First General Bank
大通銀行

Your Path to Success 攜手大通 邁向成功

2016
Annual Report

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.

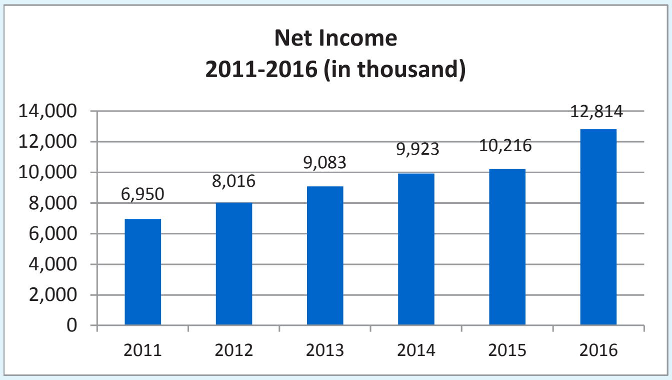
從銀行開幕營運以來，我們的使命就是為客戶創造最高價值。服務「客戶」是我們的首要任務。我們了解客戶的需求，以最迅速專業的服務來滿足客戶。我們永遠會為客戶提供優質，及時和增值的服務來確保客戶能獲得最高價值。

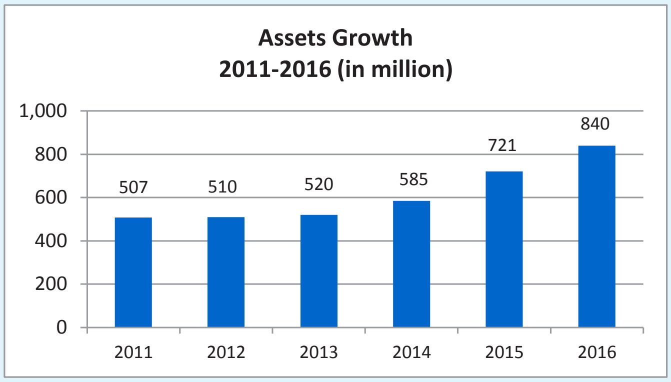
Creating value for our community 為社區創造價值

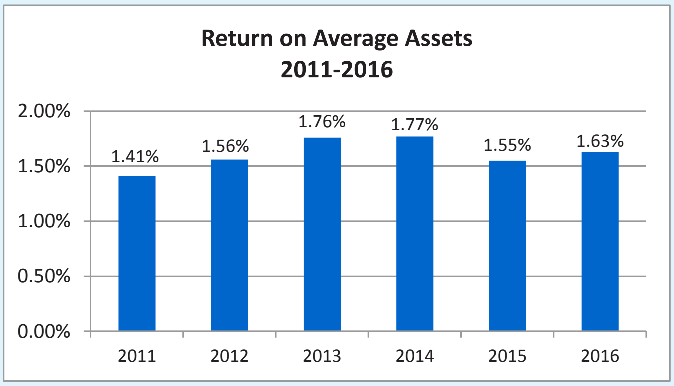
The Bank's roots lie in the community. We owe much of our success to the community's support – Therefore, we have been committed to its well-being. In addition to providing financial support to numerous community organizations, our Bank's employees have volunteered to serve the community through teaching 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.

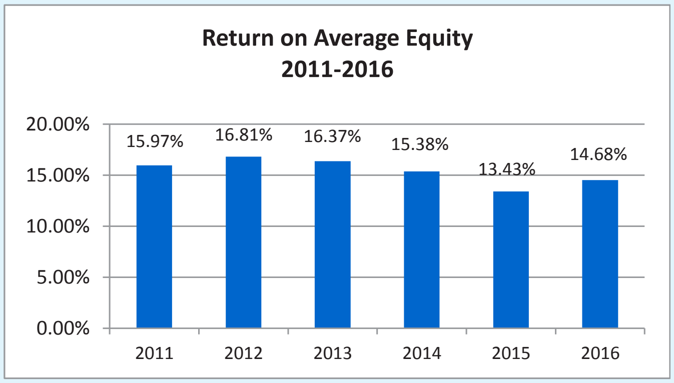
我們創行以來始終秉持著以人為本的基本理念。我們的成功來自於社會各界的支持。因此，我們提供慈善捐款幫助社區組織並鼓勵所有員工積極參與社區服務。創造和實現幸福的社區是我們的最高價值。

