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To Our Shareholders:

Royal Business Bank made significant progress in 2025 and returned to a trajectory of earnings growth. We improved credit performance, strengthened our balance sheet, and positioned the Bank to deliver greater shareholder value in 2026. Since our founding in 2008, we remain focused on serving the financial needs of the communities in which we operate while delivering long-term value for our shareholders. Today, Royal Business Bank is a trusted financial partner for Asian-centric communities across California, Hawaii, Illinois, Nevada, New Jersey, and New York.

During 2025, we made meaningful progress addressing the credit challenges that emerged in 2024. Through proactive portfolio management and disciplined underwriting, credit trends stabilized and improved throughout the year. Our teams worked closely with borrowers to resolve credit concerns, and we exited the year with significantly improved asset quality and a stronger foundation for future growth.

Net income increased sequentially in each quarter of 2025, reflecting improved operating trends and the strategic actions we took to enhance our balance sheet. We also expanded our franchise, achieving 9% net loan growth and 6% retail deposit growth. This performance reflects the strength of our client relationships and the confidence our communities place in Royal Business Bank.

In addition, we expanded our net interest margin each quarter of 2025. Funding costs declined throughout the year as deposit pricing adjusted to reflect Federal Reserve rate cuts, while noninterest-bearing deposits remained stable. Asset yields remained resilient, enabling our net interest margin to reach 2.99%.

We also continued to build long-term shareholder value, where tangible book value per share increased approximately 8%. In addition, we returned more than \$25 million to shareholders, including the repurchase of more than 4% of our outstanding shares. These actions reflect our confidence in the strength of the franchise and our commitment to disciplined capital allocation.

In 2025, we welcomed Johnny Lee as President and Chief Executive Officer, bringing extensive industry experience and continuity to the organization. This transition followed the planned retirement of David Morris, who continues to provide valuable guidance on the Board of Directors.

With our relationship-based banking model, we combine the capabilities of a regional financial institution with the personalized service of a community bank. Our employees live and work in the communities they serve and share strong cultural ties with our clients, allowing us to deliver tailored banking solutions.

As a Minority Depository Institution, community engagement remains central to our identity. In 2025, over 50% of our employees volunteered an aggregate of 4,500 hours to underserved communities. We also increased our total commitment and charitable contributions supporting small businesses and affordable housing by 30%, and increased mortgage lending to low-to-moderate income borrowers by 66%.

We are well positioned to build upon our momentum in 2026 with improving credit trends, an expanding net interest margin, and a strong capital foundation. Moreover, we extend our sincere appreciation to our employees, customers, trade partners and shareholders for their continued support and confidence in us.

Sincerely,

Johnny Lee   
President & Chief Executive Officer

Christina Kao   
Chairman of the Board of Directors

致各位股東：

2025 年，皇佳商業銀行取得了顯著進展，重回盈利增長軌道。我們有效提升了貸款表現，進一步強化了資產負債表，並為 2026 年創造更高的股東價值奠定了堅實基礎。自 2008 年成立以來，我們始終專注於服務所處社區的金融需求，同時致力於為股東創造長期價值。如今，皇佳商業銀行已成為覆蓋加利福尼亞州、夏威夷州、伊利諾伊州、內華達州、新澤西州及紐約州等地區亞裔社區值得信賴的金融合作夥伴。

在 2025 年，我們對 2024 年造成的貸款挑戰方面取得了實質性進展。透過前瞻性的資產組合管理及審慎的授信策略，全年貸款趨於穩定並持續改善。我們的團隊與借款人保持緊密合作，積極化解相關貸款風險，使本行在年末實現資產品質的顯著提升，並為未來增長奠定更加堅實的基礎。

2025 年各季度淨利潤均實現環比增長，體現出經營趨勢的持續改善以及我們優化資產負債結構的戰略成效。同時，我們持續擴大業務版圖，實現貸款淨增長 9%，零售存款增長 6%。這種表現充分反映了客戶關係的穩固性以及社區對皇佳商業銀行的高度信任。

此外，本行淨息差在 2025 年逐季增長。隨著聯邦儲備局降息，存款利息相應調整，融資成本持續下降，同時無息存款保持穩定。資產收益率保持韌性，使淨息差達到 2.99%。

在股東回報方面，我們持續營造長期股東價值，每股有形帳面價值提升約 8%。同時，本行向股東返還超過 2,500 萬美元，其中包括回購超過 4% 的已發行股份。這些舉措充分體現了我們對自身業務實力的信心以及對資本配置紀律的堅持。

2025 年，我們迎來新任總裁兼首席執行官李政呈先生，其豐富的行業經驗持續本行的穩定發展。該任命承接了 David Morris 的有序退休安排，後者目前繼續在董事會提供寶貴指導。

藉著以關係為基礎的銀行業務模式，我們將區域性金融機構的專業能力與社區銀行的個性化服務相互結合。我們的員工扎根於所服務的社區，並與客戶擁有緊密的文化聯繫，從而能夠提供更具針對性的金融解決方案。

作為少數族裔存款機構（Minority Depository Institution），社區參與始終是我們核心使命的重要組成部分。2025 年，超過 50% 的員工參與社區志願服務，累計貢獻 4,500 小時，服務於資源相對匱乏的社區。同時，我們在支持小型企業與可負擔住房方面的投資及慈善捐贈增長 30%，面向中低收入群體的住房貸款亦增長達 66%。

展望 2026 年，在貸款趨勢持續改善、淨息差穩步提升以及資本基礎穩健的支持下，本行具備進一步發展的良好基礎。我們謹向全體員工、客戶、合作夥伴及股東致以誠摯感謝，感謝您們一如既往的支持與信任。

此致  
敬禮

李政呈  
總裁兼首席執行官

高嘉偉  
董事會主席



# 2025 ANNUAL REPORT

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2025

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

Commission File Number 001-38149

**RBB BANCORP**

(Exact name of Registrant as specified in its Charter)

**California**  
(State or another jurisdiction of incorporation or organization)

**1055 Wilshire Blvd., 12<sup>th</sup> floor**

**Los Angeles, California**  
(Address of principal executive offices)

**27-2776416**

(I.R.S. Employer Identification No.)

**90017**

(Zip Code)

**Registrant's telephone number, including area code: (213) 627-9888**

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
Common Stock, No Par Value	RBB	NASDAQ Global Select Market

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was \$286,210,716.

The number of shares of the registrant's common stock outstanding as of February 27, 2026, was 17,066,400.

**DOCUMENTS INCORPORATED BY REFERENCE**

The information required by Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K will be found in our definitive proxy statement for our 2026 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, and such information is incorporated herein by this reference.

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## FORWARD-LOOKING STATEMENTS

*In this Annual Report on Form 10-K (this “Annual Report”), the term “Bancorp” refers to RBB Bancorp and the term “Bank” refers to Royal Business Bank. The terms “Company,” “we,” “us,” and “our” refer to Bancorp and the Bank collectively. The statements in this report include forward-looking statements within the meaning of the applicable provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), regarding management’s beliefs, projections, and assumptions concerning future results and events. We intend such forward-looking statements to be covered by the safe harbor provision for forward-looking statements in these provisions. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including statements about anticipated future operating and financial performance, financial position and liquidity, growth opportunities and growth rates, growth plans, acquisition and divestiture opportunities, business prospects, strategic alternatives, business strategies, financial expectations, regulatory and competitive outlook, investment and expenditure plans, financing needs and availability, and other similar forecasts and statements of expectation and statements of assumptions underlying any of the foregoing. Words such as “aims,” “anticipates,” “believes,” “can,” “could,” “estimates,” “expects,” “hopes,” “intends,” “may,” “plans,” “projects,” “seeks,” “shall,” “should,” “will,” “predicts,” “potential,” “continue,” “possible,” “optimistic,” and variations of these words and similar expressions are intended to identify these forward-looking statements. Forward-looking statements by us are based on estimates, beliefs, projections, and assumptions of management and are not guarantees of future performance. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. Such risks and uncertainties and other factors include, but are not limited to, adverse developments or conditions related to or arising from:*

- *the effectiveness of the Company's internal control over financial reporting and disclosure controls and procedures;*
- *the potential for material weaknesses in the Company's internal controls over financial reporting or other potential control deficiencies of which the Company is not currently aware or which have not been detected;*
- *business and economic conditions generally and in the financial services industry, nationally and within our current and future geographic markets, including the tight labor market, ineffective management of the United States (“U.S.”) federal budget or debt or turbulence or uncertainty in domestic or foreign financial markets;*
- *the strength of the U.S. economy in general and the strength of the local economies in which we conduct operations;*
- *adverse developments in the banking industry highlighted by high-profile bank failures and the potential impact of such developments on customer confidence, liquidity and regulatory responses to these developments;*
- *federal government shutdowns and uncertainty regarding the government's debt limit;*
- *possible additional provisions for credit losses and charge-offs;*
- *credit risks of lending activities and deterioration in asset or credit quality;*
- *extensive laws and regulations and supervision that we are subject to, including potential supervisory action by bank supervisory authorities;*
- *compliance with the Bank Secrecy Act and other money laundering statutes and regulations;*
- *potential goodwill impairment;*
- *liquidity risk;*
- *fluctuations in interest rates;*
- *failure to comply with debt covenants;*
- *risks associated with acquisitions and the expansion of our business into new markets;*
- *inflation and deflation;*
- *real estate market conditions and the value of real estate collateral;*
- *the effects of having concentrations in our loan portfolio, including commercial real estate and the risks of geographic and industry concentrations;*
- *environmental liabilities;*
- *our ability to compete with larger competitors;*
- *our ability to retain key personnel;*
- *successful management of reputational risk;*
- *severe weather, natural disasters, earthquakes, fires, or other adverse external events could harm our business;*
- *geopolitical conditions, including acts or threats of terrorism, actions taken by the U.S. or other governments in response to acts or threats of terrorism and/or military conflicts, including the war between Russia and Ukraine, conflict in the Middle East, and increasing tensions between China and Taiwan, which could impact business and economic conditions in the U.S. and abroad;*
- *tariffs, trade policies, and related tensions, which could impact our clients, specific industry sectors, and/or broader economic conditions and financial market;*
- *public health crises and pandemics, and their effects on the economic and business environments in which we operate, including our credit quality and business operations, as well as the impact on general economic and financial market conditions;*

- *general economic or business conditions in Asia, and other regions where the Bank has operations;*
- *failures, interruptions, or security breaches of our information systems;*
- *climate change, including any enhanced regulatory, compliance, credit and reputational risks and costs;*
- *cybersecurity threats and the cost of defending against them;*
- *our ability to adapt our systems to the expanding use of technology in banking;*
- *risk management processes and strategies;*
- *the impact of regulatory enforcement actions, if any;*
- *certain provisions in our charter and bylaws that may affect acquisition of the Company;*
- *changes in tax laws and regulations;*
- *the impact of governmental efforts to restructure the U.S. financial regulatory system and increased costs of compliance and other risks associated with changes in regulation, including any amendments to the Dodd-Frank Wall Street Reform and Consumer Protection Act;*
- *the impact of changes in the Federal Deposit Insurance Corporation ("FDIC") insurance assessment rate and the rules and regulations related to the calculation of the FDIC insurance assessments;*
- *the effect of changes in accounting policies and practices or accounting standards, as may be adopted from time-to-time by bank regulatory agencies, the U.S. Securities and Exchange Commission ("SEC"), the Public Company Accounting Oversight Board, the Financial Accounting Standards Board ("FASB") or other accounting standards setters;*
- *fluctuations in our stock price;*
- *restrictions on dividends and other distributions by laws and regulations and by our regulators and our capital structure;*
- *our ability to raise additional capital, if needed, and the potential resulting dilution of interests of holders of our common stock;*
- *the soundness of other financial institutions and our ongoing relations with our various federal and state regulators, including the SEC, FDIC, Federal Reserve Bank ("FRB"), California Department of Financial Protection and Innovation ("DFPI"), and Consumer Financial Protection Bureau ("CFPB"); and*
- *our success at managing the risks involved in the foregoing items.*

*The foregoing factors and other factors are further described in this Annual Report (at Item 1A. Risk Factors in particular) should not be construed as exhaustive and should be read together with the other cautionary statements included in this Annual Report. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.*

## PART I

### Item 1. Business.

#### Company Overview

RBB Bancorp is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. RBB Bancorp's principal business is to serve as the holding company for its wholly-owned banking subsidiaries, Royal Business Bank ("Bank") and RBB Asset Management Company ("RAM"), collectively referred to herein as "the Company." RBB Bancorp was formed in January 2011 as a bank holding company and RAM was formed in 2012 to hold and manage problem assets acquired in business combinations. There are no problem assets at RAM or activity in this subsidiary for the fiscal years ended 2025 or 2024. When we refer to "we", "us", "our", or the "Company", we are referring to RBB Bancorp and its consolidated subsidiaries including the Bank, collectively. When we refer to the "parent company", "Bancorp", or the "holding company", we are referring to RBB Bancorp, the parent company, on a stand-alone basis.

The Bank provides business-banking and consumer products and services predominantly to the Asian-centric communities through full service branches located in Los Angeles County, Orange County and Ventura County in California, Las Vegas (Nevada), the New York City metropolitan areas, Chicago (Illinois), Edison (New Jersey) and Honolulu (Hawaii). The products and services include commercial and investor real estate loans, business loans and lines of credit, Small Business Administration ("SBA") 7A and 504 loans, mortgage loans, trade finance and a full range of depository accounts, including specialized services such as remote deposit, E-banking, mobile banking and treasury management services.

We have supported our organic growth with disciplined strategic growth. Between 2011 and 2018 we successfully completed six whole-bank acquisitions and, in 2022, a bank branch acquisition in Hawaii. All of our acquisitions have been accounted for using the acquisition method of accounting and, accordingly, the operating results of the acquired entities have been included in the consolidated financial statements from their respective acquisition dates.

We will continue to consider opportunistic acquisitions that we believe will be beneficial to our long-term growth strategy and will be accretive to our shareholders.

We operate as a minority depository institution ("MDI"), which is defined by the Federal Deposit Insurance Corporation ("FDIC") as a federally insured depository institution ("IDI") where 51% or more of the voting stock is owned by minority individuals or a majority of the board of directors is minority and the community that the institution serves is predominantly minority. A MDI is eligible to receive support from the FDIC and other federal regulatory agencies such as training, technical assistance and review of proposed new deposit taking and lending programs, and the adoption of applicable policies and procedures governing such programs. We intend to maintain our MDI designation, as it is expected that at least 51% of our issued and outstanding shares of capital shall remain owned by minority individuals. The MDI designation has been historically beneficial to us, and we continue to use the program for technical assistance.

We operate 24 banking offices in Arcadia, Cerritos, Diamond Bar, Irvine, Los Angeles, Monterey Park, Oxnard, Rowland Heights, San Gabriel, Silver Lake, Torrance, and Westlake Village, California; Las Vegas, Nevada; Manhattan, Brooklyn, Flushing, and Elmhurst, New York; the Chinatown and Bridgeport neighborhoods of Chicago, Illinois; Edison, New Jersey; and Honolulu, Hawaii. Our primary source of revenue is providing loans to customers, who are predominantly small and middle-market businesses and individuals.

We generate our revenue primarily from interest received on loans and, to a lesser extent, from interest received on investment securities. We also derive income from noninterest sources, such as fees received in connection with various lending and deposit services, loan servicing, gain on sales of loans and wealth management services. Our principal expenses include interest expense on deposits and borrowings, and operating expenses, such as salaries and employee benefits, occupancy and equipment, data processing, and income tax expense.

We completed six whole bank acquisitions and one branch acquisition from July 2011 through January 2022. All of our acquisitions have been accounted for using the acquisition method of accounting and, accordingly, the operating results of the acquired entities have been included in the consolidated financial statements from their respective acquisition dates.

As of December 31, 2025, we had total consolidated assets of \$4.2 billion, gross consolidated loans of \$3.3 billion, deposits of \$3.4 billion and shareholders' equity of \$523.4 million. Our common stock is traded on the NASDAQ Global Select Market under the symbol "RBB."

## Our Strategic Plan

We update our strategic plan annually to reflect our growth, recent developments and describe our business objectives over a reasonable planning horizon. Our current strategic plan contains the following key elements:

- Maintain regulatory capital levels in excess of Basel III requirements;
- Provide commercial banking services and products primarily to small to midsized commercial enterprises operating within Asian-centric communities or that can benefit from our areas of core lending expertise;
- Maintain a board of directors comprised of business leaders who work closely with community leaders;
- Attract and retain an experienced management team with demonstrated industry knowledge and lending expertise;
- Focus on a target market consisting of businesses that:
  - are located in southern California, the San Francisco Bay area, the Chicago metropolitan area, the New York metropolitan area (including northern New Jersey), Nevada and Hawaii;
  - provide or receive goods or services to or from Asian countries, primarily Chinese-speaking regions, such as China, Hong Kong, Macau, Taiwan;
  - have loan needs of \$1 million to \$20 million (average loan size of \$3 million to \$7 million); and
  - prioritize using bankers with strong market knowledge who are dedicated to serving the local markets in which we operate.
- Provide five main lending products:
  - 1) Commercial real estate (“CRE”) lending consisting of owner occupied and non-owner occupied commercial property, including loans secured by single-family residences for a business purposes and multi-family residential property;
  - 2) Construction and land development (“C&D”) loans comprised of residential construction, commercial construction and land acquisition and development construction;
  - 3) Commercial and Industrial (“C&I”) lending that emphasizes asset-based lending, trade finance, working capital lines of credit, and term loans secured by inventory, accounts receivables, fixed assets and real estate;
  - 4) Single-family residential (“SFR”) mortgage lending primarily to Asian-Americans willing to provide higher down payment amounts and pay higher fees and interest rates in return for reduced documentation requirements. The Company originates these loans through its correspondent banking relationships, and through its branch network. In addition, we offer 15-year and 30-year qualified mortgage loans that are sold directly to the Federal National Mortgage Association (“FNMA”) and Federal Home Loan Mortgage Corporation (“FHLMC”), and in most cases, the Company retains the loan servicing rights and obligations; and
  - 5) Small Business Administration (“SBA”) loans consisting primarily of 7(a) loans through our SBA Preferred Lender status with the ability to sell the SBA guarantee portion of the loan in the secondary market subject to market conditions.

## Our Competition

We view the Asian-centric banking market, including the Company, as comprised of banks divided into three overlapping segments: publicly-traded banks, locally-based banks, and banks that are subsidiaries of Taiwanese or Chinese banks. These banks promote competition for attracting deposits and making loans in the markets we target.

In addition to Chinese-American banks, we also compete with other banks in the region for deposits, loans, and other banking products. Although we were founded by and market primarily to Chinese-Americans, we have broadened our marketing efforts to include all Asian-American communities. In certain geographic markets where we currently operate, there is an overlap between Chinese-American, Korean-American, and other Asian-American banks for loan and deposit business. We aim to grow both organically and potentially through opportunistic acquisitions in these markets.

## Lending Activities

We seek to be the premier provider of lending products and services in our market areas and serve the credit needs of high quality business and individual borrowers in the communities we serve. Our lending strategy is to maintain a broadly diversified loan portfolio based on the type of customer (e.g., businesses versus individuals), type of loan product (e.g., owner occupied commercial real estate, commercial loans, etc.), geographic location and industries in which our business customers are engaged. We principally focus our lending activities on loans that we originate from borrowers located in our market areas.

We strive to expedite all requests from potential borrowers by promptly responding after we receive the required financials and certain preliminary information. Our ability to provide quick responses to borrowers with financial solutions, while performing appropriate underwriting if a borrower decides to move forward, is primarily due to our experienced banking professionals who understand the needs of borrowers in our target markets and their expertise in the Company's commercial lending practices. In addition, our credit approval process is streamlined since decision-making often only requires a couple of key executive management members while any loans that exceed executive management's delegated authority is elevated to a board loan committee which meets at regularly scheduled meetings and whenever needed.

We have five principal lending areas:

*SFR Loans.* We originate qualified SFR mortgage loans and non-qualified, alternative documentation SFR mortgage loans through wholesale and retail channels, including our branch network, to accommodate the needs of the Asian-centric and selected niche markets. The qualified SFR mortgage loans are 15-year and 30-year conforming mortgages and may be sold directly to FNMA and FHLMC. As of December 31, 2025, we had \$1.66 billion of SFR mortgage loans, representing 50.0% of our total loan portfolio compared to \$1.49 billion, or 48.9% at December 31, 2024. We had \$2.1 million in non-accrual SFR real estate loans as of December 31, 2025, compared to \$11.5 million in non-accrual loans at December 31, 2024.

We originate non-qualified SFR mortgage loans generally to hold for investment. The loans generated through our retail branch network are to our customers and referrals, many of whom establish a deposit relationship with us. During 2025, we originated \$202.8 million of SFR mortgage loans through our retail channel and \$210.9 million of such loans through our wholesale channels. During 2024, we originated \$102.8 million of SFR mortgage loans through our retail channel and \$80.4 million of such loans through our wholesale channels.

We have sold non-qualified SFR mortgage loans to other banks and investors. SFR mortgage loans held for sale ("HFS") consist primarily of first trust deed mortgages on SFR properties located in California, New York, Illinois, and New Jersey. SFR mortgage loans HFS are generally sold with the servicing rights retained, however most recent loan sales have been servicing released.

In 2025, we identified new channels for secondary market sales for SFR loans that the Bank originated. We completed two sales transactions with two other counterparties, both insured US banks, in addition to other bidders for our mortgage products, which creates a lever for liquidity and additional fee income. As we identify additional counterparties who are able and willing to purchase our SFR mortgage loans, we expect to use this channel to grow additional fee income while increasing origination volume.

*Commercial Real Estate Loans.* We offer real estate loans for owner occupied and non-owner occupied commercial property, including loans secured by single-family residences for business purposes, multi-family residential property and construction and land development loans. Our management team has an extensive knowledge of the markets where we operate and our borrowers; we take a conservative approach to CRE lending, focus on high quality credits with low loan-to-value ratios, income-producing properties with stable cash flow, and strong collateral profiles. The real estate securing our existing CRE loans includes a wide variety of property types, such as multi-family properties, mixed-use residential and commercial, mobile home parks, hotels, offices, apartments, warehouses and retail centers.

The total CRE portfolio was \$1.3 billion, or 39.3% of our total loan portfolio, at December 31, 2025, of which \$154.7 million was secured by owner occupied properties, compared to \$1.2 billion, or 39.3% of our total loan portfolio, at December 31, 2024, of which \$160.2 million was secured by owner occupied properties. The multi-family residential loan portfolio totaled \$745.3 million as of December 31, 2025, compared to \$605.5 million as of December 31, 2024. Nonaccrual CRE loans totaled \$8.2 million at December 31, 2025, and \$17.1 million at December 31, 2024, of which \$9.7 million were held for sale.

*Construction and Land Development Loans.* Our C&D loans are comprised of residential construction, commercial construction and land acquisition and development construction. Interest reserves are generally established on real estate construction loans. As of December 31, 2025, our real estate construction loan portfolio totaled \$155.5 million, or 4.7% of our total loan portfolio, and was divided among the following categories: \$100.0 million of commercial construction; \$51.8 million of residential construction; and \$3.6 million of land acquisition and development. As of December 31, 2024, the C&D loans totaled \$173.3 million and were comprised of \$98.0 million of commercial construction; \$58.4 million of residential construction; and \$17.0 million of land acquisition and development. There were \$28.0 million non-accrual C&D loans as of December 31, 2025, compared to \$44.6 million as of December 31, 2024.

*Commercial and Industrial Loans.* We have significant expertise in small to middle market C&I lending. Our success is the result of our products and market expertise. We focus on delivering high-quality, customized and quick turnaround service for our clients while maintaining an appropriate balance between disciplined underwriting and flexibility and responsiveness to our clients. Our trade financing unit provides international letters of credit, SWIFT, export advice, trade finance discounts and foreign exchange to many of our C&I loan customers. As of December 31, 2025, we had outstanding C&I loans of \$140.1 million, or 4.2% of our total loan portfolio, compared to \$129.6 million, or 4.2% of our total loan portfolio as of December 31, 2024. C&I loans on nonaccrual totaled \$5.1 million at December 31, 2025, and \$6.3 million at December 31, 2024, of which \$1.5 million were held for sale.

*SBA Loans.* We are designated as a Preferred Lender under the SBA Preferred Lender Program. We offer SBA 7(a) variable-rate loans. We originate all loans to hold for investment and move loans to available for sale as management decides which loans to sell. We generally sell the guaranteed portion of the SBA loans that we originate. Our SBA loans are typically made to small-sized manufacturing, wholesale, retail, hotel/motel and service businesses for working capital needs or business expansions. SBA loans can have any maturity up to 25 years. Typically, non-real estate secured loans mature in less than 10 years. Collateral may include inventory, accounts receivable and equipment, and personal guarantees. From time to time, we also originate SBA 504 loans. As of December 31, 2025, our SBA loan portfolio totaled \$56.0 million, or 1.7% of our total loan portfolio compared to \$47.3 million, or 1.5% at December 31, 2024. Our non-accrual SBA loans as of December 31, 2025, were \$1.2 million, compared to \$1.5 million as of December 31, 2024.

## **Deposits**

The quality of our deposit franchise and access to stable funding are key components to our success. We offer traditional depository products, including checking, savings, money market and time deposits, to individuals, businesses, municipalities and other entities through our branch network. In addition, we offer retail deposit products where customers are able to achieve FDIC insurance for balances on deposit in excess of the \$250,000 FDIC limit through the Certificate of Deposit Account Registry Service (“CDARS”) and Insured Cash Sweep (“ICS”) programs. Deposits are insured by the FDIC up to statutory limits. Time deposits include deposits acquired through both retail and wholesale channels. Wholesale channels include brokered deposits, collateralized deposits from the State of California, and deposits acquired through internet listing services.

As an Asian-centric business bank that focuses on successful businesses and their owners, many of our depositors choose to leave large deposits with us. We monitor all deposit relationships over \$250,000 on a quarterly basis and consider a relationship to be stable if there are any three or more of the following characteristics: (i) relationships with us (as a director or shareholder); (ii) deposits within our market area; (iii) additional non-deposit services with us; (iv) electronic banking services with us; (v) active demand deposit account with us; (vi) deposits at market interest rates; and (vii) longevity of the relationship with us. As many of our customers have more than \$250,000 on deposit with us, we believe that using this method reflects a more accurate assessment of the stability of our deposit base. At December 31, 2025, \$2.7 billion, or 80.6%, of our relationships are less than or equal to \$250,000 or are over \$250,000 and meet our defined criteria to be considered a stable deposit.

Many of our management team members, including our branch managers, have worked together for up to 30 years, and our deposits relationships have been cultivated over that time period. Our ability to gather deposits, particularly stable deposits, is an important aspect of our business franchise and we believe these deposits are a significant driver of franchise value as a cost efficient and stable source of funding to support our growth. As of December 31, 2025, we had \$3.4 billion of total deposits, with a weighted average spot rate of 2.90%.

## Other Subsidiaries

In addition to the Bank and RAM, the Bancorp has three statutory business trusts acquired through our business acquisitions as follows:

*TFC Statutory Trust.* In connection with our 2016 acquisition of TomatoBank and its holding company, TFC, we acquired the TFC Statutory Trust (the “TFC Trust”), a statutory business trust that was established by TFC in 2006 under the laws of Connecticut as a wholly-owned subsidiary.

*FAIC Statutory Trust I.* In connection with our 2018 acquisition of First American International Bank (“FAIB”) and its holding company, First American International Corp. (“FAIC”), we acquired the FAIC Statutory Trust I (“FAIC Trust I”), a statutory business trust that was established by FAIC in 2004 under the laws of Delaware as a wholly-owned subsidiary.

*PGBH Trust I.* In connection with our 2020 acquisition of PGB and its holding company, PGBH, we acquired Pacific Global Bank Trust I (“PGB Capital Trust I”), a statutory business trust that was established by PGB in 2004 under the laws of Delaware as a wholly-owned subsidiary.

Each of the foregoing trusts issued trust preferred securities representing undivided preferred beneficial interests in the assets of the trusts. The proceeds of these trusts preferred securities were invested in certain securities issued by us, with similar terms to the relevant series of securities issued by the trusts, which we refer to as subordinated debentures. We guarantee on a limited basis the payments of distributions on the capital securities of the trusts and payments on redemption of the capital securities of the trusts. We are the owner of all the beneficial interests represented by the common securities of the trusts.

In addition, the Bank has a wholly-owned subsidiary, FAIB Capital Corp. (“FAIBCC”), a real estate investment trust, which was acquired through the acquisition of FAIC in 2018. FAIBCC is a New York State corporation formed on August 28, 2013. The purpose of this real estate investment trust is to minimize New York State and local taxes. As of December 31, 2025, FAIBCC had \$533.7 million in assets.

## Human Capital Resources

We believe in the value of teamwork and the power of participation and collaboration. We cultivate an environment where it is understood that we need each other to be successful. We value accountability because it is essential to our success, and we accept our responsibility to hold ourselves and others accountable for meeting shareholder commitments and achieving exceptional standards of performance. We are committed to fostering an inclusive environment that empowers our employees to make more meaningful contributions within our Company and the communities we serve.

*Staffing Model.* The majority of our staff are regular full-time employees, however we also employ regular part-time associates. We do not outsource job functions or use subcontractors to fill open positions, and rarely use seasonal or temporary employees. None of our employees are represented by any collective bargaining unit or are parties to a collective bargaining agreement. As of December 31, 2025, we had 369 full-time equivalent employees.

*Health & Safety.* We are focused on conducting our business in a safe manner and in compliance with all local, state and federal safety and health regulations, and special safety concerns.

*Benefits.* We are committed to offering a competitive total compensation package. We regularly compare compensation and benefits with peer companies and market data, making adjustments as needed to ensure compensation stays competitive. We also offer a wide array of benefits for our associates and their families, including:

- Competitive bonus programs;
- Comprehensive medical, dental and vision benefits;
- 401(k) plan including a competitive company match;
- Flexible work schedules;
- Paid time off, holidays and bank holidays;
- Internal training and development; and
- Employee Assistance Plans.

## Corporate Information

Our principal executive offices are located at 1055 Wilshire Blvd. Suite 1200, Los Angeles, California 90017, and our telephone number at that address is (213) 627-9888.

## Available Information

We invite you to visit our website at [www.royalbusinessbankusa.com](http://www.royalbusinessbankusa.com), to access free of charge our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, all of which are made available as soon as reasonably practicable after we electronically file such material with or furnish it to the SEC. The content of our website is not incorporated into and is not part of this Annual Report. In addition, you can write to us to obtain a free copy of any of those reports at RBB Bancorp, 1055 Wilshire Blvd. Suite 1200, Los Angeles, California 90017, Attn: Investor Relations. These reports are also available through the SEC's Public Reference Room, located at 100 F Street NE, Washington, DC 20549 and online at the SEC's website, available at <http://www.sec.gov>. Investors can obtain information about the operation of the SEC's Public Reference Room by calling 800-SEC-0330. Our Code of Ethics and other corporate governance documents are located on our website at [www.royalbusinessbankusa.com](http://www.royalbusinessbankusa.com).

## Supervision and Regulation

### *General*

Financial institutions, their holding companies and their affiliates are extensively regulated under U.S. federal and state laws. As a result, our growth and earnings performance may be affected not only by management decisions and general economic conditions, but also by the requirements of federal and state statutes and by the regulations and policies of various bank regulatory agencies, including the DFPI, the Board of Governors of the Federal Reserve System ("Federal Reserve"), the FDIC, and the CFPB. Furthermore, tax laws administered by the Internal Revenue Service and state taxing authorities, accounting rules developed by the FASB, securities laws administered by the SEC and state securities authorities, anti-money laundering laws enforced by the Treasury, and mortgage related rules, including with respect to loan securitization and servicing by the U.S. Department of Housing and Urban Development, and agencies such as FNMA and FHLMC, have an impact on our business. The effect of these statutes, regulations, regulatory policies and rules are significant to the financial condition and results of operations of the Company and its subsidiaries, including the Bank, and the nature and extent of future legislative, regulatory or other changes affecting financial institutions are impossible to predict with any certainty. This summary is qualified in its entirety by reference to the particular statute and regulatory provision referred to below and is not intended to be an exhaustive description of all applicable statutes and regulations.

Bancorp, as the sole shareholder of the Bank, is a bank holding company under federal law and regulation. As a bank holding company, Bancorp is registered with, and is subject to regulation by, the Federal Reserve under the Bank Holding Company Act of 1956, as amended ("BHCA"). Under the BHCA, Bancorp is subject to periodic examination by the Federal Reserve. Bancorp is required to file with the Federal Reserve periodic reports of Bancorp's operations and such additional information regarding Bancorp and its subsidiaries as the Federal Reserve may require. Bancorp is also a bank holding company within the meaning of Section 1280 of the California Financial Code. Therefore, Bancorp and its subsidiaries are subject to examination by, and may be required to file reports with the DFPI.

Under changes made by the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), a bank holding company must act as a source of financial and managerial strength to each of its subsidiary banks and commit resources to support each such subsidiary bank. In order to fulfill its obligations as a source of strength, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank. In addition, the Federal Reserve may charge the bank holding company with engaging in unsafe and unsound practices if the bank holding company fails to commit resources to a subsidiary bank or if it undertakes actions that the Federal Reserve believes might jeopardize the bank holding company's ability to commit resources to such subsidiary bank. The Federal Reserve also has the authority to require a bank holding company to terminate any activity or to relinquish control of a nonbank subsidiary (other than a nonbank subsidiary of a bank) upon the Federal Reserve's determination that such activity or control constitutes a serious risk to the financial soundness and stability of any bank subsidiary of the bank holding company.

The Bank is a California-chartered bank, but is not a member of the Federal Reserve System (a "non-member bank"). The deposit accounts of the Bank are insured by the FDIC's Deposit Insurance Fund ("DIF") to the maximum extent provided under federal law and FDIC regulations. As a California-chartered FDIC-insured non-member bank, the Bank is subject to the examination, supervision, reporting and enforcement requirements of the DFPI, the chartering authority for California banks, and as a non-member bank, the FDIC.

California-chartered banks are required to pay supervisory assessments to the DFPI to fund its operations. The amount of the assessment paid by a California bank to the DFPI is calculated on the basis of the institution's total assets, including consolidated subsidiaries, as reported to the DFPI. During the years ended December 31, 2025 and 2024, the Bank paid supervisory assessments to the DFPI totaling \$310,000 and \$303,000.

The Bank operates branches in California, Illinois, Nevada, New York, New Jersey and Hawaii. While the DFPI remains the Bank's primary state regulator, the Bank's operations in these jurisdictions are subject to examination and supervision by local bank regulators, and transactions with customers in those jurisdictions are subject to local laws, including consumer protection laws.

