First General Bank
大通銀行
Your Path to Success 攜手大通 邁向成功

2024 Annual Report

CONTINUING SUCCESS

Your Path to Success 攜手大通 邁向成功

MISSION & VALUES 使命和價值

Our mission is to create value for our shareholders, customers, employees and community.

為股東，客戶，員工和社區創造最高價值。

Creating value for shareholders 為股東創造價值

Creating and maximizing shareholder value is a mission and goal of our Bank. Our strategy is to create value for our shareholders through profitable and sustainable growth. We understand that long-term shareholder value can be maximized only when the Bank is able to create value for our customers, our employees, and our community. We believe we have succeeded in these areas, and we are proud to continue our mission to create and add value for our shareholders, year after year.

創造和實現股東最高獲利是我們銀行的使命。我們通過持續盈利的增長，為股東創造價值。我們相信當銀行能夠為我們的客戶，員工和社會創造最大價值的時候，就是股東的最高價值。我們感恩能夠每年持續的為股東創造最高價值。

Creating value for employees 為員工創造價值

Our employees are our most important assets – Therefore, providing a harmonious and rewarding environment for our employees is also our focus. Over the years, the Bank has greatly invested in training and developing its employees, along with a competitive, merit-based compensation and benefit program. The reward? A team of dedicated, professional employees who share a common goal of the First General Bank family: Creating value for our customers, shareholders, employees, and community.

我們的員工是我們最重要的資產。我們提供一個和諧，成長和獎勵的工作環境，並為員工增進其競爭力及專業發展，最終提高整體服務品質。我們的員工成就了我們銀行的使命:為股東，客戶和社區創造最高價值。

Creating value for customers 為客戶創造價值

Since the Bank's beginning, we understand that we can only compete in the marketplace by creating value for our customers. We accomplish this in several ways: Ensuring that each of our employees understand that the "Customer" is our top priority; understanding each of our customer's unique business needs; and providing responsive, valuable and quality services. Our business exists because of our customers – Going the extra mile for our customers has always been a standard at our Bank.

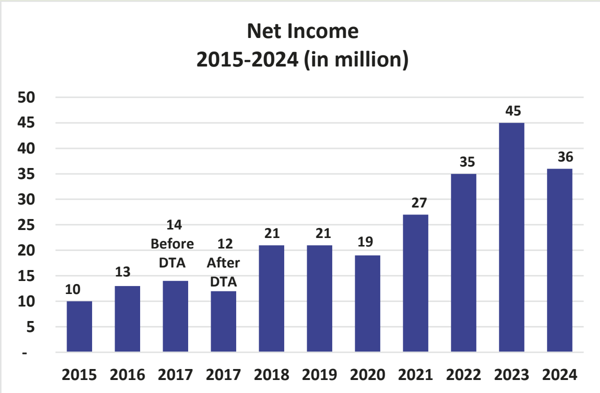
從銀行開幕營運以來，我們的使命就是為客戶創造最高價值。服務「客戶」是我們的首要任務。我們了解客戶的需求，以最迅速專業的服務來滿足客戶。我們永遠會為客戶提供優質，及時和增值的服務來確保客戶能獲得最高價值。

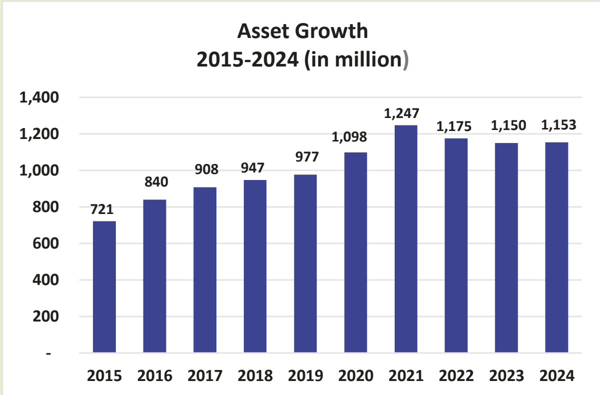
Creating value for our community 為社區創造價值

The Bank's roots lie in the community. We owe much of our success to the community's support – Therefore, we have been committed to its well-being. In addition to providing financial support to numerous community organizations, our Bank's employees have volunteered to serve the community through teaching financial literacy, assisting low-income families with tax returns filing. Through such volunteering opportunities, our Bank has been able to foster a community-focused culture within the organization, and expand our community network.

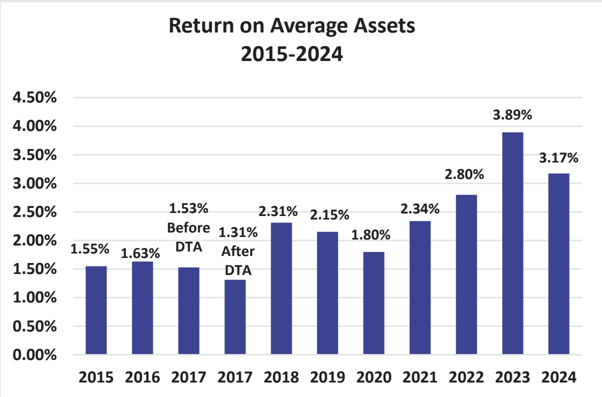
我們創行以來始終秉持著以人為本的基本理念。我們的成功來自於社會各界的支持。因此，我們提供慈善捐款幫助社區組織並鼓勵所有員工積極參與社區服務。創造和實現幸福的社區是我們的最高價值。

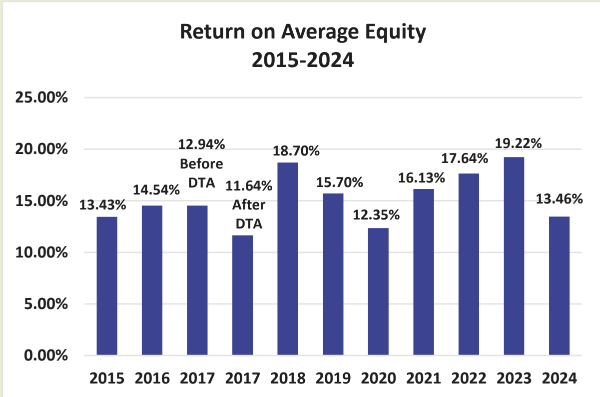
Financial Highlights

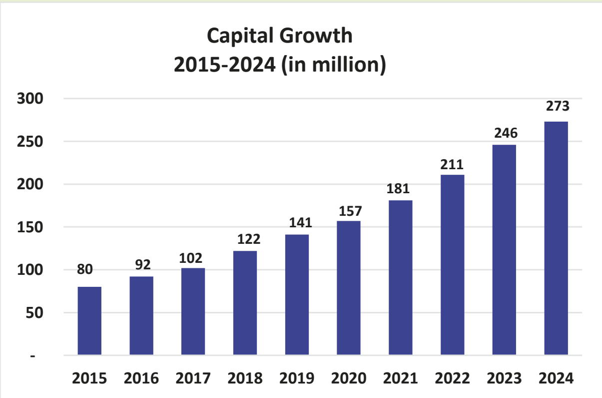


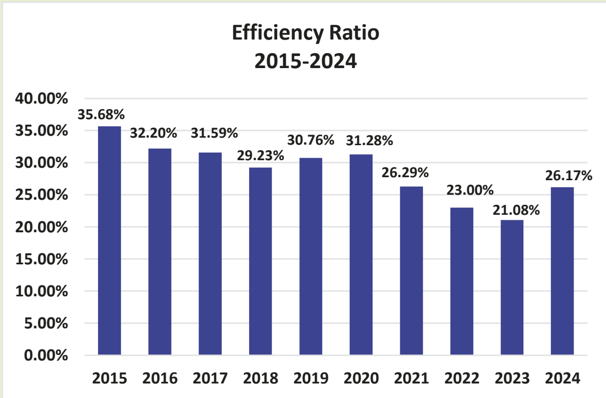


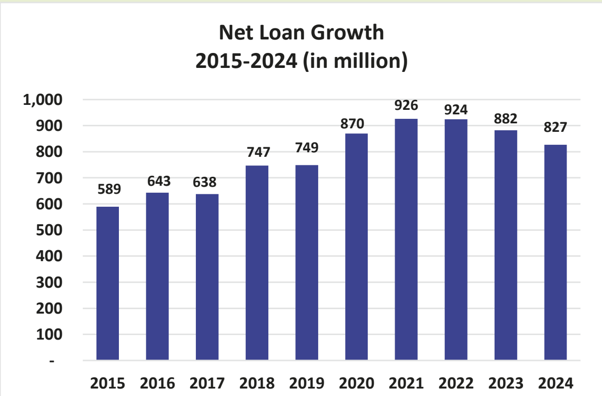
DTA = Deferred Tax Assets/One time $1,992 million yearend DTA write down due to the new Tax Cuts and Jobs Act on Dec. 22, 2017

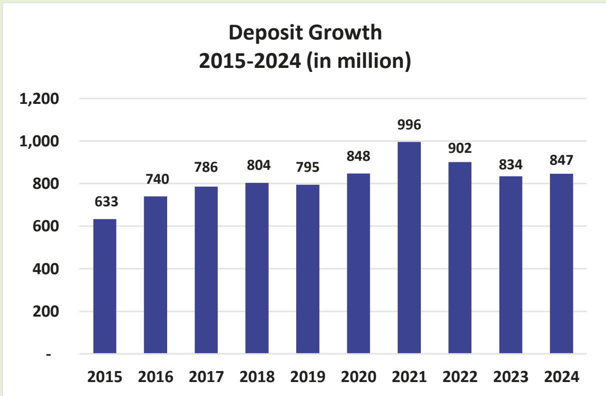












Letter to Shareholders

Dear Shareholders,

The banking industry, particularly community banks, encountered another challenging year in 2024. The Federal Reserve seeing inflation nearing their target 2%, cut interest rate three times during the second half of the year. This 100bps reduction in rates along with elevated cost of funds due to intense competition for deposits, squeezed the profit margin for many community banks. Amid such challenges, First General Bank effectively navigated these pressures to achieve profitability that ranked us Top 3 among all California-based banks in Return on Average Assets (ROAA).

Our efforts in 2024 centered on building a robust foundation for future success. We expanded and deepened relationships with our core customers, strategically managed our loan portfolio, and enhanced our balance sheet and liquidity position, effectively preparing us for the years ahead.

2024 Financial Performance

Despite the challenges in 2024, our Bank continued to achieve strong levels in many areas:

- We recorded a before-tax NOI of $50.4 million and after-Tax Net Income of $35.6 million for the year ended December 31, 2024.
- The Bank's performance ratios continue to top most banks in the nation, with return on average equity (ROAE) at 13.46% and return on average assets (ROAA) at 3.17%.
- Loan production continued, with $110.7 million new loan commitments booked.
- Total Gross Loans decreased from $895.6 million to $839.0 million, as compared to 2023, resulting from our planned strategic action to control loan growth in times of high economic uncertainties.
- Total Retail Deposits increased by $65.2 million, or 8.6%, to $824.8 million from $759.6 million at December 31, 2023. With sufficient liquidity and the strong support from our customers, the Bank opted not to compete head-on for high-cost retail deposits during the year.
- Our Bank has strong capital base. Community Bank Leverage Ratio was well-capitalized at 23.90%, an increase of 2.03% over 2023. (The average leverage capital ratio for community banks in the third quarter of 2024 was 9.34%, according to the most recently available FDIC Quarterly Banking Profile.)
- Tangible Shareholders' Equity increased by 11.1% in the year to $273.1 million.
- Tangible Book Value per share increased by 9.2% to $64.89 compared to $59.41 in December 2023.
- Our Bank distributed dividends totaling $2.50 per common share to stockholders, approximately a 30% dividend payout ratio.

