Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

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Independent Auditors' Report

To the Board of Directors and Stockholders of
Pacific West Bancorp and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Pacific West Bancorp and Subsidiary (collectively, "the Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income (loss), stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, "the financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, 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 (U.S.) (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the U.S. (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the accompanying financial statements, effective January 1, 2023, the Company adopted the provisions of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326).* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; and for 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Delap LLP

March 7, 2024

Pacific West Bancorp and Subsidiary

Consolidated Balance Sheets

December 31, 2023 and 2022

	2023	2022
Assets		
Cash and due from banks	$ 10,692,780	$ 13,999,376
Interest-bearing time deposits with banks	747,000	2,485,000
Investments in debt securities available-for-sale, at fair value	41,040,547	43,077,052
Investments in debt securities held-to-maturity, at amortized cost - net of allowance of $256,104 for 2023	7,489,784	7,745,391
Federal Home Loan Bank (FHLB) and TIB stock	1,424,400	1,029,700
Loans - net of allowance of $3,256,630 and $2,585,000	245,145,827	201,080,573
Deferred tax assets - net	2,895,206	2,909,065
Premises and equipment - net	3,090,765	2,432,458
Cash surrender value of bank-owned life insurance (BOLI)	4,379,099	4,239,411
Operating lease right-of-use assets	1,546,530	1,711,963
Finance lease right-of-use asset	10,427	31,075
Accrued interest receivable and other assets	1,770,200	1,124,964
Total Assets	**$ 320,232,565**	**$ 281,866,028**
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing demand	$ 63,289,872	$ 96,824,425
Interest-bearing demand	135,147,928	113,314,232
Savings	6,411,127	13,627,884
Time	32,620,950	16,323,404
Total deposits	237,469,877	240,089,945
Operating lease liabilities	1,627,495	1,782,583
Finance lease liability	10,952	32,437
Borrowings	44,781,898	5,000,000
Accrued interest payable and other liabilities	2,291,837	930,838
Total liabilities	286,182,059	247,835,803
Stockholders' equity		
Preferred stock - 10,000,000 shares authorized; none issued or outstanding	-	-
Common stock, no-par value - 10,000,000 shares authorized; 2,676,564 and 2,668,668 shares issued and outstanding as of December 31, 2023 and 2022, respectively	41,688,067	41,429,403
Accumulated deficit	(4,864,121)	(4,190,757)
Accumulated other comprehensive loss	(2,773,440)	(3,208,421)
Total stockholders' equity	34,050,506	34,030,225
Total Liabilities and Stockholders' Equity	**$ 320,232,565**	**$ 281,866,028**

The accompanying notes are an integral part of the consolidated financial statements.

Pacific West Bancorp and Subsidiary

Consolidated Statements of Comprehensive Income (Loss)

Years Ended December 31, 2023 and 2022

	2023	2022
Interest income		
Interest and fees on loans	$ 11,837,456	$ 9,912,430
Income from investments in debt securities	1,916,067	1,218,546
Interest-bearing deposits	702,559	572,388
Dividend income from FHLB and TIB stock	55,866	40,659
Total interest income	14,511,948	11,744,023
Interest expense		
Interest on interest-bearing deposits	3,903,090	865,693
Interest on borrowings	1,197,461	25,235
Total interest expense	5,100,551	890,928
Net interest income	9,411,397	10,853,095
Provision for credit losses	535,000	360,000
Net Interest Income After Provision for Credit Losses	8,876,397	10,493,095
Noninterest income		
Service charges and fees	487,678	363,741
BOLI net earnings	131,861	127,665
Total noninterest income	619,539	491,406
Noninterest expense		
Salaries and employee benefits	6,155,629	5,418,423
Occupancy	1,046,453	904,969
Data processing	693,142	585,000
Professional fees	521,180	561,767
Advertising	254,027	120,034
Deposit expense	146,083	209,898
Communications and supplies	110,872	96,952
Travel	83,281	82,344
Insurance	65,730	49,953
Licenses, fees, and permits	41,426	42,340
Other	587,166	378,515
Total noninterest expense	9,704,989	8,450,195
Income (Loss) Before Income Taxes	(209,053)	2,534,306
Provision for income taxes	33,108	698,016
Net Income (Loss)	$ (242,161)	$ 1,836,290
Other comprehensive income (loss)		
Unrealized gain (loss) on investments in debt securities available-for-sale, net of tax of ($281,456) and $1,316,899 in 2023 and 2022, respectively	490,085	(3,117,225)
Impact of interest rate swaps, net of tax of $20,901	(55,104)	-
Total other comprehensive income (loss) - net	434,981	(3,117,225)
Total Comprehensive Income (Loss)	$ 192,820	$ (1,280,935)
Basic net income (loss) per common share	$ (0.09)	$ 0.69
Diluted net income (loss) per common share	$ (0.09)	$ 0.69

The accompanying notes are an integral part of the consolidated financial statements.

Pacific West Bancorp and Subsidiary

Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2023 and 2022

	Common Stock		Accumulated	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Deficit	Loss	Equity
Balances - December 31, 2021	2,662,566	$ 41,242,052	$ (6,027,047)	$ (91,196)	$ 35,123,809
Stock-based compensation - net	6,102	187,351	-	-	187,351
Net income	-	-	1,836,290	-	1,836,290
Other comprehensive loss - net	-	-	-	(3,117,225)	(3,117,225)
Balances - December 31, 2022	2,668,668	41,429,403	(4,190,757)	(3,208,421)	34,030,225
Adjustment to accumulated deficit, net of tax, due to adoption of ASC 326	-	-	(431,203)	-	(431,203)
Stock-based compensation - net	7,896	258,664	-	-	258,664
Net loss	-	-	(242,161)	-	(242,161)
Other comprehensive income - net	-	-	-	434,981	434,981
Balances - December 31, 2023	2,676,564	$ 41,688,067	$ (4,864,121)	$ (2,773,440)	$ 34,050,506

The accompanying notes are an integral part of the consolidated financial statements.

Pacific West Bancorp and Subsidiary

Consolidated Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Net income (loss)	$ (242,161)	$ 1,836,290
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Provision for credit losses	535,000	360,000
Change in deferred loan fees	(168,824)	(555,129)
Depreciation and amortization	248,367	270,728
Stock-based compensation	258,664	187,351
Deferred income taxes	(97,295)	(66,703)
BOLI net earnings	(131,861)	(127,665)
Changes in certain operating assets and liabilities		
Operating lease right-of-use assets and operating lease liabilities	10,324	19,201
Accrued interest receivable and other assets	(653,063)	2,327,528
Accrued interest payable and other liabilities	1,234,994	(262,740)
Net cash provided by operating activities	994,145	3,988,861
Cash Flows From Investing Activities		
Redemption of interest-bearing time deposits with banks	1,738,000	200,000
Purchases of investments in debt securities available-for-sale	-	(21,533,716)
Purchases of investments in debt securities held-to-maturity	-	(1,495,000)
Principal repayment of investments in debt securities available-for-sale	2,768,440	3,686,419
Purchases of FHLB and TIB stock	(394,700)	(75,500)
Net increase in loans	(44,705,930)	(7,583,501)
Purchases of premises and equipment	(846,896)	(210,648)
Net cash used by investing activities	(41,441,086)	(27,011,946)
Cash Flows From Financing Activities		
Net increase (decrease) in deposits	(2,620,068)	8,826,598
Proceeds from borrowings	39,781,898	-
Payments on finance lease liability	(21,485)	(20,927)
Net cash provided by financing activities	37,140,345	8,805,671
Net Decrease in Cash and Due From Banks	(3,306,596)	(14,217,414)
Cash and due from banks - beginning of year	13,999,376	28,216,790
Cash and Due From Banks - End of Year	$ 10,692,780	$ 13,999,376
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for		
Interest	$ 4,112,772	$ 807,156
Income taxes	$ 339,679	$ 1,095,001
Non-cash Investing and Financing Activities		
Lease right-of-use asset obtained in exchange for lease liability	$ 191,279	$ -
Adjustment to accumulated deficit, net of tax, due to adoption of ASC 326	$ (431,203)	$ -
Other comprehensive income (loss) - net	$ 434,981	$ (3,117,225)

The accompanying notes are an integral part of the consolidated financial statements.