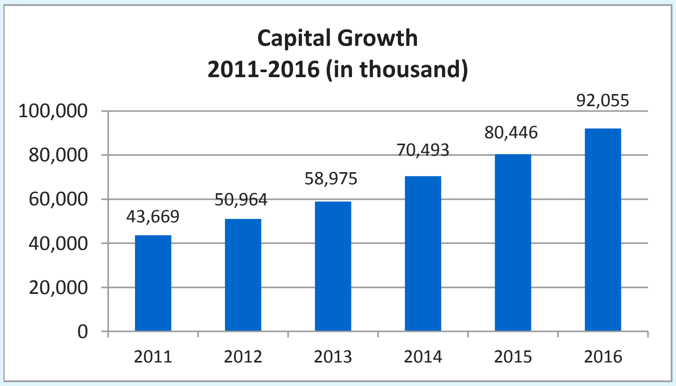
Financial Highlights

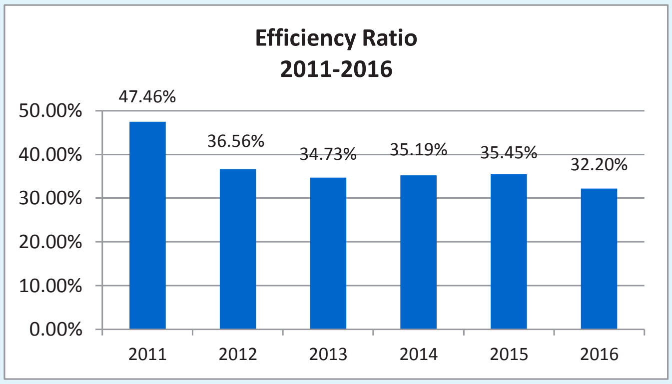


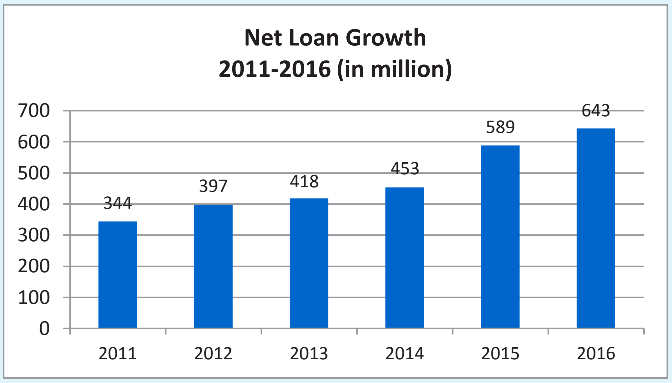


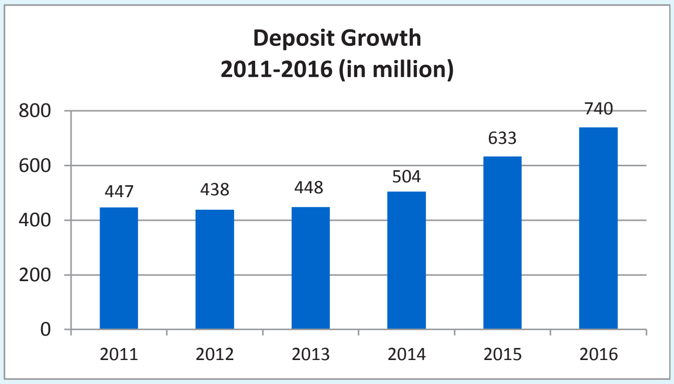












Letter to Shareholders

Dear Shareholders,

We are pleased to report our Bank, in its 11th year of operation, had a very good 2016.

2016 Financial Performance

Building on the momentum over the past decade, for 2016, our Bank continued to achieve record levels in many areas:

- Our After-Tax Net Income reached another record high at $12.81 million, a 25.44 % increase over the $10.22 million earned in 2015.
- Total Assets were $840.08 million, an increase of 16.58% as compared to 2015's $720.60 million.
- Total Gross Loans were $652.14 million, an increase of 9.04%, as compared to 2015's $598.07 million.
- Total Deposits increased by approximately 16.96% to record high $739.82 million, as compared to 2015.
- Total Risk-Based Capital was 14.76%. The Bank is "well-capitalized" by all regulatory measurements and definitions.
- As of December 31, 2016, the Bank's Shareholders' Equity was $92.06 million, a 14.43% increase from 2015's $80.45 million. Tangible Book value per share was at $23.83.
- In 2016, our Board of Directors declared a cash dividend of $0.55 per common share to stockholders, a 10.00% increase as compared to 2015.

The Bank's performance ratios compare extremely favorable to those of local, state and national peer banks. For examples: The Bank's Return on Equity (ROE) at 14.68% and Return on Assets at 1.63% were among the highest in the nation. In comparison, Return on Average Equity for all U.S. banks was 9.07%, and Return on Average Assets for all U.S. banks was 1.02%.

Aside from our financial performance:

- In the fall of 2016, we relocated our Head Office and Main Branch to a stand-alone building within the same shopping plaza, but with much enhanced visibility and added convenience for our customers.
- We redesigned and launched our new bi-lingual website, designed for a clearer, easier navigation and a downloaded version of the Bank's Annual Reports, for visitors to explore our products and services, find our locations, etc.

Honors and Awards Received

2005 - Founded in Rowland Heights
2008 - Rated as "FIVE STAR Bank" by BauerFinancial
2009 - Rated as "FIVE STAR Bank" by BauerFinancial
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 "Top 3 of Publicly Traded Community Banks" by American Banker Magazine Ranked as "Super Premier Performing Bank" by Findley Reports
2015 - Rated as "FIVE STAR Bank" by BauerFinancial
Ranked as "Super Premier Performing Bank" by Findley Reports
2016 - Rated as "FIVE STAR Bank" by BauerFinancial
Ranked as "Super Premier Performing Bank" by Findley Reports

Looking Ahead

We want to thank all of our customers, shareholders, directors, and employees for their contributions to our continued growth in 2016. We will continue to work hard in 2017 to provide our customers with high-quality personal service; create value for shareholders, and contribute to the economic development and wellbeing of communities. We will continue to lead and reinforce our Bank's competitiveness by staying focused on what we do best - delivering quality, value-added services to our customers, and pursuing sustainable growth strategies, including possible acquisition and establishment of new branches.

Thank you for your continued support.

Jackson Yang
Chairman of the Board

Cliff J. Hsu
President & CEO

致股東函

親愛的股東,
大通銀行步入第11年，我們很高興地向您報告，我們有一個非常成功和豐碩的2016年。

2016年的優異業績表現:
持續過去十年的成長與獲利，2016年大通銀行繼續在許多領域達到創紀錄的水平：

- 2016年銀行的稅後淨利再創新高達一仟二百八十一萬元。與2015年一仟二十二萬元相比,增幅達25.44%。
- 資產總額為八億四仟萬美元; 與2015年七億二仟萬相比，成長16.58%。
- 貸款總額為六億五仟二百萬元;與2015年五億九仟八百萬元相比，成長9.04%。
- 存款總額也為歷年新高，達七億九仟八百萬元; 與2015年相比，成長16.96%。
- 風險資本比率為14.76%，是法定評比的「優質資本銀行」。
- 截至2016年12月31日止，股東淨值為九仟二百零六萬美元。和2015年八仟四十五萬美元相比，增幅為14.43%。股票帳面價格也再創新高，達每股23.83美元。
- 銀行股東資本報酬率為14.68%，名列全國前茅。
- 董事會更於2016年通過發配每股0.55元之股息，較2015年增加10.00%。

大通銀行的營運效率，資產以及股東投資報酬率方面，在同業間持續領先的地位。例如：我們的資本回報率（ROE）為14.68%，資產回報率為1.63%，是全國獲利率最高的銀行之一。相比之下，整體美國銀行的平均股本回報率為9.07%，而平均資產回報率為1.02%。