Honors and Awards Received

2005 -	Founded in Rowland Heights
2008 -	Rated as "FIVE STAR Bank" by Bauer Financial
2009 -	Rated as "FIVE STAR Bank" by Bauer Financial
2011 -	Ranked as "Super Premier Performing Bank" by Findley Reports
2012 -	Ranked as "Top Bank" by SNL Financials
	Ranked as "Most Profitable Bank" by LA Business Journal
	Ranked as "Super Premier Performing Bank" by Findley Reports
2013 -	Ranked as "SBA Export Lender of the Year" by SBA
	Ranked as "Super Premier Performing Bank" by Findley Reports
2014 -	Ranked as "Super Premier Performing Bank" by Findley Reports
2015 -	Rated as "FIVE STAR Bank" by Bauer Financial
	Ranked as "Super Premier Performing Bank" by Findley Reports
2016 -	Rated as "FIVE STAR Bank" by Bauer Financial
	Ranked as "Super Premier Performing Bank" by Findley Reports
2017 -	Rated as "FIVE STAR Bank" by Bauer Financial
	Ranked as "Super Premier Performing Bank" by Findley Reports
	Rated "Top Financial Institution" by LA Business Journal
	Rated "Top SBA Lender" by Orange County Business Journal
2018 -	Rated as "FIVE STAR Bank" by Bauer Financial
	Ranked as "Super Premier Performing Bank" by Findley Reports
2019-	Rated as "FIVE STAR Bank" by Bauer Financial, and ranked as "Super Premier Performing Bank" by Findley Reports.
	Named one of the "100 Top Community Banks" by S&P Global Intelligence
2020-	Rated as "FIVE STAR Bank" by Bauer Financial, and ranked as "Super Premier Performing Bank" by Findley Reports.
2021-	Rated as "FIVE STAR Bank" by Bauer Financial
	Ranked as "Super Premier Performing Bank" by Findley Reports
	Ranked #1 as Best Performing Bank in California and 4th in the U.S. (under $3 billion in assets) by S&P Global
2022-	Rated as "FIVE STAR Bank" by Bauer Financial
	Ranked as "Super Premier Performing Bank" by Findley Reports
	Ranked #1 as Best Performing Bank in US West Region (under $10 billion in assets) by S&P Global
2023-	Rated as "FIVE STAR Bank" by Bauer Financial
	Ranked as "Super Premier Performing Bank" by Findley Reports
	Ranked Top 50 Best Bank in the US West Region (under $10 billion in assets) by S&P Global
2024-	Ranked #2 in efficiency and #3 in Return on Average Assets among 117 California-based banks by the Hovde Group.
	Ranked as "Super Premier Performing Bank" by Findley Reports
	Ranked Top 10 Best Performing Bank in the US West Region (under $10 billion in assets) by S&P Global

In 2024, we continued to be certified as a Community Development Financial Institution (CDFI) by the U.S. Department of Treasury, and received a Bank Enterprise Award. CDFI Certification is the U.S. Department of the Treasury's recognition of specialized financial institutions promoting community development and serving low-income communities.

Continuing Success

The banking sector continues to navigate challenges such as elevated funding costs, interest rates, and economic volatility. However, we anticipate measured growth in 2025, built upon the strong foundation established over the past twenty years and especially during the recent few years of elevated interest rate environment. While the Trump Administration's economic policies offer potential benefits, we acknowledge the need for caution given potential trade, immigration and political ramifications.

Our commitment to conservative balance sheet management, disciplined cost control, and excellent customer service remains steadfast, forming the foundation of our strategic approach. We recognize that in an increasingly complex and dynamic financial landscape, these principles are not merely operational guidelines, but fundamental pillars of our long-term stability and success. Therefore, we will continue to strategically invest in technology to strengthen our cybersecurity defenses, safeguarding our clients' sensitive data and maintaining their trust.

We extend our sincere gratitude to our loyal customers, shareholders, directors, and dedicated team for their unwavering support. Our continuing success would not be possible without each and every one of you. We are confident in a successful 2025 and beyond, together.

Jackson Yang
Chairman of the Board

Cliff J. Hsu
President & CEO

致股東函

親愛的股東們:

2024 年，社區銀行持續了充滿挑戰的一年。利率下降 100 個基點，加上存款競爭激烈導致資金成本上升，擠壓了許多社區銀行的利潤。面對這些挑戰，大通銀行有效地應對了這些壓力，實現了盈利，使我們的平均資產回報率 (ROAA) 在所有加州銀行中名列前三名。

我們在 2024 年的工作重點是為未來的成功奠定堅實的基礎。 我們擴大並深化了與核心客戶的關係，策略性地管理我們的貸款組合，並強化了我們的資產負債表和資金流動性，為我們未來幾年做好了有效的準備。

2024 年財務表現

儘管 2024 年面臨挑戰，本行在許多領域繼續取得強勁水平:

- 截至 2024 年 12 月 31 日的年度，銀行的稅前獲利為 5,040 萬元，稅後淨利為 3,560 萬元。
- 銀行的績效比率持續在全國大多數銀行中名列前茅，ROAE（平均資本回報率）為 13.46%，ROAA（平均資產回報率）為 3.17%。
- 貸款持續發放，新承諾貸款為 1.107 億美元。
- 貸款總額從 2023 年的 8.96 億美元下降至 8.39 億美元，此次下調是由於銀行在經濟高度不確定時期，策略性控制貸款增長。
- 總零售存款額從 2023 年 12 月 31 日的 7.60 億美元增長至 8.25 億美元，增幅為 6,520 萬美元，即 8.6%。由於流動資金充裕，加上顧客的大力支持，我們選擇不直接競爭高成本的零售存款。
- 銀行資本比率為 23.90% ，比 2023 年增長了 2.03%，顯示本行雄厚的資本基礎。(根據最近 FDIC 2024 年第三季 Quarterly Banking Profile,全國銀行平均資本率為 9.34%)
- 股東淨值增長 11.10%，至 2.73 億美元。
- 股票帳面值從 2023 年 12 月的 59.41 美元增加 9.2%至每股 64.89 美元。
- 向股東發放的股利為每股普通股 2.50 美元，股利支付率約 30%。

榮譽與獎項

2005 - 大通銀行於羅蘭崗開幕營運

2008 - BauerFinancial 評選為最高榮譽之「五星獎」

2009 - BauerFinancial 評選為最高榮譽之「五星獎」

2011 - Findley Reports 評選為「超級優異營運之銀行」

2012 - SNL Financials 評選為「第一名頂級銀行」
LA Business Journal 洛杉磯商業雜誌評選為「洛杉磯獲利率最高之銀行」
Findley Reports 評選為「超級優異營運之銀行」

2013 - SBA 評選為「中小型企業出口貸款之年度銀行」
Findley Reports 評選為「超級優異營運之銀行」

2014 - Findley Reports 評選為「超級優異營運之銀行」

2015 - BauerFinancial 評選為最高榮譽之「五星獎」
Findley Reports 評選為「超級優異營運之銀行」

2016 - BauerFinancial 評選為最高榮譽之「五星獎」
Findley Reports 評選為「超級優異營運之銀行」

2017 - BauerFinancial 評選為最高榮譽之「五星獎」
Findley Reports 評選為「超級優異營運之銀行」
LA Business Journal 洛杉磯商業雜誌評選為「洛杉磯獲利率最高之銀行」
Orange County Business Journal 評選為「優等中小型企業貸款 performance-price ratio 銀行」

2018 - BauerFinancial 評選為最高榮譽之「五星獎」
Findley Reports 評選為「超級優異營運之銀行」

2019- BauerFinancial 評選為最高榮譽之「五星獎」
Findley Reports 評選為「超級優異營運之銀行」
S&P Global Intelligence 評選為 “100 家頂級社區銀行”之一

2020- BauerFinancial 評選為最高榮譽之「五星獎」和 Findley Reports 評選為「超級優異營運之銀行」

2021- BauerFinancial 評選為最高榮譽之「五星獎」和 Findley Reports 評選為「超級優異營運之銀行」
S&P Global 30 億美元資產以下銀行 評選為 「加州最佳表現銀行第一名 」和「全美國第四名」

2022- BauerFinancial 評選為最高榮譽之「五星獎」和 Findley Reports 評選為「超級優異營運之銀行」
S&P Global 評選為 (資產規模小於 100 億美元以下銀行的 12 個州)「美西最佳銀行第一名 」

2023- BauerFinancial 評選為最高榮譽之「五星獎」和 Findley Reports 評選為「超級優異營運之銀行」
S&P Global 評選為(資產規模小於 100 億美元以下銀行的 12 個州)「美西最佳銀行 50 強」

2024- Hovde Group 評選為在 117 家加州銀行效率比排名第二; 平均資產回報率 (ROAA) 第三,
Findley Reports 評選為「超級優異營運之銀行」
S&P Global 評選為「美西最佳銀行 10 強 」 (100 億美元以下的銀行)

在 2024 年我們持續獲得美國財政部的社區發展金融機構（CDFI）認證，並獲得銀行企業獎，以表彰我們對社區發展的持續投資。CDFI 認證是美國財政部對促進社區發展和服務低收入社區的專業金融機構的認可。

持續我們的成功

銀行業持續應對融資成本上升、利率和經濟波動等挑戰。然而，我們預計 2025 年將適當的持續成長，這是建立在過去 20 年堅實基礎之上的。雖然川普政府的經濟政策可能帶來長遠的好處，但我們必須考慮到潛在的貿易、移民政策和政治影響，謹慎行事。

我們對保守的資產負債表管理、嚴格的成本控制和卓越的客戶服務的承諾仍然堅定不移，這是我們策略方針的基礎。我們堅持在日益複雜和動態的金融環境中，這些原則不僅僅是操作指南，而且是我們長期穩定和成功的基本支柱。同時，我們將持續對科技進行投資，以加強我們的網路安全防禦，保護客戶的敏感資料並維持他們的信任。

我們衷心感謝我們忠實的客戶、股東、董事和敬業的團隊的堅定支持。沒有你們每一位，我們就不可能持續成功。我們對 2025 年及未來的成功充滿信心。

董事長
楊信

總裁/執行長
徐仁貴

CONTENTS

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
First General Bank
Rowland Heights, California

Report on the Audits of the Financial Statements and Internal Control over Financial Reporting

Opinions on the Financial Statements and Internal Control Over Financial Reporting

We have audited the financial statements of First General Bank, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of First General Bank as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We also have audited First General Bank's internal control over financial reporting as of December 31, 2024, based on the criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, First General Bank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in the *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control Over Financial Reporting section of our report. We are required to be independent of First General Bank and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management Report Regarding Statement of Management's Responsibilities, Compliance with Designated Laws and Regulations, and Management's Assessment of Internal Control over Financial Reporting.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about First General Bank's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of financial statements or an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit of financial statements and an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control over financial reporting relevant to the audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about First General Bank's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the financial statement audit.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. Because of management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICA), our audit of First General Bank's internal control over financial reporting included controls over the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and with the instructions to the Reports of Condition and Income for A Bank with Domestic Offices Only (Call Report instructions). An entity'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 entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity'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 and correct misstatements. Also, projections of any assessment 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.