1. Description of Business and Summary of Significant Accounting Policies

Description of business

During 2004, Pacific West Bank (the Bank) commenced operations as a state-chartered institution to provide banking services in the State of Oregon. The Bank is a full service business and private bank, providing highly personalized depository and loan services. All decisions are made locally by banking professionals whose mission is to understand the needs of their clients and develop solutions to help them grow while working toward mutual success. The Bank offers a full suite of business banking and commercial lending products with features and flexibility to meet the needs of local businesses. The Bank was formed by local business owners for the community, dedicated to serving the greater Portland metro and building long-term relationships, with locations in West Linn, Lake Oswego, and Portland, Oregon, as well as Vancouver, Washington.

In March 2022, Pacific West Bancorp (the Holding Company), a bank holding company, was formed. Effective January 2023, all previously outstanding shares of the Bank's common stock were converted to shares owned by the Holding Company, causing the Bank to be a wholly-owed subsidiary of the Holding Company (collectively, "the Company"). All significant intercompany accounts and transactions have been eliminated in consolidation. The Company is subject to the regulations of certain federal and state agencies and is subject to periodic examinations by those regulatory authorities.

Basis of accounting and use of estimates

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) and prevailing practices within the banking industry. The Company utilizes the accrual method of accounting which recognizes income when earned and gains, expenses, and losses when incurred. The preparation of financial statements in accordance with GAAP requires management of the Company (Management) to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of income, expenses, gains, and losses during the reporting periods. Actual results could differ from those estimates. The most significant estimates made by Management relate to the determination of the allowance for credit losses and the valuation of deferred tax assets.

Recently adopted accounting pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses*, which created FASB Accounting Standards Codification (ASC) Topic 326 (ASC 326). ASC 326 replaces the existing incurred losses methodology for estimating allowances with a current expected credit losses methodology with respect to most financial assets measured at amortized cost and certain other instruments, including trade and other receivables, loans, held-to-maturity investment securities, and off-balance sheet commitments. In addition, ASC 326 requires credit losses relating to available-for-sale debt securities to be recorded through an allowance for credit losses rather than a reduction of the carrying amount. ASC 326 also changes the accounting for purchased credit-impaired debt securities and loans. ASC 326 retains many of the disclosure requirements in current GAAP and expands certain disclosure requirements. The Company adopted ASC 326 effective January 1, 2023, using the modified-retrospective approach. The Company recognized the cumulative effect of initially applying the new expected credit loss standard to its loans, allowance for unfunded loan commitments, and investments in debt securities held-to-maturity by recording adjustments of $206,637, $50,000, and $323,967, respectively, net of tax of $149,401, to the opening balance of accumulated deficit.

Subsequent events

Management has evaluated, for potential recognition or disclosure in the financial statements, subsequent events that have occurred through March 7, 2024, which is the date that the financial statements were available to be issued.

Cash and due from banks

For purposes of reporting cash flows, cash and due from banks includes cash on hand and amounts due from banks (including cash items in process of collection). The Company maintains balances in correspondent bank accounts, which at times may exceed federally insured limits. Management believes that its risk of loss associated with such balances is minimal due to the financial strength of the correspondent banks. The Company has not experienced any losses in such accounts.

Interest-bearing time deposits with banks

Interest-bearing time deposits with banks, with original maturities exceeding three months, are carried at cost, which approximates fair value. The interest-bearing time deposits with banks as of December 31, 2023 and 2022 have original maturities up to twelve years, and the Company expects to hold such deposits until maturity.

Investments in debt securities

Investments in debt securities that Management has the positive intent and ability to hold to maturity are classified as held-to-maturity and are reported at cost, adjusted for amortization of premiums and accretion of discounts.

Investments in debt securities that are purchased and held principally for the purpose of selling them in the near term are classified as trading and are reported at fair value, with unrealized gains and losses included in noninterest income.

Investments in debt securities that are not classified as either held-to-maturity or trading are classified as available-for-sale and are reported at fair value, with unrealized gains and losses, net of the related deferred income tax effect, excluded from earnings and reported as other comprehensive income or loss.

Management determines the appropriate classification of debt securities at the time of purchase. Gains and losses on sales of investment securities are recognized on the trade date and determined using the specific identification method. Premiums and discounts are recognized in interest income using the interest method over the period to maturity. See Note 15 for a description of the Company's methodologies for determining the fair value of investments in debt securities.

Allowance for Credit Losses – Held-to-Maturity

In connection with the adoption of ASC 326, Management measures expected credit losses on debt securities held-to-maturity on a collective basis by major security type. Accrued interest receivable on debt securities held-to-maturity was approximately $45,000 as of December 31, 2023 and is excluded from the estimate of credit losses. The Company uses a probability of default/loss given default model to determine the allowance for credit losses on debt securities held-to-maturity. The estimate of expected credit losses is primarily based on the ratings assigned to the securities by debt rating agencies as well as the debt seniority type, lien positions, loss given default studies, various macroeconomic factors, and reasonable and supportable forecasts. The Company's debt securities held-to-maturity consist of senior subordinated bonds (corporate debt) from other financial institutions. As of December 31, 2023, these securities are generally rated between A3 and Baa3. Management reviews the financial performance of the related financial institutions on a quarterly basis.

Allowance for Credit Losses – Available-for-Sale

For debt securities available-for-sale in an unrealized loss position, Management, first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For debt securities available-for-sale that do not meet the aforementioned criteria, Management evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, Management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. As of December 31, 2023, there was no allowance for credit losses related to debt securities available-for-sale. Accrued interest receivable on debt securities available-for-sale was approximately $179,000 and is excluded from any estimate of credit losses.

During the year ended December 31, 2022, the Company did not recognize any other-than-temporary impairment on its investments in debt securities.

Derivative instruments

The Company uses derivative financial instruments (interest rate swaps) to limit exposure to changes in interest rates related to specific investments in debt securities available-for-sale. Derivatives entered into by the Company are designated as fair value hedges and involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the swap agreement without the exchange of the underlying notional amount, essentially converting fixed rate debt securities into floating rate securities. If derivative instruments are designated as fair value hedges, and such hedges are highly effective, both the change in the fair value of the hedge and the hedged item are included in current earnings. Actual cash receipts and/or payments and related accruals on derivatives related to hedges are recorded as adjustments to the interest income associated with the hedged item. During the life of the hedge, the Company formally assesses whether derivatives designated as hedging instruments continue to be highly effective in offsetting changes in the fair value of the hedged items. If it is determined that a hedge has ceased to be highly effective, the Company will discontinue hedge accounting prospectively. As of December 31, 2023, the Company had two interest rate swaps with an aggregate notional amount of $20,000,000 and maturing between June 2026 and June 2028 related to its debt securities available-for-sale. The interest rate swaps were valued at approximately $71,000 and are included in accrued interest payable and other liabilities on the accompanying consolidated balance sheet as of December 31, 2023.

FHLB and TIB stock

As a member of the FHLB system, the Company is required to maintain a minimum investment in FHLB stock based on specific percentages of its total assets and any outstanding advances. As of December 31, 2023 and 2022, the Company maintained its minimum investment in the stock of the FHLB of Des Moines. The Company's investment in FHLB stock was $924,400 and $529,700 as of December 31, 2023 and 2022, respectively.

The Company’s investment in FHLB stock (which has limited marketability) is carried at cost, which approximates fair value. The Company evaluates its FHLB stock for impairment as needed. The Company's determination of whether this investment is impaired is based on its assessment of the ultimate recoverability of cost rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of cost is influenced by criteria such as (1) the significance of any decline in net assets of the FHLB as compared with the capital stock amount and the length of time any decline has persisted, (2) commitments by the FHLB to make payments required by law or regulation and the level of

such payments in relation to the operating performance of the FHLB, (3) the impact of legislative and regulatory changes on institutions and, accordingly, the customer base of the FHLB, and (4) the liquidity position of the FHLB. Based on its evaluation, the Company determined that there was no impairment of its FHLB stock as of December 31, 2023 and 2022.