另外,在2016年秋天，大通銀行羅蘭崗總部和總行（包括我們的商業貸款，中小型企業貸款，和貿易融資部門）搬遷到19036 Colima Road，同一個購物廣場內的獨立建築，為我們的客戶提供了更便利和優質的服務。我們也重新設計並推出了新的大通銀行雙語網站，讓我們的客戶能夠更容易瀏覽和了解我們提供的產品和服務，並且能瀏覽和下載銀行的年度報告，導覽我們分行的位置等。

大通十一年的成長與榮譽:

2005年	大通銀行於羅蘭崗開幕營運
2008年	獲BauerFinancial 評選為最高榮譽之**「五星獎」**
2009年	獲BauerFinancial 評選為最高榮譽之**「五星獎」**
2011年	獲Findley Reports 評選為**「超級優異營運之銀行」**
2012年	獲SNL Financials 評選為**「第一名頂級銀行」**
	獲LA Business Journal洛杉磯商業雜誌評選為**「洛杉磯獲利率最高之銀行」**
	獲Findley Reports 評選為**「超級優異營運之銀行」**
2013年	獲SBA 評選為**「中小型企業出口貸款之年度銀行」**
	獲Findley Reports 評選為**「超級優異營運之銀行」**
2014年	獲American Banker Magazine美國銀行家雜誌評選為**「超級優異上市銀行」**
	獲Findley Reports 評選為**「超級優異營運之銀行」**
2015年	獲BauerFinancial 評選為最高榮譽之**「五星獎」**
	獲Findley Reports 評選為**「超級優異營運之銀行」**
2016年	獲BauerFinancial 評選為最高榮譽之**「五星獎」**
	獲Findley Reports 評選為**「超級優異營運之銀行」**

展望未來
我們真誠地感謝所有的客戶，股東，董事和員工為我們在2016年的持續成長與獲利做出的貢獻。2017年我們將繼續努力為我們的客戶提供高品質的個人服務，為股東創造價值，為社區的經濟發展和福祉做出貢獻。我們將繼續專注於加強我們銀行的競爭力，穩紮穩打，為客戶的財務把關，追求可持續發展的戰略，包括尋求其它合併對象並積極拓展業務範圍，增加新分行的設立，並提供全方位的優質服務給我們的客戶。

感謝您一如既往的支持。

董事長
楊信

總裁/執行長
徐仁貴

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Vavrinek, Trine, Day & Co., LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders of
First General Bank
Rowland Heights, California

We have audited the accompanying financial statements of First General Bank, which are comprised of the statements of financial condition as of December 31, 2016 and 2015, 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, 2016 and 2015, 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
March 13, 2017

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FIRST GENERAL BANK

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
Cash and Due from Banks	$ 39,254,836	$ 35,577,133
Federal Funds Sold	127,000,000	69,000,000
TOTAL CASH AND CASH EQUIVALENTS	166,254,836	104,577,133
Interest-Bearing Deposits in Other Banks	245,000	490,000
Securities Available for Sale	427,920	573,745
Securities Held to Maturity (Fair Value of $6,308,420 at 2016 and $5,849,123 at 2015)	6,454,667	5,908,823
Loans:		
Real Estate	565,324,305	511,594,435
Commercial	86,811,914	86,473,654
TOTAL LOANS	652,136,219	598,068,089
Net Deferred Loan (Fees) Costs	(680,415)	(299,665)
Unaccreted Discount on Acquired Loans	(883,249)	(2,280,730)
Allowance for Loan Losses	(6,645,028)	(6,169,657)
NET LOANS	643,927,527	589,318,037
Premises and Equipment	1,930,229	423,654
Federal Home Loan Bank and Other Stock, at cost	3,358,000	2,721,900
Bank Owned Life Insurance ("BOLI")	5,349,599	5,197,172
Deferred Income Taxes	6,386,617	6,688,190
Core Deposit Intangible	77,300	102,901
Goodwill	248,671	248,671
Accrued Interest and Other Assets	5,424,359	4,347,133
TOTAL ASSETS	$ 840,084,725	$ 720,597,359

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

FIRST GENERAL BANK

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2016 AND 2015

	2016	2015
Deposits:		
Noninterest-Bearing Demand	$ 88,504,632	$ 83,916,090
Savings, NOW and Money Market Accounts	252,957,911	171,703,855
Time Deposits	398,361,847	376,952,141
TOTAL DEPOSITS	739,824,390	632,572,086
Accrued Interest and Other Liabilities	8,205,186	7,579,368
TOTAL LIABILITIES	748,029,576	640,151,454
Commitments and Contingencies - Notes D and K	-	-
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; Shares Issued and Outstanding of 3,812,361 at 2016 and 3,764,096 at 2015	40,863,600	40,271,256
Additional Paid-in-Capital	1,449,736	1,144,074
Retained Earnings	49,724,897	39,007,211
Accumulated Other Comprehensive Income - Unrealized Gain on Available-for-Sale Securities, Net of Taxes of $13,840 at 2016 and $19,116 at 2015	16,916	23,364
TOTAL SHAREHOLDERS' EQUITY	92,055,149	80,445,905
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 840,084,725	$ 720,597,359

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

FIRST GENERAL BANK

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
INTEREST INCOME		
Interest and Fees on Loans	$ 34,021,207	$ 28,158,881
Interest on Investment Securities	144,684	145,517
Interest on Federal Funds Sold and Other	1,556,709	813,648
TOTAL INTEREST INCOME	35,722,600	29,118,046
INTEREST EXPENSE		
Interest on Savings, NOW and Money Market Accounts	877,180	617,948
Interest on Time Deposits	4,289,647	3,451,750
Interest on Other Borrowings	51	2,092
TOTAL INTEREST EXPENSE	5,166,878	4,071,790
NET INTEREST INCOME	30,555,722	25,046,256
Provision for Loan Losses	600,000	450,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	29,955,722	24,596,256
NONINTEREST INCOME		
Service Charges, Fees and Other	1,359,903	1,205,576
Earnings on BOLI	152,427	170,364
Gain on Sale of Loans	1,283,069	1,484,910
Gain on Sale of OREO	168,064	-
	2,963,463	2,860,850
NONINTEREST EXPENSE		
Salaries and Employee Benefits	5,976,625	5,539,383
Occupancy and Equipment Expenses	1,342,272	1,102,267
Other Expenses	3,475,275	3,319,651
	10,794,172	9,961,301
INCOME BEFORE INCOME TAXES	22,125,013	17,495,805
Income Tax Expense	9,310,527	7,280,216
NET INCOME	$ 12,814,486	$ 10,215,589