Eide Bailly LLP

Laguna Hills, California
March 24, 2025

FIRST GENERAL BANK

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
	(In thousands, except share and per share data)	
Cash and Due from Banks	$ 265,611	$ 214,488
Fed Fund Sold	10,000	-
Interest-Bearing Deposits in Other Banks	2,991	2,990
Securities Held to Maturity (Fair Value of $1,983 in 2024 and 5,154 in 2023)	2,167	5,309
Securities Available for Sale (Amortized Cost of $6,299 in 2024 and $6,511 at 2023)	4,917	5,310
Loans:		
Real Estate	808,729	863,438
Commercial	31,395	33,554
TOTAL LOANS	840,124	896,992
Unamortized Deferred Loan Fees, Net	(1,134)	(1,425)
Allowance for Credit Losses	(12,095)	(13,839)
NET LOANS	826,895	881,728
Premises and Equipment	1,481	1,572
Other Real Estate Owned ("OREO"), Net	2,953	-
Right of Use ("ROU") Assets	5,208	5,651
Federal Home Loan Bank (FHLB) Stock, at cost	5,148	5,148
Bank Owned Life Insurance ("BOLI")	6,827	6,666
Deferred Income Taxes	9,511	9,969
Goodwill	249	249
Accrued Interest and Other Assets	8,655	10,722
TOTAL ASSETS	$ 1,152,613	$ 1,149,802

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

FIRST GENERAL BANK

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2024 AND 2023

LIABILITIES AND SHAREHOLDERS' EQUITY

	2024	2023
	(In thousands, except share and per share data)	
Deposits:		
Noninterest-Bearing Demand	$ 135,826	$ 127,815
Savings, NOW and Money Market Accounts	168,378	169,308
Time Deposits	543,240	537,099
TOTAL DEPOSITS	847,444	834,222
Federal Home Loan Bank Advance	-	38,000
Operating Lease Liabilities	5,987	6,398
Accrued Interest and Other Liabilities	25,874	24,802
TOTAL LIABILITIES	879,305	903,422
Commitments and Contingencies - Note L		
Stockholders' Equity:		
Preferred Stock - 10,000,000 Shares Authorized, No Par Value; No Shares Issued and Outstanding	-	-
Common Stock - 10,000,000 Shares Authorized, No Par Value; Shares Issued and Outstanding of 4,208,971 at December 31, 2024 and 4,136,303 at December 31, 2023	48,638	46,787
Additional Paid-in-Capital	2,412	2,325
Retained Earnings	223,232	198,114
Accumulated Other Comprehensive Loss - Unrealized Loss on Available-for-Sale Securities, Net of Taxes	(974)	(846)
TOTAL EQUITY	273,308	246,380
TOTAL LIABILITIES AND EQUITY	$ 1,152,613	$ 1,149,802

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

FIRST GENERAL BANK

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
	(In thousands)	
INTEREST AND DIVIDEND INCOME		
Loan	$ 78,993	$ 89,667
Debt Securities	305	352
Federal Funds and Term Federal Funds Sold	119	712
Federal Home Loan Bank Stock	455	417
Deposits with banks	11,966	8,131
TOTAL INTEREST INCOME	91,838	99,279
INTEREST EXPENSE		
Savings, NOW and Money Market Accounts	2,597	2,093
Time Deposits	23,815	16,022
Advances from Federal Home Loan Bank	6	556
TOTAL INTEREST EXPENSE	26,418	18,671
		-
NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES	65,420	80,608
Provision for Credit Losses	750	3,400
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	64,670	77,208
NON-INTEREST INCOME		
Service Charges and Fees on Deposits	372	345
Community Development Financial Institutions Grant	2,139	2,296
Other Charges and Fees	1,177	1,017
Earnings on BOLI	162	148
Gain on Sale of Loans	-	596
TOTAL NON-INTEREST INCOME	3,850	4,402
NON-INTEREST EXPENSE		
Salaries and Employee Benefits	11,389	11,975
Occupancy and Equipment Expenses	1,816	1,795
OREO Expenses	94	-
Other Expenses	4,831	3,897
TOTAL NON-INTEREST EXPENSE	18,130	17,667
INCOME BEFORE INCOME TAX EXPENSE	50,390	63,943
Income Tax Expense	14,818	18,815
NET INCOME	$ 35,573	$ 45,128
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized Gains and (Losses) on Securities Available for Sale:		
Changes in Unrealized Gains (Losses)	(181)	51
Changes in Related Income Taxes	53	(15)
OTHER COMPREHENSIVE INCOME (LOSS)	(128)	36
TOTAL COMPREHENSIVE INCOME	$ 35,445	$ 45,164

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

FIRST GENERAL BANK

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Common Stock		Additional		Accumulated Other	
	Number of Shares	Amount	Paid-in Capital	Retained Earnings	Comprehensive Income/(Loss)	Total
	(In thousands, except number of shares)					
Balance at January 1, 2023	4,097,303	$ 45,895	$ 2,310	$ 163,297	$ (882)	$ 210,620
Net Income	-	-	-	45,128	-	45,128
Stock-Based Compensation	-	-	166	-	-	166
Exercise of Stock Options	39,000	892	(151)	-	-	741
Cash Dividend of $2.50 per Share	-	-	-	(10,311)	-	(10,311)
Other Comprehensive Income, Net of Tax	-	-	-		36	36
Balance at December 31, 2023	4,136,303	46,787	2,325	198,114	(846)	246,380
Net Income	-	-	-	35,572	-	35,572
Stock-Based Compensation	-	-	428	-	-	428
Exercise of Stock Options	72,668	1,851	(341)	-	-	1,510
Cash Dividend of $2.50 per Share	-	-	-	(10,454)	-	(10,454)
Other Comprehensive Loss, Net of Tax	-	-	-	-	(128)	(128)
Balance at December 31, 2024	**4,208,971**	**$ 48,638**	**$ 2,412**	**$ 223,232**	**$ (974)**	**$ 273,308**

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

FIRST GENERAL BANK

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
	(In thousands)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income	$ 35,573	$ 45,128
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation, Amortization and Accretion, Net	179	200
Provision for Credit Losses	750	3,400
Amortization on Right-of-Use Asset	716	637
Change in Operating Lease Liabilities	(411)	(534)
Stock-Based Compensation Expense	428	166
Gain on Sale of Loans	-	(596)
Gain on Transfer of Other Real Estate Owned	(503)	-
Earnings on BOLI	(162)	(148)
Deferred Income Tax Benefit	512	(2,712)
Change in Accrued Interest and Other Assets	1,386	(3,343)
Change in Accrued Interest and Other Liabilities	969	2,864
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 39,437	$ 45,062
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Change in Interest-Bearing Deposits in Other Banks	(1)	(1,496)
Net Change in Term Fed Fund sold	(10,000)	-
Maturity/Principal Paydowns of Held to Maturity Securities	3,163	736
Maturity/Principal Paydowns of Available-for-Sale Securities	202	231
Purchase in FHLB and Other Stock	-	(74)
Net Decrease in Loans	52,040	26,256
Proceeds from Loan Sales	-	13,096
Purchases of Premises and Equipment	(99)	(38)
NET CASH PROVIDED BY INVESTING ACTIVITIES	$ 45,305	$ 38,711
CASH FLOW FROM FINANCING ACTIVITIES		
Net Change in Demand Deposits and Savings Accounts	7,081	(108,523)
Net Change in Time Deposits	6,140	43,735
Repayment of Federal Home Loan Bank Borrowings	(38,000)	-
Cash Dividends Paid	(10,350)	(9,228)
Proceeds from Exercise of Stock Options, Including Tax Benefit	1,510	742
NET CASH USED IN FINANCING ACTIVITIES	$ (33,619)	$ (73,274)
INCREASE IN CASH AND CASH EQUIVALENTS	$ 51,123	$ 10,499
Cash and Cash Equivalents at Beginning of Year	214,488	203,989
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 265,611	$ 214,488
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year For:		
Interest	$ 26,190	$ 18,028
Income Taxes		
Federal	8,580	15,335
State	5,255	8,515
Non-cash Investing and Financing Activities		
Transfers to Other Real Estate Owned from Loans Held-for-Investment	$ 2,043	$ -

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

First General Bank (the “Bank”) is incorporated in the State of California and organized as a single operating segment that operates five full-service branches in Rowland Heights, Arcadia, San Gabriel, Irvine, and Cerritos, California. The Bank's primary source of revenue is providing loans to customers, who are predominately small and middle-market businesses and individuals. These financial statements have not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation ("FDIC"). The Bank is considered a public business entity.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near term is the determination of the allowance for credit losses.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash, due from banks, federal funds sold and term federal funds sold with original maturities of less than 90 days.

The Bank maintains amounts due from banks, which may exceed federally insured limits. Management regularly evaluates the credit risk associated with these banks and believes that the Bank is not exposed to any significant credit risk on cash and cash equivalents. The Bank has not experienced any losses in such accounts.

Due from Federal Reserve Bank of San Francisco was $263.7 million at December 31, 2024, and $213.0 million at December 31, 2023.

Interest-Bearing Deposits in Other Banks

Interest-bearing deposits in other banks mature within one year and are carried at cost.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Debt Securities

Debt securities are classified in three categories and accounted for as follows: debt securities that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity and are measured at amortized cost; debt securities bought and held principally for the purpose of selling in the near term are classified as trading securities and are measured at fair value, with unrealized gains and losses included in earnings; debt securities not classified as either held-to-maturity or trading securities are deemed as available-for-sale and are measured at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. Gains or losses on sales of debt securities are determined using the specific identification method. Premiums and discounts are amortized or accreted using the interest method over the expected lives of the related securities.

Debt securities are measured at fair value and subject to impairment testing. When a debt security is considered impaired, the Bank must determine if the decline in fair value has resulted from a credit-related loss or other factors and then, (1) recognize an allowance for credit loss by a charge to earnings for the credit-related component (if any) of the decline in fair value, and (2) recognize in other comprehensive income (loss) any non-credit related components of the fair value change. If the amount of the amortized cost basis expected to be recovered increases in a future period, the valuation reserve would be reduced, but not more than the amount of the current existing reserve for that security.

For available-for-sale debt securities in an unrealized loss position, the Bank first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security’s amortized cost basis is written down to fair value through income. For debt securities available-for-sale that do not meet the aforementioned criteria, the Bank evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income (loss).

For agency securities there are no expected credit losses as they are guaranteed by U.S. government, are highly rated by major rating agencies, and a have long history of no credit losses. For municipality securities, the estimate of expected credit losses is considered through historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. Changes in the ACL on held-to-maturity debt securities are recorded as a component of provision for credit losses in the statements of income. Losses are charged against the ACL when the Bank believes the uncollectibility of a held-to-maturity debt security is confirmed.

Accrued interest receivable on available-for-sale securities total $11 thousand at December 31, 2024, and $12 thousand at December 31, 2023, and is excluded from the estimate of credit losses.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Management measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type. Accrued interest receivable on held-to-maturity debt securities totaled $4 thousand and $12 thousand at December 31, 2024 and 2023, and is excluded from the estimate of credit losses.

Premiums and discounts are amortized or accreted over the life of the related held-to-maturity or available-for-sale security as an adjustment to yield using the effective-interest method. Dividend and interest income are recognized when earned.

Loans

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal, reduced by any charge-offs or specific valuation accounts and net of any deferred fees or costs on originated loans, or unamortized premiums or discounts on purchased loans.

Loan origination fees and certain direct origination costs are capitalized and recognized as an adjustment of the yield of the related loan. Premiums and discounts on loans purchased are grouped by type and certain common risk characteristics and amortized or accreted as an adjustment of yield over the weighted-average remaining contractual lives of each group of loans, adjusted for prepayments when applicable, using methodologies which approximate the interest method.

Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. The accrual of interest on loans is discontinued when principal or interest is past due 90 days based on the contractual terms of the loan or when, in the opinion of management, there is reasonable doubt as to collectibility. When loans are placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Interest payments received on non-accrual loans are reflected as a reduction of principal and not as interest income. Income on nonaccrual loans is subsequently recognized only to the extent that cash is received and the loan's principal balance is deemed collectible. Interest accruals are resumed on such loans only when they are brought current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to all principal and interest.