Legislative and regulatory initiatives, which necessarily impact the regulation of the financial services industry, are introduced from time-to-time. We cannot predict whether or when potential legislation or new regulations will be enacted, and if enacted, the effect that new legislation or any implemented regulations and supervisory policies would have on our financial condition and results of operations. The Dodd-Frank Act, by way of example, contains a comprehensive set of provisions designed to govern the practices and oversight of financial institutions and other participants in the financial markets. The Dodd-Frank Act made extensive changes in the regulation of financial institutions and their holding companies. Some of the changes brought about by the Dodd-Frank Act have been modified by the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (the "Regulatory Relief Act"), signed into law on May 24, 2018. The Dodd-Frank Act has increased the regulatory burden and compliance costs of the Company. Moreover, bank regulatory agencies can be more aggressive in responding to concerns and trends identified in examinations, which could result in an increased issuance of enforcement actions to financial institutions requiring action to address credit quality, liquidity, risk management, and capital adequacy, as well as other safety and soundness concerns.

### *Acquisitions, Activities and Change in Control*

The primary purpose of a bank holding company is to control and manage banks. The BHCA generally requires the prior approval by the Federal Reserve for any merger involving a bank holding company or any acquisition of control by a bank holding company of another bank or bank holding company. Subject to certain conditions (including deposit concentration limits established by the BHCA and the Dodd-Frank Act), the Federal Reserve may allow a bank holding company to acquire banks located in any state of the United States. In approving interstate acquisitions, the Federal Reserve is required to give effect to applicable state law limitations on the aggregate amount of deposits that may be held by the acquiring bank holding company and its IDI affiliates in the state in which the target bank is located (provided that those limits do not discriminate against out-of-state depository institutions or their holding companies) and state laws that require that the target bank have been in existence for a minimum period of time (not to exceed five years) before being acquired by an out-of-state bank holding company. Furthermore, in accordance with the Dodd-Frank Act, bank holding companies must be well-capitalized and well-managed in order to effect interstate mergers or acquisitions.

The BHCA generally prohibits Bancorp from acquiring direct or indirect ownership or control of more than 5% of the voting shares of any company that is not a bank and from engaging in any business other than that of banking, managing and controlling banks or furnishing services to banks and their subsidiaries. This general prohibition is subject to a number of exceptions. The principal exception allows bank holding companies to engage in, and to own shares of companies engaged in, certain businesses found by the Federal Reserve prior to November 11, 1999 to be "so closely related to banking as to be a proper incident thereto." This authority would permit Bancorp to engage in a variety of banking-related businesses, including the ownership and operation of a savings association, or any entity engaged in consumer finance, equipment leasing, the operation of a computer service bureau (including software development) and mortgage banking and brokerage. The BHCA generally does not place territorial restrictions on the domestic activities of nonbank subsidiaries of bank holding companies.

Additionally, bank holding companies that meet certain eligibility requirements prescribed by the BHCA and elect to operate as financial holding companies may engage in, or own shares in companies engaged in, a wider range of nonbanking activities, including securities and insurance underwriting and sales, merchant banking and any other activity that the Federal Reserve, in consultation with the Secretary of the Treasury, determines by regulation or order is financial in nature or incidental to any such financial activity or that the Federal Reserve determines by order to be complementary to any such financial activity and does not pose a substantial risk to the safety or soundness of depository institutions or the financial system generally. Bancorp has elected to be a bank holding company.

In order to maintain Bancorp's status as a bank holding company, Bancorp and the Bank must be well-capitalized, well-managed, and have at least a satisfactory CRA rating. If the Federal Reserve subsequently determines that Bancorp, as a bank holding company, is not well-capitalized or well-managed, Bancorp would have a period of time during which to achieve compliance, but during the period of noncompliance, the Federal Reserve may place any limitations on Bancorp it believes to be appropriate. Furthermore, if the Federal Reserve subsequently determines that the Bank, as a bank holding company subsidiary, has not received a satisfactory CRA rating, Bancorp would not be able to commence any new financial activities or acquire a company that engages in such activities.

Federal law also prohibits any person or company from acquiring “control” of an FDIC-insured depository institution or its holding company without prior notice to the appropriate federal bank regulator. “Control” is conclusively presumed to exist upon the acquisition of 25% or more of the outstanding voting securities of a bank or bank holding company, but may arise under certain circumstances between 5% and 24.99% ownership.

Under the California Financial Code, any proposed acquisition of “control” of the Bank by any person (including a company) must be approved by the Commissioner of the DFPI. The California Financial Code defines “control” as the power, directly or indirectly, to direct the Bank’s management or policies or to vote 25% or more of any class of the Bank’s outstanding voting securities. Additionally, a rebuttable presumption of control arises when any person (including a company) seeks to acquire, directly or indirectly, 10% or more of any class of the Bank’s outstanding voting securities.

### ***The Consumer Financial Protection Bureau***

The Dodd-Frank Act provided for the creation of the CFPB as an independent entity within the Federal Reserve with broad rulemaking, supervisory, and enforcement authority over consumer financial products and services, including deposit products, residential mortgages, home-equity loans and credit cards. The CFPB’s functions include investigating consumer complaints, conducting market research, rulemaking, supervising and examining bank consumer transactions, and enforcing rules related to consumer financial products and services. CFPB regulations and guidance apply to all financial institutions and banks with \$10 billion or more in assets, which are also subject to examination by the CFPB. As the Bank has less than \$10 billion in assets, it is not examined by the CFPB for compliance with CFPB regulations, although it is examined by the FDIC and the DFPI.

The CFPB has enforcement authority over unfair, deceptive or abusive acts and practices (“UDAAP”). UDAAP is considered one of the most far reaching enforcement tools at the disposal of the CFPB and covers all consumer and small business financial products or services such as deposit and lending products or services such as overdraft programs and third-party payroll card vendors. It is a wide-ranging regulatory net that potentially picks up the gaps not included in other consumer laws, rules and regulations. Violations of UDAAP can be found in many areas and can include advertising and marketing materials, the order of processing and paying items in a checking account or the design of client overdraft programs. The scope of coverage includes not only direct interactions with clients and prospects but also actions by third-party service providers. The Dodd-Frank Act does not prevent states from adopting stricter consumer protection standards. State regulation of financial products and potential enforcement actions could also adversely affect our business, financial condition or results of operations.

### **Regulatory Capital Requirements**

Bank holding companies and banks are subject to various regulatory capital requirements administered by state and federal agencies. These agencies may establish higher minimum requirements if, for example, a banking organization previously has received special attention or has a high susceptibility to interest rate risk. Risk-based capital requirements determine the adequacy of capital based on the risk inherent in various classes of assets and off-balance sheet items. Under the Dodd-Frank Act, the Federal Reserve must apply consolidated capital requirements to depository institution holding companies that are no less stringent than those currently applied to depository institutions. The Dodd-Frank Act additionally requires capital requirements to be countercyclical so that the required amount of capital increases in times of economic expansion and decreases in times of economic contraction, consistent with safety and soundness.

Under federal regulations, bank holding companies and banks must meet certain risk-based capital requirements. Basel III is currently applicable to Bancorp and the Bank. Basel III requires financial institutions to maintain a minimum “capital conservation buffer” on top of each of the minimum-risk based capital ratios to avoid restrictions on capital distributions such as dividends and equity repurchases and other payments such as discretionary bonuses to executive officers.

Basel III subjects bank holding companies and banks to the following risk-based capital requirements:

- a minimum ratio of CET1 to risk-weighted assets of at least 4.5%, plus a 2.5% “capital conservation buffer,” or 7.0%;
- a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer, or 8.5%;
- a minimum ratio of Total (Tier 1 plus Tier 2) capital to risk-weighted assets of at least 8.0%, plus the capital conservation buffer, or 10.5%; and
- a minimum leverage ratio of 4%, calculated as the ratio of Tier 1 capital to balance sheet exposures plus certain off-balance sheet exposures.

To be considered “well capitalized,” a bank holding company or bank must have the following minimum ratios: (i) a CET1 capital ratio of 6.5%, (ii) a Tier 1 risk-based capital ratio of 8.0%, (iii) a Total risk-based capital ratio of 10.0%, and (iv) a Tier 1 leverage ratio of 5.0%. As of December 31, 2025, the Company's capital ratios exceeded the minimum capital adequacy guideline percentage requirements to be considered "well capitalized" under the Basel III capital rules.

The Basel III final framework provides for a number of deductions from and adjustments to CET1. These include, for example, a limitation on the amount of mortgage servicing rights, deferred tax assets dependent upon future taxable income and significant investments in non-consolidated financial entities that may be held on a Bank's balance sheet, with any excess to be deducted from CET1. Basel III also includes, as part of the definition of CET1 capital, a requirement that banking institutions include the amount of Additional Other Comprehensive Income (“AOCI”), which primarily consists of unrealized gains and losses on available for sale securities, which are not required to be treated as other-than-temporary impairment, net of tax, in calculating regulatory capital. Banking institutions had the option to opt out of including AOCI in CET1 capital if they elected to do so in their first regulatory report following January 1, 2015. As permitted by Basel III, we elected to exclude AOCI from CET1.

The Dodd-Frank Act excludes trust preferred securities issued after May 19, 2010 from being included in Tier 1 capital, unless the issuing company is a bank holding company with less than \$500 million in total assets. Trust preferred securities issued prior to that date will continue to count as Tier 1 capital for bank holding companies with less than \$15 billion in total assets. The trust preferred securities issued by our unconsolidated subsidiary capital trusts qualify as Tier 1 capital up to a maximum limit of 25% of total Tier 1 capital. Any additional portion of our trust preferred securities would qualify as “Tier 2 capital.”

In addition, goodwill and most intangible assets are deducted from Tier 1 capital. For purposes of applicable total risk-based capital regulatory guidelines, Tier 2 capital (sometimes referred to as “supplementary capital”) is defined to include, subject to limitations: perpetual preferred stock not included in Tier 1 capital, intermediate-term preferred stock and any related surplus, certain hybrid capital instruments, perpetual debt and mandatory convertible debt securities, allowances for credit losses, and intermediate-term subordinated debt instruments. The maximum amount of qualifying Tier 2 capital is 100% of qualifying Tier 1 capital. For purposes of determining total capital under federal guidelines, total capital equals Tier 1 capital, plus qualifying Tier 2 capital, minus investments in unconsolidated subsidiaries, reciprocal holdings of bank holding company capital securities, and deferred tax assets and other deductions.

We had outstanding subordinated debentures and subordinated notes in the aggregate principal amount of \$135.3 million as of December 31, 2025. Of this amount, \$15.4 million is attributable to subordinated debentures issued to statutory trusts in connection with prior issuances of trust preferred securities, which qualifies as Tier 1 capital, and \$119.9 million is attributable to outstanding subordinated notes, which qualifies as Tier 2 capital.

In addition to the uniform risk-based capital guidelines and regulatory capital ratios that apply across the industry, the regulators have the discretion to set individual minimum capital requirements for specific institutions at rates significantly above the minimum guidelines and ratios. Future changes in regulations or practices could further reduce the amount of capital recognized for purposes of capital adequacy. Such a change could affect our ability to grow and could restrict the amount of profits, if any, available for the payment of dividends.

In addition, the Dodd-Frank Act requires the federal banking agencies to adopt capital requirements that address the risks that the activities of an institution poses to the institution and the public and private stakeholders, including risks arising from certain enumerated activities.

In February 2019, the U.S. federal bank regulatory agencies approved a final rule modifying their regulatory capital rules and providing an option to phase-in over a three-year period the Day 1 adverse regulatory capital effects of CECL accounting standard. Additionally, in March 2020, the U.S. federal bank regulatory agencies issued an interim final rule that provided banking organizations an option to delay the estimated CECL impact on regulatory capital for an additional two years for a total transition period of up to five years to provide regulatory relief to banking organizations to better focus on supporting lending to creditworthy households and businesses in light of strains on the U.S. economy as a result of the COVID-19 pandemic. Effective January 1, 2022, we adopted ASU 2016-13, reflected the full effect of CECL at December 31, 2022, and did not elect the three-year or five-year CECL phase-in options on regulatory capital.

### ***Prompt Corrective Action***

The Federal Deposit Insurance Act ("FDIA") requires federal banking agencies to take "prompt corrective action" ("PCA") in respect to depository institutions that do not meet minimum capital requirements. The FDIA includes the following five capital tiers: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." A depository institution's capital tier will depend upon how its capital levels compare with various relevant capital measures and certain other factors, as established by regulation. Effective January 1, 2015, the Basel III Capital Rules revised the PCA requirements. Under the revised PCA provisions of the FDIA, an IDI generally will be classified in the following categories based on the capital measures indicated:

<b>PCA Category</b>	<b>Total Risk-Based Capital Ratio</b>	<b>Tier 1 Risk-Based Capital Ratio</b>	<b>CET1 Risk-Based Ratio</b>	<b>Tier 1 Leverage Ratio</b>
Well capitalized	10%	8%	6.50%	5%
Adequately capitalized	8%	6%	4.50%	4%
Undercapitalized	< 8%	< 6%	< 4.5%	< 4%
Significantly undercapitalized	< 6%	< 4%	< 3.0%	< 3%
Critically undercapitalized	Tangible Equity/Total Assets =< 2%			

As of December 31, 2025, the Bank's capital ratios exceeded the minimum capital adequacy guideline percentage requirements of the federal banking agencies for "well capitalized" institutions under the Basel III capital rules on a fully phased-in basis.

An institution may be downgraded to, or deemed to be in, a capital category that is lower than indicated by its capital ratios if it is determined to be in an unsafe or unsound condition or if it receives an unsatisfactory examination rating with respect to certain matters. A bank's capital category is determined solely for the purpose of applying PCA regulations and the capital category may not constitute an accurate representation of such bank's overall financial condition or prospects for other purposes.

The FDIA generally prohibits a depository institution from making any capital distributions (including payment of a dividend) or paying any management fee to its parent holding company, if the depository institution would thereafter be "undercapitalized." "Undercapitalized" institutions are subject to growth limitations and are required to submit capital restoration plans. If a depository institution fails to submit an acceptable plan, it is treated as if it is "significantly undercapitalized." "Significantly undercapitalized" depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become "adequately capitalized," requirements to reduce total assets, and cessation of receipt of deposits from correspondent banks. "Critically undercapitalized" institutions are subject to the appointment of a receiver or conservator.

The capital classification of a bank holding company and a bank affects the frequency of regulatory examinations, the bank holding company's and the bank's ability to engage in certain activities and the deposit insurance premium paid by a bank.

### ***Dividend Payments***

Bancorp's ability to pay dividends to its shareholders may be affected by both general corporate law considerations and the policies of the Federal Reserve applicable to bank holding companies. As a California corporation, Bancorp is subject to the limitations of California law, which allows a corporation to distribute cash or property to shareholders, including a dividend or repurchase or redemption of shares, if the corporation meets either a retained earnings test or a "balance sheet" test. Under the retained earnings test, Bancorp may make a distribution from retained earnings to the extent that its retained earnings exceed the sum of (a) the amount of the distribution plus (b) the amount, if any, of dividends in arrears on shares with preferential dividend rights. Bancorp may also make a distribution if, immediately after the distribution, the value of its assets equals or exceeds the sum of (a) its total liabilities plus (b) the liquidation preference of any shares which have a preference upon dissolution over the rights of shareholders receiving the distribution. Indebtedness is not considered a liability if the terms of such indebtedness provide that payment of principal and interest thereon are to be made only if, and to the extent that, a distribution to shareholders could be made under the balance sheet test. A California corporation may specify in its articles of incorporation that distributions under the retained earnings test or balance sheet test can be made without regard to the preferential rights amount. Bancorp's articles of incorporation do not address distributions under either the retained earnings test or the balance sheet test.

As a general matter, the Federal Reserve has indicated that the board of directors of a bank holding company should eliminate, defer or significantly reduce dividends to shareholders if: (i) Bancorp's net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends; (ii) the prospective rate of earnings retention is inconsistent with Bancorp's capital needs and overall current and prospective financial condition; or (iii) Bancorp will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios. The Federal Reserve also possesses enforcement powers over bank holding companies and their nonbank subsidiaries to prevent or remedy actions that represent unsafe or unsound practices or violations of applicable statutes and regulations. Among these powers is the ability to proscribe the payment of dividends by banks and bank holding companies.

The terms of our subordinated notes also limit our ability to pay dividends on our common stock. If we are not current on our payment of interest on our subordinated notes, we may not pay dividends on our common stock. The amount of future dividends by Bancorp will depend on our earnings, financial condition, capital requirements and other factors, and will be determined by our board of directors in accordance with the capital management and dividend policy.

The Bank is a legal entity that is separate and distinct from its holding company. Bancorp is dependent on the performance of the Bank for funds, which may be received as dividends from the Bank, for use in the operation of Bancorp and the ability of Bancorp to pay dividends to its stockholders. Future cash dividends by the Bank will also depend upon management's assessment of future capital requirements, contractual restrictions, and other factors. During the years ended December 31, 2025 and 2024, the Bank paid \$45.0 million and \$20.0 million, respectively, of dividends to Bancorp. Dividends on common stock during the years ended December 31, 2025 and 2024, totaled \$11.3 million and \$11.7 million.

### ***Transactions with Affiliates and Insiders***

Depository institutions are subject to the restrictions contained in the Federal Reserve Act (the "FRA") with respect to loans to directors, executive officers and principal stockholders. Under the FRA, loans to directors, executive officers and stockholders who own more than 10% of a depository institution and certain affiliated entities of any of the foregoing, may not exceed, together with all other outstanding loans to such person and affiliated entities, the institution's loans-to-one-borrower limit. Federal regulations also prohibit loans above amounts prescribed by the appropriate federal banking agency to directors, executive officers, and stockholders who own more than 10% of an institution, and their respective affiliates, unless such loans are approved in advance by a majority of the board of directors of the institution. Any "interested" director may not participate in the voting. The proscribed loan amount, which includes all other outstanding loans to such person, as to which such prior board of director approval is required, is the greater of \$25,000 or 5% of capital and surplus up to \$500,000. The Federal Reserve also requires that loans to directors, executive officers and principal stockholders be made on terms substantially the same as offered in comparable transactions to non-executive employees of the bank and must not involve more than the normal risk of repayment. There are additional limits on the amount a bank can loan to an executive officer.

Transactions between a bank and its "affiliates" are quantitatively and qualitatively restricted under Sections 23A and 23B of the FRA. Section 23A restricts the aggregate amount of covered transactions with any individual affiliate to 10% of the capital and surplus of the financial institution. The aggregate amount of covered transactions with all affiliates is limited to 20% of the institution's capital and surplus. Certain transactions with affiliates are required to be secured by collateral in an amount and of a type described in Section 23A and the purchase of low quality assets from affiliates are generally prohibited.

Section 23B generally provides that certain transactions with affiliates, including loans and asset purchases, must be on terms and under circumstances, including credit standards, that are substantially the same or at least as favorable to the institution as those prevailing at the time for comparable transactions with non-affiliated companies. The Federal Reserve has promulgated Regulation W, which codifies prior interpretations under Sections 23A and 23B of the FRA and provides interpretive guidance with respect to affiliate transactions. Affiliates of a bank include, among other entities, a bank's holding company and companies that are under common control with the bank. Bancorp is considered to be an affiliate of the Bank.

The Dodd-Frank Act generally enhanced the restrictions on transactions with affiliates under Section 23A and 23B of the FRA, including an expansion of the definition of "covered transactions" and an increase in the amount of time for which collateral requirements regarding covered credit transactions must be satisfied. Insider transaction limitations are expanded through the strengthening of loan restrictions to insiders and the expansion of the types of transactions subject to the various limits, including derivatives transactions, repurchase agreements, reverse repurchase agreements and securities lending or borrowing transactions. Restrictions are also placed on certain asset sales to and from an insider to an institution, including requirements that such sales be on market terms and, in certain circumstances, approved by the institution's board of directors.

### ***Loans to One Borrower***

Under California law, our ability to make aggregate secured and unsecured loans-to-one-borrower is limited to 25% and 15%, respectively, of unimpaired capital and surplus. At December 31, 2025, the Bank's regulatory limit on aggregate secured loans-to-one-borrower was \$144.4 million and unsecured loans-to-one borrower was \$86.6 million. The Bank did not have any loans to one borrower that exceeded either of these limits at December 31, 2025.

### ***Safety and Soundness Standards/Risk Management***

The federal banking agencies have adopted guidelines that establish operational and managerial standards to promote the safety and soundness of federally insured depository institutions. The guidelines set forth standards for internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, asset quality and earnings.

In general, the safety and soundness guidelines prescribe the goals to be achieved in each area, and each institution is responsible for establishing its own procedures to achieve those goals. If an institution fails to comply with any of the standards set forth in the guidelines, the financial institution's primary federal regulator may require the institution to submit a plan for achieving and maintaining compliance. If a financial institution fails to submit an acceptable compliance plan, or fails in any material respect to implement a compliance plan that has been accepted by its primary federal regulator, the regulator is required to issue an order directing the institution to cure the deficiency. Until the deficiency cited in the regulator's order is cured, the regulator may restrict the financial institution's rate of growth, require the financial institution to increase its capital, restrict the rates the institution pays on deposits or require the institution to take any action the regulator deems appropriate under the circumstances. Noncompliance with the standards established by the safety and soundness guidelines may also constitute grounds for other enforcement action by the federal bank regulatory agencies, including cease and desist orders and civil money penalty assessments.

During the past decade, the bank regulatory agencies have increasingly emphasized the importance of sound risk management processes and strong internal controls when evaluating the activities of the financial institutions they supervise. Properly managing risks has been identified as critical to the conduct of safe and sound banking activities and has become even more important as new technologies, product innovation, and the size and speed of financial transactions have changed the nature of banking markets. The agencies have identified a spectrum of risks facing a banking institution including, but not limited to, credit, market, liquidity, operational, legal, and reputational risk. In particular, recent regulatory pronouncements have focused on operational risk, which arises from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud, or unforeseen catastrophes will result in unexpected losses. New products and services, third-party risk management and cybersecurity are critical sources of operational risk that financial institutions are expected to address in the current environment. The Bank is expected to have active board and senior management oversight; adequate policies, procedures, and limits; adequate risk measurement, monitoring, and management information systems; and comprehensive internal controls.

### ***Branching Authority***

California banks, such as the Bank, may, under California law, establish a banking office so long as the bank's board of directors approves the banking office and the DFPI is notified of the establishment of the banking office. Deposit-taking banking offices must be approved by the FDIC, which considers a number of factors, including financial history, capital adequacy, earnings prospects, character of management, needs of the community and consistency with corporate power. The Dodd-Frank Act permits insured state banks to engage in de novo interstate branching if the laws of the state where the new banking office is to be established would permit the establishment of the banking office if it were chartered by such state. Finally, we may also establish banking offices in other states by merging with banks or by purchasing banking offices of other banks in other states, subject to certain restrictions.

### ***Community Reinvestment Act Requirements***

The CRA requires the Bank to have a continuing and affirmative obligation in a safe and sound manner to help meet the credit needs of its entire community, including low- and moderate-income neighborhoods. Federal regulators regularly assess the Bank's record of meeting the credit needs of its communities. A bank's compliance with its CRA obligations is based on a performance-based evaluation system, which bases CRA ratings on an institution's lending, service, and investment performance, resulting in a rating by the appropriate bank regulator of "outstanding," "satisfactory," "needs to improve," or "substantial noncompliance." The Bank received a "satisfactory" rating on its most recent CRA examination, which was conducted in May 2023. The federal banking agencies may take compliance with fair lending laws and practices, including CRA into account when regulating and supervising other activities.

On October 24, 2023, the federal regulatory agencies jointly issued a final rule to strengthen and modernize regulations implementing the CRA, but in light of litigation, the agencies issued a joint proposal in July 2025 to rescind this rule and reinstate the CRA framework that existed prior to the 2023 final rule.

### ***Anti-Money Laundering and OFAC Regulation***

The USA Patriot Act is designed to deny terrorists and criminals the ability to obtain access to the U.S. financial system and has significant implications for depository institutions, brokers, dealers and other businesses involved in the transfer of money. The USA Patriot Act mandates financial services companies to have policies and procedures with respect to measures designed to address any or all of the following matters: (i) customer identification programs; (ii) money laundering; (iii) terrorist financing; (iv) identifying and reporting suspicious activities and currency transactions; (v) currency crimes; and (vi) cooperation between financial institutions and law enforcement authorities. Banking regulators also examine banks for compliance with the economic sanctions regulations administered by OFAC. Failure of a financial institution to maintain and implement adequate anti-money laundering and OFAC programs, or to comply with all of the relevant laws or regulations, could have serious legal and reputational consequences for the institution.

### ***Concentrations in Commercial Real Estate***

Concentration risk exists when financial institutions deploy too many assets to any one industry or segment. Concentration stemming from commercial real estate is one area of regulatory concern. The CRE Concentration Guidance, provides supervisory criteria, including the following numerical indicators, to assist bank examiners in identifying banks with potentially significant commercial real estate loan concentrations that may warrant greater supervisory scrutiny: (i) commercial real estate loans exceeding 300% of capital and increasing 50% or more in the preceding three years; or (ii) construction and land development loans exceeding 100% of capital. The CRE Concentration Guidance does not limit banks' levels of commercial real estate lending activities, but rather guides institutions in developing risk management practices and levels of capital that are commensurate with the level and nature of their commercial real estate concentrations. Based on the Bank's loan portfolio, the Bank does not exceed these guidelines.

### ***Mortgage and Mortgage-Related Products***

The Dodd-Frank Act significantly expanded underwriting requirements applicable to loans secured by 1-4 family residential real property and augmented federal law combating predatory lending practices. In addition to numerous disclosure requirements, the Dodd-Frank Act imposed new standards for mortgage loan originations on all lenders, including banks and savings associations, in an effort to strongly encourage lenders to verify a borrower's ability to repay, while also establishing a presumption of compliance for certain "qualified mortgages." The Dodd-Frank Act generally requires lenders or securitizers to retain an economic interest in the credit risk relating to loans that the lender sells, and other asset-backed securities that the securitizer issues, if the loans do not comply with the ability-to-repay standards described below. The risk retention requirement generally is 5%, but could be increased or decreased by regulation.

### ***The Volcker Rule***

On December 10, 2013, the federal regulatory agencies issued final rules to implement the prohibitions required by the Volcker Rule under the Dodd-Frank Act. Under the final regulations, banking entities are generally prohibited, subject to significant exceptions from: (i) short-term proprietary trading as principal in securities and other financial instruments, and (ii) sponsoring or acquiring or retaining an ownership interest in private equity and hedge funds. Revisions to the Volcker Rule in 2019, that became effective in 2020, simplify and streamline the compliance requirements for banks that do not have significant trading activities. In 2020, the OCC, Federal Reserve, FDIC, SEC and Commodity Futures Trading Commission finalized further amendments to the Volcker Rule. The amendments include new exclusions from the Volcker Rule's general prohibitions on banking entities investing in and sponsoring private equity funds, hedge funds, and certain other investment vehicles (collectively "covered funds"). The amendments in the final rule, which became effective on October 1, 2020, clarify and expand permissible banking activities and relationships under the Volcker Rule.

### ***Additional Restrictions on Bancorp and Bank Activities***

The activities of bank holding companies are generally limited to the business of banking, managing, or controlling banks, and other activities that the Federal Reserve has determined to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Bank holding companies that qualify and register as “financial holding companies” are also able to engage in certain additional financial activities, such as merchant banking, and securities and insurance underwriting, subject to limitations set forth in federal law. We are not at this date a “financial holding company.”

The BHCA requires a bank holding company to obtain prior approval of the Federal Reserve before: (i) taking any action that causes a bank to become a controlled subsidiary of the bank holding company; (ii) acquiring direct or indirect ownership or control of voting shares of any bank or bank holding company, if the acquisition results in the acquiring bank holding company having control of more than 5% of the outstanding shares of any class of voting securities of such bank or bank holding company, unless such bank or bank holding company is majority-owned by the acquiring bank holding company before the acquisition; (iii) acquiring all or substantially all of the assets of a bank; or (iv) merging or consolidating with another bank holding company.

Because California permits commercial banks chartered by the state to engage in any activity permissible for national banks, the Bank can form subsidiaries to engage in activities “closely related to banking” or “nonbanking” activities and expanded financial activities. However, to form a financial subsidiary, the Bank must be well capitalized and would be subject to the same capital deduction, risk management and affiliate transaction rules as applicable to national banks. Generally, a financial subsidiary is permitted to engage in activities that are “financial in nature” or incidental thereto, even though they are not permissible for a national bank to conduct directly within the bank. The definition of “financial in nature” includes, among other items, underwriting, dealing in, or making a market in securities, including, for example, distributing shares of mutual funds. The subsidiary may not, however, engage as principal in underwriting insurance (other than credit life insurance), issue annuities, or engage in real estate development, investment, or merchant banking.

### ***Enforcement Powers of Federal and State Banking Agencies***

The federal bank regulatory agencies have broad enforcement powers, including the power to terminate deposit insurance, impose substantial fines and other civil and criminal penalties, and appoint a conservator or receiver for financial institutions. Failure to comply with applicable laws and regulations could subject us and our officers and directors to administrative sanctions and potentially substantial civil money penalties. In addition to the grounds discussed above under “Prompt Corrective Actions,” the appropriate federal bank regulatory agency may appoint the FDIC as conservator or receiver for a banking institution (or the FDIC may appoint itself, under certain circumstances) if any one or more of a number of circumstances exist, including, without limitation, the fact that the banking institution is undercapitalized and has no reasonable prospect of becoming adequately capitalized, fails to become adequately capitalized when required to do so, fails to submit a timely and acceptable capital restoration plan or materially fails to implement an accepted capital restoration plan. The DFPI also has broad enforcement powers over us, including the power to impose orders, remove officers and directors, impose fines and appoint supervisors and conservators.

### ***Deposit Insurance***

The FDIC is an independent federal agency that insures deposits, up to prescribed statutory limits, of federally insured banks and savings institutions and safeguards the safety and soundness of the banking and savings industries. The FDIC insures our customer deposits through the DIF up to prescribed limits of \$250,000 for each depositor pursuant to the Dodd-Frank Act. The amount of FDIC assessments paid by each DIF member institution is based on its relative risk of default as measured by regulatory capital ratios and other supervisory factors. The FDIC uses a performance score and a loss-severity score to calculate an initial assessment rate for the Bank. In calculating these scores, the FDIC uses the Bank’s capital level and regulatory supervisory ratings and certain financial measures to assess the Bank’s ability to withstand asset-related stress and funding-related stress. The FDIC also has the ability to make discretionary adjustments to the total score based upon significant risk factors that are not adequately captured in the calculations. In addition to ordinary assessments described above, the FDIC has the ability to impose special assessments in certain instances.

We are generally unable to control the amount of assessments that we are required to pay for FDIC insurance. If there are additional bank or financial institution failures or if the FDIC otherwise determines, we may be required to pay even higher FDIC assessments than the recently increased levels. These increases in FDIC insurance assessments may have a material and adverse effect on our earnings and could have a material adverse effect on the value of, or market for, our common stock.

Under the FDIA, the FDIC may terminate deposit insurance upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC.

Due to the decline in the DIF reserve ratio below the statutory minimum of 1.35% as of June 30, 2020, caused by extraordinary growth in insured deposits during the first and second quarters of 2020, the FDIC established a Restoration Plan in September 2020 to restore the DIF reserve ratio to meet or exceed the statutory minimum of 1.35% within eight years. The Restoration Plan did not include an increase in the deposit insurance assessment rate. On June 21, 2022, however, the FDIC adopted an Amended Restoration Plan and notice of proposed rulemaking to increase the deposit insurance assessment rates as it was otherwise at risk of not reaching the statutory minimum by the statutory deadline of September 30, 2028. In conjunction with the Amended Restoration Plan, the FDIC adopted a final rule on October 18, 2022 that increased initial base deposit insurance assessment rates by 2 basis points, beginning with the first quarterly assessment period of 2023, to improve the likelihood that the reserve ratio would be restored to 1.35% by September 30, 2028. The proposed rule was adopted as final without change.

Also, in the final rule adopted on October 18, 2022, the FDIC incorporated Accounting Standards Update (“ASU”) 2022-02, Financial Instruments - Credit Losses (ASC 326) Troubled Debt Restructurings and Vintage Disclosures in the risk-based deposit insurance assessment system applicable to all large and highly complex IDIs. In March 2022, the FASB issued ASU 2022-02, which eliminates accounting guidance for troubled debt restructurings (“TDRs”) and introduces new disclosures and enhances existing disclosures concerning certain loan refinancings and restructurings when a borrower is experiencing financial difficulty. The FDIC final rule amends the assessment regulations to include a new term, “modifications to borrowers experiencing financial difficulty,” in two financial measures—the underperforming assets ratio and the higher-risk assets ratio—used to determine deposit insurance assessments for large and highly complex IDIs. The final rule became effective on January 1, 2023, and was applicable to the first quarterly assessment period of 2023.

In November 2023, the FDIC issued a final rule to implement a special assessment to recover losses to the DIF arising from the protection of uninsured depositors following the closures of Silicon Valley Bank and Signature Bank in March 2023. The special assessment is based on an IDI’s estimated uninsured deposits as of December 31, 2022, adjusted to exclude the first \$5.0 billion of estimated uninsured deposits and will be assessed at a quarterly rate of 3.36 bps, over eight quarterly assessment periods beginning in the first quarter of 2024. The FDIC approved an interim final rule in December 2025 to reduce the special assessment for the eighth collection quarter to 2.97 bps. The interim final rule aims to ensure the FDIC will collect the exact amount needed through the special assessment to match the total losses preventing either over- or under-collection. The interim final rule also requires the FDIC to provide an offset to regular quarterly deposit insurance assessments for banks subject to the special assessment if the aggregate amount collected exceeds losses, following the final resolution of litigation between the FDIC and one of the bank entities. Our deposits have been below \$5 billion and therefore the Bank has not been subject to this special assessment. To the extent to which any such additional future assessments will impact our future deposit insurance expense is currently uncertain.

### ***Operations, Consumer and Privacy Compliance Laws***

The Bank is also subject to certain consumer laws and regulations that are designed to protect consumers in transactions with banks. These laws include, among others: Truth in Lending Act; Truth in Savings Act; Electronic Funds Transfer Act; Expedited Funds Availability Act; Equal Credit Opportunity Act; Fair and Accurate Credit Transactions Act; Fair Housing Act; Fair Credit Reporting Act; Fair Debt Collection Act; Home Mortgage Disclosure Act; Real Estate Settlement Procedures Act; laws regarding unfair and deceptive acts and practices; and usury laws. These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must deal with customers when taking deposits or making loans to such customers. The Bank must comply with the applicable provisions of these consumer protection laws and regulations as part of their ongoing customer relations. Many states and local jurisdictions have consumer protection laws analogous, and in addition, to those listed above. Failure to comply with these laws and regulations could give rise to regulatory sanctions, customer rescission rights, action by state and local attorneys general, and civil or criminal liability.

Pursuant to the Dodd-Frank Act, the CFPB has broad authority to regulate and supervise the retail consumer financial products and services activities of banks and various nonbank providers. The CFPB has authority to promulgate regulations, issue orders, guidance and policy statements, conduct examinations and bring enforcement actions with regard to consumer financial products and services. The creation of the CFPB by the Dodd-Frank Act has led to, and is likely to continue to lead to, enhanced and strengthened enforcement of consumer financial protection laws.