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

FIRST GENERAL BANK

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Net Income	$12,814,486	$10,215,589
OTHER COMPREHENSIVE INCOME (LOSS):		
Unrealized Gains and Losses on Securities Available for Sale:		
Changes in Unrealized Losses	(11,724)	(16,641)
Reclassification of (Gains) Losses Recognized in Net Income	-	-
	(11,724)	(16,641)
Related Income Tax Effect:		
Changes in Unrealized Losses	5,276	7,488
Reclassifications Recognized in Net Income	-	-
	5,276	7,488
OTHER COMPREHENSIVE INCOME (LOSS)	(6,448)	(9,153)
TOTAL COMPREHENSIVE INCOME	$12,808,038	$10,206,436

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, 2016 AND 2015

	Common Stock		Additional		Accumulated	
	Number of Shares	Amount	Paid-in Capital	Retained Earnings	Other Comprehensive Income	Total
Balance at January 1, 2015	3,635,096	$ 38,149,150	$ 1,638,071	$ 30,673,670	$ 32,517	$ 70,493,408
Net Income				10,215,589		10,215,589
Stock-Based Compensation			243,587			243,587
Exercise of Stock Options	129,000	2,122,106	(737,584)			1,384,522
Dividends Declared				(1,882,048)		(1,882,048)
Other Comprehensive Loss, Net of Taxes					(9,153)	(9,153)
Balance at December 31, 2015	3,764,096	40,271,256	1,144,074	39,007,211	23,364	80,445,905
Net Income				12,814,486		12,814,486
Stock-Based Compensation			288,520			288,520
Exercise of Stock Options	48,265	592,344	17,142			609,486
Dividends Declared				(2,096,800)		(2,096,800)
Other Comprehensive Loss, Net of Taxes					(6,448)	(6,448)
Balance at December 31, 2016	3,812,361	$ 40,863,600	$ 1,449,736	$ 49,724,897	$ 16,916	$ 92,055,149

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

FIRST GENERAL BANK

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
OPERATING ACTIVITIES		
Net Income	$ 12,814,486	$ 10,215,589
Adjustments to Reconcile Net Income to Net Cash		
From Operating Activities:		
Depreciation, Amortization and Accretion, Net	(296,789)	(159,823)
Provision for Loan Losses	600,000	450,000
Stock-Based Compensation	288,520	243,587
Gain on Sale of Loans	(1,283,069)	(1,484,910)
Gain on Sale of OREO	(168,064)	-
Earnings on BOLI	(152,427)	(170,364)
Deferred Income Tax Expense (Benefit)	306,849	(129,005)
Other Items	(665,317)	1,722,932
NET CASH FROM OPERATIONS	11,444,189	10,688,006
INVESTING ACTIVITIES		
Net Change in Interest-Bearing Deposits in Other Banks	245,000	980,000
Purchase of Held-to-Maturity Securities	(1,800,615)	(1,683,238)
Maturity/Principal Paydowns of Available-for-Sale Securities	1,338,625	548,763
Net Change in Federal Home Loan Bank and Other Stock	(636,100)	(107,700)
Net Increase in Loans	(76,978,599)	(156,700,365)
Proceeds from Loan Sales	22,514,884	22,163,997
Proceeds from Sale of OREO	1,231,824	-
Purchases of Premises and Equipment	(1,661,977)	(260,045)
NET CASH FROM INVESTING ACTIVITIES	(55,746,958)	(135,058,588)
FINANCING ACTIVITIES		
Net Increase in Demand Deposits and Savings Accounts	85,842,598	28,856,430
Net Increase in Time Deposits	21,410,436	99,317,186
Dividends Paid	(1,882,048)	(1,635,793)
Proceeds from Exercise of Stock Options, Including Tax Benefit	609,486	1,384,522
Net Decrease in Other Borrowings	-	(5,000,000)
NET CASH FROM FINANCING ACTIVITIES	105,980,472	122,922,345
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	61,677,703	(1,448,237)
Cash and Cash Equivalents at Beginning of Year	104,577,133	106,025,370
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 166,254,836	$ 104,577,133
Supplemental Disclosures of Cash Flow Information:		
Interest Paid	$ 5,140,105	$ 4,056,864
Taxes Paid	$ 10,065,000	$ 6,650,000
Loans Transferred to Other Real Estate Owned	$ 1,063,760	$ -

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 four full-service branches in Rowland Heights, Arcadia, San Gabriel, 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 March 13, 2017, 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, 2016.

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; 1) OTTI related to credit loss, which must be recognized in the income statement and; 2) 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.

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 a combination of peer and 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 acquired 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.

Bank Owned Life Insurance

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 $3,105,500 and $2,469,400 at December 31, 2016 and 2015, 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Comprehensive Income

The change in unrealized gains and losses on available-for-sale securities is 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 K. 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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to the carrying amount. Impairment is determined by stratifying rights into groupings based on predominant risk characteristics, such as interest rate, loan type and investor type. For purposes of measuring impairment, the Bank has identified each servicing asset with the underlying loan being serviced. 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.

Servicing fee income which is reported on the income statement as service charges, fees and other is recorded for fees earned for servicing loans. 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.

