and employee benefits, as reported on the consolidated statements of income, provide the significant expenses in the banking operation. All operations are domestic. Accounting policies for segments are the same as those described herein. Segment performance is evaluated using consolidated net income. The measure of segment assets is reported on the consolidated balance sheets as total consolidated assets. Noncash items, such as depreciation and amortization, as well as expenditures for premises and equipment, are reported on the consolidated statements of cash flows.

Risks & Uncertainties
The economy in the United States and globally has experienced volatility in recent years and may continue to experience some level of volatility for the foreseeable future. Unfavorable or uncertain economic conditions can be caused by declines in economic growth, business activity, or investor or business confidence; limitations on the availability of or increases in the cost of credit and capital; increases in inflation or changes in interest rates; uncertainties regarding fiscal and monetary policies; the timing and impact of changing governmental policies, including changes in guidance and interpretation by regulatory authorities; changes in trade policies by the United States or other countries, such as tariffs or retaliatory tariffs; supply chain disruptions; consumer spending; employment levels; labor shortages; challenging labor market conditions; wage stagnation; energy prices; home prices; commercial property values; bankruptcies or a default by a significant market participant or class of counterparties; fluctuations in equity, commodity, and futures prices; the implied volatility of interest rates and credit spreads; natural disasters; climate change; epidemics; pandemics; terrorist attacks; acts of war; or a combination of these or other factors. Any or all of the foregoing could ultimately have negative downstream effects on the Company's operating results, the extent of which is indeterminable at this time.

Note 2. Cash and Cash Equivalents

For the purposes of reporting consolidated cash flows, cash and cash equivalents include cash on hand, amounts due from banks and federal funds sold. The Company maintains a portion of its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risk with respect to these accounts.

Note 3. Investment Securities

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

As of December 31, 2025	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value (Estimated)
Securities available for sale				
U.S. Treasury & Agency securities	$ 23,045,000	$ —	$ (4,973,000)	$ 18,072,000
Mortgage-backed securities	240,166,000	410,000	(30,142,000)	210,434,000
State and political subdivisions	38,953,000	26,000	(4,989,000)	33,990,000
Asset-backed securities	1,989,000	10,000	(15,000)	1,984,000
	$ 304,153,000	$ 446,000	$ (40,119,000)	$ 264,480,000
Securities to be held to maturity				
U.S. Treasury & Agency securities	$ 38,100,000	$ —	$ (8,221,000)	$ 29,879,000
Mortgage-backed securities	48,566,000	116,000	(8,924,000)	39,758,000
State and political subdivisions	248,408,000	161,000	(22,972,000)	225,597,000
Corporate securities	21,000,000	52,000	(804,000)	20,248,000
	$ 356,074,000	$ 329,000	$ (40,921,000)	$ 315,482,000
Less allowance for credit losses	(146,000)	—	—	—
Net securities to be held to maturity	$ 355,928,000	$ 329,000	$ (40,921,000)	$ 315,482,000
Restricted equity securities				
Federal Home Loan Bank Stock	$ 7,238,000	$ —	$ —	$ 7,238,000
Federal Reserve Bank Stock	1,037,000	—	—	1,037,000
	$ 8,275,000	$ —	$ —	$ 8,275,000

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

As of December 31, 2024	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value (Estimated)
Securities available for sale				
U.S. Treasury & Agency securities	$ 26,042,000	$ —	$ (6,246,000)	$ 19,796,000
Mortgage-backed securities	260,267,000	141,000	(41,026,000)	219,382,000
State and political subdivisions	40,148,000	—	(6,896,000)	33,252,000
Asset-backed securities	2,236,000	14,000	—	2,250,000
	$ 328,693,000	$ 155,000	$ (54,168,000)	$ 274,680,000
Securities to be held to maturity				
U.S. Treasury & Agency securities	$ 38,100,000	$ —	$ (9,938,000)	$ 28,162,000
Mortgage-backed securities	52,370,000	15,000	(11,360,000)	41,025,000
State and political subdivisions	252,180,000	83,000	(31,739,000)	220,524,000
Corporate securities	27,250,000	—	(1,968,000)	25,282,000
	$ 369,900,000	$ 98,000	$ (55,005,000)	$ 314,993,000
Less allowance for credit losses	(196,000)	—	—	—
Net securities to be held to maturity	$ 369,704,000	$ 98,000	$ (55,005,000)	$ 314,993,000
Restricted equity securities				
Federal Home Loan Bank Stock	$ 6,166,000	$ —	$ —	$ 6,166,000
Federal Reserve Bank Stock	1,037,000	—	—	1,037,000
	$ 7,203,000	$ —	$ —	$ 7,203,000

Allowance for Credit Losses: AFS securities, as shown in the above tables, consist of securities issued by U.S. Government Agencies, U.S. Government Sponsored Entities, State or Local Municipal Governments, or are backed by collateral that is guaranteed by the U.S. Government. We monitor the credit quality of these investments through credit ratings issued by major rating providers and through substantial price changes not consistent with general market movements. Each of the AFS securities is deemed to be investment grade, and no ACL has been established for AFS securities.

Similarly, the agency and mortgage-backed securities in the HTM portfolio were determined to all be investment grade with no ACL required, at December 31, 2025 or 2024. Municipal securities within HTM include two private activity bonds issued by well-known customers of the Bank with total balances of $18,357,000 as of December 31, 2025. Corporate securities in HTM consist of 11 individual companies in the banking industry. Management reviewed the collectability of these securities taking into consideration such factors as the financial condition of the issuers, reported regulatory capital ratios of the issuers, and other performance factors. It was concluded that aggregate credit risk of the corporate securities was very low and a small ACL has been carried. As of December 31, 2025 and 2024, the total ACL for HTM securities was $146,000 and $196,000, respectively.

Changes in the ACL are recorded as credit loss expense or reduction. Losses would be charged against the allowance when management believes collection of the full contractual amount due on a security is unlikely.

Contractual Maturities: The following table summarizes the contractual maturities of investment securities at December 31, 2025:

	Securities available for sale		Securities to be held to maturity	
	Amortized Cost	Fair Value (Estimated)	Amortized Cost	Fair Value (Estimated)
Due in 1 year or less	$ 92,000	$ 92,000	$ 1,729,000	$ 1,725,000
Due in 1 to 5 years	7,413,000	6,584,000	34,803,000	33,363,000
Due in 5 to 10 years	20,390,000	18,693,000	98,390,000	94,855,000
Due after 10 years	276,258,000	239,111,000	221,152,000	185,539,000
	$ 304,153,000	$ 264,480,000	$ 356,074,000	$ 315,482,000

The following table summarizes the contractual maturities of investment securities at December 31, 2024:

	Securities available for sale		Securities to be held to maturity	
	Amortized Cost	Fair Value (Estimated)	Amortized Cost	Fair Value (Estimated)
Due in 1 year or less	$ 2,997,000	$ 2,967,000	$ 2,683,000	$ 2,694,000
Due in 1 to 5 years	294,000	293,000	20,488,000	19,335,000
Due in 5 to 10 years	29,768,000	25,700,000	99,505,000	92,362,000
Due after 10 years	295,634,000	245,720,000	247,224,000	200,602,000
	$ 328,693,000	$ 274,680,000	$ 369,900,000	$ 314,993,000

Pledged Securities: At December 31, 2025, securities with a carrying value of $385,197,000 were pledged to secure credit lines from the FRBB and FHLBB, public deposits, repurchase agreements, and for other purposes as required by law. This compares to securities with a fair value of $349,833,000 as of December 31, 2024 pledged for the same purposes.

Realized Gains and Losses: Gains and losses on the sale of securities AFS are computed by subtracting the amortized cost at the time of sale from the security's selling price, net of accrued interest to be received. There were no sales of securities for the years ended December 31, 2025, 2024 and 2023.

Unrealized Gains and Losses on AFS Securities: As of December 31, 2025, there were 225 AFS securities with unrealized losses held in the Company's portfolio. The Company has the ability and intent to hold its securities which are in an unrealized loss position until a recovery of their amortized cost, which may be at maturity.

The following table summarizes AFS debt securities in an unrealized loss position for which an ACL has not been recorded at December 31, 2025, aggregated by major security type and length of time in a continuous unrealized loss position:

	Less than 12 months		12 months or more		Total	
As of December 31, 2025	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury & Agency securities	$ —	$ —	$ 18,072,000	$ (4,973,000)	$ 18,072,000	$ (4,973,000)
Mortgage-backed securities	1,732,000	(4,000)	177,093,000	(30,138,000)	178,825,000	(30,142,000)
State and political subdivisions	—	—	30,672,000	(4,989,000)	30,672,000	(4,989,000)
Asset-backed securities	—	—	1,096,000	(15,000)	1,096,000	(15,000)
	$ 1,732,000	$ (4,000)	$226,933,000	$(40,115,000)	$228,665,000	$ (40,119,000)

As of December 31, 2024, there were 243 AFS securities with unrealized losses held in the Company's portfolio. The Company has the ability and intent to hold its securities which are in an unrealized loss position until a recovery of their amortized cost, which may be at maturity.

The following table summarizes AFS debt securities in an unrealized loss position for which an ACL has not been recorded at December 31, 2024, aggregated by major security type and length of time in a continuous unrealized loss position:

	Less than 12 months		12 months or more		Total	
As of December 31, 2024	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury & Agency securities	$ —	$ —	$ 19,796,000	$ (6,246,000)	$ 19,796,000	$ (6,246,000)
Mortgage-backed securities	18,544,000	(222,000)	186,155,000	(40,804,000)	204,699,000	(41,026,000)
State and political subdivisions	4,968,000	(70,000)	28,104,000	(6,826,000)	33,072,000	(6,896,000)
	$ 23,512,000	$ (292,000)	$234,055,000	$ (53,876,000)	$257,567,000	$ (54,168,000)

Credit Quality Indicators: Agency-backed and government-sponsored enterprise securities have a long history with no credit losses, including during times of severe stress. The principal and interest payments on agency-backed debt is guaranteed by the U.S. Government. Government-sponsored enterprises similarly guarantee principal and interest payments and carry an implicit guarantee from the U.S. Department of the Treasury. Additionally, government-sponsored enterprise securities are exceptionally liquid, readily marketable, and provide a substantial amount of price transparency and price parity, indicating a perception of zero credit losses. HTM municipal debt holdings are comprised primarily of high credit quality (rated A- or higher) state and municipal obligations. High credit quality state and municipal obligations have a history of zero to near-zero credit loss. All of the mortgage-backed securities owned were issued either by GMNA, FNMA or FHLMC. HTM municipal debt holdings also include two unrated private activity bonds issued by well known customers of the Bank. These securities are regularly monitored as part of an overall credit relationship with the issuers; both issuers were in good standing as of December 31, 2025. HTM corporate debt holdings consist of 11 individual companies in the banking industry. Management conducts periodic reviews of the collectability of these securities taking into consideration such factors as the financial condition of the issuers; each were in good standing as of December 31, 2025.

ACL for HTM Securities: The following table presents the activity in the ACL for HTM debt securities by major security type for the years ended December 31, 2025 and 2024:

For the years ended December 31,	**2025**			2024		
	State and Political Subdivisions	Corporate Securities	Total	State and Political Subdivisions	Corporate Securities	Total
Allowance for credit losses:						
Beginning balance	**$ 80,000**	**$ 116,000**	**$ 196,000**	$ 212,000	$ 222,000	$ 434,000
Credit loss reduction	**(12,000)**	**(38,000)**	**(50,000)**	(132,000)	(106,000)	(238,000)
Securities charged-off	**—**	**—**	**—**	—	—	—
Recoveries	**—**	**—**	**—**	—	—	—
Total ending allowance balance	**$ 68,000**	**$ 78,000**	**$ 146,000**	$ 80,000	$ 116,000	$ 196,000

There was no ACL on U.S. government-sponsored enterprise, agency-backed securities, or mortgage-backed securities as of December 31, 2025. A security is considered to be past due once it is 30 days contractually past due under the terms of the agreement. As of December 31, 2025, none of the Company's HTM debt securities were past due or on non-accrual status.

Re-Classified Securities: During the third quarter of 2014, the Company transferred securities with a total amortized cost of $89,780,000 and a corresponding fair value of $89,757,000 from AFS to HTM. The net unrealized loss, net of taxes, on these securities at the date of the transfer was $15,000. The net unrealized holding loss at the time of transfer continues to be reported in AOCI, net of tax, and is amortized over the remaining lives of the securities as an adjustment of the yield. The amortization of the net unrealized loss reported in AOCI will offset the effect on interest income of the discount for the transferred securities. The remaining unamortized balance of the net unrealized losses for the securities transferred from AFS to HTM was $38,000, net of taxes, at December 31, 2025. This compares to $47,000, net of taxes, at December 31, 2024. These securities were transferred as a part of the Company's overall investment and balance sheet strategies.

Restricted Equity Securities: The Bank is a member of the FHLBB, a cooperatively owned wholesale bank for housing and finance in the six New England States. As a requirement of membership in the FHLBB, the Bank must own a minimum required amount of FHLBB stock, calculated periodically based primarily on its level of borrowings from the FHLBB. The Bank uses the FHLBB for a portion of its wholesale funding needs. As of December 31, 2025 and 2024, the Bank's investment in FHLBB stock totaled $7,238,000 and $6,166,000, respectively. FHLBB stock is a non-marketable equity security and therefore is reported at cost, which equals par value.

The Bank is also a member of the FRBB. As a requirement for membership in the FRBB, the Bank must own a minimum required amount of FRBB stock. The Bank uses FRBB for certain correspondent banking services and maintains borrowing capacity at its discount window. The Bank's investment in FRBB stock totaled $1,037,000 at December 31, 2025 and 2024.

The Company periodically evaluates its investment in FHLBB and FRBB stock for impairment based on, among other factors, the capital adequacy of each institution and their overall financial condition. No impairment losses have been recorded through December 31, 2025. The Bank will continue to monitor its investment in these restricted equity securities.

Note 4. Mortgage Servicing Rights

At December 31, 2025 and 2024, the Bank serviced loans for others totaling $276,514,000 and $297,950,000, respectively. Net gains from the sale of loans, the majority of which are serviced by the Bank, totaled $194,000 in 2025, $143,000 in 2024, and $92,000 in 2023. In 2025, mortgage servicing rights of $53,000 were capitalized and amortization for the year totaled $291,000. At December 31, 2025, mortgage servicing rights had a fair value of $2,685,000. In 2024, mortgage servicing rights of $39,000 were capitalized and amortization for the year totaled $322,000. At December 31, 2024, mortgage servicing rights had a fair value of $3,054,000.

FASB ASC Topic 860, "Transfers and Servicing", requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable. Servicing assets and servicing liabilities are reported using the amortization method or the fair value measurement method. In evaluating the carrying values of mortgage servicing rights, the Company obtains third party valuations based on loan level data including note rate, type and term of the underlying loans. The model utilizes several assumptions, the most significant of which are loan prepayments, calculated using a three-month moving average of weekly prepayment data published by the PSA and modeled against the serviced loan portfolio, and the discount rate to discount future cash flows. As of December 31, 2025, the prepayment assumption using the PSA model was 154, which translates into an anticipated annual prepayment rate of 7.39%. The discount rate is 9.38%. Other assumptions include delinquency rates, foreclosure rates, servicing cost inflation, and annual unit loan cost. All assumptions are adjusted periodically to reflect current circumstances. Amortization of mortgage servicing rights, as well as write-offs due to prepayments of the related mortgage loans, are recorded as a charge against mortgage servicing fee income.

Mortgage servicing rights are included in other assets and detailed in the following table:

As of December 31,	**2025**	2024
Mortgage servicing rights	**$ 8,793,000**	$ 8,741,000
Accumulated amortization	**(7,138,000)**	(6,847,000)
Carrying value	**$ 1,655,000**	$ 1,894,000

Note 5. Loans

The Company periodically reviews and updates the segmentation of its loan portfolio. Updates performed in conjunction with adoption of ASC 326 in 2023 consisted of reporting what had been a single class, commercial real estate loans, as three classes - commercial real estate owner occupied, commercial real estate non-owner occupied, and commercial multi-family. In addition, home equity installment loans which had previously been included in the residential term class were included in the home equity revolving and term class. In the first quarter of 2024, a new segment was established for Agriculture loans, and there have been no subsequent segmentation changes.

Loan Portfolio by Class: The following table shows the composition of the Company's loan portfolio as of December 31, 2025 and 2024:

	December 31, 2025		December 31, 2024	
Commercial				
Real Estate Owner Occupied	**$ 378,263,000**	**15.8 %**	$ 358,588,000	15.3 %
Real Estate Non-Owner Occupied	**409,177,000**	**17.1 %**	403,899,000	17.3 %
Construction	**35,025,000**	**1.5 %**	99,717,000	4.3 %
C&I	**376,907,000**	**15.7 %**	365,817,000	15.6 %
Multifamily	**158,910,000**	**6.6 %**	108,732,000	4.6 %
Agriculture	**48,145,000**	**2.0 %**	52,219,000	2.2 %
Municipal	**52,074,000**	**2.2 %**	61,827,000	2.6 %
Residential				
Term	**739,188,000**	**30.9 %**	710,807,000	30.4 %
Construction	**35,332,000**	**1.5 %**	35,481,000	1.5 %
Home Equity				
Revolving and Term	**142,219,000**	**5.9 %**	123,063,000	5.3 %
Consumer	**18,869,000**	**0.8 %**	20,790,000	0.9 %
Total loans	**$2,394,109,000**	**100.0 %**	$2,340,940,000	100.0 %

Loan balances include net deferred loan costs of $12,737,000 in 2025 and $12,457,000 in 2024. Net deferred loan costs have increased from a year ago a due to loan origination unit volume over the period. Loan balances in the Residential Term segment also include a valuation adjustment for fair value swaps hedged by certain loans in the portfolio. This adjustment added $910,000 to the loan balances as of December 31, 2025 and $758,000 to the loan balances as of December 31, 2024. Also included in Residential term loan balances is a valuation adjustment for the market value of interest rate caps which added $371,000 to loan balances as of December 31, 2025. There was no valuation adjustment for the market value of interest rate caps as of December 31, 2024.

Pledged Loans: Pursuant to collateral agreements, qualifying first mortgage loans and commercial real estate, which totaled $669,541,000 and $626,851,000 at December 31, 2025 and 2024, respectively, were used to collateralize borrowings from the FHLBB. In addition, commercial, residential construction and home equity loans totaling $366,032,000 at December 31, 2025 and $392,562,000 at December 31, 2024 were used to collateralize a standby line of credit at the FRBB.

Loans to Directors, Officers and Employees: Loans to directors, officers and employees totaled $48,681,000 at December 31, 2025 and $54,997,000 at December 31, 2024. A summary of loans to directors and executive officers is as follows:

For the years ended December 31,	**2025**	2024
Balance at beginning of year	**$ 32,182,000**	$ 33,524,000
New loans	**4,265,000**	3,462,000
Repayments	**(7,905,000)**	(4,804,000)
Retired Executive Officer	**(244,000)**	—
Balance at end of year	**$ 28,298,000**	$ 32,182,000

Past Due Loans: For all loan classes, loans over 30 days past due are considered delinquent. Information on the past-due status of loans by class of financing receivable as of December 31, 2025, is presented in the following table:

	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	All Past Due	Current	Total	90+ Days & Accruing
Commercial							
Real Estate Owner Occupied	$ 683,000	$ 734,000	$ 3,698,000	$ 5,115,000	$ 373,148,000	$ 378,263,000	$ —
Real Estate Non-Owner Occupied	734,000	—	1,285,000	2,019,000	407,158,000	409,177,000	—
Construction	103,000	—	7,000	110,000	34,915,000	35,025,000	7,000
C&I	404,000	102,000	1,240,000	1,746,000	375,161,000	376,907,000	21,000
Multifamily	1,600,000	160,000	—	1,760,000	157,150,000	158,910,000	—
Agriculture	316,000	—	377,000	693,000	47,452,000	48,145,000	—
Municipal	—	—	—	—	52,074,000	52,074,000	—
Residential							
Term	1,268,000	2,901,000	3,222,000	7,391,000	731,797,000	739,188,000	613,000
Construction	90,000	—	—	90,000	35,242,000	35,332,000	—
Home Equity							
Revolving and Term	1,449,000	391,000	534,000	2,374,000	139,845,000	142,219,000	—
Consumer	152,000	118,000	39,000	309,000	18,560,000	18,869,000	24,000
Total	$ 6,799,000	$ 4,406,000	$10,402,000	$ 21,607,000	$ 2,372,502,000	$ 2,394,109,000	$ 665,000

Information on the past-due status of loans by class of financing receivable as of December 31, 2024, is presented in the following table:

	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	All Past Due	Current	Total	90+ Days & Accruing
Commercial							
Real Estate Owner Occupied	$ —	$ 257,000	$ 292,000	$ 549,000	$ 358,039,000	$ 358,588,000	$ —
Real Estate Non-Owner Occupied	—	—	—	—	403,899,000	403,899,000	—
Construction	—	—	—	—	99,717,000	99,717,000	—
C&I	346,000	1,112,000	540,000	1,998,000	363,819,000	365,817,000	10,000
Multifamily	—	—	—	—	108,732,000	108,732,000	—
Agriculture	115,000	—	—	115,000	52,104,000	52,219,000	—
Municipal	—	—	—	—	61,827,000	61,827,000	—
Residential							
Term	137,000	2,614,000	935,000	3,686,000	707,121,000	710,807,000	778,000
Construction	390,000	—	—	390,000	35,091,000	35,481,000	—
Home Equity							
Revolving and Term	1,074,000	368,000	94,000	1,536,000	121,527,000	123,063,000	—
Consumer	592,000	285,000	232,000	1,109,000	19,681,000	20,790,000	232,000
Total	$ 2,654,000	$ 4,636,000	$ 2,093,000	$ 9,383,000	$ 2,331,557,000	$ 2,340,940,000	$ 1,020,000

Non-Accrual Loans: For all classes, loans are placed on non-accrual status when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement or when principal and interest is 90 days or more past due unless the loan is both well secured and in the process of collection (in which case the loan may continue to accrue interest in spite of its past due status). A loan is "well secured" if it is secured (1) by collateral in the form of liens on or pledges of real or personal property, including securities, that have a realizable value sufficient to discharge the debt (including accrued interest) in full, or (2) by the guarantee of a financially responsible party. A loan is "in the process of collection" if collection of the loan is proceeding in due course either (1) through legal action, including judgment enforcement procedures, or, (2) in appropriate circumstances, through collection efforts not involving legal action which are reasonably expected to result in repayment of the debt or in its restoration to a current status in the near future.