The Company's investment in TIB stock (which has limited marketability) is carried at cost, which approximates fair value. The Company accounts for its investment in TIB stock in accordance with GAAP as described above for FHLB stock. The Company determined that there was no impairment of its TIB stock as of December 31, 2023 and 2022. The Company's investment in TIB stock was $500,000 as of December 31, 2023 and 2022.

Loans

Loans are stated at the amount of unpaid principal, reduced by the allowance for credit losses and deferred loan fees. Accrued interest receivable on loans totaled approximately $782,000 as of December 31, 2023, is reported in accrued interest receivable and other assets on the consolidated balance sheets, and is excluded from the estimate of credit losses.

Interest income on all loans is accrued as earned on the interest method based on daily balances of the principal amount outstanding. Generally, the accrual of interest on loans is discontinued when, in Management's opinion, the borrower may be unable to make payments as they become due. When the accrual of interest is discontinued, all unpaid accrued interest is reversed. Interest income on loans that have not been fully charged-off is subsequently recognized only to the extent that cash payments are received in excess of outstanding principal until, in Management's judgment, the borrower has the ability to make contractual interest and principal payments, in which case the loan is returned to accrual status. In accordance with regulatory guidance, cash payments received by the Company on any loans that were fully charged-off in previous years are credited to the allowance for credit losses to the extent of any previous charge-offs, and any additional cash payments received on such loans are recorded in noninterest income.

The Company charges fees for originating loans. These fees, net of certain loan origination costs, are deferred and amortized to interest income over the term of the related loan. If the loan is repaid prior to maturity, the remaining unamortized net deferred loan origination fee is recognized in interest income at the time of repayment.

Allowance for credit losses on loans

The allowance for credit losses on loans represents Management's recognition of the assumed risks of extending credit. The allowance is established to absorb expected lifetime losses in the loan portfolio as of the balance sheet date. The allowance requires complex subjective judgments as a result of the need to make estimates about matters that are uncertain. The allowance is maintained at a level currently considered adequate to provide for expected lifetime loan losses based on Management's assessment of the various factors affecting the portfolio.

The allowance is based on estimates, and ultimate losses may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. Therefore, the Company cannot provide assurance that, in any particular period, the Company will not have significant losses in relation to the amount reserved. The allowance is increased by provisions charged to income (or reduced by credits to income) and reduced by loans charged off, net of recoveries. Loan losses are charged against the allowance when Management believes the uncollectibility of a loan is confirmed.

The allowance is based on ongoing, quarterly assessments of expected losses inherent in the loan portfolio. The allowance is allocated to certain loan categories based on the relative risk characteristics, asset classifications, and actual loss experience of the loan portfolio. While Management has allocated the allowance to various loan classes, the allowance is general in nature and is available for the loan portfolio in its entirety.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. Beginning in 2023 in connection with the adoption of ASC 326, the Company utilizes the SCALE methodology to estimate the allowance for credit losses. This methodology was developed by the Federal Reserve keeping operability, scalability, and flexibility in mind for small and less complex banks with less than $1 billion in total assets. The SCALE model leverages the Company's peers' lifetime loan loss data reported on Schedule RI-C of the Call Report for proxy expected lifetime loss rates, which is used as a starting point. The proxy rate is then adjusted to the rate that is suitable to the Company based on various qualitative factors and the Company's credit standards.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not included in the pooled evaluation. When Management determines that foreclosure is probable, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Prior to the adoption of ASC 326, the Company's methodology for assessing the appropriate level of the allowance for loan losses consisted of applying loss factors to pools of outstanding loan balances segregated by differing loan categories, establishing specific allowances for impaired loans, and establishing an unallocated portion of the allowance. The pooled component covered non-impaired loans and was developed utilizing historical loss experience and peer group data if adequate historical loss information was not available, adjusted for qualitative factors. The historical loss experience was calculated by portfolio segment and was generally based on the Company's (or the Company's peer group's) actual loss history experienced over the most recent three years. Qualitative factors were based on Management’s continuing evaluation of various factors underlying the quality of the loan portfolio, including lending policies and procedures, economic conditions, changes in the size and composition of the loan portfolio, experience of lending management, volume of troubled loans, quality of the Company’s loan review system, changes in collateral values, concentration of credit risk, and other external factors including regulatory requirements.

The unallocated portion of the allowance for loan losses was based upon Management's evaluation of various qualitative and environmental factors that were not directly measured in the determination of the pooled and specific allowances.

The ultimate recovery of all loans is susceptible to future market factors beyond the Company's control. These factors may result in losses or recoveries differing significantly from those provided in the accompanying consolidated financial statements.

Allowance for unfunded loan commitments

The Company maintains a separate allowance for estimated credit losses related to unfunded loan commitments, unless the commitments to extend credit are unconditionally cancelable. Management estimates the amount of expected losses related to unfunded loan commitments by applying the estimated loss factors used in the allowance for credit loss methodology to the expected amount of commitments that will actually require funding. The allowance for unfunded loan commitments totaled $50,000 as of December 31, 2022. The Company made a one-time adjustment of $50,000 to the allowance for unfunded commitments as of January 1, 2023 upon adoption of ASC 326, making a total allowance of $100,000 as of January 1, 2023. The allowance remained $100,000 as of December 31, 2023. The allowance for unfunded loan commitments is included in accrued interest payable and other liabilities in the accompanying consolidated balance sheets. Increases (decreases) in the allowance for unfunded loan commitments are recorded in provision for credit losses in the accompanying consolidated statements of comprehensive income (loss).

Premises and equipment

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the shorter of the estimated useful lives of the assets or terms of the leases for leasehold improvements. Depreciation and amortization are included in occupancy expense in the accompanying consolidated statements of comprehensive income (loss). The costs of maintenance and repairs are charged to expense as they are incurred, while major expenditures for

renewals and betterments are capitalized. When property or equipment is sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the respective accounts, and the resulting gains or losses are included in operations.

Leases

The Company leases certain buildings. The Company determines if an arrangement is a lease at the inception of the contract. For each lease, the Company records a right-of-use asset representing the right to use the underlying asset for the lease term, and a lease liability representing the obligation to make lease payments required under the terms of the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. When the interest rate implicit in the agreement is not readily determinable, the Company uses its estimated incremental borrowing rate – derived from information available at the lease commencement date – to determine the present value of future lease payments.

The Company has elected to make the accounting policy election to not recognize leased assets and liabilities for short-term leases with initial terms of 12 months or less, and, accordingly, has not recorded any right-of-use assets or lease liabilities related to such leases.

Certain of the Company's lease agreements may include one or more renewal options. Renewal terms generally extend the related lease for five years at the then market rate of rental payment or at a predetermined monthly payment in accordance with the lease agreement. All such renewal options are at the Company's discretion and are evaluated at the commencement of each lease; only those that are reasonably certain of exercise are included in determining the appropriate lease term and for purposes of calculating the initial right-of-use asset and lease liability.

Certain office lease agreements require variable lease payments based on common area maintenance expenses and/or real estate taxes. Variable lease payments may also include escalating rent payments that are not fixed at lease commencement but are based on an index that is determined in future periods based on changes in the Consumer Price Index or another measure of inflation. These variable lease payments are recognized in operating expenses and are not included in the right-of-use asset or lease liability balances. The Company's lease agreements do not contain any material residual value guarantees, restrictions, or covenants.

The Company has lease agreements with lease and non-lease components, and the Company has elected to adopt a practical expedient to account for the lease and non-lease components as a single lease.

Long-lived assets

The Company accounts for long-lived assets, including premises and equipment and lease right-of-use assets, at amortized cost. Management reviews long-lived assets for possible impairment whenever facts and circumstances indicate that the carrying amount of such assets may not be recoverable. If there is an indication of impairment, Management would prepare an estimate of future cash flows (undiscounted and without interest charges) expected to be generated by the asset. If these estimated cash flows were less than the carrying amount of the asset, an impairment loss would be recognized to write down the asset to its estimated fair value.

BOLI

The Company holds life insurance contracts to cover future benefit expenses. BOLI policies are recorded at their cash surrender value less applicable surrender charges. Changes in cash surrender values are included in noninterest income in the accompanying consolidated statements of comprehensive income (loss).