Reclassifications

Certain reclassifications have been made in the 2015 financial statements to conform to the presentation used in 2016. These reclassifications had no impact of the Bank's previously reported financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recent Accounting Guidance Not Yet Effective

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This Update requires an entity to recognize revenue as performance obligations are met, in order to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration the entity is entitled to receive for those goods or services. The following steps are applied in the updated guidance: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. These amendments are effective for public business entities for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period and one year later for nonpublic business entities. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that period. The Bank is currently evaluating the effects of ASU 2014-09 on its financial statements and disclosures.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10)*. Changes made to the current measurement model primarily affect the accounting for equity securities and readily determinable fair values, where changes in fair value will impact earnings instead of other comprehensive income. The accounting for other financial instruments, such as loans, investments in debt securities, and financial liabilities is largely unchanged. The Update also changes the presentation and disclosure requirements for financial instruments including a requirement that public business entities use exit price when measuring the fair value of financial instruments measured at amortized cost for disclosure purposes. This Update is generally effective for public business entities in fiscal years beginning after December 15, 2017, including interim periods within those fiscal years and one year later for nonpublic business entities. The Bank is currently evaluating the effects of ASU 2016-01 on its financial statements and disclosures.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The most significant change for lessees is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases, which is generally defined as a lease term of less than 12 months. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under current lease accounting guidance. The amendments in this Update are effective for interim and annual periods beginning after December 15, 2018 for public business entities and one year later for all other entities. The Bank is currently evaluating the effects of ASU 2016-02 on its financial statements and disclosures.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recent Accounting Guidance Not Yet Effective - Continued

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting (Topic 718.)* ASU 2016-09 includes provisions intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements. Under ASU 2016-09, excess tax benefits and certain tax deficiencies will no longer be recorded in additional paid-in capital ("APIC"). Instead, they will record all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement, and APIC pools will be eliminated. In addition, the guidance requires excess tax benefits be presented as an operating activity on the statement of cash flows rather than as a financing activity. ASU 2016-09 also permits an accounting policy election for the impact of forfeitures on the recognition of expense for share-based payment awards. Forfeitures can be estimated, as required today, or recognized when they occur. This guidance is effective for public business entities for interim and annual reporting periods beginning after December 15, 2016 and for nonpublic business entities annual reporting periods beginning after December 15, 2017 and interim periods within the reporting periods beginning after December 15, 2018. Early adoption is permitted, but all of the guidance must be adopted in the same period. The Bank is currently evaluating the provisions of ASU 2016-09 to determine the potential impact on its financial statements and disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments (Topic 326).* This ASU significantly changes how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. In issuing the standard, the FASB is responding to criticism that today's guidance delays recognition of credit losses. The standard will replace today's "incurred loss" approach with an "expected loss" model. The new model, referred to as the current expected credit loss ("CECL") model, will apply 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, leases, held-to-maturity securities, loan commitments, and financial guarantees. The CECL model does not apply to available-for-sale ("AFS") debt securities. For AFS debt securities with unrealized losses, entities will measure credit losses in a manner similar to what they do today, except that the losses will be recognized as allowances rather than reductions in the amortized cost of the securities. As a result, entities will recognize improvements to estimated credit losses immediately in earnings rather than as interest income over time, as they do today. The ASU also simplifies the accounting model for purchased credit-impaired debt securities and loans. ASU 2016-13 also expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for loan and lease losses. In addition, public business 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. ASU No. 2016-13 is effective for interim and annual reporting periods beginning after December 15, 2019 for SEC filers, one year later for non SEC filing public business entities and annual reporting periods beginning after December 15, 2020 for nonpublic business entities and interim periods within the reporting periods beginning after December 15, 2021. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2018. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (i.e., modified retrospective approach). The Bank is currently evaluating the provisions of ASU No. 2016-13 for potential impact on its financial statements and disclosures.

NOTE B - 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, 2016 Available-for-Sale:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-Backed Securities:				
Agency	$ 355,171	$ 26,318	$ -	$ 381,489
Collateralized Mortgage Obligations:				
Agency	41,993	4,438	-	46,431
	$ 397,164	$ 30,756	$ -	$ 427,920
Held-to-Maturity:				
Mortgage-Backed Securities:				
Agency	$ 6,454,667	$ 6,985	$ (153,232)	$ 6,308,420
December 31, 2015				
Available-for-Sale:				
Mortgage-Backed Securities:				
Agency	$ 486,552	$ 37,684	$ -	$ 524,236
Collateralized Mortgage Obligations:				
Agency	44,713	4,796	-	49,509
	$ 531,265	$ 42,480	$ -	$ 573,745
Held-to-Maturity:				
Mortgage-Backed Securities:				
Agency	$ 5,908,823	$ 17,814	$ (77,514)	$ 5,849,123

Mortgage-backed securities and collateralized mortgage obligations have expected maturities that are predominately beyond ten years. Expected maturities will differ from contractual maturities because borrowers may have the right to prepay obligations.

Investment securities with the carrying amount of approximately $428,000 as of December 31, 2016 were pledged to secure the borrowing arrangement with Federal Reserve Bank described in Note G.

As of December 31, 2016 all unrealized losses had been in a continuous unrealized loss position for greater than twelve months. Unrealized losses on securities have been 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 securities and it is “more likely than not” that the Bank will not be required to sell the securities before recovery of their amortized bases, which may be at maturity, the Bank does not consider the securities to be to other-than-temporarily impaired at December 31, 2016.

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 G.

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 was servicing approximately $60,922,669 and $47,453,000 in SBA loans previously sold as of December 31, 2016 and 2015, respectively.

