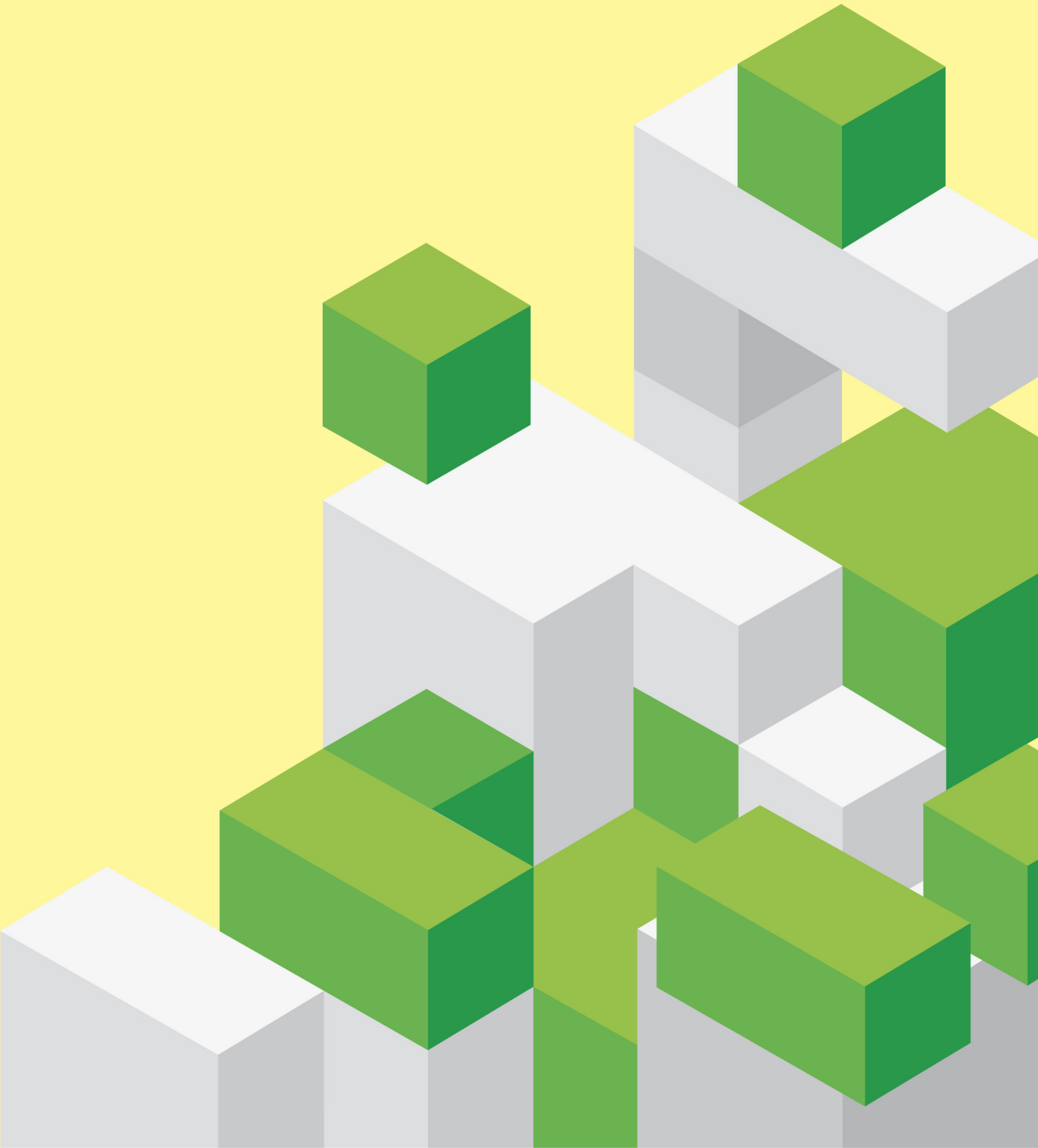
First General Bank
大通銀行

Your Path to Success 攜手大通 邁向成功

2012
Annual Report



SNL Financial Announces Top 100 Best Performing Community Banks

California banks take top 3 slots among SNL's top-performing banks between $500M and $5B.

Charlottesville, VA (PRWEB) March 20, 2013 (reprint with permission)

Announced today, SNL Financial released its annual ranking of 2012's top 100 best performing banks in two categories: community banks with assets between $500M and $5B and community banks with assets less than $500M. **Of the companies with assets between $500M and $5B, Rowland Heights, Calif.-based First General Bank took command of the No. 1 spot. The company ranked sixth the previous year.**

SNL ranked the best-performing community banks using six core financial performance metrics that focus on profitability, asset quality and growth for the 12-month period ended Dec. 31, 2012. The metrics used were: return on average tangible assets before tax, net charge-offs as a percentage of average loans, adjusted Texas ratio, efficiency ratio, net interest margin and loan growth. SNL measured each company's standard deviation from the mean of each metric. The standard deviations, which are each equally weighted, were added together to calculate a performance score for each company.

SNL Financial is a leading provider of financial information on more than 6,500 public companies and 50,000 private companies in the business sectors critical to the global economy: Banking, Financial Services, Insurance, Real Estate, Energy, Metals & Mining, and Media & Communications. The SNL information service integrates breaking news, comprehensive data and expert analysis into an electronic database available online and updated around the clock. For more information, visit http://www.snl.com.

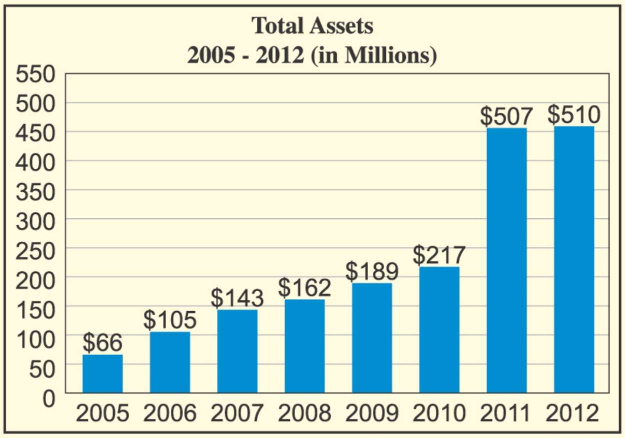
SNL Financial, One SNL Plaza, Charlottesville, VA 22902, 434-977-1600
Other office locations: New York, London, Hong Kong

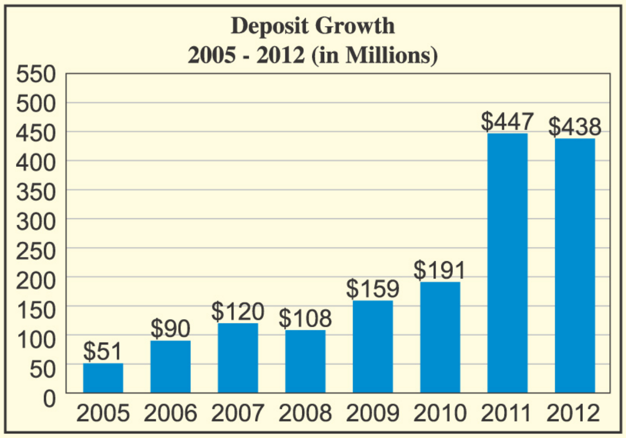
First General Bank Took No. 1 Spot in SNL 100 Top Community Banks List

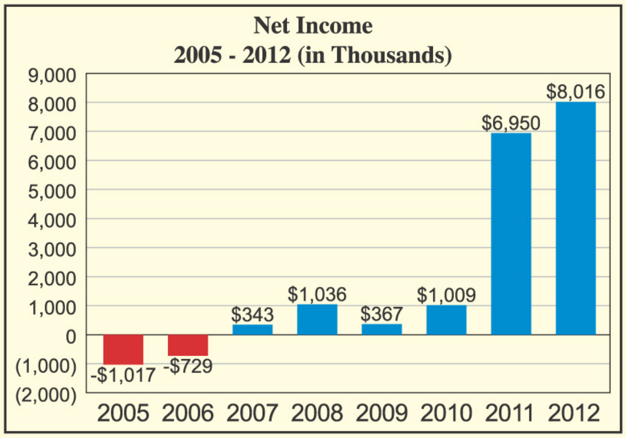
ROWLAND HEIGHTS, CALIFORNIA, March 20, 2013 - First General Bank, Rowland Heights, announced that it ranked No. 1 in SNL's 2012 community bank ranking of the nation's 765 banking companies with total assets between $500 million and $5 billion.