Federal law currently contains extensive customer privacy protection provisions. Under these provisions, a financial institution must provide to its customers, at the inception of the customer relationship and annually thereafter, the institution's policies and procedures regarding the handling of customers' nonpublic personal financial information. These provisions also provide that, except for certain limited exceptions, a financial institution may not provide such personal information to unaffiliated third parties unless the institution discloses to the customer that such information may be provided and the customer is given the opportunity to opt out of such disclosure. In June 2018, the California legislature passed the California Consumer Privacy Act of 2018 (the "CCPA"), which took effect on January 1, 2020. The CCPA, which covers businesses that obtain or access personal information on California resident consumers, grants consumers enhanced privacy rights and control over their personal information, and imposes significant requirements on covered companies with respect to consumer data privacy rights. We expect this trend of state-level activity to continue, and are continually monitoring developments in other states in which we operate.

The Federal Reserve and other bank regulatory agencies also have adopted guidelines for safeguarding confidential, personal customer information. These guidelines require financial institutions to create, implement and maintain a comprehensive written information security program designed to ensure the security and confidentiality of customer information, protect against any anticipated threats or hazards to the security or integrity of such information and protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer. Financial institutions are also required to implement policies and procedures regarding the disclosure of nonpublic personal information about consumers to non-affiliated third parties. In general, financial institutions must provide explanations to consumers on policies and procedures regarding the disclosure of such nonpublic personal information and, except as otherwise required by law, prohibits disclosing such information. The Bank has adopted a customer information security and privacy program to comply with such requirements.

Operations, consumer and privacy compliance laws and regulations also mandate certain disclosure and reporting requirements and regulate the manner in which financial institutions must deal with customers when taking deposits, making loans, collecting loans, and providing other services. Failure to comply with these laws and regulations can subject the Bank to lawsuits and penalties, including enforcement actions, injunctions, fines or criminal penalties, punitive damages to consumers, and the loss of certain contractual rights.

### ***Federal Home Loan Bank System***

The Bank is a member of the Federal Home Loan Bank ("FHLB") of San Francisco. Among other benefits, each FHLB serves as a reserve or central bank for its members within its assigned region. Each FHLB is financed primarily from the sale of consolidated obligations of the FHLB system. Each FHLB makes available loans or advances to its members in compliance with the policies and procedures established by the board of directors of the individual FHLB. Each member of the FHLB of San Francisco is required to own stock in an amount equal to the greater of (i) a membership stock requirement, or (ii) an activity based stock requirement (based on a percentage of outstanding advances). There can be no assurance that the FHLB will pay dividends at the same rate it has paid in the past, or that it will pay any dividends in the future.

### ***Securities and Corporate Governance***

The Company is subject to the disclosure and regulatory requirements of the Securities Act and the Exchange Act, both as administered by the SEC. As a company listed on the NASDAQ Global Select Market, we are subject to NASDAQ listing standards for listed companies. The Company is also subject to the Sarbanes-Oxley Act, provisions of the Dodd-Frank Act, and other federal and state laws and regulations which address, among other issues, required executive certification of financial presentations, corporate governance requirements for board audit and compensation committees and their members, and disclosure of controls and procedures and internal control over financial reporting, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. NASDAQ has also adopted corporate governance rules, which are intended to allow stockholders and investors to more easily and efficiently monitor the performance of companies and their directors. Under the Sarbanes-Oxley Act, management and the Company's independent registered public accounting firm are required to assess the effectiveness of the Company's internal control over financial reporting. These assessments are included in Part II—Item 9A. Controls and Procedures.

## ***Incentive Compensation Guidance***

The federal bank regulatory agencies have issued comprehensive guidance intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of those organizations by encouraging excessive risk-taking. The incentive compensation guidance sets expectations for banking organizations concerning their incentive compensation arrangements and related risk-management, control and governance processes. The guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, is based upon the key principles that a banking organization's incentive compensation arrangements should (i) provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage risks, (ii) be compatible with effective internal controls and risk management, and (iii) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors. In accordance with the Dodd-Frank Act, the federal banking agencies prohibit incentive-based compensation arrangements that encourage inappropriate risk taking by covered financial institutions (generally institutions, like us, that have over \$1 billion in assets) and are deemed to be excessive, or that may lead to material losses.

The Federal Reserve will review, as part of the regular, risk-focused examination process, the incentive compensation arrangements of banking organizations, such as the Company, that are not "large, complex banking organizations." These reviews will be tailored to each organization based on the scope and complexity of the organization's activities and the prevalence of incentive compensation arrangements. The findings of the supervisory initiatives will be included in reports of examination. Deficiencies will be incorporated into the organization's supervisory ratings, which can affect the organization's ability to make acquisitions and take other actions. Enforcement actions may be taken against a banking organization if its incentive compensation arrangements, or related risk-management control or governance processes, pose a risk to the organization's safety and soundness, and the organization is not taking prompt and effective measures to correct the deficiencies.

The Dodd-Frank Act requires that the federal banking agencies issue a rule related to incentive-based compensation. No final rule implementing this provision of the Dodd-Frank Act has, as of the date of the filing of this Annual Report on Form 10-K, been adopted, but a proposed rule was published in May 2024. The proposed rule is intended to (i) prohibit incentive-based payment arrangements that the banking agencies determine could encourage certain financial institutions to take inappropriate risks by providing excessive compensation or that could lead to material financial loss, (ii) require the board of directors of those financial institutions to take certain oversight actions related to incentive-based compensation, and (iii) require those financial institutions to disclose information concerning incentive-based compensation arrangements to the appropriate federal regulator. Although a final rule has not been issued, the Company and the Bank have undertaken efforts to ensure that their incentive compensation plans do not encourage inappropriate risks, consistent with the principles identified above.

## **Future Legislative Developments**

Various legislative acts are from time to time introduced in Congress and the California legislature. This legislation may change banking statutes and the environment in which we operate in substantial and unpredictable ways. We cannot determine the ultimate effect that potential legislation, if enacted, or implementing regulations and interpretations with respect thereto, would have on our financial condition or results of operations.

The new presidential administration and many members of Congress have advocated for changes in financial services regulation, potentially including amendments to the Dodd-Frank Act and other federal banking laws, and structural changes to the CFPB. It is possible, though uncertain, that Congress and/or the relevant federal agencies may seek to roll back or modify some or much of the rulemaking and regulatory guidance issued under the previous presidential administration. Additionally, the full impact of the leadership changes at banking regulatory agencies on the enforcement and supervisory priorities of each agency is not fully known at this time. It is therefore unclear at the present time what effect the aforementioned changes will have on the banking industry as a whole or the Company specifically.

## **Regulation of Non-Bank Subsidiaries**

Non-bank subsidiaries are subject to additional or separate regulation and supervision by other state, federal and self-regulatory bodies. Additionally, any foreign-based subsidiaries would also be subject to foreign laws and regulations.

## **Federal and State Taxation**

Bancorp and the Bank report their income on a consolidated basis using the accrual method of accounting and are subject to federal income taxation in the same manner as other corporations with some exceptions. We have not been audited by the Internal Revenue Service. For 2025, 2024, and 2023, we were subject to a maximum federal income tax rate of 21.00%, California state income tax rate of 10.84% and various other state and local tax rates, including a New York state and New York City income tax rate of 9.43% and 8.85%.

## Item 1A. Risk Factors.

### Risks Related to Interest Rates

***Fluctuations in interest rates may reduce net interest income and otherwise negatively impact our financial condition and results of operations.***

Shifts in short-term interest rates may reduce net interest income, which is the principal component of our earnings. Net interest income is the difference between the amounts received by us on our interest-earning assets and the interest paid by us on our interest-bearing liabilities. When interest rates rise, the rate of interest we receive on our assets, such as loans, may rise more quickly than the rate of interest that we pay on our interest-bearing liabilities, such as deposits, which may cause our profits to increase. However, when interest rates decrease, the rate of interest we receive on our assets, such as loans, may decline more quickly than the rate of interest that we pay on our interest-bearing liabilities, such as deposits, which may cause our profits to decrease. The impact on earnings is more adverse when the slope of the yield curve flattens or becomes inverted, that is, when short-term interest rates remain constant or increase more than long-term interest rates or when long-term interest rates decrease more than short-term interest rates.

Interest rate increases often result in larger payment requirements for our borrowers, which increases the potential for default. At the same time, the marketability of the underlying property may be adversely affected by any reduced demand resulting from higher interest rates. In a declining interest rate environment, there may be an increase in prepayments on loans as borrowers refinance their mortgages and other indebtedness at lower rates. At December 31, 2025, total loans held for investment ("HFI") were 84.4% of our earning assets and exhibited a positive 4% sensitivity to rising interest rates in a 100 basis point parallel shock.

Changes in interest rates also can affect the value of loans, securities and other assets. An increase in interest rates that adversely affects the ability of borrowers to pay the principal or interest on loans may lead to an increase in nonperforming assets and a reduction of income recognized, which could have a material adverse effect on our results of operations and cash flows. Further, when we place a loan on nonaccrual status, we reverse any accrued but unpaid interest receivable, which decreases interest income. Subsequently, we continue to have a cost to fund the loan, which is reflected as interest expense, without any interest income to offset the associated funding expense. Thus, an increase in the amount of nonperforming assets would have an adverse impact on net interest income.

Rising interest rates will result in a decline in the value of the fixed-rate debt securities we hold in our investment securities portfolio. The unrealized losses resulting from holding these securities would be recognized in accumulated other comprehensive income (loss) and reduce total shareholders' equity. Unrealized losses do not negatively impact our regulatory capital ratios; however, tangible common equity and the associated ratios would be reduced. If debt securities in an unrealized loss position are sold, such losses become realized and will reduce our regulatory capital ratios.

If short-term interest rates remain constant but longer-term interest rates fall, we could experience net interest margin compression as our interest earning assets would continue to reprice downward while our interest-bearing liability rates could fail to decline in tandem. This would have a material adverse effect on our net interest income and our results of operations.

***We could recognize losses on securities held in our securities portfolio, particularly if interest rates increase or economic and market conditions deteriorate.***

As of December 31, 2025, the fair value of our securities portfolio was approximately \$411.3 million. Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. For example, fixed-rate securities acquired by us are generally subject to decreases in market value when interest rates rise. Additional factors include, but are not limited to, rating agency downgrades of the securities or our own analysis of the value of the security, defaults by the issuer or individual mortgagors with respect to the underlying securities, and continued instability in the credit markets. Any of the foregoing factors could cause other-than-temporary impairment in future periods and result in realized losses. The process for determining whether impairment is other-than-temporary usually requires difficult, subjective judgments about the future financial performance of the issuer and any collateral underlying the security in order to assess the probability of receiving all contractual principal and interest payments on the security. Because of changing economic and market conditions affecting interest rates, the financial condition of issuers of the securities and the performance of the underlying collateral, we may recognize realized and/or unrealized losses in future periods, which could have an adverse effect on our financial condition and results of operations.

At December 31, 2025, \$407.2 million of our securities were classified as AFS with an aggregate pre-tax net unrealized loss of \$18.9 million. We increase or decrease shareholders' equity by the amount of change from the unrealized gain or loss (the difference between the estimated fair value and the amortized cost) of our AFS securities portfolio, net of the related tax, under the category of accumulated other comprehensive income (loss). Therefore, a decline in the estimated fair value of this portfolio will result in a decline in reported shareholders' equity, book value per common share, and tangible book value per common share. This decrease will occur even though the securities are not sold. In the case of debt securities, if these securities are never sold and there are no credit impairments, the decrease will be recovered over the life of the securities. In the case of equity securities, which have no stated maturity, the declines in fair value may or may not be recovered over time.

## **Risks Related to Our Business**

***Changes in general business and economic conditions and any regulatory responses to such conditions could have a material adverse effect on our business, financial position, results of operations and growth prospects.***

Our business and operations are sensitive to general business and economic conditions in the United States, generally, and particularly in the states of California, Nevada, Illinois, New Jersey, Hawaii and New York, and the Los Angeles, New York City, Chicago, Las Vegas and Honolulu metropolitan areas. Unfavorable or uncertain economic and market conditions could lead to credit quality concerns related to repayment ability and collateral protection as well as reduced demand for the products and services we offer. In addition, economic conditions in foreign countries, including global political hostilities, U.S. and foreign tariff policies and uncertainty over the stability of the euro currency, could affect the stability of global financial markets, which could hinder domestic economic growth. Concerns about the performance of international economies can impact the economy and financial markets here in the U.S. in several ways. For example, a significant deterioration of economic conditions in Asia could expose us to, among other things, economic and transfer risk, and we could experience an outflow of deposits by those of our customers with connections to Asia. Transfer risk may result when an entity is unable to obtain the foreign exchange needed to meet its obligations or to provide liquidity. This may adversely impact the recoverability of investments with, or loans made to, such entities.

If the national, regional and local economies experience a decline in economic conditions, including high levels of unemployment, our growth and profitability could be constrained. Weak economic conditions are characterized by, among other indicators, deflation, elevated levels of unemployment, fluctuations in the debt and equity capital markets, increased delinquencies on mortgage, commercial and consumer loans, residential and commercial real estate price declines, lower home sales and commercial activity, and fluctuations in the commercial and Federal Housing Administration financing sector. A significant outbreak of disease pandemics or other adverse public health developments in the population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could adversely affect our customers' businesses and results of operations. Our business is significantly affected by monetary and other regulatory policies of the U.S. federal government, its agencies and government-sponsored entities.

In recent years, economic growth has been uneven, and opinions vary on the strength and direction of the economy. Uncertainties also have arisen regarding the potential for a reversal or renegotiation of international trade agreements with China, the European Union and the United Kingdom, and the impact such actions may have on economic and market conditions. A trade war or other governmental action related to tariffs or international trade agreements or policies, as well as military conflicts, including the military actions between Ukraine and Russia, war and conflicts in the Middle East and tension between China and Taiwan, or other potential epidemics or pandemics, have the potential to negatively impact our and/or our customers' costs, demand for our customers' products, and/or the U.S. economy or certain sectors thereof and, thus, adversely affect our business, financial condition, and results of operations.

Although inflation levels moved closer to the Federal Open Market Committee's ("FOMC") target rate of 2% in 2025, as of December 31, 2025, inflation rates remained elevated above the target rate. To the extent inflation persists, it poses a risk to the economy overall, and could pose direct or indirect challenges to our clients and to our business. Elevated inflation can impact our business customers through loss of purchasing power for their customers, leading to lower sales. Elevated inflation can also increase input and inventory costs for our customers, forcing them to raise their prices or lower their profitability. Supply chain disruption, also leading to inflation, can delay our customers' shipping ability, or timing on receiving inputs for their production or inventory. Inflation can lead to higher wages for our business customers, increasing costs. All of these inflationary risks for our business customer base can be financially detrimental, leading to increased likelihood that the customer may become delinquent or otherwise default on a loan. To the extent such conditions exist or worsen, we could experience adverse effects on our business, financial condition, and results of operations.

***Health crises have in the past, and could in the future, materially and adversely affect our business and our customers, counterparties, employees, and third-party service providers.***

Pandemics, epidemics, or other health crises, including COVID-19, have had and could have repercussions that could impact household, business, economic, and market conditions. These events have in the past caused, and could in the future cause, us to implement measures to combat such health crises, including restrictions impacting individuals, including our current and potential investors and customers, and the manner in which business continues to operate. Additionally, our operations may be impacted by the need to close certain offices and limit how customers conduct business through our branch network.

Pandemics, epidemics, or other health crises could impact our business, capital, liquidity, financial position, results of operations, and business prospects due to the potential effect on our customers, employees, and third-party service providers. In addition, health crises can lead to lingering impacts on economies and markets, for example, the unprecedented extent of economic stimulus during the COVID-19 pandemic that caused and/or exacerbated inflationary pressures.

***We are subject to liquidity risk, which could adversely affect our financial condition and results of operations.***

Effective liquidity management is essential for the operation of our business. Although we have implemented strategies to maintain sufficient and diverse sources of funding to accommodate planned, as well as unanticipated, changes in assets, liabilities, and off-balance sheet commitments under various economic conditions, an inability to raise funds through deposits, borrowings, the sales of investment securities and other sources could have a material adverse effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities could be impaired by factors that affect us specifically or the financial services industry in general. Factors that could detrimentally impact our access to liquidity sources include a decrease in the level of our business activity due to a market disruption, a decrease in the borrowing capacity assigned to our pledged assets by our secured creditors, or adverse regulatory action against us. Deterioration in economic conditions and the loss of confidence in financial institutions may increase our cost of funding and limit our access to some of our customary sources of liquidity, including, but not limited to, inter-bank borrowings and borrowings from the Federal Reserve and FHLB. Our ability to acquire deposits or borrow, and the possibility of deposit outflows, could also be impaired by various stress environments and other factors that are not specific to us, including a severe disruption of the financial markets or negative views and expectations about the prospects for the financial services industry generally as a result of conditions faced by banking organizations in the domestic and international credit markets. Other factors, for example a cybersecurity breach that is specific to us, could also impair our ability to acquire or retain deposits. The inability to maintain adequate liquidity could materially and adversely affect our business, results of operations or financial condition.

***Our business depends on our ability to attract and retain Asian-American immigrants as clients.***

A significant portion of our business is based on successfully attracting and retaining Asian-American immigrants as clients for both our non-qualified residential mortgage loans and deposits. We may be limited in our ability to attract Asian-American clients to the extent the U.S. adopts restrictive domestic immigration laws. Changes to U.S. immigration policies that restrain the flow of immigrants may inhibit our ability to meet our goals and budgets for non-qualified SFR mortgage loans and deposits, which may adversely affect our net interest income and net income.

## **Risks Related to Our Loans**

***Because a significant portion of our loan portfolio is comprised of real estate loans, negative changes in the economy affecting real estate values and liquidity could impair the value of collateral securing our real estate loans and result in loan and other losses.***

At December 31, 2025, approximately 94.0% of our loan portfolio was comprised of loans with real estate as a primary or secondary component of collateral. The market value of real estate can fluctuate significantly in a short period of time as a result of market conditions in the area in which the real estate is located. Adverse changes affecting real estate values and the liquidity of real estate in one or more of our markets could increase the credit risk associated with our loan portfolio, significantly impair the value of property pledged as collateral on loans and affect our ability to sell the collateral upon foreclosure without a loss or additional losses, which could result in losses that would adversely affect profitability. Such declines and losses would have a material adverse impact on our business, results of operations and growth prospects.

***Many of our loans are to commercial borrowers, which have a higher degree of risk than other types of loans.***

At December 31, 2025, we had \$1.6 billion of commercial loans, consisting of \$1.3 billion of CRE loans, \$140.1 million of C&I loans for which real estate is not the primary source of collateral and \$155.5 million of C&D loans. Commercial loans are often larger and involve greater risks than other types of lending. Because payments on such loans are often dependent on the successful operation or development of the property or business involved, repayment of such loans is often more sensitive than other types of loans to adverse conditions in the real estate market or the general business climate and economy. Accordingly, a downturn in the real estate market and a challenging business and economic environment may increase our risk related to commercial loans, particularly commercial real estate loans. Unlike residential mortgage loans, which generally are made on the basis of the borrowers' ability to make repayment from their employment and other income and which are secured by real property whose value tends to be more easily ascertainable, commercial loans typically are made on the basis of the borrowers' ability to make repayment from the cash flow of the commercial venture. Our C&I loans, which represented 4.2% of our total loan portfolio at December 31, 2025, are primarily made based on the identified cash flow of the borrower and secondarily on the collateral underlying the loans. Most often, this collateral consists of accounts receivable, inventory and equipment. Inventory and equipment may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business. If the cash flow from business operations is reduced, the borrower's ability to repay the loan may be impaired. Due to the larger average size of each commercial loan as compared with other loans such as residential loans, as well as collateral that is generally less readily-marketable, losses incurred on a small number of commercial loans could have a material adverse impact on our financial condition and results of operations.

***We have a concentration in commercial real estate, which could cause our regulators to restrict our ability to grow.***

As a part of their regulatory oversight, the federal regulators have issued the CRE Concentration Guidance on sound risk management practices with respect to a financial institution's concentrations in commercial real estate lending activities. These guidelines were issued in response to the agencies' concerns that rising CRE concentrations might expose institutions to unanticipated earnings and capital volatility in the event of adverse changes in the commercial real estate market. The CRE Concentration Guidance identifies certain concentration levels that, if exceeded, will expose the institution to additional supervisory analysis with regard to the institution's CRE concentration risk. The CRE Concentration Guidance is designed to promote appropriate levels of capital and sound loan and risk management practices for institutions with a concentration of CRE loans. In general, the CRE Concentration Guidance establishes the following supervisory criteria as preliminary indications of possible CRE concentration risk: (1) the institution's total construction, land development and other land loans represent 100% or more of total risk-based capital; or (2) total CRE loans as defined in the regulatory guidelines represent 300% or more of total risk-based capital, and the institution's CRE loan portfolio has increased by 50% or more during the prior 36-month period. Pursuant to the CRE Concentration Guidelines, loans secured by owner occupied commercial real estate are not included for purposes of CRE Concentration calculation. As of December 31, 2025, our CRE loans represented 226% of our Bank total risk-based capital, as compared to 207% as of December 31, 2024. We actively work to manage our CRE concentration and we have discussed the CRE Concentration Guidance with the FDIC and believe that our underwriting policies, management information systems, independent credit administration process, and monitoring of real estate loan concentrations are currently sufficient to address the CRE Concentration Guidance. Nevertheless, the FDIC or the DFPI could become concerned about our CRE loan concentrations, and they could limit our ability to grow by restricting their approvals for the establishment or acquisition of branches, or approvals of mergers or other acquisition opportunities.

***Our SFR loan product consists primarily of non-qualified SFR mortgage loans, which may be considered less liquid and more risky.***

As of December 31, 2025, our SFR mortgage loan portfolio amounted to \$1.66 billion or 50.0% of our loan portfolio. As of that date, 97.4% of our SFR mortgage loans consisted of non-qualified mortgage loans, which are considered to have a higher degree of risk and are less liquid than qualified mortgage loans. We offer two SFR mortgage products, a low loan-to-value, alternative document hybrid non-qualified SFR mortgage loan, which we refer to as non-qualified SFR mortgage loan, and a qualified SFR mortgage loan. As of December 31, 2025, our non-qualified SFR mortgage loans had an average loan-to-value of 54.6% and an average FICO score of 763. As of December 31, 2025, 3.0% of our total SFR mortgage loan portfolio were loans originated to foreign nationals. The non-qualified SFR mortgage loans that we originate are designed to assist Asian-Americans who have recently immigrated to the United States and as such are willing to provide higher down payment amounts and pay higher interest rates and fees in return for reduced documentation requirements. Non-qualified SFR mortgage loans are considered less liquid than qualified SFR mortgage loans because such loans are not able to be securitized and can only be sold directly to other financial institutions. Since non-qualified loans may be considered more risky than qualified mortgage loans, we attempt to address this enhanced risk through our underwriting process, including requiring larger down payments and, in some cases, interest reserves.

We also have a concentration in our SFR secondary sale market, as a substantial portion of our non-qualified mortgage loans have been historically sold to a small number of banks. We are taking steps to reduce our dependence on these banks by expanding the number of banks that we sell our non-qualified SFR mortgages to, but may not be successful in expanding our sales market for our non-qualified mortgage loans. These loans also present a pricing risk as rates change, and our sale premiums cannot be guaranteed. Further, the criteria for our loans to be purchased by other banks may change from time to time, which could result in a lower volume of corresponding loan originations.

Mortgage production, including refinancing activity, historically declines in rising interest rate environments, which we have experienced in recent years.

***The non-guaranteed portion of SBA loans that we retain on our balance sheet as well as the guaranteed portion of SBA loans that we sell could expose us to various credit and default risks.***

We originated \$27.2 million of SBA loans for the year ended December 31, 2025. We sold \$10.8 million of the guaranteed portion of our SBA loans for the year ended December 31, 2025. Consequently, as of December 31, 2025, we held \$56.0 million of SBA loans on our balance sheet, of which \$45.1 million or 80.5% consisted of the non-guaranteed portion of SBA loans and \$10.9 million or 19.5% consisted of the guaranteed portion of SBA loans. The non-guaranteed portion of SBA loans have a higher degree of credit risk and risk of loss as compared to the guaranteed portion of such loans. We attempt to limit this risk by generally requiring such loans to be collateralized and limiting the overall amount that can be held on our balance sheet to 75% of our total capital.

When we sell the guaranteed portion of SBA loans in the ordinary course of business, we are required to make certain representations and warranties to the purchaser about the SBA loan and the manner in which they were originated. Under these agreements, we may be required to repurchase the guaranteed portion of the SBA loan if we have breached any of these representations or warranties, in which case we may record a loss. In addition, if repurchase and indemnity demands increase on loans that we sell from our portfolios, our liquidity, results of operations and financial condition could be adversely affected. Further, we generally retain the non-guaranteed portions of the SBA loans that we originate and sell, and to the extent the borrowers of such loans experience financial difficulties, our financial condition and results of operations could be adversely impacted.

***Curtailed of government guaranteed loan programs could affect a segment of our business.***

A significant segment of our business consists of originating and periodically selling U.S. government guaranteed loans, in particular those guaranteed by the SBA. Presently, the SBA guarantees 75% of the principal amount of each qualifying SBA loan originated under the SBA's 7(a) loan program. There is no assurance that the U.S. government will maintain the SBA 7(a) loan program or if it does, that such guaranteed portion will remain at its current level. In addition, from time to time, the government agencies that guarantee these loans reach their internal limits and cease to guarantee future loans. In addition, these agencies may change their rules for qualifying loans or Congress may adopt legislation that would have the effect of discontinuing or changing the loan guarantee programs. Non-governmental programs could replace government programs for some borrowers, but the terms might not be equally acceptable. Therefore, if these changes occur, the volume of loans to small businesses, industrial and agricultural borrowers of the types that now qualify for government guaranteed loans could decline. Also, the profitability associated with the sale of the guaranteed portion of these loans could decline as a result of market displacements due to increases in interest rates, and could cause the premiums realized on the sale of the guaranteed portions to decline from current levels. As the funding and sale of the guaranteed portion of SBA 7(a) loans is a portion of our business and a part of our noninterest income, any significant changes to the funding for the SBA 7(a) loan program and any prolonged government shutdown may have an unfavorable impact on our prospects, future performance and results of operations.

***Real estate construction loans are based upon estimates of costs and values associated with the complete project. These estimates may be inaccurate, and we may be exposed to significant losses on loans for these projects.***

Real estate construction loans, including land development loans, comprised approximately 4.7% of our total loan portfolio as of December 31, 2025. Such lending involves additional risks because funds are advanced upon the security of the project, which is of uncertain value prior to its completion, and costs may exceed realizable values in declining real estate markets. Because of the uncertainties inherent in estimating construction costs and the realizable market value of the completed project and the effects of governmental regulation of real property, it is relatively difficult to evaluate accurately the total funds required to complete a project and the related loan-to-value ratio. As a result, construction loans often involve the disbursement of substantial funds with repayment dependent, in part, on the success of the ultimate project and the ability of the borrower to sell or lease the property, rather than the ability of the borrower or guarantor to repay principal and interest. If our appraisal of the value of the completed project proves to be overstated or market values or rental rates decline, we may have inadequate security for the repayment of the loan upon completion of construction of the project. If we are forced to foreclose on a project prior to

or at completion due to a default, we may not be able to recover all of the unpaid balance of, and accrued interest on, the loan as well as related foreclosure and holding costs. In addition, we may be required to fund additional amounts to complete the project and may have to hold the property for an unspecified period of time while we attempt to dispose of it. If any of these events occur, our financial condition, results of operations and cash flows could be materially and adversely affected.

***Nonperforming assets take significant time to resolve and adversely affect our results of operations and financial condition, and could result in further losses in the future.***

As of December 31, 2025, our nonperforming assets totaled \$53.5 million, or 1.27%, of total assets, comprised of nonperforming loans of \$44.6 million and other real estate owned ("OREO") of \$8.8 million. Nonaccrual loans HFI were 1.35% of our loan HFI portfolio at December 31, 2025.

Our nonperforming assets adversely affect our net income in various ways. We do not record interest income on nonaccrual loans or OREO, thereby adversely affecting our net income and returns on assets and equity, increasing our loan administration costs and adversely affecting our efficiency ratio. When we take collateral in foreclosure and similar proceedings, we are required to mark the collateral to its then-fair market value, which may result in a loss. These nonperforming assets also increase our risk profile and the level of capital our regulators believe is appropriate for us to maintain in light of such risks. The resolution of nonperforming assets requires significant time commitments from management and can be detrimental to the performance of their other responsibilities. If we experience increases in nonperforming loans and nonperforming assets, our net interest income may be negatively impacted and our loan administration costs could increase, each of which could have an adverse effect on our net income and related ratios, such as return on assets and equity.

### **Risks Related to Our Deposits**

***Our deposit portfolio includes significant concentrations and a large percentage of our deposits are attributable to a relatively small number of clients.***

As a commercial bank, we provide services to a number of clients whose deposit levels vary considerably and have a significant amount of seasonality. Our deposits include \$1.3 billion, or approximately 40%, of the Bank's total deposits, related to 166 client relationships who maintain balances greater than \$2 million, when aggregating all related accounts, including multiple business entities and personal funds of business owners, at December 31, 2025. In addition, our ten largest depositor relationships accounted for approximately 12.5% of our deposits at December 31, 2025. Our largest depositor relationship accounted for approximately 2.0% of our deposits at December 31, 2025. These deposits can and do fluctuate. The loss of any combination of these depositors, or a significant decline in the deposit balances due to ordinary course fluctuations related to these customers' businesses, would adversely affect our liquidity and require us to raise deposit rates to attract new deposits, or otherwise purchase federal funds or borrow funds on a short-term basis to replace such deposits. Depending on the interest rate environment and competitive factors, low cost deposits may need to be replaced with higher cost funding, resulting in a decrease in net interest income and net income. Consequently, the occurrence of these events could have a material adverse impact to our operations and financial results.

### **Risk Related to our Allowance for Credit Losses ("ACL")**

***If we do not effectively manage our credit risk, we may experience increased levels of delinquencies, nonperforming loans and charge-offs, which could require increases in our provision for credit losses.***

There are risks inherent in making any loan, including risks inherent in dealing with individual borrowers, risks of nonpayment, risks resulting from uncertainties as to the future value of collateral and cash flows available to service debt and risks resulting from changes in economic and market conditions. We cannot guarantee that our credit underwriting and monitoring procedures will reduce these credit risks, and they cannot be expected to completely eliminate our credit risks. If the overall economic climate in the U.S., generally, or our market areas, specifically, declines, our borrowers may experience difficulties in repaying their loans, and the level of nonperforming loans, charge-offs and delinquencies could rise and require further increases in the provision for credit losses, which would cause our net income, return on equity and capital to decrease.

***Our ACL may prove to be insufficient to absorb potential credit losses in our loan portfolio.***

We establish our ACL and maintain it at a level that management considers adequate to absorb expected credit losses based on an analysis of our portfolio and market environment. The ACL represents our estimate of expected credit losses in the portfolio at each balance sheet date and is based upon relevant information available to us. The allowance contains provisions for expected credit losses that have been identified relating to specific borrowing relationships, as well as expected credit losses inherent in the loan portfolio and credit undertakings that are not specifically identified. Additions to the ACL, which are charged to earnings through the provision for credit losses, are determined based on a variety of factors, including an analysis of the loan portfolio, historical loss experience, reasonable and supportable forecasts and an evaluation of current economic conditions in our market areas. The actual amount of credit losses is affected by changes in economic, operating and other conditions within our markets, which may be beyond our control, and such losses may exceed current estimates.

We estimate credit losses using the CECL model, which incorporates the use of and is more reliant on reasonable and supportable forecasts of economic conditions, including, but not limited to: forecasts of GDP growth rates, levels of unemployment, vacancy rates, and changes in the value of commercial real estate properties. Because the CECL methodology is more dependent on future economic forecasts, assumptions, and models than the previous accounting standards, it may result in increases and add volatility to our ACL and future provisions for credit losses. The forecasts, assumptions, and models required by CECL are based upon third-party forecasts, subject to management's review and adjustment in light of information currently available.

As of December 31, 2025, our ACL as a percentage of total loans HFI was 1.32% and as a percentage of total nonperforming loans HFI was 98.3%. Although management believes that the ACL is adequate to absorb losses on any existing loans that may become uncollectible, we may be required to take additional provisions for credit losses in the future to further supplement the ACL, due to a variety of factors. Our bank regulatory agencies will periodically review our ACL and the value attributed to nonaccrual loans or to OREO and may require us to adjust our determination of the value for these items. These adjustments may adversely affect our business, financial condition and results of operations.

**Risks Related to our Growth Strategy**

***Acquisitions may disrupt our business.***

We successfully completed six whole bank acquisitions and one branch acquisition since July 2011. The success of future acquisitions we may consummate may depend, in part, on the ability to realize the estimated cost savings and combine the acquired businesses with our existing operations in a manner that does not materially disrupt the existing customer relationships of either institution, or result in decreased revenues resulting from any loss of customers, and that permits growth opportunities to occur. If we are not able to successfully achieve these objectives, the anticipated benefits of future acquisitions may not be realized fully or at all or may take longer to realize than expected.

There are risks associated with our growth strategy. To the extent that we grow through acquisitions, we cannot ensure that we will be able to adequately or profitably manage this growth. Acquiring other banks, branches or other assets, as well as other expansion activities, involves various risks including the risks of incorrectly assessing the credit quality of acquired assets, encountering greater than expected costs of integrating acquired banks or branches, the risk of loss of customers and/or employees of the acquired institution or branch, executing cost savings measures, not achieving revenue enhancements and otherwise not realizing the transaction's anticipated benefits. Our ability to address these matters successfully cannot be assured. There is also the risk that the requisite regulatory approvals might not be received and other conditions to consummation of a transaction might not be satisfied during the anticipated timeframes, or at all. In addition, our strategic efforts may divert resources or management's attention from ongoing business operations, may require investment in integration and in development and enhancement of additional operational and reporting processes and controls, and may subject us to additional regulatory scrutiny. To finance an acquisition, we may borrow funds, thereby increasing our leverage and diminishing our liquidity, or raise additional capital, which could dilute the interests of our existing stockholders.

It is possible that the potential cost savings of one or more acquisitions could turn out to be more difficult to achieve than anticipated and the integration process associated with an acquisition could result in the loss of key employees, the disruption of ongoing businesses or inconsistencies in standards, controls, procedures, and policies that adversely affect our ability to maintain relationships with clients, customers, depositors, and employees or to achieve the anticipated benefits of the acquisitions. Integration efforts could also divert management attention and resources. These integration matters could have an adverse effect on the combined Company.

In addition, if we were to conclude that the value of an acquired business has decreased and that the related goodwill had been impaired, that conclusion would result in an impairment of goodwill charge to us, which would adversely affect our results of operations.

***Our business strategy includes plans for organic growth, and our financial condition and results of operation could be adversely affected if we fail to grow or fail to manage our growth effectively.***

As part of our general growth strategy, we expect to continue to pursue organic growth, while also continuing to evaluate potential acquisitions and expansion opportunities that we believe provide a strategic or geographic fit with our business. There can be no assurance that we will successfully execute our organic growth strategy, that we will be able to negotiate or finance such activities or that such activities, if undertaken, will be successful.