Cash payments received on non-accrual loans are applied to reduce the loan's principal balance until the remaining principal balance is deemed collectible, after which interest is recognized when collected. As a general rule, a loan may be restored to accrual status when payments are current for a substantial period of time, generally six months, and repayment of the remaining contractual amounts is expected, or when it otherwise becomes well secured and in the process of collection.

The following table presents the amortized costs basis of loans on nonaccrual status as of as of December 31, 2025 and 2024 is presented in the following table:

As of December 31,	2025			2024		
	Nonaccrual with Allowance for Credit Loss	Nonaccrual with no Allowance for Credit Loss	Total Nonaccrual	Nonaccrual with Allowance for Credit Loss	Nonaccrual with no Allowance for Credit Loss	Total Nonaccrual
Commercial						
Real Estate Owner Occupied	**$ 1,131,000**	**$ 2,896,000**	**$ 4,027,000**	$ —	$ 553,000	$ 553,000
Real Estate Non-Owner Occupied	**1,285,000**	**61,000**	**1,346,000**	—	61,000	61,000
Construction	**—**	**8,000**	**8,000**	—	18,000	18,000
C&I	**1,297,000**	**617,000**	**1,914,000**	1,359,000	336,000	1,695,000
Multifamily	**—**	**—**	**—**	—	—	—
Agriculture	**—**	**441,000**	**441,000**	—	31,000	31,000
Municipal	**—**	**—**	**—**	—	—	—
Residential						
Term	**115,000**	**4,078,000**	**4,193,000**	—	1,599,000	1,599,000
Construction	**—**	**—**	**—**	—	—	—
Home Equity						
Revolving and Term	**242,000**	**703,000**	**945,000**	—	291,000	291,000
Consumer	**—**	**5,000**	**5,000**	—	—	—
Total	**$ 4,070,000**	**$ 8,809,000**	**$ 12,879,000**	$ 1,359,000	$ 2,889,000	$ 4,248,000

For the years ended December 31, 2025 and 2024, interest income which would have been recognized on these loans, if interest had been accrued, was $466,000 and $172,000, respectively. Loans more than 90 days past due accruing interest totaled $665,000 at December 31, 2025 and $1,020,000 at December 31, 2024. The Company continues to accrue interest on these loans because it believes collection of principal and interest is reasonably assured.

Individually Analyzed Loans: Collectively IAL include loans with balances of $250,000 or more that have either been placed into nonaccrual or are loans identified by management as having characteristics that may impact ultimate collectibility and therefore merit individual analysis. These loans are measured at the present value of expected future cash flows discounted at the loan's effective interest rate or at the fair value of the collateral if the loan is collateral dependent. If the measure of an IAL loan is lower than the recorded investment in the loan and estimated selling costs, a specific reserve is established for the difference, or, in certain situations, if the measure of an IAL loan is lower than the recorded investment in the loan and estimated selling costs, the difference is written off.

The following table presents the amortized cost basis of collateral-dependent loans as of December 31, 2025 and 2024, by collateral type:

	December 31, 2025				December 31, 2024			
	Collateral Type				Collateral Type			
	Commercial Real Estate	Residential Real Estate	Other	Total	Commercial Real Estate	Residential Real Estate	Other	Total
Commercial								
Real estate owner occupied	$ 3,626,000	$ —	$ —	$ 3,626,000	$ 263,000	$ —	$ —	$ 263,000
Real estate non-owner occupied	1,348,000	—	—	1,348,000	67,000	—	—	67,000
Construction	—	—	—	—	—	—	—	—
C&I	—	—	1,300,000	1,300,000	—	—	1,438,000	1,438,000
Multifamily	—	—	—	—	—	—	—	—
Agriculture	—	—	—	—	—	—	—	—
Municipal	—	—	—	—	—	—	—	—
Residential							—	
Term	—	2,912,000	—	2,912,000	—	558,000	—	558,000
Construction	—	—	—	—	—	—	—	—
Home Equity							—	
Revolving and term	—	361,000	—	361,000	—	—	—	—
Consumer	—	—	—	—	—	—	—	—
Total	$ 4,974,000	$ 3,273,000	$1,300,000	$ 9,547,000	$ 330,000	$ 558,000	$1,438,000	$ 2,326,000

Collateral-dependent loans are loans for which the repayment is expected to be provided substantially by the underlying collateral and there are no other available and reliable sources of repayment.

Loan Modifications to Borrowers Experiencing Financial Difficulty: Loan modifications to borrowers experiencing financial difficulty may include interest rate reduction, term extension, payment deferral, principle forgiveness or a combination thereof. It is the intent to minimize future losses while providing borrowers with financial relief.

The following tables represent loan modifications made to borrowers experiencing financial difficulty by modification type and class of financing receivable, during the year ended December 31, 2025:

	Amortized Cost Basis						
	Payment Deferral	Term Extension	Rate Mod	Combination Payment Deferral and Term Extension	Combination Payment Deferral and Rate Mod	Combination of Payment Deferral, Term & Rate Mod	% of Total Class of Financing Receivable
Commercial							
Real estate owner occupied	$ 916,000	$ 163,000	$ —	$ 337,000	$ —	$ —	0.37 %
Real estate non-owner occupied	115,000	251,000	—	—	61,000	1,285,000	0.42 %
C&I	718,000	153,000	362,000	190,000	463,000	—	0.50 %
Multifamily	896,000	—	4,034,000	—	—	—	3.10 %
Agriculture	1,951,000	—	—	—	—	—	4.05 %
Residential							
Term	54,000	—	—	632,000	—	352,000	0.14 %
Home Equity							
Revolving and term	—	—	—	360,000	—	—	0.25 %
Total	$ 4,650,000	$ 567,000	$ 4,396,000	$ 1,519,000	$ 524,000	$ 1,637,000	

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty for the year ended December 31, 2025:

	Payment Deferral
	Financial Effect
Commercial	
Real estate owner occupied	Temporary payment accommodation, payments deferred to end of loan; 5 yr balloon payment
Real estate non-owner occupied	Temporary payment accommodation, payments deferred to end of loan
C&I	Temporary payment accommodation, payments deferred to end of loan
Multifamily	Temporary payment accommodation, payments deferred to end of loan
Agriculture	Temporary payment accommodation, payments deferred to end of loan; payments deferred for 6 months
Residential	
Term	Temporary payment accommodation, payments deferred to end of loan

	Term Extension
	Financial Effect
Commercial	
Real estate owner occupied	Temporary payment accommodation, extended term up to 6 months
Real estate non-owner occupied	Extended term 60 months
C&I	Temporary payment accommodation, extended term 6 months

	Rate Modification
	Financial Effect
Commercial	
C&I	Rate reduction to 6.50%
Multifamily	Rate reduction to 5.00%

	Combination Payment Deferral & Term Extension
	Financial Effect
Commercial	
Real estate owner occupied	Temporary payment accommodation, payments deferred to end of loan
C&I	Temporary payment accommodation, payments deferred to end of loan
Residential	
Term	Temporary payment accommodation, payments deferred to end of loan
Home Equity	
Revolving and term	Temporary payment accommodation, payments deferred to end of loan

	Combination Payment Deferral & Rate Modification
	Financial Effect
Commercial	
Real estate owner occupied	Payments deferred for 6 months; rate reduction to 2.0%
C&I	Payments deferred for 6 months; rate reduction to 2.0%

	Combination Payment Deferral, Term & Rate Modification
	Financial Effect
Commercial	
Real estate non-owner occupied	Seasonal payments, 5 yr balloon; 60 month term, 120 month amort; WSJP 0.50%
Residential	
Term	Seasonal payments, 3 yr balloon; 36 month term, 300 month amort; fixed rate

The following tables represent loan modifications made to borrowers experiencing financial difficulty by modification type and class of financing receivable, during the year ended December 31, 2024:

	Amortized Cost Basis					
	Payment Deferral	Term Extension	Interest Rate Reduction	Principal Forgiveness	Combination Payment Deferral and Term Extension	% of Total Class of Financing Receivable
Commercial						
Real estate owner occupied	$ 633,000	$ —	$ —	$ —	$ —	0.18 %
Construction	69,000	—	—	—	—	0.08 %
C&I	169,000	13,000	—	—	54,000	0.06 %
Multifamily	1,932,000	—	—	—	—	1.75 %
Residential						
Term	1,019,000	127,000	—	—	—	0.16 %
Home Equity						
Revolving and term	—	—	—	—	66,000	0.06 %
Total	$ 3,822,000	$ 140,000	$ —	$ —	$ 120,000	

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty for the year ended December 31, 2024:

	Payment Deferral
	Financial Effect
Commercial	
Real estate owner occupied	Temporary payment accommodation, payments deferred to end of loan
Construction	Temporary payment accommodation, payments deferred to end of loan
C&I	Temporary payment accommodation, payments deferred to end of loan
Multifamily	Temporary payment accommodation, payments deferred to end of loan
Residential	
Term	Temporary payment accommodation, payments deferred to end of loan

	Term Extension
	Financial Effect
Commercial	
C&I	Extended term 12 months
Residential	
Term	Extended term 24 months

	Payment Deferral & Term Extension
	Financial Effect
Commercial	
C&I	Temporary payment accommodation, payments deferred to end of loan; extended term 90 days
Home Equity	
Revolving and term	Temporary payment accommodation, payments deferred to end of loan; extended term 60 days

The Company monitors the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. In its monitoring, the Company considers an event of payment default to be a payment past due thirty days or more, and counts all such events even if subsequently cured. The following tables depict the amortized cost basis of loans that had an event of payment default during the years ended December 31, 2025 and 2024 and were modified in the 12 months prior to that default:

	Amortized Cost Basis		
As of December 31, 2025	Payment Deferral	Combination Payment Deferral and Term Extension	Combination of Payment Deferral, Term & Rate Modification
Commercial			
Real estate owner occupied	$ —	$ 338,000	$ —
Real Estate non-owner occupied	—	—	1,285,000
C&I	30,000	181,000	—
Agriculture	448,000	—	—
Residential			
Term	—	204,000	352,000
Home Equity			
Revolving and term	—	359,000	—
Total	$ 478,000	$ 1,082,000	$ 1,637,000

	Amortized Cost Basis		
As of December 31, 2024	Payment Deferral	Term Extension	Combination Payment Deferral and Term Extension
Commercial			
C&I	$ 41,000	$ 11,000	$ 170,000
Residential			
Term	449,000	125,000	—
Total	$ 490,000	$ 136,000	$ 170,000

The following tables depict the performance of loans that have been modified during the years ended December 31, 2025 and 2024:

		Payment Status (Amortized Cost Basis)		
As of December 31, 2025	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due
Commercial				
Real estate owner occupied	$ 1,079,000	$ —	$ —	$ 337,000
Real estate non-owner occupied	427,000	—	—	1,285,000
Construction	—	—	—	—
C&I	1,675,000	30,000	—	181,000
Multifamily	4,930,000	—	—	—
Agriculture	1,503,000	237,000	—	211,000
Residential				
Term	482,000	—	—	556,000
Home Equity				
Revolving and term	—	—		360,000
Consumer	—	—	—	—
Total	$ 10,096,000	$ 267,000	$ —	$ 2,930,000

		Payment Status (Amortized Cost Basis)		
As of December 31, 2024	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due
Commercial				
Real estate owner occupied	$ 633,000	$ —	$ —	$ —
Real Estate non-owner occupied	—	—	—	—
Construction	69,000	—	—	—
C&I	236,000	—	—	—
Multifamily	1,932,000	—	—	—
Agriculture	—	—	—	—
Residential				
Term	570,000	127,000	449,000	—
Home Equity				
Revolving and term	66,000	—	—	—
Consumer	—	—	—	—
Total	$ 3,506,000	$ 127,000	$ 449,000	$ —

Loans in Process of Foreclosure

As of December 31, 2025, there were seven mortgage loans collateralized by residential real estate with a total balance of $1,754,000 and one home equity line of credit collateralized by residential real estate with a balance of $63,000, in the process of foreclosure. There were also seven commercial loans collateralized by either residential real estate or owner-occupied commercial real estate with a total balance of $3,826,000, in the process of foreclosure. This compares to three mortgage loans collateralized by residential real estate in the process of foreclosure with a total balance of $192,000 as of December 31, 2024.

Note 6. Allowance for Credit Losses

The ACL is a valuation amount that is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans, or portions thereof, are charged off against the allowance when they are deemed uncollectible. The ACL consists of three elements: (1) specific reserves for loans individually analyzed; (2) general reserves for each portfolio segment; and, (3) qualitative reserves. All outstanding loans are considered in evaluating the appropriateness of the allowance. Loans are segmented by common risk characteristics as delineated in the paragraph below. The Company provides for loan losses through the ACL which represents an estimated reserve for losses in the loan portfolio. To determine an appropriate level for general reserves, a discounted cash flow approach is applied to each portfolio segment implementing a probability of default and loss given default estimate based upon a number of factors including historical losses over an economic cycle, economic forecasts, loan prepayment speeds and curtailment rates. To determine an appropriate level for qualitative reserves, various factors are considered including underwriting policies, credit administration practices, experience, ability and depth of lending management, and economic factors not captured in the general reserve calculation.

Loan Portfolio Composition & Risk Characteristics: The loan portfolio is segmented into eleven classes and credit risk is evaluated separately in each class. Major risk characteristics relevant to each portfolio segment are as follows:

Commercial Real Estate Owner Occupied - commercial real estate owner occupied loans consist of mortgage loans to finance investments in real property such as retail space, offices, industrial buildings, hotels, educational facilities, and other specific or mixed use properties. Loans are typically written with amortizing payment structures. Collateral values are determined based on appraisals and evaluations in accordance with established policy and regulatory guidelines. Loans typically have a loan-to-value ratio of up to 80% based upon current valuation information at the time the loan is made, and are primarily paid by the cash flow generated from the real property, typically the operating entity of owner occupant. Risk factors typically include competitive market forces, net operating incomes of the operating entity, and overall economic demand. Loans in the recreational and tourism sector can be affected by weather conditions, such as unseasonably low winter snowfalls. Commercial real estate lending also carries a higher degree of environmental risk than other types of lending.

Commercial Real Estate Non-Owner Occupied - commercial real estate loans non-owner occupied share many of the purpose, loan structure and risk characteristics of owner-occupied commercial real estate. The primary differentiating factor from Owner Occupied is that repayment is generally reliant upon cash flow generated from tenants rather than an operating entity. Risk factors are also influenced by vacancy rates, cap rates, lease renewals, and underlying financial health of lessees.

Commercial Construction - commercial construction loans consist of loans to finance construction in a mix of owner- and non-owner occupied commercial real estate properties. Loans typically have construction periods of less than two years, and payment structures during the construction period are typically on an interest only basis, although principal payments may be established depending on the type of construction project being financed. During the construction phase, commercial construction loans are primarily paid by cash flow generated from the construction project or other operating cash flows from the borrower or guarantors, if applicable. Commercial construction loans will typically convert to permanent financing from the Company, or loan repayment may come from a third party source in the event that the Company will not be providing permanent term financing. Collateral valuation and loan-to-value guidelines follow those for commercial real estate loans. Commercial construction loans are impacted by factors similar to those for commercial real estate loans in addition to risks related to contractor financial capacity and ability to complete a project within acceptable time frames and within budget.

Commercial and Industrial - C&I loans consist of revolving and term loan obligations extended to business and corporate enterprises for the purpose of financing working capital and or capital investment. C&I loans may be secured or unsecured; when secured, collateral generally consists of pledges of business assets including, but not limited to, accounts receivable, inventory, equipment, and/or other tangible and intangible assets. C&I loans are primarily paid by the operating cash flow of the borrower. A weakened economy, soft consumer spending, and the rising cost of labor or raw materials are examples of issues that can impact the credit quality in this segment.

Commercial Multifamily - multifamily loans share structure and risk characteristics with non-owner occupied commercial real estate; underlying collateral is residential in nature rather than commercial, consisting of properties with five or more units.

Municipal Loans - municipal loans are comprised of loans to municipalities in Maine for capitalized expenditures, construction projects, or tax anticipation notes. All municipal loans are considered either general obligations of the municipality collateralized by the taxing ability of the municipality for repayment of debt or have a pledge of specific revenues. The overall health of the economy, including unemployment rates and housing prices, has an impact on the credit quality of this segment.

Agriculture - agriculture loans consist mostly of amortizing term loans and revolving lines of credit made to borrowers in agriculture related industries. For the Company, this includes loans made to land-based agricultural production and to participants in the fishing industry. Collateral values are determined based on appraisals and evaluations in accordance with established policy and regulatory guidelines. Loans are primarily paid by the cash flow generated from the agricultural property or operation of equipment. Risk factors typically include competitive market forces, overall economic demand for the product, and may be further influenced by weather conditions which impact growing and/or harvesting, or other factors such as changes in government regulation(s).

Residential Real Estate Term - residential term loans consist of residential real estate loans made to borrowers who demonstrate the ability to make scheduled payments with full consideration to underwriting factors. Borrower qualifications include favorable credit history combined with supportive income requirements and loan-to-value ratios within established policy and regulatory guidelines. Collateral values are determined based on appraisals and evaluations in accordance with established policy and regulatory guidelines. Residential loans typically have a loan-to-value ratio of up to 80% based on appraisal information at the time the loan is made. Collateral consists of mortgage liens on one-to four-family residential properties. Loans are offered with fixed or adjustable rates with amortization terms of up to thirty years. The overall health of the economy, including unemployment rates and housing prices, has an impact on the credit quality of this segment.

Residential Real Estate Construction - residential construction loans typically consist of loans for the purpose of constructing single family residences to be owned and occupied by the borrower. Borrower qualifications include favorable credit history combined with supportive income requirements and loan-to-value ratios within established policy and regulatory guidelines. Residential construction loans normally have construction terms one year or less and payment during the construction term is typically on an interest only basis from sources including interest reserves, borrower liquidity, and/or income. Residential construction loans will typically convert to permanent financing from the Company or have another financing commitment in place from an acceptable mortgage lender. Collateral valuation and loan-to-value guidelines are consistent with those for residential term loans. Residential construction loans are impacted by factors similar to those for residential real estate term loans in addition to risks related to contractor financial capacity and ability to complete a project within acceptable time frames and within budget.

Home Equity Revolving and Term - home equity revolving and term loans are made to qualified individuals and are secured by senior or junior mortgage liens on owner occupied one- to four-family homes, condominiums, or vacation homes. The home equity line of credit typically has a variable interest rate and is billed as interest-only payments during the draw period. At the end of the draw period, the home equity line of credit is billed as a percentage of the principal balance plus all accrued interest. Loan maturities are normally 300 months. Borrower qualifications include favorable credit history combined with supportive income requirements and combined loan-to-value ratios usually not exceeding 80% inclusive of priority liens. Collateral valuation guidelines follow those for residential real estate loans. The overall health of the economy, including unemployment rates and housing prices, has an impact on the credit quality of this segment.

Consumer - consumer loans include personal lines of credit and amortizing loans made to qualified individuals for various purposes such as autos, recreational vehicles, debt consolidation, personal expenses, or overdraft protection. Borrower qualifications include favorable credit history combined with supportive income and collateral requirements within established policy guidelines. Consumer loans may be secured or unsecured. The overall health of the economy, including unemployment rates, has an impact on the credit quality of this segment.

Construction, land, and land development: CLLD loans, both commercial and residential, represented 22.8% of total Bank capital as of December 31, 2025 and remain below the regulatory guidance of 100.0% of total Bank capital. Construction loans and non-owner-occupied commercial real estate loans represented 207.1% of total Bank capital at December 31, 2025, below the regulatory guidance of 300.0% of total Bank capital.