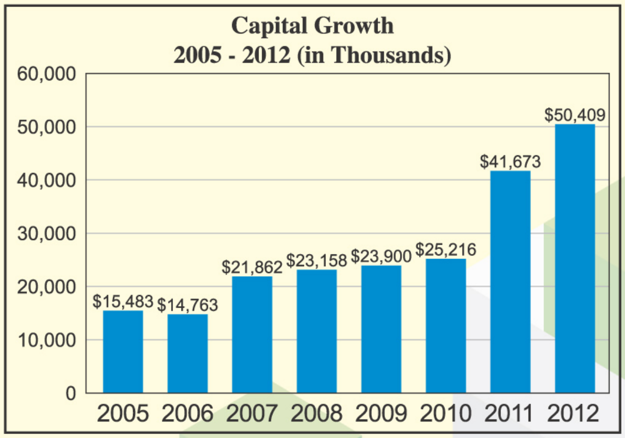
"This prestigious ranking once again confirms First General Bank's leadership in community banking," states President and CEO, Cliff Hsu, "We owe our success to the support of our customers and our community, the dedication of our team, and the staying focused on the direction charted by our Board of Directors."

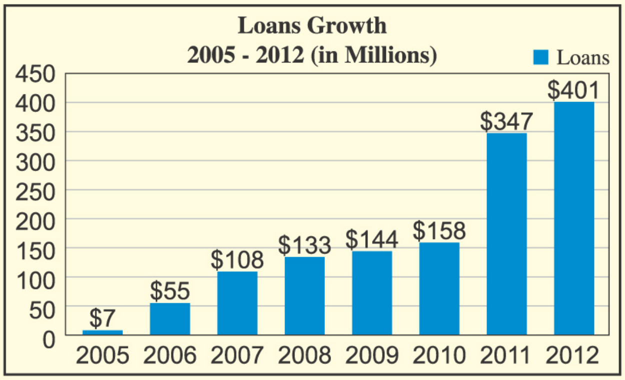
Financial Highlights











Letter to Shareholders

Dear Shareholders:

We began 2012 with the goals of extending our record earnings; strengthening our balance sheet following the successful mergers and acquisitions of American Premier Bank and Golden Security Bank in 2011, and expanding customer relationships through new product/service development.

We are pleased to report that we achieved our goals.

Earnings & Efficiency

For 2012, our After-Tax Net Income reached record high at $8.02 million (or $2.40 earnings per share), a 15.35% increase over the $6.95 million earned in 2011.

The increase in Net Income was mainly attributable to our ability to lower cost of funds, increase net interest margin and fee income in such areas as international trade services, as well as to improve and maintain the quality of our loan portfolio and highly efficient operations.

Our Efficiency Ratio was 36.37%. An Efficiency Ratio, defined at its simplest, is the cost required to generate each dollar of earnings. The average efficiency ratio for most banks exceed 60% (i.e., for most banks, it costs 60 cents for each dollar earned.)

Growth, Portfolio Diversification & Capital Ratios

Just as with our earnings, we have once again achieved record levels of Total Assets, Net Loans and Leases. Total Assets were $510.16 million. Total Net Loans and Leases were $444.71 million. As a result of our strategic reduction of high-cost deposits in the former Golden Security Bank's portfolio, our Total Deposits decreased by approximately 2% to $437.99 million, as compared to 2011.

Furthermore, we have achieved strong growths in our SBA loans and residential mortgage loans, (a program we introduced in mid-2012, and at the end of 2012, the portfolio had grown to approximately $40 million). Our Total Risk-Based Capital was 13.76%. The Bank is "well-capitalized", by all three of the regulatory measurements and definitions.

Shareholder Value & Return on Investment

As of December 31, 2012, the Bank's Shareholders' Equity was $50.97 million, a 16.71% increase from 2011's $43.67 million. Book value per share was record high at $15.09. Return on Equity (ROE) was 16.81%. Additionally, our Board of Directors declared a cash dividend of $0.25 per common share to stockholders of record at the close of business on December 19, 2012, a 25% increase as compared to 2011.

Honors

Our Bank's excellent performance had been widely recognized. For example, in March 2013, SNL Financial ranked our Bank the Number 1 Performer among 765 community banks with assets between $500 million to $5 billion in the United States. This prestigious ranking once again confirmed our leadership in community banking.

Community Commitment

First General Bank is a community-based institution, organized by immigrants from Asia in 2005. As such, since its inception, the Bank has been fully committed to the economic development and vitality of the communities it serves.

As part of this commitment, over the years, the Bank has participated in, and provided financial support to numerous community development and community service organizations, cultural functions and other philanthropic activities. We also provided financing for small businesses located in economically distressed areas directly and through a community development financial institution. In the beginning of 2013, we partnered with a school district to establish a scholarship fund to provide financial assistance to encourage and help disadvantaged students who have demonstrated academic excellence, leadership and community involvement achieve their educational goals.

Looking Ahead

We attribute our success to the continued support that we appreciatively received from our customers and shareholders, the strong leadership and oversight of the Board of Directors, and the dedication of our employees.

In 2013, we will continue to focus on the market we know and serve best, pursue sustainable growth strategies, including acquisition opportunities, and maintain a safe and sound operation with high efficiency. We also plan to broaden our support for community development, with the purpose of strengthening the social and economic foundation of our communities.

With your support, we look forward to another year of prosperity in 2013.

Jackson Yang
Chairman of the Board

Cliff J. Hsu
President and CEO

致股東函

親愛的股東：

我們很榮
幸的向您報告，在2011年成功的完成美豐銀行和金安銀行的併購之後，大通銀行在2012年所達成的優異表現：

高獲利與效率

2012年稅後淨利高達八百零貳萬美元(或每股獲利$2.40美元)，和2011年相比，增幅爲15.40%。這些淨利的成長，主要源於成功的降低資金成本，貸款利差提高，貸款體質的改善及有效的營運管理。銀行的營運效益比率爲36.37%，所謂的效益比，可以簡單的定義爲，每賺一美元所需付出的成本。業界平均效益比約爲60%(即「一般銀行」每賺一美元的成本爲60分)。

高成長與資本比

在2012年大通銀行的總資產和貸款總額，再一次創新高。總資產爲五億一仟萬美元，總貸款額爲四億四仟四百七十萬美元。另由於策略上，刻意降低之前併購金安銀行之定存成本，銀行存款總額降至四億三千七百九十九萬，和2011年相比，降幅爲2%。此外銀行更在2012年推出中小企業貸款，和簡易房貸，都達成可觀成長，銀行風險資本率爲13.7%，爲法定的「優質資本額之銀行」。

高投資回報與股東權益

截至2012年12月31日止，銀行股東權益爲五仟一百萬元，和2011年相比，增幅爲16.69%. 股票賬面價值也創新高，爲每股$15.09元。資本報酬率爲16.81%，由於銀行的持續高獲利，董事會更於2012年12月通過再次發配每股$0.25元股息。較之2011年股息增幅達25%。

最高榮譽

大通銀行的傑出表現，廣爲業界所樂道。今年三月，銀行再度獲全美信譽卓著的財報公司SNL Financial評選爲全美國2012年度表現最佳社區銀行榜首。大通銀行是在765家資產五億至五十億美元的社區銀行中，獲得2012年評比第一名。這項殊榮再次的印證大通銀行於銀行業中卓越的領先地位。

社區回饋

大通銀行是以繁榮及促進地方經濟發展理念所創立的社區銀行。有基於此，一直以來，銀行持續積極的參與有助於社區發展的各項活動，並贊助社區多項慈善及文化有關的活動。同時更進一步的於2013年伊始，成立了「大通銀行獎助學金」嘉惠所在學區内品學兼優清寒學子，幫助達成「百年樹人」的教育目標。

展望

大通銀行的成功，有賴於客户、股東的長期信賴支持和銀行同仁的努力。 展望未來, 我們會努力不懈，秉持著 「以人爲本, 客户爲主」的理念，持續拓展業務。並以穩健經營,優質服務且高效率的營運，來創造股東的最大利益並促進社區經濟的繁榮與進步。

期待大通銀行在您的領導與支持下，持續的成長茁壯，攀上另一座高峰。

Jackson Yang
Chairman of the Board

Cliff J. Hsu
President and CEO

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders of
First General Bank

We have audited the accompanying financial statements of First General Bank, which are comprised of the statements of financial condition as of December 31, 2012 and 2011, and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First General Bank as of December 31, 2012 and 2011, 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.