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

	2016	2015
Beginning Balance	$ 6,169,657	$ 5,689,540
Additions to the Allowance Charged to Expense	600,000	450,000
Recoveries on Loans Charged Off	581,108	99,191
	7,350,765	6,238,731
Less Loans Charged Off	(705,737)	(69,074)
Ending Balance	$ 6,645,028	$ 6,169,657

NOTE C - LOANS - Continued

The following table presents the recorded investment in loans and impairment method as of December 31, 2016 and December 31, 2015 and the allowance for loan losses for the years then ended by portfolio segment:

December 31, 2016	Real Estate	Commercial	Total
Allowance for Loan Losses:			
Beginning of Year	$ 5,297,496	$ 872,161	$ 6,169,657
Provisions	731,836	(131,836)	600,000
Recoveries	-	581,108	581,108
Charge-offs	-	(705,737)	(705,737)
End of Year	$ 6,029,332	$ 615,696	$ 6,645,028
Reserves:			
Specific	$ -	$ -	$ -
General	6,029,332	615,696	6,645,028
	$ 6,029,332	$ 615,696	$ 6,645,028
Loans Evaluated for Impairment:			
Individually	$ 5,858,051	$ 81,354	$ 5,939,405
Collectively	557,727,176	86,905,974	644,633,150
	$563,585,227	$ 86,987,328	$650,572,555

December 31, 2015	Real Estate	Commercial	Total
Allowance for Loan Losses:			
Beginning of Year	$ 4,473,108	$ 1,216,432	$ 5,689,540
Provisions	725,197	(275,197)	450,000
Recoveries	99,191	-	99,191
Charge-offs	-	(69,074)	(69,074)
End of Year	$ 5,297,496	$ 872,161	$ 6,169,657
Reserves:			
Specific	$ -	$ -	$ -
General	5,297,496	872,161	6,169,657
	$ 5,297,496	$ 872,161	$ 6,169,657
Loans Evaluated for Impairment:			
Individually	$ 10,515,047	$ 749,108	$ 11,264,155
Collectively	498,236,172	85,987,367	584,223,539
	$508,751,219	$ 86,736,475	$595,487,694

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.

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, 2016:

December 31, 2016	Pass	Special Mention	Substandard	Impaired	Total
Real Estate:					
Construction and Land					
Development	$ 71,248,249	$ -	$ -	$ 46,007	$ 71,294,256
Residential Real Estate	112,874,420	23,003,239	-	834,059	136,711,718
Multi-Family	32,127,817	3,346,276	476,264	258,246	36,208,603
Commercial - Owner Occupied	41,450,424	-	407,224	3,528,685	45,386,333
Commercial - Other	261,502,060	11,291,203	-	1,191,054	273,984,317
Commercial	86,653,416	-	252,558	81,354	86,987,328
	$ 605,856,386	$ 37,640,718	$ 1,136,046	$ 5,939,405	$ 650,572,555

NOTE C - LOANS - Continued

The risk category of loans by class of loans was as follows as of December 31, 2015:

December 31, 2015	Pass	Special Mention	Substandard	Impaired	Total
Real Estate:					
Construction and Land Development	$ 69,209,590	$ -	$ -	$ 56,938	$ 69,266,528
Residential Real Estate	129,700,059	-	-	1,104,988	130,805,047
Multi-Family	34,564,888	489,251	255,989	-	35,310,128
Commercial - Owner Occupied	39,403,171	-	4,071,204	4,258,874	47,733,249
Commercial - Other	220,155,155	114,937	271,928	5,094,247	225,636,267
Commercial	85,603,309	-	384,058	749,108	86,736,475
	$ 578,636,172	$ 604,188	$ 4,983,179	$ 11,264,155	$ 595,487,694

Past due and nonaccrual loans presented by loan class were as follows as of December 31, 2016 and 2015:

	Accruing		
December 31, 2016	30-89 Days Past Due	Over 90 Days Past Due	Nonaccrual
Real Estate:			
Construction and Land Development	$ -	$ -	$ 46,000
Residential Real Estate	-	-	834,000
Multi-Family	-	-	258,000
Commercial - Owner Occupied	-	-	3,529,000
Commercial - Other	-	-	1,191,000
Commercial	-	-	81,000
	$ -	$ -	$ 5,939,000
December 31, 2015			
Real Estate:			
Construction and Land Development	$ -	$ -	$ 57,000
Residential Real Estate	-	-	1,105,000
Multi-Family	-	-	-
Commercial - Owner Occupied	773,000	-	4,259,000
Commercial - Other	-	-	5,094,000
Commercial	297,000	-	749,000
	$ 1,070,000	$ -	$ 11,264,000

NOTE C - LOANS - Continued

Information relating to individually impaired loans presented by class of loans was as follows as of December 31, 2016 and 2015:

	With no Allowance Recorded		With an Allowance Recorded		
December 31, 2016	Unpaid Principal Balance	Recorded Investment	Unpaid Principal Balance	Recorded Investment	Related Allowance
Real Estate:					
Construction and Land Development	$ 271,068	$ 46,007	$ -	$ -	$ -
Residential Real Estate	920,223	834,059	-	-	-
Multi-Family	266,724	258,246			
Commercial - Owner Occupied	4,304,283	3,528,685	-	-	-
Commercial - Other	1,760,872	1,191,054	-	-	
Commercial	103,792	81,354	-	-	-
	$ 7,626,962	$ 5,939,405	$ -	$ -	$ -
December 31, 2015					
Real Estate:					
Construction and Land Development	$ 271,125	$ 56,938	$ -	$ -	$ -
Residential Real Estate	1,167,071	1,104,988	-	-	-
Commercial - Owner Occupied	4,975,651	4,258,874	-	-	-
Commercial - Other	7,184,170	5,094,247	-	-	
Commercial	938,928	749,108	-	-	-
	$ 14,536,945	$ 11,264,155	$ -	$ -	$ -

NOTE C - LOANS - Continued

Information relating to the average recorded investment and interest income recognized by class for individually impaired loans follows for the years 2016 and 2015:

	2016		2015	
	Average Recorded Investment	Interest Income	Average Recorded Investment	Interest Income
Real Estate:				
Construction and Land Development	$ 57,000	$ -	$ 67,000	$ -
Residential Real Estate	1,041,000	-	893,000	-
Multi-Family	67,000	-	-	-
Commercial - Owner Occupied	4,292,000	-	1,019,000	-
Commercial - Other	2,973,000	-	6,270,000	-
Commercial	166,000	-	574,000	-
	$ 8,596,000	$ -	$ 8,823,000	$ -

The Bank had seven and nine loans identified as troubled debt restructurings ("TDR's") at December 31, 2016 and 2015, respectively. TDR's and related specific reserves totaled approximately $1,525,000 and $0 and $2,617,000 and $0 at December 31, 2016 and 2015, 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, 2016 and 2015. The Bank had no new troubled debt restructurings during 2016 and 2015. There were no defaults on any TDR's in 2016 or 2015 where the modification had occurred in the twelve months prior to the date of default.