Our growth initiatives may also require us to recruit experienced personnel to assist in such initiatives. Accordingly, the failure to identify and retain such personnel would place significant limitations on our ability to successfully execute our growth strategy. In addition, to the extent we expand our lending beyond our current market areas, we could incur additional risks related to those new market areas. We may not be able to expand our market presence in our existing market areas or successfully enter new markets.

If we do not successfully execute our growth plan, it could adversely affect our business, financial condition, results of operations, reputation and growth prospects. While we believe we have the executive management resources and internal systems in place to successfully manage our future growth, there can be no assurance growth opportunities will be available or that we will successfully manage growth.

***As we expand our business outside of California markets, we may encounter risks that could adversely affect us.***

We primarily operate in California, New York, New Jersey and Illinois markets with a concentration of Asian-American individuals and businesses; however, one of our strategies is to expand beyond California into other domestic markets that have concentrations of Asian-American individuals and businesses. We also currently have operations in Las Vegas, Nevada and Honolulu, Hawaii, including operating a branch office, and would consider strategic opportunities for additional branch expansion. In the course of any expansion, we may encounter significant risks and uncertainties that could have a material adverse effect on our operations. These risks and uncertainties include increased expenses and operational difficulties arising from, among other things, our ability to attract sufficient business in new markets, to manage operations in noncontiguous market areas, to comply with all of the various local laws and regulations, and to anticipate events or differences in markets in which we have no current experience. Expansion of our business beyond California could have a material adverse effect on our operations and financial results.

#### **Other Risks Related to Our Business**

***If we fail to maintain effective internal control over financial reporting, we may not be able to report our financial results accurately and timely.***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for evaluating and reporting on that system of internal control. In the past, material weaknesses have been identified in our internal controls over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. Our actions to maintain effective controls and remedy any weakness or deficiency may not be sufficient to result in an effective internal control environment and any future failure to maintain effective internal control over financial reporting could impair the reliability of our financial statements, which in turn could harm our business, impair investor confidence in the accuracy and completeness of our financial reports, impair our access to the capital markets, cause the price of our common stock to decline and subject us to increased regulatory scrutiny and/or penalties, and higher risk of shareholder litigation.

*We are exposed to risks related to fraud and cyber-attacks.*

We continue to enhance and expand our digital products and services to meet client needs and business objectives. These digital products and services often require storing, transmitting, and processing sensitive client, employee, financial, and proprietary business information. Because this information can be valuable to threat actors, we and our third-party service providers remain exposed to cyber-attacks, fraud attempts, and other malicious activities seeking to gain unauthorized access to systems or data, misuse or steal information, disrupt operations, or deploy malicious software.

In addition, our clients and vendors rely on technology and systems not managed by us—such as personal computers, mobile devices, networking equipment, and software—to conduct business with us. If the technology or systems of our clients or vendors is compromised, it could result in unauthorized access to, misuse of, or loss of confidential client, employee, financial, or business information. Threat actors using stolen personal or financial information may attempt to fraudulently obtain loans, lines of credit, or other financial products from us, or attempt to deceive our employees, clients, or other users of our systems to disclose additional information to obtain unauthorized access to our systems.

We maintain robust preventive, detective, and administrative safeguards designed to reduce the likelihood and impact of a material cybersecurity event. However, because the tactics used by threat actors evolve rapidly and may not be identified until after an incident has occurred, we may be unable to anticipate or implement timely protections against all emerging threats.

Cybersecurity remains a priority for us, and we continue to develop and enhance controls, processes, and practices designed to protect client information, systems, computers, software, data, and networks. As threats continue to evolve, we may be required to allocate additional resources to further strengthen our security measures.

To date, we have no knowledge of any successful cyber-attack or material information security breach affecting our systems. However, our exposure remains heightened due to the evolving nature of the threats, the continued use of remote work arrangements by employees and service providers, our ongoing expansion of digital banking services, and our reliance on third-party information systems including cloud-based infrastructure, platforms, and software. Recent attacks targeting financial services institutions demonstrate that the risk to our systems remains significant. A successful cyber-attack or data breach involving us or a critical third-party vendor could result in reputational harm, productivity losses, remediation and response costs associated with investigation and resumption of services, client notification and credit monitoring expenses, increased insurance premiums, regulatory investigations or penalties, civil litigation, and other costs, any of which could have a material adverse effect on our business, financial condition, and results of operations.

We also incur costs when our customers become the victims of cyber-attacks. For example, various retailers have reported that they have been the victims of a cyber-attack in which large amounts of their clients' data, including debit and credit card information, is obtained. Our clients may be the victims of phishing scams, providing cyber criminals access to their accounts, or credit or debit card information. In these situations, we incur costs to replace compromised cards and address fraudulent transaction activity affecting our clients.

Both internal and external fraud and theft present significant risks. Mishandling or misuse of confidential client, employee, financial, or business information—whether through system errors, employee actions, or third-party misconduct—could result in regulatory consequences, reputational harm, and financial loss. Fraud can occur in connection with loan originations, lines of credit, ACH transactions, wire transfers, ATM activity, and other transactions, or could result from unauthorized access, employee misconduct, or the interception or theft of information by third parties resulting in financial losses as well as reputational damage.

Operational errors—including information system misconfiguration, clerical mistakes, or disruptions caused by technology failures—may be repeated or amplified before detection due to the high volume of transactions we process. With these transactions, there is a risk that technical flaws, tampering, or manipulation of automated systems, arising from events wholly or partially beyond our control, may give rise to disruption of service to customers and to financial loss or liability. We are also exposed to the risk that our business continuity and data security systems may prove inadequate under certain circumstances.

The occurrence of any of these risks could impair our ability to operate effectively, result in additional costs to remediate issues, expose us to client claims, or cause reputational harm, any of which could have a material adverse effect on our business, financial condition and results of operations.

***The development and use of new technologies, including artificial intelligence ("AI"), can present risks and uncertainties that could adversely affect our business and financial condition.***

Banking and financial services technology is rapidly evolving, including the development and deployment of AI. We and our third party vendors may develop or integrate AI or other emerging technologies into certain business products, processes, or services to increase efficiency and better serve our customers at a reduced cost. The ability to successfully deploy and manage these emerging technologies, or to integrate them into existing systems, may adversely impact operations resulting in the disruption of service to our customers and liability or financial loss.

AI technologies may produce undesirable results such as producing false data, generating inaccurate calculations, improperly handling or leaking sensitive information, reflecting unintended bias, or otherwise failing to perform as intended. Using third-party providers may result in limited visibility and control over these risks. Any failures in the use of AI or related-technologies, or evolving legal and regulatory requirements governing their use, could result in regulatory consequences, reputational harm, and financial loss, and could have a material adverse effect on our business, results of operations, and financial condition.

***Potential environmental liabilities associated with commercial lending could materially and adversely affect our business and financial condition.***

In the course of our business, we may foreclose and take title to real estate, and could be subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clear up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, as the owner or former owner of any contaminated site, we may be subject to common law claims by third parties based on damages, and costs resulting from environmental contamination emanating from the property. If we ever become subject to significant environmental liabilities, our business, financial condition, liquidity, and results of operations could be materially and adversely affected. In addition, if hazardous or toxic substances are found on properties pledged as collateral, the value of the real estate could be impaired. If we foreclose on and take title to such properties, we may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require us to incur substantial expenses to address unknown liabilities and may materially reduce the affected property's value or limit our ability to use or sell the affected property.

***A natural or man-made disaster or recurring energy shortage in our geographic markets, especially in California, could harm our business.***

We are based in California and at December 31, 2025, approximately 58.8% of the aggregate outstanding principal of our total loan portfolio was secured by real estate located in California or businesses in California. In addition, the computer systems that operate our Internet websites and some of their back-up systems are located in California. Historically, California has been vulnerable to natural disasters. Therefore, we are susceptible to the risks of natural disasters, such as earthquakes, wildfires, floods and mudslides. Certain of these natural disasters may be exacerbated by climate change. Natural or man-made disasters and recurring energy shortages could harm our operations directly through interference with communications, including the interruption or loss of our information technology structure and websites, which could prevent us from gathering deposits, originating loans and processing and controlling our flow of business, as well as through the destruction of facilities and our operational, financial and management information systems. A natural or man-made disaster or recurring power outages may also impair the value of our largest class of assets, our loan portfolio, which is comprised substantially of real estate loans. Uninsured or underinsured disasters may reduce borrowers' ability to repay mortgage loans. Disasters may also reduce the value of the real estate securing our loans, impairing our ability to recover on defaulted loans through foreclosure and making it more likely that we would suffer losses on defaulted loans. California has also experienced energy shortages, which, if they recur, could impair the value of the real estate in those areas affected. Although we have implemented several back-up systems and protections (and maintain business interruption insurance), these measures may not protect us fully from the effects of a natural disaster. For example, the California wildfires in Los Angeles County in January 2025 destroyed considerable commercial and residential properties impacting the businesses and lives of clients, employees and other shareholders. Direct and indirect costs and impacts from wildfires may include potential adverse changes to the level of our nonperforming assets and charge-offs. The occurrence of natural and man-made disasters or energy shortages in California could have a material adverse effect on our business prospects, financial condition and results of operations.

***Climate change could have a material negative impact on us and clients.***

Our business, as well as the operations and activities of our clients, could be negatively impacted by climate change. Climate change presents both immediate and long-term risks to us and our clients, and these risks are expected to increase over time. Climate change presents multi-faceted risks, including: operational risk from the physical effects of climate events on us and our clients' facilities and other assets; credit risk from borrowers with significant exposure to climate risk; transition risks associated with the transition to a less carbon-dependent economy; and reputational risk from stakeholder concerns about our practices related to climate change, our carbon footprint, and our business relationships with clients who operate in carbon-intensive industries.

In addition, California remains at the forefront of climate-related disclosure regulations, including the Climate-Related Financial Risk Act (SB 261), as amended by California Senate Bill 219. While these laws are currently subject to legal challenge and the extent to which these laws may be pre-empted by federal law is uncertain, in the absence of federal preemption the Climate-Related Financial Act would apply to us. Related compliance costs represent hard costs beyond current regulatory costs and would also involve the cost of management and personnel resources. In addition, we have multiple stakeholders, among them stockholders, customers, federal and state regulatory authorities, and political entities, who often have differing, and sometimes conflicting, priorities and expectations regarding environmental, social and governance issues. For instance, we operate extensively in California, which is at the forefront of requiring climate-related disclosures, but we also operate in states throughout the country, and there is an increasing number of state-level initiatives opposing environmental, social and governance practices.

New or increased regulations could result in increased compliance costs or capital requirements. Additionally, our reputation and customer relationships may be damaged due to our practices related to climate change, including our involvement, or our customers' involvement, in certain industries or projects associated with causing or exacerbating climate change, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change. Ongoing legislative or regulatory developments and changing climate risk management and related practices may result in higher regulatory, compliance and credit risks and costs.

We are making efforts to enhance our governance of climate change-related risks and integrate climate considerations into our risk governance framework. Nonetheless, the risks associated with climate change are rapidly changing and evolving in an escalating fashion, making them difficult to assess due to limited data and other uncertainties. We could experience increased expenses resulting from strategic planning, litigation, and technology and market changes, and reputational harm as a result of negative public sentiment, regulatory scrutiny, and reduced investor and stakeholder confidence due to our response to climate change and our climate change strategy, which, in turn, could have a material negative impact on our business, results of operations, and financial condition.

***We face strong competition from financial services companies and other companies that offer banking and mortgage banking services, which could harm our business.***

Our operations consist of offering banking and mortgage banking services to generate both interest and noninterest income. Many of our competitors offer the same, or a wider variety of, banking and related financial services within our market areas. These competitors include national banks, regional banks and other community banks. We also face competition from many other types of financial institutions, including savings and loan institutions, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks and other financial intermediaries. In addition, a number of out-of-state financial intermediaries have opened production offices or otherwise solicit deposits in our market areas. Additionally, we face growing competition from so-called "online businesses" with few or no physical locations, including online banks, lenders and consumer and commercial lending platforms, as well as automated retirement and investment service providers. Increased competition in our markets may result in reduced loans, deposits and commissions and brokers' fees, as well as reduced net interest margin and profitability. Ultimately, we may not be able to compete successfully against current and future competitors. If we are unable to attract and retain banking and mortgage loan customers and expand our sales market for such loans, we may be unable to continue to grow our business, which could have a material negative impact on our business, results of operations and financial condition.

***Legislative and regulatory actions taken now or in the future may increase our costs and impact our business, governance structure, financial condition or results of operations.***

Our operations are subject to extensive regulation by federal, state and local governmental authorities and are subject to various laws and judicial and administrative decisions imposing requirements and restrictions on part or all of our operations. Federal and state banking regulators have significant discretion and authority to prevent or remedy unsafe or unsound practices or violations of laws or regulations by financial institutions and bank holding companies in the performance of their supervisory and enforcement duties. The exercise of regulatory authority may have a negative impact on our financial condition and results of operations. Additionally, in order to conduct certain activities, including acquisitions, we are required to obtain regulatory approval. There can be no assurance that any required approvals can be obtained, or obtained without conditions or on a timeframe acceptable to us.

In addition, other new proposals for legislation continue to be introduced in the U.S. Congress that could further substantially increase regulation of the bank and non-bank financial services industries and impose restrictions on the operations and general ability of firms within the industry to conduct business consistent with historical practices. Federal and state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied. Certain aspects of current or proposed regulatory or legislative changes to laws applicable to the financial industry, if enacted or adopted, may impact the profitability of our business activities, require more oversight or change certain of our business practices, including the ability to offer new products, obtain financing, attract deposits, make loans and achieve satisfactory interest spreads and could expose us to additional costs, including increased compliance costs. These changes also may require us to invest significant management attention and resources to make any necessary changes to operations to comply and could have an adverse effect on our business, financial condition and results of operations.

***Our use of third party vendors and our other ongoing third party business relationships are subject to increasing regulatory requirements and attention.***

We regularly use third party vendors as part of our business. We also have substantial ongoing business relationships with other third parties. These types of third party relationships are subject to increasingly demanding regulatory requirements and attention by our federal bank regulators. Recent regulation requires us to enhance our due diligence, ongoing monitoring and control over our third party vendors and other ongoing third party business relationships. In certain cases, we may be required to renegotiate our agreements with these vendors to meet these enhanced requirements, which could increase our costs. We expect that our regulators will hold us responsible for deficiencies in our oversight and control of our third party relationships and in the performance of the parties with which we have these relationships. As a result, if our regulators conclude that we have not exercised adequate oversight and control over our third party vendors or other ongoing third party business relationships or that such third parties have not performed appropriately, we could be subject to enforcement actions, including civil money penalties or other administrative or judicial penalties or fines as well as requirements for customer remediation, any of which could have a material adverse effect our business, financial condition or results of operations.

**Risks Related to an Investment in Our Common Stock**

***The price of our common stock may fluctuate significantly, and this may make it difficult for you to sell shares of common stock owned by you at times or at prices you find attractive.***

The trading price of our common stock may fluctuate widely as a result of a number of factors, many of which are outside our control. In addition, the stock market is subject to fluctuations in the share prices and trading volumes that affect the market prices of the shares of many companies. These broad market fluctuations could adversely affect the market price of our common stock. Among the factors that could affect our stock price are:

- actual or anticipated quarterly fluctuations in our operating results and financial condition and prospects;
- changes in revenue or earnings estimates or publication of research reports and recommendations by financial analysts;
- failure to meet analysts' revenue or earnings estimates;
- speculation in the press or investment community;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- acquisitions of other banks or financial institutions;
- actions by institutional stockholders;
- fluctuations in the stock price and operating results of our competitors;
- general market conditions and, in particular, developments related to market conditions for the financial services industry;
- adverse audit opinion on the effectiveness of our internal controls;

- existing or increased regulatory compliance requirements, changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting our business, or enforcement of laws and regulations;
- anticipated or pending investigations, proceedings, or litigation that involve or affect us;
- successful management of reputational risk;
- geopolitical and public health conditions such as acts or threats of terrorism, military conflicts, pandemics and public health issues or crises; and
- domestic and international economic factors, such as interest rates or foreign exchange rates, stock, commodity, credit, or asset valuations or volatility, unrelated to our performance.

The stock market and, in particular, the market for financial institution stocks, has experienced significant volatility. As a result, the market price of our common stock may be volatile. In addition, the trading volume in our common stock may fluctuate more than usual and cause significant price variations to occur. The trading price of the shares of our common stock and the value of our other securities will depend on many factors, which may change from time to time, including, without limitation, our financial condition, performance, creditworthiness and prospects, future sales of our equity or equity related securities, and other factors identified above in “Forward-Looking Statements,” and in this Item 1A. Risk Factors. The capital and credit markets can experience volatility and disruption. Such volatility and disruption can reach unprecedented levels, resulting in downward pressure on stock prices and credit availability for certain issuers without regard to their underlying financial strength. A significant decline in our stock price could result in substantial losses for individual stockholders and could lead to costly and disruptive securities litigation.

***Our dividend policy may change.***

We have paid quarterly dividends since our initial public offering in the third quarter of 2017. We paid total dividends of \$0.64 per share in 2023, 2024, and 2025. We have no obligation to pay dividends and we may change our dividend policy at any time without notice to our shareholders. Holders of our common stock are only entitled to receive such cash dividends as our board of directors, in its discretion, may declare out of funds legally available for such payments. Furthermore, consistent with our strategic plans, growth initiatives, capital availability and requirements, projected liquidity needs, financial condition, and other factors, we have made, and will continue to make, capital management decisions and policies that could adversely impact the amount of dividends paid to our common shareholders.

We are a separate and distinct legal entity from our subsidiaries, including the Bank. We receive substantially all of our revenue from dividends from the Bank, which we use as the principal source of funds to pay our expenses. Various federal and/or state laws and regulations limit the amount of dividends that the Bank and certain of our non-bank subsidiaries may pay us. Such limits are also tied to the earnings of our subsidiaries. If the Bank does not receive regulatory approval or if our subsidiaries’ earnings are not sufficient to make dividend payments to us while maintaining adequate capital levels, our ability to pay our expenses and our business, financial condition or results of operations could be materially and adversely impacted.

***Our business and financial results could be impacted materially by adverse results in legal proceedings.***

Various aspects of our operations involve the risk of legal liability. We have been, and expect to continue to be, named or threatened to be named as defendants in legal proceedings arising from our business activities. We establish accruals for legal proceedings when information related to the loss contingencies represented by those proceedings indicates both that a loss is probable and that the amount of the loss can be reasonably estimated, but we do not have accruals for all legal proceedings where we face a risk of loss. In addition, amounts accrued may not represent the ultimate loss to us from those legal proceedings. Thus, our ultimate losses may be higher or lower, and possibly significantly so, than the amounts accrued for loss contingencies arising from legal proceedings, and these losses could have a material and adverse effect on our business, financial condition, results of operations and the value of our common stock.

***Future sales or equity issuances could result in dilution, which could cause our common stock price to decline.***

We have outstanding options to purchase 151,000 shares of our common stock and unvested restricted stock units of 191,091 as of December 31, 2025, that may be exercised or vest and then otherwise be sold (assuming all vesting requirements are met), and we have the ability to issue equity awards for up to an additional 878,916 shares of common stock pursuant to our 2017 Omnibus Stock Incentive Plan. The sale of any such shares could cause the market price of our stock to decline, and concerns that those sales may occur could cause the trading price of our common stock to decrease or to be lower than it might otherwise be.

We are also generally not restricted from issuing additional shares of our common stock, up to the 100 million shares of common stock and 100 million shares of preferred stock authorized in our articles of incorporation, which in each case could be increased by a vote of a majority of our shares. We may issue additional shares of our common stock in the future pursuant to current or future equity compensation plans, upon conversions of preferred stock or debt, upon exercise of warrants or in connection with future acquisitions or financings. If we choose to raise capital by selling shares of our common stock for any reason, the issuance would have a dilutive effect on the holders of our common stock and could have a material negative effect on the market price of our common stock.

***Provisions in our charter documents and California law may have an anti-takeover effect, and there are substantial regulatory limitations on changes of control of bank holding companies.***

Provisions of our charter documents and the California General Corporation Law (“CGCL”) could make it more difficult for a third party to acquire us, even if doing so would be perceived to be beneficial by our shareholders. Furthermore, with certain limited exceptions, federal regulations prohibit a person or company or a group of persons deemed to be “acting in concert” from, directly or indirectly, acquiring more than 10% (5% if the acquirer is a bank holding company) of any class of our voting stock or obtaining the ability to control in any manner the election of a majority of our directors or otherwise direct the management or policies of our company without prior notice or application to and the approval of the Federal Reserve. Accordingly, prospective investors need to be aware of and comply with these requirements, if applicable, in connection with any purchase of shares of our common stock. Moreover, the combination of these provisions effectively inhibits certain mergers or other business combinations, which, in turn, could adversely affect the market price of our common stock.

#### **Item 1B. Unresolved Staff Comments.**

None.

#### **Item 1C. Cybersecurity.**

Cybersecurity threats continue to evolve as the threat landscape evolves. The Company continuously works to evolve its cybersecurity practices with the changing landscape. Significant resources are devoted to protecting and enhancing the security of networks, computer systems, data storage devices, and other systems and technology. The Company's security efforts and implemented controls are designed to protect against, among other things, cybersecurity attacks that can result in unauthorized access of confidential information, the destruction of data, disruptions to or degradations of service, the sabotaging of systems or other damage.

Third parties with which the Company does business, which facilitate the Company's business activities, e.g., vendors, supply chain, exchanges, clearing houses, central depositories, and financial intermediaries are sources of cybersecurity risk to the Company. Third-party incidents such as system breakdowns or failures, misconduct by the employees of such parties, or cyber-attacks, including ransomware and supply-chain compromises could have a material adverse effect on the Company, including in circumstances in which an affected third party is unable to deliver a product or service to the Company or results in lost or compromised information of the Company or its clients or customers.

Company customers are also sources of cybersecurity risk to the Company and its information assets, particularly when their activities and systems are beyond the Company's own security and control systems. The Company provides information to its customers and other external parties concerning cybersecurity risks, including opportunities to reduce cybersecurity risk.

The security program is commensurate with the size and complexity of the Company. Risks from cybersecurity threats, including any previous cybersecurity events, have not materially affected the Company or its business strategy, results of operations or financial condition.

#### **Cybersecurity Risk Management**

The Company maintains an Information Security and Cybersecurity Program to support the management of cybersecurity risk as a component of the Company's Enterprise Risk Management (“ERM”) framework. The information security and cybersecurity program is designed to manage risks relating to cybersecurity threats and leverages controls, best practices recommendations, and standards from the Federal Financial Institutions Examination Council (“FFIEC”), the National Institute of Standards and Technology (“NIST”) Cybersecurity Framework (CSF) 2.0, the ISO/IEC 27001 Security Framework, and standards set by relevant legal and regulatory authorities.

The Information Security Officer (“ISO”) oversees the Company’s Information Security and Cybersecurity Program and leads the Information Security team. Reporting to the Chief Risk Officer (“CRO”) and Chief Information Officer (“CIO”), the ISO and his team are responsible for identifying, assessing and managing information security and cybersecurity risks, and for implementing and maintaining controls to prevent, detect and respond to cybersecurity threats and incidents, safeguarding the confidentiality, integrity and availability of the Company’s information systems and data.

As part of the Information Security and Cybersecurity Program, the Company conducts periodic employee training to educate employees on information and cybersecurity risks and to reinforce security management practices and compliance with the Company’s security policies and standards. Training is mandatory for all employees and is supplemented by testing initiatives, including periodic phishing tests.

The Company’s policies and procedures concerning cybersecurity matters include processes to safeguard its information systems, monitor these systems, protect the confidentiality and integrity of its data, detect intrusions into its systems, and respond to cybersecurity incidents. Extensive technical controls are in place for identifying and managing cybersecurity risks and safeguarding Company information systems and information. The Company uses sophisticated industry-recognized monitoring and threat detection technologies that continuously monitor its information systems and provide threat detection alerts. The Company’s strategy for assessing, identifying, and managing cybersecurity risks and for evaluating the effectiveness of its cybersecurity program includes periodic risk assessments and testing of its systems, processes and procedures through audits, penetration testing, vulnerability scans, tabletop exercises, and other related exercises.

The Company has an incident response program designed to enable the Company to respond to cybersecurity incidents, coordinate as appropriate with law enforcement and other government agencies, notify clients and customers, as applicable, and recover from such incidents. In addition, the Company actively partners with appropriate government and law enforcement agencies and peer industry forums to participate in threat intelligence discussions and simulations to assist with understanding the full spectrum of cybersecurity risks and enhancing defenses and improving resiliency in the Company’s operating environment.

The Company engages third parties on a regular basis to assess, test, audit or assist with the implementation of risk management strategies, policies, and procedures to enhance the detection and management of cybersecurity risks. Cybersecurity risk management strategies include but are not limited to, consultants who assist with assessing risks, assessing systems alignment with the NIST Cybersecurity Framework and FFIEC standards, penetration testing, tabletop exercises and other regulatory agency requirements.

The Company maintains a process to evaluate and manage risks associated with third-party service providers. We conduct a full vendor due diligence review before engagement, review specific security measures in our contracts, and maintain continued monitoring during the engagement including yearly due diligence reviews.

## **Governance**

The IT Committee and Audit Committee are the principal board committees that oversee the Company’s assessment and management of cybersecurity risk, including oversight of the implementation and maintenance of appropriate controls in support of the Company’s Information Security and Cybersecurity Program. Both the IT and Audit Committees are comprised of professionals with risk management and information technology expertise to manage any material risk from a cybersecurity threat standpoint.

The membership of the IT Committee includes members of the executive management team and directors of the Company. The CIO and ISO actively participate in all IT Committee meetings. The CIO has over 20 years of work experience in the development, operation and management of Information Technology at financial institutions. The ISO has over 10 years of work experience in building and overseeing cybersecurity programs at financial institutions. Both CIO and ISO have extensive experience and qualifications in various technology and information security disciplines, including relevant experience at the Company. Additionally, the Audit Committee has oversight of the management of cybersecurity risk via validation and review of IT and cybersecurity risk assessments and audits. The ISO provides reporting metrics on cybersecurity risks to the IT Committee, which meets at least four times a year. The IT and Audit Committees assist the Board of Directors in its oversight.

As part of its oversight of management’s implementation and maintenance of the Company’s risk management framework, the Company’s Board of Directors receives regular updates directly from both IT and Audit Committees concerning cybersecurity matters. These updates generally include information regarding cybersecurity and technology developments, the Company’s Information Security Program and recommended changes to that program, cybersecurity policies and practices, and ongoing initiatives to improve information security, as well as any significant cybersecurity incidents and the Company’s efforts to address those incidents.

Notwithstanding the Company's efforts at cybersecurity, the Company cannot guarantee that those efforts will successfully prevent or mitigate a cybersecurity incident that could have a material adverse effect on it. To our knowledge, cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected the Company, including its business strategy, results of operations or financial condition. With regard to the possible impact of future cybersecurity threats or incidents, see Item 1A. Risk Factors—*Risks Related to Our Business*.

## **Item 2. Properties.**

We are headquartered in Los Angeles County, California. We have 14 branches in our Western Region with 12 branches in Southern California. We operate nine branches in Los Angeles County located in downtown Los Angeles, San Gabriel, Torrance, Rowland Heights, Monterey Park, Silver Lake, Arcadia, Cerritos, and Diamond Bar, one branch in Irvine, Orange County, California, two branches in Ventura County, California, in Westlake Village and in Oxnard. We also operate one branch in Las Vegas, Nevada, and one branch in Honolulu, Hawaii.

We have ten branches in the Eastern Region, with seven branches in the New York City metropolitan area located in Manhattan, Brooklyn, and Queens, two branches in Chicago, Illinois and one branch in New Jersey.

Our Eastern Region loan center, located at 4101 8th Avenue, Brooklyn, New York, houses our Eastern Region mortgage unit, FNMA and Freddie Mac servicing, commercial lending and credit administration areas.

Our headquarters office is located at 1055 Wilshire Blvd. Suite 1200, Los Angeles, California 90017. The headquarters is in downtown Los Angeles and houses our risk management unit, including audit, compliance and BSA groups, our single-family residential mortgage group, SBA lending, commercial lending, credit administration, human resources and administrative group.

Our administrative center is located at 1055 Wilshire Blvd., Suite 1200, Los Angeles, California 91776 and houses our branch administration. Our operations center is located at 7025 Orangethorpe Avenue, Buena Park, California 90621 and houses the operations, IT, marketing and finance teams.

We lease 20 locations and own six locations for our operations. We believe that the leases to which we are subject are generally on terms consistent with prevailing market terms. None of the leases are with our directors, officers, beneficial owners of more than 5% of our voting securities or any affiliates of the foregoing. The owned locations include our Monterey Park, California branch, our Buena Park, California operations center, our Eastern region loan center, our Bensonhurst, New York branch and two branches in Chicago.

## **Item 3. Legal Proceedings.**

In the normal course of business, we are named or threatened to be named as a defendant in various lawsuits. Management does not expect the ultimate disposition of any or a combination of these matters to have a material adverse effect on our business. However, given the nature, scope and complexity of the extensive legal and regulatory landscape applicable to our business (including laws and regulations governing consumer protection, fair lending, fair labor, privacy, information security and anti-money laundering and anti-terrorism laws), we, like all banking organizations, are subject to heightened legal and regulatory compliance and litigation risk.

We accrue reserves for outstanding lawsuits, claims and proceedings when a loss contingency is probable and can be reasonably estimated in accordance with FASB guidance ASC 450, "Contingencies." The outcome of litigation and other legal and regulatory matters is inherently uncertain, however, and it is possible that one or more of the legal or regulatory matters currently pending or threatened could have a material adverse effect on our liquidity, consolidated financial position, and/or results of operations.

## **Item 4. Mine Safety Disclosures.**

Not applicable.

## PART II

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

#### Market Information

Our common stock began trading on the NASDAQ Global Select Market ("NASDAQ") under the symbol "RBB" on July 27, 2017. Prior to that, there was no public market for our common stock.

#### Shareholders

As of February 27, 2026, we had approximately 5,075 common stock shareholders of record, and the closing price of our common stock was \$21.50 per share. The number of holders of record does not represent the actual number of beneficial owners of our common stock because securities dealers and others frequently hold shares in "street name" for the benefit of individual owners who have the right to vote shares.

#### Dividend Policy

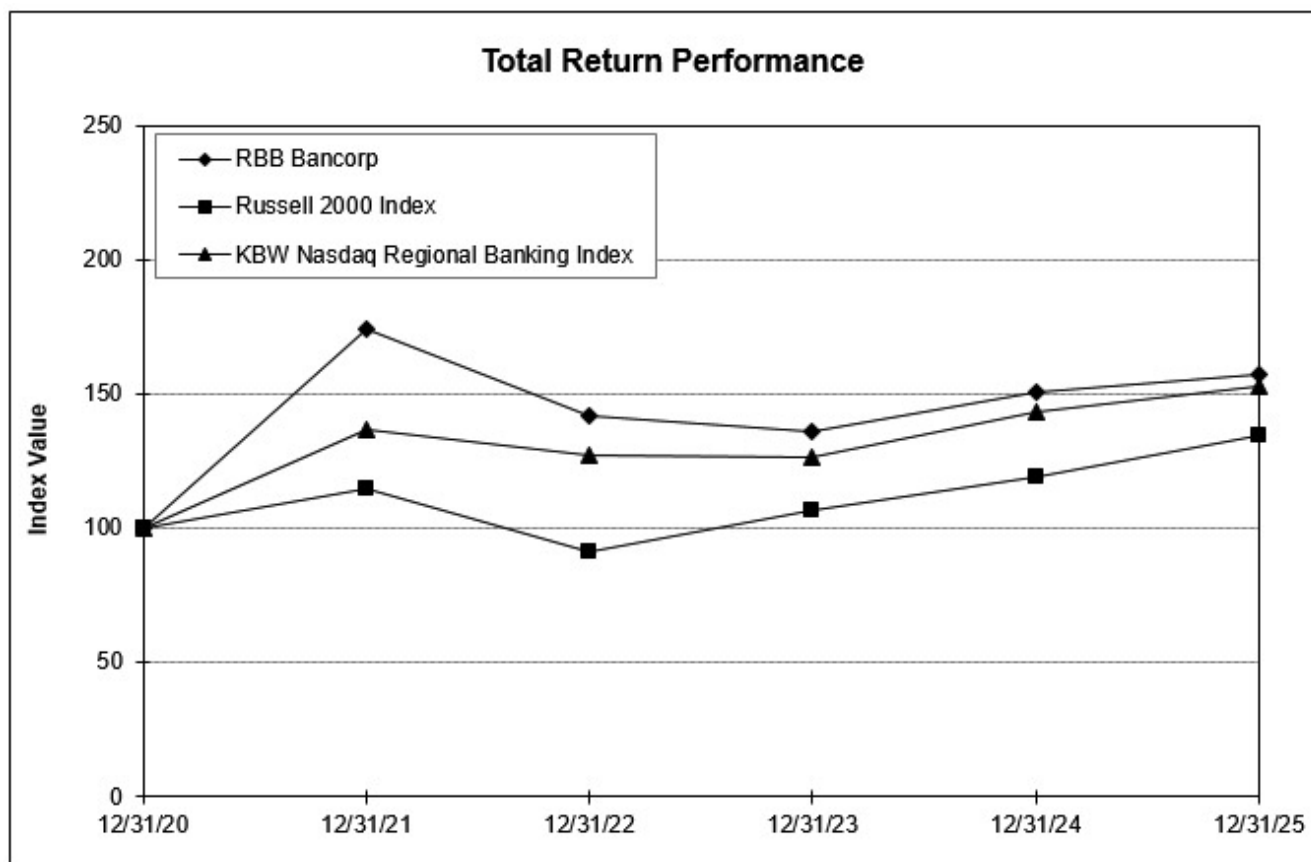
It has been our policy to pay quarterly dividends to holders of our common stock, and we intend to generally maintain our current dividend levels. Our dividend policy and practice may change in the future, however, and our board of directors may change or eliminate the payment of future dividends at its discretion, without notice to our shareholders. Any future determination to pay dividends to holders of our common stock will depend on our results of operations, financial condition, capital requirements, banking regulations, contractual restrictions and any other factors that our board of directors may deem relevant.

Under the terms of our subordinated notes issued in March 2021, and the related subordinated note purchase agreements, we are not permitted to declare or pay any dividends on our capital stock if an event of default occurs under the terms of the subordinated notes. Additionally, under the terms of such notes, we are not permitted to declare or pay any dividends on our capital stock if we are not "well capitalized" for regulatory purposes immediately prior to the payment of such dividend. The terms of the debentures underlying our Trust Preferred Securities also prohibit us from paying dividends on our capital stock if we are in deferral of interest payments on those debentures. There have been no events of default under the terms of the subordinated notes as of December 31, 2025.

As a bank holding company, our ability to pay dividends is affected by the policies and enforcement powers of the Federal Reserve. Information on regulatory restrictions on our ability to pay dividends is set forth in Item 1. Business—*Supervision and Regulation – The Company – Dividend Payments*. In addition, because we are a holding company, we are dependent upon the payment of dividends by the Bank to us as our principal source of funds to pay dividends in the future, if any, and to make other payments. The Bank is also subject to various legal, regulatory and other restrictions on its ability to pay dividends and make other distributions and payments to us, as further discussed in Item 1. Business—*Supervision and Regulation—The Bank—Dividend Payments*.