Vavrinek, Trine, Day + Co., LLP

Laguna Hills, California
April 8, 2013

FIRST GENERAL BANK

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2012 AND 2011

ASSETS

	2012	2011
Cash and Due from Banks	$ 20,871,042	$ 110,517,028
Federal Funds Sold	70,000,000	20,175,000
TOTAL CASH AND CASH EQUIVALENTS	90,871,042	130,692,028
Interest-Bearing Deposits in Other Banks	2,490,000	5,121,360
Securities Available for Sale	3,722,884	4,483,715
Securities Held to Maturity (Fair Value of $2,009,780)	-	2,024,651
Loans:		
Real Estate	357,836,532	323,264,966
Commercial	46,892,825	29,559,667
TOTAL LOANS	404,729,357	352,824,633
Net Deferred Loan Costs	410,730	408,609
Unaccreted Discount on Acquired Loans	(4,180,818)	(5,821,113)
Allowance for Loan Losses	(4,244,689)	(3,192,689)
NET LOANS	396,714,580	344,219,440
Premises and Equipment	2,206,966	2,310,947
Other Real Estate Owned	1,829,454	4,311,533
Federal Home Loan Bank and Clearinghouse CDFI Stock, at Cost	2,025,200	2,283,300
Deferred Income Taxes	6,935,073	8,196,456
Core Deposit Intangible	202,300	247,850
Goodwill	248,671	248,671
Accrued Interest and Other Assets	2,909,427	2,443,848
TOTAL ASSETS	$ 510,155,597	$ 506,583,799

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

FIRST GENERAL BANK

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2012 AND 2011

LIABILITIES AND SHAREHOLDERS' EQUITY

	2012	2011
Deposits:		
Noninterest-Bearing Demand	$ 49,499,584	$ 27,001,052
Savings, NOW and Money Market Accounts	156,802,934	140,175,345
Time Deposits Under $100,000	70,758,902	120,776,187
Time Deposits $100,000 and Over	160,926,553	159,223,764
TOTAL DEPOSITS	437,987,973	447,176,348
Other Borrowings	18,361,110	13,748,656
Accrued Interest and Other Liabilities	2,842,823	1,989,606
TOTAL LIABILITIES	459,191,906	462,914,610
Commitments and Contingencies - Notes E and L	-	-
Shareholders' 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; and 3,339,871 Shares Issued and Outstanding at 2012 and 2011, Respectively	35,068,583	35,068,583
Additional Paid-in-Capital	1,386,953	1,294,393
Retained Earnings	14,471,785	7,290,274
Accumulated Other Comprehensive Income - Unrealized Gain on Available-for-Sale Securities, Net of Taxes of $29,757 at 2012 and $29,405 at 2011	36,370	15,939
TOTAL SHAREHOLDERS' EQUITY	50,963,691	43,669,189
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$510,155,597	$506,583,799

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

FIRST GENERAL BANK

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
INTEREST INCOME		
Interest and Fees on Loans	$ 25,371,359	$ 18,102,083
Interest on Investment Securities	142,114	248,768
Interest on Federal Funds Sold and Other	501,233	244,747
TOTAL INTEREST INCOME	26,014,706	18,595,598
INTEREST EXPENSE		
Interest on Savings, NOW and Money Market Accounts	960,571	689,176
Interest on Time Deposits	2,815,703	2,800,252
Interest on Other Borrowings	91,007	64,308
TOTAL INTEREST EXPENSE	3,867,281	3,553,736
NET INTEREST INCOME	22,147,425	15,041,862
Provision for Loan Losses	1,300,000	1,026,450
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	20,847,425	14,015,412
NONINTEREST INCOME		
Service Charges, Fees and Other	822,864	593,524
Gain on Sale of Loans	457,544	65,250
Net Gain on Sale of Other Real Estate	204,885	45,101
Bargain Purchase Gain	-	3,972,750
	1,485,293	4,676,625
NONINTEREST EXPENSE		
Salaries and Employee Benefits	4,609,376	4,325,620
Occupancy and Equipment Expenses	996,586	1,257,935
Other Real Estate Owned Valuation Write Down	-	90,000
Other Expenses	3,035,376	3,716,327
	8,641,338	9,389,882
INCOME BEFORE INCOME TAXES	13,691,380	9,302,155
Income Tax Expense	5,674,902	2,352,352
NET INCOME	$ 8,016,478	$ 6,949,803

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

FIRST GENERAL BANK

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Net Income	$8,016,478	$6,949,803
OTHER COMPREHENSIVE INCOME:		
Change in Unrealized Gains on Securities Available for Sale	20,783	95,862
Income Taxes Relating to Change	(352)	(52,138)
TOTAL OTHER COMPREHENSIVE INCOME	20,431	43,724
TOTAL COMPREHENSIVE INCOME	$8,036,909	$6,993,527

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

FIRST GENERAL BANK

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Number of Shares	Amount				
Balance at January 1, 2011	2,200,000	$ 23,100,000	$ 1,107,199	$ 1,008,445	$ (27,785)	$ 25,187,859
Net Income				6,949,803		6,949,803
Stock-based Compensation			216,174			216,174
Issuance of Stock Relating to American Premier Bank Acquisition	1,139,871	11,968,583				11,968,583
Dividends				(667,974)		(667,974)
Cash Paid for Cancelled Stock Options			(28,980)			(28,980)
Change in Other Comprehensive Income, Net of Taxes					43,724	43,724
Balance at December 31, 2011	3,339,871	35,068,583	1,294,393	7,290,274	15,939	43,669,189
Net Income				8,016,478		8,016,478
Stock-based Compensation			92,560			92,560
Dividends				(834,967)		(834,967)
Change in Other Comprehensive Income, Net of Taxes					20,431	20,431
Balance at December 31, 2012	3,339,871	$ 35,068,583	$ 1,386,953	$ 14,471,785	$ 36,370	$ 50,963,691

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

FIRST GENERAL BANK

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
OPERATING ACTIVITIES		
Net Income	$ 8,016,478	$ 6,949,803
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Depreciation, Amortization and Accretion, Net	(2,153,665)	(1,251,608)
Provision for Loan Losses	1,300,000	1,026,450
Stock-based Compensation	92,560	216,174
Bargain Purchase Gain	-	(3,972,750)
Gain on Sale of Loans	(457,544)	(65,250)
Net Gain on Sale of OREO	(204,885)	(45,101)
Other Real Estate Owned Valuation Write Down	81,384	90,000
Other-Than-Temporary Impairment Loss	27,665	-
Deferred Income Tax Expense	1,261,031	552,857
Other Items	225,933	915,972
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,188,957	5,797,147
INVESTING ACTIVITIES		
Net Change in Interest-Bearing Deposits in Other Banks	2,631,360	7,694,640
Purchase of Available-for-Sale Securities	(1,034,938)	(4,144,662)
Maturity of Available-for-Sale Securities	3,743,131	7,892,677
Redemption of Federal Home Loan Bank Stock	258,100	304,900
Net Increase in Loans	(57,948,356)	(12,395,702)
Cash Acquired in Connection with Acquisitions	-	23,809,902
Proceeds from Loan Sales	6,715,142	714,873
Proceeds from OREO Sales	1,971,981	7,238,027
Purchases of Premises and Equipment	(69,110)	(102,226)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(43,732,690)	31,012,429
FINANCING ACTIVITIES		
Net Increase in Demand Deposits and Savings Accounts	39,126,121	60,243,717
Net Decrease in Time Deposits	(47,735,400)	(1,136,470)
Dividends Paid	(667,974)	-
Cash Paid for Cancelled Stock Options	-	(28,980)
Change in Other Borrowings	5,000,000	(3,500,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(4,277,253)	54,197,667
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(39,820,986)	91,007,243
Cash and Cash Equivalents at Beginning of Period	130,692,028	39,684,785
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 90,871,042	$ 130,692,028
Supplemental Disclosures of Cash Flow Information:		
Interest Paid	$ 3,930,414	$ 3,493,657
Taxes Paid	4,899,575	1,540,000
Loans Transferred to Other Real Estate Owned	-	4,999,029
Loans Provided for Sales of Other Real Estate Owned	633,600	-

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and FDIC Part 350.4 Statement

The Bank has been 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, Rosemead, and Irvine, 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").

Subsequent Events

The Bank has evaluated subsequent events for recognition and disclosure through April 8, 2013, which is the date the financial statements were available to be issued.

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.

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.