Composition of the ACL: The following table summarizes the composition of the ACL, by class of financing receivable and allowance, as of December 31, 2025 and 2024:

As of December 31,	**2025**	2024
Allowance for Individually Analyzed Loans		
Commercial		
Real estate owner occupied	**$ 377,000**	$ —
Real estate non-owner occupied	**1,209,000**	—
Construction	**—**	—
C&I	**961,000**	1,047,000
Multifamily	**—**	—
Agriculture	**—**	—
Municipal	**—**	—
Residential		
Term	**87,000**	—
Construction	**—**	—
Home Equity		
Revolving and term	**106,000**	—
Consumer	**—**	—
Total	**$ 2,740,000**	$ 1,047,000
Allowance for Pooled Loans		
Commercial		
Real estate owner occupied	**$ 4,967,000**	$ 5,045,000
Real estate non-owner occupied	**4,611,000**	4,829,000
Construction	**250,000**	944,000
C&I	**4,062,000**	4,317,000
Multifamily	**826,000**	1,239,000
Agriculture	**519,000**	605,000
Municipal	**193,000**	262,000
Residential		
Term	**5,862,000**	5,241,000
Construction	**299,000**	474,000
Home Equity		
Revolving and term	**852,000**	686,000
Consumer	**184,000**	182,000
Total	**$ 22,625,000**	$ 23,824,000
Total Allowance for Credit Losses		
Commercial		
Real estate owner occupied	**$ 5,344,000**	$ 5,045,000
Real estate non-owner occupied	**5,820,000**	4,829,000
Construction	**250,000**	944,000
C&I	**5,023,000**	5,364,000
Multifamily	**826,000**	1,239,000
Agriculture	**519,000**	605,000
Municipal	**193,000**	262,000
Residential		
Term	**5,949,000**	5,241,000
Construction	**299,000**	474,000
Home Equity		
Revolving and term	**958,000**	686,000
Consumer	**184,000**	182,000
Total	**$ 25,365,000**	$ 24,871,000

A breakdown of the ACL as of December 31, 2025 and 2024, by class of financing receivable and allowance element, is presented in the following tables:

As of December 31, 2025	Specific Reserves on Loans Evaluated Individually	General Reserves on Loans Based on Historical Loss Experience	Reserves for Qualitative Factors	Total Reserves
Commercial				
Real estate owner occupied	$ 377,000	$ 4,173,000	$ 794,000	$ 5,344,000
Real estate non-owner occupied	1,209,000	3,979,000	632,000	5,820,000
Construction	—	194,000	56,000	250,000
C&I	961,000	3,522,000	540,000	5,023,000
Multifamily	—	669,000	157,000	826,000
Agriculture	—	472,000	47,000	519,000
Municipal	—	33,000	160,000	193,000
Residential				
Term	87,000	5,270,000	592,000	5,949,000
Construction	—	249,000	50,000	299,000
Home Equity				
Revolving and term	106,000	747,000	105,000	958,000
Consumer	—	174,000	10,000	184,000
	$ 2,740,000	$ 19,482,000	$ 3,143,000	$ 25,365,000

As of December 31, 2024	Specific Reserves on Loans Evaluated Individually	General Reserves on Loans Based on Historical Loss Experience	Reserves for Qualitative Factors	Total Reserves
Commercial				
Real estate owner occupied	$ —	$ 4,355,000	$ 690,000	$ 5,045,000
Real estate non-owner occupied	—	4,237,000	592,000	4,829,000
Construction	—	786,000	158,000	944,000
C&I	1,047,000	3,744,000	573,000	5,364,000
Multifamily	—	1,108,000	131,000	1,239,000
Agriculture	—	449,000	156,000	605,000
Municipal	—	35,000	227,000	262,000
Residential				
Term	—	4,811,000	430,000	5,241,000
Construction	—	414,000	60,000	474,000
Home Equity				
Revolving and term	—	600,000	86,000	686,000
Consumer	—	175,000	7,000	182,000
	$ 1,047,000	$ 20,714,000	$ 3,110,000	$ 24,871,000

The ACL as a percent of total loans stood at 1.06% as of December 31, 2025, and December 31, 2024.

Off-Balance Sheet Credit Exposures: In the ordinary course of business, the Company enters into commitments to extend credit, including construction lines of credit, revolving lines of credit, written commitments to provide financing, commercial letters of credit and standby letters of credit. Such financial instruments are recorded as loans when they are funded.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures: The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The ACL on off-balance sheet credit exposures is adjusted through credit loss expense and any adjustment is recognized in net income. To appropriately measure expected credit losses, management disaggregates off-balance sheet credit exposures into similar risk characteristics, identical to those determined for the loan portfolio. An estimated funding rate is then applied to the qualifying unfunded loan commitments and letters of credit using the Company's own historical experience to estimate the expected funded amount for each loan segment as of the reporting date. Once the expected funded amount for each loan segment is determined, the loss rate, which is the calculated expected loan loss as a percent of the amortized cost basis for each loan segment, is applied to calculate the ACL on off-balance sheet credit exposures as of the reporting date. The Company's ACL on unfunded commitments is recognized as a liability, included within other liabilities on the consolidated balance sheets.

The following table presents the activity in the ACL for off-balance sheet credit exposures for the years ended December 31, 2025 and 2024:

For the years ended December 31,	**2025**	2024
Allowance for credit losses:		
Beginning balance	$ 714,000	$ 1,255,000
Credit loss reduction	(149,000)	(541,000)
Total ending allowance balance	$ 565,000	$ 714,000

Credit Quality Indicators: To monitor the credit quality of its loan portfolio, management applies an internal risk rating system to categorize commercial loan segments. Approximately 60% of commercial loan outstanding balances are subject to review and validation annually by an independent consulting firm. Additionally, commercial loan relationships with exposure greater than or equal to $1,000,000 are subject to review annually by the Company's internal credit review function.

The risk rating system has eight levels, defined as follows:

1 Strong

Credits rated "1" are characterized by borrowers fully responsible for the credit with excellent capacity to pay principal and interest. Loans rated "1" may be secured with acceptable forms of liquid collateral.

2 Above Average

Credits rated "2" are characterized by borrowers that have better than average liquidity, capitalization, earnings, and/or cash flow with a consistent record of solid financial performance.

3 Satisfactory

Credits rated "3" are characterized by borrowers with favorable liquidity, profitability, and financial condition with adequate cash flow to pay debt service.

4 Average

Credits rated "4" are characterized by borrowers that present more risk than 1, 2 and 3 rated loans and merit an ordinary level of ongoing monitoring. Financial condition is on par or somewhat below industry averages while cash flow is generally adequate to meet debt service requirements.

5 Watch

Credits rated "5" are characterized by borrowers that warrant greater monitoring due to financial condition or unresolved and identified risk factors.

6 Other Assets Especially Mentioned

Loans in this category are currently protected but are potentially weak and constitute an undue and unwarranted credit risk, but not to the point of justifying a classification of substandard. OAEM have potential weaknesses which may, if not checked or corrected, weaken the asset or inadequately protect the Company's credit position at some future date.

7 Substandard

Loans in this category are inadequately protected by the paying capacity of the borrower or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. Substandard loans are characterized by the distinct possibility that the Company may sustain some loss if the deficiencies are not corrected.

8 Doubtful

Loans classified "Doubtful" have the same weaknesses as those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, based on currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is high, but because of certain important and reasonably specific pending factors which may work to the advantage and strengthening of the asset, its classification as an estimated loss is deferred until its more exact status may be determined.

Most residential real estate, home equity, and consumer loans are not assigned ratings; therefore they are categorized as performing and non-performing loans. Performing loans include loans that are current and loans that are past due less than 90 days. Loans that are past due more than 90 days are considered non-performing.

The following table summarizes the credit quality for the Company's portfolio by risk category of loans and by class by vintage as of December 31, 2025:

	Term Loans Amortized Cost Basis by Origination Year								
Dollars in thousands	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior**	**Revolving Loans Amortized Cost Basis**	**Revolving Loans Converted to Term**	**Total**
As of December 31, 2025									
Commercial									
Real estate owner occupied									
Pass (risk rating 1-5)	$ 54,972	$ 43,055	$ 65,526	$ 64,412	$ 33,137	$ 94,034	$ 9,906	$ —	$ 365,042
Special Mention (risk rating 6)	135	—	—	—	—	930	—	—	1,065
Substandard (risk rating 7)	—	1,734	1,369	7,263	257	1,533	—	—	12,156
Doubtful (risk rating 8)	—	—	—	—	—	—	—	—	—
Total Real estate owner occupied	55,107	44,789	66,895	71,675	33,394	96,497	9,906	—	378,263
Current period gross write-offs	—	—	—	—	—	(53)	—	—	(53)
Real estate non-owner occupied									
Pass (risk rating 1-5)	56,787	31,264	38,156	65,396	97,598	103,651	11,713	—	404,565
Special Mention (risk rating 6)	—	—	—	1,155	8	1,653	—	—	2,816
Substandard (risk rating 7)	1,421	252	62	—	—	61	—	—	1,796
Doubtful (risk rating 8)	—	—	—	—	—	—	—	—	—
Total Real estate non-owner occupied	58,208	31,516	38,218	66,551	97,606	105,365	11,713	—	409,177
Current period gross write-offs	—	—	—	—	—	—	—	—	—
Construction									
Pass (risk rating 1-5)	12,616	9,741	4,129	2,139	3,509	2,731	—	—	34,865
Special Mention (risk rating 6)	—	—	—	—	—	—	—	—	—
Substandard (risk rating 7)	—	95	—	—	65	—	—	—	160
Doubtful (risk rating 8)	—	—	—	—	—	—	—	—	—
Total Construction	12,616	9,836	4,129	2,139	3,574	2,731	—	—	35,025
Current period gross write-offs	—	—	—	—	—	—	—	—	—
C&I									
Pass (risk rating 1-5)	49,189	66,218	44,355	37,597	33,302	30,562	88,210	22,540	371,973
Special Mention (risk rating 6)	30	315	172	383	289	65	562	—	1,816
Substandard (risk rating 7)	867	26	911	319	32	496	467	—	3,118
Doubtful (risk rating 8)	—	—	—	—	—	—	—	—	—
Total C&I	50,086	66,559	45,438	38,299	33,623	31,123	89,239	22,540	376,907
Current period gross write-offs	—	(47)	(635)	—	(24)	(627)	—	—	(1,333)
Agriculture									
Pass (risk rating 1-5)	8,670	9,778	2,405	4,614	3,381	15,176	1,960	177	46,161
Special Mention (risk rating 6)	—	—	—	—	—	—	—	—	—
Substandard (risk rating 7)	1,323	90	254	211	—	106	—	—	1,984
Doubtful (risk rating 8)	—	—	—	—	—	—	—	—	—
Total Agriculture	9,993	9,868	2,659	4,825	3,381	15,282	1,960	177	48,145
Current period gross write-offs	—	—	—	—	(27)	—	—	—	(27)
Multifamily									
Pass (risk rating 1-5)	45,208	16,212	8,366	44,110	17,488	19,093	768	—	151,245
Special Mention (risk rating 6)	160	—	1,600	—	271	—	—	—	2,031
Substandard (risk rating 7)	—	2,411	—	1,020	1,307	896	—	—	5,634
Doubtful (risk rating 8)	—	—	—	—	—	—	—	—	—
Total Multifamily	45,368	18,623	9,966	45,130	19,066	19,989	768	—	158,910
Current period gross write-offs	—	—	—	—	—	—	—	—	—

	Term Loans Amortized Cost Basis by Origination Year								
Dollars in thousands	2025	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
As of December 31, 2025									
Municipal									
Pass (risk rating 1-5)	6,274	6,872	16,482	2,798	4,287	15,361	—	—	52,074
Special Mention (risk rating 6)	—	—	—	—	—	—	—	—	—
Substandard (risk rating 7)	—	—	—	—	—	—	—	—	—
Doubtful (risk rating 8)	—	—	—	—	—	—	—	—	—
Total Municipal	6,274	6,872	16,482	2,798	4,287	15,361	—	—	52,074
Current period gross write-offs	—	—	—	—	—	—	—	—	—
Residential									
Term									
Performing	67,304	83,037	86,924	138,568	113,437	244,356	1,251	118	734,995
Non-performing	391	166	51	604	954	2,027	—	—	4,193
Total Term	67,695	83,203	86,975	139,172	114,391	246,383	1,251	118	739,188
Current period gross write-offs	—	—	—	—	—	(1)	—	—	(1)
Construction									
Performing	31,024	3,785	108	415	—	—	—	—	35,332
Non-performing	—	—	—	—	—	—	—	—	—
Total Construction	31,024	3,785	108	415	—	—	—	—	35,332
Current period gross write-offs	—	—	—	—	—	—	—	—	—
Home equity revolving and term									
Performing	9,488	11,274	7,782	7,396	1,558	2,266	92,710	8,800	141,274
Non-performing	—	136	14	80	242	203	88	182	945
Total Home equity revolving and term	9,488	11,410	7,796	7,476	1,800	2,469	92,798	8,982	142,219
Current period gross write-offs	—	—	—	—	—	—	—	—	—
Consumer									
Performing	2,133	1,761	1,464	621	146	5,541	7,198	—	18,864
Non-performing	—	—	—	—	—	5	—	—	5
Total Consumer	2,133	1,761	1,464	621	146	5,546	7,198	—	18,869
Current period gross write-offs	(20)	(60)	(42)	(23)	(23)	(161)	—	—	(329)
Total loans	$ 347,992	$ 288,222	$ 280,130	$ 379,101	$ 311,268	$ 540,746	$ 214,833	$ 31,817	$ 2,394,109

The following table summarizes the credit quality for the Company's portfolio by risk category of loans and by class by vintage as of December 31, 2024:

	Term Loans Amortized Cost Basis by Origination Year								
Dollars in thousands	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
As of December 31, 2024									
Commercial									
Real estate owner occupied									
Pass (risk rating 1-5)	$ 47,724	$ 62,376	$ 77,469	$ 39,635	$ 26,448	$ 81,529	$ 10,727	$ 1,126	$ 347,034
Special Mention (risk rating 6)	125	3,026	5,334	—	195	1,603	50	—	10,333
Substandard (risk rating 7)	41	261	—	257	160	502	—	—	1,221
Doubtful (risk rating 8)	—	—	—	—	—	—	—	—	—
Total Real estate owner occupied	47,890	65,663	82,803	39,892	26,803	83,634	10,777	1,126	358,588
Current period gross write-offs	—	—	—	—	—	—	—	—	—
Real estate non-owner occupied									
Pass (risk rating 1-5)	33,083	29,546	72,025	113,630	45,421	96,778	11,241	1,520	403,244
Special Mention (risk rating 6)	—	62	—	44	—	199	—	—	305
Substandard (risk rating 7)	289	—	—	—	—	61	—	—	350
Doubtful (risk rating 8)	—	—	—	—	—	—	—	—	—
Total Real estate non-owner occupied	33,372	29,608	72,025	113,674	45,421	97,038	11,241	1,520	403,899
Current period gross write-offs	—	—	—	—	—	—	—	—	—
Construction									
Pass (risk rating 1-5)	36,478	22,629	26,650	7,826	1,356	2,314	—	—	97,253
Special Mention (risk rating 6)	—	—	2,007	44	—	199	—	—	2,250
Substandard (risk rating 7)	145	—	—	69	—	—	—	—	214
Doubtful (risk rating 8)	—	—	—	—	—	—	—	—	—
Total Construction	36,623	22,629	28,657	7,939	1,356	2,513	—	—	99,717
Current period gross write-offs	—	—	—	—	—	—	—	—	—
C&I									
Pass (risk rating 1-5)	69,543	50,204	45,986	39,217	14,958	25,284	114,567	778	360,537
Special Mention (risk rating 6)	25	15	561	478	723	—	900	—	2,702
Substandard (risk rating 7)	473	1,227	356	30	15	19	200	—	2,320
Doubtful (risk rating 8)	—	—	—	—	—	258	—	—	258
Total C&I	70,041	51,446	46,903	39,725	15,696	25,561	115,667	778	365,817
Current period gross write-offs	—	(128)	(39)	(72)	(47)	(165)	—	—	(451)
Agriculture									
Pass (risk rating 1-5)	11,694	2,749	5,790	3,835	14,651	6,023	4,546	215	49,503
Special Mention (risk rating 6)	—	474	—	52	—	152	600	—	1,278
Substandard (risk rating 7)	—	75	731	30	—	602	—	—	1,438
Doubtful (risk rating 8)	—	—	—	—	—	—	—	—	—
Total Agriculture	11,694	3,298	6,521	3,917	14,651	6,777	5,146	215	52,219
Current period gross write-offs	—	—	—	—	—	—	—	—	—
Multifamily									
Pass (risk rating 1-5)	14,048	13,102	33,558	17,335	14,483	12,152	781	—	105,459
Special Mention (risk rating 6)	—	—	—	—	—	—	—	—	—
Substandard (risk rating 7)	—	—	1,020	1,341	912	—	—	—	3,273
Doubtful (risk rating 8)	—	—	—	—	—	—	—	—	—
Total Multifamily	14,048	13,102	34,578	18,676	15,395	12,152	781	—	108,732
Current period gross write-offs	—	—	—	—	—	—	—	—	—

Dollars in thousands	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	Term Loans Amortized Cost Basis by Origination Year								
As of December 31, 2024									
Municipal									
Pass (risk rating 1-5)	9,503	18,642	4,017	3,822	8,498	17,345	—	—	61,827
Special Mention (risk rating 6)	—	—	—	—	—	—	—	—	—
Substandard (risk rating 7)	—	—	—	—	—	—	—	—	—
Doubtful (risk rating 8)	—	—	—	—	—	—	—	—	—
Total Municipal	9,503	18,642	4,017	3,822	8,498	17,345	—	—	61,827
Current period gross write-offs	—	—	—	—	—	—	—	—	—
Residential									
Term									
Performing	56,378	94,816	148,877	130,413	84,028	192,466	2,109	121	709,208
Non-performing	—	—	297	257	380	665	—	—	1,599
Total Term	56,378	94,816	149,174	130,670	84,408	193,131	2,109	121	710,807
Current period gross write-offs	—	—	—	—	—	(37)	—	—	(37)
Construction									
Performing	26,386	7,487	925	—	683	—	—	—	35,481
Non-performing	—	—	—	—	—	—	—	—	—
Total Construction	26,386	7,487	925	—	683	—	—	—	35,481
Current period gross write-offs	—	—	—	—	—	—	—	—	—
Home equity revolving and term									
Performing	12,449	8,917	8,310	1,894	1,021	1,857	79,132	9,192	122,772
Non-performing	—	—	—	—	—	96	15	180	291
Total home equity revolving and term	12,449	8,917	8,310	1,894	1,021	1,953	79,147	9,372	123,063
Current period gross write-offs	—	—	—	—	—	(7)	—	—	(7)
Consumer									
Performing	3,146	2,438	1,218	734	1,114	5,805	6,335	—	20,790
Non-performing	—	—	—	—	—	—	—	—	—
Total Consumer	3,146	2,438	1,218	734	1,114	5,805	6,335	—	20,790
Current period gross write-offs	(13)	(53)	(72)	(39)	(20)	(55)	—	—	(252)
Total loans	$ 321,530	$ 318,046	$ 435,131	$ 360,943	$ 215,046	$ 445,909	$ 231,203	$ 13,132	$ 2,340,940

The following table presents ACL activity by class for the year ended December 31, 2025:

	Commercial						Municipal	Residential		Home Equity	Consumer	Total
Dollars in thousands	**Real Estate Owner Occupied**	**Real Estate Non-Owner Occupied**	**Construction**	**C&I**	**Multifamily**	**Agriculture**		**Term**	**Construction**	**Revolving and Term**		
For the year ended December 31, 2025												
Beginning balance	$ 5,045	$ 4,829	$ 944	$ 5,364	$ 1,239	$ 605	$ 262	$ 5,241	$ 474	$ 686	$ 182	$ 24,871
Chargeoffs	(53)	—	—	(1,333)	—	(27)	—	(1)	—	—	(329)	(1,743)
Recoveries	—	—	—	76	—	—	—	7	—	16	89	188
Credit loss expense (reduction)	352	991	(694)	916	(413)	(59)	(69)	702	(175)	256	242	2,049
Ending balance	$ 5,344	$ 5,820	$ 250	$ 5,023	$ 826	$ 519	$ 193	$ 5,949	$ 299	$ 958	$ 184	$ 25,365

The following table presents ACL activity by class for the year ended December 31, 2024:

	Commercial						Municipal	Residential		Home Equity	Consumer	Total
Dollars in thousands	**Real Estate Owner Occupied**	**Real Estate Non-Owner Occupied**	**Construction**	**C&I**	**Multifamily**	**Agriculture**		**Term**	**Construction**	**Revolving and term**		
For the year ended December 31, 2024												
Beginning balance	$ 4,633	$ 4,285	$ 1,978	$ 5,001	$ 1,318	$ —	$ 334	$ 4,991	$ 618	$ 626	$ 246	$ 24,030
Chargeoffs	—	—	—	(451)	—	—	—	(37)	—	(7)	(252)	(747)
Recoveries	100	—	—	25	—	—	—	32	—	24	103	284
Credit loss expense (reduction)	312	544	(1,034)	789	(79)	605	(72)	255	(144)	43	85	1,304
Ending balance	$ 5,045	$ 4,829	$ 944	$ 5,364	$ 1,239	$ 605	$ 262	$ 5,241	$ 474	$ 686	$ 182	$ 24,871