Allowance for Credit Losses - Loans

The allowance for credit losses ("ACL") is maintained at a level deemed appropriate by management to provide for expected credit losses in the portfolio as of the date of the balance sheet. Loans are charged-off against the allowance when management believes the collectability of the loan balance is unlikely. Subsequent recoveries, if any, are credited to the ACL. Estimating expected credit losses requires management to use relevant forward-looking information, including the use of reasonable and supportable forecasts. The measurement of the ACL is performed by collectively evaluating loans with similar risk characteristics. The Bank has elected to utilize the weighted average remaining maturity (WARM) to determine the allowance for expected credit losses. The Bank chose the WARM method based on the size and complexity of the loan portfolio and based on the complexity and sophistication of the credit risk management process being performed by the company for specific pools of financial assets.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Bank's methodology incorporates expectations of future economic conditions, using reasonable and supportable forecasts. The use of reasonable and supportable forecasts requires significant judgment, such as selecting forecast scenarios and related scenario-weighting, as well as determining the appropriate length of the forecast horizon. The Bank's methodology utilizes 1 to 2 years reasonable and supportable forecast period. Management relies on multiple forecasts, blending them into a single loss estimate and will then revert back to the same loss rate as historical losses.

Management estimates the allowance over the loan's entire contractual term, adjusted for expected prepayments when appropriate. The allowance estimate considers relevant, available information from internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for qualitative factors that cause the estimate for expected losses as of the evaluation date to differ from historical loss experience.

The Bank uses qualitative factors within the CECL model: lending policies, procedures, and strategies; changes in nature and volume of the portfolio; credit & lending personnel experience; changes in volume and trends in classified loans, delinquencies, and nonaccrual; concentration risk; collateral values; regulatory and business environment; loan review results; and economic conditions.

The Bank has identified the following loan pools: construction and land development, residential real estate, multi-family, commercial real estate– owner occupied, commercial real estate– others, commercial and industrial. Relevant risk characteristics for these loan pools include debt service coverage, loan-to-value ratios and financial performance.

The Bank assesses expected credit losses for individual instruments that have different risk characteristics than those that are evaluated on a collective (pooled) basis. An individual analysis will provide a specific reserve for instruments involved with fair market value of collateral or present value of future cash flow. In such a manner, the Bank performs individual analysis on loans that are 90 or more days past due, on non-accrual status or modified loans to borrowers experiencing financial difficulty.

A loan is considered collateral dependent when management determines that foreclosure is probable or when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The ACL on collateral dependent loans is measured using the amortized cost basis of the financial asset less the fair value of the underlying collateral, adjusted for costs to sell, when applicable. If the value of the underlying collateral is determined to be less than the recorded amount of the loan, a specific reserve for that loan is recorded. If the Bank determines that the loss represented by the specific reserve is uncollectible it records a charge-off for the uncollectible portion. Accrued interest receivable on loans totaled $5.4 million at December 31, 2024, and $6.8 million at December 31, 2023, is included in accrued interest and other assets on the statements of financial condition and is excluded from the estimate of credit losses.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Under the prior TDR guidance, a loan was classified as a troubled debt restructuring (TDR) when the Bank granted a concession to a borrower experiencing financial difficulties that it otherwise would not consider under its normal lending policies under ASC Subtopic 310-40, Troubled Debt Restructurings by Creditors.

Upon adoption of ASU 2022-02, *"Financial Instruments- Troubled Debt Restructurings and Vintage Disclosures",* effective January 1, 2023, the Bank evaluates all receivable modifications under ASC 310 to determine whether a modification made to a borrower result in a new loan or a continuation of the existing loan. The Bank no longer consider renewals, modifications, or extensions resulting from reasonably expected TDRs when calculating the allowance for credit losses under ASC 326. The post-modification effective interest rate is used to calculate the allowance for credit losses when discounted cash flow ("DCF") method is applied.

The Bank applied the general loan modification guidance provided in ASC 310-20 to all loan modifications, including modifications made for borrowers experiencing financial difficulty. The Bank considers some of the indicators that a borrower is experiencing financial difficulty to be: currently in payment default on any of their debt, declaring bankruptcy, going concern, insufficient cash flow to service all debt service requirements, inability to obtain funds from other sources at a market rate for similar debt to non-troubled borrowers, and currently classified as substandard loans that are categorized as having well-defined weaknesses.

ASU 2022-02 requires that certain types of modifications be reported, which consist of (1) principal forgiveness; (2) interest rate reduction; (3) other-than-insignificant payment delay; (4) term extension; and any combination the Bank applied the general loan modification guidance provided in ASC 310-20 to all loan modifications, including modifications made for borrowers experiencing financial difficulty. The Bank considers some of the indicators that a borrower is experiencing financial difficulty to be: currently in payment default on any of their debt, declaring bankruptcy, going concern, insufficient cash flow to service all debt service requirements, inability to obtain funds from other sources at a market rate for similar debt to non-troubled borrowers, and currently classified as substandard loans that are categorized as having well-defined weaknesses.

<u>Allowance for Credit Losses on Off-Balance Sheet Credit Exposures</u>

The Bank records a liability for lifetime expected losses on off-balance-sheet credit exposure that do not fit the definition of unconditionally cancelable in accordance with ASC 326. The Bank uses the loss rate and exposure of default framework to estimate a reserve for unfunded commitments. Loss rates for the expected funded balances are determined based on the associated pooled loan analysis loss rate and the exposure at default is based on an estimated utilization given default. The allowance for off-balance sheet commitments totaled $330 thousand at December 31, 2024 and at December 31, 2023, and is included in accrued interest and other liabilities on the statements of financial condition. Changes in the allowance for unfunded commitment are included in the provision for loan losses.

<u>Bank Owned Life Insurance</u>

Bank owned life insurance is recorded at the amount that can be realized under insurance contracts at the date of the statement of financial condition, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Other Real Estate Owned

Real estate acquired by foreclosure or deed in lieu of foreclosure is recorded at fair value at the date of foreclosure, establishing a new cost basis by a charge to the allowance for credit losses, if necessary. Other real estate owned is carried at the lower of the Bank's carrying value of the property or its fair value, less estimated carrying costs and costs of disposition. Fair value is based on current appraisals less estimated selling costs. Any subsequent write-downs are charged against operating expenses and recognized as a valuation allowance. Operating expenses of such properties, net of related income, and gains and losses on their disposition are included in other operating expenses.

Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives, which ranges from three to ten years for furniture, equipment, and computer equipment. Leasehold improvements are amortized using the straight-line method over the estimated useful lives of the improvements or the remaining lease term, whichever is shorter. Expenditures for improvements or major repairs are capitalized and those for ordinary repairs and maintenance are charged to operating expenses as incurred.

Leases

The Bank determines if an arrangement contains a lease at contract inception and recognize right-of-use ("ROU") assets and operating lease liabilities based on the present value of lease payments over the lease term. While operating leases may include options to extend the term, the Bank does not take into account the options in calculating the ROU asset and lease liability unless it is reasonably certain such options will be reasonably exercised. The present value of lease payments is determined based on the Bank's incremental borrowing rate and other information available at lease commencement. Lease expense is recognized on a straight-line basis over the lease term. The Bank has elected to account for lease agreements with lease and non-lease components as a single lease component. The Bank has also elected not to recognize an ROU asset and lease liability for short-term leases with original lease term of 12 months or less.

Goodwill and Other Intangible Assets

Goodwill is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquire, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually. The Bank has selected December 31 as the date to perform the annual impairment test. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on the statement of financial condition.

Other intangible assets consist of core deposit intangible assets arising from whole bank acquisitions. They are initially measured at fair value and then are amortized on an accelerated method over their estimated useful lives, which range from 7 to 10 years.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Federal Home Loan Bank ("FHLB") Stock

The Bank is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on the ultimate recovery of par value. Both cash and stock dividends are reported as income. The Bank's investment in FHLB stock was $5.1 million at December 31, 2024, and $5.1 million at December 31, 2023.

The Bank elected the measurement alternative for measuring equity securities without readily determinable fair values at cost less impairment, plus or minus observable price changes in orderly transactions. No adjustments were required.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonable estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Revenue Recognition – Noninterest Income

In accordance with Topic 606, revenues are recognized when control of promised goods or services is transferred to customers in an amount that reflects the consideration the Bank expects to be entitled to in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of Topic 606, the Bank performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligation in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation in the contract; and (v) recognize revenue when (or as) the Bank satisfies a performance obligation. The Bank only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, the Bank assesses the goods or services that are promised within each contract and identifies those that contain performance obligation, and assesses whether each promised good or service is distinct. The Bank then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. All of the Bank's revenue from contracts with customers within the scope of ASC 606 is recognized in non-interest income.

The service charges and fees on deposit accounts is the key revenues of the Bank within the scope of Topic 606. The Bank earns fees from its deposit customers for account maintenance, transaction-based and overdraft services. Account maintenance fees consist primarily of account fees and analyzed account fees charged on deposit accounts on a monthly basis. The performance obligation is satisfied and the fees are recognized on a monthly basis as the service period is completed. Transaction-based fees on deposits accounts are charged to deposit customers for specific services provided to the customer, such as non-sufficient funds fees, overdraft fees, and wire fees. The performance obligation is completed as the transaction occurs and the fees are recognized at the time each specific service is provided to the customer.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Stock-Based Compensation

The Bank recognizes the cost of employee services received in exchange for awards of stock options, or other equity instruments, based on the grant-date fair value of those awards. Compensation cost is recognized over the required service period, generally defined as the vesting period, on s straight-line basis. The Bank has elected to account for forfeitures of stock-based awards as they occur. Excess tax benefits and tax deficiencies relating to stock-based compensation are recorded as income tax expense or benefit in the income statement when incurred.

See Note N for additional information on the Bank's stock option plan.

Income Taxes

The Bank accounts for income taxes using the asset and liability method, which recognizes a liability or asset representing the tax effects, based on current tax law, of future deductible or taxable amounts attributable to events that have been recognized in the financial statements. A valuation allowance is established to reduce the deferred tax asset, if based on the weight of available evidence, to the level at which it is "more likely than not" that the tax asset or benefits will be realized. Realization of tax benefits of deductible temporary differences and operating loss carryforwards depends on having sufficient taxable income of an appropriate character within the carryforward periods. Interest and penalties related to uncertain tax positions are recorded as part of income tax expense.

Comprehensive Income

Comprehensive income is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources. Comprehensive income consists of net income and other comprehensive income. The change in unrealized gains or losses, net of taxes, on available-for-sale securities is the only component of other comprehensive income or loss for the Bank.

Credit Related Financial Instruments

In the ordinary course of business, the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit, commercial letters of credit, and standby letters of credit as described in Note K. Such financial instruments are recorded in the financial statements when they are funded or related fees are incurred or received.

Fair Value Measurement

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Current accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value:

> Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a Bank's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

See Note O for more information and disclosures relating to the Bank's fair value measurements.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Bank, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Loan Sales and Servicing of Financial Assets

The Bank originates SBA loans that may be sold in the secondary market. Servicing rights are recognized separately when they are acquired through sale of loans. Servicing rights are initially recorded at fair value with the income statement effect recorded in gain on sale of loans. Fair value is based on a valuation model that calculates the present value of estimated future cash flows from the servicing assets. The valuation model uses assumptions that market participants would use in estimating cash flows from servicing assets, such as the cost to service, discount rates and prepayment speeds. The Bank compares the valuation model inputs and results to published industry data in order to validate the model results and assumptions. Servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Management periodically evaluates servicing assets for impairment, utilizing a fair value approach. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market based assumptions. A valuation allowance is recorded where the fair value is below the carrying amount of the asset. If the Bank later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the allowance may be recorded as an increase in income. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayments speeds and changes in the discount rates. The balance of servicing assets was $904 thousand at December 31, 2024, and $1.2 million at December 31, 2023, which are included within the accrued interest and other assets account on the statements of financial condition.