Cash and Due From Banks

Banking regulations require that banks maintain a percentage of their deposits as reserves in cash or on deposit with the Federal Reserve Bank. The Bank was in compliance with all reserve requirements as of December 31, 2012.

The Bank maintains amounts due from banks, which may exceed federally insured limits. The Bank has not experienced any losses in such accounts.

Interest-Bearing Deposits in Other Banks

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

Investment Securities

Bonds, notes, and debentures for which the Bank has the positive intent and ability to hold to maturity are reported at cost, adjusted for premiums and discounts that are recognized in interest income using the interest method over the period to maturity.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investment Securities - Continued

Investments not classified as trading securities nor as held-to-maturity securities are classified as available-for-sale securities and recorded at fair value. Unrealized gains or losses on available-for-sale securities are excluded from net income and reported as a separate component of other comprehensive income included in shareholders' equity. Premiums or discounts on held-to-maturity and available-for-sale securities are amortized or accreted into income using the interest method. Realized gains or losses on sales of held-to-maturity or available-for-sale securities are recorded using the specific identification method.

Management evaluates securities for other-than-temporary impairment ("OTTI") on at least a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows; OTTI related to credit loss, which must be recognized in the income statement and; OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings. During 2010 and 2012, the Bank recorded a credit component write-down on one of its non-agency securities for $20,000 and $27,665, respectively. The Bank did not record any credit component OTTI write-downs during 2011.

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 unpaid principal balances 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. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off. Amounts are charged-off when available information confirms that specific loans or portions thereof, are uncollectible. This methodology for determining charge-offs is consistently applied to each segment.

The Bank determines a separate allowance for each portfolio segment. The allowance consists of specific and general reserves. Specific reserves relate to loans that are individually classified as impaired. A loan is impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement. Factors considered in determining impairment include payment status, collateral value and the probability of collecting all amounts when due. Measurement of impairment is based on the expected future cash flows of an impaired loan, which are to be discounted at the loan's effective interest rate, or measured by reference to an observable market value, if one exists, or the fair value of the collateral for a collateral-dependent loan. The Bank selects the measurement method on a loan-by-loan basis except that collateral-dependent loans for which foreclosure is probable are measured at the fair value of the collateral.

The Bank recognizes interest income on impaired loans based on its existing methods of recognizing interest income on nonaccrual loans. Loans, for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired with measurement of impairment as described above.

If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Smaller balance, homogeneous loans are collectively evaluated for impairment.

General reserves cover non-impaired loans and are based on historical loss rates for each portfolio segment, adjusted for the effects of qualitative or environmental factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio segment's historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions, changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the value of the underlying collateral for collateral-dependent loans; concentrations of credit and the effect of other external factors such as competition and legal and regulatory requirements.

Portfolio segments identified by the Bank include real estate and commercial loans. Relevant risk characteristics for these portfolio segments generally include debt service coverage, loan-to-value ratios, and financial performance.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Certain Acquired Loans

As part of business acquisitions, the Bank acquires certain loans that have shown evidence of credit deterioration since origination. These acquired loans are recorded at the allocated fair value, such that there is no carryover of the seller's allowance for loan losses. Such acquired loans are accounted for individually. The Bank estimates the amount and timing of expected cash flows for each purchased loan, and the expected cash flows in excess of the allocated fair value is recorded as interest income over the remaining life of the loan (accretable yield). The excess of the loan's contractual principal and interest over expected cash flows is not recorded (non-accretable difference). Over the life of the loan, expected cash flows continue to be estimated. If the present value of expected cash flows is less than the carrying amount, a loss is recorded through the allowance for loan losses. If the present value of expected cash flows is greater than the carrying amount, it is recognized as part of future interest income.

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 loan 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 betterments or major repairs are capitalized and those for ordinary repairs and maintenance are charged to operations as incurred.

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 acquiree, 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 balance sheet.

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 $1,925,200 and $2,283,300 at December 31, 2012 and 2011, respectively.

Income Taxes

Deferred income taxes are computed 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 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.

The Bank has adopted guidance issued by the Financial Accounting Standards Board ("FASB") that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by taxing authorities. Interest and penalties related to uncertain tax positions are recorded as part of income tax expense.

Advertising Costs

The Bank expenses the costs of advertising in the period incurred.

Comprehensive Income

Changes in unrealized gain on available-for-sale securities are the only component of accumulated other comprehensive income for the Bank.

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 L. Such financial instruments are recorded in the financial statements when they are funded or related fees are incurred or received.

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. This cost is recognized over the period which an employee is required to provide services in exchange for the award, generally the vesting period. See Note M for additional information on the Bank's stock option plan.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.
>
> 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 N for more information and disclosures relating to the Bank's fair value measurements.

Reclassifications

Certain reclassifications have been made in the 2011 financial statements to conform to the presentation used in 2012. These reclassifications had no impact of the Bank's previously reported financial statements.

Adoption of New Accounting Standards

In April 2011, the FASB amended existing guidance for assisting a creditor in determining whether a restructuring is a troubled debt restructuring ("TDR"). The amendments clarify the guidance for a creditor's evaluation of whether it has granted a concession and whether a debtor is experiencing financial difficulties. This guidance was effective for annual reporting periods ending after December 15, 2012, and applied retrospectively to the beginning of the annual period of adoption. The new guidance did not have a significant impact on the Bank's determination of whether a restructuring is a TDR.

In May 2011, the FASB issued an amendment to achieve common fair value measurement and disclosure requirements between U.S. and International accounting principles. Overall, the guidance is consistent with existing U.S. accounting principles; however, there are some amendments that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The amendment in this guidance was effective for annual reporting periods beginning after December 15, 2011. The amendment did not significantly impact the Bank.

In September 2011, the FASB amended existing guidance and eliminated the option to present the components of other comprehensive income as part of the statement of changes in shareholders' equity. The amendment requires that comprehensive income be presented in either a single continuous statement or in two separate consecutive statements. This amendment was effective for annual reporting periods beginning after December 15, 2011. The adoption of this amendment changed the financial statement presentation of comprehensive income for the Bank.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Adoption of New Accounting Standards, Continued

In September 2011, the FASB amended guidance on the annual goodwill impairment test performed by the Bank. Under the amended guidance, the Bank will have the option to first assess qualitative factors to determine whether it is necessary to perform a two-step impairment test. If the Bank believes, as a result of the qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than the carrying value, the quantitative impairment test is required. If the Bank believes the fair value of a reporting unit is greater than the carrying value, no further testing is required. The amended guidance is effective for goodwill impairment tests performed for annual reporting periods beginning after December 15, 2011. The amendment did not significantly impact the Bank.

NOTE B - ACQUISITIONS

The acquisitions of American Premier Bank and Golden Security Bank in 2011 were accounted for under the acquisition method of accounting. The acquired assets, assumed liabilities and identifiable intangible assets were recorded at their respective acquisition date fair values. Previously reported fair values were preliminary and subject to refinement for up to one year after the closing date of the merger as new information regarding the closing date fair values became available. No adjustments were made to the previously reported fair values during the one year post-closing period for either of the acquisitions that occurred in 2011.

American Premier Bank Acquisition:
On January 31, 2011, the Bank acquired all the assets and assumed all the liabilities of American Premier Bank ("APB") in exchange for a combination of Bank stock and cash. The Bank issued 1,139,865 shares of Bank common stock with a fair value of $10.50 per share and cash in the amount of $4,189,976 for a combined total transaction value of approximately $16,159,000. APB operated one branch in Arcadia, California. The Bank acquired APB as the location and culture fit within the Bank's strategic plans for expansion.

Goodwill in the amount of $248,671 was recognized in this acquisition. Goodwill represents the future economic benefits arising from net assets acquired that are not individually identified and separately recognized and is attributable to synergies expected to be derived from the combination of the two entities. Goodwill is not expected to be deductible for income tax purposes.