The following table presents allowance for loan losses activity by class for the year ended December 31, 2023:

	Commercial					Municipal	Residential		Home Equity	Consumer	Unallocated	Total
Dollars in thousands	**Real Estate Owner Occupied**	**Real Estate Non-Owner Occupied**	**Construction**	**C&I**	**Multifamily**		**Term**	**Construction**	**Revolving and term**			
For the year ended December 31, 2023												
Beginning balance prior to adoption of ASC 326	$ 6,116	$ —	$ 821	$ 3,097	$ —	$ 162	$ 2,559	$ 199	$ 1,029	$ 1,062	$ 1,678	$ 16,723
Chargeoffs	(40)	—	—	(153)	—	—	—	—	(50)	(194)	—	(437)
Recoveries	2	75	—	3	—	—	14	—	13	97	—	204
Credit loss expense (reduction)	241	(105)	214	409	134	40	540	(316)	90	83	—	1,330
Impact of adopting ASC 326	$ (1,686)	$ 4,315	$ 943	$ 1,645	$ 1,184	$ 132	$ 1,878	$ 735	$ (456)	$ (802)	$ (1,678)	$ 6,210
Ending balance	$ 4,633	$ 4,285	$ 1,978	$ 5,001	$ 1,318	$ 334	$ 4,991	$ 618	$ 626	$ 246	$ —	$ 24,030

As of December 31, 2025 and 2024, the significant model inputs and assumptions used within the discounted cash flow model for purposes of estimating the ACL on loans were:

Macroeconomic (loss) drivers: The following loss drivers for each loan segment were used to calculate the expected probability of default over the forecast and reversion period:

- Commercial Real Estate Owner Occupied: FOMC median forecasts of national unemployment
- Commercial Real Estate Non-Owner Occupied: FOMC median forecasts of national unemployment
- Commercial Construction: FOMC median forecasts of national unemployment and change in national real GDP
- Commercial & Industrial: FOMC median forecasts of national unemployment and change in national real GDP
- Commercial Multifamily: FOMC median forecast of national unemployment
- Commercial Agriculture: FOMC median forecasts of national unemployment and change in national real GDP
- Municipal: Probability of default is measured based upon an index supplied by a nationally recognized ratings agency
- Residential Real Estate Term: FOMC median forecasts of national unemployment
- Residential Real Estate Construction: FOMC median forecast of national unemployment and change in national real GDP
- Home Equity Revolving & Term: FOMC median forecasts of national unemployment
- Consumer: FOMC median forecast of national unemployment and forecasted retail sales sourced from nationally known provider

Reasonable and supportable forecast period: The ACL on loans estimate used a reasonable and supportable forecast period of one year.
Reversion period: The ACL on loans estimate used a reversion period of one year.
Prepayment speeds: The estimate of prepayment speed for each loan segment is updated quarterly and derived using internally sourced prepayment data.
Qualitative factors: The ACL on loans estimate incorporated various qualitative factors into the calculation such as changes in lending policies, changes in the nature and volume and terms of loans, changes in the experience, depth and ability of lending management, and economic factors not captured in the quantitative model.

Note 7. Premises and Equipment

Premises and equipment are carried at cost and consist of the following:

As of December 31,	**2025**	2024
Land	**$ 6,144,000**	$ 6,232,000
Land improvements	**2,142,000**	2,043,000
Buildings	**34,748,000**	33,033,000
Equipment	**12,183,000**	11,217,000
	55,217,000	52,525,000
Less accumulated depreciation	**26,450,000**	24,670,000
Total premises and equipment	**$ 28,767,000**	$ 27,855,000

Future minimum receipts under lease agreements at December 31, 2025 by year and in the aggregate are:

2026	$116,000
2027	116,000
2028	4,000
2029	4,000
2030	4,000
Thereafter	4,000
	$248,000

Leases

The Company enters into operating leases in the normal course of business primarily for bank branch locations. The Company's operating leases have remaining terms ranging from one to 17 years, including options to renew.

The right-of-use asset and lease liability by lease type, and the associated balance sheet classifications as of December 31, 2025 and 2024 were as follows:

		Balance Sheet Classification		
			2025	2024
Right-of-use assets:				
	Operating leases	Premises and equipment, net	**$477,000**	$565,000
Lease liabilities:				
	Operating leases	Other liabilities	**$477,000**	$565,000

Supplemental Lease Information

As of December 31,	**2025**	2024
Operating lease weighted average remaining lease term (years)	**15.3**	14.7
Operating lease weighted average discount rate	**1.79** %	1.73 %
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	**$97,000**	$97,000

Lease expense for the year ended December 31, 2025 related to these leases was $97,000. There was $97,000 in lease expense for 2024 and $97,000 for 2023.

Future lease payments for operating leases with initial terms of one year or more as of December 31, 2025 are as follows:

2026	$91,000
2027	28,000
2028	28,000
2029	28,000
2030	28,000
Thereafter	347,000
Total undiscounted lease payments	550,000
Less: imputed interest	73,000
Net lease liability	$477,000

Note 8. Other Real Estate Owned

The following summarizes OREO:

As of December 31,	**2025**	2024
Real estate acquired in settlement of loans	**$ —**	$ 208,000

Changes in the allowance for losses from OREO were as follows:

For the years ended December 31,	**2025**	2024	2023
Balance at beginning of year	**$ 35,000**	$ —	$ —
Losses charged to allowance	**(35,000)**	—	—
Provision		35,000	—
Balance at end of year	**$ —**	$ 35,000	$ —

Note 9. Income Taxes

The current and deferred components of income tax expense (benefit) were as follows:

For the years ended December 31,	**2025**	2024	2023
Federal income tax			
Current	**$ 6,859,000**	$ 4,986,000	$ 7,011,000
Deferred	**81,000**	20,000	(1,360,000)
	6,940,000	5,006,000	5,651,000
State franchise tax	**605,000**	533,000	533,000
	$ 7,545,000	$ 5,539,000	$ 6,184,000

The actual tax expense differs from the expected tax expense (computed by applying the applicable U.S. Federal corporate income tax rate to income before income taxes) as follows:

For the years ended December 31,	**2025**		2024		2023	
	Rate	Expense	Rate	Expense	Rate	Expense
Pretax income from continuing operations		**$ 41,939,000**		$ 32,584,000		$ 35,702,000
U.S. Federal statutory income tax rate		**21.00%**		21.00%		21.00%
Expected tax expense at statutory rate	**21.00 %**	**$ 8,807,000**	21.00 %	$ 6,843,000	21.00 %	$ 7,498,000
Nontaxable or nondeductible Items						
Tax exempt income	**(5.76)%**	**$ (2,417,000)**	(7.18)%	$ (2,340,000)	(6.23)%	$ (2,224,000)
Nondeductible interest expense	**2.09 %**	**877,000**	2.88 %	940,000	2.08 %	743,000
Other nontaxable income and nondeductible expenses	**0.08 %**	**32,000**	0.09 %	29,000	0.07 %	24,000
State and local taxes, net of federal tax benefit	**1.14 %**	**478,000**	1.29 %	421,000	1.18 %	421,000
Tax credits, net of amortization						
Historical tax credits	**(2.99)%**	**(1,252,000)**	(2.81)%	(915,000)	(0.26)%	(92,000)
Low Income Housing tax credits	**(0.66)%**	**(275,000)**	(0.96)%	(313,000)	(0.98)%	(350,000)
Other tax credits	**(0.06)%**	**(27,000)**	(0.08)%	(27,000)	(0.08)%	(27,000)
Amortization of tax credit investments	**2.96 %**	**1,241,000**	3.08 %	1,002,000	0.75 %	268,000
Other	**0.19 %**	**81,000**	(0.31)%	(101,000)	(0.22)%	(77,000)
Foreign tax effects	**— %**	**—**	— %	—	— %	—
Effect of changes in tax laws or rates enacted in the current period	**— %**	**—**	— %	—	— %	—
Effect of cross-border tax laws	**— %**	**—**	— %	—	— %	—
Changes in valuation allowances	**— %**	**—**	— %	—	— %	—
Changes in unrecognized tax benefits	**— %**	**—**	— %	—	— %	—
Reported income tax expense	**17.99 %**	**$ 7,545,000**	17.00 %	$ 5,539,000	17.32 %	$ 6,184,000
Effective income tax rate		**17.99%**		17.00%		17.32%

State taxes in Maine made up the majority (greater than 50%) of the effect of the state and local income tax category.

Income taxes paid were as follows:

For the years ended December 31,	**2025**	2024	2023
Domestic Federal Income Taxes Paid	**$ 5,100,000**	$ 3,997,000	$ 5,100,000
Domestic State Income Taxes Paid	**570,000**	530,000	521,000
Total Income Taxes Paid	**$ 5,670,000**	$ 4,527,000	$ 5,621,000

Deferred tax assets and liabilities are classified in other assets and other liabilities in the consolidated balance sheets. No valuation allowance is deemed necessary for the deferred tax asset. Items that give rise to the deferred income tax assets and liabilities and the tax effect of each at December 31, 2025 and 2024 are as follows:

	2025	2024
Allowance for credit losses	**$ 5,476,000**	$ 5,414,000
OREO	**—**	7,000
Accrued pension and post-retirement	**689,000**	718,000
Unrealized loss on securities available for sale	**8,331,000**	11,343,000
Unrealized loss on derivative instruments	**905,000**	1,020,000
Unrealized loss on securities transferred from available for sale to held to maturity	**10,000**	12,000
Restricted stock grants	**349,000**	367,000
Core deposit intangible	**21,000**	25,000
Investment in flow through entities	**144,000**	141,000
Other assets	**22,000**	26,000
Total deferred tax asset	**15,947,000**	19,073,000
Net deferred loan costs	**(2,900,000)**	(2,826,000)
Depreciation	**(2,266,000)**	(2,253,000)
Goodwill	**(424,000)**	(371,000)
Mortgage servicing rights	**(348,000)**	(398,000)
Unrealized gain on derivative instruments	**(905,000)**	(1,062,000)
Prepaid expense	**(273,000)**	(292,000)
Total deferred tax liability	**(7,116,000)**	(7,202,000)
Net deferred tax asset	**$ 8,831,000**	$ 11,871,000

The Company invests in low income housing and historical tax credit structures. At December 31, 2025 and 2024, the carrying value of these investments was $3,224,000 and $2,069,000, respectively, and is recorded in other assets. Total unfunded commitments related to the investments in tax credit structures totaled $3,946,000 and $2,826,000 at December 31, 2025 and 2024, respectively. The company expects to fulfill these commitments during 2026 and 2027. Amortization of the investments in these entities totaled $1,253,000 and $1,029,000 for the years ended December 31, 2025 and 2024, respectively, and is recognized as a component of income tax expense in the consolidated statements of income and shown as amortization of investments in tax credit structures on the consolidated statements of cash flows. The tax credits from the investments are estimated at $1,527,000 and $1,228,000 for the years ended December 31, 2025 and 2024, respectively, and are recorded as a reduction of income tax expense.

FASB ASC Topic 740, "Income Taxes," defines the criteria that an individual tax position must satisfy for some or all of the benefits of that position to be recognized in a company's financial statements. Topic 740 prescribes a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. The Company is currently open to audit under the statute of limitations by the IRS for the years ended December 31, 2022 through 2025.

Note 10. Certificates of Deposit

The following table represents the breakdown of CDs at December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Certificates of deposit < $100,000	**$ 638,931,000**	$ 702,632,000
Certificates $100,000 to $250,000	**190,676,000**	225,106,000
Certificates $250,000 and over	**147,656,000**	187,073,000
	$ 977,263,000	$ 1,114,811,000

At December 31, 2025, the scheduled maturities of CDs are as follows:

Year of Maturity	Less than $100,000	$100,000 and Greater	All Certificates of Deposit
2026	$ 394,908,000	$ 332,759,000	$ 727,667,000
2027	137,254,000	3,488,000	140,742,000
2028	104,623,000	928,000	105,551,000
2029	1,039,000	250,000	1,289,000
2030	1,107,000	907,000	2,014,000
	$ 638,931,000	$ 338,332,000	$ 977,263,000

Note 11. Borrowed Funds

Borrowed funds may consist of Discount Window borrowings from the FRB, advances from the FHLB and securities sold under agreements to repurchase with customers. Pursuant to collateral agreements, FHLB advances are collateralized by all stock in FHLB, qualifying first mortgage loans, U.S. Government and Agency securities not pledged to others, and funds on deposit with FHLB. All FHLB advances as of December 31, 2025 had fixed rates of interest until their respective maturity dates. Securities sold under agreements to repurchase include U.S. agencies securities and other securities. Repurchase agreements have maturity dates ranging from one day to one year. The Bank also has in place $101,000,000 in credit lines with correspondent banks and a credit facility of $313,000,000 with the FRBB using securities, commercial loans and home equity loans as collateral. Of the correspondent bank and FRB credit lines, none were in use as of December 31, 2025.

Borrowed funds at December 31, 2025 and 2024 have the following range of interest rates and maturity dates:

As of December 31, 2025		
Federal Home Loan Bank Advances		
2026	3.20% - 3.87%	$ 42,000,000
2027	4.12%	35,000,000
2028	3.86%	35,000,000
2029	0.00%	—
2030 and thereafter	0.00% - 3.20%	25,500,000
		137,500,000
Repurchase agreements		
Municipal and commercial customers	0.05% - 4.03%	50,321,000
		$ 187,821,000
As of December 31, 2024		
Federal Home Loan Bank Advances		
2025	0.00%	$ —
2026	0.00%	—
2027	3.97% - 4.12%	70,000,000
2028	0.00%	—
2029 and thereafter	2.89%	25,000,000
		95,000,000
Repurchase agreements		
Municipal and commercial customers	0.05% - 5.00%	51,278,000
		$ 146,278,000

Note 12. Employee Benefit Plans

401(k) Plan

The Bank has a defined contribution plan available to substantially all employees who have completed three months of service. Employees may contribute up to Internal Revenue Service determined limits and the Bank may provide a match to employee contributions not to exceed 3.0% of compensation depending on contribution level. The Plan is a safe harbor plan whereby the Bank also contributes a minimum 3.0% of annual compensation to the plan for all eligible employees. The expense related to the 401(k) plan was $1,083,000, $1,108,000, and $1,067,000 in 2025, 2024, and 2023, respectively.

Deferred Compensation and Supplemental Retirement Plan
The Bank also provides unfunded supplemental retirement benefits for certain officers, payable in installments over 20 years commencing upon retirement or death. The agreements consist of individual contracts with differing characteristics that, when taken together, do not constitute a post-retirement plan. There are no active officers eligible for these benefits. The costs for these benefits are recognized over the service periods of the participating officers in accordance with FASB ASC Topic 712, "Compensation – Nonretirement Postemployment Benefits". The expense of these supplemental plans was $169,000 in 2025, $201,000 in 2024, and $57,000 in 2023. As of December 31, 2025 and 2024, the accrued liability of these plans was $2,460,000 and $2,578,000, respectively, and is recorded in other liabilities.

Postretirement Benefit Plans
The Bank sponsors two postretirement benefit plans. One plan currently provides a subsidy for health insurance premiums to certain retired employees; these subsidies are based on years of service and range between $40 and $1,200 per month per person. The other plan provides life insurance coverage to certain retired employees and health insurance for retired directors. None of these plans are prefunded. The Company utilizes FASB ASC Topic 712 to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its balance sheet and to recognize changes in the funded status in the year in which the changes occur through OCI.

The following table sets forth the accumulated post-retirement benefit obligation and funded status:

At December 31,	**2025**	2024	2023
Change in benefit obligations			
Benefit obligation at beginning of year:	**$ 843,000**	$ 919,000	$ 1,050,000
Interest cost	**42,000**	41,000	48,000
Benefits paid	**(66,000)**	(73,000)	(79,000)
Actuarial gain	**1,000**	(44,000)	(100,000)
Benefit obligation at end of year:	**$ 820,000**	$ 843,000	$ 919,000
Funded status			
Benefit obligation at end of year	**$ (820,000)**	$ (843,000)	$ (919,000)
Unamortized gain	**(304,000)**	(363,000)	(384,000)
Accrued benefit cost	**$(1,124,000)**	$ (1,206,000)	$ (1,303,000)
Weighted average discount rate as of December 31	**4.91 %**	5.30 %	4.67 %

The following table sets forth the net periodic benefit cost:

For the years ended December 31,	**2025**	2024	2023
Components of net periodic benefit cost			
Interest cost	**$ 42,000**	$ 41,000	$ 48,000
Amortization of gains	**(33,000)**	(33,000)	—
Other settlement income	**(24,000)**	(31,000)	(33,000)
Net periodic benefit (credit) cost	**$ (15,000)**	$ (23,000)	$ 15,000
Weighted average discount rate for net periodic cost	**5.30 %**	4.67 %	4.75 %

The measurement date for benefit obligations was as of year-end for all years presented. The estimated amount of benefits to be paid in 2026 is $85,000. For years ending 2027 through 2030, the estimated amount of benefits to be paid is $83,000, $80,000, $77,000 and $75,000, respectively, and the total estimated amount of benefits to be paid for years ended 2030 through 2033 is $328,000. Per actuarial projections, plan expense for 2026 is estimated to be $0.

In accordance with FASB ASC Topic 715, "Compensation – Retirement Benefits", amounts not yet reflected in net periodic benefit cost and included in AOCI are as follows:

At December 31,		**2025**		2024		Portion to Be Recognized in Income in 2026
Unamortized net actuarial gain	**$**	**304,000**	$	363,000	$	—
Deferred tax expense at 21%		**(64,000)**		(76,000)		—
Net unrecognized post-retirement benefits included in accumulated other comprehensive income	**$**	**240,000**	$	287,000	$	—

Note 13. Other Comprehensive Income (Loss)

The following table summarizes activity in the unrealized gain or loss on AFS securities included in OCI for the years ended December 31, 2025, 2024 and 2023:

For the years ended December 31,	**2025**	2024	2023
Balance at beginning of year	**$ (42,671,000)**	$ (39,575,000)	$ (44,718,000)
Unrealized gains (losses) arising during the year	**14,341,000**	(3,919,000)	6,510,000
Related deferred taxes	**(3,011,000)**	823,000	(1,367,000)
Net change	**11,330,000**	(3,096,000)	5,143,000
Balance at end of year	**$ (31,341,000)**	$ (42,671,000)	$ (39,575,000)

The reclassification of realized gains is included in the net securities gains line of the consolidated statements of income and comprehensive income and the tax effect is included in the income tax expense line of the same statement.

The following table summarizes activity in the unrealized loss on securities transferred from AFS to HTM included in OCI for the years ended December 31, 2025, 2024, and 2023:

For the years ended December 31,		**2025**		2024		2023
Balance at beginning of year	**$**	**(47,000)**	$	(56,000)	$	(64,000)
Amortization of net unrealized gains		**11,000**		11,000		10,000
Related deferred taxes		**(2,000)**		(2,000)		(2,000)
Net change		**9,000**		9,000		8,000
Balance at end of year	**$**	**(38,000)**	$	(47,000)	$	(56,000)

The following table represents the effect of the Company's derivative financial instruments included in OCI for the years ended December 31, 2025, 2024, and 2023:

For the years ended December 31,		**2025**		2024		2023
Balance at beginning of year	**$**	**157,000**	$	300,000	$	544,000
Unrealized losses on cash flow hedging derivatives arising during the year		**(198,000)**		(181,000)		(309,000)
Related deferred taxes		**41,000**		38,000		65,000
Net change		**(157,000)**		(143,000)		(244,000)
Balance at end of year	**$**	**—**	$	157,000	$	300,000

The following table summarizes activity in the unrealized gain or loss on postretirement benefits included in OCI for the years ended December 31, 2025, 2024, and 2023:

For the years ended December 31,	**2025**	2024	2023
Unrecognized postretirement benefits at beginning of year	**$ 287,000**	$ 303,000	$ 273,000
Change in unamortized net actuarial gain	**(59,000)**	(21,000)	39,000
Related deferred taxes	**12,000**	5,000	(9,000)
Net change	**(47,000)**	(16,000)	30,000
Unrecognized postretirement benefits at end of year	**$ 240,000**	$ 287,000	$ 303,000

The reclassification of accumulated losses is a component of net periodic benefit cost (see Note 12) and the income tax effect is included in the income tax expense line of the consolidated statements of income and comprehensive income.

Note 14 - Financial Derivative Instruments

The Bank uses derivative financial instruments for risk management purposes and not for trading or speculative purposes. As part of its overall asset and liability management strategy, the Bank periodically uses derivative instruments to minimize significant unplanned fluctuations in earnings and cash flows caused by interest rate volatility. The Bank's interest rate risk management strategy involves modifying the re-pricing characteristics of certain assets or liabilities so that changes in interest rates do not have a significant effect on net interest income.