Servicing fee income is recorded for fees earned for servicing loans which is reported as other charges and fees on the income statement. The fees are based on a contractual percentage of the outstanding principal and recorded as income when earned. The amortization of servicing rights and changes in the valuation allowance are netted against loan servicing income.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Adoption of New Accounting Standard

On January 1, 2023, the Bank adopted Accounting Standards Update (ASU) ASU 2016-13, Measurement of Credit Losses on Financial Instrument (Topic 326), including subsequent amendments to this ASU. This ASU changes how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The standard replaces "incurred loss" approach with an "expected loss" model. The new model, referred to as the current expected credit loss ("CECL") model, applies to: (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. This includes, but is not limited to: loans, held to maturity debt securities, and off-balance sheet credit exposures. For available for sale (“AFS”) debt securities with unrealized losses, losses will be recognized as allowances rather than reductions in the amortized cost of the securities. ASU 2016-13 also expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for credit losses. In addition, entities will need to disclose the amortized cost balance for each class of financial asset by credit quality indicator, disaggregated by the year of origination.

The Bank adopted Topic 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning after January 1, 2023, are presented under the ASU, while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Bank did not have an adjustment to retained earnings as of January 1, 2023 for cumulative effect of adopting Topic 326.

On January 1, 2023, the Bank adopted ASU 2022-02, *Financial Instruments – Credit Losses (Topic 326): Trouble Debt Restructuring and Vintage Disclosures*. The ASU eliminates the recognition and measurement guidance for troubled debt restructurings and requires enhanced disclosures about loan modifications for borrowers experiencing financial difficulty. This ASU also requires enhanced disclosure for loans that have been charged off. The adoption of the ASU 2022-02 did not have a significant impact on the Bank’s financial statements.

Other Accounting Standards Pending Adoption

In December 2023, the FASB issued ASU 2023-09, “*Income Taxes (Topic 740): Improvements to Income Tax Disclosures”*, to address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The ASU also includes certain other amendments to improve the effectiveness of income tax disclosures. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2025 for the Bank. Early adoption is permitted. The Bank does not expect the adoption of ASU 2023-09 to have a significant impact on our financial condition or results of operations

NOTE B - DEBT SECURITIES

The following tables summarizes the amortized cost and fair value of available-for-sale securities and held-to-maturity securities as of December 31, 2024, and December 31, 2023:

December 31, 2024 Available-for-Sale:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In thousands)		
Mortgage-Backed Securities: Agency	$ 6,293	$ -	$ (1,382)	$ 4,911
Collateralized Mortgage Obligations-Agency	6	-	-	6
	$ 6,299	$ -	$ (1,382)	$ 4,917
Held-to-Maturity:				
Mortgage-Backed Securities: Agency	$ 1,576	$ -	$ (205)	$ 1,371
Municipal Bond	591	21	-	612
	$ 2,167	$ 21	$ (205)	$ 1,983

December 31, 2023 Available-for-Sale:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In thousands)		
Mortgage-Backed Securities: Agency	$ 6,504	$ -	$ (1,201)	$ 5,303
Collateralized Mortgage Obligations-Agency	7	-	-	7
	$ 6,511	$ -	$ (1,201)	$ 5,310
Held-to-Maturity:				
Mortgage-Backed Securities: Agency	$ 1,745	$ -	$ (180)	$ 1,565
U. S. Government Sponsored Obligation:	3,000	-	(5)	2,995
Municipal Bond	564	30	-	594
	$ 5,309	$ 30	$ (185)	$ 5,154

The carrying value of debt securities pledged for borrowings and for other purposes as required or permitted by law was approximately $6.5 million at December 31, 2024 and $10.1 million at December 31, 2023.

There were no sales of debt securities during the years ended December 31, 2024 and 2023.

The amortized cost and fair value of the debt securities as of December 31, 2024 and 2023, by expected maturities are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

NOTE B - DEBT SECURITIES – Continued

December 31, 2024	Available-for-Sale Amortized Cost	Available-for-Sale Fair Value	Held-To-Maturity Amortized Cost	Held-To-Maturity Fair Value
	(In thousands)			
Due Before Ten Years	$ 23	$ 24	$ 280	$ 265
Due After Ten Years	6,276	4,893	1,887	1,718
	$ 6,299	$ 4,917	$ 2,167	$ 1,983

December 31, 2023	Available-for-Sale Amortized Cost	Available-for-Sale Fair Value	Held-To-Maturity Amortized Cost	Held-To-Maturity Fair Value
	(In thousands)			
Due Before Ten Years	$ 35	$ 35	$ 3,404	$ 3,373
Due After Ten Years	6,476	5,275	1,905	1,781
	$ 6,511	$ 5,310	$ 5,309	$ 5,154

The securities that were in an unrealized loss position at December 31, 2024, and December 31, 2023, were evaluated to determine whether the decline in fair value below the amortized cost basis resulted from a credit loss or other factors. For a discussion of the factors and criteria the Bank uses in analyzing securities for impairment related to credit losses, see Note A "Summary of Significant Accounting Policies – Debt Securities". At December 31, 2024, and at December 31, 2023, no allowance for credit losses on held-to-maturity were recorded.

The Bank concluded the unrealized losses were primarily attributed to yield curve movement, together with widened liquidity spreads and credit spreads. The issuers have not, to the Bank's knowledge, established any cause for default on these securities. The Bank expects to recover the amortized cost basis of its securities and has no present intent to sell and will not be required to sell securities that have declined below their cost before their anticipated recovery. Accordingly, no allowance for credit losses was recorded as of December 31, 2024, and December 31, 2023, against these available-for-sale securities.

Gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2024, and December 31, 2023, are summarized as follows:

NOTE B - DEBT SECURITIES – Continued

December 31, 2024	Less than Twelve Months		Over Twelve Months		Total	
Available-for-sale	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
			(In thousands)			
Mortgage-Backed Securities: Agency	$ -	$ -	$ (1,382)	$ 4,896	$ (1,382)	$ 4,896

December 31, 2023	Less than Twelve Months		Over Twelve Months		Total	
Available-for-sale	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
			(In thousands)			
Mortgage-Backed Securities: Agency	$ -	$ 5	$ (1,201)	$ 5,270	$ (1,201)	$ 5,275

NOTE C - LOANS

The Bank's loan portfolio consists primarily of loans to borrowers within Southern California. Although the Bank seeks to avoid concentrations of loans to a single industry or based upon a single class of collateral, real estate and real estate associated businesses are among the principal industries in the Bank's market area and, as a result, the Bank's loan and collateral portfolios are, to some degree, concentrated in those industries. The Bank has pledged loans to secure lines of credit with the Federal Home Loan Bank as discussed in Note F.

The Bank also originates SBA loans for potential sale to institutional investors. A portion of the Bank's revenues are from origination of loans guaranteed by the Small Business Administration under its various programs and sale of the guaranteed portions of the loans. Funding for these loans depends on annual appropriations by the U.S. Congress. The Bank serviced previously sold SBA loans of $55.4 million as of December 31, 2024, and $76.5 million as of December 31, 2023.

The types of loans as of December 31, 2024, and 2023 were as follows:

	2024	2023
Loans:	(In thousands)	
Real Estate:		
Construction and Land Development	$ 74,420	$ 87,074
Single-Family Residential Mortgages	25,066	32,973
Multifamily	152,055	152,095
Owner Occupied Commercial Real Estate	161,841	159,722
Non-Owner Occupied Commercial Real Estate	394,060	430,029
Commercial and Industrial	31,548	33,674
Total Loans	$ 838,990	$ 895,567
Allowance for Credit Losses	(12,095)	(13,839)
Total Loans, Net	$ 826,895	$ 881,728

NOTE C – LOANS - Continued

The Bank categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, collateral adequacy, credit documentation, and current economic trends, among other factors. The Bank analyzes loans individually by classifying the loans as to credit risk. This analysis typically includes larger, non-homogeneous loans such as commercial real estate and commercial and industrial loans. This analysis is performed on an ongoing basis as new information is obtained. The Bank uses the following definitions for risk ratings:

Pass - Loans classified as pass include loans not meeting the risk ratings defined below.

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

Substandard - Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

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

The following table summarizes the Bank's loan held for investment as of December 31, 2024, and 2023, presented by loan portfolio segments, risk ratings and vintage year. The vintage year is the year of origination, renewal, or major modification:

NOTE C – LOANS - Continued

December 31, 2024	Loans Amortized Cost Basis by Origination Year 2024	2023	2022	2021	Prior to 2021	Revolving	Revolving Converted to Term During the Period	Total
	(In thousands)							
Construction and Land Development								
Pass	$ 4,157	$ 17,651	$ 37,374	$ -	$ 15,238	$ -	$ -	$ 74,420
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total	$ 4,157	$ 17,651	$ 37,374	$ -	$ 15,238	$ -	$ -	$ 74,420
YTD Gross Write-Offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Single-Family Residential Mortgage								
Pass	$ 4,150	$ 552	$ 4,356	$ 5,911	$ 6,362	$ 2,313	$ 642	$ 24,286
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	780	780
Doubtful	-	-	-	-	-	-	-	-
Total	$ 4,150	$ 552	$ 4,356	$ 5,911	$ 6,362	$ 2,313	$ 1,422	$ 25,066
YTD Gross Write-Offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Multi-Family								
Pass	$ 28,959	$ 16,838	$ 26,676	$ 12,645	$ 62,366	$ 3,151	$ -	$ 150,635
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	1,420	-	-	1,420
Doubtful	-	-	-	-	-	-	-	-
Total	$ 28,959	$ 16,838	$ 26,676	$ 12,645	$ 63,786	$ 3,151	$ -	$ 152,055
YTD Gross Write-Offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Owner Occupied Commercial Real Estate								
Pass	$ 15,903	$ 35,063	$ 26,949	$ 17,105	$ 49,743	$ -	$ -	$ 144,763
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	16,239	553	286	-	-	17,078
Doubtful	-	-	-	-	-	-	-	-
Total	$ 15,903	$ 35,063	$ 43,188	$ 17,658	$ 50,029	$ -	$ -	$ 161,841
YTD Gross Write-Offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non-Owner Occupied Commercial Real Estate								
Pass	$ 18,443	$ 36,831	$ 94,590	$ 72,650	$ 149,344	$ 2,119	$ -	$ 373,977
Special Mention	-	-	-	-	10,824	-	-	10,824
Substandard	-	-	-	1,571	7,688	-	-	9,259
Doubtful	-	-	-	-	-	-	-	-
Total	$ 18,443	$ 36,831	$ 94,590	$ 74,221	$ 167,856	$ 2,119	$ -	$ 394,060
YTD Gross Write-Offs	$ -	$ -	$ 2,494	$ -	$ -	$ -	$ -	$ 2,494
Commercial & Industrial								
Pass	$ 1,081	$ 898	$ 983	$ 3	$ 6,116	$ 22,107	$ -	$ 31,188
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	161	199	-	360
Doubtful	-	-	-	-	-	-	-	-
Total	$ 1,081	$ 898	$ 983	$ 3	$ 6,277	$ 22,306	$ -	$ 31,548
YTD Gross Write-Offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total by Risk Rating:								
Pass	$ 72,692	$ 107,833	$ 190,928	$ 108,315	$ 289,169	$ 29,690	$ 642	$ 799,269
Special Mention	-	-	-	-	10,824	-	-	10,824
Substandard	-	-	16,239	2,124	9,555	199	780	28,897
Doubtful	-	-	-	-	-	-	-	-
Total Loans, Net of Deferred Loan Fees	$ 72,692	$ 107,833	$ 207,167	$ 110,439	$ 309,548	$ 29,889	$ 1,422	$ 838,990
Total YTD Gross Write-Offs	$ -	$ -	$ 2,494	$ -	$ -	$ -	$ -	$ 2,494