NOTE B - ACQUISITIONS - Continued

The following table represents the assets acquired and liabilities assumed of APB as of January 31, 2011 and the fair value adjustments and amounts recorded by the Bank in 2011 under the acquisition method of accounting:

	APB Book Value	Fair Value Adjustments	Fair Value
ASSETS ACQUIRED			
Cash and Cash Equivalents	$ 21,370,255	$ -	$ 21,370,255
Investments	5,510,688	-	5,510,688
Loans, Gross	82,285,629	(1,931,688)	80,353,941
Allowance for Loan Losses	(1,332,000)	1,332,000	-
Other Real Estate Owned	532,980	-	532,980
Deferred Tax Assets	-	3,603,514	3,603,514
Other Assets	1,083,887	241,000	1,324,887
Total Assets Acquired	$109,451,439	$ 3,244,826	$112,696,265
LIABILITIES ASSUMED			
Deposits	$ 96,255,355	$ 417,000	$ 96,672,355
Other Liabilities	114,023	-	114,023
Total Liabilities Assumed	96,369,378	417,000	96,786,378
Excess of Assets Acquired Over Liabilities Assumed	13,082,061	2,827,826	15,909,887
	$109,451,439	$ 3,244,826	
Cash Paid and Stock Issued			16,158,558
Goodwill Recognized			$ 248,671

Golden Security Bank Acquisition:
On August 23, 2011, the Bank acquired all the assets and assumed all the liabilities of Golden Security Bank ("GSB") in exchange for cash of $4,387,740. GSB operated one branch in Rosemead California. The Bank acquired GSB as the location and culture fit within the Bank's strategic plans for expansion.

A bargain purchase gain totaling $3,972,750 resulted from the acquisition and is included as a component of noninterest income in the statement of income.

NOTE B - ACQUISITIONS - Continued

The following table represents the assets acquired and liabilities assumed of GSB as of August 23, 2011 and the fair value adjustments and amounts recorded by the Bank in 2011 under the acquisition method of accounting:

	GSB Book Value	Fair Value Adjustments	Fair Value
ASSETS ACQUIRED			
Cash and Cash Equivalents	$ 14,587,363	$ -	$ 14,587,363
Loans, Gross	108,223,780	(6,039,288)	102,184,492
Allowance for Loan Losses	(4,511,115)	4,511,115	-
Other Real Estate Owned	4,407,237	(903,732)	3,503,505
Deferred Tax Assets	2,704	3,293,276	3,295,980
Fixed Assets	1,979,530	(165,200)	1,814,330
Other Assets	1,499,547	53,000	1,552,547
Total Assets Acquired	$126,189,046	$ 749,171	$126,938,217
LIABILITIES ASSUMED			
Deposits	$ 99,787,309	$ 1,065,000	$100,852,309
FHLB Borrowings	16,500,000	873,780	17,373,780
Other Liabilities	351,638	-	351,638
Total Liabilities Assumed	116,638,947	1,938,780	118,577,727
Excess (Deficiency) of Assets Acquired Over Liabilities Assumed	9,550,099	(1,189,609)	8,360,490
	$126,189,046	$ 749,171	
Cash Paid			4,387,740
Recorded Gain on Acquisition			$ 3,972,750

For loans acquired from APB and GSB, the contractual amounts due, expected cash flows to be collected and fair value as of the respective acquisition dates were as follows:

	Purchased Credit-Impaired	All Other Acquired Loans
Contractual Amounts Due	$ 15,826,589	$226,829,153
Cash Flows not Expected to be Collected	4,454,010	-
Expected Cash Flows	11,372,579	226,829,153
Interest Component of Expected Cash Flows	1,041,371	54,621,928
Fair Value of Acquired Loans	$ 10,331,208	$172,207,225

NOTE C - INVESTMENT SECURITIES

Debt and equity securities have been classified in the statements of financial condition according to management's intent. The carrying amount of securities and their approximate fair values at December 31 were as follows:

December 31, 2012 Available-for-Sale:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-Backed Securities:				
Agency	$ 1,280,541	$ 90,014	$ -	$ 1,370,555
Collateralized Mortgage Obligations:				
Agency	126,110	18,523	-	144,633
Non-Agency	221,179	-	(36,393)	184,786
Corporate Debt Securities	2,028,927	2,450	(8,467)	2,022,910
	$ 3,656,757	$ 110,987	$ (44,860)	$ 3,722,884
December 31, 2011 Available-for-Sale:				
Mortgage-Backed Securities:				
Agency	$ 1,877,906	$ 136,642	$ -	$ 2,014,548
Collateralized Mortgage Obligations:				
Agency	188,615	22,019	-	210,634
Non-Agency	329,859	-	(67,616)	262,243
Corporate Debt Securities	2,041,991	-	(45,701)	1,996,290
	$ 4,438,371	$ 158,661	$ (113,317)	$ 4,483,715
Held-to-Maturity:				
Corporate Debt Securities	$ 2,024,651	$ -	$ (14,871)	$ 2,009,780

The scheduled maturities of securities available for sale at December 31, 2012, are shown below. Mortgage-backed securities are classified in accordance with their estimated lives. Expected maturities will differ from contractual maturities because borrowers may have the right to prepay obligations.

	Available-for-Sale	
	Amortized Cost	Fair Value
Due in One Year or Less	$ 2,028,927	$ 2,022,910
Due After Ten Years	1,627,830	1,699,974
	$ 3,656,757	$ 3,722,884

Investment securities with the carrying amount of $1,515,000 as of December 31, 2012 were pledged to secure the borrowing arrangement with Federal Reserve Bank described in Note H.

NOTE C - INVESTMENT SECURITIES - Continued

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

	Less than Twelve Months		Over Twelve Months		Total	
December 31, 2012:	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
Collateralized Mortgage Obligations:						
Non-Agency	$ -	$ -	$ (36,393)	$ 184,786	$ (36,393)	$ 184,786
Corporate Debt Securities	(8,467)	1,014,917	-	-	(8,467)	1,014,917
	$ (8,467)	$ 1,014,917	$ (36,393)	$ 184,786	$ (44,860)	$ 1,199,703
December 31, 2011:						
Collateralized Mortgage Obligations:						
Non-Agency	$ -	$ -	$ (67,616)	$ 262,243	$ (67,616)	$ 262,243
Corporate Debt Securities	(60,572)	4,006,070	-	-	(60,572)	4,006,070
	$ (60,572)	$ 4,006,070	$ (67,616)	$ 262,243	$ (128,188)	$ 4,268,313

Corporate Debt Securities

The unrealized loss on the Bank's investment in corporate debt securities was caused by interest rate changes. Because the decline in market value is attributable to changes in interest rates and not credit quality and because the Bank does not intend to sell the investment and it is more likely than not that the Bank will be required to sell the investment before recovery of their amortized bases, which may be at maturity, the Bank does not consider the investment to be to other-than-temporarily impaired at December 31, 2012.

Non-Agency Collateralized Obligation

The unrealized loss on the Bank's investment in one private labeled (non-agency) collateralized mortgage obligation was primarily due to extraordinarily high investor yield requirements resulting from an extremely illiquid market, significant uncertainty about the future condition of the mortgage market and the economy, and continued deterioration in the credit performance of loan collateral underlying this security.

This security was rated AAA at purchase and was downgraded to BBB during 2009 and further downgraded to CC during 2011. No further downgrades occurred in 2012. The Bank utilized a third party expert to assist in the valuation of this security and also in the determination of whether other-than-temporary impairment (“OTTI”) exists as of December 31, 2012. The third party expert estimated the fair value and the OTTI associated with this security by projecting cash flows using certain assumptions regarding prepayment speed, default rates, and loss severity percentage upon default.

Based on this third party analysis and review, the Bank recorded an OTTI charge of $27,665 against earnings in 2012. This charge is in addition to a previous charge against earnings of $20,000 taken in 2010.

The Bank monitors this security closely, does not have the intent to sell this security and it is likely that it will not be required to sell the security before its anticipated recovery of the non-credit component impairment loss.