## Stock Performance Graph

The following graph compares the cumulative total shareholder return on our common stock from December 31, 2020 through December 31, 2025. The graph compares our common stock with the Russell 2000 Index and the SNL Bank \$1B-\$5B Index. The graph assumes an investment of \$100.00 in our common stock and each index on December 31, 2020 and reinvestment of all quarterly dividends. Measurement points are December 31, 2020 and the last trading day of each year-end through December 31, 2025. There is no assurance that our common stock performance will continue in the future with the same or similar results as shown in the graph.



Index	Period Ending					
	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25
RBB Bancorp	\$ 100.00	\$ 174.37	\$ 142.12	\$ 135.84	\$ 150.82	\$ 157.42
Russell 2000 Index	100.00	114.82	91.35	106.82	119.14	134.40
KBW Nasdaq Regional Banking Index	100.00	136.64	127.17	126.67	143.39	152.71

Source: S&P Global Market Intelligence

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## Unregistered Sales and Issuer Purchases of Equity Securities

On May 29, 2025, the Company announced a new stock repurchase program providing for the repurchase of up to \$18.0 million of the Company's outstanding common stock. The stock repurchase program will expire on June 30, 2026 but may be discontinued or amended at any time.

The Company did not repurchase any shares of common stock during the fourth quarter of 2025. During the year ended December 31, 2025, the Company repurchased 746,949 shares of common stock at a weighted average share price of \$18.55 per share as part of the Company's stock repurchase program.

Item 6. [Reserved.]

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

### CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our audited consolidated financial statements are based upon its audited consolidated financial statements, which have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). The preparation of these audited consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities at the date of our consolidated financial statements. Actual results may differ from these estimates under different assumptions or conditions.

#### Allowance for Credit Losses ("ACL") - Loans Held for Investment

We account for credit losses on loans in accordance with ASC 326, which requires us to record an estimate of expected lifetime credit losses for loans at the time of origination. The ACL is maintained at a level deemed appropriate by management to provide for expected credit losses in the portfolio as of the date of the consolidated balance sheets. Estimating expected credit losses requires management to use relevant forward-looking information, including the use of reasonable and supportable forecasts.

The use of reasonable and supportable forecasts requires significant judgment, such as utilizing the Federal Open Market Committee's projected unemployment rate as part of the economic forecast, determining the appropriate length of the forecast horizon and determining the appropriate weighting and degree of risk assigned to each of the qualitative factors based on management's direct control or influence over specific qualitative factors and internal understanding of such levels of exposure. Management estimates the allowance balance required using past loan loss experience, peer loss history, loan prepayment speeds, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Any unexpected adverse changes or uncertainties to these factors that are beyond our control could result in increases in the ACL through additional provision for credit losses.

A sensitivity analysis of our ACL was performed as of December 31, 2025. Based on this sensitivity analysis, a 25% increase in loan prepayment speeds would result in a \$891,000, or 2.0%, decrease to the ACL. Conversely, a 25% decrease in loan prepayment speeds would result in a \$1.1 million, or 2.5%, increase to the ACL. Additionally, a one percentage point increase in the forecasted unemployment rate would result in a \$1.0 million, or 2.4%, increase to the ACL and a one percentage point decrease in the forecasted unemployment rate would result in a \$943,000, or 2.1%, decrease to the ACL. Management reviews the results using the comparison scenario for sensitivity analysis and considered the results when evaluating the qualitative factor adjustments.

On a quarterly basis, we stress test the qualitative factors, which are lending policy, procedures & strategies, economic conditions, changes in nature and volume of the portfolio, credit & lending staff, problem loan trends, loan review results, collateral value, concentrations and regulatory and business environment by creating two scenarios, moderate risk and major risk. In the Moderate Stress scenario, the status of all nine risk factors across all pooled loan segments were set at "Moderate Risk." In the Major Stress scenario, the status of all nine risk factors across all pooled loan segments were set at "Major Risk." Under the Moderate Stress scenario, ACL increased by \$11.0 million, or 24.8%, as of December 31, 2025. Under the Major Stress scenario, ACL increased by \$31.2 million or 70.6% as of December 31, 2025.

#### Goodwill

Goodwill is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any non-controlling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill resulting from whole bank acquisitions is not amortized but tested for impairment at least annually.

We perform goodwill impairment tests in accordance with ASC 350 "Intangibles-Goodwill and Other." Fair value of goodwill is based on selection and weighting of valuation methods using management assumptions not limited to discounted cash flow ("DCF"), diversification, market position, customer dependence, access to capital markets, financial risk, growth, and earnings trends. Consideration of economic conditions is also an important part of the valuation process. Changes to assumptions, to selection and weighting in the valuation methods, and to economic conditions could result in goodwill impairment losses that negatively impact our earnings. As discussed more fully herein, we have not recognized any goodwill impairment.

## Income Taxes

We file our income taxes on a consolidated basis with our subsidiaries. The allocation of income tax expense represents each entity's proportionate share of the consolidated provision for income taxes. Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in earnings in the period that includes the enactment date. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized. Tax effects from an uncertain tax position are recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Interest and penalties related to uncertain tax positions are recorded as part of income tax expense.

Under ASC 740, a valuation allowance is required to be recognized if it is "more likely than not" that all or a portion of our deferred tax assets will not be realized. Our policy is to evaluate the deferred tax assets on a quarterly basis and record a valuation allowance for the deferred tax assets if there is not sufficient positive evidence available to demonstrate utilization of the deferred tax assets. An initial setup or an increase to the deferred tax asset valuation allowance would be charged to income tax expense that would negatively impact our earnings.

Our significant accounting policies are described in greater detail in our 2025 audited financial statements included in Item 8. Financial Statements and Supplementary Data - Note 2—*Basis of Presentation and Summary of Significant Accounting Policies*, which are essential to understanding Management's Discussion and Analysis of Financial Condition and Results of Operations

## OVERVIEW

For the year ended December 31, 2025, we reported net earnings of \$32.0 million, a 19.8% increase, compared to \$26.7 million for the year ended December 31, 2024. This represented an increase of \$5.3 million, or 19.8%, from the prior year due to a \$12.9 million increase in net interest income and a \$1.5 million increase in noninterest income, partially offset by increases of \$501,000 in the provision for credit losses, \$7.5 million in noninterest expenses, and \$1.2 million in income tax expense. The increase in net interest income was attributed mostly to the decrease in the average rate paid on interest-bearing deposits and the increase in the average balance of total loans. Pre-tax pre-provision income totaled \$52.5 million for the year ended December 31, 2025, a 15.3% increase compared to \$45.5 million for the year ended December 31, 2024 (see *Non-GAAP Financial Measures* for a reconciliation of this amount). Diluted earnings per share was \$1.83 for the year ended December 31, 2025, a 24.5% increase, compared to \$1.47 for the year ended December 31, 2024.

At December 31, 2025, total assets were \$4.2 billion, an increase of \$215.8 million, or 5.4%, from December 31, 2024. The increase in total assets was primarily due to a \$261.1 million, or 8.6%, increase in gross loans held for investment ("HFI") to \$3.3 billion at December 31, 2025, and mostly funded by an increase of \$266.6 million, or 8.6%, in total deposits to \$3.4 billion at December 31, 2025. The increase in total deposits was primarily the result of an increase of \$303.1 million in interest-bearing deposits, including an increase of \$293.3 million in interest-bearing non-maturity deposits and \$78.2 million in wholesale time deposits. Wholesale time deposits were raised to repay and refinance maturing FHLB advances, which decreased \$70.0 million during 2025. The gross loan to deposit ratio was 99.0% at December 31, 2025, compared to 99.4% at December 31, 2024.

The allowance for loan losses ("ALL") was \$43.9 million at December 31, 2025, reflecting a decrease of \$3.8 million from \$47.7 million at December 31, 2024. During 2025, the provision for loan losses totaled \$10.6 million compared to \$9.8 million for 2024. The increase in the 2025 provision for loan losses was due to loan growth and the level of net charge-offs. The ALL as a percentage of loans HFI outstanding was 1.32% and 1.56% as of December 31, 2025 and December 31, 2024.

Shareholders' equity increased \$15.5 million, or 3.1%, to \$523.4 million as of December 31, 2025, from \$507.9 million at December 31, 2024. The increase during 2025 was primarily due to net income of \$31.9 million, lower unrealized losses on available for sale ("AFS") securities, net of taxes, of \$6.9 million, and equity compensation activity of \$1.9 million, partially offset by common stock repurchases of \$14.0 million and common stock cash dividends paid of \$11.3 million. As a result, book value per share increased 7.1% to \$30.69 from \$28.66 and tangible book value per share increased 7.8% to \$26.42 from \$24.51. See *Non-GAAP Financial Measures* for a reconciliation of these measures to their most comparable GAAP measures.

Our capital ratios under the Basel III capital framework regulatory standards remain well capitalized. As of December 31, 2025, Bancorp's Tier 1 leverage capital ratio was 11.60%, common equity Tier 1 ratio was 17.49%, Tier 1 risk-based capital ratio totaled 18.06%, and total risk-based capital ratio was 23.83%. As of December 31, 2024, Bancorp's Tier 1 leverage capital ratio was 11.92%, common equity Tier 1 ratio was 17.94%, Tier 1 risk-based capital ratio totaled 18.52%, and total risk-based capital ratio was 24.49%.

## ANALYSIS OF THE RESULTS OF OPERATIONS

### *Financial Performance*

	Year Ended December 31,		
	2025	2024	2023
	<i>(dollars in thousands, except per share data)</i>		
Interest income	\$ 221,126	\$ 216,661	\$ 221,148
Interest expense	108,844	117,297	101,862
Net interest income	112,282	99,364	119,286
Provision for credit losses	10,358	9,857	3,362
Net interest income after provision for credit losses	101,924	89,507	115,924
Noninterest income	16,873	15,335	15,018
Noninterest expense	76,663	69,163	70,696
Income before income taxes	42,134	35,679	60,246
Income tax expense	10,186	9,014	17,781
Net income	<u>\$ 31,948</u>	<u>\$ 26,665</u>	<u>\$ 42,465</u>
Pre-tax pre-provision income <sup>(1)</sup>	<u>\$ 52,492</u>	<u>\$ 45,536</u>	<u>\$ 63,608</u>

### **Share Data**

#### Earnings per common share<sup>(2)</sup>

Basic	\$ 1.83	\$ 1.47	\$ 2.24
Diluted	1.83	1.47	2.24

### **Performance Ratios**

Return on average assets	0.78%	0.68%	1.06%
Return on average shareholders' equity	6.21%	5.21%	8.48%
Return on average tangible common equity <sup>(1)</sup>	7.24%	6.09%	9.97%
Efficiency ratio <sup>(3)</sup>	59.36%	60.30%	52.64%
Tangible common equity to tangible assets <sup>(1)</sup>	10.90%	11.08%	11.06%
Tangible book value per share <sup>(1)</sup>	\$ 26.42	\$ 24.51	\$ 23.48

- (1) Non-GAAP financial measure. See “Non-GAAP Financial Measures” for a reconciliation of this measure to its most comparable GAAP measure.
- (2) Earnings per share are calculated utilizing the two-class method. Basic earnings per share are calculated by dividing earnings to common shareholders by the weighted average number of common shares outstanding. Diluted earnings per share are calculated by dividing earnings by the weighted average number of shares adjusted for the dilutive effect of outstanding stock options using the treasury stock method.
- (3) Ratio calculated by dividing noninterest expense by the sum of net interest income before provision for credit losses and noninterest income.

Management's Discussion and Analysis of Financial Condition and Results of Operations generally includes tables with 3-year financial performance, accompanied by narrative for the years ended December 31, 2025 and 2024. For further discussion of financial results for the years ended December 31, 2024 and 2023, please refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 17, 2025.

### **Results of Operations—Comparison of Results of Operations for the Years Ended December 31, 2025 to December 31, 2024**

#### *Net Interest Income/Average Balance Sheet*

In 2025, we generated fully-taxable equivalent net interest income of \$112.4 million, an increase of \$12.9 million, or 13.0%, from \$99.5 million in 2024. This increase was due to an \$8.5 million decrease in interest expense and a \$4.5 million increase in interest income. The increase in interest income was mostly due to higher interest and fee income on total loans of \$9.3 million and securities of \$2.7 million, partially offset by lower interest income on cash balances of \$7.6 million. The increase in loan interest income was mostly due to a higher average total loan balance of \$157.3 million, while the average loan yield remained relatively unchanged. The decrease in interest income from cash balances was attributed to a decrease in the overnight Fed Funds rate and the impact of lower average cash balances as excess liquidity was deployed to the loans and securities portfolios. The decrease in interest expense was mostly due to a 64 basis point decrease in total average interest-bearing

deposit costs, partially offset by the impact of higher average interest-bearing deposits of \$134.8 million in 2025 compared to 2024. The average overnight Federal Funds Rate was 4.21% for the year ended December 31, 2025, compared to 5.15% for the year ended December 31, 2024.

Our net interest margin ("NIM") was 2.95% for the year ended December 31, 2025, an increase of 25 basis points from 2.70% for the year ended December 31, 2024. The increase was due to a 38 basis point decrease in the overall cost of funds, partially offset by an 8 basis point decrease in the yield on average interest-earning assets. The yield on average interest-earning assets decreased to 5.80% for the year ended December 31, 2025, compared to the prior year due mainly to a 92 basis point decrease in the yield on average cash and cash equivalents to 4.61% and an 18 basis point decrease in the yield on our securities portfolio as short term market rates decreased, partially offset by the impact of the change in the mix of interest-earning assets. Average total loan balances increased \$157.3 million year over year and average loans represented 84% of average interest-earning assets during 2025 compared to 83% during 2024. We maintained the overall loan yield at 6.06% for the year ended December 31, 2025, compared to the prior year.

The overall cost of funds decreased to 3.11% for the year ended December 31, 2025, from 3.49% for the year ended December 31, 2024, due to a lower average cost of interest-bearing deposits in response to lower average market interest rates. The overall funding mix for December 31, 2025, remained relatively unchanged from the prior year with a ratio of average noninterest-bearing deposits to average total funding sources of 15%.

*Interest Income.* Total fully taxable equivalent interest income was \$221.2 million in 2025 compared to \$216.8 million in 2024. The \$4.5 million, or 2.1%, increase was driven by a 3.6% increase in average earnings assets offset by an 8 basis point decrease in the overall yield of such assets as average short-term market rates decreased 94 basis points year over year.

Interest and fees on total loans was \$193.8 million in 2025 compared to \$184.6 million in 2024. The \$9.3 million, or 5.0%, increase was due to loan growth in 2025 as average loans increased \$157.3 million, or 5.2%, year over year and the loan yield was relatively unchanged at 6.06% and 6.07% for 2025 and 2024.

Tax equivalent interest income from our securities portfolio increased \$2.7 million, or 19.0%, to \$17.2 million in 2025. The increase was primarily due to the impact of a \$79.7 million, or 24.2%, increase in the average balance of securities, partially offset by an 18 basis point decrease in the tax equivalent yield due to decreases in market interest rates.

Interest income on our cash and cash equivalents decreased \$7.6 million, or 46.0%, to \$8.9 million in 2025. The decrease was primarily due to a \$104.7 million decrease in the average balance of cash and cash equivalents combined with a 92 basis point decrease in the yield. The decrease in average cash balances was offset by increases in average loan and securities balances as excess liquidity was deployed into these higher yielding assets.

*Interest Expense.* Interest expense on total interest-bearing liabilities decreased \$8.5 million, or 7.2%, to \$108.8 million in 2025 primarily due to a 47 basis point decrease in the average rate on these total interest-bearing liabilities, while the average balance of total interest-bearing liabilities increased \$135.4 million to fund loan growth.

Our average cost of total deposits was 3.04% for 2025 compared to 3.54% for 2024. The decrease was due to a 64 basis point decrease in the average rate paid on interest-bearing deposits due to decreases in market interest rates and competition for such deposits.

Interest expense on interest-bearing deposits decreased to \$97.1 million in 2025 compared to \$108.4 million in 2024. The \$11.3 million, or 10.4%, decrease was primarily due to a 64 basis point decrease in the average rate paid on average interest-bearing deposits, partially offset by a \$134.8 million increase in the average balance of interest-bearing deposits. Average noninterest-bearing deposits totaled \$529.7 million, and represented 17% of total average deposits in 2025 compared to \$531.5 million, or 17% of total average deposits, in 2024.

### **Average Balance Sheet, Interest and Yield/Rate Analysis**

The principal component of our earnings is net interest income, which is the difference between the interest and fees earned on loans and investments (interest-earning assets) and the interest paid on deposits and borrowed funds (interest-bearing liabilities). Net interest margin is net interest income as a percentage of average interest-earning assets for the period. The level of interest rates and the volume and mix of interest-earning assets and interest-bearing liabilities impact on net interest income and net interest margin. The net interest spread is the yield on average interest earning assets minus the cost of average interest-bearing liabilities. Net interest margin and net interest spread are included on a tax equivalent ("TE") basis by adjusting interest income utilizing the federal statutory tax rate of 21% for 2025, 2024, and 2023. Our net interest income, interest spread, and net interest margin are sensitive to general business and economic conditions. These conditions include short-term and long-term

interest rates, inflation, monetary supply, and the strength of the international, national and state economies, in general, and more specifically, the local economies in which we conduct business. Our ability to manage net interest income during changing interest rate environments will have a significant impact on our overall performance. We manage net interest income by affecting changes in the mix of interest-earning assets and interest-bearing liabilities, changes in the level of interest-bearing liabilities in proportion to the level of interest-earning assets, and through the growth and maturity of earning assets. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—*Capital Resources and Liquidity Management* and Item 7A. Quantitative and Qualitative Disclosures About Market Risk included herein.

The following tables present average balance sheet information, interest income, interest expense and the corresponding average yields earned and rates paid for the periods presented. The average balances are principally daily averages and, for loans, include both performing and nonperforming balances. Interest income on loans includes the effects of premium amortization, discount accretion and amortization of net deferred loan origination costs accounted for as yield adjustments.

	Year Ended December 31,								
	2025			2024			2023		
	Average Balance	Interest & Fees	Yield/Rate	Average Balance	Interest & Fees	Yield/Rate	Average Balance	Interest & Fees	Yield/Rate
<i>(dollars in thousands)</i>									
<b>Interest-earning assets</b>									
Cash and cash equivalents <sup>(1)</sup>	\$ 192,642	\$ 8,885	4.61%	\$ 297,331	\$ 16,449	5.53%	\$ 216,851	\$ 11,731	5.41%
FHLB Stock	15,000	1,312	8.75%	15,000	1,314	8.76%	15,000	1,125	7.50%
Securities:									
Available for sale <sup>(2)</sup>	404,929	17,006	4.20%	324,644	14,242	4.39%	331,357	13,928	4.20%
Held to maturity <sup>(2)</sup>	4,643	172	3.70%	5,200	188	3.62%	5,509	198	3.59%
Total loans <sup>(3)</sup>	3,198,619	193,849	6.06%	3,041,337	184,567	6.07%	3,205,625	194,264	6.06%
Total interest-earning assets	3,815,833	\$ 221,224	5.80%	3,683,512	\$ 216,760	5.88%	3,774,342	\$ 221,246	5.86%
Total noninterest-earning assets	258,550			243,258			246,980		
Total average assets	\$ 4,074,383			\$ 3,926,770			\$ 4,021,322		
<b>Interest-bearing liabilities</b>									
NOW	\$ 69,003	\$ 1,551	2.25%	\$ 56,158	\$ 1,105	1.97%	\$ 58,191	\$ 725	1.25%
Money market	491,048	15,247	3.10%	436,925	15,231	3.49%	429,102	10,565	2.46%
Savings deposits	156,728	2,227	1.42%	162,243	2,959	1.82%	126,062	915	0.73%
Time deposits, \$250,000 and under	1,020,451	40,053	3.93%	1,074,291	50,059	4.66%	1,146,513	47,150	4.11%
Time deposits, greater than \$250,000	930,325	38,021	4.09%	803,187	39,027	4.86%	742,839	29,687	4.00%
Total interest-bearing deposits	2,667,555	97,099	3.64%	2,532,804	108,381	4.28%	2,502,707	89,042	3.56%
FHLB advances	162,767	5,221	3.21%	162,705	2,217	1.36%	172,219	2,869	1.67%
Long-term debt	119,706	5,182	4.33%	119,324	5,182	4.34%	169,182	8,477	5.01%
Subordinated debentures	15,257	1,342	8.80%	15,039	1,517	10.09%	14,821	1,474	9.95%
Total borrowings	297,730	11,745	3.94%	297,068	8,916	3.00%	356,222	12,820	3.60%
Total interest-bearing liabilities	2,965,285	108,844	3.67%	2,829,872	117,297	4.14%	2,858,929	101,862	3.56%
Noninterest-bearing liabilities:									
Noninterest-bearing deposits	529,651			531,458			602,291		
Other noninterest-bearing liabilities	64,927			53,970			59,562		
Total noninterest-bearing liabilities	594,578			585,428			661,853		
Shareholders' equity	514,520			511,470			500,540		
Total liabilities and shareholders' equity	\$ 4,074,383			\$ 3,926,770			\$ 4,021,322		
<b>Net interest income / interest rate spreads</b>		\$ 112,380	2.13%		\$ 99,463	1.74%		\$ 119,384	2.30%
<b>Net interest margin</b>			2.95%			2.70%			3.16%
Total cost of deposits	\$ 3,197,206	\$ 97,099	3.04%	\$ 3,064,262	\$ 108,381	3.54%	\$ 3,104,998	\$ 89,042	2.87%
Total cost of funds	\$ 3,494,936	\$ 108,844	3.11%	\$ 3,361,330	\$ 117,297	3.49%	\$ 3,461,220	\$ 101,862	2.94%

(1) Includes income and average balances for interest-earning time deposits.

(2) Interest income and average rates for tax-exempt securities are presented on a tax-equivalent basis.

(3) Includes average loans held for sale of \$639,000, \$1.6 million and \$627,000 for the years ended December 31, 2025, 2024, and 2023. Average loan balances include nonaccrual loans. Interest income on loans includes the effects of discount accretion and amortization of net deferred loan origination fees and costs accounted for as yield adjustments.

The following table summarizes the extent to which changes in (1) interest rates and (2) volume of average interest-earning assets and average interest-bearing liabilities affected by our net interest income for the periods presented. The total change for each category of interest-earning assets and interest-bearing liabilities is segmented into changes attributable to variations in volume and yield/rate. Changes that are not solely due to either volume or yield/rate are allocated proportionally based on the absolute value of the change related to average volume and average yield/rate.

	Year Ended December 31, 2025 Compared with Year Ended December 31, 2024			Year Ended December 31, 2024 Compared with Year Ended December 31, 2023		
	Change due to:		Interest Variance	Change due to:		Interest Variance
	Volume	Yield/Rate		Volume	Yield/Rate	
<b>Interest-earning assets</b>						
Cash and cash equivalents <sup>(1)</sup>	\$ (5,137)	\$ (2,427)	\$ (7,564)	\$ 4,452	\$ 266	\$ 4,718
FHLB Stock	—	(2)	(2)	—	189	189
Securities:						
Available for sale <sup>(2)</sup>	3,402	(638)	2,764	(293)	607	314
Held to maturity <sup>(2)</sup>	(20)	4	(16)	(12)	2	(10)
Total loans <sup>(3)</sup>	9,585	(303)	9,282	(10,016)	319	(9,697)
Total interest-earning assets	<u>\$ 7,830</u>	<u>\$ (3,366)</u>	<u>\$ 4,464</u>	<u>\$ (5,869)</u>	<u>\$ 1,383</u>	<u>\$ (4,486)</u>
<b>Interest-bearing liabilities</b>						
NOW	\$ 275	\$ 171	\$ 446	\$ (26)	\$ 406	\$ 380
Money market	1,800	(1,784)	16	194	4,472	4,666
Saving deposits	(98)	(634)	(732)	329	1,715	2,044
Time deposits, less than \$250,000	(2,425)	(7,581)	(10,006)	(3,105)	6,014	2,909
Time deposits, \$250,000 and over	5,679	(6,685)	(1,006)	2,562	6,778	9,340
Total interest-bearing deposits	5,231	(16,513)	(11,282)	(46)	19,385	19,339
FHLB advances	1	3,003	3,004	(150)	(502)	(652)
Long-term debt	14	(14)	—	(2,266)	(1,029)	(3,295)
Subordinated debentures	22	(197)	(175)	22	21	43
Total interest-bearing liabilities	<u>5,268</u>	<u>(13,721)</u>	<u>(8,453)</u>	<u>(2,440)</u>	<u>17,875</u>	<u>15,435</u>
Changes in net interest income	<u>\$ 2,562</u>	<u>\$ 10,355</u>	<u>\$ 12,917</u>	<u>\$ (3,429)</u>	<u>\$ (16,492)</u>	<u>\$ (19,921)</u>

- (1) Includes income and average balances for interest-earning time deposits and other miscellaneous interest-earning assets.
- (2) Interest income and average rates for tax-exempt securities are presented on a tax-equivalent basis.
- (3) Includes average balances of loans held for sale of \$639,000, \$1.6 million and \$627,000 for the years ended December 31, 2025, 2024, and 2023. Average loan balances include nonaccrual loans. Interest income on loans includes the effects of discount accretion and amortization of net deferred loan origination fees and costs accounted for as yield adjustments.

### ***Provision for Credit Losses***

The provision for credit losses totaled \$10.4 million for the year ended December 31, 2025, compared to a \$9.9 million provision for credit losses for the year ended December 31, 2024. The 2025 provision for credit losses reflected a provision for loan losses of \$10.6 million and a negative provision for unfunded commitments of \$245,000. The 2024 provision for credit losses reflected a provision for loan losses of \$9.8 million and a provision for unfunded commitments of \$89,000. The 2025 provision for loan losses was due to loan growth of 8.6% in 2025 and the resolution of certain nonperforming assets resulting in charge-offs during the year. The provision also took into consideration factors such as changes in the outlook for economic conditions and market interest rates, and changes in credit quality metrics. Net charge-offs totaled \$14.4 million, or 0.45% of average loans, for the year ended December 31, 2025, compared to \$3.9 million, or 0.13% of average loans, for the year ended December 31, 2024.

## Noninterest Income

The following table presents the major components of noninterest income for the years indicated:

	Year Ended December 31,			2025 vs. 2024		2024 vs. 2023	
	2025	2024	2023	Increase (Decrease)		Increase (Decrease)	
				\$	%	\$	%
<b>Noninterest income</b> <i>(dollars in thousands)</i>							
Service charges and fees	\$ 4,187	\$ 4,115	\$ 4,172	\$ 72	1.7%	\$ (57)	(1.4)%
Loan servicing income, net of amortization	2,249	2,265	2,576	(16)	(0.7)%	(311)	(12.1)%
Increase in cash surrender value of BOLI	1,676	1,577	1,409	99	6.3%	168	11.9%
Gain on sale of loans	1,156	1,586	374	(430)	(27.1)%	1,212	324.1%
Gain on OREO	—	1,016	133	(1,016)	(100.0)%	883	663.9%
Other income	7,605	4,776	6,354	2,829	59.2%	(1,578)	(24.8)%
Total noninterest income	<u>\$ 16,873</u>	<u>\$ 15,335</u>	<u>\$ 15,018</u>	<u>\$ 1,538</u>	10.0%	<u>\$ 317</u>	2.1%

Noninterest income increased \$1.5 million to \$16.9 million for 2025, compared to \$15.3 million for 2024. The increase was mainly due to a \$2.8 million increase in other income, offset by lower gain on OREO of \$1.0 million and lower gain on sale of loans of \$430,000. The increase in other income included the receipt of our Employee Retention Credit ("ERC") refund of \$5.2 million (pre-tax) with no similar income in 2024, offset by lower recoveries of fully charged-off loans of \$2.5 million. The recoveries of fully charged-off loans primarily relate to a relationship from a prior whole bank acquisition, and totaled \$365,000 in 2025 and \$2.9 million in 2024. The gain on sale of loans detail is presented below.

*Loan servicing income, net of amortization.* Loan servicing income, net of amortization, decreased by \$16,000 to \$2.3 million for 2025 compared to 2024. Loan servicing income, net of amortization, for SFR mortgage loans decreased due to a lower average balance of mortgage loans serviced for others in 2025 compared to 2024, while servicing income for SBA loans increased due to lower amortization of servicing assets due to lower prepayments in 2025. The following table presents information on loan servicing income for the years indicated:

	Year Ended December 31,			2025 vs. 2024		2024 vs. 2023	
	2025	2024	2023	Increase (Decrease)		Increase (Decrease)	
				\$	%	\$	%
<b>Loan servicing income, net of amortization</b> <i>(dollars in thousands)</i>							
Single-family residential mortgage loans	\$ 1,538	\$ 1,699	\$ 2,119	\$ (161)	(9.5)%	\$ (420)	(19.8)%
SBA loans	711	566	457	145	25.6%	109	23.9%
Total	<u>\$ 2,249</u>	<u>\$ 2,265</u>	<u>\$ 2,576</u>	<u>\$ (16)</u>	<u>(0.7)%</u>	<u>\$ (311)</u>	<u>(12.1)%</u>

As of December 31, 2025, we were servicing SFR mortgage loans for other financial institutions, FHLMC, and FNMA, and SBA loans where we have sold the guaranteed portion in the secondary market. The following table presents the total loans being serviced for others as of the dates indicated:

	As of December 31,			2025 vs. 2024		2024 vs. 2023	
	2025	2024	2023	Increase (Decrease)		Increase (Decrease)	
				\$	%	\$	%
<b>Loans serviced</b> <i>(dollars in thousands)</i>							
Single-family residential mortgage loans	\$ 833,704	\$ 922,183	\$ 1,014,017	\$ (88,479)	(9.6)%	\$ (91,834)	(9.1)%
SBA loans	90,364	92,678	100,336	(2,314)	(2.5)%	(7,658)	(7.6)%
Commercial real estate loans	2,420	3,761	3,813	(1,341)	(35.7)%	(52)	(1.4)%
Construction loans	9,018	7,315	4,710	1,703	23.3%	2,605	55.3%
Total	<u>\$ 935,506</u>	<u>\$ 1,025,937</u>	<u>\$ 1,122,876</u>	<u>\$ (90,431)</u>	<u>(8.8)%</u>	<u>\$ (96,939)</u>	<u>(8.6)%</u>

The decline in the respective servicing portfolios reflects the repayment of underlying loans, which exceeds the additions from loans being sold with servicing retained during 2025 and 2024.

*Gain on sale of loans.* Gains on sale of loans are comprised primarily of gains on sale of SFR mortgage loans and SBA loans. Gains on sale of loans totaled \$1.2 million in 2025, compared to \$1.6 million in 2024. The \$430,000 decrease was primarily due to a decrease in the volume and margins of SBA loans sold in 2025 compared to 2024.

The following table presents information on loans sold and the net gain (loss) on the sale of such loans for the years indicated:

	Year Ended December 31,			2025 vs. 2024		2024 vs. 2023	
	2025	2024	2023	Increase (Decrease)		Increase (Decrease)	
				\$	%	\$	%
<b>Loans sold</b>	<i>(dollars in thousands)</i>						
SBA	\$ 10,792	\$ 13,830	\$ 4,164	\$ (3,038)	(22.0)%	\$ 9,666	232.1%
Single-family residential mortgage <sup>(1)</sup>	58,060	47,658	34,060	10,402	21.8%	13,598	39.9%
Other <sup>(2)</sup>	4,579	—	—	4,579	100.0%	—	—%
	\$ 73,431	\$ 61,488	\$ 38,224	\$ 11,943	19.4%	\$ 23,264	60.9%
<b>Gain (loss) on sale of loans</b>							
SBA	\$ 493	\$ 768	\$ 262	\$ (275)	(35.8)%	\$ 506	193.1%
Single-family residential mortgage	746	818	112	(72)	(8.8)%	706	630.4%
Other <sup>(2)</sup>	(83)	—	—	(83)	100.0%	—	—%
	\$ 1,156	\$ 1,586	\$ 374	\$ (430)	(27.1)%	\$ 1,212	324.1%

- (1) SFR mortgage loans sold with servicing rights retained were \$6.1 million, \$24.1 million, and \$13.3 million for the years ended December 31, 2025, 2024, and 2023.
- (2) Other loans sold during the year ended December 31, 2025, were nonperforming loans HFS at December 31, 2024.

#### *Noninterest Expense*

The following table presents the major components of our noninterest expense for the years indicated:

	Year Ended December 31,			2025 vs. 2024		2024 vs. 2023	
	2025	2024	2023	Increase (Decrease)		Increase (Decrease)	
				\$	%	\$	%
<b>Noninterest expense</b>	<i>(dollars in thousands)</i>						
Salaries and employee benefits	\$ 43,056	\$ 39,395	\$ 37,795	\$ 3,661	9.3%	\$ 1,600	4.2%
Occupancy and equipment expenses	9,644	9,803	9,629	(159)	(1.6)%	174	1.8%
Data processing	6,870	5,857	5,326	1,013	17.3%	531	10.0%
Legal and professional	7,470	4,453	8,198	3,017	67.8%	(3,745)	(45.7)%
Office expenses	1,734	1,455	1,512	279	19.2%	(57)	(3.8)%
Marketing and business promotion	863	864	1,132	(1)	(0.1)%	(268)	(23.7)%
Insurance and regulatory assessments	2,924	3,298	3,165	(374)	(11.3)%	133	4.2%
Core deposit premium amortization	672	784	923	(112)	(14.3)%	(139)	(15.1)%
Other expenses	3,430	3,254	3,016	176	5.4%	238	7.9%
Total noninterest expense	\$ 76,663	\$ 69,163	\$ 70,696	\$ 7,500	10.8%	\$ (1,533)	(2.2)%

Noninterest expense totaled \$76.7 million in 2025, an increase of \$7.5 million, from \$69.2 million in 2024. The increase in noninterest expense was primarily due to increases in salaries and employee benefits expense of \$3.7 million, legal and professional fees of \$3.0 million, of which \$1.2 million related to the ERC advisory costs, and data processing expenses of \$1.0 million. The increase in salaries and employee benefits expense was due to the impact of raises, higher incentives due to higher production, higher health insurance premiums, and executive management transition costs. The efficiency ratio was 59.36% in 2025, compared to 60.30% in 2024.

## *Income Tax Expense*

Income tax expense was \$10.2 million in 2025 compared to \$9.0 million in 2024, an increase of \$1.2 million, or 13.0%, due to higher pre-tax earnings, partially offset by a lower effective tax rate in 2025. The effective tax rate was 24.2% for 2025 and 25.3% for 2024. The decrease in the effective tax rate for 2025 compared to the prior year was due largely to a change in California tax law (Senate Bill 132), which changes the way banks and financial institutions apportion income for California tax purposes. Senate Bill 132, in addition to other state tax planning strategies, reduced our effective tax rate for 2025. Our effective tax rate for 2025 and 2024 also benefitted from the impact of purchased tax credits.