The Bank recognizes its derivative instruments in the consolidated balance sheets at fair value. On the date the derivative instrument is entered into, the Bank designates whether the derivative is part of a hedging relationship (i.e., cash flow or fair value hedge). The Bank formally documents relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking hedge transactions. The Bank also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives used in hedging transactions are highly effective in offsetting the changes in cash flows or fair values of hedged items. Changes in fair value of derivative instruments that are highly effective and qualify as cash flow hedges are recorded in OCI. Any ineffective portion is recorded in earnings. The Bank discontinues hedge accounting when it is determined that the derivative is no longer highly effective in offsetting changes of the hedged risk on the hedged item, or management determines that the designation of the derivative as a hedging instrument is no longer appropriate.

The details of the Bank's swap agreements are as follows:

					December 31, 2025		December 31, 2024	
Effective Date	Maturity Date	Variable Index Received	Fixed Rate Paid	Presentation on Consolidated Balance Sheets	Notional Amount	Fair Value	Notional Amount	Fair Value
				Cash Flow Hedges				
01/10/2023	01/01/2026	USD-SOFR-OIS COMPOUND	3.836%	Other Assets	**$ 75,000,000**	**$ —**	$ 75,000,000	$ 198,000
					$ 75,000,000	**$ —**	$ 75,000,000	$ 198,000
				Fair Value Hedges				
03/08/2023	03/01/2026	USD-SOFR-OIS COMPOUND	4.712%	Other Liabilities	**$ —**	**$ —**	$ 40,000,000	$ (270,000)
03/08/2023	03/01/2027	USD-SOFR-OIS COMPOUND	4.402%	Other Liabilities	**30,000,000**	**(352,000)**	30,000,000	(216,000)
03/08/2023	03/01/2028	USD-SOFR-OIS COMPOUND	4.189%	Other Liabilities	**30,000,000**	**(558,000)**	30,000,000	(137,000)
07/12/2023	08/01/2025	USD-SOFR-OIS COMPOUND	4.703%	Other Liabilities	—	—	50,000,000	(135,000)
					$ 60,000,000	**$ (910,000)**	$ 150,000,000	$ (758,000)
Total swap agreements					**$ 135,000,000**	**$ (910,000)**	$ 225,000,000	$ (560,000)

The details of the Bank's cap agreements are as follows:

					December 31, 2025		December 31, 2024	
Effective Date	Maturity Date	Variable Index Received	Fixed Rate Paid	Presentation on Consolidated Balance Sheets	Notional Amount	Fair Value	Notional Amount	Fair Value
				Fair Value Hedges				
07/01/2025	07/01/2028	USD-SOFR-OIS COMPOUND	4.050 %	Other Assets	**$ 50,000,000**	**$ 100,000**	$ —	$ —
07/01/2025	07/01/2028	USD-SOFR-OIS COMPOUND	4.550 %	Other Assets	**50,000,000**	**54,000**	$ —	$ —
Total cap agreements					**$ 100,000,000**	**$ 154,000**	$ —	$ —

For cash flow hedges, the Company would reclassify unrealized gains or losses accounted for within AOCI into earnings if the interest rate cap or swap position(s) were to become ineffective or were to be terminated. For fair value hedges, any gain or loss resulting from a determination of ineffectiveness or from termination would be amortized for the remaining life of the hedged instrument. In the second quarter of 2025, a fair value swap with a notional amount of $40,000,000 was terminated; the termination fee paid by the Bank is being amortized over the remaining lives of the underlying hedged instruments. Amounts paid or received under derivative instruments are reported in interest income or interest expense in the consolidated statements of income, and reflected in net income in the consolidated statements of cash flows.

Customer loan derivatives

The Bank will enter into interest rate swaps with qualified commercial customers. Through these arrangements, the Bank is able to provide a means for a loan customer to obtain a long-term fixed rate, while it simultaneously contracts with an approved, highly-rated, third-party financial institution as counterparty to swap the fixed rate for a variable rate. Such loan level arrangements are not designated as hedges for accounting purposes, and are recorded at fair value in the Company’s consolidated balance sheets.

At December 31, 2025 there were 18 customer loan swap arrangements in place. This compares to 10 customer loan swap arrangements in place at December 31, 2024. The details of the Bank's customer loan swap arrangements are detailed below:

		December 31, 2025			December 31, 2024		
	Presentation on Consolidated Balance Sheets	Number of Positions	Notional Amount	Fair Value	Number of Positions	Notional Amount	Fair Value
Pay Fixed, Receive Variable	Other Assets	**6**	**$ 33,506,000**	**$ 3,551,000**	8	$ 43,415,000	$ 4,772,000
Pay Fixed, Receive Variable	Other Liabilities	**12**	**51,139,000**	**(757,000)**	2	4,342,000	(87,000)
		18	**84,645,000**	**2,794,000**	10	47,757,000	4,685,000
Receive Fixed, Pay Variable	Other Assets	**12**	**51,139,000**	**757,000**	2	4,342,000	87,000
Receive Fixed, Pay Variable	Other Liabilities	**6**	**33,506,000**	**(3,551,000)**	8	43,415,000	(4,772,000)
		18	**84,645,000**	**(2,794,000)**	10	47,757,000	(4,685,000)
Total customer loan agreements		**36**	**$ 169,290,000**	**$ —**	20	$ 95,514,000	$ —

Derivative collateral

The Company has entered into a master netting arrangement with its counterparty and settles payments with the counterparty as necessary. The Bank's arrangement with its institutional counterparty requires it to post cash or other assets as collateral for its various swap contracts in a net liability position based on their fair values and the Bank's credit rating or receive cash collateral for contracts in a net asset position, as requested. At December 31, 2025, there was no collateral posted on its swap contracts or required amount to be pledged.

Note 15. Common Stock

In 2016, the Company reserved 250,000 shares of its common stock to be made available to directors and employees who elect to participate in the stock purchase or savings and investment plans. As of December 31, 2025, 150,228 shares had been issued pursuant to these plans, leaving 99,772 shares available for future use. The issuance price is based on the market price of the stock at issuance date. Sales of stock to directors and employees amounted to 20,028 shares in 2025, 18,535 shares in 2024, and 17,472 shares in 2023.

In 2001, the Company established a dividend reinvestment plan to allow shareholders to use their cash dividends for the automatic purchase of shares in the Company. The plan was amended in 2018 to reflect changes in its administration. When the plan was established, 600,000 shares were registered with the Securities and Exchange Commission, and as of December 31, 2025, 363,633 shares have been issued, leaving 236,367 shares available for future issuance. Participation in this plan is optional and at the individual discretion of each shareholder. Shares are purchased for the plan from the Company at a price per share equal to the average of the daily bid and asked prices reported on the NASDAQ System for the five trading days immediately preceding, but not including, the dividend payment date. Sales of stock under the dividend reinvestment plan amounted to 16,619 shares in 2025, 15,908 shares in 2024, and 14,418 shares in 2023.

Proceeds from issuances of common stock under these plans totaled $916,000, $867,000 and $817,000 for the years ended December 31, 2025, 2024 and 2023, respectively.

Note 16. Stock Options and Stock-Based Compensation

At the 2020 Annual Meeting, shareholders approved the 2020 Equity Incentive Plan (the "2020 Plan"). There are 400,000 shares of common stock reserved for issuance pursuant to the 2020 Plan in connection with stock options, restricted stock awards, and other equity based awards to attract and retain the best available personnel, provide additional incentive to officers, employees, and non-employee Directors, and promote the success of the Company. Such grants and awards will be structured in a manner that does not encourage the recipients to expose the Company to undue or inappropriate risk. Options issued under the 2020 Plan qualify for treatment as incentive stock options for purposes of Section 422 of the Internal Revenue Code. Other compensation under the 2020 Plan qualifies as performance-based for purposes of Section 162(m) of the Internal Revenue Code, and satisfies NASDAQ guidelines relating to equity compensation.

As of December 31, 2025, 172,916 shares of restricted stock had been granted under the 2020 Plan, of which 93,874 shares remain restricted as of December 31, 2025 as detailed in the following table:

Year Granted	Vesting Term (In Years)	Shares	Remaining Term (In Years)
2023	3.0	25,659	0.1
2024	3.0	26,937	1.1
2024	2.0	1,869	0.1
2025	3.0	36,732	2.1
2025	1.0	2,677	0.1
		93,874	1.2

The compensation cost related to these restricted stock grants was $2,533,000 and will be recognized over the vesting terms of each grant. In 2025, $966,000 of expense was recognized for these restricted shares, leaving $872,000 in unrecognized expense as of December 31, 2025. In 2024, $895,000 of expense was recognized for restricted shares, leaving $770,000 in unrecognized expense as of December 31, 2024.

Note 17. Earnings Per Share

The following table provides detail for basic EPS and diluted EPS for the years ended December 31, 2025, 2024 and 2023:

	Income (Numerator)	Shares (Denominator)	Per-Share Amount
For the year ended December 31, 2025			
Net income as reported	$ 34,394,000		
Basic EPS: Income available to common shareholders	34,394,000	11,088,831	$ 3.10
Effect of dilutive securities: restricted stock		115,736	
Diluted EPS: Income available to common shareholders plus assumed conversions	$ 34,394,000	11,204,567	$ 3.07
For the year ended December 31, 2024			
Net income as reported	$ 27,045,000		
Basic EPS: Income available to common shareholders	27,045,000	11,051,829	$ 2.45
Effect of dilutive securities: restricted stock		87,006	
Diluted EPS: Income available to common shareholders plus assumed conversions	$ 27,045,000	11,138,835	$ 2.43
For the year ended December 31, 2023			
Net income as reported	$ 29,518,000		
Basic EPS: Income available to common shareholders	29,518,000	10,998,041	$ 2.68
Effect of dilutive securities: restricted stock		83,847	
Diluted EPS: Income available to common shareholders plus assumed conversions	$ 29,518,000	11,081,888	$ 2.66

All EPS calculations have been made using the weighted average number of shares outstanding during the period. The dilutive securities are shares of restricted stock granted to certain key members of Management. The dilutive number of shares has been calculated using the treasury method, assuming that all granted stock was vested at the end of each period.

Note 18. Regulatory Capital Requirements

The ability of the Company to pay cash dividends to its shareholders depends primarily on receipt of dividends from its subsidiary, the Bank. The Bank may pay dividends to its parent out of so much of its net income as the Bank's directors deem appropriate, subject to the limitation that the total of all dividends declared by the Bank in any calendar year may not exceed the total of its net income of that year combined with its retained net income of the preceding two years and subject to minimum regulatory capital requirements. The amount available for dividends in 2026 will be 2026 earnings plus retained earnings of $31,814,000 from 2025 and 2024.

The payment of dividends by the Company is also affected by various regulatory requirements and policies, such as the requirements to maintain adequate capital. In addition, if, in the opinion of the applicable regulatory authority, a bank under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice (which, depending on the financial condition of the bank, could include the payment of dividends), that authority may require, after notice and hearing, that such bank cease and desist from that practice. The Federal Reserve Bank and the Comptroller of the Currency have each indicated that paying dividends that deplete a bank's capital base to an inadequate level would be an unsafe and unsound banking practice. The Federal Reserve Bank, the Comptroller of the Currency and the Federal Deposit Insurance Corporation have issued policy statements which provide that bank holding companies and insured banks should generally only pay dividends out of current operating earnings.

In addition to the effect on the payment of dividends, failure to meet minimum capital requirements can also result in mandatory and discretionary actions by regulators that, if undertaken, could have an impact on the Company's operations. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measurements of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Financial institution regulators have established guidelines for minimum capital ratios for banks and bank holding companies. The net unrealized gain or loss on securities AFS is generally not included in computing regulatory capital. The Company maintains its capital in accordance with the Basel III regulatory capital framework as approved by the federal banking agencies. To avoid limitations on capital distributions, including dividend payments, the Company must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. As of December 31, 2025, the Company's capital conservation buffer was 6.02%, and met the minimum requirement of 2.5%.

As of December 31, 2025, the most recent notification from the Office of the Comptroller of the Currency classified the Bank as well-capitalized under the regulatory framework for prompt corrective action. To be categorized as well-capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, common equity Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since this notification that Management believes have changed the Bank's category.

The actual and minimum capital amounts and ratios for the Bank are presented in the following table:

	Actual	For capital adequacy purposes	To be well-capitalized under prompt corrective action provisions
As of December 31, 2025			
Tier 2 capital to	$308,231,000	$176,702,000	$220,877,000
risk-weighted assets	13.95 %	8.00 %	10.00 %
Tier 1 capital to	$282,155,000	$132,526,000	$176,702,000
risk-weighted assets	12.77 %	6.00 %	8.00 %
Common equity Tier 1 capital to	$282,155,000	$ 99,395,000	$143,570,000
risk-weighted assets	12.77 %	4.50 %	6.50 %
Tier 1 capital to	$282,155,000	$128,021,000	$160,027,000
average assets	8.82 %	4.00 %	5.00 %
As of December 31, 2024			
Tier 2 capital to	$288,343,000	$175,320,000	$219,150,000
risk-weighted assets	13.16 %	8.00 %	10.00 %
Tier 1 capital to	$262,562,000	$131,490,000	$175,320,000
risk-weighted assets	11.98 %	6.00 %	8.00 %
Common equity Tier 1 capital to	$262,562,000	$ 98,617,000	$142,447,000
risk-weighted assets	12.37 %	4.50 %	6.50 %
Tier 1 capital to	$262,562,000	$126,185,000	$157,731,000
average assets	8.32 %	4.00 %	5.00 %

The actual and minimum capital amounts and ratios for the Company, on a consolidated basis, are presented in the following table:

	Actual	For capital adequacy purposes	To be well-capitalized under prompt corrective action provisions
As of December 31, 2025			
Tier 2 capital to	$309,581,000	$176,702,000	n/a
risk-weighted assets	14.02 %	8.00 %	n/a
Tier 1 capital to	$283,505,000	$132,526,000	n/a
risk-weighted assets	12.84 %	6.00 %	n/a
Common equity Tier 1 capital to	$283,505,000	$ 99,395,000	n/a
risk-weighted assets	12.84 %	4.50 %	n/a
Tier 1 capital to	$283,505,000	$128,272,000	n/a
average assets	8.84 %	4.00 %	n/a
As of December 31, 2024			
Tier 2 capital to	$289,745,000	$175,320,000	n/a
risk-weighted assets	13.22 %	8.00 %	n/a
Tier 1 capital to	$263,964,000	$131,490,000	n/a
risk-weighted assets	12.04 %	6.00 %	n/a
Common equity Tier 1 capital to	$263,964,000	$ 98,617,000	n/a
risk-weighted assets	12.42 %	4.50 %	n/a
Tier 1 capital to	$263,964,000	$124,641,000	n/a
average assets	8.47 %	4.00 %	n/a

Note 19. Off-Balance-Sheet Financial Credit Exposures and Contractual Obligations

Contractual Obligations

The Bank is 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 originate loans, commitments for unused lines of credit, and standby letters of credit. The instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets. The contract amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

Commitments for unused lines of credit are agreements to lend to a customer provided there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on Management's credit evaluation of the borrower. The Bank did not incur any losses on its commitments in 2025, 2024 or 2023.

Standby letters of credit are conditional commitments issued by the Bank to guarantee a customer's performance to a third party, with the customer being obligated to repay (with interest) any amounts paid out by the Bank under the letter of credit. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for loan commitments and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

At December 31, 2025 and 2024, the Bank had the following off-balance-sheet financial instruments, whose contract amounts represent credit risk:

As of December 31,	**2025**	2024
Unused lines, collateralized by residential real estate	**$ 116,165,000**	$ 110,675,000
Other unused commitments	**132,370,000**	120,870,000
Standby letters of credit	**6,556,000**	6,772,000
Commitments to extend credit	**53,692,000**	50,922,000
Total	**$ 308,783,000**	$ 289,239,000

The Bank grants residential, commercial and consumer loans to customers principally located in the Mid-Coast and Down East regions of Maine. Collateral on these loans typically consists of residential or commercial real estate, or personal property. Although the loan portfolio is diversified, a substantial portion of borrowers' ability to honor their contracts is dependent on the economic conditions in the area, especially in the real estate sector.

Derivative Financial Instruments Designated as Hedges

As part of its overall asset and liability management strategy, the Bank periodically uses derivative instruments to minimize significant unplanned fluctuations in earnings and cash flows caused by interest rate volatility. The Bank's interest rate risk management strategy involves modifying the re-pricing characteristics of certain assets and/or liabilities to mitigate adverse impacts upon net interest income resulting from interest rate changes. Derivative instruments that Management periodically uses as part of its interest rate risk management strategy may include interest rate swap agreements, interest rate floor agreements, and interest rate cap agreements.

At December 31, 2025, the Bank had one outstanding off-balance sheet, derivative instrument, designated as a cash flow hedge and four off-balance sheet, derivative instruments, designated as fair value hedges. Notional principal amounts totaled $75,000,000 and $160,000,000, respectively, with a cumulative unrealized loss of $597,000, net of taxes. The notional amounts and net unrealized gain (loss) of the financial derivative instruments do not represent exposure to credit loss. The Bank is exposed to credit loss only to the extent the counterparty defaults in its responsibility to pay interest under the terms of the agreements. The credit risk in derivative instruments is mitigated by entering into transactions with highly-rated counterparties that Management believes to be creditworthy and by limiting the amount of exposure to each counter-party. At December 31, 2025, the Bank's derivative instrument counterparties had a composite credit rating of “A-” based upon the ratings of several major credit rating agencies. The interest rate swap agreements were entered into by the Bank to limit its exposure to rising interest rates.

The Bank also enters into swap arrangements with qualified loan customers as a means to provide these customers with access to long-term fixed interest rates for borrowings, and simultaneously enters into a swap contract with an approved third- party financial institution. The terms of the contracts are designed to offset one another resulting in there being neither a net gain or a loss. The notional amounts of the financial derivative instruments do not represent exposure to credit loss. The Bank is exposed to credit loss only to the extent that either counter-party defaults in its responsibility to pay interest under the terms of the agreements. Credit risk is mitigated by prudent underwriting of the loan customer and financial institution counterparties. As of December 31, 2025, the Bank had 18 customer loan swap contracts in place with a total notional value of $169,290,000.

Note 20. Fair Value Disclosures

Certain assets and liabilities are recorded at fair value to provide additional insight into the Company's quality of earnings. Some of these assets and liabilities are measured on a recurring basis while others are measured on a nonrecurring basis, with the determination based upon applicable existing accounting pronouncements. For example, securities AFS are recorded at fair value on a recurring basis. Other assets, such as other real estate owned and IAL, are recorded at fair value on a nonrecurring basis using the lower of cost or market methodology to determine impairment of individual assets. The Company groups assets and liabilities, which are recorded at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement (with level 1 considered highest and level 3 considered lowest). A brief description of each level follows:

Level 1 - Valuation is based upon quoted prices for identical instruments in active markets.

Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates that market participants would use in pricing the asset or liability. Valuation includes use of discounted cash flow models and similar techniques.

The fair value methods and assumptions for the Company's financial instruments and other assets measured at fair value are set forth below.

Investment Securities
The fair values of investment securities are estimated by independent providers using a market approach with observable inputs, including matrix pricing and recent transactions. In obtaining such valuation information from third parties, the Company has evaluated their valuation methodologies used to develop the fair values in order to determine whether the valuations are representative of an exit price in the Company's principal markets. The Company's principal markets for its securities portfolios are the secondary institutional markets, with an exit price that is predominantly reflective of bid level pricing in those markets. Fair values are calculated based on the value of one unit without regard to any premium or discount that may result from concentrations of ownership of a financial instrument, possible tax ramifications, or estimated transaction costs. If these considerations had been incorporated into the fair value estimates, the aggregate fair value could have been changed. The carrying values of restricted equity securities approximate fair values. As such, the Company classifies investment securities as Level 2.

Loans
Fair values are estimated for portfolios of loans held for investment based on an exit pricing notion. The fair values of performing loans are calculated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest risk inherent in the loan. The estimates of maturity are based on the Company's historical experience with repayments for each loan classification, modified, as required, by an estimate of the effect of current economic and lending conditions, and the effects of estimated prepayments. Assumptions regarding credit risk, cash flows, and discount rates are judgmentally determined using available market information and specific borrower information. Management has made estimates of fair value using discount rates that it believes to be reasonable. However, because there is no market for many of these financial instruments, Management has no basis to determine whether the fair value presented above would be indicative of the value negotiated in an actual sale. As such, the Company classifies loans as Level 3, except for certain IAL. Fair values of IAL are based on estimated cash flows and are discounted using a rate commensurate with the risk associated with the estimated cash flows, or if collateral dependent, discounted to the appraised value of the collateral as determined by reference to sale prices of similar properties, less costs to sell. As such, the Company classifies IAL for which a specific reserve results in a fair value measure as Level 2. All other IAL are classified as Level 3. Management has elected to exclude loans held for sale from its fair value presentation. Loans held for sale typically consists solely of residential mortgage loans originated for sale in the secondary market which have been contracted to be sold at a specified price above par, are often de-minimus in amount, and are assets of the Bank for a short period of time, generally less than ten business days.

Other Real Estate Owned
Real estate acquired through foreclosure is initially recorded at fair value. The fair value of OREO is generally based on property appraisals and an analysis of sales prices of similar properties currently available. As such, the Company records OREO as nonrecurring Level 2.