NOTE D - LOANS

A summary of the changes in the allowance for loan losses follows as of December 31:

	2012	2011
Beginning Balance	$ 3,192,689	$ 2,607,076
Additions to the Allowance Charged to Expense	1,300,000	1,026,450
Recoveries on Loans Charged Off	10,000	44,673
	4,502,689	3,678,199
Less Loans Charged Off	(258,000)	(485,510)
Ending Balance	$ 4,244,689	$ 3,192,689

The following table presents the activity in the allowance for loan losses for the year 2012 and the recorded investment in loans and impairment method as of December 31, 2012 by portfolio segment:

December 31, 2012	Real Estate	Commercial	Total
Allowance for Loan Losses:			
Beginning of Year	$ 2,730,785	$ 461,904	$ 3,192,689
Provisions	1,006,564	293,436	1,300,000
Recoveries	10,000	-	10,000
Charge-offs	(258,000)	-	(258,000)
End of Year	$ 3,489,349	$ 755,340	$ 4,244,689
Reserves:			
Specific	$ 136,051	$ -	$ 136,051
General	3,353,298	755,340	4,108,638
Loans Acquired with Deteriorated Credit Quality	-	-	-
	$ 3,489,349	$ 755,340	$ 4,244,689
Loans Evaluated for Impairment:			
Individually	$ 7,966,096	$ -	$ 7,966,096
Collectively	344,081,793	46,888,319	390,970,112
Loans Acquired with Deteriorated Credit Quality	2,023,061	-	2,023,061
	$354,070,950	$ 46,888,319	$400,959,269

NOTE D - LOANS - Continued

The following table presents the activity in the allowance for loan losses for the year 2011 and the recorded investment in loans and impairment method as of December 31, 2011 by portfolio segment:

December 31, 2011	Real Estate	Commercial	Total
Allowance for Loan Losses:			
Beginning of Year	$ 2,029,734	$ 577,342	$ 2,607,076
Provisions	884,878	141,572	1,026,450
Recoveries	44,673	-	44,673
Charge-offs	(228,500)	(257,010)	(485,510)
End of Year	$ 2,730,785	$ 461,904	$ 3,192,689
Reserves:			
Specific	$ 158,911	$ -	$ 158,911
General	2,571,874	461,904	3,033,778
Loans Acquired with Deteriorated Credit Quality	-	-	-
	$ 2,730,785	$ 461,904	$ 3,192,689
Loans Evaluated for Impairment:			
Individually	$ 4,263,693	$ -	$ 4,263,693
Collectively	311,065,487	29,559,667	340,625,154
Loans Acquired with Deteriorated Credit Quality	7,935,786	-	7,935,786
	$323,264,966	$ 29,559,667	$352,824,633

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.

NOTE D - LOANS - Continued

Impaired - A loan is considered impaired, when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement. Additionally, all loans classified as troubled debt restructurings are considered impaired.

The risk category of loans by class of loans was as follows as of December 31, 2012 and 2011:

December 31, 2012	Pass	Special Mention	Substandard	Impaired	Total
Real Estate:					
Construction and Land Development	$ 5,283,944	$ 2,969,061	$ -	$ 1,069,621	$ 9,322,626
Residential Real Estate	74,127,542	-	-	1,664,409	75,791,951
Multi-Family	37,548,255	-	2,522,274	441,283	40,511,812
Commercial - Owner Occupied	46,416,999	1,004,911	2,186,038	3,124,641	52,732,589
Commercial - Other	168,932,589	579,468	4,533,773	1,666,142	175,711,972
Commercial	46,762,661	-	125,658	-	46,888,319
	$ 379,071,990	$ 4,553,440	$ 9,367,743	$ 7,966,096	$ 400,959,269

December 31, 2011	Pass	Special Mention	Substandard	Impaired	Total
Real Estate:					
Construction and Land Development	$ 5,421,844	$ 4,468,483	$ 2,605,128	$ 210,201	$ 12,705,656
Residential Real Estate	24,892,307	-	-	517,313	25,409,620
Multi-Family	39,636,704	2,441,269	2,344,695	2,454,965	46,877,633
Commercial - Owner Occupied	26,735,038	1,720,357	480,139	-	28,935,534
Commercial - Other	197,688,491	1,135,430	9,431,388	1,081,214	209,336,523
Commercial	29,204,324	229,485	125,858	-	29,559,667
	$ 323,578,708	$ 9,995,024	$14,987,208	$ 4,263,693	$ 352,824,633

NOTE D - LOANS - Continued

Past due and nonaccrual loans presented by loan class were as follows as of December 31, 2012 and 2011:

	Accruing		
December 31, 2012	30-89 Days Past Due	Over 90 Days Past Due	Nonaccrual
Real Estate:			
Construction and Land Development	$ -	$ -	$ 1,070,000
Residential Real Estate	-	-	1,664,000
Multi-Family	-	-	441,000
Commercial - Owner Occupied	350,000	-	3,125,000
Commercial - Other	6,061,000	526,000	1,666,000
Commercial	350,000	-	-
	$ 6,761,000	$ 526,000	$ 7,966,000

December 31, 2011			
Real Estate:			
Construction and Land Development	$ -	$ -	$ 210,000
Residential Real Estate	229,000	-	517,000
Multi-Family	872,000	378,000	2,455,000
Commercial - Owner Occupied	-	-	-
Commercial - Other	5,066,000	2,793,000	1,081,000
Commercial	398,000	-	-
	$ 6,565,000	$ 3,171,000	$ 4,263,000

NOTE D - LOANS - Continued

Information relating to individually impaired loans presented by class of loans was as follows as of December 31, 2012 and 2011:

	With no Allowance Recorded		With an Allowance Recorded		
December 31, 2012	Unpaid Principal Balance	Recorded Investment	Unpaid Principal Balance	Recorded Investment	Related Allowance
Real Estate:					
Construction and Land Development	$ 1,393,040	$ 575,777	$ 578,662	$ 493,844	$ 97,324
Residential Real Estate	1,793,183	1,664,409	-	-	-
Multi-Family	450,221	441,283	-	-	-
Commercial - Owner Occupied	4,183,458	3,124,641	-	-	-
Commercial - Other	1,116,366	727,257	1,748,731	938,885	38,727
Commercial	-	-	-	-	-
	$ 8,936,268	$ 6,533,367	$ 2,327,393	$ 1,432,729	$ 136,051
December 31, 2011					
Real Estate:					
Construction and Land Development	$ -	$ -	$ 360,201	$ 210,201	$ 8,723
Residential Real Estate			517,313	517,313	18,623
Multi-Family	534,598	534,598	1,920,367	1,920,367	97,940
Commercial - Owner Occupied	-	-	-	-	-
Commercial - Other	328,473	229,943	958,271	851,271	33,625
Commercial	-	-	-	-	-
	$ 863,071	$ 764,541	$ 3,756,152	$ 3,499,152	$ 158,911

NOTE D - LOANS - Continued

Information relating to the average recorded investment and interest income recognized by class for individually impaired loans follows for the years 2012 and 2011:

	2012		2011	
	Average Recorded Investment	Interest Income	Average Recorded Investment	Interest Income
Real Estate:				
Construction and Land Development	$ 369,000	$ -	$ 143,000	$ -
Residential Real Estate	804,000	-	338,000	-
Multi-Family	110,000	-	614,000	-
Commercial - Owner Occupied	1,720,000	-	1,062,000	-
Commercial - Other	712,000	-	1,995,000	-
Commercial	-	-	29,000	-
	$ 3,715,000	$ -	$ 4,181,000	$ -

The Bank had eight and four loans identified as troubled debt restructurings ("TDR's") at December 31, 2012 and 2011, respectively. TDR's and related specific reserves totaled approximately $4,014,000 and $39,000 and $727,000 and $238,000 at December 31, 2012 and 2011, respectively. The Bank has not committed to lend any additional amounts to customers with outstanding loans that are classified as TDR's as of December 31, 2012 and 2011.

Loan modifications resulting in TDR status in 2012 generally included one or a combination of the following: reduction in interest rates to remaining maturity; extensions of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk for one year and principal payment deferments for one year. These loans had a carrying value at December 31, 2012 of $3,265,386.

NOTE D - LOANS - Continued

The following table presents loans by class modified as TDR's that occurred during the year ended December 31, 2012:

	Number of Loans	Pre-Modification Recorded Investment	Post-Modification Recorded Investment
Commercial Real Estate:			
Construction and Land Development	2	$ 685,941	$ 685,941
Multifamily	-	-	-
Other	5	3,689,568	3,689,568
Residential Real Estate	1	229,485	229,485
Commercial	-	-	-
	8	$ 4,604,994	$ 4,604,994

The determination of the allowance for loan losses related to TDR's depends on the collectability of principal and interest, according to the repayment terms. The TDR's that occurred in 2012 did not materially change the estimated collectability and therefore did not materially change the related allowance for loan loss amounts.

There were no defaults on any TDR's in 2012 or 2011 where the modification had occurred in the twelve months prior to the date of default.

The Bank has purchased loans as part of its acquisitions of American Premier Bank and Golden Security Bank in 2011, for which there was, at acquisition, evidence of deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments would not be collected.

The outstanding balance and carrying amount of purchased credit-impaired loans as of December 31 were as follows:

	2012	2011
Outstanding Balance	$ 2,974,728	$ 8,409,793
Carrying Amount	$ 2,023,061	$ 5,254,959

For these purchased credit-impaired loans, the Bank did not increase the allowance for loan losses after their acquisition as there were no significant reductions in cash flows expected at acquisition.