Preferred stock

The Company's preferred stock is issuable with voting rights, par value, dividend requirements, and other features as determined by the Company's Board of Directors (the Board). As of December 31, 2023 and 2022, there were no shares of preferred stock issued or outstanding.

Advertising

Advertising costs are generally charged to expense during the year in which they are incurred.

Income taxes

The provision for income taxes is based on income and expenses as reported for financial statement purposes using the "asset and liability method" for accounting for deferred taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

Income tax positions that meet the "more-likely-than-not" recognition threshold are measured at the largest amount of income tax benefit that is more than 50 percent likely to be realized upon settlement with the applicable taxing authority. The portion of the benefits associated with income tax positions taken that exceeds the amount measured as described above would be reflected as a liability for unrecognized income tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized income tax benefits would be classified as additional income taxes in the accompanying consolidated statements of comprehensive income (loss). There were no unrecognized income tax benefits, nor any interest and penalties associated with unrecognized income tax benefits, accrued or expensed as of and for the years ended December 31, 2023 and 2022.

The Company files income tax returns in the United States (U.S.) federal and Oregon jurisdictions.

Stock-based compensation

The Company recognizes as compensation expense all stock-based awards made to employees and Board members. The compensation cost is measured based on the grant-date fair value of the related stock-based awards and is recognized over the service period of stock-based awards, which is generally the same as the vesting period. Forfeitures are accounted for as they occur. The fair value of stock options is determined using the Black-Scholes valuation model, which estimates the fair value of each award on the date of grant based on a variety of assumptions including expected stock price volatility, expected term of the options, risk-free interest rate, and dividend rates, if applicable.

Reclassifications

Certain items for 2022 have been reclassified to conform with the 2023 presentation.

2. Investment Securities

Investments in debt securities as of December 31, 2023 and 2022 consisted of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses Less than 12 Months	Gross Unrealized Losses More than 12 Months	Estimated Fair Value	Allowance for Credit Losses
2023						
Available-for-Sale						
Mortgage-backed securities	$ 33,851,542	$ 9,017	$ -	$ (2,613,824)	$ 31,246,735	
Municipal bonds	6,989,263	-	-	(1,095,411)	5,893,852	
U.S. Treasury bonds	3,986,265	-	-	(86,305)	3,899,960	
Total	$ 44,827,070	$ 9,017	$ -	$ (3,795,540)	$ 41,040,547	
Held-to-Maturity						
Corporate debt	$ 7,745,888	$ -	$ -	$ (960,850)	$ 6,785,038	$ 256,104
2022						
Available-for-Sale						
Mortgage-backed securities	$ 36,644,896	$ -	$ (860,924)	$ (2,210,187)	$ 33,573,785	
Municipal bonds	7,013,001	-	(568,105)	(795,699)	5,649,197	
U.S. Treasury bonds	3,977,219	-	(123,149)	-	3,854,070	
Total	$ 47,635,116	$ -	$ (1,552,178)	$ (3,005,886)	$ 43,077,052	
Held-to-Maturity						
Corporate debt	$ 7,745,391	$ -	$ (343,951)	$ (262,530)	$ 7,138,910	

As of December 31, 2023, the Company held 38 available-for-sale debt securities, of which 37 were in an unrealized loss position, and 16 held-to-maturity securities, of which 15 were in an unrealized loss position. As of December 31, 2022, the Company held 38 available-for-sale debt securities, all of which were in an unrealized loss position, and 16 held-to-maturity securities, of which 15 were in an unrealized loss position. Management has evaluated the securities and has determined that the decline in value is temporary and is related to changes in market interest rates since purchase. The declines in value are not related to any company or industry-specific events. With respect to unrealized losses on the above debt securities as of December 31, 2023, Management does not have the intent to sell the securities and believes that it is more likely than not that the Company will not have to sell the securities before a recovery of cost. Accordingly, no impairment adjustments for the investment securities have been recorded as of December 31, 2023.

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

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 1,996,381	$ 1,966,400	$ -	$ -
Due after one year through five years	3,995,726	3,851,580	-	-
Due after five years through ten years	8,684,219	7,726,736	7,245,888	6,336,503
Thereafter	30,150,744	27,495,831	500,000	448,535
	$ 44,827,070	$ 41,040,547	$ 7,745,888	$ 6,785,038

As of December 31, 2023, debt securities available-for-sale with an amortized cost of $32,261,874 and estimated fair value of $29,176,244 were pledged to secure deposits of public funds and for other purposes as required by or permitted by law.

The following table shows a rollforward of the allowance for credit losses on held-to-maturity investment securities for the year ended December 31,2023:

	Beginning Balance	Adoption Impact of ASC 326	Provision (Credit)	Write-offs	Ending Balance
Corporate debt	$ -	$ 323,967	$ (67,863)	$ -	$ 256,104

The Company monitors the credit quality of the investment securities held-to-maturity through the use of credit ratings amongst other components previously described within the section Allowance for Credit Losses - Held to Maturity. The following table summarizes the amortized cost of the investment securities held-to-maturity as of December 31, 2023, aggregated by credit quality indicators:

	2023
A3	$ 500,000
Baa2	2,750,000
Baa3	4,495,888
Total	$ 7,745,888

As of December 31, 2023, the Company had no securities held-to-maturity that were past due 30 days or more as to principal or interest payments. The Company had no securities held-to-maturity classified as nonaccrual as of December 31, 2023.

3. Loans

Loans by portfolio segment as of December 31, 2023 and 2022 consisted of the following:

	2023	2022
Real Estate – Construction	$ 12,901,208	$ 17,212,398
Real Estate – Commercial	158,926,006	137,289,634
Real Estate – Residential	16,928,906	13,981,601
Commercial	37,274,765	27,670,939
Other Consumer	22,865,104	8,173,356
Total	248,895,989	204,327,928
Allowance for credit losses	(3,256,630)	(2,585,000)
Deferred loan fees	(493,532)	(662,355)
Loans - net	$ 245,145,827	$ 201,080,573

The Company has lending policies, practices, and procedures in place that are designed to generate loan income within an acceptable level of risk. The Board reviews and approves the Company's loan policies on an annual basis or when changes and/or additions are recommended to the Board by the Company's loan administration department. A reporting and review process is provided by Management to the Board with frequent reports related to loan production, loan quality, concentrations of credit, loan delinquencies, and non-performing and potential problem loans. Diversification within the loan portfolio is a means of managing risk associated with fluctuations in economic conditions.

Loans are underwritten after evaluating and understanding the borrower's loan request. Underwriting standards are designed to promote relationship banking by understanding a borrower's entire banking needs. The Company examines current and projected cash flows to determine the ability of the borrower to repay its obligation as agreed upon and, secondarily, evaluates the underlying collateral provided by the borrower. The Company also at times requires guarantees from borrowers to help manage risk.

The Company additionally obtains an independent third-party review of its loan portfolio on a regular basis for quality and accuracy in underwriting loans. Results of these reviews are presented to Management and the Board's loan committee. The loan review process complements and reinforces the risk identification and

assessment decisions made by the Company's lenders and credit personnel, as well as the Company's policies and procedures.

The Company believes that its loan classes are the same as its loan segments. The Company's loan segments are characterized by different risk factors as described below:

- The Real Estate – Construction loan segment includes loans for which the loan proceeds are controlled by the Company and are used exclusively for the improvement of real estate on which the Company holds a mortgage. These loans are specifically collateralized by the related real estate. These loans are considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, government regulation of real property, general economic conditions, the availability of long-term financing, and the inherent difficulty in estimating both a property's value at the completion of the project and the estimated cost of the project. The Company attempts to mitigate these risks by adhering to strict underwriting policies, disbursement procedure, and monitoring practices.