Mortgage Servicing Rights
Mortgage servicing rights represent the value associated with servicing residential mortgage loans. Servicing assets and servicing liabilities are reported using the amortization method and compared to fair value for impairment. In evaluating the fair values of mortgage servicing rights, the Company obtains third party valuations based on loan level data including note rate, type and term of the underlying loans. As such, the Company classifies mortgage servicing rights as Level 2.

Time Deposits
The fair value of maturity deposits is based on the discounted value of contractual cash flows using a replacement cost of funds approach. The discount rate is estimated using the cost of funds borrowing rate in the market. As such, the Company classifies deposits as Level 2.

Borrowed Funds
The fair value of borrowed funds is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently available for borrowings of similar remaining maturities. As such, the Company classifies borrowed funds as Level 2.

Derivatives
The fair value of interest rate swaps is determined using inputs that are observable in the market place obtained from third parties including yield curves, publicly available volatilities, and floating indexes and, accordingly, are classified as Level 2 inputs. The credit value adjustments associated with derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparties. As of December 31, 2025 and 2024, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives due to collateral postings.

Customer Loan Derivatives
The valuation of the Company's customer loan derivatives is obtained from a third-party pricing service and is determined using a discounted cash flow analysis on the expected cash flows of each derivative. The pricing analysis is based on observable inputs for the contractual terms of the derivatives, including the period to maturity and interest rate curves. The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of master netting arrangements and any applicable credit enhancements, such as collateral postings.

Limitations
Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These values do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on Management's judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Fair value estimates are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Other significant assets and liabilities that are not considered financial instruments include the deferred tax asset, premises and equipment, and other real estate owned. In addition, tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of the estimates.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following tables present the balances of assets and liabilities that were measured at fair value on a recurring basis as of December 31, 2025 and 2024.

	At December 31, 2025			
	Level 1	Level 2	Level 3	Total
Securities available for sale				
U.S. Government-sponsored agencies	$ —	$ 18,072,000	$ —	$ 18,072,000
Mortgage-backed securities	—	210,434,000	—	210,434,000
State and political subdivisions	—	33,990,000	—	33,990,000
Asset-backed securities	—	1,984,000	—	1,984,000
Total securities available for sale	—	264,480,000	—	264,480,000
Interest rate cap agreements	—	154,000	—	154,000
Customer loan interest swap agreements	—	4,308,000	—	4,308,000
Total interest rate agreements	—	4,462,000	—	4,462,000
Total assets	$ —	$ 268,942,000	$ —	$ 268,942,000

	At December 31, 2025			
	Level 1	Level 2	Level 3	Total
Interest rate swap agreements	$ —	$ 910,000	$ —	$ 910,000
Customer loan interest swap agreements	—	4,308,000	—	4,308,000
Total liabilities	$ —	$ 5,218,000	$ —	$ 5,218,000

	At December 31, 2024			
	Level 1	Level 2	Level 3	Total
Securities available for sale				
U.S. Government-sponsored agencies	$ —	$ 19,796,000	$ —	$ 19,796,000
Mortgage-backed securities	—	219,382,000	—	219,382,000
State and political subdivisions	—	33,252,000	—	33,252,000
Asset-backed securities	—	2,250,000	—	2,250,000
Total securities available for sale	—	274,680,000	—	274,680,000
Interest rate swap agreements	—	198,000	—	198,000
Customer loan interest swap agreements	—	4,859,000	—	4,859,000
Total interest rate swap agreements	—	5,057,000	—	5,057,000
Total assets	$ —	$ 279,737,000	$ —	$ 279,737,000

	At December 31, 2024			
	Level 1	Level 2	Level 3	Total
Interest rate swap agreements	$ —	$ 758,000	$ —	$ 758,000
Customer loan interest swap agreements	—	4,859,000	—	4,859,000
Total liabilities	$ —	$ 5,617,000	$ —	$ 5,617,000

Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis

The following tables present assets measured at fair value on a nonrecurring basis that have had a fair value adjustment since their initial recognition. Mortgage servicing rights are presented at fair value with no impairment reserve at at December 31, 2025 and 2024. There was no OREO or related allowance at December 31, 2025. OREO is presented net of an allowance of $35,000 at December 31, 2024. Only collateral-dependent IAL with a related specific ACL or a partial charge off are included in IAL for purposes of fair value disclosures. IAL below are presented net of specific allowances of $2,740,000 and $821,000 at December 31, 2025 and 2024, respectively.

	At December 31, 2025			
	Level 1	Level 2	Level 3	Total
Mortgage servicing rights	$ —	$ 2,685,000	$ —	$ 2,685,000
Individually analyzed loans	—	6,781,000	—	6,781,000
Total assets	$ —	$ 9,466,000	$ —	$ 9,466,000

	At December 31, 2024			
	Level 1	Level 2	Level 3	Total
Mortgage servicing rights	$ —	$ 3,054,000	$ —	$ 3,054,000
Other real estate owned	—	173,000	—	173,000
Individually analyzed loans	—	538,000	—	538,000
Total assets	$ —	$ 3,765,000	$ —	$ 3,765,000

Fair Value of Financial Instruments

FASB ASC Topic 825, "Financial Instruments," requires disclosures of fair value information about financial instruments, whether or not recognized in the balance sheet, if the fair values can be reasonably determined. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques using observable inputs when available. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. FASB ASC Topic 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

This summary excludes financial assets and liabilities for which carrying value approximates fair values and financial instruments that are recorded at fair value on a recurring basis. Financial instruments for which carrying values approximate fair value include cash equivalents, interest-bearing deposits in other banks, demand, NOW, savings and money market deposits. The estimated fair value of demand, NOW, savings and money market deposits is the amount payable on demand at the reporting date. Carrying value is used because the accounts have no stated maturity and the customer has the ability to withdraw funds immediately.

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

As of December 31, 2025	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
Financial assets					
Securities to be held to maturity (net of allowance for credit losses)	$ 355,928,000	$ 315,482,000	$ —	$ 315,482,000	$ —
Loans (net of allowance for credit losses)					
Commercial					
Real estate	776,276,000	760,452,000	—	—	760,452,000
Construction	34,775,000	34,066,000	—	—	34,066,000
Other	577,594,000	575,640,000	—	6,781,000	568,859,000
Municipal	51,881,000	48,805,000	—	—	48,805,000
Residential					
Term	733,239,000	688,100,000	—	—	688,100,000
Construction	35,033,000	34,800,000	—	—	34,800,000
Home equity line of credit	141,261,000	139,205,000	—	—	139,205,000
Consumer	18,685,000	16,387,000	—	—	16,387,000
Total loans	2,368,744,000	2,297,455,000	—	6,781,000	2,290,674,000
Mortgage servicing rights	1,655,000	2,685,000	—	2,685,000	—
Financial liabilities					
Local certificates of deposit	$ 373,671,000	$ 347,571,000	$ —	$ 347,571,000	$ —
National certificates of deposit	603,592,000	630,910,000	—	630,910,000	—
Total certificates of deposit	977,263,000	978,481,000	—	978,481,000	—
Repurchase agreements	50,321,000	50,241,000	—	50,241,000	—
Other borrowed funds	137,500,000	137,942,000	—	137,942,000	—
Total borrowed funds	187,821,000	188,183,000	—	188,183,000	—

The carrying amounts and estimated fair values for financial instruments as of December 31, 2024 were as follows:

As of December 31, 2024	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
Financial assets					
Securities to be held to maturity (net of allowance for credit losses)	$ 369,704,000	$ 314,993,000	$ —	$ 314,993,000	$ —
Loans held for sale	—	—	—	—	—
Loans (net of allowance for credit losses)					
Commercial					
Real estate	752,613,000	720,898,000	—	—	720,898,000
Construction	98,773,000	94,611,000	—	—	94,611,000
Other	519,560,000	513,417,000	—	538,000	512,879,000
Municipal	61,565,000	57,657,000	—	—	57,657,000
Residential					
Term	705,566,000	643,402,000	—	—	643,402,000
Construction	35,007,000	34,631,000	—	—	34,631,000
Home equity line of credit	122,377,000	119,930,000	—	—	119,930,000
Consumer	20,608,000	18,274,000	—	—	18,274,000
Total loans	2,316,069,000	2,202,820,000	—	538,000	2,202,282,000
Mortgage servicing rights	1,894,000	3,054,000	—	3,054,000	—
Financial liabilities					
Local certificates of deposit	$ 385,897,000	$ 365,937,000	$ —	$ 365,937,000	$ —
National certificates of deposit	728,914,000	747,681,000	—	747,681,000	—
Total certificates of deposit	1,114,811,000	1,113,618,000	—	1,113,618,000	—
Repurchase agreements	51,278,000	51,181,000	—	51,181,000	—
Other borrowed funds	95,000,000	95,066,000	—	95,066,000	—
Total borrowed funds	146,278,000	146,247,000	—	146,247,000	—

Note 21. Other Operating Income and Expense

There were no items within Other Operating Income that totaled more than 1% of revenues. Other operating expense includes the following items greater than 1% of revenues:

For the years ended December 31,	**2025**	2024	2023
Other operating expense			
Advertising and marketing expense	**$ 1,234,000**	$ 1,225,000	$ 1,187,000
ATM and interchange expense	**2,056,000**	1,871,000	1,714,000

Note 22. Legal Contingencies

Various legal claims also arise from time to time in the normal course of business which, in the opinion of Management, will have no material effect on the Company's consolidated financial statements.

Note 23. Reclassifications

Certain items from prior years were reclassified in the financial statements to conform with the current year presentation. These do not have a material impact on the balance sheet or statement of income presentations.

Note 24. Condensed Financial Information of Parent

Condensed financial information for The First Bancorp, Inc. exclusive of its subsidiary is as follows:

Balance Sheets

As of December 31,	**2025**	2024
Assets		
Cash and cash equivalents	**$ 1,070,000**	$ 1,074,000
Dividends receivable	**4,000,000**	3,900,000
Investment in subsidiary	**254,234,000**	223,532,000
Goodwill	**27,559,000**	27,559,000
Other assets	**450,000**	462,000
Total assets	**$ 287,313,000**	$ 256,527,000
Liabilities and shareholders' equity		
Dividends payable	**$ 4,152,000**	$ 4,016,000
Other liabilities	**18,000**	18,000
Total liabilities	**4,170,000**	4,034,000
Shareholders' equity		
Common stock	**112,000**	112,000
Additional paid-in capital	**73,714,000**	71,832,000
Retained earnings	**209,317,000**	180,549,000
Total shareholders' equity	**283,143,000**	252,493,000
Total liabilities and shareholders' equity	**$ 287,313,000**	$ 256,527,000

Statements of Income

For the years ended December 31,	**2025**	2024	2023
Other operating income	**$ —**	$ —	$ —
Total income	**—**	—	—
Other operating expense	**1,346,000**	1,313,000	1,202,000
Total expense	**1,346,000**	1,313,000	1,202,000
Loss before income taxes and Bank earnings	**(1,346,000)**	(1,313,000)	(1,202,000)
Applicable income taxes	**(273,000)**	(311,000)	(279,000)
Loss before Bank earnings	**(1,073,000)**	(1,002,000)	(923,000)
Equity in earnings of Bank			
Remitted	**15,900,000**	15,800,000	14,750,000
Unremitted	**19,567,000**	12,247,000	15,691,000
Net income	**$ 34,394,000**	$ 27,045,000	$ 29,518,000

Statements of Cash Flows

For the years ended December 31,	**2025**	2024	2023
Cash flows from operating activities:			
Net income	**$ 34,394,000**	$ 27,045,000	$ 29,518,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity compensation expense	**966,000**	895,000	820,000
Decrease (increase) in other assets	**12,000**	(2,000)	6,000
Increase in dividends receivable	**(100,000)**	(150,000)	(150,000)
Increase in dividends payable	**—**	—	129,000
Increase (decrease) in other liabilities	**—**	14,000	(2,000)
Unremitted earnings of Bank	**(19,567,000)**	(12,247,000)	(15,691,000)
Net cash provided by operating activities	**15,705,000**	15,555,000	14,630,000
Cash flows from financing activities:			
Purchase of common stock	**(282,000)**	(212,000)	(250,000)
Proceeds from sale of common stock	**916,000**	867,000	817,000
Dividends paid	**(16,343,000)**	(15,803,000)	(15,409,000)
Net cash used in financing activities	**(15,709,000)**	(15,148,000)	(14,842,000)
Net (decrease) increase in cash and cash equivalents	**(4,000)**	407,000	(212,000)
Cash and cash equivalents at beginning of year	**1,074,000**	667,000	879,000
Cash and cash equivalents at end of year	**$ 1,070,000**	$ 1,074,000	$ 667,000

Note 25. New Accounting Pronouncements

In December 2023 the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This ASU requires public business entities, such as the Company, to provide enhanced disclosures on the amount of income taxes paid disaggregated by type and jurisdiction. Adoption is required for annual periods beginning after December 15, 2024 and has not had a material impact on the Company's consolidated financial statements.

In November 2024 the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (ASU 2024-03). Under ASU 2024-03, public business entities, such as the Company, are required to disclose in the notes to their financial statements disaggregated information about certain costs and expenses in both annual and interim filings. ASU 2024-03 is effective for calendar year-end public business entities beginning in calendar year 2027, and is not expected to have a material impact on the Company's consolidated financial statements.

In November 2025 the FASB issued ASU 2025-08, Financials Instruments - Credit Losses (Topic 326): Purchased Loans. The ASU expands the use of the gross-up approach to include purchased seasoned loans, defined as loans (excluding credit cards) acquired without significant credit deterioration and deemed to be seasoned; seasoned loans are those obtained either through a business combination or purchase at least ninety days after origination, provided the acquirer was not involved in the origination. The change is intended to reduce complexity and subjectivity in loan purchase transactions, and to reduce the risk of double counting expected credit losses that are already reflected in fair value determinations made at the time of acquisition. ASU 2025-08 is effective for reporting periods beginning after December 15, 2026; early adoption is permitted. Adoption is not expected to have a material impact on the Company's consolidated financial statements.

Note 26. Quarterly Information

The following tables provide unaudited financial information by quarter for each of the past two years:

Dollars in thousands except per share data	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4
Balance Sheets								
Cash and cash equivalents	$ 23,875	$ 27,816	$ 35,136	$ 27,636	$ 26,432	$ 27,360	$ 31,606	$ 27,779
Interest-bearing deposits in other banks	2,911	33,133	17,199	22,100	2,938	3,253	7,225	4,124
Investments	653,904	651,023	662,656	644,384	649,335	646,121	636,045	620,408
Restricted equity securities	5,933	7,110	6,420	7,203	7,509	7,734	6,916	8,275
Net loans and loans held for sale	2,149,539	2,222,977	2,283,254	2,316,069	2,358,036	2,369,178	2,373,765	2,368,744
Other assets	142,008	142,885	137,898	139,618	143,122	145,864	142,921	136,973
Total assets	$ 2,978,170	$ 3,084,944	$ 3,142,563	$ 3,157,010	$ 3,187,372	$ 3,199,510	$ 3,198,478	$ 3,166,303
Deposits	$ 2,548,988	$ 2,578,080	$ 2,702,718	$ 2,725,251	$ 2,711,335	$ 2,705,337	$ 2,737,550	$ 2,664,752
Borrowed funds	154,779	230,620	151,027	146,278	185,444	196,170	152,968	187,821
Other liabilities	31,779	31,576	32,035	32,988	30,912	32,511	33,394	30,587
Shareholders' equity	242,624	244,668	256,783	252,493	259,681	265,492	274,566	283,143
Total liabilities & equity	$ 2,978,170	$ 3,084,944	$ 3,142,563	$ 3,157,010	$ 3,187,372	$ 3,199,510	$ 3,198,478	$ 3,166,303
Income and Comprehensive Income Statements								
Interest income	$ 34,988	$ 36,558	$ 38,287	$ 38,999	$ 38,709	$ 39,825	$ 41,005	$ 40,732
Interest expense	20,108	21,483	21,885	21,446	20,910	21,416	20,947	19,621
Net interest income	14,880	15,075	16,402	17,553	17,799	18,409	20,058	21,111
Credit loss (reduction) expense	(513)	512	(638)	1,164	392	486	700	272
Net interest income after credit loss (reduction) expense	15,393	14,563	17,040	16,389	17,407	17,923	19,358	20,839
Non-interest income	3,640	4,157	4,122	4,436	4,002	4,129	4,475	4,734
Non-interest expense	11,761	11,250	12,000	12,145	12,844	12,199	12,754	13,131
Income before taxes	7,272	7,470	9,162	8,680	8,565	9,853	11,079	12,442
Income taxes	1,251	1,299	1,591	1,398	1,488	1,790	1,997	2,270
Net income	$ 6,021	$ 6,171	$ 7,571	$ 7,282	$ 7,077	$ 8,063	$ 9,082	$ 10,172
Basic earnings per share	$ 0.55	$ 0.56	$ 0.69	$ 0.65	$ 0.64	$ 0.73	$ 0.82	$ 0.91
Diluted earnings per share	$ 0.54	$ 0.55	$ 0.68	$ 0.66	$ 0.63	$ 0.72	$ 0.81	$ 0.91
Other comprehensive income (loss), net of tax								
Net unrealized (loss) gain on securities available for sale	$ (3,241)	$ (553)	$ 8,975	$ (8,277)	$ 3,969	$ 1,465	$ 3,714	$ 2,182
Net unrealized gain (loss) on securities transferred from available for sale to held to maturity	2	3	2	2	2	(15)	20	2
Net unrealized gain (loss) on cash flow hedging derivative instruments	435	(2)	(869)	293	(75)	2	(65)	(19)
Unrecognized loss on postretirement benefit costs	—	—	—	(16)	—	—	—	(47)
Other comprehensive income (loss)	$ (2,804)	$ (552)	$ 8,108	$ (7,998)	$ 3,896	$ 1,452	$ 3,669	$ 2,118
Comprehensive income (loss)	$ 3,217	$ 5,619	$ 15,679	$ (716)	$ 10,973	$ 9,515	$ 12,751	$ 12,290

Note 27. Acquisitions and Intangible Assets

On December 11, 2020, the Company acquired a branch at 1B Belmont Avenue, Belfast, Maine from Bangor Savings Bank. The acquisition added to its existing book of business in Belfast and Waldo County. The Company has leveraged having a physical presence in Belfast and the base of new customers to grow its loan and deposit share in the market. There were no acquisitions in 2024 or 2025.

The core deposit intangible related to the FNB Bankshares acquisition was fully amortized in 2015. The core deposit intangible related to the Rockland branch acquisition was fully amortized in 2022. The core deposit intangible related to the Belfast branch acquisition is being amortized on a straight-line basis over ten years. Annual amortization expense for 2025 and 2024 was $26,000, and the amortization expense for each year until fully amortized (presently expected to be 2031) will be $26,000. The Belfast core deposit intangible is being amortized on a straight-line basis as the Company does not expect significant run off in the core deposits.

Report of Independent Registered Public Accounting Firm

The Shareholders and Board of Directors
The First Bancorp, Inc. and Subsidiary

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of The First Bancorp, Inc. and Subsidiary (the Company) as of December 31, 2025, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for each of the year then ended, and the related notes (collectively referred to as the financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of their operations and their cash flows for the year then ended, in conformity with U.S generally accepted accounting principles. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework (2013) issued by COSO.

The consolidated financial statements of the Company as of December 31, 2024, and for the years ended December 31, 2024 and 2023, along with the Company's internal control over financial reporting as of December 31, 2024, were audited by other auditors whose report dated March 7, 2025, expressed an unqualified opinion on those statements.

Basis for Opinion

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

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

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

Critical Audit Matter

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

Allowance for Credit Losses on Loans and Off-Balance Sheet Credit Exposures

As described in Notes 5 and 6 to the Company's consolidated financial statements, the Company has a gross loan portfolio of $2,394,109,000, related allowance for credit losses of $25,365,000, off-balance credit exposures of $129,566,000, and related allowance for credit losses on off-balance sheet exposures of $565,000 as of December 31, 2025. The Company's allowance for credit losses on loans and off-balance sheet credit exposures are material and complex estimates requiring significant management judgment in the evaluation of the credit quality and the estimation of inherent losses within the loan portfolio and off-balance sheet credit exposures.

The allowance for credit losses on loans represents the Company's estimate of expected credit losses over the expected life of the loans at the balance sheet date. The allowance for credit losses on loans is comprised of reserves measured on a collective (pool) basis based on a lifetime loss-rate model when similar risk characteristics exist. Loans that do not share risk characteristics are evaluated on an individual basis.

For reserves measured on a collective (pool) basis, the Company uses the discounted cash flow method to estimate expected credit losses for all loan pools. For each of the loan segments, the Company generates cash flow projections at the instrument level wherein payment expectations are adjusted for estimated prepayment speed, curtailments, time to recovery, and loss rates. The modeling of expected prepayment speeds, curtailment rates, and time to recovery are based on historical benchmark data. The Company uses regression analysis of historical internal and peer data to determine suitable loss drivers to utilize when modeling lifetime loss rates.