FIRST GENERAL BANK

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE C – LOANS – Continued

December 31, 2023	Loans Amortized Cost Basis by Origination Year 2023	2022	2021	Prior	Revolving	Revolving Converted to Term During the Period	Total
				(In thousands)			
Construction and Land Development							
Pass	$ 15,115	$ 33,961	$ 16,116	$ 21,882	$ -	$ -	$ 87,074
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total	$ 15,115	$ 33,961	$ 16,116	$ 21,882	$ -	$ -	$ 87,074
YTD Gross Write-Offs	-	-	-	-	-	-	-
Single-Family Residential Mortgages							
Pass	$ 1,063	$ 6,309	$ 7,927	$ 9,963	$ 3,627	$ 1,017	$ 29,906
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	2,043	-	1,024	3,067
Doubtful	-	-	-	-	-	-	-
Total	$ 1,063	$ 6,309	$ 7,927	$ 12,006	$ 3,627	$ 2,041	$ 32,973
YTD Gross Write-Offs	-	-	-	-	-	-	-
Multi-Family							
Pass	$ 27,815	$ 33,193	$ 18,507	$ 68,009	$ 3,151	$ -	$ 150,675
Special Mention	-	-	-	1,420	-	-	1,420
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total	$ 27,815	$ 33,193	$ 18,507	$ 69,429	$ 3,151	$ -	$ 152,095
YTD Gross Write-Offs	-	-	-	-	-	-	-
Owner Occupied Commercial Real Estate							
Pass	$ 37,565	$ 29,263	$ 18,579	$ 58,088	$ -	$ -	$ 143,495
Special Mention	-	-	-	-	-	-	-
Substandard	-	15,941	-	286	-	-	16,227
Doubtful	-	-	-	-	-	-	-
Total	$ 37,565	$ 45,204	$ 18,579	$ 58,374	$ -	$ -	$ 159,722
YTD Gross Write-Offs	-	-	-	-	-	-	-
Non-Owner Occupied Commercial Real Estate							
Pass	$ 36,988	$ 102,474	$ 81,070	$ 201,230	$ 1,241	$ -	$ 423,003
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	7,026	-	-	7,026
Doubtful	-	-	-	-	-	-	-
Total	$ 36,988	$ 102,474	$ 81,070	$ 208,256	$ 1,241	$ -	$ 430,029
YTD Gross Write-Offs	-	-	-	-	-	-	-
Commercial and Industrial							
Pass	$ 1,281	$ 613	$ 6	$ 7,255	$ 24,451	$ -	$ 33,607
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	67	-	-	67
Doubtful	-	-	-	-	-	-	-
Total	$ 1,281	$ 613	$ 6	$ 7,322	$ 24,451	$ -	$ 33,674
YTD Gross Write-Offs	-	-	-	-	-	-	-
Total by Risk Rating:							
Pass	$ 119,827	$ 205,814	$ 142,205	$ 366,427	$ 32,470	$ 1,017	$ 867,761
Special Mention	-	-	-	1,420	-	-	1,420
Substandard	-	15,941	-	9,422	-	1,024	26,386
Doubtful	-	-	-	-	-	-	-
Total Loans, Net of Deferred Loan Fees	$ 119,827	$ 221,755	$ 142,205	$ 377,269	$ 32,470	$ 2,041	$ 895,567
Total YTD Gross Write-Offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -

NOTE C – LOANS - Continued

The following tables presents the aging of the loan portfolio by types as of December 31, 2024, and 2023:

	As of December 31, 2024					
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Non-Accrual Loans	Total Past Due	Non-Accrual With No Allowance for Credit Loss
	(In Thousands)					
Construction and Land Development	$ -	$ -	$ -	$ -	$ -	$ -
Single-Family Residential Mortgages	-	-	-	780	780	780
Multifamily	-	-	-	1,420	1,420	1,420
Owner Occupied Commercial Real Estate	286	371	-	553	1,210	553
Non-Owner Occupied Commercial Real Estate	-	-	-	7,688	7,688	7,688
Commercial and Industrial	199	319	-	161	679	161
Total Loans	$ 485	$ 690	$ -	$ 10,602	$ 11,777	$ 10,602

	As of December 31, 2023					
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Non-Accrual Loans	Total Past Due	Non-Accrual With No Allowance for Credit Loss
	(In Thousands)					
Construction and Land Development	$ -	$ -	$ -	$ -	$ -	$ -
Single-Family Residential Mortgages	-	247	-	2,820	3,067	2,820
Multifamily	-	-	-	-	-	-
Owner Occupied Commercial Real Estate	556	15,941	-	-	16,497	-
Non-Owner Occupied Commercial Real Estate	-	7,025	-	-	7,025	-
Commercial and Industrial	-	-	-	66	66	66
Total Loans	$ 556	$ 23,213	$ -	$ 2,886	$ 26,655	$ 2,886

The Bank has no loans that are 90 days or more past due and still accruing at December 31, 2024, and 2023. No interest income was recognized on a cash basis as of December 31, 2024, and 2023. We did not recognize any interest income on nonaccrual loans during the years ended December 31, 2024, and 2023, while the loans were in nonaccrual status.

Occasionally, the Bank may modify loans to borrowers who are experiencing financial difficulty. Loan modifications to borrowers experiencing financial difficulty may be in the form of principal forgiveness, term extension, an other-than-insignificant payment delay, interest rate reduction, or combination thereof. When principal forgiveness is provided, the amount of forgiveness is charged-off against the allowance for loan losses. There were no loans that were both experiencing financial difficulty and modified during the year ended December 31, 2024 and 2023.

Collateral-dependent individually evaluated loans were $10.6 million at December 31, 2024, and $10.1 million at December 31, 2023. At December 31, 2024, collateral-dependent individually evaluated loans are comprised of a hotel loan of $7.7 million, a multi-family loan of $1.4 million, a residential loan of $780 thousand, and other commercial real estate loans of $670 thousand, compared to a hotel loan of $7.0 million, a multi-family loan of $2.0 million, and residential loans of $1.0 million.

NOTE C – LOANS – Continued

The following table presents the activity in the allowance for credit losses by portfolio segment for the year ended December 31, 2024 and 2023:

	Construction and land development	Single-family residential mortgages	Multifamily	Owner occupied commercial real estate	Non-Owner occupied commercial real estate	Commercial and industrial	Total
Allowance for Credit Loan Losses:				(In thousands)			
2023 Beginning Balance	$ 989	$ 464	$ 1,918	$ 1,510	$ 5,599	$ 173	$ 10,653
Provision for Expected Loan Losses	1,341	128	146	964	159	412	3,150
Charge-offs	-	-	-	-	-	-	-
Recoveries	-	-	36	-	-	-	36
2023 Ending Balance	$ 2,330	$ 592	$ 2,100	$ 2,474	$ 5,758	$ 585	$ 13,839
Provision for Expected Loan Losses	(1,256)	(24)	(185)	(734)	3,045	(95)	750
Charge-offs	-	-	-	-	(2,494)	-	(2,494)
Recoveries	-	-	-	-	-	-	-
2024 Ending Balance	$ 1,074	$ 568	$ 1,915	$ 1,740	$ 6,309	$ 490	$ 12,095
Allowance for Unfunded Credit Commitment :							
2023 Beginning Balance	$ 72	$ 2	$ 2	$ -	$ 1	$ 3	$ 80
Provision for Expected Loan Losses	201	5	13	-	3	28	250
2023 Ending Balance	$ 273	$ 7	$ 15	$ -	$ 4	$ 31	$ 330
Provision for Expected Loan Losses	(30)	1	9	2	4	14	-
2024 Ending Balance	$ 243	$ 8	$ 24	$ 2	$ 8	$ 45	$ 330

The Bank did not purchase any loans in 2024 or in 2023. There were no loan sales in 2024 compared to loan sales of $12.2 million with a gain on sale of loans of $596 thousand in 2023.

NOTE D - PREMISES AND EQUIPMENT

A summary of premises and equipment as of December 31, 2024 and 2023 follows:

	2024	2023
	(In thousands)	
Leasehold Improvements	$ 3,279	$ 3,270
Furniture, Fixtures, and Equipment	725	722
Computer Equipment	388	303
	4,392	4,295
Less Accumulated Depreciation and Amortization	(2,911)	(2,723)
Premises and Equipment, Net	$ 1,481	$ 1,572

Total depreciation expense was $190 thousand and $198 thousand for the years ended December 31, 2024 and 2023, respectively.

NOTE E - DEPOSITS

At December 31, 2024, the scheduled maturities of time deposits were as follows:

	(In thousands)
2025	$ 542,970
2026	249
2027	21
Total time deposits	$ 543,240

Ther aggregate amount of time deposits in denomination that meet or exceed the current FDIC insurance limit of $250,000 was $327.7 million and $287.5 million as of December 31, 2024 and 2023, respectively.

NOTE F - BORROWING ARRANGEMENTS

The Bank has established secured and unsecured lines of credit and may borrow funds on a term or overnight basis from the Federal Home Loan Bank of San Francisco (“FHLB”), the Federal Reserve Bank of San Francisco (“FRB”) and other financial institutions. The Bank may borrow up to $75 million overnight on an unsecured basis from other correspondent banks.

As of December 31, 2024, the Bank may borrow up to approximately $264.7 million from the Federal Home Loan Bank of San Francisco ("FHLB") collateralized by loans with an aggregate carrying value of $378.7 million subject to fulfilling other conditions of the credit facility.

The Bank also has a borrowing capacity of approximately $6.1 million with the Federal Reserve Bank discount window. The Bank has pledged debt securities of $6.5 million as collateral for this line.

There were no amounts outstanding under any of the other borrowing arrangements above as of December 31, 2024. As of December 31, 2023, the Bank had a total of $38.0 million of Federal Home Loan Bank advances that bear average interest at 5.70% per annum, which matured on January 2, 2024.

NOTE G - INCOME TAXES

The asset and liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

NOTE G - INCOME TAXES - Continued

For the year ended December 31, 2024 and 2023, the current and deferred amounts of the income tax expense are summarized as follows:

	2024	2023
	(In thousands)	
Current Expense:		
Federal	$ 8,888	$ 13,805
State	5,418	7,722
Deferred Expense (Benefit)	512	(2,712)
Total Income Tax Expense	$ 14,818	$ 18,815

A comparison of the federal statutory income tax rates to the Bank's effective income tax rates at December 31, 2024 and 2023 follows:

	2024		2023	
	(Dollars in thousands)			
Statutory Federal Tax	$ 10,582	21.0%	$ 13,428	21.0%
State Franchise Tax, Net of Federal Benefit	4,290	8.5%	5,450	8.5%
Other Items, Net	(54)	(0.1%)	(63)	(0.1%)
Total Income Tax Expense	$ 14,818	29.4%	$ 18,815	29.4%

NOTE G - INCOME TAXES - Continued

Deferred taxes are a result of differences between income tax accounting and generally accepted accounting principles with respect to income and expense recognition. The following is a summary of the components of the net deferred tax asset (liability) accounts recognized in the accompanying statements of financial condition at December 31, 2024 and 2023:

	2024	2023
Deferred Tax Assets:	(In thousands)	
Depreciation Differences	$ 47	$ 33
Allowance for Credit Losses Due to Tax Limitations	3,576	4,091
Stock-Based Compensation	389	385
Available-For-Sale Securities	409	355
Deferred Compensation	3,014	2,035
Nonaccrual Loan Interest	252	170
California Franchise Tax	1,147	1,621
Operating Lease Liability	1,770	1,891
Other	977	1,520
Gross Deferred Tax Assets	$ 11,581	$ 12,101
Deferred Tax Liabilities:		
Deductible Prepaid Items	$ (83)	$ (56)
Capitalized Loan Costs	(146)	(113)
Right of Use Asset	(1,540)	(1,671)
Other	(301)	(292)
Gross Deferred Tax Liabilities	$ (2,070)	$ (2,132)
Net Deferred Tax Assets	$ 9,511	$ 9,969

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Bank will realize all benefits related to these deductible differences

As of December 31, 2023, the Bank has fully utilized all Federal and state net operating loss carryforwards.