- The Real Estate – Commercial loan segment includes loans secured by multi-family dwelling units (more than four units) and generally provide the Company an opportunity to receive interest at rates higher than those generally available from one to four family residential lending. However, loans secured by multi-family properties typically are greater in amount and are more difficult to evaluate and monitor, and thus involve a greater degree of risk than one to four family residential mortgage loans. As payments on loans secured by multi-family properties are highly dependent on the successful operation and management of such properties, repayment of such loans may be influenced by adverse conditions in the real estate market or economy. This segment also includes loans secured by such properties as office buildings, retail/wholesale facilities, and other commercial properties. These loans are viewed primarily as cash flow loans, and the repayment of these loans is largely dependent on the successful operation of the related property, particularly if the loan is non-owner occupied. Loan performance may be adversely affected by factors impacting the general economy and conditions specific to the real estate market, such as geographic location and/or property type. The Company attempts to minimize these risks by generally limiting the maximum loan-to-value ratio to 80% for owner occupied properties and requiring a minimum debt service coverage ratio for non-owner occupied properties. The Company also scrutinizes the financial condition of the borrower, the quality of the collateral, and the management of the property securing the loan.

- The Real Estate – Residential loan segment includes home equity lines of credit which are secured by mortgages that are usually subordinated to the existing first mortgage on the property, which may or may not be held by the Company. The Company attempts to mitigate these risks by adhering to its underwriting policies in evaluating the collateral and the credit worthiness of the borrower. This segment also includes one to four family residential loans that are in the first lien position and junior lien position and are collateralized by one to four family residences (e.g., owner occupied properties and non-owner occupied rental units) that may fluctuate in value due to economic or individual performance factors. The Company's lending policies generally limit the term of one to four family residential loans to 15 years and the maximum loan-to-value ratio on one to four family residential loans to 80%, with appropriate credit enhancement in the form of either mortgage insurance or readily marketable additional collateral if this loan-to-value ratio is exceeded.

- The Commercial loan segment includes commercial and industrial loans which are generally secured by accounts receivable, inventory, equipment, or other property. Commercial and industrial loans are made based primarily on the historical and projected cash flow of the borrower and, secondarily, on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as forecasted, and collateral securing such loans is often an insufficient source of repayment, because accounts receivable may be uncollectible and inventories and equipment may be obsolete or of limited use. Minimum standards and underwriting guidelines have been established for all commercial loan types.

- The Other Consumer loan segment includes loans to purchase various items such as boats and recreational vehicles. The terms and rates are established periodically by Management. Consumer

loans tend to involve relatively small loan amounts that are spread across many individual borrowers, minimizing the risk of significant loss to the Company. This segment also includes automobile loans that are purchased from a specialized classic car loan originator. The Company purchases or declines each loan based upon its risk appetite, loan quality, and price. Consumer automobile loans tend to involve relatively small loan amounts that are spread across many individual borrowers and geographies, minimizing single name risk to the Company.

The Company's locations and the majority of its customers are located in the greater Portland, Oregon area, and a substantial portion of the Company's loans are collateralized by real estate in this geographic area. Accordingly, the ultimate collectability of a substantial portion of the Company's loan portfolio is susceptible to changes in the economic conditions in this market.

The Company's operations, like those of other financial institutions operating in the Company's market, are significantly influenced by various economic conditions including local economies, the strength of the real estate market, and the fiscal and regulatory policies of the federal and state government and the regulatory authorities that govern financial institutions. Any downturn in the real estate markets could materially and adversely affect the Company's business, because a significant portion of the Company's loans are secured by real estate. The Company's ability to recover on defaulted loans by selling the real estate collateral would then be diminished and the Company would be more likely to suffer losses on defaulted loans. Consequently, the Company's results of operations and financial condition are dependent upon the general trends in the economy and, in particular, the residential and commercial real estate markets. If there is a decline in real estate values, the collateral for the Company's loans would provide less security. Real estate values could be affected by, among other things, a worsening of economic conditions, an increase in foreclosures, a decline in home sale volumes, and an increase in interest rates. Furthermore, the Company may experience an increase in the number of borrowers who become delinquent, file for protection under bankruptcy laws, or default on their loans or other obligations to the Company given a sustained weakness or a weakening in business and economic conditions generally or specifically in the principal market in which the Company does business. An increase in the number of delinquencies, bankruptcies, or defaults could result in a higher level of non-performing assets, net charge-offs, and provision for credit losses.

The following table sets forth information for the year ended December 31, 2023 regarding activity in the allowance for credit losses by portfolio segment:

2023	Beginning Allowance	Adoption Impact – ASC 326	Provision (Credit)	Charge-offs	Recoveries	Ending Allowance
Real Estate – Construction	$ 239,364	$ 260,399	$ (204,255)	$ -	$ -	$ 295,508
Real Estate – Commercial	1,695,333	(319,292)	395,510	(137,870)	-	1,633,681
Real Estate – Residential	157,291	(8,929)	51,130	-	-	199,492
Commercial	393,792	181,324	83,958	-	-	659,074
Other Consumer	99,220	93,135	276,520	-	-	468,875
Total	$ 2,585,000	$ 206,637	$ 602,863	$(137,870)	$ -	$ 3,256,630

Prior to the adoption of ASC 326 on January 1, 2023, the Company calculated the allowance for loan losses under the incurred loss methodology. The following table sets forth information for the year ended December 31, 2022 regarding activity in the allowance for loan losses by portfolio segment:

2022	Beginning Allowance	Provision (Credit)	Charge-offs	Recoveries	Ending Allowance
Real Estate – Construction	$ 180,018	$ 59,346	$ -	$ -	$ 239,364
Real Estate – Commercial	1,468,595	226,738	-	-	1,695,333
Real Estate – Residential	178,889	(21,598)	-	-	157,291
Commercial	276,337	117,455	-	-	393,792
Other Consumer	1,414	97,806	-	-	99,220
Unallocated	119,747	(119,747)	-	-	-
Total	$ 2,225,000	$ 360,000	$ -	$ -	$ 2,585,000

The following table presents information, by portfolio segment, on loans evaluated individually and collectively for impairment in the allowance for loan losses as of December 31, 2022:

	Allowance for Loan Losses			Recorded Investment in Loans		
2022	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Real Estate – Construction	$ -	$ 239,364	$ 239,364	$ -	$ 17,212,398	$ 17,212,398
Real Estate – Commercial	-	1,695,333	1,695,333	-	137,289,634	137,289,634
Real Estate – Residential	-	157,291	157,291	442,500	13,539,101	13,981,601
Commercial	-	393,792	393,792	-	27,670,939	27,670,939
Other Consumer	-	99,220	99,220	-	8,173,356	8,173,356
Total	$ -	$ 2,585,000	$ 2,585,000	$ 442,500	$ 203,885,428	$ 204,327,928

The following tables present, by portfolio segment, the recorded investment in loans by aging category and in total as of December 31, 2023 and 2022:

	Days Past Due				Total Past Due and		
2023	30-59	60-89	90 or More	Non-accrual	Non-accrual	Current	Total Loans
Real Estate – Construction	$ -	$ -	$ -	$ -	$ -	$ 12,901,208	$ 12,901,208
Real Estate – Commercial	2,791,458	-	-	-	-	156,134,548	158,926,006
Real Estate – Residential	-	-	-	-	-	16,928,906	16,928,906
Commercial	-	-	-	-	-	37,274,765	37,274,765
Other Consumer	-	-	-	-	-	22,865,104	22,865,104
Total	$2,791,458	$ -	$ -	$ -	$ -	$ 246,104,531	$ 248,895,989

	Days Past Due				Total Past Due and		
2022	30-59	60-89	90 or More	Non-accrual	Non-accrual	Current	Total Loans
Real Estate – Construction	$ -	$ -	$ -	$ -	$ -	$ 17,212,398	$ 17,212,398
Real Estate – Commercial	-	-	-	-	-	137,289,634	137,289,634
Real Estate – Residential	-	-	-	-	-	13,981,601	13,981,601
Commercial	-	-	-	-	-	27,670,939	27,670,939
Other Consumer	-	-	-	-	-	8,173,356	8,173,356
Total	$ -	$ -	$ -	$ -	$ -	$ 204,327,928	$ 204,327,928

Credit quality indicators

The Company categorizes all loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: quality of management, current financial information, historical payment experience, credit documentation, and geographic and industry risk, among other factors. Loan risk ratings are updated whenever information comes to Management's attention that indicates that a loan's risk has changed. In addition, Management reviews the risk ratings of all loans greater than $400,000 at least annually. The Company uses the following definitions for risk ratings:

Special Mention – Loans classified as Special Mention have potential weaknesses that deserve Management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or in the Company's credit position at some future date.