NOTE D - PREMISES AND EQUIPMENT

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

	2016	2015
Leasehold Improvements	$ 3,158,988	$ 1,718,422
Furniture, Fixtures, and Equipment	616,883	431,846
Computer Equipment	248,235	245,029
	4,024,106	2,395,297
Less Accumulated Depreciation and Amortization	(2,093,877)	(1,971,643)
	$ 1,930,229	$ 423,654

Total depreciation expense was approximately $155,000 and $168,000, respectively, for the years ended December 31, 2016 and 2015.

The Bank has entered into operating leases for its branches and administrative offices, which expire at various dates through 2025 with the Bank committing to renewal periods for one leased location through 2040. These leases include provision for periodic rent increases as well as payment by the lessee of certain operating expenses.

At December 31, 2016, the future lease rental payable under noncancellable operating lease commitments for the Bank's banking offices was as follows:

2017	$ 792,920
2018	771,291
2019	482,632
2020	450,116
2021	341,981
Thereafter	6,245,415
Total	$ 9,084,355

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 $915,305 and $693,812 for the years ended December 31, 2016 and 2015, respectively.

NOTE E - CORE DEPOSIT INTANGIBLE

The gross carrying amount and accumulated amortization for the core deposit intangible was $294,000 and $216,700 as of December 31, 2016, resulting in a net carrying value of $77,300. Amortization expense was $25,601 and $28,999 for 2016 and 2015, respectively.

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

2017	$	22,600
2018		20,000
2019		15,500
2020		19,200
2021		-
Total	$	77,300

NOTE F - DEPOSITS

At December 31, 2016, the scheduled maturities of time deposits were as follows:

Due in One Year or Less	$ 316,732,299
Due in One to Three Years	81,529,442
Due in Over Three Years	100,106
	$ 398,361,847

Time deposits that equal or exceed the FDIC insurance limit of $250,000 amounted to $141,602,538 and $96,889,848 as of December 31, 2016 and 2015, respectively.

NOTE G - BORROWING ARRANGEMENTS

The Bank may borrow up to $30 million overnight on an unsecured basis from its primary correspondent banks. In addition, the Bank may borrow up to approximately $167 million from the Federal Home Loan Bank of San Francisco ("FHLB") collateralized by loans with an aggregate carrying value of approximately $250 million subject to fulfilling other conditions of the credit facility. At December 31, 2016, the Bank had no outstanding Federal Home Loan Bank advances.

The Bank also has borrowing capacity of approximately $397,000 with the Federal Reserve Bank discount window. The Bank has pledged investment securities of approximately $428,000 as collateral for this line. There were no borrowings under this arrangement as of December 31, 2016.

NOTE H - 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:

	2016	2015
Current Expense:		
Federal	$ 6,706,451	$ 5,494,135
State	2,297,227	1,915,086
Deferred Expense (Benefit)	306,849	(129,005)
Total Income Tax Expense	$ 9,310,527	$ 7,280,216

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

	2016		2015	
	Amount	Rate	Amount	Rate
Statutory Federal Tax	$ 7,522,504	34.0%	$ 5,948,574	34.0%
State Franchise Tax, Net of Federal Benefit	1,585,220	7.2%	1,252,215	7.2%
Other Items, Net	202,803	1.0%	79,427	0.4%
Actual Tax Expense	$ 9,310,527	42.2%	$ 7,280,216	41.6%

NOTE H - INCOME TAXES - Continued

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:

	2016	2015
Deferred Tax Assets:		
Pre-Opening Expenses	$ 29,894	$ 46,169
Allowance for Loan Losses Due to Tax Limitations	2,734,721	2,539,085
Depreciation Differences	145,570	252,518
Stock-Based Compensation	228,103	193,220
Deferred Compensation	748,475	588,710
Nonaccrual Loan Interest	580,576	754,089
California Franchise Tax	780,088	644,191
Net Operating Loss Carryover	1,130,464	1,403,112
Acquisition Accounting Adjustments	293,440	899,391
Other	512,737	321,461
	7,184,068	7,641,946
Deferred Tax Liabilities:		
Deferred Gain on Building	(149,636)	(173,164)
Deductible Prepaid Items	(150,168)	(122,350)
Available-For-Sale Securities	(13,840)	(19,116)
Capitalized Loan Costs	(225,067)	(377,928)
Other	(258,740)	(261,198)
	(797,451)	(953,756)
Net Deferred Tax Assets	$ 6,386,617	$ 6,688,190

Unrecognized tax benefits are not expected to significantly increase or decrease within the next twelve months.

The Bank is subject to Federal income tax and California franchise tax. Federal income tax returns for the years ended December 31, 2015, 2014 and 2013 are open to audit by the Federal authorities and California returns for the years ended December 31, 2015, 2014, 2013 and 2012 are open to audit by State authorities.

As of December 31, 2016, the Bank has Federal and State net operating loss carryforwards of approximately \$2,880,000 and \$2,116,000, respectively, which may begin to expire in 2025 for Federal and 2028 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 I - OTHER EXPENSES

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

	2016	2015
Data Processing	$ 339,846	$ 297,303
Marketing and Business Promotion	147,282	188,204
Professional Fees	389,738	363,719
Office Expenses	287,804	299,071
Travel Expenses	8,897	665
Insurance	450,148	491,106
Director Fees and Expenses	1,230,520	1,128,365
Other Expenses	621,040	551,218
	$ 3,475,275	$ 3,319,651

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, 2016 and 2015 amounted to approximately $6,313,000 and $6,525,000, respectively.

Deposits from certain directors, officers and their related interests with which they are associated held by the Bank at December 31, 2016 and 2015 amounted to approximately $28,329,000 and $31,000,000, 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, 2016 and 2015, the Bank had the following outstanding financial commitments whose contractual amount represents credit risk:

	2016	2015
Commitments to Extend Credit	$ 91,874,000	$117,412,000
Letters of Credit	815,000	757,000
	$ 92,689,000	$118,169,000

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.