## **ANALYSIS OF FINANCIAL CONDITION**

At December 31, 2025, total assets were \$4.2 billion, a \$215.8 million, or 5.4%, increase compared to December 31, 2024. The increase was driven by a \$261.1 million, or 8.6%, increase in loans held for investment, partially offset by a decrease of \$45.4 million in cash and cash equivalents and investment securities of \$14.0 million.

**Cash and Cash Equivalents.** Cash and cash equivalents decreased \$45.4 million, or 17.6%, to \$212.3 million as of December 31, 2025, as compared to \$257.7 million at December 31, 2024. This decrease in cash and cash equivalents was comprised of \$260.2 million used in net investing activities, \$43.4 million provided by operating activities, and \$171.4 million provided by financing activities. Net investing activities included loan disbursements, net of repayments, of \$343.8 million, offset by proceeds from sales of loans originally classified as HFI of \$57.3 million and a net decrease in AFS securities of \$25.5 million. Net financing activities included deposit growth of \$266.5 million offset by a net decrease in FHLB advances of \$70.0 million.

**Investment Securities.** We manage our securities portfolio and cash to maintain adequate liquidity and to ensure the safety and preservation of invested principal, with a secondary focus on yield and returns. Specific goals of our investment portfolio include:

- providing a ready source of balance sheet liquidity to ensure adequate availability of funds to meet fluctuations in loan demand, deposit balances and other changes in balance sheet volumes and composition;
- serving as a means for diversification of our assets with respect to credit quality, maturity and other attributes; and
- serving as a tool for modifying our interest rate risk profile pursuant to our established policies.

Our investment portfolio is comprised primarily of U.S. government agency securities, corporate note securities, mortgage-backed securities backed by government-sponsored entities and taxable and tax-exempt municipal securities.

Our investment policy is reviewed annually by our board of directors. Overall investment goals are established by our board of directors, Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and members of our Asset Liability Committee (“ALCO”) of our board of directors. Our board of directors has delegated the responsibility of monitoring our investment activities to our ALCO. Day-to-day activities pertaining to the securities portfolio are conducted under the supervision of our CEO and CFO. We actively monitor our investments on an ongoing basis to identify any material changes in the securities. We monitor our securities portfolio to ensure it has adequate credit support and consider the lowest credit rating for identification of potential credit impairment.

The following table presents the book value of each category of securities and the percentage each category represents of total of securities as of the years indicated. The book value for debt securities classified as AFS are reflected at fair market value and the book value for securities classified as HTM are reflected at amortized cost.

	<u>December 31, 2025</u>		<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
<b>Securities, available for sale, at fair value</b>						
<i>(dollars in thousands)</i>						
Government agency securities	\$ 22,705	5.5%	\$ 21,042	4.9%	\$ 8,161	2.5%
SBA agency securities	21,180	5.1%	26,764	6.3%	13,217	4.1%
Mortgage-backed securities: residential	87,178	21.2%	55,677	13.1%	34,652	10.7%
Mortgage-backed securities: commercial	4,977	1.2%	—	0.0%	—	0.0%
Collateralized mortgage obligations: residential	112,495	27.3%	105,476	24.8%	82,327	25.3%
Collateralized mortgage obligations: commercial	100,777	24.6%	91,656	21.5%	67,299	20.8%
Commercial paper	19,948	4.9%	78,685	18.5%	73,105	22.6%
Corporate debt securities <sup>(1)</sup>	28,429	6.9%	31,815	7.5%	30,691	9.5%
Municipal tax-exempt securities	9,515	2.3%	9,075	2.2%	9,509	2.8%
Total securities, available for sale, at fair value	<u>\$ 407,204</u>	<u>99.0%</u>	<u>\$ 420,190</u>	<u>98.8%</u>	<u>\$ 318,961</u>	<u>98.3%</u>
<b>Securities, held to maturity, at amortized cost</b>						
Municipal taxable securities	\$ —	0.0%	\$ 500	0.1%	\$ 501	0.2%
Municipal tax-exempt securities	4,184	1.0%	4,691	1.1%	4,708	1.5%
Total securities, held to maturity, at amortized cost	<u>4,184</u>	<u>1.0%</u>	<u>5,191</u>	<u>1.2%</u>	<u>5,209</u>	<u>1.7%</u>
Total securities	<u>\$ 411,388</u>	<u>100.0%</u>	<u>\$ 425,381</u>	<u>100.0%</u>	<u>\$ 324,170</u>	<u>100.0%</u>

(1) Comprised of corporate debt securities and individual financial institution subordinated debentures.

The tables below set forth investment debt securities AFS and HTM as of the dates indicated:

<u>December 31, 2025</u>	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
<b>Available for sale</b>				
<i>(dollars in thousands)</i>				
Government agency securities	\$ 22,850	\$ 34	\$ (179)	\$ 22,705
SBA agency securities	21,326	90	(236)	21,180
Mortgage-backed securities: residential	91,049	634	(4,505)	87,178
Mortgage-backed securities: commercial	5,010	—	(33)	4,977
Collateralized mortgage obligations: residential	120,475	760	(8,740)	112,495
Collateralized mortgage obligations: commercial	102,755	183	(2,161)	100,777
Commercial paper	19,948	—	—	19,948
Corporate debt securities	30,165	75	(1,811)	28,429
Municipal tax-exempt securities	12,567	—	(3,052)	9,515
	<u>\$ 426,145</u>	<u>\$ 1,776</u>	<u>\$ (20,717)</u>	<u>\$ 407,204</u>
<b>Held to maturity</b>				
Municipal tax-exempt securities	\$ 4,184	\$ —	\$ (81)	\$ 4,103
	<u>\$ 4,184</u>	<u>\$ —</u>	<u>\$ (81)</u>	<u>\$ 4,103</u>
<b>December 31, 2024</b>				
<b>Available for sale</b>				
<i>(dollars in thousands)</i>				
Government agency securities	\$ 21,592	\$ —	\$ (550)	\$ 21,042
SBA securities	27,231	—	(467)	26,764
Mortgage-backed securities: residential	62,351	—	(6,674)	55,677
Collateralized mortgage obligations: residential	117,936	178	(12,638)	105,476
Collateralized mortgage obligations: commercial	94,284	175	(2,803)	91,656
Commercial paper	78,687	1	(3)	78,685
Corporate debt securities	34,733	43	(2,961)	31,815
Municipal tax-exempt securities	12,602	—	(3,527)	9,075
	<u>\$ 449,416</u>	<u>\$ 397</u>	<u>\$ (29,623)</u>	<u>\$ 420,190</u>
<b>Held to maturity</b>				
Municipal taxable securities	\$ 500	\$ 1	\$ —	\$ 501
Municipal tax-exempt securities	4,691	—	(244)	4,447
	<u>\$ 5,191</u>	<u>\$ 1</u>	<u>\$ (244)</u>	<u>\$ 4,948</u>

The weighted-average life on the total investment portfolio at December 31, 2025, was 4.9 years compared to a weighted-average life of 5.0 years at December 31, 2024. The weighted-average life is the average number of years that each dollar of unpaid principal due remains outstanding. Average life is computed as the weighted-average time to the receipt of all future cash flows, weighted by the dollar amounts of the principal pay-downs.

Approximately 33.0% of the securities in the total investment portfolio at December 31, 2025, were issued by the U.S. government or U.S. government-sponsored agencies and enterprises, which have the implied guarantee of payment of principal and interest. As of December 31, 2025, no U.S. government agency bonds are callable.

The table below shows our investment securities' fair value and weighted average yields by maturity in the following maturity groupings as of December 31, 2025. Weighted-average yields are calculations representing income within each maturity range based on the amortized cost of securities. The fair value of the investment securities portfolio are shown by expected maturity. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	Less than One Year		More than One Year to Five Years		More than Five Years to Ten Years		More than Ten Years		Total	
	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield
<b>December 31, 2025</b>	<i>(dollars in thousands)</i>									
Government agency securities	\$ 65	2.15%	\$ 22,640	4.29%	\$ —	—%	\$ —	—%	\$ 22,705	4.29%
SBA securities	—	—%	6,456	4.33%	14,724	5.12%	—	—%	21,180	4.88%
Mortgage-backed securities: residential	—	—%	26,537	3.97%	60,641	3.66%	—	—%	87,178	3.75%
Mortgage-backed securities: commercial	—	—%	4,977	4.48%	—	—%	—	—%	4,977	4.48%
Collateralized mortgage obligations: residential	6,248	5.28%	68,100	4.49%	38,147	1.81%	—	—%	112,495	3.51%
Collateralized mortgage obligations: commercial	6,591	4.26%	51,365	4.43%	42,821	4.36%	—	—%	100,777	4.39%
Commercial paper	19,948	4.67%	—	—%	—	—%	—	—%	19,948	4.67%
Corporate debt securities	4,006	3.21%	8,733	3.43%	13,756	3.56%	1,934	2.89%	28,429	3.42%
Municipal tax-exempt securities	—	—%	—	—%	921	1.53%	8,594	2.11%	9,515	2.06%
<b>Total available for sale</b>	<b>\$ 36,858</b>	<b>4.54%</b>	<b>\$188,808</b>	<b>4.32%</b>	<b>\$171,010</b>	<b>3.47%</b>	<b>\$ 10,528</b>	<b>2.25%</b>	<b>\$407,204</b>	<b>3.90%</b>
Municipal tax-exempt securities	\$ —	—%	\$ 857	3.47%	\$ 2,742	3.61%	\$ 504	3.15%	\$ 4,103	3.53%
Total held to maturity	\$ —	—%	\$ 857	3.47%	\$ 2,742	3.61%	\$ 504	3.15%	\$ 4,103	3.53%

The tables below show our investment securities' gross unrealized losses and fair value by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2025, and December 31, 2024. The unrealized losses on these securities were primarily attributed to changes in interest rates. These securities have fluctuated in value since their purchase dates as market interest rates have fluctuated. The issuers of these securities have not evidenced any cause for default on these securities. We have the ability and the intention to hold these securities until their fair values recover to cost or maturity. As such, management does not deem these securities to be impaired under the current expected credit loss model. A summary of our analysis of these securities and the unrealized losses is described more fully in Item 8. Financial Statements and Supplementary Data - Note 3 — *Investment Securities* in the notes to the consolidated financial statements included in this Annual Report.

	<u>Less than Twelve Months</u>		<u>Twelve Months or More</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
<b>December 31, 2025</b>	<i>(dollars in thousands)</i>					
Government agency securities	\$ 1,749	\$ (6)	\$ 6,572	\$ (173)	\$ 8,321	\$ (179)
SBA securities	7,654	(93)	2,962	(143)	10,616	(236)
Mortgage-backed securities:						
residential	14,196	(91)	27,573	(4,414)	41,769	(4,505)
Mortgage-backed securities:						
commercial	4,977	(33)	—	—	4,977	(33)
Collateralized mortgage obligations: residential	3,130	(1)	53,195	(8,739)	56,325	(8,740)
Collateralized mortgage obligations: commercial	13,947	(31)	49,366	(2,130)	63,313	(2,161)
Corporate debt securities	—	—	22,577	(1,811)	22,577	(1,811)
Municipal tax-exempt securities	—	—	9,515	(3,052)	9,515	(3,052)
Total available for sale	<u>\$ 45,653</u>	<u>\$ (255)</u>	<u>\$ 171,760</u>	<u>\$ (20,462)</u>	<u>\$ 217,413</u>	<u>\$ (20,717)</u>

Municipal tax-exempt securities	\$ —	\$ —	\$ 3,663	\$ (81)	\$ 3,663	\$ (81)
Total held to maturity	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,663</u>	<u>\$ (81)</u>	<u>\$ 3,663</u>	<u>\$ (81)</u>

	<u>Less than Twelve Months</u>		<u>Twelve Months or More</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
<b>December 31, 2024</b>	<i>(dollars in thousands)</i>					
Government sponsored agencies	\$ 14,620	\$ (219)	\$ 6,422	\$ (331)	\$ 21,042	\$ (550)
SBA securities	24,971	(273)	1,793	(194)	26,764	(467)
Mortgage-backed securities:						
residential	25,479	(578)	30,198	(6,096)	55,677	(6,674)
Collateralized mortgage obligations: residential	36,166	(649)	55,255	(11,989)	91,421	(12,638)
Collateralized mortgage obligations: commercial	35,753	(367)	30,114	(2,436)	65,867	(2,803)
Commercial paper	48,874	(3)	—	—	48,874	(3)
Corporate debt securities	—	—	26,035	(2,961)	26,035	(2,961)
Municipal tax-exempt securities	—	—	9,075	(3,527)	9,075	(3,527)
Total available for sale	<u>\$ 185,863</u>	<u>\$ (2,089)</u>	<u>\$ 158,892</u>	<u>\$ (27,534)</u>	<u>\$ 344,755</u>	<u>\$ (29,623)</u>

Municipal tax-exempt securities	\$ —	\$ —	\$ 4,447	\$ (244)	\$ 4,447	\$ (244)
Total held to maturity	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,447</u>	<u>\$ (244)</u>	<u>\$ 4,447</u>	<u>\$ (244)</u>

We monitor our securities portfolio to ensure all of our investments have adequate credit support and we consider the lowest credit rating for identification of potential credit impairment. As of December 31, 2025 and 2024, we determined there was no credit impairment and accordingly there was no ACL on the HTM securities portfolio as of these dates. In addition, we did not have the current intent to sell securities with a fair value below amortized cost at December 31, 2025, and it is more likely than not that we will not be required to sell such securities prior to the recovery of their amortized cost basis. As of December 31, 2025, all of our investment securities in an unrealized loss position received an investment grade credit rating. The overall net unrealized losses in our securities portfolio were attributable to a combination of changes in interest rates and market conditions.

## Loans

The loan portfolio is the largest category of our earning assets, which is almost entirely held for investment as of December 31, 2025. Loans HFI totaled \$3.3 billion, an increase of \$261.1 million, or 8.6%, as compared to \$3.1 billion at December 31, 2024. Loans HFS totaled \$2.1 million at December 31, 2025, compared to \$11.3 million at December 31, 2024. The increase in loans HFI was primarily due to increases in SFR mortgage loans of \$161.4 million, CRE loans of \$101.6 million, C&I loans of \$10.5 million, and SBA loans of \$8.7 million, partially offset by decreases in C&D loans of \$17.8 million and other loans of \$3.3 million. The 2025 loan activity included \$712.7 million in new originations and \$135.9 million in advances on existing loans, offset by payoffs/paydowns of \$499.6 million, loan sales of \$74.0 million, and charge-offs of \$14.7 million. SFR mortgage loans represent approximately 50.0% of our total loans as of December 31, 2025, compared to 48.9% as of the end of 2024.

The following table presents the balance and associated percentage of each major category in our loan portfolio as of the dates indicated:

	As of December 31,									
	2025		2024		2023		2022		2021	
	\$	%	\$	%	\$	%	\$	%	\$	%
Loans HFI: <sup>(1)</sup>	<i>(dollars in thousands)</i>									
Single-family residential mortgages	\$1,655,382	50.0%	\$1,494,022	48.9%	\$1,487,796	49.1%	\$1,464,108	43.9%	\$1,004,576	34.3%
Commercial real estate <sup>(2)</sup>	1,303,019	39.3%	1,201,420	39.3%	1,167,857	38.5%	1,312,132	39.3%	1,247,999	42.6%
Construction and land development	155,464	4.7%	173,290	5.7%	181,469	6.0%	276,876	8.3%	303,144	10.3%
Commercial and industrial	140,061	4.2%	129,585	4.2%	130,096	4.3%	201,223	6.0%	268,709	9.2%
SBA	55,978	1.7%	47,263	1.5%	52,074	1.7%	61,411	1.8%	76,136	2.6%
Other loans	4,397	0.1%	7,650	0.4%	12,569	0.4%	20,699	0.7%	30,786	1.0%
Total loans HFI	3,314,301	100.0%	3,053,230	100.0%	3,031,861	100.0%	3,336,449	100.0%	2,931,350	100.0%
Allowance for loan losses	(43,888)		(47,729)		(41,903)		(41,076)		(32,912)	
Total loans HFI, net	<u>\$3,270,413</u>		<u>\$3,005,501</u>		<u>\$2,989,958</u>		<u>\$3,295,373</u>		<u>\$2,898,438</u>	

(1) Net of premiums (discounts) on acquired loans and deferred (fees) and costs.

(2) Includes non-farm and non-residential real estate loans, multi-family residential and SFR loans originated for a business purpose.

The following table presents the geographic locations of loans in our loan portfolio, by loan class, as of the date indicated:

	As of December 31, 2025							
	Single-family residential mortgages	Commercial real estate	Construction and land development	Commercial and Industrial	SBA	Other	Total loans HFI	
	\$	\$	\$	\$	\$	\$	\$	%
Loans HFI:	<i>(dollars in thousands)</i>							
California	\$ 759,828	\$ 931,499	\$ 98,548	\$ 119,622	\$ 40,629	\$ 166	\$1,950,292	58.8%
New York	733,043	173,592	56,916	806	3,758	657	968,772	29.2%
Illinois	53,769	10,182	—	858	—	—	64,809	2.0%
Nevada	19,747	30,486	—	3,693	2,117	—	56,043	1.7%
New Jersey	42,658	4,625	—	65	705	17	48,070	1.5%
Hawaii	12,890	—	—	58	—	—	12,948	0.4%
Other	33,447	152,635	—	14,959	8,769	3,557	213,367	6.4%
Total	<u>\$1,655,382</u>	<u>\$ 1,303,019</u>	<u>\$ 155,464</u>	<u>\$ 140,061</u>	<u>\$ 55,978</u>	<u>\$ 4,397</u>	<u>\$3,314,301</u>	<u>100.0%</u>

The majority of our loan portfolio is based on collateral or businesses in California and New York, which represent approximately 88.0% of our loan portfolio. Loans secured by collateral in other states represented approximately 12.0% of our portfolio and the majority of these loans are secured by real estate with a weighted average LTV of 55.7% at December 31, 2025.

**SFR Loans.** SFR mortgage loans HFI totaled \$1.66 billion, or 50.0% of the loan portfolio, as of December 31, 2025, and increased \$161.4 million, or 10.8%, during 2025 due to higher originations relative to payoffs, paydowns and sales. As of December 31, 2025, the weighted-average LTV of the portfolio was 54%, the weighted average FICO score was 763, and the average age was 3.5 years.

We originate qualified SFR mortgage loans and non-qualified, alternative documentation SFR mortgage loans through wholesale channels and retail channels, including our branch network, to accommodate the needs of the Asian-centric market. The qualified SFR mortgage loans are 15-year and 30-year conforming mortgages and may be sold directly to FNMA and FHLMC. We originate non-qualified SFR mortgage loans both to sell and hold for investment. In addition, our SFR mortgage lending unit originates mortgage warehouse lines of credit to certain correspondent banks. These loans are included in our C&I loans and totaled \$2.8 million as of December 31, 2025. There were no such loans at December 31, 2024.

During 2025, we originated \$413.7 million of SFR mortgage loans including \$202.8 million through our retail channel and \$210.9 million through our wholesale channels. These amounts included \$6.2 million in FNMA loans, all of which were sold to FNMA. In addition, we also sold \$51.9 million of SFR mortgage loans during 2025 to other third parties.

For SFR mortgage loans sold to FNMA, FHLMC and to other third parties such as investment funds or other banks, we provide limited representations and warranties and with a repurchase and premium refund for loans that become delinquent in the first 90-days or a premium refund if paid-off in the first 90-days with respect to all loans sold. In certain loan sales to other banks, loans are sold with no representations or warranties and provide a replacement feature for the first six months if any loans pay off early. As a condition of the sale for all loans, the buyer must have the loans audited for underwriting and compliance standards. There were \$2.1 million and \$11.3 million of SFR loans HFS at December 31, 2025 and 2024.

At December 31, 2025, SFR mortgage loans on nonaccrual status totaled \$2.1 million. For additional discussion on nonperforming loans, see Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—*Analysis of Financial Condition – Problem Loans*.

The following table presents the LTV ratios at origination for SFR mortgage loans by state as of the date indicated:

	LTV Distribution						Total
	<45%	45%≤54%	55%≤64%	65%≤74%	75%≤84%	>85%	
<b>December 31, 2025</b>	<i>(dollars in thousands)</i>						
California	\$ 140,574	\$ 149,610	\$ 310,095	\$ 145,814	\$ 12,336	\$ 1,399	\$ 759,828
New York	178,643	156,785	264,784	123,513	8,988	330	733,043
Illinois	15,658	10,782	15,102	8,814	2,763	650	53,769
New Jersey	6,192	10,161	18,162	6,785	587	771	42,658
Nevada	1,678	6,143	8,113	3,200	262	351	19,747
Hawaii	635	1,809	4,792	3,262	2,392	—	12,890
Other	8,691	6,655	9,476	7,689	936	—	33,447
<b>Total</b>	<u>\$ 352,071</u>	<u>\$ 341,945</u>	<u>\$ 630,524</u>	<u>\$ 299,077</u>	<u>\$ 28,264</u>	<u>\$ 3,501</u>	<u>\$ 1,655,382</u>

**Commercial Real Estate Loans.** CRE loans totaled \$1.3 billion, or 39.3%, of the loan portfolio as of December 31, 2025, of which \$154.7 million was secured by owner occupied properties, compared to \$1.2 billion, or 39.3% of the loan portfolio as of December 31, 2024, of which \$160.2 million was secured by owner occupied properties. The CRE portfolio had net growth of \$101.6 million, or 8.5%, during 2025 due mostly to a net increase in multi-family residential loans.

CRE loans include owner occupied and non-owner occupied commercial real estate, multi-family residential and SFR loans originated for a business purpose. Except for the multi-family residential loan portfolio, the interest rate for the majority of these loans are Prime rate based and have a maturity of five years or less except for the SFR loans originated for a business purpose which may have a maturity of one year. The multi-family residential loans generally have interest rates based on the 5-year treasury, 10-year maturity with a five year fixed rate period followed by a five year floating rate period, and have a declining prepayment penalty over the first five years.

The largest sub-set of CRE loans was the multi-family residential loan portfolio, which totaled \$745.3 million as of December 31, 2025, and \$605.5 million as of December 31, 2024. Also included in CRE loans are SFR loans originated for a business purpose, which totaled \$40.6 million at December 31, 2025, and \$54.1 million at December 31, 2024.

At December 31, 2025, CRE loans on nonaccrual status totaled \$8.2 million. For additional discussion on nonperforming loans, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—*Analysis of Financial Condition – Problem Loans*.

The following table presents the LTV ratios at origination for CRE loans by property type as of the date indicated:

December 31, 2025	LTV Distribution						Total
	<45%	45%≤55%	55%≤65%	65%≤75%	75%≤85%	>85%	
<b>Non-owner occupied</b>	<i>(dollars in thousands)</i>						
Apartments	\$ 36,437	\$ 56,293	\$ 133,025	\$ 56,790	\$ —	\$ 10,204	\$ 292,749
Mobile Home	45,319	70,902	112,942	51,995	3,055	—	284,213
Mixed Use	43,880	16,412	135,568	14,061	4,657	2,985	217,563
Hotel/Motels	27,719	22,957	24,481	5,834	—	—	80,991
Retail	11,885	49,145	14,152	—	—	—	75,182
Warehouse	22,601	19,024	18,855	—	—	—	60,480
SFR Rental	22,534	7,955	14,613	5,403	—	—	50,505
Rent Controlled NY Multi-family	22,574	16,568	9,281	—	—	—	48,423
Office	15,065	2,350	5,825	4,172	—	—	27,412
Restaurant	4,418	—	—	—	—	—	4,418
Gas Station	—	1,620	—	—	—	—	1,620
Other	50	4,716	—	—	—	—	4,766
Total non-owner occupied	\$ 252,482	\$ 267,942	\$ 468,742	\$ 138,255	\$ 7,712	\$ 13,189	\$ 1,148,322
<b>Owner occupied</b>							
Warehouse	15,973	15,030	15,964	11,565	—	—	58,532
Hotel/Motels	3,361	30,377	21,197	—	—	—	54,935
Retail	3,833	8,221	7,480	—	—	—	19,534
Mixed Use	1,482	3,082	3,564	—	—	—	8,128
Gas Station	118	—	—	5,662	—	—	5,780
Office	820	1,949	760	811	—	—	4,340
Rent Controlled NY Multi-family	1,389	326	—	—	—	—	1,715
SFR Rental	—	1,082	—	—	—	—	1,082
Other	81	146	424	—	—	—	651
Total owner occupied	\$ 27,057	\$ 60,213	\$ 49,389	\$ 18,038	\$ —	\$ —	\$ 154,697
<b>Total</b>	<u>\$ 279,539</u>	<u>\$ 328,155</u>	<u>\$ 518,131</u>	<u>\$ 156,293</u>	<u>\$ 7,712</u>	<u>\$ 13,189</u>	<u>\$ 1,303,019</u>

The following table presents the LTV ratios at origination for CRE loans by states where the Company operates branches as of the date indicated:

December 31, 2025	LTV Distribution						Total
	<45%	45%≤55%	55%≤65%	65%≤75%	75%≤85%	>85%	
<b>Non-owner occupied</b>	<i>(dollars in thousands)</i>						
California	\$ 150,347	\$ 170,804	\$ 382,083	\$ 95,780	\$ —	\$ 2,985	\$ 801,999
New York	80,252	49,062	26,656	—	4,657	—	160,627
Nevada	5,961	23,585	—	—	—	—	29,546
Illinois	3,937	1,862	1,570	584	—	—	7,953
New Jersey	898	1,553	1,210	—	—	—	3,661
Other	11,087	21,076	57,223	41,891	3,055	10,204	144,536
Total non-owner occupied	\$ 252,482	\$ 267,942	\$ 468,742	\$ 138,255	\$ 7,712	\$ 13,189	\$ 1,148,322
<b>Owner occupied</b>							
California	19,368	55,879	38,291	15,962	—	—	129,500
New York	6,894	3,038	2,222	811	—	—	12,965
Nevada	163	—	777	—	—	—	940
Illinois	632	332	—	1,265	—	—	2,229
New Jersey	—	964	—	—	—	—	964
Other	—	—	8,099	—	—	—	8,099
Total owner occupied	\$ 27,057	\$ 60,213	\$ 49,389	\$ 18,038	\$ —	\$ —	\$ 154,697
<b>Total</b>	<u>\$ 279,539</u>	<u>\$ 328,155</u>	<u>\$ 518,131</u>	<u>\$ 156,293</u>	<u>\$ 7,712</u>	<u>\$ 13,189</u>	<u>\$ 1,303,019</u>

**Construction and Land Development Loans.** C&D loans totaled \$155.5 million, or 4.7% of the loan portfolio, at December 31, 2025. C&D loans decreased \$17.8 million, or 10.3%, during 2025 due to decreases in land development loans and residential construction loans, offset by an increase in commercial construction loans. Our C&D loans are comprised of residential construction, commercial construction and land acquisition and development construction. Interest reserves are generally established on real estate construction loans. These loans are typically Prime rate based and have maturities of less than 18 months.

At December 31, 2025, C&D loans on nonaccrual status totaled \$28.0 million. For additional discussion on nonperforming loans, see Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—*Analysis of Financial Condition – Problem Loans*.

The following table shows the categories of our C&D portfolio as of the dates indicated:

	As of December 31, 2025		As of December 31, 2024		Increase (Decrease)	
	\$	Mix %	\$	Mix %	\$	%
	<i>(dollars in thousands)</i>					
Commercial construction	\$ 100,035	64.4%	\$ 97,954	56.5%	\$ 2,081	2.1%
Residential construction	51,825	33.3%	58,368	33.7%	(6,543)	(11.2)%
Land development	3,604	2.3%	16,968	9.8%	(13,364)	(78.8)%
Total construction and land development loans	<u>\$ 155,464</u>	<u>100.0%</u>	<u>\$ 173,290</u>	<u>100.0%</u>	<u>\$ (17,826)</u>	<u>(10.3)%</u>

**Commercial and Industrial Loans.** C&I loans totaled \$140.1 million, or 4.2% of the loan portfolio, as of December 31, 2025. C&I loans increased \$10.5 million, or 8.1%, during 2025 due in part to an increase in commercial term loans of \$9.1 million along with an increase in mortgage warehouse lines of credit of \$2.8 million.

The interest rate on C&I loans are generally based on the Wall Street Journal Prime rate. We originate both variable rate and fixed rate C&I loans. The loans are typically made to small- and medium-sized manufacturing, wholesale, retail and service businesses for working capital needs, business expansions and for international trade financing. C&I loans include lines of credit with a maturity of one year or less, term loans with maturities of five years or less, shared national credits with maturities of five years or less, mortgage warehouse lines with a maturity of one year or less, bank subordinated debentures with a maturity of 10 years and international trade discounts with a maturity of three months or less. Substantially all of our C&I loans are collateralized by business assets or by real estate.

Our trade finance unit provides financial services and products to our customers, including trade financing needs for many of our commercial and industrial loan customers. This business unit provides international letters of credit, SWIFT, export advice, trade finance discounts and foreign exchange. We maintain a correspondent relationship with many of the largest banks in China, Taiwan, Vietnam, Hong Kong and Singapore to support the business needs of our customers. All of our international letters of credit, SWIFT, export advice and trade finance discounts are denominated in U.S. currency, and all foreign exchange is issued through a major bank that is also denominated in U.S. currency.

At December 31, 2025, C&I loans on nonaccrual status totaled \$5.1 million, including a \$4.7 million loan secured by a personal residence. For additional discussion on nonperforming loans, see Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—*Analysis of Financial Condition – Problem Loans*.

**SBA Loans.** SBA loans totaled \$56.0 million, or 1.7% of the loan portfolio at December 31, 2025, compared to \$47.3 million, or 1.5% of the loan portfolio at December 31, 2024. SBA loans increased \$8.7 million, or 18.4%, due to \$27.2 million in originations and \$428,000 of advances, partially offset by sales of \$10.8 million, payoffs and payments of \$7.0 million, and transfers to OREO of \$1.2 million. Our 2025 originations included \$23.1 million of SBA 7A loans and \$4.1 million of SBA 504 loans.

We are designated a Preferred Lender under the SBA Preferred Lender Program. We originate SBA loans through our branch staff, loan officers and through SBA brokers. We offer mostly SBA 7(a) variable-rate loans. We generally sell the 75% guaranteed portion of the SBA loans that we originate. Our SBA loans are typically made to small-sized manufacturing, wholesale, retail, hotel/motel and service businesses for working capital needs or business expansions. SBA loans secured by real estate can have any maturity up to 25 years. Typically, non-real estate secured loans mature in less than 10 years. Collateral may also include inventory, accounts receivable, equipment, and includes personal guarantees.

At December 31, 2025, our SBA portfolio included \$10.9 million guaranteed by the SBA and \$45.1 million which was unguaranteed. We monitor the unguaranteed portfolio by type of collateral. The unguaranteed portion included \$38.3 million secured by real estate and \$6.8 million secured by business assets. At December 31, 2025, of the unguaranteed portfolio, \$20.3 million, or 45.0%, was secured by hotel/motels; \$12.8 million, or 28.3%, by warehouses; \$2.2 million, or 4.8%, by retail; \$1.8 million, or 4.0%, by gas stations; and \$8.0 million, or 17.9%, of other real estate types. At December 31, 2025, of the unguaranteed portfolio, \$30.1 million, or 66.8%, was located in California; \$3.2 million, or 7.1%, was located in Washington; \$2.8 million, or 6.1%, was located in Oregon; \$2.7 million, or 6.0%, was located in Texas; and \$6.3 million, or 14.0%, was located in other states.

At December 31, 2025, SBA loans on nonaccrual status totaled \$1.2 million. For additional discussion on nonperforming loans, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—*Analysis of Financial Condition - Problem Loans*.

The table below presents the loan HFI portfolio by contractual maturities, based on the loan class and loan pricing characteristics (i.e. fixed versus floating) as of December 31, 2025. As is customary in the banking industry, loans that meet our underwriting criteria may be renewed by mutual agreement between the borrower and us. Because we are unable to estimate the extent to which our borrowers will renew their loans, the table is based on contractual maturities. Also, as a result, the data shown below should not be viewed as an indication of future cash flows.

	One Year or Less	After One Year to Five Years	After Five Years to Fifteen Years	Over Fifteen Years	Total
<i>(dollars in thousands)</i>					
SFR mortgage					
Fixed rate	\$ 47	\$ 1,726	\$ 14,452	\$ 1,571,593	\$ 1,587,818
Floating rate	—	—	—	67,564	67,564
Commercial real estate					
Fixed rate	77,779	363,528	16,628	3,513	461,448
Floating rate	67,555	245,817	346,341	181,858	841,571
Construction & land development					
Fixed rate	7,870	—	—	—	7,870
Floating rate	147,594	—	—	—	147,594
Commercial & industrial					
Fixed rate	14,951	20,920	488	—	36,359
Floating rate	65,061	32,486	6,155	—	103,702
SBA					
Fixed rate	—	—	5,971	—	5,971
Floating rate	21	1,464	22,219	26,303	50,007
Other					
Fixed rate	3,681	716	—	—	4,397
Floating rate	—	—	—	—	—
Total loans	<u>\$ 384,559</u>	<u>\$ 666,657</u>	<u>\$ 412,254</u>	<u>\$ 1,850,831</u>	<u>\$ 3,314,301</u>
Fixed rate	\$ 104,328	\$ 386,890	\$ 37,539	\$ 1,575,106	\$ 2,103,863
Floating rate	280,231	279,767	374,715	275,725	1,210,438
Total loans	<u>\$ 384,559</u>	<u>\$ 666,657</u>	<u>\$ 412,254</u>	<u>\$ 1,850,831</u>	<u>\$ 3,314,301</u>

### Loan Quality

We use what we believe is a comprehensive methodology to monitor credit quality and prudently manage credit concentration within our loan portfolio. Our underwriting policies and practices govern the risk profile and credit and geographic concentration for our loan portfolio. Our comprehensive methodology to monitor these credit quality standards includes a risk classification system that identifies potential problem loans based on risk characteristics by loan type as well as the early identification of deterioration at the individual loan level.

### *Analysis of the Allowance for Loan Losses.*

The following table presents the ALL, its corresponding percentage of the loan class balance, and the percentage of loan balance to total loans HFI by loan class as of the dates indicated:

Loan class:	As of December 31,					
	2025			2024		
	\$	ALL as a % of Loan Class	% of Total Loans	\$	ALL as a % of Loan Class	% of Total Loans
	<i>(dollars in thousands)</i>					
Single-family residential mortgages	\$ 21,585	1.30%	50.0%	\$ 17,518	1.17%	48.9%
Commercial real estate <sup>(1)</sup>	18,162	1.39%	39.3%	21,879	1.82%	39.3%
Construction and land development	1,502	0.97%	4.7%	6,053	3.49%	5.7%
Commercial and industrial	1,647	1.18%	4.2%	1,339	1.03%	4.2%
SBA	824	1.47%	1.7%	654	1.38%	1.5%
Other	168	3.82%	0.1%	286	3.74%	0.4%
Allowance for loan losses	<u>\$ 43,888</u>	1.32%	<u>100%</u>	<u>\$ 47,729</u>	1.56%	<u>100.0%</u>

<sup>(1)</sup> Includes non-farm and non-residential real estate loans, multi-family residential and SFR loans originated for a business purpose.