Substandard – Loans classified as Substandard are inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged, if any. These loans have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. Such loans are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

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

Loss – Loans classified as Loss are considered uncollectible and of such minimal value that continuance as an asset is not warranted. Loans are charged-off when Management determines that Loss ratings are appropriate.

Loans not meeting the criteria above are considered Pass rated loans.

The following table presents, by portfolio segment, the recorded investment in loans by risk rating by origination year as of December 31, 2023:

	2023	2022	2021	Prior	Total
Real Estate – Construction					
Pass	$ 2,201,901	$ 8,635,307	$ 2,064,000	$ -	$ 12,901,208
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Total Real Estate – Construction	$ 2,201,901	$ 8,635,307	$ 2,064,000	$ -	$ 12,901,208
Real Estate – Commercial					
Pass	$20,149,880	$32,660,027	$50,340,301	$46,853,006	$ 150,003,214
Special Mention	-	-	-	5,124,999	5,124,999
Substandard	-	1,006,335	-	2,791,458	3,797,793
Doubtful	-	-	-	-	-
Total Real Estate – Commercial	$20,149,880	$33,666,362	$50,340,301	$54,769,463	$ 158,926,006
Real Estate – Residential					
Pass	$ 4,841,064	$ 794,280	$ 1,218,210	$10,075,352	$ 16,928,906
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Total Real Estate – Residential	$ 4,841,064	$ 794,280	$ 1,218,210	$10,075,352	$ 16,928,906
Commercial					
Pass	$16,671,068	$ 8,223,379	$ 5,350,098	$ 6,991,668	$ 37,236,213
Special Mention	-	-	-	38,552	38,552
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Total Commercial	$16,671,068	$ 8,223,379	$ 5,350,098	$ 7,030,220	$ 37,274,765
Other Consumer					
Pass	$16,846,371	$ 6,018,733	$ -	$ -	$ 22,865,104
Special Mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Total Other Consumer	$16,846,371	$ 6,018,733	$ -	$ -	$ 22,865,104

The following table presents, by portfolio segment, the recorded investment in loans by risk rating as of December 31, 2022:

	Pass	Special Mention	Sub-standard	Doubtful	Total
Real Estate – Construction	$ 17,212,398	$ -	$ -	$ -	$ 17,212,398
Real Estate – Commercial	129,782,133	7,507,501	-	-	137,289,634
Real Estate – Residential	13,539,101	-	442,500	-	13,981,601
Commercial	27,670,939	-	-	-	27,670,939
Other Consumer	8,173,356	-	-	-	8,173,356
Total	$ 196,377,927	$ 7,507,501	$ 442,500	$ -	$ 204,327,928

Prior to the adoption of ASC 326, the Company considered loans to be impaired when Management believed that it was probable that all amounts due would not be collected according to the contractual terms. GAAP required that impaired loans be valued using the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the estimated fair value of the loan's underlying collateral, less estimated selling costs.

The following table summarizes information related to impaired loans by portfolio segment as of and for the year ended December 31, 2022:

	December 31, 2022			For the year ended December 31, 2022	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded					
Real Estate - Residential	$ 442,500	$ 442,500	$ -	$ 442,500	$ 14,501
Total	$ 442,500	$ 442,500	$ -	$ 442,500	$ 14,501

4. Premises and Equipment

Premises and equipment as of December 31, 2023 and 2022 consisted of the following:

	2023	2022
Land	$ 400,000	$ 400,000
Building and improvements	3,329,405	2,507,620
Furniture, fixtures, and equipment	802,011	629,976
Computer software and hardware	322,219	294,194
Leasehold improvements	163,176	161,006
Work in progress	7,733	184,852
Total	5,024,544	4,177,648
Less accumulated depreciation and amortization	(1,933,779)	(1,745,190)
Premises and equipment - net	$ 3,090,765	$ 2,432,458

Depreciation and amortization expense related to premises and equipment was $188,589 and $170,636 for the years ended December 31, 2023 and 2022, respectively.

5. Leases

The Company has certain non-cancelable operating lease agreements for office space which expire at various dates through 2028.

The table below presents certain information related to the Company's right-of-use assets and lease liabilities for the years ended December 31, 2023 and 2022:

	2023	2022	Classification in the Statement of Comprehensive Income (Loss)
Operating Leases			
Operating lease costs	$ 501,108	$ 439,696	Occupancy
Variable/short-term lease costs	$ 194,749	$ 149,882	Occupancy
Weighted average remaining lease term	3.99 years	5.33 years	
Weighted average discount rate	2.86%	2.61%	
Finance Lease			
Amortization of right-of-use asset	$ 20,669	$ 20,669	Occupancy
Interest on lease liability	$ 595	$ 1,153	Interest on borrowings
Weighted average remaining lease term	0.50 years	1.50 years	
Weighted average discount rate	2.63%	2.63%	

Operating cash flows paid for operating lease amounts included in the measurement of lease liabilities was $394,072 and $326,540 for the years ended December 31, 2023 and 2022, respectively.

The following table reconciles the undiscounted cash flows for the years presented related to the Company's lease liabilities as of December 31, 2023:

	Operating	Finance
2024	$ 447,131	$ 11,040
2025	399,294	-
2026	367,524	-
2027	378,549	-
2028	129,323	-
Total minimum lease payments	1,721,821	11,040
Less: amount of lease payment representing interest	(94,326)	(88)
Lease liabilities	$ 1,627,495	$ 10,952

6. Time Deposits

Time deposits that meet or exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit of $250,000 aggregated $14,896,999 and $8,104,020 as of December 31, 2023 and 2022, respectively.

As of December 31, 2023, the scheduled annual maturities of time deposits were as follows:

2024	$ 32,290,000
2025	169,678
2026	49,771
2027	21,921
2028	89,580
Total	$ 32,620,950

7. Other Borrowings

The Company is a member of the FHLB. As a member, the Company has a committed line of credit up to 45% of the Company's total assets for the years ended December 31, 2023 and 2022. The committed line of credit is subject to the Company pledging sufficient collateral and maintaining the required investment in FHLB stock. The Company had outstanding borrowings of $16,781,898 from the FHLB at interest rates ranging from 0.52% to 5.64% and maturing from January 2024 to June 2028 as of December 31, 2023. The

Company had outstanding borrowings of $5,000,000 from the FHLB at interest rates ranging from 0.39% to 0.52% and maturing from November 2023 to November 2024 as of December 31, 2022. All outstanding borrowings with the FHLB are collateralized by a blanket pledge agreement on the Company's FHLB stock, any funds on deposit with the FHLB, and certain pledged loans of the Company. The Company had loans pledged for collateral of approximately $88,419,412 as of December 31, 2023. As of December 31, 2023, the Company's maximum available borrowing capacity, given current collateral, borrowings, and the 45% of total assets limitation, was approximately $51,611,000.

As an additional source of liquidity, the Company has a federal funds borrowing agreement with TIB aggregating $8,400,000 as of December 31, 2023 and 2022. The agreement was unsecured as of December 31, 2023 and 2022. There were no outstanding borrowings under this agreement as of December 31, 2023 or 2022.

The Company has a borrowing line available with the Federal Reserve Discount Window totaling approximately $34,098,000 and $7,237,000 as of December 31, 2023 and 2022, respectively, which is secured by a portion of the Company’s loan portfolio. The Company had $25,000,000 and $3,000,000 in outstanding borrowings on this line as of December 31, 2023. These borrowings accrue interest at a rate of 4.38% and 4.76% and are due in March 2024 and December 2024, respectively. The Company had no outstanding borrowings on this line as of December 31, 2022.

8. Commitments and Contingencies

Off-balance sheet financial instruments

In the ordinary course of business, the Company has financial instruments with off-balance sheet risk to extend credit to its customers. These financial instruments involve elements of credit and interest-rate risk in excess of amounts recognized in the accompanying consolidated balance sheets. As of December 31, 2023 and 2022, the Company had no commitments to extend credit at below-market interest rates.

The Company's exposure to credit loss for commitments to extend credit is represented by the contractual amount of these instruments. The Company uses the same credit policies in underwriting and offering commitments as it does for on-balance sheet financial instruments. As of December 31, 2023 and 2022, outstanding commitments to extend credit totaled approximately $42,136,000 and $40,069,000, respectively.