The Company also incorporates a reasonable and supportable forecast period, which reverts back to a historical loss rate. The combination of adjustments for credit expectations (default and loss) and timing expectations (prepayment, curtailment, and time to recovery) produces an expected cash flow stream at the instrument level that represents the sum of expected losses to determine the estimated allowance for credit losses on loans. The allowance for credit losses on loans evaluation also considers various qualitative factors, including changes in policy and/or underwriting standards, actual or expected changes in economic trends and conditions, changes in the nature and volume of the portfolio, changes in credit and lending staff/administration, problem loan trends, credit risk concentrations, loan review results, changes in the value of underlying collateral for loans, and changes in the regulatory and business environment.

The allowance for credit losses on off-balance sheet credit exposures represents the estimate of probable credit losses inherent in unfunded commitments to extend credit as of the balance sheet date. Unfunded commitments to extend credit include unused portions of lines of credit, commitments to originate loans and standby and commercial letters of credit. The process used to determine the allowance for credit losses for these exposures is consistent with the process for determining the allowance for credit losses on loans, as adjusted for estimated funding probabilities.

Changes in these judgments and assumptions could have a material effect on the Company's financial results. Auditing these complex judgments and assumptions involves especially challenging auditor judgment due to the nature and extent of audit evidence and effort required to address these matters, including the extent of specialized skill or knowledge needed. The primary procedures we performed to address this critical audit matter included:

- Obtaining an understanding of the relevant controls related to the allowance for credit losses on loans and tested such controls for design and operating effectiveness, including those over approval of key data inputs including forecasted economic scenarios, loss drivers and qualitative factors including validation of underlying data.

- Evaluating the reasonableness of judgments, assumptions, and sources of data used by management in forming its expected cash flow streams by analyzing data used in developing the judgments and assumptions, including assessment of whether there were additional sources of data relevant to the loan portfolio not used by management.

- Comparing the judgments and assumptions documented by management to the allowance for credit loss model for consistency.

- Evaluating the appropriateness of inputs and factors that the Company used in forming the qualitative loss factors and assessing whether such inputs and factors were relevant, reliable, and reasonable for the purpose used.

- Evaluating the appropriateness of inputs and factors that the Company used in forming the qualitative loss factors and assessing whether such inputs and factors were relevant, reliable, and reasonable for the purpose used.

- Evaluating the appropriateness of specific reserves for individually analyzed loans.

- Verifying the mathematical accuracy and computation of the allowance for credit losses on loans and off-balance sheet credit exposures by re-performing or independently calculating significant elements of the allowance for credit losses on loans and off-balance sheet credit exposures based on relevant source documents.

Definition and Limitations of Internal Control over Financial Reporting

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

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

We have served as the Company's auditor since 2025.

BDMP Assurance, LLP

BDMP Assurance, LLP
Firm ID 136
Portland, Maine
March 6, 2026

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act"), as of December 31, 2025, the end of the period covered by this report, the Company carried out an evaluation under the supervision and with the participation of the Company's Management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. In designing and evaluating the Company's disclosure controls and procedures, the Company and its Management recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and the Company's Management necessarily was required to apply its judgment in evaluating and implementing possible controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Also, based on Management's evaluation, there was no change in the Company's internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2025 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company reviews its disclosure controls and procedures, which may include its internal controls over financial reporting, on an ongoing basis, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that the Company's systems evolve with its business.

Management's Annual Report on Internal Control over Financial Reporting

The Management of the Company is responsible for the preparation and fair presentation of the financial statements and other financial information contained in this Form 10-K. Management is also responsible for establishing and maintaining adequate internal control over financial reporting and for identifying the framework used to evaluate its effectiveness. Management has designed processes, internal control and a business culture that foster financial integrity and accurate reporting. The Company's comprehensive system of internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements of the Company in accordance with generally accepted accounting principles. The Company's accounting policies and internal control over financial reporting, established and maintained by Management, are under the general oversight of the Company's Board of Directors, including the Board of Directors' Audit Committee.

Management has made a comprehensive review, evaluation, and assessment of the Company's internal control over financial reporting as of December 31, 2025. The standard measures adopted by Management in making its evaluation are the measures in the 2013 Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon its review and evaluation, Management concluded that, as of December 31, 2025, the Company's internal control over financial reporting was effective and that there were no material weaknesses.

BDMP Assurance, LLP, an independent registered public accounting firm, which has audited and reported on the consolidated financial statements contained in this Form 10-K, has issued its written audit report on the Company's internal control over financial reporting which precedes this report.

Tony C. McKim, President and Director
(Principal Executive Officer)
March 6, 2026

Richard M. Elder, Treasurer and Chief Financial Officer
(Principal Financial Officer, Principal Accounting Officer)
March 6, 2026

ITEM 9B. Other Information

None

ITEM 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections

Not Applicable

ITEM 10. Directors, Executive Officers and Corporate Governance

Information with respect to directors and executive officers of the Company required by Item 10 shall be included in the Proxy Statement for the Annual Meeting of Stockholders to be held on April 29, 2026 and is incorporated herein by reference.

In 2024, the Board of Directors approved an Insider Trading Policy governing the purchase, sale, and other dispositions of the Company's common stock by directors, officers, and employees of the Company which is reasonably designed to promote compliance with insider trading laws, rules, and regulations. The policy sets forth pre-clearance procedures for Directors and certain employees, and disallows transactions designed to hedge or offset any decrease in the market value of the Company's common stock. The policy can be found as Exhibit 19.1 in the 10-K filed March 8, 2024.

ITEM 11. Executive Compensation

Information with respect to executive compensation required by Item 11 shall be included in the Proxy Statement for the Annual Meeting of Stockholders to be held on April 29, 2026 and is incorporated herein by reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

Information with respect to security ownership of certain beneficial owners and Management and related stockholder matters required by Item 12 shall be included in the Proxy Statement for the Annual Meeting of Stockholders to be held on April 29, 2026 and is incorporated herein by reference.

The following table lists the amount and weighted-average exercise price of securities authorized for issuance under equity compensation plans:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in
Equity compensation plans approved by security holders	—	$ —	228,934
Equity compensation plans not approved by security holders	—	—	—
Total	—	$ —	228,934

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

Information with respect to certain relationships and related transactions, and director independence required by Item 13 shall be included in the Proxy Statement for the Annual Meeting of Stockholders to be held on April 29, 2026 and is incorporated herein by reference.

ITEM 14. Principal Accounting Fees and Services

Information with respect to principal accounting fees and services required by Item 14 shall be included in the Proxy Statement for the Annual Meeting of Stockholders to be held on April 29, 2026 and is incorporated herein by reference.

ITEM 15. Exhibits and Financial Statement Schedules - A. Exhibits

Exhibit 3.1 Conformed Copy of the Registrant's Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed under item 5.03 on October 7, 2004).

Exhibit 3.2 Amendment to the Registrant's Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed under item 5.03 on May 1, 2008).

Exhibit 3.3 Amendment to the Registrant's Articles of Incorporation authorizing issuance of preferred stock (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K on December 29, 2008).

Exhibit 3.4 Amendment to the Registrant's Articles of Incorporation authorizing issuance of preferred stock (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on January 12, 2009).

Exhibit 3.5 Conformed Copy of the Company's Bylaws (incorporated by reference to Exhibit 3.5 to the Company's Form 10-K filed March 10, 2017).

Exhibit 3.6 Amendment to the Company's Bylaws (incorporated by reference to Exhibit 3.6 to the Company's Form 8-K filed under item 5.03 on December 20, 2019).

Exhibit 4.1 Description of Capital Stock (incorporated by reference to Exhibit 4.1 to the Company's Form 10-K files March 8, 2024).

Exhibit 10.1 Director Split Dollar Insurance Plan and Specimen Agreement dated January 1, 2016 (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed under item 1.01 on October 25, 2017).

Exhibit 10.2 Executive Split Dollar Insurance Plan and Specimen Agreement dated January 1, 2016 (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed under item 1.01 on October 25, 2017).

Exhibit 10.3 Amendments dated November 8, 2019, to the Restricted Stock Agreements of an Executive Officer dated January 29, 2015, January 28, 2016, January 26, 2017, and January 4, 2018 (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed under Part II Item 4A on November 12, 2019).

Exhibit 10.4 Branch Purchase and Assumption Agreement between the Bank and Bangor Savings Bank for the purchase of a bank branch, loans and deposits at 1B Belmont Ave, Belfast, Maine (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2020).

Exhibit 14.1 Code of Ethics for Senior Financial Officers, adopted by the Board of Directors on June 19, 2003, (incorporated by reference to Exhibit 14.1 to the Company's Annual Report on Form 10-K filed on March 15, 2005).

Exhibit 14.2 Code of Business Conduct and Ethics, approved by the Board of Directors on September 25, 2025*

Exhibit 19.1 Insider Trading Policy, adopted by the Board of Directors on February 29, 2024 (incorporated by reference as Exhibit 19.1 to the Company's Form 10-K filed on March 8, 2024).

Exhibit 23.1 Consent of Independent Registered Public Accounting Firm*

Exhibit 31.1 Certification of Chief Executive Officer Pursuant to Rule 13A-14(A) of The Securities Exchange Act of 1934*

Exhibit 31.2 Certification of Chief Financial Officer Pursuant to Rule 13A-14(A) of The Securities Exchange Act of 1934*

Exhibit 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002*

Exhibit 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002*

Exhibit 97.1 Clawback Policy, adopted by the Board of Directors on July 27, 2023 (incorporated by reference as Exhibit 97.1 to the Company's Form 10-K filed on March 8, 2024).

Exhibit 101.INS XBRL Instance Document

Exhibit 101.SCH XBRL Taxonomy Extension Schema Document

Exhibit 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit 101.LAB XBRL Taxonomy Extension Label Linkbase Document

Exhibit 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 101.DEF XBRL Taxonomy Extension Definitions Linkbase

Exhibit 104.Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

*Filed herewith

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SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE FIRST BANCORP, INC.

Tony C. McKim, President
March 6, 2026

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

Tony C. McKim, President and Director
(Principal Executive Officer)
March 6, 2026

Richard M. Elder, Treasurer and Chief Financial Officer
(Principal Financial Officer, Principal Accounting Officer)
March 6, 2026

Bruce A. Tindal, Director and Chairman of the Board
March 6, 2026

Robert B. Gregory, Director
March 6, 2026

Renee W. Kelly, Director
March 6, 2026

Cornelius Russell, Director
March 6, 2026

Stuart G. Smith, Director
March 6, 2026

Kimberly S. Swan, Director
March 6, 2026

F. Stephen Ward, Director
March 6, 2026

Ingrid H. W. Kachmar, Director
March 6, 2026

Exhibit 14.2 The First Bancorp, Inc. Code of Business Conduct and Ethics

Revised Effective August 25, 2022
Reviewed September 10, 2025

The Board of Directors of The First Bancorp, Inc. (and its subsidiary, First National Bank, the "Company") have adopted this Code of Business Conduct and Ethics (the "Code") to:

- Promote honest and ethical conduct, including fair dealing and the ethical handling of conflicts of interest.
- Promote full, fair, accurate, timely and understandable disclosure.
- Ensure compliance with applicable laws and governmental rules and regulations.
- Ensure the protection of the Company's legitimate business interests, including corporate opportunities, assets, and confidential information; and
- Deter wrongdoing.

All directors, officers and employees of the Company are expected to be familiar with the Code and to adhere to those principles and procedures set forth in the Code that apply to them. The Company's more detailed policies and procedures set forth in the Human Resources Policy Manual and other applicable procedures manuals are separate requirements and are not part of this Code.

For purposes of this Code, the "Code of Ethics Contact Person" will be Marcia Benner, Executive Vice President Chief Administrative Officer (or her successor or designee, as applicable).

From time to time, the Company may waive some provisions of this Code. Any waiver of the Code for executive officers or directors of the Company may be made only by the Board of Directors and must be promptly disclosed as required by Securities and Exchange Commission ("SEC") or Nasdaq rules. Any waiver for other employees may be made only by the Code of Ethics Contact Person. Any waiver will not automatically apply to subsequent similar situations; separate approval must be sought and obtained as provided above.

- **Honest and Candid Conduct**

Each director, officer and employee owes a duty to the Company to act with integrity. Integrity requires, among other things, being honest and candid.

Each director, officer and employee must:

- Act with integrity, including being honest and candid while still maintaining the confidentiality of information where required or consistent with the Company's policies.
- Observe both the form and spirit of laws and governmental rules and regulations, accounting standards and Company policies.
- Adhere to a high standard of business ethics.

Our advertising should always be truthful and in compliance with applicable federal and state regulations. If we make specific claims about our products or services, we should have evidence to substantiate those claims. We should not label or market our products or services in any way that might cause confusion between our products or services and those of any of our competitors. Similarly, we should be alert to any situation where a competitor may be attempting to mislead potential customers as to its products or services in a manner detrimental to the Company or its customers and inform appropriate management of any such cases.

We should not disparage any of the products, services, or employees of any of our competitors. If we do engage in any comparison of our products or services against those of our competitors, such comparisons should be fair.

If we supply any estimates—such as cost estimates—they must be fair and reasonable and made in good faith. To the maximum extent reasonably practicable, estimates should be backed up by objective facts and experience. To the extent that the estimate cannot be objectively verified, it should be based upon the good faith judgments of those making the estimate. We will not use gifts, excessive entertainment, or any other ways to improperly influence our potential customers/clients. We will market our products and services on the basis of our price, quality, and service.

The Company will not pay any bribe, gratuity, kickback, or any similar payment to anyone, including agents of our customers or members of their families, in connection with the sale of any of our products or services. The Company will offer employees referral fees in lawful situations such as the referral of a prospective employee that is ultimately hired and modest fees for qualified referrals for both Wealth Management and Investment Services. Should any such payments be requested, the Company's senior management should be contacted immediately. Company policy is to forgo any business which can only be obtained by improper or illegal payments.

II. Conflicts of Interest

A "conflict of interest" occurs when an individual's private interest interferes or appears to interfere with the interests of the Company. A conflict of interest can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform their Company work objectively and effectively. For example, a conflict of interest would arise if a director, officer or employee, or a member or their family, or an entity in which a director, officer or employee (or a member of their family) has a material financial interest and/or ownership interest receives improper personal benefits as a result of their position in the Company, including if Company assets or information (such as a business opportunity) are used for the benefit of such a person or entity (see Section VII below). Any material transaction or relationship that would reasonably be expected to give rise to a conflict of interest, or any questions about a situation that may involve a conflict of interest, should be discussed with the Code of Ethics Contact Person.

Service to the Company should never be subordinated to personal gain and/or advantage. Conflicts of interest should be disclosed to the Code of Ethics Contact Person and should, wherever possible, be avoided.

In particular, clear conflict of interest situations involving directors, executive officers and other employees who occupy supervisory positions or who have discretionary authority in dealing with any third party specified below may include the following:

- Any significant ownership interest in any vendor/service provider to the Company or to a Company customer/client.
- Any consulting or employment relationship with any Company customer/client, vendor/supplier, or competitor.
- Any outside business activity that detracts from an individual's ability to devote appropriate time and attention to their responsibilities with the Company.
- The receipt of non-nominal gifts or excessive entertainment from any company or person with which the Company has current or prospective business dealings.
- Being in the position of supervising, reviewing, or having any influence on the hiring, job evaluation, pay or benefit of any immediate family member; and

- Selling anything to the Company or acquiring credit or financial services from the Company, except on the same terms and conditions as comparable directors, officers or employees and persons unaffiliated with the Company are permitted to so acquire or sell.

Such situations should always be discussed with the Code of Ethics Contact Person and not pursued unless approved by the President. In the case of any conflict involving a director or executive officer, such approval must be sought from and given by the Board of Directors.

Nothing contained herein shall require approval of transactions involving extensions of credit or overdrafts that are in compliance with Regulation O promulgated by the Office of the Comptroller of the Currency, or transactions involving Company stock pursuant to First National

Bank Savings and Investment Plan, the Employee and Director Stock Purchase program, the Long- Term Equity Incentive Plan or the Dividend Reinvestment Plan.

Anything that would present a conflict of interest for a director, officer or employee would likely also present a conflict of interest if it were related to a member of their family. For purposes of this policy, "immediate family" includes the spouse, domestic partner, parents,
siblings and children of the employee, and any person or persons in the same relationship to the spouse or domestic partner (including those in a 'step' or other equivalent relationship). Also, for this policy, a member of a director's immediate family will be considered in the same manner as a member of the employee's immediate family.

III. Disclosure

Each director, officer or employee involved in the Company's SEC-mandated disclosure process, including the Chief Executive Officer, the Chief Financial Officer and the Controller (the "Senior Financial Officers"), is required to be familiar with and comply with the Company's disclosure controls and procedures and internal controls over financial reporting, to the extent relevant to their area of responsibility, so that the Company's public reports and documents filed with the SEC comply in all material respects with the applicable federal securities laws and SEC rules. In addition, each such person having direct or supervisory authority regarding these SEC filings or the Company's other public communications concerning its general business, results, financial condition, and prospects should, to the extent appropriate within their area of responsibility, consult with other Company officers and employees and take other appropriate steps regarding these disclosures with the goal of making full, fair, accurate, timely and understandable disclosure.

Each director, officer or employee who is involved in the Company's disclosure process,
including without limitation the Senior Financial Officers, must:

- Familiarize themselves with the disclosure requirements applicable to the Company as well as the business and financial operations of the Company.

- Not knowingly misrepresent, or cause others to misrepresent, facts about the Company to others, whether within or outside the Company, including to the Company's independent auditors, governmental regulators, and self-regulatory organizations.

- Properly review and critically analyze proposed disclosure for accuracy and completeness (or, where appropriate, delegate this task to others).

IV. Compliance: Transactions in Company Stock

It is the Company's policy to comply with all applicable laws, rules, and regulations. It is the personal responsibility of each employee, officer and director to adhere to the standards and restrictions imposed by those laws, rules and regulations.

The Company is strongly supportive of the acquisition, accumulation and retention by directors and executive officers of the Company’s stock. The Company firmly believes that director and officer stock ownership underscores the director’s or officer’s commitment to and belief in the Company and sends a very positive message to other stockholders, the Company’s employees and customers, and the community.

In the interest of good stockholder relations and strong corporate governance, the Company prohibits the acquisition by directors or executive officers of Company stock at a discount from the current market price (except pursuant to the exercise of stock options, or under the terms of the dividend reinvestment plan). Although stock transactions are generally conducted through brokers, given the relatively small number of stockholders and the relatively low volume of trading in the Company’s stock, it is not unusual for the identities of buyers and sellers and the terms of trades to become known in the community. The knowledge that directors or executive officers have acquired Company stock from other stockholders at below market prices could lead to resentment or perception of unfair dealing, possibly resulting in damage to the Company’s good relationship with its stockholders and loss of good will within the community. In addition, transactions conducted at below market prices may serve to drive down the market price of the stock, which, particularly when coupled with the knowledge that a director or officer has been buying in the market at discounted prices, may cause concern among stockholders as to the current and prospective value of their investment in the Company. The Company believes that, in light of the potential damage to the Company and its stockholders from such transactions, directors and executive officers should forego the short term monetary benefit afforded by below market stock purchases, and, except as otherwise provided above, restrict their stock transactions in Company stock to current market prices.

In connection with purchases or sales of the Company’s stock, directors, officers and employees are reminded that, under Rule 10b-5 of the Securities Exchange Act of 1934, it is unlawful to purchase or sell Company stock while in possession of material, non-public information with respect to the Company. A piece of information is material if a reasonable person would consider it important (but not necessarily determinative) in deciding whether to purchase, sell or hold the stock. Examples of such information include knowledge of a pending major transaction (such as an acquisition), unanticipated changes in earnings or adverse regulatory developments, while such information has not been publicly disclosed by the Company. Rule 10b- 5 will compel the directors, officers, employees and others possessing such knowledge to refrain from purchasing or selling shares of the Company’s stock until such time as the information has been publicly disseminated. Similarly, directors, officers and employees are reminded to exercise great care and discretion in maintaining the confidentiality of such material, non-public information. The consequences of such unlawful trading by directors, officers and employees or those to whom directors, officers or employees may have disclosed such information (whether knowingly or inadvertently) may include fines, punitive damages, civil liability and criminal

sanctions as well as severe harm to the Company’s public image and stockholder, customer and regulatory relations. Thus, the Company expects all directors, officers and employees to adhere scrupulously to these legal requirements. Without limiting the foregoing, directors, officers and employees are reminded of the Company’s policies relating to stock trading, including those relating to periods in which no trading in Company stock is permitted for directors, officers and employees.

In addition to these ethical considerations, Board members and executive officers are reminded that certain reporting protocols must be followed when they or their immediate family members (directly or through trusts) conduct any transactions in the Company’s stock. Any questions about these trading prohibitions or reporting requirements should be directed to the Chief Financial Officer or the Executive Assistant to the President and CEO.

Because the Company is subject to federal and state financial institution statutory and regulatory obligations and restrictions, all Company directors, executive officers and employees are directed to the Company’s Compliance Manual, which sets forth in greater detail the obligations of such personnel relating to such laws and regulations.

V. Reporting and Accountability

The Board of Directors is responsible for applying this Code to specific situations in which questions are presented to it and has the authority to interpret this Code in any particular situation, including without limitation any such situation involving possible waivers of this Code with respect to any director or executive officer. Any director, officer or employee who becomes aware of any existing, past or potential violation of this Code, or of laws or regulations applicable to the Company or its directors, officers or employees in their capacities as such, is required to notify the Code of Ethics Contact Person promptly. Failure to do so is itself a violation of this Code.