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, 2016, $688,975 has been accrued in conjunction with these agreements. The expense incurred for the deferred compensation was $335,308 and $304,846 for the years 2016 and 2015, respectively. The Bank is the beneficiary of life insurance policies that have been purchased during 2014 as a method of financing the benefits under the agreements. As of December 31, 2016, the cash surrender value of these insurance policies was $5,349,599.

NOTE L - EMPLOYEE BENEFIT PLANS

The Bank has a 401(k) retirement plan which is generally available to all employees age 21 and older with one year 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 $86,150 and $91,058 during 2016 and 2015, respectively.

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 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 $288,520 and $243,587 in 2016 and 2015, respectively. The Bank also recognized income tax benefits related to stock-based compensation of approximately $74,000 and $61,000 in 2016 and 2015, 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:

	2016	2015
Risk Free Interest Rate	2.18%	1.87%
Estimated Average Life	10 years	6 years
Expected Dividend Rates	1.98%	2.37%
Expected Stock Volatility	22.00%	35.00%
Weighted-Average Fair Value	$ 4.27	$ 4.22

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 stock option plan as of December 31, 2016 and changes during the year then ended is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at Beginning of Year	421,875	$ 15.66	
Granted	71,000	$ 18.46	
Exercised	(48,265)	$ 12.27	
Forfeited	-	$ -	
Outstanding at End of Year	444,610	$ 15.67	6.56 years
Options Exercisable	299,610	$ 14.55	5.29 years

As of December 31, 2016, there was $603,877 of total unrecognized compensation cost related to the outstanding stock options that will be recognized over a weighted-average period of 1.65 years. The intrinsic value of stock options exercised in 2016 was approximately $306,000.

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).

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, 2016 and 2015:

	Fair Value Measurements			
December 31, 2016	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Securities Available for Sale	$ -	$ 427,920	$ -	$ 427,920
December 31, 2015				
Assets measured at fair value on a recurring basis				
Securities Available for Sale	$ -	$ 573,745	$ -	$ 573,745

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 in other 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.

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, 2016 and 2015 is summarized as follows (dollar amounts in thousands):

	2016		2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Cash and Due From Banks	$ 39,255	$ 39,255	$ 35,577	$ 35,577
Federal Funds Sold	127,000	127,000	69,000	69,000
Interest-Bearing Deposits in Other Banks	245	245	490	490
Investment Securities	6,883	6,736	6,483	6,423
Loans, net	643,928	645,366	589,318	589,905
Financial Liabilities:				
Deposits	$ 739,824	$ 739,763	$ 632,572	$ 632,167

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

In July, 2013, the federal bank regulatory agencies approved the final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks. The new “Basel III” rules became effective on January 1, 2015, with certain of the requirements phased-in over a multi-year schedule, and fully phased in by January 1, 2019. The rules include a new common equity Tier 1 ("CET1") capital to risk-weighted assets ratio with minimums for capital adequacy and prompt corrective action purposes of 4.5% and 6.5%, respectively. The minimum Tier 1 capital to risk-weighted assets ratio was raised from 4.0% to 6.0% under the capital adequacy framework and from 6.0% to 8.0% to be well-capitalized under the prompt corrective action framework. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital.

In addition, the Basel III rules introduced the concept of a "conservation buffer" of 2.5% applicable to the three capital adequacy risk-weighted asset ratios (CET1, Tier 1 and Total). The conservation buffer is being phased-in on a pro rata basis over a four year period beginning in 2016. If the actual risk-weighted capital ratios fall below the capital adequacy minimum ratios plus the phased-in conservation buffer amount (.625% for 2016) then dividends, share buybacks and discretionary bonuses to executives could be limited in amount. The Bank was not limited by the provisions of the conservation buffer as of and for the year ended December 31, 2016.

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, Tier 1 and CET1 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, 2016, that the Bank meets all capital adequacy requirements to which it is subject.

NOTE P - REGULATORY MATTERS - Continued

As of December 31, 2016, 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):

			Amount of Capital Required			
	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2016:						
Total Capital (to Risk-Weighted Assets)	$97,939	14.8%	$53,068	8.0%	$66,335	10.0%
Tier 1 Capital (to Risk-Weighted Assets)	$91,214	13.8%	$39,801	6.0%	$53,068	8.0%
CET1 Capital (to Risk-Weighted Assets)	$91,214	13.8%	$29,851	4.5%	$43,118	6.5%
Tier 1 Capital (to Average Assets)	$91,214	10.9%	$33,424	4.0%	$41,781	5.0%
As of December 31, 2015:						
Total Capital (to Risk-Weighted Assets)	$85,560	13.8%	$49,659	8.0%	$62,074	10.0%
Tier 1 Capital (to Risk-Weighted Assets)	$79,310	12.8%	$37,244	6.0%	$49,659	8.0%
CET1 Capital (to Risk-Weighted Assets)	$79,310	12.8%	$27,933	4.5%	$40,348	6.5%
Tier 1 Capital (to Average Assets)	$79,310	11.2%	$28,298	4.0%	$35,372	5.0%

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 dividends payments in 2016 and 2015 were in compliance with the various dividend limitation rules.

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Corporate Profile

Your Path to Success
攜手大通, 邁向成功

Founded in October 2005, First General Bank (FGB) 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
- Cash Management and Online Services
    - Online Banking
    - ACH Direct Deposit, Auto-Debit, Credit Origination
    - Bill Pay
    - Wire Transfers
    - Remote Deposit Capture
    - ATM/debit cards
    - eStatement
- 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

Operating on the strategic advantage of knowing the community, and the commitment to superior 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.

In 2016, First General Bank became one of approximately 120 commercial banks across the United States certified by the U.S. Department of the Treasury as a Community Development Financial Institution (CDFI). 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, 2016, First General Bank's Total Assets exceeded $840 million, with four branch locations strategically spanning from the Greater San Gabriel Valley to Orange County, California.

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, 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

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19036 Colima Road, Rowland Heights, CA 91748
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SBA Lending
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