A commitment to extend credit is an agreement to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of fees. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company applies established credit-related standards and underwriting practices in evaluating the creditworthiness of such obligors. The amount of collateral obtained, if it is deemed necessary by the Company upon the extension of credit, is based on Management's credit evaluation of the counterparty. Collateral held for commitments varies but may include accounts receivable, inventory, property and equipment, residential real estate, and income-producing commercial properties.

Litigation

In the ordinary course of business, the Company becomes involved in various litigation proceedings arising from normal banking activities. In the opinion of Management, the ultimate disposition of these actions will not have a material adverse effect on the Company's financial statements as of and for the year ended December 31, 2023.

9. Income Taxes

The provision for income taxes for the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Current		
Federal	$ -	$ 478,595
State	130,403	286,124
Total current	130,403	764,719
Deferred	(97,295)	(66,703)
Total provision for income taxes	$ 33,108	$ 698,016

The provision for income taxes results in effective tax rates which are different than the federal income tax statutory rate. The nature of the differences in 2023 and 2022 were as follows:

	2023	2022
Expected federal income tax provision at statutory rate	$ (43,901)	$ 532,204
State income taxes, net of federal effect	46,715	204,255
Permanent differences	5,273	(11,336)
Other - net	25,021	(27,107)
Provision for income taxes	$ 33,108	$ 698,016

The components of the net deferred tax assets and liabilities as of December 31, 2023 and 2022 consisted of the following:

	2023	2022
Deferred tax assets		
Allowance for credit losses	$ 979,585	$ 717,632
Stock-based compensation	87,167	61,987
Net operating loss carryforwards (NOLs)	1,111,291	938,248
Operating lease liabilities	462,556	498,965
Unrealized loss on investment securities	1,089,088	1,349,643
Other	105,100	86,394
Total deferred tax assets	3,834,787	3,652,869
Deferred tax liabilities		
Deferred loan fee income	(132,595)	(96,234)
Accumulated depreciation and amortization	(347,037)	(130,963)
Prepaid expenses and other	(20,390)	(20,341)
Operating lease right-of-use assets	(439,559)	(479,177)
Other	-	(17,089)
Total deferred tax liabilities	(939,581)	(743,804)
Deferred tax assets - net	$ 2,895,206	$ 2,909,065

As of December 31, 2023, the Company has federal and state NOLs available to reduce future federal and state taxable income. As of December 31, 2023, federal NOLs were approximately $4,391,000 and (if not utilized) expire between 2030 and 2038. Federal NOLs generated after the 2018 tax year do not expire. As of December 31, 2023, state NOLs were approximately $3,739,000 and (if not utilized) expire between 2025 and 2035.

The Company has determined that it is not required to establish a valuation allowance for the net deferred tax assets as of December 31, 2023 and 2022, as Management believes it is more likely than not that the net deferred tax assets will be realized principally through future taxable income and available tax planning strategies to utilize the Company's deferred tax assets prior to expiration. Management will continue to evaluate its position that it is more likely than not that the net deferred tax assets will be realized and will

record a valuation allowance, if needed, in the period in which they determine it is more likely than not that the net deferred tax assets will not be realized.

10. Basic and Diluted Net Income (Loss) Per Common Share

The Company's basic net income (loss) per common share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. The Company's diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding plus dilutive common shares related to stock options and restricted stock awards. For the years ended December 31, 2023 and 2022, 0 and 9,905 dilutive common shares related to unvested restricted stock awards were included in the weighted-average number of common shares outstanding in the calculation for diluted net income (loss) per common share, respectively. For the years ended December 31, 2023 and 2022, average options to purchase 130,802 and 130,802 shares of common stock, respectively, were outstanding but not included in the computation of diluted net income (loss) per common share because their effect would have been anti-dilutive.

The numerators and denominators used in computing basic and diluted net income (loss) per common share for the years ended December 31, 2023 and 2022 are as follows:

	Net Income (Loss) - Numerator	Weighted average Shares - Denominator	Per-share Amount
2023			
Basic net loss per common share	$ (242,161)	2,672,851	$ (0.09)
Diluted net loss per common share	$ (242,161)	2,672,851	$ (0.09)
2022			
Basic net income per common share	$ 1,836,290	2,665,473	$ 0.69
Diluted net income per common share	$ 1,836,290	2,675,378	$ 0.69

11. Transactions with Related Parties

Certain directors, officers, and principal shareholders of the Company (and the companies with which they are associated) are customers of – and have had banking transactions with – the Company in the ordinary course of the Company's business. In addition, the Company expects to continue to have such banking transactions in the future. All loans, and commitments to loan, to such parties are generally made on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons. In the opinion of Management, these transactions do not involve more than the normal risk of collectability or present any other unfavorable features.

An analysis of activity with respect to such loans for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Balances - beginning of year	$ 1,902,244	$ 3,346,350
Additions	451,925	3,624,448
Repayments	(737,717)	(5,068,554)
Balances - end of year	$ 1,616,452	$ 1,902,244

12. Employee Benefit Plan

The Company has a salary deferral and profit sharing plan (the Plan) under the provisions of Section 401(k) of the Internal Revenue Code whereby eligible employees may defer a portion of their gross wages. Employees 18 years of age and older are eligible to participate in the Plan. Employees may contribute up to the maximum permitted by the Internal Revenue Code. The Company may make matching and/or

discretionary contributions to the Plan as determined by the Board. Matching contributions vest immediately while discretionary contributions vest over a period of three years. For the years ended December 31, 2023 and 2022, the Company made matching contributions of approximately $168,000 and $153,000, respectively, and elected to make no discretionary contributions.

13. Stock-Based Compensation Plans

In March 2017, the Company adopted the 2017 Equity Compensation Plan (the 2017 Plan). In addition, in October 2018, the Company adopted the 2018 Equity Compensation Plan (the 2018 Plan). The 2017 Plan and the 2018 Plan are collectively referred to as "the Plans". The Plans provide for the grant of stock options and restricted stock awards for up to an aggregate of 475,000 shares of the Company's common stock to certain employees and directors. Under the Plans, the exercise price (for stock options) or the fair value (for restricted stock) of awards granted must be equal to at least the market price of the Company’s common stock on the date of the grant. Stock options granted under the Plans have a maximum term of ten years. Vesting of stock options and restricted stock awards generally occurs over five years. As of December 31, 2023, there were 256,425 shares of common stock available for future grant under the Plans.

The following table presents the activity related to stock options awarded under the Plans for the years ended December 31, 2023 and 2022:

	2023		2022	
	Options Outstanding	Weighted-Average Exercise Price	Options Outstanding	Weighted-Average Exercise Price
Balances - beginning of year	130,802	$ 13.48	130,802	$ 14.13
Granted	-	-	35,000	12.00
Expired	-	-	(14,000)	14.45
Forfeited	-	-	(21,000)	14.45
Balances - end of year	130,802	13.48	130,802	13.48
Exercisable - end of year	80,160	$ 13.85	54,000	$ 14.02

There were no stock options granted during the year ended December 31, 2023. There were 35,000 stock options granted during the year ended December 31, 2022 with an aggregate grant date fair value of $139,790. The weighted average assumptions used in the Black-Scholes model for stock options granted during the year ended December 31, 2022 were as follows:

	2022
Risk free interest rate	3.12%
Expected life (in years)	6.50
Expected dividend yield	0.00%
Expected volatility	25.43%
Grant date fair value per share	$ 3.99

The risk free interest rate is based on the rate of a U.S. Treasury security with a similar term as the expected life of the stock option at the particular grant date. The expected life is based on vesting terms and estimated exercise dates. Dividends during the expected life are assumed to be zero. To estimate the expected volatility, Management utilized information from a banking index to calculate actual volatility over a period similar to the expected life of the stock options.

As of December 31, 2023 and 2022, there were 50,642 and 76,802 unvested options with an aggregate grant date fair value of $194,785 and $293,444, respectively, all of which the Company assumes will vest. The unvested options had an insignificant aggregate intrinsic value as of December 31, 2023 and 2022.