Any questions relating to how this Code should be interpreted or applied should be addressed to the Code of Ethics Contact Person. A director, officer or employee who is unsure of whether a situation violates this Code, or applicable laws or regulations should discuss the situation with the Code of Ethics Contact Person to prevent possible misunderstandings and embarrassment at a later date.

Each director, officer or employee must:

- Notify the Code of Ethics Contact Person promptly of any existing, past or potential violation of this Code, or of laws or regulations applicable to the Company or its directors, officers or employees in their capacities as such.

- Not retaliate against any other director, officer or employee for reporting existing, past or potential violations of this Code or applicable laws or regulations to the Company or to appropriate government officials that are based on the reporting person's reasonable belief that a violation has possibly occurred. Retaliation includes discharging, suspending, demoting, threatening, harassing (directly or indirectly) or discriminating in any other manner against the reporting person because of such reporting. Any person who has reported such a potential violation of this Code or of applicable laws or regulations and who believes they have experienced retaliation as a result is urged to report such retaliation immediately to the Code of Ethics Contact Person or the President.

The Board of Directors, the President and the Code of Ethics Contact Person shall take all action they consider appropriate to investigate any violations reported to them. If a violation has occurred, the Company will take such disciplinary or preventive action against the violator(s) as it deems appropriate, including potential discharge from employment, after consultation with the Board of Directors, in the case of a director or executive officer, or the President, in the case of any other employee. The identity of the employee reporting will be kept confidential to the extent that it is prudent and practically possible to do so.

Every employee and director of the Company shall be given a copy of this Code and asked to sign a statement acknowledging receipt of it. Every new employee will be given a copy of the Code and asked to acknowledge receipt of it either at or within one week of hiring.

In the event of any changes or amendments to this Code, such changes or amendments will be provided to all Company employees in the most expeditious way possible. If there are interpretations of the Code of broad application to our employees, those will also be appropriately distributed.

No representation is expressed or implied that the policies stated herein are all the relevant policies of the Company nor that they are a comprehensive, full, or complete explanation of the laws that are applicable to the Company and its employees. All Company employees have a continuing obligation to familiarize themselves with applicable law and Company policy.

VI. Governmental Investigations and Legal Proceedings

It is the policy of the Company to fully cooperate with any government investigation. A condition of such cooperation, however, is that the Company be adequately represented in any such investigation by its own legal counsel. Accordingly, anytime anyone in the Company obtains any knowledge that would lead one to reasonably believe that a government investigation or inquiry is or may soon be underway, this information should be communicated immediately to the Company's President. The two preceding sentences do not apply to routine, periodically recurring interactions with the Company's principal regulators, such as annual bank regulatory audits or inspections.

In some government investigations, the Company's lawyers can protect the interests of both the Company and the employees. In some cases, there may be a conflict of interest between the Company and individual employees, and individual employees may need their own legal counsel.

In some cases, the Company may be able and willing to pay for the individual's own legal counsel, but this must be determined on a case-by-case basis as the law imposes some restrictions on the Company's ability to do so, and the Board retains discretion concerning such uses of Company funds.

Employees should never, under any circumstances,

- destroy any Company documents in anticipation of a request for those documents from any government agency or a court;

2. alter any Company documents or records;

3. lie or make any misleading statements to any government investigator (this includes routine, as well as non-routine, investigations—there is a separate federal statute relating to the making of false statements to investigators of a crime); or

4. attempt to cause any other Company employee, or any other person, to fail to provide information to any government investigator or to provide any false or misleading information.

Should any government inquiry arise through the issuance of a written subpoena or written request for information (such as a Civil Investigative Demand) such request should immediately, and before any action is taken or promised, be submitted to the Company's President. The foregoing sentence does not apply to such inquiries that are received with respect to an individual customer or his, her or its account status or activity.

VII. Corporate Opportunities

Directors, officers and employees owe a duty to the Company to advance the Company's business interests when the opportunity to do so arises. Directors, officers and employees are prohibited from taking (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information or position, unless the Company has already been offered the opportunity and turned it down. More generally, directors, officers and employees are prohibited from using corporate property, information or position for personal gain and from competing with the Company.

Sometimes the line between personal and Company benefits is difficult to draw, and sometimes there are both personal and Company benefits in certain activities. Directors, officers and employees who intend to make use of Company property or services in a manner not solely for the benefit of the Company should consult beforehand with the Code of Ethics Contact Person.

VIII. Confidentiality; Electronic Communications

In carrying out the Company's business, directors, officers and employees often learn confidential or proprietary information about the Company, its customers/clients or its suppliers/vendors. Directors, officers and employees must maintain the confidentiality of (and not use other than in the Company's business) all information so entrusted to them, except when disclosure is authorized or legally mandated.

It is very important for all directors, officers and employees to appropriately safeguard the Company's confidential information and that of its customers and to refuse any improper access to confidential information of any other person or company, including our competitors.

In terms of our own confidential information, the following are our guidelines.

1. Any Company proprietary information and any customer information to which we may have access should be discussed with others within the Company only on a need-to-know basis.

2. If we wish to disclose our own confidential information to any people outside of our Company, it should be done only in conjunction with appropriate confidential information disclosure agreements, which can be provided by the Company's counsel.

3. We should always be alert to, and take steps to avoid, inadvertent disclosures that may arise in either social conversations or in normal business relations with our vendors and customers.

Confidential or proprietary information of the Company or our customers, and of other companies or persons, includes any information that is not generally disclosed and that is useful or helpful to the Company and/or which would be useful or helpful to competitors of the Company, as well as any non-public information be harmful to the relevant company or person or useful or helpful to competitors if disclosed. Common examples include such things as financial data, sales figures for individual products or services or groups of products or services, planned new products or services or planned advertising programs, areas where the Company (or another entity) intends to expand, lists of suppliers, lists of customers, customer deposit or loan data, customer financial statements or credit application information, wage and salary data, capital investment plans, projected earnings, changes in management or policies of the Company (or another entity), communications to or from regulatory authorities, testing data, suppliers' prices to us, or any plans we may have for improving any of our products or services.

Reference should be made to the Company's employee manual for more detailed and specific guidelines and procedures relating to confidentiality.

Any director, officer or employee utilizing the Company's information systems must review and comply with the Company's Information Systems Acceptable Use Policy, which is included in the Company's employee manual; copies may also be obtained from the Code of Ethics Contact Person.

IX. Fair Dealing

We have a history of succeeding through honest business competition. We do not seek competitive advantages through illegal or unethical business practices. Each director, officer and employee should endeavor to deal fairly with the Company's customers/clients, service providers, vendors/suppliers, competitors and employees. No director, officer or employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

X. Protection and Proper Use of Company Assets

All directors, officers and employees should protect the Company's assets and ensure their efficient use. All Company assets should be used only for legitimate business purposes.

The Company's policy is to respect copyright laws and observe the terms and conditions of any license agreements to which the Company has agreed. In most cases, this means that the software used by our employees is copyrighted, and the Company does not have the right to make copies of that software except for backup purposes. This includes not only the substantial software programs the Company may license, but also the smaller so-called shrink-wrap programs typically used for word processing, spreadsheets, and data management.

The Company generally does not purchase these programs but instead licenses them. Both the license agreement and general copyright laws prohibit duplication of these programs. This is true even if the programs are not "copyright protected."

Code of Ethics

General:

It is the policy and practice of First National Bank that all areas of our business be conducted with the highest level of ethical standards. This policy applies to business conducted between the Bank and its customers, vendors and other associates as well as business conducted within the Bank between employees of all levels. Any employee who violates or disregards the Code of Ethics will be subject to disciplinary action, up to and including termination.

Work Environment:

Employees of First National Bank will work in an environment free of discrimination and harassment of any kind, where the highest standards of professional behavior will be upheld. Our work environment will be one of mutual respect, will promote teamwork and sensitivity toward others as well as tolerance of different views, ideas and lifestyles.

1. As outlined in our policy of Equal Employment Opportunity, the Bank will provide equal employment opportunity to all employees and persons applying for employment at this institution. This policy of non-discrimination applies to all terms, conditions and privileges of employment including, but not limited to, hiring, initial period of employment, employment, training, placement, employee development, promotion, transfer, compensation and benefits, educational assistance, performance management, discipline, layoff and recall, social and recreational programs, employee facilities and termination.

2. Harassment based upon any legally protected status, including but not limited to sex, sexual orientation, gender identity or expression, pregnancy, familial status, race or color, national origin, ancestry, religion, age, physical or mental disability, or whistleblower status will not be tolerated. As noted in the anti-harassment policy in our employee handbook, harassment can take many forms. It is perhaps most important to note the following:
    - What may not be considered as harassment by some people, may be by others, and harassment may occur when the person being victimized feels that they are being harassed even if the other party does not believe they have engaged in inappropriate behavior and does not intend to make the victim feel uncomfortable.
    - Employees may also feel harassed when they are working in an environment that has been made uncomfortable for them, even if they are not the direct targets of the harassment.
    - Supervisors and other members of management are responsible for monitoring behavior that could be construed to be harassment, and are responsible, with the assistance of the Human Resources Department, to take actions to eliminate such behavior.
    - Employees who feel they are being harassed or who are uncomfortable in their work environment due to the actions of others are responsible for reporting their complaints to the Human Resources Officer, who will investigate the complaint and take prompt, appropriate remedial action to address the situation.
    - Any employee who believes that they have been the victim of discrimination or harassment of any kind, or who has the knowledge of that kind of behavior is responsible for reporting such conduct immediately.
    - No employee acting in good faith will be retaliated against for reporting what they reasonably believe to be discriminatory behavior or harassment or participating in an investigation by the company or a governmental agency.

Confidentiality

All information obtained by virtue of association with the Bank should be held in strictest confidence. No hint of information or of having knowledge of bank accounts, sources of income, obligations or other information should ever be revealed to unauthorized persons. Within the Bank, disclosure of such information must be made only to those persons whose duties require and permit them to have access to such information.

Some Rules of Confidentiality

1. All transactions on an account are confidential. Only the account holder has the right to information pertaining to their account.
2. Do not discuss confidential information with other employees unless there is a need to know to complete a transaction. Any discussion should be done for business purposes and in private.
3. Consider the need to know. As a bank employee, you have access to all kinds of confidential information. If there is not a need to know the information in order to complete a business transaction, there is no need for you to look it up.
4. Do not discuss bank policies or security measures with customers, vendors, or others not employed by the Bank. Do not encourage them to complain or criticize. Be positive about the Bank without giving away any details. Remember, as long as you are employed here at First National Bank, you are the Bank.

Quality of Work

All employees of First National Bank are expected to produce quality work that is highly accurate and balances both the needs of the Bank and those of our customers. Work produced by employees is subject to the scrutiny of both internal and external auditors as well as regulators from the Office of the Comptroller of the Currency.

1. Financial statements will be compiled using generally accepted accounting principles retaining all necessary work papers to create an appropriate paper trail for auditors and examiners.
2. Loan documents will be produced in compliance with applicable government rules and regulations and follow the credit underwriting and loan policy guidelines of the Bank.
3. All regulatory disclosures will be produced and distributed as required by law.
4. Any employee who does not follow these general guidelines when preparing work for First National Bank or its holding company, The First Bancorp, will be subject to disciplinary action, up to and including termination.

Conflicts of Interest

The Bank prohibits its employees from engaging in any activity, practice or act which conflicts with, or appears to conflict with, the interests of the Bank, its customers, or suppliers. Situations to avoid may include, but are not limited to, examples such as the following:

- No employee of the Bank may process transactions for their own account or for any account in which they have an interest, or for the account(s) of any immediate family member (as defined in the personnel manual). Included under the definition of transaction is any account or personal maintenance changes. Matters of this nature must be processed through proper channels by another qualified person to avoid any appearance of self-dealing or conflict of interest.

- No employee will accept a personal appointment such as Executor/Personal Representative, Administrator, Conservator, Trustee or Guardian, which develops primarily in the course of bank business without approval from their division head. (Supervisors and management personnel can look to the principals of First National Wealth Management for guidance as necessary.)

- No employee of the Bank will serve as co-fiduciary with the Bank unless the Trust Committee of the Board of Directors first approves the appointment. Any compensation received by the employee acting in said co-fiduciary capacity must also have prior approval of the Committee. If the situation involves relatives, close personal friends, or other special circumstances, the employee should make these facts known to the Committee, which, given the circumstances, may make an exception to this policy. This exception will be documented in writing.

- If the Bank or its agent offers the property (or foreclosed, now Bank owned property) of a customer, trust, agency or estate for sale, employees and their immediate family members are prohibited from purchasing such property.

- If an employee or employee's family member or member of their household has a direct or indirect interest in a firm that is dealing with the Bank, such interests must be disclosed to the Bank. If bank management feels the interest is sufficient to affect the employee's decisions or actions, the employee will be instructed not to act for the Bank in such transactions.

- The assets of the Bank must not be used to maintain a correspondent account with another bank in return for a personal loan or preferential terms from said bank to an Executive Officer of First National Bank.

- No employee may retain commissions or other income from the sale of insurance to customers in connection with any loan made by the Bank.

- Employees and their immediate families are not to accept gifts or any special discounts or loans from any person or firm doing business with or seeking to do business with the Bank. The word 'gifts' is defined to include cash, lavish entertainment, free long-distance travel, and lodging or any other items that could be perceived as inappropriate.

- Employees are not to give, offer or promise, directly or indirectly, anything of value to any representative or a customer, potential customer or financial institution, in connection with any transaction or business the Bank may have with such customer or represented entity.

- Employees are not to accept employment outside of the organization that would conflict with the policy on 'Outside Employment' including employment with a competitor of the Bank. This prohibition on employment includes serving as an advisor or consultant to that organization, unless that activity is conducted as a representative of the Bank in a pre-approved capacity.

- Employees are not to engage in, directly or indirectly, any conduct which is disloyal, disruptive or damaging to the Bank.

Reporting Violations of the Code of Ethics

Employees who become aware of any violation of the code or any other illegal conduct on the part of any employees must inform a member of the Bank's Executive Leadership Team immediately. Failure to disclose such conduct or obstructing another employee's disclosure of such conduct may subject the employee to disciplinary action, up to and including termination. No employee acting in good faith will be retaliated against for reporting suspected code of ethics violations, even if it is ultimately determined that no code of ethics violation occurred.

Reporting Auditing/Accounting Complaints

The Audit Committee of the Board of Directors of The First Bancorp (and First National Bank) has instituted a process for reporting concerns regarding questionable auditing and accounting matters as required under Sarbanes-Oxley, the law passed by Congress in 2002 in response to questionable practices that led to major issues at several large companies. This process allows employees to submit their concerns in a confidential and anonymous manner (if they so choose to be anonymous) directly to the outside director who is chair of the board's audit committee. To report such concerns, employees should access the 'Audit Concern Form' found on the public drive under Forms\General, complete it and mail it to the address on the form. Types of concerns that would be legitimate to report include: financial statements not prepared using generally accepted accounting principles; collusion between management and auditors to falsify financial information to make the company appear in a better financial position than it truly is, and other matters that may misrepresent the company's overall financial condition. No employee acting in good faith will be retaliated against for reporting questionable audit or accounting matters.

Exhibit 23.1 Consent of Independent Registered Public Accounting Firm

Consent of Independent Registered Public Accounting Firm

As the independent registered public accountants of The First Bancorp, Inc. and Subsidiary, we hereby consent to the incorporation by reference in the registration statements No. 333-209156 and 333-238258 on Form S-8 and No. 333-64308 on Form S-3 of our report dated March 6, 2026, with respect to the consolidated balance sheets of The First Bancorp, Inc. and Subsidiary as of December 31, 2025 and 2024, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the effectiveness of internal control over financial reporting as of December 31, 2025, which reports appear in the December 31, 2025 annual report on Form 10-K of The First Bancorp, Inc.

BDMP Assurance, LLP

Portland, Maine
March 6, 2026

Exhibit 31.1 Certification of Chief Executive Officer

I, Tony C. McKim, President and Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of The First Bancorp, Inc. (the "Registrant");

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 controls 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 fourth quarter of 2025 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 Registrant's board of directors:
(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: March 6, 2026

Tony C. McKim
President and Chief Executive Officer

Exhibit 31.2 Certification of Chief Financial Officer

I, Richard M. Elder, Treasurer and Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K of The First Bancorp, Inc. (the "Registrant");

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 controls 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 fourth quarter of 2025 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 Registrant's board of directors:
(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.

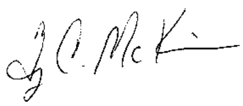
Date: March 6, 2026

Richard M. Elder
Treasurer and Chief Financial Officer

Exhibit 32.1 Certification of Periodic Financial Report Pursuant to 18 U.S.C. Section 1350

The undersigned officer of The First Bancorp, Inc. (the "Company") hereby certifies that the Company's annual report on Form 10-K for the period ended December 31, 2025 to which this certification is being furnished as an exhibit (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided pursuant to 18 U.S.C. Section 1350 and Item 601(b)(32) of Regulation S-K ("Item 601(b)(32)") promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and the Exchange Act. In accordance with clause (ii) of Item 601(b)(32), this certification (A) shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and (B) shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Date: March 6, 2026



Tony C. McKim
President and Chief Executive Officer

Exhibit 32.2 Certification of Periodic Financial Report Pursuant to 18 U.S.C. Section 1350

The undersigned officer of The First Bancorp, Inc. (the "Company") hereby certifies that the Company's annual report on Form 10-K for the period ended December 31, 2025 to which this certification is being furnished as an exhibit (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided pursuant to 18 U.S.C. Section 1350 and Item 601(b)(32) of Regulation S-K ("Item 601(b)(32)") promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and the Exchange Act. In accordance with clause (ii) of Item 601(b)(32), this certification (A) shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and (B) shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Date: March 6, 2026

Richard M. Elder
Treasurer and Chief Financial Officer

Shareholder Information

Common Stock Prices and Dividends
The common stock of The First Bancorp, Inc. (ticker symbol FNLC) trades on the NASDAQ Global Select Market. The following table reflects the high and low prices of actual sales in each quarter of 2025 and 2024. Such quotations do not reflect retail mark-ups, mark-downs or brokers' commissions.

	2025		2024	
	High	Low	High	Low
1st Quarter	$27.41	$24.34	$28.95	$22.13
2nd Quarter	25.71	22.11	24.85	21.77
3rd Quarter	27.66	24.50	29.75	23.28
4th Quarter	28.60	24.08	31.05	25.27

The last known transaction of the Company's stock during 2025 was on December 31 at $26.44 per share. There are no warrants outstanding with respect to the Company's common stock. The Company has no securities outstanding which are convertible into common equity. The table below sets forth the cash dividends declared in the last two fiscal years:

Date Declared	Amount Per Share	Date Payable
March 28, 2024	$0.350	April 19, 2024
June 27, 2024	$0.360	July 19, 2024
September 26, 2024	$0.360	October 18, 2024
December 19, 2024	$0.360	January 16, 2025
March 27, 2025	$0.360	April 18, 2025
June 26, 2025	$0.370	July 18, 2025
September 25, 2025	$0.370	October 16, 2025
December 18, 2025	$0.370	January 16, 2026

Pending Legal Proceedings
There are no material pending legal proceedings to which the Company or the Bank is the party or to which any of its property is subject, other than routine litigation incidental to the business of the Bank. None of these proceedings is expected to have a material effect on the financial condition of the Company or of the Bank.

Annual Meeting
The Annual Meeting of the Shareholders of The First Bancorp, Inc. will be held virtually Wednesday, April 29, 2026 at 11:00 a.m. Eastern Daylight Time.

Annual Report on Form 10-K
The Annual Report on Form 10-K to be filed with the Securities and Exchange Commission is available online at the Commission's website: www.sec.gov. Shareholders may obtain a written copy, without charge, upon written request to the address listed below.

Accessing Reports Online
The Company's 2026 proxy materials may be accessed online at: http://materials.proxyvote.com/31866P.
The First Bancorp, Inc.'s website address is https://investors.thefirst.com. All press releases, SEC filings and other reports or information issued by the Company are available at this website, as well as the Company's Code of Ethics for Senior Financial Officers, the Company's Code of Business Conduct and Ethics, Audit Committee Charter, Nominating Committee Charter, and Compensation Committee Charter. All SEC filings are accessible at the Commission's website: www.sec.gov.

Corporate Headquarters
Contact:
Richard M. Elder, Chief Financial Officer
The First Bancorp, Inc.
223 Main Street, P.O. Box 940
Damariscotta, Maine 04543
207-563-3195; 1-800-564-3195

Transfer Agent
Changes of address or title should be directed to:
Broadridge Corporate Issuer Solutions
P.O. Box 1342
Brentwood, NY 11717
1-800-685-4509
shareholder@broadridge.com

Independent Certified Public Accountants
BDMP Assurance, LLP
2211 Congress St
Portland, ME 04102

Corporate Counsel
Pierce Atwood LLP, Attorneys
254 Commercial Street, Merrill's Wharf
Portland, Maine 04101

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