The Bank is subject to Federal income tax and California franchise tax. Income tax returns for the years ended after December 31, 2021 are open for audit by the federal authorities and California returns for the years ended on or after December 31, 2020 are open for audit by state authorities.

NOTE H – OTHER REAL ESTATE OWNED ("OREO")

The Bank took ownership of a 4-unit single family residence of $2.9 million and recorded a gain on transfer of OREO of $503 thousand in March 2024. There were no foreclosures or possession of OREO during the year ended December 31, 2023. The Bank recorded net OREO related expenses of $94 thousand for the year ended 2024. OREO was $2.9 million at December 31, 2024, and zero at December 31, 2023.

NOTE I - OTHER EXPENSES

Other expenses for the year ended December 31, 2024 and 2023 are comprised of the following:

	2024	2023
	(In thousands)	
Data Processing	$ 638	$ 551
Marketing and Business Promotion	175	169
Professional Fees	453	266
Office Expenses	416	399
Insurance	690	666
Director Fees and Expenses	2,072	1,364
Other Expenses	387	482
Total Other Expenses	$ 4,831	$ 3,897

NOTE J - RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank has granted loans to certain directors and the companies with which they are associated. The balance of these loans outstanding at December 31, 2024 and 2023 amounted to $2.6 million and $5.1 million, respectively.

Deposits from certain directors, officers and their related interests with which they are associated held by the Bank at December 31, 2024 and 2023 amounted to $27.9 million and $22.7 million, respectively.

NOTE K - COMMITMENTS

In the ordinary course of business, the Bank enters into financial commitments to meet the financing needs of its customers. These financial commitments include commitments to extend credit and standby letters of credit. Those instruments involve to varying degrees, elements of credit and interest rate risk not recognized in the Bank's financial statements.

The Bank's exposure to loan loss in the event of nonperformance on commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments as it does for loans reflected in the financial statements.

NOTE K – COMMITMENTS – Continued

As of December 31, 2024 and 2023, the Bank had the following outstanding financial commitments whose contractual amount represents credit risk:

	2024	2023
	(In thousands)	
Commitments to Extend Credit	$ 66,909	$ 81,383
Letters of Credit	3,520	4,078
Total	$ 70,429	$ 85,461

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total amounts do not necessarily represent future cash requirements. The Bank evaluates each client's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Bank is based on management's credit evaluation of the customer. The majority of the Bank's commitments to extend credit and standby letters of credit are secured by real estate.

The Bank has entered into Supplemental Executive Retirement Plan ("SERP") agreements approved in 2014 for selected executive management and employees of the Bank. Under the SERP agreements, the Bank has agreed to pay each participant, or their beneficiary, a designated monthly amount over a ten year period, beginning with the individual's termination of service. As of December 31, 2024 and 2023, $1.7 million and $1.6 million, respectively, have been accrued in conjunction with these agreements. The expense incurred for the deferred compensation was $70 thousand and $61 thousand for the years 2024 and 2023, respectively.

In addition to SERP, the Bank has entered into Executive Deferred Compensation agreements approved in 2013 for the executive officers of the Bank. The interest expense incurred for the deferred compensation was $959 thousand and $638 thousand for the years 2024 and 2023, respectively.

The Bank is the beneficiary of life insurance policies that have been purchased as a method of financing the benefits under the agreements. As of December 31, 2024 and 2023, the cash surrender value of these insurance policies was $6.8 million and $6.7 million, respectively.

NOTE L - LEASES

The Bank has entered into operating leases for its branches and administrative offices, which expire at various dates through 2038 with the Bank committing to renewal periods for one leased location through 2041. These leases include provision for periodic rent increases as well as payment by the lessee of certain operating expenses. Total lease expense was $1.22 million and $1.17 million which includes common area maintenance costs of $129 thousand and $91 thousand for the years ended December 31, 2024 and 2023, respectively.

The amount of the lease liability and ROU asset is impacted by the lease term and the discount rate applied to determine the present value of future lease payments. The remaining terms of operating leases range from 6 months to 7 years. The Bank does not possess any leases that have variable lease payments or residual value guarantees as of December 31, 2024 and 2023.

NOTE L - LEASES - Continued

Most leases include one or more options to renew, with renewal terms that can extend the lease term by varying amounts. The exercise of renewal options is at the sole discretion of the Bank. Renewal option periods were included in the measurement of ROU assets and lease liabilities for the main headquarters of the Bank as they are considered reasonably certain of exercise.

The following table presents the operating lease related assets and liabilities recorded on the statements of financial condition of the Bank, and the weighted-average remaining lease terms and discount rates as of December 31, 2024 and 2023:

	2024	2023
	(Dollars in thousands)	
Operating Leases:		
Right of Use Assets	$ 5,208	$ 5,651
Operating Lease Liabilities	5,987	6,398
Weighted Average Remaining Lease Term, in Years	11.27	11.90
Weighted Average Discount Rate	5.33%	5.34%
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	$ 1,177	$ 1,110

The following table presents a maturity analysis of the Bank’s operating lease liabilities at December 31, 2024:

	(In thousands)
2025	$ 1,023
2026	817
2027	753
2028	635
2029	538
Thereafter	4,431
Total Lease Payments	8,197
Less Amount of Payment Representing Interest	(2,210)
Total Present Value of Lease Payments	$ 5,987

NOTE M - EMPLOYEE BENEFIT PLANS

The Bank has a 401(k) retirement plan which is generally available to all employees age 21 and older with 6 months of service. The Bank matches 50% of the employee contributions up to 6% of the employee's annual compensation. Employer contributions are vested to participants over five years. The Bank made contributions in the amount of $128 thousand in 2024 and $145 thousand in 2023. Effective February 1, 2025, the Bank has shortened employee service requirement from six months to three months and matches 75% of the employee contributions up to 6% of the employee's annual compensation.

NOTE N - STOCK OPTION PLAN

Under the terms of the Amended 2005 Stock Option Plan, officers and key employees may be granted both nonqualified and incentive stock options and directors and other consultants, who are not also an officer or employee, may be granted nonqualified stock options. The Plan provides for options to purchase up to a maximum of 1,001,954 shares of common stock at a price not less than 100% of the fair market value of the stock on the date of grant. Options may vest over a period of three to five years. Stock options expire no later than ten years from the date of the grant and generally vest over three years. As of May 20, 2015, this Plan expired. Any shares that become available for reuse due to forfeiture, expiration, cancellation, or the like, shall become available for delivery under the new plan.

The shareholders of the Bank approved the 2015 Long-term Incentive Plan ("2015 Plan") on May 20, 2015. The 2015 Plan replaces the Amended 2005 Stock Option Plan. Under the terms of the 2015 Plan, employees, directors and service providers of the Bank may be granted several types of equity awards including stock options and stock awards. The 2015 Plan provides for maximum number of shares that may be delivered upon the plan of 612,854 plus any shares that are covered under a prior plan that otherwise would become available for reuse. The exercise price of each stock option shall not be less than 100% of the fair market value of the stock on the date of grant. Awards may vest over a period of three to five years. Stock options expire no later than ten years from the date of the grant. The 2015 Plan provides for accelerated vesting if there is a change of control. The 2015 Plan expires in 2025.

The Bank recognized stock-based compensation cost of $428 thousand and $166 thousand in 2024 and 2023, respectively. The Bank also recognized income tax benefits related to stock-based compensation of approximately $80 thousand and $31 thousand in 2024 and 2023, respectively.

Fair value of each stock option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2024	2023
Risk Free Interest Rate	4.40%	3.88%
Estimated Average Life	10 years	10 years
Expected Dividend Rates	2.68%	2.71%
Expected Stock Volatility	25.52%	22.00%
Weighted-Average Fair Value	$ 9.03	$ 7.12

Since the Bank has a limited amount of historical stock activity the expected volatility is based on the historical volatility of similar banks that have a longer trading history. The expected term represents the estimated average

NOTE N - STOCK OPTION PLAN - Continued

period of time that the options remain outstanding. Since the Bank does not have sufficient historical data on the exercise of stock options, the expected term is based on the "simplified" method that measures the expected term as the average of the vesting period and the contractual term, adjusted for management's estimate on the period of time that options granted are expected to be outstanding. The risk-free rate of return reflects the grant date interest rate offered for zero coupon U.S. Treasury bonds over the expected term of the options.

A summary of the status of the Bank's stock option plan as of December 31, 2024 and changes during the year then ended is presented below:

(Dollars in thousands, Except for Share and Per Share Data)	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding at Beginning of Year	509,667	$ 23.43		
Granted	52,188	$ 31.20		
Exercised	(72,668)	$ 20.78		
Forfeited	(2,000)	$ 29.59		
Outstanding at End of Year	487,187	$ 24.63	6.08 years	$ 3,386
Options Exercisable	345,666	$ 22.36	4.75 years	$ 3,187

As of December 31, 2024, there was $1.1 million of total unrecognized compensation cost related to the outstanding stock options that will be recognized over a weighted-average period of 2.51 years. As of December 31, 2023, there was $383 thousand of total unrecognized compensation cost related to the outstanding stock options that will be recognized over a weighted-average period of 2.0 years. The intrinsic value of stock options exercised in 2024 and 2023 was $758 thousand and $411 thousand, respectively.

NOTE O - FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank uses fair value to measure certain assets and liabilities on a recurring basis, primarily securities available for sale. For assets measured at the lower of cost or fair value, the fair value measurement criteria may or may not be met during a reporting period and such measurements are therefore considered "nonrecurring" for purposes of disclosing our fair value measurements. Fair value is used on a nonrecurring basis to adjust carrying values for individually evaluated loans and other real estate owned.

In accordance with accounting guidance, the Bank used valuation methodologies to measure assets at fair value and to estimate the fair value of financial instruments not recorded at fair value. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

NOTE O - FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Level 2 – Observable prices in active markets for similar assets or liabilities; prices for identical or similar assets or liabilities in markets that are not active; directly observable market inputs for substantially the full term of the asset and liability; market inputs that are not directly observable but are derived from or corroborated by observable market data.

Level 3 – Unobservable inputs based on the Bank's own judgments about the assumptions that a market participant would use.

The following is a description of valuation methodologies used for assets and liabilities recorded at fair value:

Securities available for sale: The fair values of securities available for sale are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1) or matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2).

Collateral-dependent individually evaluated loan: Collateral-dependent individually evaluated loans are carried at fair value when it is probable that the Bank will be unable to collect all amount due according to the contractual terms of the original loan agreement and the loan has been written down to the fair value of its underlying collateral, net of expected disposition costs where applicable (Level 3).

Other Real Estate Owned: Other real estate owned are measured at the lower of carrying amount or fair value, less costs to sell. In cases where the carrying amount exceeds the fair value, less costs to sell, an impairment loss is recognized. Fair values are generally based on third party appraisals of the OREO adjusted by management's judgement and estimation of selling costs (Level 3).