### *Allowance for Credit Losses - Loans*

We account for credit losses on loans in accordance with ASC 326, which requires us to record an estimate of expected lifetime credit losses for loans at the time of origination. The ACL includes the ALL and the reserve for unfunded commitments ("RUC") and is maintained at a level deemed appropriate by management to provide for expected credit losses in the portfolio as of the date of the consolidated balance sheets. Estimating expected credit losses requires management to use relevant forward-looking information, including the use of reasonable and supportable forecasts. The measurement of the ACL for loans is performed by collectively evaluating loans with similar risk characteristics. We have elected to utilize a discounted cash flow approach for all segments except consumer loans and warehouse mortgage loans, for these a remaining life approach was elected.

Our discounted cash flow loss rate methodology incorporates a probability of default, loss given default and exposure at default to derive expected loss within the CECL model, as well as expectations of future economic conditions, using reasonable and supportable forecasts. We use both internal and external data to determine qualitative factors within the CECL model including: lending policies, procedures, and strategies; changes in nature and volume of the portfolio; credit and lending personnel experience; changes in volume and trends in classified, delinquent, and nonaccrual loans; concentration risk; collateral values; regulatory and business environment; loan review results; and economic conditions.

Management estimates the ACL balance required using past loan loss experience from peers with similar asset sizes and geographic locations to the Company. The nature and volume of the portfolio, information about specific borrower situations, changes in credit quality and estimated collateral values, economic conditions, and other factors are also considered. Our CECL methodology utilizes a four-quarter reasonable and supportable forecast period, and a four-quarter reversion period. We use the Federal Open Market Committee forecasts for the national unemployment rate, while reverting to historical loss information.

Individual loans considered to be uncollectible are charged off against the ACL. Factors used in determining the amount and timing of charge-offs on loans include consideration of the loan type, length of delinquency, sufficiency of collateral value, lien priority and the overall financial condition of the borrower. Loans deemed to be collateral-dependent are reviewed individually based on the estimated fair value of the collateral less selling costs. Collateral value is determined using appraisals and/or other market comparable information. Charge-offs are generally taken on loans when the loan balance is determined to be uncollectible. Recoveries on loans previously charged off are added to the ACL. Net charge-offs totaled \$14.4 million, or 0.45% of average loans HFI, for the year ended December 31, 2025, and \$3.9 million, or 0.13% of average loans HFI, for the year ended December 31, 2024.

As of December 31, 2025, the ACL totaled \$44.4 million and was comprised of an ALL of \$43.9 million and a RUC of \$484,000 (included in “accrued interest and other liabilities”). This compares to the ACL of \$48.5 million comprised of an ALL of \$47.7 million and a RUC of \$729,000 at December 31, 2024. The \$4.1 million decrease in the ACL for 2025 was due to net charge-offs of \$14.4 million offset by a \$10.4 million provision for credit losses. The ALL as a percentage of loans HFI decreased to 1.32% at December 31, 2025, compared to 1.56% at December 31, 2024, due mainly to charge-offs of \$6.8 million in 2025 which were included in specific reserves at December 31, 2024. Specific reserves totaled \$286,000, or 0.01% of total loans HFI, at December 31, 2025, compared to \$6.9 million, or 0.23% of total loans HFI, at December 31, 2024. The ALL as a percentage of nonperforming loans HFI was 98.3% at December 31, 2025, an increase from 68.3% at December 31, 2024.

The following table provides an analysis of the ACL, provision for credit losses and net charge-offs for the periods indicated:

	<b>Year Ended December 31,</b>				
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021<sup>(1)</sup></b>
	<i>(dollars in thousands)</i>				
<b>Balance, beginning of period</b>	\$ 47,729	\$ 41,903	\$ 41,076	\$ 32,912	\$ 29,337
ASU 2016-13 transition adjustment	—	—	—	2,135	—
<b>Adjusted beginning balance</b>	\$ 47,729	\$ 41,903	\$ 41,076	\$ 35,047	\$ 29,337
Charge-offs:					
Single-family residential mortgages	(1,403)	—	(93)	—	—
Commercial real estate	(4,679)	(2,645)	(2,537)	—	(67)
Construction & land development	(8,175)	(1,148)	(140)	—	—
Commercial and industrial	(88)	(11)	—	(5)	(500)
SBA	(187)	(78)	(62)	(14)	(1)
Other	(180)	(201)	(362)	(237)	(59)
<b>Total charge-offs</b>	<u>(14,712)</u>	<u>(4,083)</u>	<u>(3,194)</u>	<u>(256)</u>	<u>(627)</u>
Recoveries:					
Commercial real estate	—	61	80	—	61
Construction & land development	137	—	—	—	—
Commercial and industrial	79	2	2	2	1
SBA	1	—	1	227	95
Other	51	78	60	29	86
<b>Total recoveries</b>	<u>268</u>	<u>141</u>	<u>143</u>	<u>258</u>	<u>243</u>
<b>Net (charge-offs)/recoveries</b>	<u>(14,444)</u>	<u>(3,942)</u>	<u>(3,051)</u>	<u>2</u>	<u>(384)</u>
Provision for loan losses	10,603	9,768	3,878	6,027	3,959
<b>Balance, end of period</b>	<u>\$ 43,888</u>	<u>\$ 47,729</u>	<u>\$ 41,903</u>	<u>\$ 41,076</u>	<u>\$ 32,912</u>
<b>Reserve for off-balance sheet credit commitments</b>					
Balance at beginning of year	\$ 729	\$ 640	\$ 1,156	\$ 1,203	\$ 1,383
ASU 2016-13 transition adjustment	—	—	—	1,045	—
<b>Adjusted beginning balance</b>	\$ 729	\$ 640	\$ 1,156	\$ 2,248	\$ 1,383
(Reversal of) reserve for unfunded commitments	(245)	89	(516)	(1,092)	(180)
<b>Balance at the end of period</b>	<u>\$ 484</u>	<u>\$ 729</u>	<u>\$ 640</u>	<u>\$ 1,156</u>	<u>\$ 1,203</u>
<b>Total allowance for credit losses (ACL)</b>	<u>\$ 44,372</u>	<u>\$ 48,458</u>	<u>\$ 42,543</u>	<u>\$ 42,232</u>	<u>\$ 34,115</u>
Total LHFI at end of period	\$ 3,314,301	\$ 3,053,230	\$ 3,031,861	\$ 3,336,449	\$ 2,931,350
Average LHFI	\$ 3,195,853	\$ 3,039,718	\$ 3,205,625	\$ 3,096,786	\$ 2,745,492
Net charge-offs to average LHFI	0.45%	0.13%	0.10%	0.00%	0.01%
Allowance for loan losses to total LHFI	1.32%	1.56%	1.38%	1.23%	1.12%
Allowance for credit losses to total LHFI	1.34%	1.59%	1.40%	1.27%	1.16%

(1) Reserve was under the allowance for loan loss method in accordance with ASC 450 and ASC 310.

**Problem Loans.** Loans are considered delinquent when principal or interest payments are past due 30 days or more; delinquent loans may remain on accrual status between 30 days and 89 days past due. Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. Typically, the accrual of interest on loans is discontinued when principal or interest payments are past due 90 days or when, in the opinion of management, there is a reasonable doubt as to collectability in the normal course of business. 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. Loans are restored to accrual status when loans become well-secured and management believes full collectability of principal and interest is probable.

In cases where a borrower experiences financial difficulties and we make certain concessionary modifications to contractual terms, the loan is classified as a modified loan. These concessions may include a reduction of the interest rate, principal or accrued interest, extension of the maturity date or other actions intended to minimize potential losses. Loans modified at a rate equal to or greater than that of a new loan with comparable risk at the time the loan is modified may be excluded from modified loan disclosures in years subsequent to the modification if the loans are in compliance with their modified terms.

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 (carrying value) by a charge to the allowance for credit losses, if necessary, or a gain recognized through noninterest income, as appropriate. Once classified as OREO, it is subsequently carried at the lower of our carrying value of the property or its fair value. Fair value is based on current appraisals less estimated selling costs. Any subsequent write-downs are charged against operating expenses and recognized as an OREO valuation allowance. Operating expenses and related income of such properties are included in other operating income and expenses. Gains on transfer of loans to OREO, and gains or losses on their disposition are included in gain (loss) on OREO.

Nonperforming loans include nonaccrual loans, loans past due 90 days or more and still accruing interest (of which there were none during the years indicated), and modified loans. The balances of nonperforming loans included in the table below are the net investment in these assets and do not include specific reserves included in the allowance for loan losses. The following table presents the net investment in nonperforming assets by loan class and certain nonperforming asset ratios as of the dates indicated.

	<b>As of December 31,</b>				
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Accruing troubled debt restructured loans<sup>(1)</sup>:</b>	<i>(dollars in thousands)</i>				
Commercial real estate	\$ —	\$ —	\$ —	\$ 894	\$ 1,328
Commercial and industrial	—	—	—	306	410
Total accruing troubled debt restructured loans	—	—	—	1,200	1,738
<b>Nonaccrual loans:</b>					
Single-family residential mortgages	2,143	11,524	18,103	5,936	4,191
Commercial real estate	8,158	17,096	10,569	13,189	4,672
Construction and land development	27,994	44,621	—	141	149
Commercial and industrial	5,116	6,271	854	713	3,712
SBA	1,221	1,514	2,085	2,245	6,263
Other	—	12	8	99	—
Total non-accrual loans	44,632	81,038	31,619	22,323	18,987
Total non-performing loans <sup>(2)</sup>	44,632	81,038	31,619	23,523	20,725
OREO	8,830	—	—	577	293
Nonperforming assets <sup>(2)</sup>	<u>\$ 53,462</u>	<u>\$ 81,038</u>	<u>\$ 31,619</u>	<u>\$ 24,100</u>	<u>\$ 21,018</u>
Nonperforming loans HFI to total loans HFI	1.35%	2.29%	1.04%	0.71%	0.71%
Nonperforming assets to total assets	1.27%	2.03%	0.79%	0.61%	0.50%
Nonperforming loans to tangible common equity and ACL	9.02%	16.78%	6.60%	5.15%	4.77%
Nonperforming assets to tangible common equity and ACL	10.80%	16.78%	6.60%	5.28%	4.83%

(1) Prior to our adoption of ASU 2022-02 on January 1, 2023, loans with a concessionary modification due to a borrower experiencing financial difficulties were classified as TDRs and were made for the purpose of alleviating temporary impairments to the borrower's financial condition.

(2) Nonperforming loans and nonperforming assets included \$11.2 million of loans held for sale at December 31, 2024.

Nonperforming assets totaled \$53.5 million, or 1.27% of total assets, at December 31, 2025, down from \$81.0 million, or 2.03% of total assets, at December 31, 2024. The \$27.6 million decrease in nonperforming assets was due to sales totaling \$15.8 million, charge-offs of \$10.5 million, payoffs or paydowns of \$7.8 million, and reclassification of loans to performing loans of \$6.0 million, partially offset by the addition of loans that migrated to nonperforming assets of \$12.3 million during 2025. Nonperforming assets included three OREO properties totaling \$8.8 million at December 31, 2025. Of this amount, \$3.7 million represented SBA payables associated with formerly SBA guaranteed loans.

Our 30-89 day delinquent loans, excluding nonperforming loans, totaled \$8.8 million, or 0.27% of total loans, at December 31, 2025, down from \$22.1 million, or 0.72% of total loans, at December 31, 2024. The \$13.3 million decrease was mostly due to \$14.6 million in loans returning to current status, \$2.9 million in SFR mortgage loans included in a bulk sale of underperforming SFR mortgage loans and \$1.1 million in paydowns and payoffs. There were also \$2.0 million of loans that were downgraded to nonperforming. These changes were partially offset by \$7.5 million in new delinquent loans.

We did not recognize any interest income on nonaccrual loans during the years ended December 31, 2025 and 2024, while the loans were in nonaccrual status.

We utilize an asset risk classification system in compliance with guidelines established by the FDIC as part of our efforts to improve asset quality. In connection with examinations of insured institutions, examiners have the authority to identify problem assets and, if appropriate, classify them. There are three classifications for problem assets: “substandard,” “doubtful,” and “loss.” Substandard assets have one or more defined weaknesses and are characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Doubtful assets have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full highly questionable and improbable based on facts, conditions and values that currently exist. An asset classified as loss is not considered collectable and is of such little value that continuance as an asset is not warranted.

We use a risk grading system to categorize and determine the credit risk of our loans. Potential problem loans include loans with a risk grade of 6, which are “special mention,” loans with a risk grade of 7, which are “substandard” loans that are generally not considered impaired and loans with a risk grade of 8, which are “doubtful” loans generally considered to be impaired. These loans generally require more frequent loan officer contact and receipt of financial data to closely monitor borrower performance. Potential problem loans are managed and monitored regularly through a number of processes, procedures and committees, including oversight by a loan administration committee comprised of executive officers and other members of the Company’s senior management.

The following table presents the risk categories for total loans by class of loans HFI as of the dates indicated:

<b>As of December 31, 2025</b>	<b>Pass</b>	<b>Special Mention</b>	<b>Substandard</b>	<b>Doubtful</b>	<b>Total</b>
<i>(dollars in thousands)</i>					
Real Estate:					
Single-family residential mortgages	\$ 1,652,759	\$ —	\$ 2,623	\$ —	\$ 1,655,382
Commercial real estate	1,265,041	13,249	24,729	—	1,303,019
Construction and land development	124,083	3,387	27,994	—	155,464
Commercial:					
Commercial and industrial	123,747	2,247	14,067	—	140,061
SBA	49,862	354	5,762	—	55,978
Other	4,397	—	—	—	4,397
<b>Total</b>	<b>\$ 3,219,889</b>	<b>\$ 19,237</b>	<b>\$ 75,175</b>	<b>\$ —</b>	<b>\$ 3,314,301</b>

<b>As of December 31, 2024</b>	<b>Pass</b>	<b>Special Mention</b>	<b>Substandard</b>	<b>Doubtful</b>	<b>Total</b>
<i>(dollars in thousands)</i>					
Real Estate:					
Single-family residential mortgages	\$ 1,481,826	\$ —	\$ 12,196	\$ —	\$ 1,494,022
Commercial real estate	1,171,085	21,287	9,048	—	1,201,420
Construction and land development	72,921	44,042	56,327	—	173,290
Commercial:					
Commercial and industrial	121,404	—	8,181	—	129,585
SBA	43,897	—	3,366	—	47,263
Other	7,627	—	23	—	7,650
<b>Total</b>	<b>\$ 2,898,760</b>	<b>\$ 65,329</b>	<b>\$ 89,141</b>	<b>\$ —</b>	<b>\$ 3,053,230</b>

Special mention loans totaled \$19.2 million, or 0.58% of total loans, at December 31, 2025, down from \$65.3 million, or 2.14% of total loans, at December 31, 2024. The \$46.1 million decrease was primarily due to upgrades of \$45.9 million, downgrades to substandard-rated loans of \$3.9 million, payoffs and paydowns of \$7.9 million, and charge-offs of \$1.3 million, partially offset by the downgrades to special mention of \$12.9 million. As of December 31, 2025, all special mention loans were paying current.

Substandard loans HFI totaled \$75.2 million at December 31, 2025, a decrease of \$14.0 million from \$89.1 million at December 31, 2024. In addition, there were \$11.2 million of substandard loans HFS at December 31, 2024, that were subsequently sold in the first quarter of 2025. There were no substandard loans HFS at December 31, 2025. The \$25.2 million decrease in substandard loans HFI and HFS was primarily due to payoffs and paydowns totaling \$12.1 million, loans which migrated to OREO totaling \$12.9 million, charge-offs of \$11.7 million, loan sales of \$7.6 million, and upgrades to pass-rated and internal refinance of \$7.3 million, partially offset by downgrades to substandard loans totaling \$26.4 million. Of the total substandard loans outstanding at December 31, 2025, there were \$30.5 million, or 40% of such loans, on accrual status.

**Goodwill and Other Intangible Assets.** Goodwill was \$71.5 million at December 31, 2025, and at December 31, 2024. We evaluate goodwill for impairment annually, or more frequently if events and circumstances lead management to believe the value of goodwill may be impaired. In accordance with ASC 350-20, "Goodwill," impairment of goodwill is the condition that exists when the carrying amount of a reporting unit that includes goodwill exceeds its fair value.

If no triggering events have been observed, GAAP allows for the use of a qualitative assessment of goodwill impairment; however, even in such instances, a quantitative assessment may still be performed. In years where no triggering events have occurred, we may forego the qualitative assessment and perform a quantitative assessment of goodwill impairment, particularly if a quantitative analysis has not been performed for several years. We elected to perform a quantitative goodwill impairment analysis as of October 1, 2025 with the assistance of a third-party valuation specialist. The evaluation used two methods to estimate the value of the Company: the market approach and the income approach. The market approach uses pricing information available on publicly traded companies that are similar to the subject company to determine the value of the subject company. Estimates used in the market approach included selecting a representative peer group of institutions, determining an appropriate price to tangible book value based on the results of the peer group institutions, and estimating a control premium based on the whole-bank acquisition prices for representative transactions. The income approach is based on the discounted free cash flows of the subject company using projections of future results, and incorporating economic forecasts and management's plans. Estimates used in the income approach include management's projections of the Company's free cash flows in future periods and an appropriate rate of return that would be required by a market participant. Based on this quantitative analysis, the fair value of the Company was determined to exceed the carrying amount at October 1, 2025. As a result, management concluded that goodwill was not impaired as of October 1, 2025. No goodwill impairment charges were recognized during the years ended December 31, 2025 and 2024.

Our other intangible assets consist of core deposit intangibles and totaled \$1.3 million at December 31, 2025, and \$2.0 million at December 31, 2024. These core deposit intangible assets are amortized on an accelerated basis over their estimated useful lives, generally over a period of 3 to 10 years.

**Liabilities.** Total liabilities increased \$200.3 million, or 5.7%, to \$3.7 billion, at December 31, 2025, from \$3.5 billion at December 31, 2024, primarily due to a \$266.6 million increase in deposits, partially offset by a \$70.0 million decrease in FHLB advances.

**Deposits.** As an Asian-centric business bank that focuses on successful businesses and their owners, many of our depositors choose to leave large deposits with us. We evaluate all deposit relationships over \$250,000 on a quarterly basis to identify deposits that meet certain criteria, which we then would consider to be part of our stable deposit base. We consider a relationship to be stable if it meets any three or more of the following: (i) relationships with us (as a director or shareholder); (ii) deposits within our market area; (iii) additional non-deposit services with us; (iv) electronic banking services with us; (v) active demand deposit account with us; (vi) deposits at market interest rates; and (vii) longevity of the relationship with us. As many of our customers have more than \$250,000 on deposit with us, we believe that using this method reflects a more accurate assessment of our deposit base. As of December 31, 2025, \$2.7 billion, or 80.6%, of our relationships are less than or equal to \$250,000 or are over \$250,000 and meet our defined criteria to be considered a stable deposit, compared to \$2.6 billion, or 82.2%, at December 31, 2024.

Total deposits increased \$266.6 million to \$3.4 billion at December 31, 2025, as compared to \$3.1 billion at December 31, 2024. The increase in deposits during 2025 was due to a \$188.3 million increase in retail deposits and a \$78.3 million increase in wholesale deposits, in support of loan growth and lowering reliance on FHLB advances. The 2025 retail deposit growth included a shift to non-maturity deposits from traditional time deposits, based on product offering rates, as interest-bearing non-maturity deposits increased \$293.3 million, while retail time deposits and noninterest-bearing deposits decreased \$68.4 million and \$36.5 million, respectively. Noninterest-bearing deposits totaled \$526.5 million, or 15.7% of total deposits at December 31, 2025, compared to \$563.0 million, or 18.3% of total deposits, at December 31, 2024.

The following table presents the composition of our deposit portfolio by account type as of the dates indicated:

	For the Year Ended					
	December 31, 2025		December 31, 2024		December 31, 2023	
	\$	%	\$	%	\$	%
<i>(dollars in thousands)</i>						
Deposits:						
Noninterest-bearing demand	\$ 526,538	15.7%	\$ 563,012	18.3%	\$ 539,621	17.0%
Interest-bearing:						
NOW	72,063	2.1%	51,043	1.6%	57,969	1.8%
Money market	526,933	15.7%	449,324	14.6%	412,415	13.0%
Savings	357,303	10.7%	162,667	5.2%	162,344	5.1%
Time deposits \$250,000 and under	974,670	29.1%	1,007,452	32.7%	1,190,822	37.5%
Time deposits over \$250,000	892,891	26.7%	850,291	27.6%	811,589	25.6%
Total interest-bearing deposits	2,823,860	84.3%	2,520,777	81.7%	2,635,139	83.0%
Total deposits	<u>\$ 3,350,398</u>	<u>100.0%</u>	<u>\$ 3,083,789</u>	<u>100.0%</u>	<u>\$ 3,174,760</u>	<u>100.0%</u>

The following table presents our average deposit balances and weighted average rates for the years indicated:

	For the Year Ended					
	December 31, 2025		December 31, 2024		December 31, 2023	
	Average Balance	Weighted Average Rate (%)	Average Balance	Weighted Average Rate (%)	Average Balance	Weighted Average Rate (%)
<i>(dollars in thousands)</i>						
Deposits:						
Noninterest-bearing demand deposits	\$ 529,651	—	\$ 531,458	—	\$ 602,291	—
Interest-bearing deposits:						
NOW	69,003	2.25%	56,158	1.97%	58,191	1.25%
Money market	491,048	3.10%	436,925	3.49%	429,102	2.46%
Savings	156,728	1.42%	162,243	1.82%	126,062	0.73%
Time deposits \$250,000 and under	1,020,451	3.93%	1,074,291	4.66%	1,146,513	4.11%
Time deposits over \$250,000	930,325	4.09%	803,187	4.86%	742,839	4.00%
Total interest-bearing deposits	2,667,555	3.64%	2,532,804	4.28%	2,502,707	3.56%
Total deposits	<u>\$ 3,197,206</u>	<u>3.04%</u>	<u>\$ 3,064,262</u>	<u>3.54%</u>	<u>\$ 3,104,998</u>	<u>2.87%</u>

The following table presents the maturity schedule of time deposits as of December 31, 2025:

	Maturity Within:				
	Three Months	After Three to Six Months	After Six to 12 Months	After 12 Months	Total
	<i>(dollars in thousands)</i>				
Time deposits:					
Time deposits \$250,000 and under <sup>(1)</sup>	\$ 378,702	\$ 274,388	\$ 314,806	\$ 6,774	\$ 974,670
Time deposits over \$250,000 <sup>(2)</sup>	369,156	280,408	242,187	1,140	892,891
Total time deposits	<u>\$ 747,858</u>	<u>\$ 554,796</u>	<u>\$ 556,993</u>	<u>\$ 7,914</u>	<u>\$ 1,867,561</u>

(1) Includes wholesale deposits of \$184.4 million.

(2) Includes wholesale deposits of \$41.3 million.

Of the \$892.9 million in time deposits over \$250,000, the estimated aggregate amount of time deposits in excess of the FDIC insurance limit is \$623.3 million at December 31, 2025. The following table presents the maturity distribution of time deposits in excess of the FDIC insurance limit of more than \$250,000 as of the date indicated:

	<b>December 31, 2025</b>
	<i>(dollars in thousands)</i>
3 months or less	\$ 250,988
Over 3 months through 6 months	186,988
Over 6 months through 12 months	184,914
Over 12 months	389
Total	<u>\$ 623,279</u>

Time deposits include certain wholesale and brokered deposits and we do not consider these stable deposits. We acquired wholesale deposits from the internet listing service and other outside deposits originators as needed to supplement liquidity. The total amount of such deposits was \$80.2 million as of December 31, 2025, and \$54.2 million as of December 31, 2024. Brokered time deposits were \$145.5 million at December 31, 2025, and \$93.2 million at December 31, 2024.

In addition, we offer deposit products through the CDARS and ICS programs where customers are able to achieve FDIC insurance for balances on deposit in excess of the \$250,000 FDIC limit. Time deposits held through the CDARS program were \$128.3 million at December 31, 2025, and \$130.6 million at December 31, 2024, and ICS funds totaled \$156.3 million at December 31, 2025, and \$146.1 million at December 31, 2024. The increase in the participation in these programs is attributed to the general banking landscape and premium placed on liquidity in the marketplace.

The following table presents the estimated deposits exceeding the FDIC insurance limit as of the dates indicated:

	<b>As of December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<i>(dollars in thousands)</i>	
Uninsured deposits	\$ 1,549,410	\$ 1,383,727

**FHLB Borrowings.** In addition to deposits, we have used long- and short-term borrowings, such as federal funds purchased and FHLB long- and short-term advances, as a source of funds to meet the daily liquidity needs of our customers and fund growth in earning assets. FHLB advances totaled \$130.0 million at December 31, 2025, and \$200.0 million at December 31, 2024. The outstanding FHLB advances at the end of 2024 included \$150.0 million with an original life of 5 years and a weighted average rate of 1.18%, which matured in the first quarter of 2025. The FHLB borrowings at December 31, 2025, included \$130.0 million in putable term advances and the terms are shown in the table below:

<b>Advance Date</b>	<b>Amount</b>	<b>Rate</b>	<b>Call Structure</b>	<b>Next Call Date</b>	<b>Final Stated Maturity Date</b>
<i>(dollars in thousands)</i>					
5/8/2025	\$ 10,000	3.69%	One time call	N/A	5/10/2028
6/23/2025	10,000	3.64%	One time call	N/A	6/23/2028
5/8/2025	20,000	3.49%	Quarterly call	2/10/2026	5/10/2028
8/14/2025	20,000	3.38%	Quarterly call	2/14/2026	8/14/2028
3/12/2025	20,000	3.34%	Quarterly call	3/12/2026	3/12/2029
3/14/2025	20,000	3.49%	Quarterly call	3/15/2026	3/15/2029
5/8/2025	20,000	3.52%	Quarterly call (1)	5/8/2026	5/8/2029
6/23/2025	10,000	3.55%	Quarterly call (1)	6/23/2026	6/23/2028
Total	<u>\$ 130,000</u>	3.49%	Weighted average rate		

(1) Call option after initial one year lock out.

The following table presents information on our total FHLB advances during the years indicated:

	Year Ended December 31,		
	2025	2024	2023
	<i>(dollars in thousands)</i>		
Outstanding at period-end	\$ 130,000	\$ 200,000	\$ 150,000
Average amount outstanding	162,767	162,705	172,219
Maximum amount outstanding at any month-end	200,000	200,000	220,000
Weighted average interest rate:			
During period	3.21%	1.36%	1.67%
End of period	3.49%	1.74%	1.18%

**Long-Term Debt.** Long-term debt consists of subordinated notes. As of December 31, 2025, the amount of subordinated notes outstanding, net of issuance costs, was \$119.9 million as compared to \$119.5 million at December 31, 2024.

In March 2021, we issued \$120.0 million of 4.00% fixed to floating rate subordinated notes due April 1, 2031 (the “2031 Subordinated Notes”). The interest rate is fixed through April 1, 2026 and then floats at three month Secured Overnight Financing Rate (“SOFR”) plus 329 basis points thereafter. We can redeem the 2031 Subordinated Notes beginning April 1, 2026. The 2031 Subordinated Notes are considered Tier 2 capital at the Company.

At December 31, 2025, we were in compliance with all covenants under our long-term debt agreement.

**Subordinated Debentures.** Subordinated debentures consist of subordinated debentures issued in connection with three separate trust preferred securities and totaled \$15.4 million and \$15.2 million as of December 31, 2025 and 2024. Under the terms of our subordinated debentures issued in connection with the issuance of trust preferred securities, we are not permitted to declare or pay any dividends on our capital stock if an event of default occurs under the terms of the long-term debt. In addition, we have the option to defer interest payments on the subordinated debentures from time to time for a period not to exceed five consecutive years. These subordinated debentures consist of the following and are described in detail after the table below:

Subordinated debentures	Issue Date	Principal Amount	Unamortized Valuation Reserve	Recorded Value	Stated Rate Description	December 31, 2025 Effective Rate	Stated Maturity
	<i>(dollars in thousands)</i>						
TFC Trust	December 22, 2006	\$ 5,155	\$ 1,008	\$ 4,147	Three-month CME Term SOFR plus 0.26% plus 1.65%,	5.63%	March 15, 2037
FAIC Trust I	December 15, 2004	7,217	688	6,529	Three-month CME Term SOFR 0.26% plus 2.25%	6.23%	December 15, 2034
PGBH Trust I	December 15, 2004	5,155	456	4,699	Three-month CME Term SOFR 0.26% plus 2.10%	6.08%	December 15, 2034
Total		<u>\$ 17,527</u>	<u>\$ 2,152</u>	<u>\$ 15,375</u>			

The Company maintains the TFC Trust, which has issued a total of \$5.2 million securities (\$5.0 million in capital securities and \$155,000 in common securities). The TFC Trust subordinated debentures have a variable rate of interest equal to three-month CME Term SOFR plus applicable tenor spread adjustment of 0.26% plus 1.65%, which was 5.63% as of December 31, 2025, and 6.27% at December 31, 2024.

The Company maintains the FAIC Trust I, which has issued a total of \$7.2 million securities (\$7.0 million in capital securities and \$217,000 in common securities). The FAIC Trust I subordinated debentures have a variable rate of interest equal to three-month CME Term SOFR plus applicable tenor spread adjustment of 0.26% plus 2.25%, which was 6.23% as of December 31, 2025, and 6.87% at December 31, 2024.

The Company maintains the PGBH Trust I, a Delaware statutory trust formed in December 2004. PGBH Trust I issued 5,000 units of fixed-to-floating rate capital securities with an aggregate liquidation amount of \$5.0 million and 155 common securities with an aggregate liquidation amount of \$155,000. The PGBH Trust I subordinated debentures have a variable rate of interest equal to three-month CME Term SOFR plus applicable tenor spread adjustment of 0.26% plus 2.10%, which was 6.08% as of December 31, 2025, and 6.72% at December 31, 2024.

At December 31, 2025, we were in compliance with all covenants under our subordinated debenture agreements.

## Capital Resources and Liquidity Management

**Capital Resources.** Shareholders' equity is influenced primarily by earnings, dividends, sales and redemptions of common stock and preferred stock and changes in accumulated other comprehensive income, net of taxes, from AFS investment securities.

Shareholders' equity increased \$15.5 million, or 3.1%, to \$523.4 million as of December 31, 2025, from \$507.9 million at December 31, 2024. The increase in shareholders' equity for 2025 was due to net income of \$32.0 million, lower unrealized losses on AFS securities in accumulated other comprehensive loss, net of tax, of \$6.9 million, and equity compensation activity of \$1.9 million, offset by common stock repurchases of \$14.0 million and common stock cash dividends paid of \$11.3 million. As a result, book value per share increased 7.1% to \$30.69 from \$28.66 at December 31, 2024, and tangible book value per share increased 7.8% to \$26.42 from \$24.51 at December 31, 2024. For additional information, see "*Non-GAAP Financial Measures.*"

**Liquidity Management.** Liquidity refers to the measure of our ability to meet the cash flow requirements of depositors and borrowers, while at the same time meeting our operating, capital and strategic cash flow needs, all at a reasonable cost. We continuously monitor our liquidity position to ensure that assets and liabilities are managed in a manner that will meet all short-term and long-term cash requirements, both known and unknown. We manage our liquidity position to meet the daily cash flow needs of customers, while also maintaining an appropriate balance between assets and liabilities to meet the return on investment objectives of our shareholders.

Our liquidity position is supported by management of liquid assets and liabilities and access to alternative sources of funds. Liquid assets include cash, interest-earning deposits in banks, federal funds sold, available for sale securities, term federal funds, purchased receivables and maturing or prepaying balances in our securities and loan portfolios. Liquid liabilities include retail deposits, federal funds purchased, securities sold under repurchase agreements and other borrowings. Other sources of liquidity include the sale of loans, the ability to acquire additional wholesale funding, the issuance of additional collateralized borrowings through FHLB advances or the Federal Reserve's discount window, and the ability to access the capital markets through the issuance of debt securities, preferred securities or common securities. Our short-term and long-term liquidity requirements are primarily to fund known and unknown on-going operations, including payment of interest on deposits and debt, extensions of credit to borrowers, capital expenditures and shareholder dividends. These liquidity requirements are met primarily through cash flow from operations, redeployment of prepaying and maturing balances in our loan and investment portfolios, debt financing and increases in customer deposits. For additional information regarding our operating, investing and financing cash flows, see the consolidated statements of cash flows provided in *Item 8. Financial Statements and Supplementary Data - Consolidated Financial Statements.*

Integral to our liquidity management is the administration of short-term borrowings. To the extent we are unable to obtain sufficient liquidity through retail deposits, we seek to meet our liquidity needs through wholesale funding or other borrowings on either a short- or long-term basis. As part of our ongoing risk management practices, we measure the Bank's wholesale funding ratio (wholesale deposits plus borrowings divided by total deposits plus borrowings), which was 10.3% at December 31, 2025, compared to 10.7% at December 31, 2024, and in compliance with our internal policy limits.

We believe we have sufficient capital and sources of liquidity as of December 31, 2025, for our operations. We have established secured and unsecured lines of credit through which we may borrow funds from time to time on a term or overnight basis from the FHLB, the FRB of San Francisco and other financial institutions.

At December 31, 2025 and 2024, we had \$130.0 million and \$200.0 million in FHLB advances. Based on the values of loans pledged as collateral and outstanding borrowings, we had \$1.4 billion of remaining secured borrowing capacity with the FHLB as of December 31, 2025, and \$1.1 billion at December 31, 2024. In addition, secured lines of credit from the Federal Reserve Discount Window were \$66.5 million at December 31, 2025, and \$47.2 million at December 31, 2024. Federal Reserve Discount Window lines were collateralized by a pool of CRE loans totaling \$88.9 million as of December 31, 2025, and \$62.5 million as of December 31, 2024. We did not have any borrowings outstanding with the Federal Reserve at December 31, 2025 and 2024. We also maintained \$97.0 million of unsecured federal funds lines with other financial institutions and had no amounts advanced against those lines at December 31, 2025 and 2024.

The holding company, or Bancorp, is a corporation separate and apart from the Bank and, therefore, must provide for its own liquidity. Bancorp's main source of funding is dividends declared and paid to Bancorp by the Bank. There are statutory, regulatory and debt covenant limitations that affect the ability of the Bank to pay dividends to Bancorp. Management believes that these limitations will not impact our ability to meet our ongoing short-term cash obligations. During the years ended December 31, 2025 and 2024, the Bank paid dividends to Bancorp of \$45.0 million and \$20.0 million. The Company paid dividends to common stockholders during the years ended December 31, 2025 and 2024, of \$11.3 million and \$11.7 million. At December 31, 2025, Bancorp had \$46.6 million in cash, of which \$46.3 million was on deposit at the Bank.

## Regulatory Capital Requirements

We are subject to various regulatory capital requirements administered by the federal and state banking regulators. Failure to meet regulatory capital requirements may result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our financial statements. Under capital adequacy guidelines and the regulatory framework for “prompt corrective action” (described below), we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting policies.