NOTE D - LOANS - Continued

The change in accretable discount on purchased credit-impaired loans during the year was as follows:

	2012	2011
Balance at January 1	$ 412,074	$ -
New Loans Purchased	-	1,041,371
Accretion of Income	(265,422)	(271,871)
Reversals (Sales and Foreclosures)	(32,402)	(357,426)
Restructuring as TDR	(102,057)	-
Balance at December 31	$ 12,193	$ 412,074

NOTE E - PREMISES AND EQUIPMENT

A summary of premises and equipment as of December 31 follows:

	2012	2011
Land	$ 1,374,800	$ 1,374,800
Premises	426,784	426,784
Leasehold Improvements	1,408,644	1,352,188
Furniture, Fixtures, and Equipment	939,772	467,597
Computer Equipment	177,207	164,644
	4,327,207	3,786,013
Less Accumulated Depreciation and Amortization	(2,120,241)	(1,475,066)
	$ 2,206,966	$ 2,310,947

The Bank has entered into operating leases for its branches and administrative offices, which expire at various dates through 2019. These leases include provision for periodic rent increases as well as payment by the lessee of certain operating expenses.

At December 31, 2012, the future lease rental payable under noncancellable operating lease commitments for the Bank's banking offices were as follows:

2013	$ 517,015
2014	441,814
2015	389,706
2016	401,399
2017	380,999
Thereafter	392,639
Total	$ 2,523,572

NOTE E - PREMISES AND EQUIPMENT

The minimum rental payments shown above are given for the existing lease obligations and are not a forecast of future rental expense. Total rental expense was $572,760 and $662,761 for the years ended December 31, 2012 and 2011, respectively.

The Bank entered into a purchase agreement on September 12, 2012 to sell its Rosemead branch for $1,800,000. Net carrying value of this property at December 31, 2012 was $1,781,430. The sale is anticipated to close during June 2013.

NOTE F - CORE DEPOSIT INTANGIBLE

The gross carrying amount and accumulated amortization for core deposit intangible was $294,000 and $91,700 as of December 31, 2012, resulting in a net carrying value of $202,300. Amortization expense was $45,550 and $46,150 for 2012 and 2011, respectively.

The estimated amortization expense for each of the next five years is as follows:

2013	$ 37,400
2014	33,000
2015	29,000
2016	25,600
2017	22,600
Thereafter	54,700
Total	$ 202,300

NOTE G - DEPOSITS

At December 31, 2012, the scheduled maturities of time deposits are as follows:

Due in One Year or Less	$ 153,219,000
Due in One to Three Years	78,086,000
Due in Over Three Years	380,000
	$ 231,685,000

NOTE H - BORROWING ARRANGEMENTS

The Bank may borrow up to $20 million overnight on an unsecured basis from its primary correspondent banks. In addition, the Bank may borrow up to approximately $18,781,000 from the Federal Home Loan Bank of San Francisco ("FHLB") and approximately $1,408,000 from the Federal Reserve Bank, collateralized by loans and investment securities with an aggregate carrying value of $85,490,000 and $1,472,000, respectively, subject to fulfilling other conditions of the credit facility.

NOTE H - BORROWING ARRANGEMENTS - Continued

As of December 31, 2012, outstanding advances with the FHLB were as follows:

Maturity	Coupon Rate	Accruing Rate	Par Amount
January 2, 2013	0.31%	0.31%	$ 5,000,000
April 17, 2013	3.95%	0.55%	2,000,000
July 24, 2013	4.44%	0.55%	3,000,000
February 3, 2014	3.11%	0.75%	7,000,000
September 15, 2014	4.81%	0.75%	1,000,000
			18,000,000
Unamortized Acquisition Premium			361,110
Carrying Value as of December 31, 2012			$ 18,361,110

NOTE I - 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.

Income tax expense consists of the following:

	2012	2011
Current Expense:		
Federal	$ 3,431,691	$ 1,274,444
State	982,180	525,051
Deferred Expense	1,261,031	552,857
Total Income Tax Expense	$ 5,674,902	$ 2,352,352

NOTE I - INCOME TAXES - Continued

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

	2012		2011	
	Amount	Rate	Amount	Rate
Statutory Federal Tax	$ 4,655,000	34.0%	$ 3,163,000	34.0%
State Franchise Tax, Net of Federal Benefit	908,000	6.6%	404,000	4.3%
Bargain Purchase Gain	-	-	(1,351,000)	(14.5%)
Other Items, Net	111,902	0.8%	136,352	1.4%
Actual Tax Expense	$ 5,674,902	41.4%	$ 2,352,352	25.2%

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:

	2012	2011
Deferred Tax Assets:		
Pre-Opening Expenses	$ 75,327	$ 85,045
Allowance for Loan Losses Due to Tax Limitations	1,746,876	1,313,932
Depreciation Differences	247,593	326,360
Other Real Estate Owned	498,799	1,230,549
Stock Based Compensation	379,649	364,043
Net Operating Loss Carryover	2,221,057	2,625,288
Acquisition Accounting Adjustments	1,852,259	2,769,676
Other	888,571	496,336
	7,910,131	9,211,229
Deferred Tax Liabilities:		
Deferred Gain on Building	(245,223)	(266,845)
Deductible Prepaid Items	(48,026)	(103,658)
Available-For-Sale Securities	(29,757)	(29,405)
Capitalized Loan Costs	(328,488)	(317,643)
Other	(323,564)	(297,222)
	(975,058)	(1,014,773)
Net Deferred Tax Assets	$ 6,935,073	$ 8,196,456

The Bank is subject to Federal income tax and California franchise tax. Federal income tax returns for the years ended December 31, 2011, 2010 and 2009 are open to audit by the Federal authorities and California returns for the years ended December 31, 2011, 2010, 2009 and 2008 are open to audit by State authorities.

NOTE I - INCOME TAXES - Continued

As of December 31, 2012, the Bank has Federal and State net operating loss carryforwards of approximately $5,529,541 and $4,766,482, respectively, which begin to expire in 2023 for Federal and 2013 for California Franchise Tax purposes. These net operating loss carryforwards were acquired as part of the acquisition of American Premier Bank and are subject to an annual limitation by Section 382 of the Internal Revenue Code. The amount of the annual limitation for Federal and California Franchise Tax purposes is $662,501. It is anticipated that these carryforwards, both Federal and State, will be utilized prior to their expiration.

NOTE J - OTHER EXPENSES

Other expenses as of December 31 are comprised of the following:

	2012	2011
Data Processing	$ 248,016	$ 453,097
Marketing and Business Promotion	160,609	246,500
Professional Fees	357,761	285,967
Office Expenses	247,116	233,352
Travel Expenses	4,073	97,217
Insurance	485,757	596,233
Director Fees and Expenses	853,917	652,609
Other Real Estate Owned Expenses	250,922	191,118
Merger Related Expenses	-	720,317
Other Expenses	427,205	239,917
	$ 3,035,376	$ 3,716,327

NOTE K - RELATED PARTY TRANSACTIONS

Deposits from certain directors, officers and their related interests with which they are associated held by the Bank at December 31, 2012 and 2011 amounted to approximately $28,400,000 and $16,630,000, respectively.

NOTE L - 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 L - COMMITMENTS - Continued

As of December 31, 2012 and 2011, the Bank had the following outstanding financial commitments whose contractual amount represents credit risk:

	2012	2011
Commitments to Extend Credit	$ 64,658,000	$ 33,751,000
Letters of Credit	1,613,000	506,000
	$ 66,271,000	$ 34,257,000

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.

NOTE M - 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 only 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. The Bank recognized stock-based compensation cost of $92,560 and $216,174 in 2012 and 2011, respectively. The Bank also recognized income tax benefits related to stock-based compensation of $15,546 and $30,313 in 2012 and 2011, 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:

	2012	2011
Risk Free Interest Rate	1.01%	1.18%
Estimated Average Life	6 Years	6 Years
Expected Dividend Rates	1.60%	0.00%
Expected Stock Volatility	25.00%	20.00%
Weighted-Average Fair Value	$ 3.11	$ 2.90

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 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. 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.

NOTE M - STOCK OPTION PLAN - Continued

A summary of the status of the Bank's fixed stock option plan as of December 31, 2012 and changes during the year then ended is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at Beginning of Year	612,900	$ 10.54		
Granted	57,000	$ 15.09		
Cancelled	(22,000)	$ 11.40		
Outstanding at End of Year	647,900	$ 10.91	5.6 Years	$ 2,708,222
Options Exercisable	572,900	$ 10.46	4.6 Years	$ 2,652,527

As of December 31, 2012, there was $226,247 of total unrecognized compensation cost related to the outstanding stock options that will be recognized over a weighted-average period of 1.8 years.