The following table provides the hierarchy and fair value for each major category of assets and liabilities measured at fair value at December 31, 2024 and 2023:

NOTE O - FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total at Fair Value
		(In thousands)		
As of December 31, 2024				
On a Recurring Basis				
Securities Available for Sale	$ -	$ 4,917	$ -	$ 4,917
On a Non-Recurring Basis				
Collateral Dependent Individually Evaluated Loans	$ -	$ -	$ 10,559	$ 10,559
Other Real Estate Owned	$ -	$ -	$ 2,953	$ 2,953
As of December 31, 2023				
On a Recurring Basis				
Securities Available for Sale	$ -	$ 5,310	$ -	$ 5,310
On a Non-Recurring Basis				
Collateral Dependent Individually Evaluated Loans	$ -	$ -	$ 4,532	$ 4,532

The significant unobservable (Level 3) inputs used in the fair value measurement of collateral for collateral-dependent individually evaluated loans was primarily based on the appraised value of collateral adjusted by estimated sales cost and commissions. The Bank generally obtains new appraisal reports every twelve months as appropriate. The fair value of individually evaluated loans is calculated based on the net realizable fair value of the collateral or the observable market price of the most recent sale. The Bank does not record loans at fair value on a recurring basis. Nonrecurring fair value adjustments to collateral dependent non-accrual loans are recorded based on the current appraised value of the collateral adjusted by management's judgment and estimation of sales cost and commissions, a Level 3 measurement. The significant unobservable inputs (Level 3) used in the fair value measurement of other real estate owned ("OREO") are primarily based on the appraised value of OREO adjusted by estimated sales cost and commissions. The Bank applies estimated sales cost and commissions ranging from 5% to 10% of the collateral value of individually evaluated loans and appraised value of OREO.

NOTE O - FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS – Continued

The fair value of a financial instrument is the amount at which the asset or obligation could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the entire holdings of a particular financial instrument. Because no market value exists for a significant portion of the financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature, involve uncertainties and matters of judgment, and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on financial instruments both on and off the balance sheet without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Additionally, tax consequences related to the realization of the unrealized gains and losses can have a potential effect on fair value estimates and have not been considered in many of the estimates.

The fair value hierarchy level, carrying value and estimated fair value of significant financial instruments at December 31, 2024 and 2023 is summarized as follows:

		2024		2023	
	Fair Value Hierarchy	Carrying Value	Fair Value	Carrying Value	Fair Value
		(In thousands)			
Financial Assets:					
Cash and Due From Banks	Level 1	$ 265,611	$ 265,611	$ 214,488	$ 214,488
Federal Funds Sold	Level 1	10,000	10,000	-	-
Interest-Bearing Deposits in Other Banks	Level 1	2,991	2,991	2,990	2,990
Debt Securities	Level 2	7,084	6,900	10,620	10,464
Loans, net	Level 3	826,895	840,652	881,728	884,024
Accrued Interest Receivable	Level 2	5,765	5,765	7,071	7,071
Financial Liabilities:					
Deposits	Level 2	$ 847,444	$ 846,143	$ 834,222	$ 830,240
FHLB Advance	Level 2	-	-	38,000	38,000
Accrued Interest Payable	Level 2	1,231	1,231	1,004	1,004

NOTE P - REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Management believes as of December 31, 2024 and 2023 that the Bank meets all capital adequacy requirements to which it is subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. As of December 31, 2024 and 2023 the most recent notification from the FDIC categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action (there are no conditions or events since that notification that management believes have changed the Bank's category).

In 2019, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the community bank leverage ratio framework (CBLR framework), for qualifying community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act.

The community bank leverage ratio removes the requirement for qualifying banking organizations to calculate and report risk-based capital but rather only requires a Tier 1 to average assets (leverage) ratio. Qualifying banking organizations that elect to use the community bank leverage ratio framework and that maintain a leverage ratio of greater than required minimums will be considered to have satisfied the generally applicable risk based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and, if applicable, will be considered to have met the well capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act. The community bank leverage ratio minimum requirement is 9%. An eligible banking organization is provided a two-quarter grace period to correct a ratio that falls below the required amount, provided that the bank maintains a leverage ratio greater than 8%.

An eligible banking organization can opt out of the CBLR framework and revert back to the risk-weighting framework without restriction. As of December 31, 2024 and 2023, the Bank was a qualifying community banking organization as defined by the federal banking agencies and adopted to measure capital adequacy under the CBLR framework.

To be categorized as well-capitalized, the Bank must maintain minimum capital amount and ratio as set forth in the table. The table below also presents the Bank's actual and required capital amount and ratio as of December 31, 2024 and 2023:

NOTE P - REGULATORY MATTERS - Continued

	Actual		Required to be Considered Well-Capitalized under CBLR Framework	
	Capital Amount	Ratio	Capital Amount	Ratio
	(Dollars in thousands)			
As of December 31, 2024:				
Tier 1 Capital to Average Assets	$ 274,027	23.9%	$ 103,190	9.0%
As of December 31, 2023:				
Tier 1 Capital to Average Assets	$ 246,968	21.9%	$ 101,647	9.0%

The California Financial Code provides that a bank may not make a cash distribution to its shareholders in excess of the lesser of the bank's undivided profits or the bank's net income for its last three fiscal years less the amount of any distribution made by the bank's shareholders during the same period. In addition, the Bank may not pay dividends that would result in its capital levels being reduced below the minimum requirements shown above. The Bank's dividend payments in 2024 and 2023 were in compliance with the various dividend limitation rules.

NOTE Q – SUBSEQUENT EVENTS

The Bank has evaluated the effect of events that have occurred subsequent to December 31, 2024, through March 31, 2025, which is the date the financial statements were available to be issued. Based on the evaluation, the Bank has determined none of these events would require recognition or disclosure in the financial statement.

Corporate Profile

Your Path to Success

攜手大通, 邁向成功

Founded in October 2005, First General Bank is a community bank focused on providing value-added products and services to meet the financial needs of our customers. We are committed to reaching out and providing access to capital/financial services to our community, including those who are unserved/underserved, and lending to minorities. Our services are designed to create sustainable impact in our community, maximize shareholder value and provide a positive working environment for our employees. Most of our shareholders are established and well-respected members of the community with significant ties to the community. They have a first-hand understanding of the living and business environment and banking needs of the community, allowing the Bank to provide valuable and quality banking services to consumer and business customers, such as:

- Various types of depository accounts to meet different account needs
  - Checking, Interest-Checking, Business Checking
  - Savings, Money Market Accounts
  - Time Certificate of Deposit Accounts
  - CDARS® (Certificate of Deposit Account Registry Service) and ICS®, (Insured Cash Sweep®)

- Cash Management and Online Services
  - Online Banking
  - ACH Direct Deposit, Auto-Debit, ACH Credit Origination
  - Bill Pay
  - Wire Transfers
  - Mobile Banking & Mobile Deposit (for both consumers and businesses)
  - Remote Deposit Capture (for business customers)
  - ATM/debit cards
  - eStatement
  - ZELLE® Person-to-Person Payments (P2P)
- SBA Loans
  - Land and Building acquisition (for owner-use property)
  - Business Acquisition / General / Export Working Capital Line
  - Equipment, Machinery and Inventory Purchase
  - Line of Credit for Contractors / Builders
  - Commercial Building Construction

- International Trade Financing and Services
  - Bill Discount / Foreign Currency Outgoing Remittance
  - LC Issuance / Advising & Confirmation/Negotiation
  - Import/Export Documentary Collection

- Commercial Loans
  - Line of Credit / Export & Import / Fixed Assets Term Loan

- Commercial Real Estate & Construction Loans
  - Track Home Development / Construction
  - Offices, Shopping Centers, Industrial Warehouses, Hotels / Motels
  - Mixed Used Property / Apartment

- Home Equity Line of Credit

- Credit Card Program (for both consumers and businesses)

Operating on the strategic advantage of knowing the community, and the commitment to superio r customer service, the Bank has earned the trust and support from its customers and recognition from industry groups as one of the leading banks in its class, in terms of safety and soundness, growth and profitability.

First General Bank has been certified by the U.S. Department of the Treasury as a Community Development Financial Institution (CDFI) since 2016. In 2024, the CDFI renewed the Bank's CDFI Certification. CDFI Certification is the U.S. Department of the Treasury's recognition of specialized financial institutions with their primary mission of promoting community development and serving low-income communities.

As of December 31, 2024, First General Bank's Total Assets exceeded $1.150 billion, with five branch locations strategically spanning from the Greater San Gabriel Valley, Cerritos / Artesia area to Orange County, California.

EQUAL HOUSING LENDER

Member FDIC

Corporate Information

Board of Directors

Jackson Yang
Chairman of the Board, First General Bank
Chairman, Seville Classics, Inc.

Cliff J. Hsu
President & Chief Executive Officer
First General Bank

Dr. Lawrence Cheng
Dentist/Owner
Smile Haven Dental

Dr. Joseph Chiang
Retired Dentist

Edward Hsieh
Retired Investor

Jeff Lee
CEO, Nevis Capital, LLC

Harry Leu
Principal, HB, LLC

Johnny Lin
President, Long Win Inc.

Kansei Sai
President, Yanlot Development Corporation

Hsinya Shen
Attorney

Karena Sujo
CEO, Safco Realty and Investment, Inc.

John Sun
President, Best Restaurant Supply

Chris Wen
President, Walton Realty Inc.

Executive Officers

Cliff J. Hsu
President & Chief Executive Officer

Wilson Mach
Senior Executive Vice President &
Chief Operating Officer

Tony Chan
Executive Vice President &
Chief Lending Officer

Shalom Chang
Executive Vice President &
Chief Financial Officer

Jeanette Lin
Executive Vice President &
Chief Credit Officer

Bank Offices

Corporate Headquarters
19036 Colima Road, Rowland Heights, CA 91748
Tel: (626) 820-1099 • Fax (626) 820-1399

Administration Office
1744 S. Nogales Street, Suite A Rowland Heights, CA 91748
Tel: (626) 363-8878 • Fax (626) 363-8885

International Banking
19036 Colima Road, Rowland Heights, CA 91748
Tel: (626) 820-1234 • Fax (626) 820-1258

Arcadia Branch
1127 S. Baldwin Avenue, Arcadia, CA 91007
Tel: (626) 461-0288 • Fax (626) 461-0299

Cerritos Branch
17808 Pioneer Boulevard, #108, Artesia, CA 90701
Tel: (562) 677-8858 •Fax (562) 677-8855

Irvine Branch
5404-C&D Walnut Avenue, Irvine, CA 92604
Tel: (949) 769-8888 •Fax (949) 769-8885

Rowland Heights Main Branch
19036 Colima Road, Rowland Heights, CA 91748
Tel: (626) 820-1234 •Fax (626) 820-1299

San Gabriel Branch
801 E. Valley Boulevard, #103, San Gabriel, CA 91776
Tel: (626) 288-9288 •Fax (626) 280-1300

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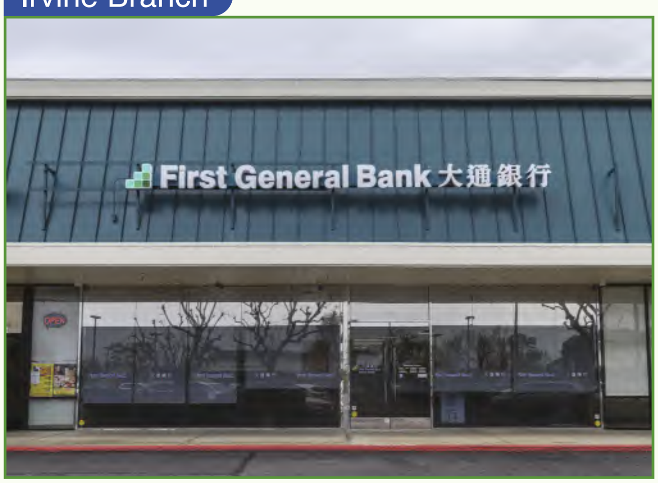
Note

Rowland Heights Main Branch and Headquarters

Arcadia Branch

Cerritos Branch

Irvine Branch



San Gabriel Branch