Information regarding the range of exercise prices, number, weighted-average exercise price, and weighted-average remaining contractual life of stock options as of December 31, 2023 and 2022 is as follows:

	2023		2022	
	Options Outstanding	Exercisable Options	Options Outstanding	Exercisable Options
Range of exercise prices	$ 10.92-14.32	$ 10.92-14.32	$ 10.92-14.32	$ 10.92-14.32
Number of options	130,802	80,160	130,802	54,000
Weighted-average exercise price	$ 13.48	$ 13.85	$ 13.48	$ 14.02
Remaining contractual life (years)	6.2	5.53	7.2	6.2

As of December 31, 2023 and 2022, the aggregate intrinsic value of options outstanding was insignificant. As of December 31, 2023, the total unrecognized compensation expense related to stock option awards was $114,887, which is expected to be recognized over a weighted average period of 2.23 years.

The following table presents the activity related to restricted stock awarded under the Plans for the years ended December 31, 2023 and 2022:

	Number of Shares	Weighted-average Grant Date Fair Value
Unvested as of December 31, 2021	23,102	$ 13.63
Granted	31,506	12.91
Vested	(7,191)	13.72
Forfeited	(16,604)	13.29
Unvested as of December 31, 2022	30,813	13.05
Granted	38,824	10.97
Vested	(9,573)	13.37
Forfeited	-	-
Unvested as of December 31, 2023	60,064	$ 11.66

As of December 31, 2023, the total unrecognized compensation expense related to restricted stock awards was $578,437, which is expected to be recognized over a weighted average period of approximately 2.32 years.

14. Revenue from Contracts with Customers

In accordance with ASC 606, revenues are recognized when goods or services are transferred to a customer in exchange for the consideration the Company expects to be entitled to receive. The largest portion of the Company's revenue is from interest income, which is excluded from the scope of ASC 606. All of the Company's revenue from contracts with customers which is within the scope of ASC 606 is recognized in noninterest income. The Company recognizes income from the increase in cash surrender value of BOLI, however, this is additionally excluded from the scope of ASC 606.

If a contract is determined to be within the scope of ASC 606, the Company recognizes revenue as it satisfies a performance obligation. Payments from customers are generally collected at the time services are rendered, monthly, or quarterly. For contracts with customers within the scope of ASC 606, revenue is either earned at a point in time or revenue is earned over time. Revenues recognized within the scope of ASC 606 include service charges and fees, which are fees earned on the Company's deposit accounts for various products offered to or services performed for the Company's customers. Fees include business account fees, non-sufficient fund fees, stop payment fees, wire services, safe deposit boxes, and others. These fees are recognized on a daily, monthly, or quarterly basis, depending on the type of service.

For the years ended December 31, 2023 and 2022, substantially all of the Company's revenues within the scope of ASC 606 are for performance obligations satisfied at a specified date. As of December 31, 2023 and 2022, the Company had no significant contract liabilities where the Company had an obligation to transfer

goods or services for which the Company had already received consideration. In addition, the Company had no material unsatisfied performance obligations as of this date.

15. Fair Value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (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. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. GAAP also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels. These levels are as follows:

Level 1: Fair value of the asset or liability is determined using unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Fair value of the asset or liability is determined using inputs other than quoted prices that are observable for the applicable asset or liability, either directly or indirectly, such as quoted prices for similar (as opposed to identical) assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and

Level 3: Fair value of the asset or liability is determined using unobservable inputs that are significant to the fair value measurement and reflect Management's own assumptions regarding the applicable asset or liability.

Certain assets and liabilities are measured at fair value on a recurring or non-recurring basis. Assets and liabilities measured at fair value on a recurring basis are initially measured at fair value and then re-measured at fair value at each financial statement reporting date. Assets and liabilities measured at fair value on a non-recurring basis result from write-downs due to impairment or lower-of-cost-or-market accounting on assets or liabilities not initially measured at fair value.

The Company's assets measured at fair value on a recurring basis consist of investments in debt securities available-for-sale. The fair values of these investments are estimated by an independent pricing service and are based upon market prices of similar securities or other observable inputs (Level 2). As of December 31, 2023 and 2022, the Company had no significant liabilities measured at fair value on a recurring basis.

As of December 31, 2023 and 2022, the Company had no assets or liabilities measured at fair value on a non-recurring basis.

GAAP requires disclosure of estimated fair values for certain financial instruments. Such estimates are subjective in nature, and significant judgment is required regarding the risk characteristics of various financial instruments at a discrete point in time. Therefore, such estimates could vary significantly if assumptions regarding uncertain factors were to change. In addition, as the Company normally intends to hold the majority of its financial instruments until maturity, it does not expect to realize many of the estimated amounts disclosed. The disclosures also do not include estimated fair value amounts for certain items which are not defined as financial instruments but which may have significant value. The Company does not believe that it would be practicable to estimate a fair value for these types of items as of December 31, 2023 and 2022. Because GAAP excludes certain items from fair value disclosure requirements, any aggregation of the fair value amounts presented would not represent the underlying value of the Company.

The estimated fair values of financial instruments were as follows as of December 31, 2023 and 2022:

	Recorded Amount	Estimated Fair Value	Level 1	Level 2	Level 3
2023					
Financial Assets					
Cash and due from banks	$ 10,692,780	$ 10,692,780	$ 10,692,780	$ -	$ -
Interest-bearing time deposits with banks	747,000	727,707	-	-	727,707
Investments in debt securities - net	48,530,331	47,772,691	-	47,772,961	-
FHLB and TIB stock	1,424,400	1,424,400	1,424,400	-	-
Loans - net	245,145,827	229,922,208	-	-	229,922,208
Accrued interest receivable	1,047,108	1,047,108	1,047,108	-	-
Financial Liabilities					
Time deposits	32,620,950	31,938,819	-	-	31,938,819
Accrued interest payable	1,083,217	1,083,217	1,083,217	-	-
Borrowings	44,781,898	44,577,141	-	44,577,141	-
2022					
Financial Assets					
Cash and due from banks	$ 13,999,376	$ 13,999,376	$ 13,999,376	$ -	$ -
Interest-bearing time deposits with banks	2,485,000	2,453,687	-	-	2,453,687
Investments in debt securities	50,822,443	50,215,962	-	50,215,962	-
FHLB and TIB stock	1,029,700	1,029,700	1,029,700	-	-
Loans - net	201,080,573	195,115,070	-	-	195,115,070
Accrued interest receivable	855,372	855,372	855,372	-	-
Financial Liabilities					
Time deposits	16,323,404	16,038,550	-	-	16,038,550
Accrued interest payable	95,438	95,438	95,438	-	-
Borrowings	5,000,000	4,679,068	-	4,679,068	-

The Company did not have any transfers among Level 1, Level 2, or Level 3 during the years ended December 31, 2023 and 2022.

16. Regulatory Matters

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

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. As of December 31, 2023 and 2022, the most recent regulatory notification categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that Management believes have changed the Bank's category.

In September 2019, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the community bank leverage ratio (CBLR) framework, for qualifying

community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The final rule became effective on January 1, 2020 and was elected by the Company as of March 31, 2020.

The CBLR framework eliminates the requirement for qualifying banking organizations to calculate and report risk-based capital in favor of a single Tier 1 capital to average assets (leverage) ratio. Qualifying banking organizations that elect to use the CBLR framework and that maintain a leverage ratio of greater than the required minimums are considered to have satisfied the generally applicable risk based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and, if applicable, are considered to have met the well capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act.

Under the final rule, an eligible banking organization can opt out of the CBLR framework and revert back to the risk weighting framework without restriction. As of December 31, 2023 and 2022, the Company was a qualifying community banking organization as defined by federal banking agencies and has elected to measure capital adequacy under the CBLR framework.

The Company's actual and required capital amounts and ratios as of December 31, 2023 and 2022 are presented in the following table (dollars in thousands):

	Actual		To be "Well Capitalized" under Prompt Corrective Action Provisions (CBLR Framework)	
	Amount	**Ratio**	**Amount**	**Ratio**
2023				
Tier 1 capital to average total assets	$ 35,716	11.48%	$ 28,007	9.00%
2022				
Tier 1 capital to average total assets	$ 36,300	12.59%	$ 25,940	9.00%