NOTE N - FAIR VALUE MEASUREMENTS

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

Securities: 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 Impaired Loans: The Bank does not record loans at fair value on a recurring basis. However, from time to time, fair value adjustments are recorded on these loans to reflect partial write-downs, through charge-offs or specific reserve allowances, that are based on fair value estimates of the underlying collateral. The fair value estimates for collateral-dependent impaired loans are generally based on recent real estate appraisals or broker opinions, obtained from independent third parties, which are frequently adjusted by management to reflect current conditions and estimated selling costs (Level 3).

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

NOTE N - FAIR VALUE MEASUREMENTS - Continued

The following table provides the hierarchy and fair value for each major category of assets and liabilities measured at fair value at December 31, 2012 and 2011:

	Fair Value Measurements			
December 31, 2012	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Securities Available for Sale	$ -	$ 3,722,884	$ -	$ 3,722,884
Assets measured at fair value on a non-recurring basis				
Collateral-Dependent Impaired Loans, Net of Specific Reserves Reserves of $0	$ -	$ -	$ 457,600	$ 457,600
Other Real Estate Owned, Net	$ -	$ -	$ 1,829,454	$ 1,829,454
December 31, 2011				
Assets measured at fair value on a recurring basis				
Securities Available for Sale	$ -	$ 4,483,715	$ -	$ 4,483,715
Assets measured at fair value on a non-recurring basis				
Collateral-Dependent Impaired Loans, Net of Specific Reserves Reserves of $33,625	$ -	$ -	$ 817,646	$ 817,646
Other Real Estate Owned, Net	$ -	$ -	$ 4,311,533	$ 4,311,533

As of December 31, 2012, other real estate owned had a net carrying amount of $1,829,454 for which $81,384 was recorded as a valuation write-down during 2012. As of December 31, 2011, other real estate owned had a net carrying amount of $4,311,533 for which $90,000 was recorded as a valuation write-down during 2011.

NOTE N - FAIR VALUE MEASUREMENTS - Continued

Quantitative information about the Bank's nonrecurring Level 3 fair value measurements as of December 31, 2012 is as follows:

	Fair Value Amount	Valuation Technique	Unobservable Input	Range
Collateral-Dependent Impaired Loans	$ 457,600	Appraisals	Management Adjustments and Selling Costs	9-20%
Other Real Estate Owned	$ 1,829,454	Purchase Offers	Management Adjustments and Selling Costs	8-17%

NOTE O - FAIR VALUE OF FINANCIAL INSTRUMENTS

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 following methods and assumptions were used to estimate the fair value of significant financial instruments:

Financial Assets
The carrying amounts of cash, short term investments, due from customers on acceptances and Bank acceptances outstanding are considered to approximate fair value. Short term investments include federal funds sold, securities purchased under agreements to resell, and interest bearing deposits with Banks. The determination of the fair value of investment securities is discussed in Note N. The fair value of loans are estimated using a combination of techniques, including discounting estimated future cash flows and quoted market prices of similar instruments where available.

Financial Liabilities
The carrying amounts of deposit liabilities payable on demand, and other borrowed funds are considered to approximate fair value. For fixed maturity deposits, fair value is estimated by discounting estimated future cash flows using currently offered rates for deposits of similar remaining maturities. The fair value of long term debt is based on rates currently available to the Bank for debt with similar terms and remaining maturities.

NOTE O - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Financial Liabilities
The carrying amounts of deposit liabilities payable on demand, and other borrowed funds are considered to approximate fair value. For fixed maturity deposits, fair value is estimated by discounting estimated future cash flows using currently offered rates for deposits of similar remaining maturities. The fair value of long term debt is based on rates currently available to the Bank for debt with similar terms and remaining maturities.

Off-Balance Sheet Financial Instruments
The fair value of commitments to extend credit and standby letters of credit is estimated using the fees currently charged to enter into similar agreements. The fair value of these financial instruments is not material.

The estimated fair value of significant financial instruments at December 31, 2012 and 2011 is summarized as follows (dollar amounts in thousands):

	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Cash and Due From Banks	$ 20,871	$ 20,871	$ 110,517	$ 110,517
Federal Funds Sold	70,000	70,000	20,175	20,175
Interest-Bearing Deposits in Other Banks	2,490	2,490	5,121	5,121
Investment Securities	3,723	3,723	6,508	6,494
Loans, net	396,715	410,452	344,219	358,196
Financial Liabilities:				
Deposits	$ 437,988	$ 438,471	$ 447,176	$ 449,106
Other Borrowings	18,361	18,513	13,749	13,749

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.

NOTE P - REGULATORY MATTERS - Continued

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Management believes, as of December 31, 2012, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2012, 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). To be categorized as well-capitalized, the Bank must maintain minimum ratios as set forth in the table below. The following table also sets forth the Bank's actual capital amounts and ratios (dollar amounts in thousands):

	Actual		Amount of Capital Required: For Capital Adequacy Purposes		Amount of Capital Required: To Be Well-Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2012:						
Total Capital (to Risk-Weighted Assets)	$54,684	13.8%	$31,795	8.0%	$39,744	10.0%
Tier 1 Capital (to Risk-Weighted Assets)	$50,409	12.7%	$15,898	4.0%	$23,847	6.0%
Tier 1 Capital (to Average Assets)	$50,409	9.9%	$20,295	4.0%	$25,369	5.0%
As of December 31, 2011:						
Total Capital (to Risk-Weighted Assets)	$44,654	12.4%	$28,925	8.0%	$36,156	10.0%
Tier 1 Capital (to Risk-Weighted Assets)	$41,443	11.5%	$14,463	4.0%	$21,694	6.0%
Tier 1 Capital (to Average Assets)	$41,443	8.0%	$20,727	4.0%	$25,908	5.0%

Corporate Profile

First General Bank (FGB) is an independent and locally owned community bank. Most of its 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, enabling the Bank to provide such tailor-made and value-added banking services to consumer and business customers as:

- Various types of depository accounts to meet different account needs, including interest-checking, free checking, business checking, savings, money market and time certificate of deposit accounts.
- Cash management and online services (online banking, ACH, bill pay, wire transfers, remote deposit capture, ATM/debit cards, etc.)
- SBA loans
- International Trade Financing and Services
- Commercial Loans
- Commercial Real Estate Loans
- Construction Loans
- Residential Mortgage Loans
- Home Equity Line of Credit

Operating on the strategic advantage of knowing the community and of the commitment to superior customer service, FGB 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. Amid the depressed economy in the past several years, FGB not only continued to report record earnings, but also achieved one milestone after another in its relatively short history-

In 2011, First General Bank completed the mergers with/acquisition of American Premier Bank and Golden Security Bank. The mergers further strengthened the Bank's balance sheet, franchise value and competitive edge; increased earnings prospective, and prepared the Bank for the next level of growth.

FGB's achievements were also recognized publicly, with consistently high ratings from such leading industry rating agencies as SNL Financial, the Findley Reports and the ABA Banking Journal.

In March 2013, SNL Financial ranked FGB No. 1 Performer among 765 community banks with assets between $500 million and $5 billion in the entire U.S.

SNL Financial is the nationís leading provider for business intelligence services in banking, financial services, insurance, real estate, energy, and media and communications.

As of December 31, 2012, First General Bank's Total Assets exceeded $510 million, with four branch locations spanning the Greater San Gabriel Valley and Orange County.

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, Vail Ranch Family Dentistry,
Smile Haven Dental

Dr. Joseph Chiang
Dentist, Children's Dental Care Center

Edward Hsieh
President, KFP Capital, LLC

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

Jeanette Lin
Executive Vice President & Chief Credit Officer

Wilson Mach
Executive Vice President & Chief Operating Officer

Joe Teo
Executive Vice President & Chief Financial Officer

Bank Offices

Corporate Headquarters

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International Banking

1744 S. Nogales Street, Rowland Heights, CA 91748
Tel: 626-820-1234 • Fax: 626-820-1258

SBA Lending

1725 S. Nogales Street, #100, Rowland Heights, CA 91748
Tel: 626-820-1234

Mortgage Lending

1725 S. Nogales Street, #101, Rowland Heights, CA 91748
Tel: 626-820-1234

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Los Angeles County:

Rowland Heights Main Branch

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

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Irvine Branch

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