The table below summarizes the minimum capital requirements applicable to us and the Bank pursuant to Basel III regulations including the capital conservation buffer as of the dates reflected. The minimum capital requirements are only regulatory minimums and banking regulators can impose higher requirements on individual institutions. For example, banks and bank holding companies experiencing internal growth or making acquisitions generally will be expected to maintain strong capital positions substantially above the minimum supervisory levels. Higher capital levels may also be required if warranted by the particular circumstances or risk profiles of individual banking organizations. We exceeded all regulatory capital requirements under Basel III and were considered to be “well-capitalized” at December 31, 2025 and 2024.

The table below presents the capital requirements applicable to Bancorp and the Bank in order to be considered “well-capitalized” from a regulatory perspective, and the capital ratios for the consolidated Company and Bank as of December 31, 2025 and 2024.

	Ratio at December 31, 2025	Ratio at December 31, 2024	Regulatory Capital Ratio Requirements	Regulatory Capital Ratio Requirements, including Capital Conservation Buffer	Minimum Requirement for "Well Capitalized" Depository Institution
<i>Tier 1 Leverage Ratio</i>					
Consolidated	11.60%	11.92%	4.00%	4.00%	5.00%
Bank	13.20%	13.96%	4.00%	4.00%	5.00%
<i>Common Equity Tier 1 Risk-Based Capital Ratio</i>					
Consolidated	17.49%	17.94%	4.50%	7.00%	6.50%
Bank	20.57%	21.74%	4.50%	7.00%	6.50%
<i>Tier 1 Risk-Based Capital Ratio</i>					
Consolidated	18.06%	18.52%	6.00%	8.50%	8.00%
Bank	20.57%	21.74%	6.00%	8.50%	8.00%
<i>Total Risk-Based Capital Ratio</i>					
Consolidated	23.83%	24.49%	8.00%	10.50%	10.00%
Bank	21.82%	22.99%	8.00%	10.50%	10.00%

## Contractual Obligations

The following table contains supplemental information regarding our total contractual obligations by maturity (or earliest call date) at December 31, 2025:

	Payments Due				Total
	Within One Year	One to Three Years	Three to Five Years	After Five Years	
	<i>(dollars in thousands)</i>				
Deposits without a stated maturity	\$ 1,482,837	\$ —	\$ —	\$ —	\$ 1,482,837
Time deposits	1,859,647	7,237	—	677	1,867,561
FHLB advances <sup>(1)</sup>	110,000	20,000	—	—	130,000
Long-term debt	—	—	—	119,911	119,911
Subordinated debentures	—	—	—	15,375	15,375
Leases	5,382	10,621	5,081	5,903	26,987
Total contractual obligations	<u>\$ 3,457,866</u>	<u>\$ 37,858</u>	<u>\$ 5,081</u>	<u>\$ 141,866</u>	<u>\$ 3,642,671</u>

(1) See “FHLB Borrowings” for the structure of FHLB advances that are callable by FHLB within one year, however final stated maturities range from 2.4 to 3.4 years as of December 31, 2025.

## Off-Balance Sheet Arrangements

We have limited off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

In the ordinary course of business, we enter into financial commitments to meet the financing needs of its customers. These financial commitments include commitments to extend credit, unused lines of credit, commercial and similar letters of credit and standby letters of credit. Those instruments involve to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the ACL in the consolidated balance sheets. Such off-balance sheet commitments totaled \$113.6 million and \$175.5 million as of December 31, 2025 and 2024.

Our exposure to loan loss in the event of nonperformance on these financial commitments is represented by the contractual amount of those instruments. We use the same credit policies in making commitments as it does for loans reflected in the financial statements.

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. We evaluate each client's credit worthiness on a case-by-case basis and determine the level of collateral required as necessary to meet our underwriting standards.

In addition, we invest in various affordable housing partnerships, CRA investments including Small Business Investment Company ("SBIC") funds, and other limited partnerships with less than 3% ownership. Pursuant to these investments, we commit to an investment amount to be fulfilled in future periods. Such unfunded commitments totaled \$11.0 million and \$5.7 million as of December 31, 2025 and 2024. The Company also has investments in fintech venture funds, with unfunded commitments of \$675,000 as of December 31, 2025, and \$1.2 million as of December 31, 2024.

## Non-GAAP Financial Measures

Some of the financial measures included in this Annual Report are not measures of financial performance recognized by GAAP. These non-GAAP financial measures include the "tangible common equity to tangible assets ratio," "tangible book value per share," and "return on average tangible common equity." Our management uses these non-GAAP financial measures in our analysis of our performance.

***Tangible Common Equity to Tangible Assets Ratio and Tangible Book Value Per Share.*** The tangible common equity to tangible assets ratio and tangible book value per share are non-GAAP measures generally used by financial analysts and investment bankers to evaluate capital adequacy. We calculate: (i) tangible common equity as total shareholders' equity less goodwill and other intangible assets (excluding mortgage servicing assets); (ii) tangible assets as total assets less goodwill and other intangible assets (excluding mortgage servicing assets); and (iii) tangible book value per share as tangible common equity divided by period end shares of common stock outstanding.

Our management, banking regulators, many financial analysts and other investors use these measures in conjunction with more traditional bank capital ratios to compare the capital adequacy of banking organizations with significant amounts of goodwill or other intangible assets, which typically stem from the use of the purchase method of accounting for mergers and acquisitions. Tangible common equity, tangible assets, tangible book value per share and related measures should not be considered in isolation or as a substitute for total shareholders' equity, total assets, book value per share or any other measure calculated in accordance with GAAP. Moreover, the manner in which we calculate tangible common equity, tangible assets, tangible book value per share and any other related measures may differ from that of other companies reporting measures with similar names. The following table reconciles shareholders' equity (on a GAAP basis) to tangible common equity and total assets (on a GAAP basis) to tangible assets, and calculates our tangible book value per share:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Tangible Common Equity Ratios:</b>		
<i>Tangible common equity:</i>	<i>(dollars in thousands)</i>	
Total shareholders' equity	\$ 523,410	\$ 507,877
Adjustments:		
Goodwill	(71,498)	(71,498)
Core deposit intangible	(1,338)	(2,011)
Tangible common equity	<u>\$ 450,574</u>	<u>\$ 434,368</u>
<i>Tangible assets:</i>		
Total assets-GAAP	\$ 4,208,294	\$ 3,992,477
Adjustments		
Goodwill	(71,498)	(71,498)
Core deposit intangible	(1,338)	(2,011)
Tangible assets	<u>\$ 4,135,458</u>	<u>\$ 3,918,968</u>
Common shares outstanding	17,057,397	17,720,416
Common equity to assets ratio	12.44%	12.72%
Book value per share	\$ 30.69	\$ 28.66
Tangible common equity to tangible assets ratio	10.90%	11.08%
Tangible book value per share	\$ 26.42	\$ 24.51

**Return on Average Tangible Common Equity.** Management measures return on average tangible common equity ("ROATCE") to assess our capital strength and business performance. Tangible equity excludes goodwill and other intangible assets (excluding mortgage servicing assets), and is reviewed by banking and financial institution regulators when assessing a financial institution's capital adequacy. This non-GAAP financial measure should not be considered a substitute for operating results determined in accordance with GAAP and may not be comparable to other similarly titled measures used by other companies. The following table reconciles ROATCE to its most comparable GAAP measure:

	<b>For the Year Ended</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Return on average tangible common equity:</b>	<i>(dollars in thousands)</i>		
Net income available to common shareholders	\$ 31,948	\$ 26,665	\$ 42,465
Average shareholders' equity	514,520	511,470	500,540
Adjustments:			
Average goodwill	(71,498)	(71,498)	(71,498)
Average core deposit intangible	(1,693)	(2,425)	(3,282)
Adjusted average tangible common equity	<u>\$ 441,329</u>	<u>\$ 437,547</u>	<u>\$ 425,760</u>
Return on average common equity	6.21%	5.21%	8.48%
Return on average tangible common equity	7.24%	6.09%	9.97%

**Pre-tax Pre-Provision Income.** Management believes that pre-tax pre-provision (“PTPP”) income is a useful measure for investors to evaluate core operating performance, excluding the volatility of credit provision expenses. PTPP income is calculated by subtracting noninterest expense from the sum of net interest income and noninterest income, as shown in the following table:

	For the Year Ended		
	2025	2024	2023
<b>Pre-tax pre-provision income:</b>	<i>(dollars in thousands)</i>		
Net interest income before provision for credit losses	\$ 112,282	\$ 99,364	\$ 119,286
Add: Noninterest income	16,873	15,335	15,018
Less: Noninterest expense	(76,663)	(69,163)	(70,696)
Pre-tax pre-provision income	<u>\$ 52,492</u>	<u>\$ 45,536</u>	<u>\$ 63,608</u>

#### Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

**Market Risk.** Market risk represents the risk of loss due to changes in market values of assets and liabilities. We incur market risk in the normal course of business through exposures to market interest rates, equity prices, and credit spreads. We have identified three primary sources of market risk: interest rate risk, price risk and basis risk.

**Interest Rate Risk.** Interest rate risk is the risk to earnings and value arising from changes in market interest rates. Interest rate risk arises from timing differences in the repricing and maturities of interest-earning assets and interest-bearing liabilities (repricing risk), changes in the expected maturities of assets and liabilities arising from embedded options, such as borrowers’ ability to prepay residential mortgage loans at any time and depositors’ ability to redeem certificates of deposit before maturity (option risk), changes in the shape of the yield curve where interest rates increase or decrease in a nonparallel fashion (yield curve risk), and changes in spread relationships between different yield curves, such as U.S. Treasuries and SOFR (basis risk).

**Price Risk.** Price risk represents the risk of loss arising from adverse movements in the prices of financial instruments that are carried at fair value and subject to fair value accounting. We have price risk from the available for sale SFR mortgage loans and fixed-rate available for sale securities.

**Basis Risk.** Basis risk represents the risk of loss arising from asset and liability pricing movements not changing in the same direction. We have basis risk primarily in the SFR mortgage loan portfolio, the multi-family loan portfolio, and our securities portfolio.

Our ALCO establishes broad policy limits with respect to interest rate risk. The ALCO establishes specific operating guidelines within the parameters of the board of directors’ policies. In general, we seek to minimize the impact of changing interest rates on net interest income and the economic values of assets and liabilities. The ALCO monitors the level of interest rate risk sensitivity to ensure compliance with the board of directors’ approved risk limits and to oversee management’s balance sheet risk management strategies.

Interest rate risk management is an active process that encompasses monitoring loan and deposit flows complemented by investment and funding activities. Effective management of interest rate risk begins with understanding the dynamic characteristics of assets and liabilities and determining the appropriate interest rate risk posture given business forecasts, management objectives, market expectations, and policy constraints.

An asset sensitive position refers to a balance sheet position in which a short-term decrease in interest rates is expected to generate lower net interest income, as rates earned on interest-earning assets would reprice downward more quickly than rates paid on interest-bearing liabilities, thus compressing the net interest margin. Conversely, a liability sensitive position refers to a balance sheet position in which a short-term decrease in interest rates is expected to generate higher net interest income, as rates paid on interest-bearing liabilities would reprice downward more quickly than rates earned on interest-earning assets, thus expanding the net interest margin.

**Income Simulation and Economic Value Analysis.** Interest rate risk measurement is calculated and reported to the board and the ALCO at least quarterly. The information reported includes period-end results and identifies any policy limits exceeded, along with an assessment of the policy limit breach and the action plan and timeline for resolution, mitigation, or assumption of the risk.

We use two approaches to model interest rate risk: Net Interest Income at Risk ("NII at Risk"), and Economic Value of Equity ("EVE"). Under NII at Risk, net interest income is modeled utilizing various assumptions for assets, liabilities, and derivatives over a 12 month time horizon assuming a flat balance sheet and an instantaneous and parallel shift in market interest rates in 100 basis point increments. We report NII at Risk to isolate the change in income related solely to interest-earning assets and interest-bearing liabilities. The model results do not take into consideration any steps management might take to respond to the changes in interest rates or changes in competitor or customer behavior. EVE measures the period end market value of assets minus the market value of liabilities and the change in this value as rates change. EVE is a period end measurement.

	<b>Net Interest Income Sensitivity</b>					
	<b>Immediate Change in Rates</b>					
	-300	-200	-100	+100	+200	+300
<u>December 31, 2025</u>	<i>(dollars in thousands)</i>					
Dollar change	\$ 11,201	\$ 5,268	\$ 3,325	\$ (2,860)	\$ (5,527)	\$(8,440)
Percent change	9.38%	4.41%	2.78%	(2.39%)	(4.63%)	(7.07%)
<u>December 31, 2024</u>						
Dollar change	\$ 12,278	\$ 6,776	\$ 2,810	\$ (960)	\$ (2,321)	\$(3,612)
Percent change	10.73%	5.92%	2.46%	(0.84%)	(2.03%)	(3.16%)

At December 31, 2025, our NII at Risk profile is liability sensitive. This is directionally consistent with our profile at December 31, 2024. Actual results could vary materially from those calculated by our model, due to a variety of factors or assumptions such as the uncertainty of the magnitude, timing and direction of future interest rate movement or the shape of the yield curve. The NII at Risk results are within board policy limits.

	<b>Economic Value of Equity Sensitivity (Shock)</b>					
	<b>Immediate Change in Rates</b>					
	-300	-200	-100	+100	+200	+300
<u>December 31, 2025</u>	<i>(dollars in thousands)</i>					
Dollar change	\$ (48,495)	\$ 7,557	\$ 8,430	\$ (18,774)	\$ (39,714)	\$(64,688)
Percent change	(7.41%)	1.16%	1.29%	(2.87%)	(6.07%)	(9.89%)
<u>December 31, 2024</u>						
Dollar change	\$ (25,835)	\$ 3,288	\$ 11,486	\$ (19,175)	\$ (46,186)	\$(80,285)
Percent change	(3.84)%	0.49%	1.71%	(2.85)%	(6.86)%	(11.93)%

At December 31, 2025, the EVE position is projected to increase in the down 100 and 200 rate scenarios and decrease in the up rate scenarios and down 300 rate scenario. When interest rates rise, fixed rate assets generally lose economic value as these instruments are discounted at a higher rate demonstrating the relative longer asset duration as compared to the overall liability duration. When interest rates decrease, the value of noninterest-bearing deposits also decreases. In addition, as the down rate shocks become more severe, the pace of the increase in the value of loans also slows due to an increase in loan prepayments and the impact of discount rates reaching their floors; this results in a change of EVE volatility from positive to negative between the down 200 and 300 rate scenarios. Actual results could vary materially from those calculated by our model, due to a variety of factors or assumptions such as the uncertainty of the magnitude, timing and direction of future interest rate movement or the shape of the yield curve. The EVE results are within board policy limits.

**Item 8. Financial Statements and Supplementary Data.**

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## **Report of Independent Registered Public Accounting Firm**

Shareholders and the Board of Directors of RBB Bancorp  
Los Angeles, California

### **Opinions on the Financial Statements and Internal Control over Financial Reporting**

We have audited the accompanying consolidated balance sheets of RBB Bancorp (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework: (2013) issued by COSO.

### **Basis for Opinions**

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

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

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### **Definition and Limitations of Internal Control Over Financial Reporting**

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

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

## Critical Audit Matter

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

### *Allowance for Credit Losses on Loans - Qualitative Factors*

As described in Notes 2 and 4 to the consolidated financial statements, the Company accounts for credit losses on loans in accordance with ASC 326, which requires the Company to record an estimate of expected lifetime credit losses for loans at the time of origination. As of December 31, 2025, the Company had gross loan portfolio of \$3.31 billion and a related allowance for credit losses on loans of \$43.89 million.

The Company's discounted cash flow methodology incorporates a probability of default, loss given default and exposure at default model, as well as expectations of future economic conditions, using reasonable and supportable forecasts. The Company uses both internal and external qualitative factors within the current expected credit losses model including lending policies, procedures, and strategies; changes in nature and volume of the portfolio; credit and lending personnel experience; changes in volume and trends in classified loans, delinquencies, and nonaccrual; concentration risk; collateral values; regulatory and business environment; loan review results; and economic conditions.

We identified auditing the Company's estimate of current expected credit losses on loans to be a critical audit matter, particularly as it pertains to auditing the application of qualitative factors, as the matter involved significant audit effort and especially subjective auditor judgment.

The primary procedures performed to address the critical audit matter included:

- Testing the design and operating effectiveness of controls over qualitative factors within the model, including controls addressing:
  - Management's review of the reasonableness of assumptions and judgments that support the qualitative factors.
  - Management's evaluation of the relevance and reliability of data utilized in the calculation of the qualitative factors.
- Testing the relevance and reliability of the data used in the determination of the qualitative factors.
- Evaluating the reasonableness of management's assumptions and judgments used in the determination of the qualitative factors and the resulting qualitative allocation to the allowance for credit losses on loans.

/s/ Crowe LLP

We have served as the Company's auditor since 2022.

Los Angeles, California

March 9, 2026

**RBB BANCORP AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS  
AS OF DECEMBER 31,  
(In thousands, except for share data)**

	2025	2024
<b>Assets</b>		
Cash and due from banks	\$ 27,086	\$ 27,747
Interest-earning deposits in other financial institutions	185,231	229,998
Cash and cash equivalents	212,317	257,745
Interest-earning time deposits in other financial institutions	600	600
Securities:		
Available for sale (amortized cost of \$426,145 and \$449,416 at December 31, 2025 and December 31, 2024)	407,204	420,190
Held to maturity (fair value of \$4,103 and \$4,948 at December 31, 2025 and December 31, 2024)	4,184	5,191
Loans held for sale	2,067	11,250
Loans held for investment	3,314,301	3,053,230
Allowance for loan losses	(43,888)	(47,729)
Loans held for investment, net of allowance for loan losses	3,270,413	3,005,501
Premises and equipment, net	23,540	24,601
Federal Home Loan Bank ("FHLB") stock	15,000	15,000
Net deferred tax assets	16,347	19,055
Income tax receivable	17,483	10,311
Cash surrender value of bank owned life insurance ("BOLI")	61,972	60,296
Goodwill	71,498	71,498
Right-of-use assets - operating leases	23,026	28,048
Accrued interest and other assets	82,643	63,191
Total assets	<u>\$ 4,208,294</u>	<u>\$ 3,992,477</u>
<b>Liabilities and Shareholders' Equity</b>		
Deposits:		
Noninterest-bearing demand	\$ 526,538	\$ 563,012
Savings, NOW and money market accounts	956,299	663,034
Time deposits \$250,000 and under	974,670	1,007,452
Time deposits over \$250,000	892,891	850,291
Total deposits	3,350,398	3,083,789
Reserve for unfunded commitments	484	729
FHLB advances	130,000	200,000
Long-term debt, net of issuance costs	119,911	119,529
Subordinated debentures (net of unamortized valuation reserve of \$2,152 and \$2,371 at December 31, 2025 and December 31, 2024)	15,375	15,156
Lease liabilities - operating leases	24,800	29,705
Accrued interest and other liabilities	43,916	35,692
Total liabilities	3,684,884	3,484,600
Commitments and contingencies - Note 13		
Shareholders' equity:		
Preferred Stock - 100,000,000 shares authorized, no par value; none outstanding	—	—
Common Stock - 100,000,000 shares authorized, no par value; 17,057,397 shares issued and outstanding at December 31, 2025 and 17,720,416 shares issued and outstanding at December 31, 2024	250,694	259,957
Additional paid-in capital	3,941	3,645
Retained earnings	282,024	264,460
Non-controlling interest	72	72
Accumulated other comprehensive loss, net	(13,321)	(20,257)
Total shareholders' equity	523,410	507,877
Total liabilities and shareholders' equity	<u>\$ 4,208,294</u>	<u>\$ 3,992,477</u>

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

**RBB BANCORP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEAR ENDED DECEMBER 31,  
(In thousands, except share and per share data)**

	2025	2024	2023
Interest, fees and dividend income:			
Loans	\$ 193,849	\$ 184,567	\$ 194,264
Interest-earning deposits	7,931	15,422	10,746
Investment securities	17,081	14,331	14,028
FHLB stock	1,312	1,314	1,125
Federal funds sold and other	953	1,027	985
Total interest and dividend income	221,126	216,661	221,148
Interest expense:			
Savings deposits, NOW and money market accounts	19,025	19,295	12,205
Time deposits	78,074	89,086	76,837
Long-term debt and subordinated debentures	6,524	6,699	9,951
FHLB advances	5,221	2,217	2,869
Total interest expense	108,844	117,297	101,862
Net interest income before provision for credit losses	112,282	99,364	119,286
Provision for credit losses	10,358	9,857	3,362
Net interest income after provision for credit losses	101,924	89,507	115,924
Noninterest income:			
Service charges and fees	4,187	4,115	4,172
Loan servicing income, net of amortization	2,249	2,265	2,576
Increase in cash surrender value of BOLI	1,676	1,577	1,409
Gain on sale of loans	1,156	1,586	374
Gain on OREO	—	1,016	133
Other income	7,605	4,776	6,354
Total noninterest income	16,873	15,335	15,018
Noninterest expense:			
Salaries and employee benefits	43,056	39,395	37,795
Occupancy and equipment expenses	9,644	9,803	9,629
Data processing	6,870	5,857	5,326
Legal and professional	7,470	4,453	8,198
Office expenses	1,734	1,455	1,512
Marketing and business promotion	863	864	1,132
Insurance and regulatory assessments	2,924	3,298	3,165
Core deposit premium amortization	672	784	923
Other expenses	3,430	3,254	3,016
Total noninterest expense	76,663	69,163	70,696
Net income before income taxes	42,134	35,679	60,246
Income tax expense	10,186	9,014	17,781
Net income	\$ 31,948	\$ 26,665	\$ 42,465
Net income per share			
Basic	\$ 1.83	\$ 1.47	\$ 2.24
Diluted	\$ 1.83	\$ 1.47	\$ 2.24
Weighted-average common shares outstanding			
Basic	17,435,027	18,121,764	18,965,346
Diluted	17,500,330	18,183,319	18,985,233

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

**RBB BANCORP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31,  
(In thousands)**

	<b>2025</b>	<b>2024</b>	<b>2023</b>
Net income	\$ 31,948	\$ 26,665	\$ 42,465
Other comprehensive income/(loss):			
Unrealized gains/(losses) on securities available for sale	10,285	(1,117)	3,149
Related income tax effect	(3,349)	372	(996)
Total other comprehensive income/(loss)	6,936	(745)	2,153
Total comprehensive income	<u>\$ 38,884</u>	<u>\$ 25,920</u>	<u>\$ 44,618</u>

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

**RBB BANCORP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023**  
*(In thousands, except share data)*

	Common Stock		Additional Paid-in Capital	Retained Earnings	Non- Controlling Interest	Accumulated Other Comprehensive		Total
	Shares	Amount				(Loss) Income		
<b>Balance at January 1, 2023</b>	18,965,776	\$276,912	\$ 3,361	\$ 225,883	\$ 72	\$ (21,665)	\$484,563	
Net income	—	—	—	42,465	—	—	42,465	
Stock-based compensation, net	—	—	750	—	—	—	750	
Restricted stock unit vested	20,374	391	(391)	—	—	—	—	
Cash dividends on common stock (\$0.64 per share)	—	—	—	(12,163)	—	—	(12,163)	
Stock options exercised	19,403	392	(97)	—	—	—	295	
Repurchase of common stock	(396,374)	(5,770)	—	(1,033)	—	—	(6,803)	
Other comprehensive income, net of taxes	—	—	—	—	—	2,153	2,153	
<b>Balance at December 31, 2023</b>	<u>18,609,179</u>	<u>\$271,925</u>	<u>\$ 3,623</u>	<u>\$ 255,152</u>	<u>\$ 72</u>	<u>\$ (19,512)</u>	<u>\$511,260</u>	
Net income	—	—	—	26,665	—	—	26,665	
Stock-based compensation, net	—	—	1,360	—	—	—	1,360	
Restricted stock unit vested	35,737	672	(780)	—	—	—	(108)	
Cash dividends on common stock (\$0.64 per share)	—	—	—	(11,720)	—	—	(11,720)	
Stock options exercised	112,250	2,399	(558)	—	—	—	1,841	
Repurchase of common stock	(1,036,750)	(15,039)	—	(5,637)	—	—	(20,676)	
Other comprehensive loss, net of taxes	—	—	—	—	—	(745)	(745)	
<b>Balance at December 31, 2024</b>	<u>17,720,416</u>	<u>\$259,957</u>	<u>\$ 3,645</u>	<u>\$ 264,460</u>	<u>\$ 72</u>	<u>\$ (20,257)</u>	<u>\$507,877</u>	
Net income	—	—	—	31,948	—	—	31,948	
Stock-based compensation, net	—	—	1,743	—	—	—	1,743	
Restricted stock unit vested	60,430	1,033	(1,298)	—	—	—	(265)	
Cash dividends on common stock (\$0.64 per share)	—	—	—	(11,264)	—	—	(11,264)	
Stock options exercised	23,500	566	(149)	—	—	—	417	
Repurchase of common stock	(746,949)	(10,862)	—	(3,120)	—	—	(13,982)	
Other comprehensive income, net of taxes	—	—	—	—	—	6,936	6,936	
<b>Balance at December 31, 2025</b>	<u>17,057,397</u>	<u>\$250,694</u>	<u>\$ 3,941</u>	<u>\$ 282,024</u>	<u>\$ 72</u>	<u>\$ (13,321)</u>	<u>\$523,410</u>	

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

**RBB BANCORP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023**  
*(In thousands)*

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>Operating activities</b>			
Net income	\$ 31,948	\$ 26,665	\$ 42,465
Adjustments to reconcile net income to net cash from Operating activities:			
Depreciation and amortization of premises and equipment	1,871	1,898	2,018
Net accretion of discount for securities, loans, deposits, and other	(2,913)	(4,244)	(5,396)
Unrealized loss/(gain) on equity securities	74	(41)	(24)
Amortization of investment in affordable housing tax credits	2,097	1,336	1,127
Amortization of intangible assets	1,807	2,342	2,568
Amortization of right-of-use asset	5,126	5,011	5,042
Change in operating lease liabilities	(5,009)	(4,742)	(4,730)
Provision for credit losses	10,358	9,857	3,362
Stock-based compensation, net	1,743	1,360	750
Deferred tax (benefit)/expense	(641)	(2,918)	216
Gain on sale of loans	(1,156)	(1,586)	(374)
Gain on OREO	—	(1,016)	(133)
Gain on sale of fixed assets	(42)	—	(32)
Increase in cash surrender value of BOLI	(1,676)	(1,577)	(1,409)
Loans originated and purchased for sale, net	(7,751)	(35,568)	(15,058)
Proceeds from loans sold	17,630	63,268	18,743
Other items	(10,079)	(1,550)	2,157
Net cash provided by operating activities	<u>43,387</u>	<u>58,495</u>	<u>51,292</u>
<b>Investing activities</b>			
Securities available for sale:			
Purchases	(260,984)	(415,396)	(694,210)
Maturities, repayments and calls	286,465	316,151	640,993
Securities held to maturity:			
Maturities, repayments and calls	1,000	—	500
(Purchase) sale of other equity securities, net	(3,216)	489	(479)
Net increase of investment in qualified affordable housing projects	(3,765)	(2,525)	(279)
Net (increase)/decrease in loans	(343,792)	(61,254)	296,693
Proceeds from sales of loans originally classified as HFI	57,343	—	—
Proceeds from sales of OREO	7,526	2,936	711
Proceeds from sale of fixed assets	42	—	32
Purchases of premises and equipment	(798)	(788)	(652)
Net cash (used in)/provided by investing activities	<u>(260,179)</u>	<u>(160,387)</u>	<u>243,309</u>
<b>Financing activities</b>			
Net increase/(decrease) in demand deposits and savings accounts	256,791	53,696	(241,730)
Net increase/(decrease) in time deposits	9,667	(144,769)	438,625
Advances from Federal Home Loan Bank	170,000	50,000	80,000
Repayment of Federal Home Loan Bank borrowings	(240,000)	—	(150,000)
Cash dividends paid	(11,264)	(11,720)	(12,163)
Restricted stock units vesting	(265)	(108)	—
Redemption of subordinated notes	—	—	(55,000)
Common stock repurchased, net of repurchased costs	(13,982)	(20,676)	(6,803)
Exercise of stock options	417	1,841	295
Net cash provided by/(used in) financing activities	<u>171,364</u>	<u>(71,736)</u>	<u>53,224</u>
Net (decrease)/increase in cash and cash equivalents	<u>(45,428)</u>	<u>(173,628)</u>	<u>347,825</u>
Cash and cash equivalents at beginning of period	257,745	431,373	83,548
Cash and cash equivalents at end of period	<u>\$ 212,317</u>	<u>\$ 257,745</u>	<u>\$ 431,373</u>
<b>Supplemental disclosure of cash flow information</b>			
Cash paid during the period:			
Interest paid	\$ 108,683	\$ 120,917	\$ 93,721
Taxes paid	18,721	6,225	21,389
Non-cash investing and financing activities:			
Transfer from loans to other real estate owned	12,666	1,920	—
Loans transferred to held for sale, net	56,883	35,453	5,254
Additions to servicing assets	190	433	234
Recognition of operating lease right-of-use assets	(104)	(3,256)	(9,398)
Recognition of operating lease liabilities	104	3,256	9,398

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

## RBB BANCORP AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1 - BUSINESS DESCRIPTION

RBB Bancorp is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. RBB Bancorp's principal business is to serve as the holding company for its wholly-owned banking subsidiaries, Royal Business Bank ("Bank") and RBB Asset Management Company ("RAM"), collectively referred to herein as "the Company." RBB Bancorp was formed in January 2011 as a bank holding company and RAM was formed in 2012 to hold and manage problem assets acquired in business combinations. There are no problem assets at RAM or activity in this subsidiary for the years ended December 31, 2025 and 2024. When we refer to "we", "us", "our", or the "Company", we are referring to RBB Bancorp and its consolidated subsidiaries including the Bank and RAM, collectively. When we refer to the "parent company", "Bancorp", or the "holding company", we are referring to RBB Bancorp, the parent company, on a stand-alone basis.

At December 31, 2025, the Company had total assets of \$4.2 billion, gross consolidated loans of \$3.3 billion, total deposits of \$3.4 billion and total shareholders' equity of \$523.4 million.

The Bank provides business-banking products and services predominantly to Asian-centric communities through 24 full service branches located in Los Angeles County, Orange County and Ventura County in California, Las Vegas (Nevada), the New York City metropolitan areas, Chicago (Illinois), Edison (New Jersey) and Honolulu (Hawaii). The products and services include commercial and investor real estate loans, business loans and lines of credit, Small Business Administration ("SBA") 7A and 504 loans, mortgage loans, trade finance and a full range of depository accounts, including specialized services such as remote deposit, E-banking, mobile banking and treasury management services. Our primary source of revenue is providing loans to customers, who are predominately small and middle-market businesses and individuals.

We operate as a minority depository institution ("MDI"), which is defined by the Federal Deposit Insurance Corporation ("FDIC") as a federally insured depository institution where 51% or more of the voting stock is owned by minority individuals or a majority of the board of directors is minority and the community that the institution serves is predominantly minority. A MDI is eligible to receive support from the FDIC and other federal regulatory agencies such as training, technical assistance and review of proposed new deposit taking and lending programs, and the adoption of applicable policies and procedures governing such programs. We intend to maintain our MDI designation, as it is expected that at least 51% of our issued and outstanding shares of capital shall remain owned by minority individuals. The MDI designation has been historically beneficial to us, and we continue to use the program for technical assistance.

We generate our revenue primarily from interest received on loans and, to a lesser extent, from interest received on investment securities. We also derive income from noninterest sources, such as fees received in connection with various lending and deposit services, loan servicing, gain on sales of loans and wealth management services. Our principal expenses include interest expense on deposits and borrowings, and operating expenses, such as salaries and employee benefits, occupancy and equipment, data processing, and income tax expense.

#### NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Presentation

The accompanying consolidated financial statements and notes thereto of the Company have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") for Form 10-K and conform to practices within the banking industry and include all of the information and disclosures required by U.S. Generally Accepted Accounting Principles ("GAAP") for financial reporting.

##### Principles of Consolidation and Nature of Operations

The accompanying consolidated financial statements include the accounts of RBB Bancorp and its wholly-owned subsidiaries, the Bank and RAM. All significant intercompany transactions have been eliminated.

RBB Bancorp has no significant business activity other than its investments in the Bank and in RAM. However, through our whole bank acquisition activity, we have acquired three statutory business trusts: TFC Statutory Trust, FAIC Statutory Trust I and PGB Capital Trust I. These trusts issued trust preferred securities representing undivided preferred beneficial interests in the assets of these trusts. The proceeds of these trust preferred securities were invested in certain securities issued by the entities we have acquired, with similar terms to the relevant series of securities issued by these trusts, which we refer to as subordinated debentures, and are included in Tier 2 capital.

The parent company only condensed financial information on RBB Bancorp is provided in Note 23.

In connection with the 2018 acquisition of First American International Corp (“FAIC”), we acquired FAIB Capital Corp. (“FAICC”), a real estate investment trust formed on August 28, 2013 as a New York State corporation, which operates as a wholly-owned subsidiary of the Bank.

#### Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP 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. It is reasonably possible that these estimates could change as actual results could differ from those estimates. The allowance for credit losses, realization of deferred tax assets, the valuation of goodwill and other intangible assets, other derivatives, and the fair value measurement of financial instruments are particularly subject to change and such change could have a material effect on the consolidated financial statements.

#### Summary of Significant Accounting Policies

*Cash and Cash Equivalents.* Cash and cash equivalents include cash and due from banks and interest-earning deposits in other financial institutions with original maturities of less than 90 days. Net cash flows are reported for customer loan and deposit transactions and interest-earning deposits in other financial institutions.

*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. There were no reserves required to be held as of December 31, 2025 and 2024. We maintain amounts in due from bank accounts, which may exceed federally insured limits. We have not experienced any losses in such accounts.

*Interest-Earning Time Deposits in Other Financial Institutions.* Interest-earning time deposits in other financial institutions not included in cash and cash equivalents are carried at cost and generally mature in one year or less.

*Investment Securities.* Investment securities are classified as held to maturity (“HTM”) and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Investment securities not classified as HTM are classified as available for sale (“AFS”). AFS securities are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax.

Interest income includes amortization of purchase premiums or discounts. Premiums and discounts on securities are amortized on the level-yield method to the earlier of the maturity date or call date of the underlying securities. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

*Allowance for Credit Losses - HTM securities.* Management measures expected credit losses on HTM debt securities on a collective basis by major security type and accrued interest receivable on HTM debt securities is excluded from the estimate of credit losses. The estimate of expected credit losses on HTM securities considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts.

*Allowance for Credit Losses - AFS securities.* For AFS debt securities in an unrealized loss position, we first assess whether we intend to sell, or it is more likely than not that we will be required to sell the security before recovery of the amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, then the security's amortized cost basis is written down to fair value through income. For debt securities AFS that do not meet the aforementioned criteria, we evaluate whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, we consider 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, then the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, then a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income (loss).

Changes in the allowance for credit losses on AFS securities are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management believes the uncollectability of an AFS security is confirmed or when either of the criteria regarding intent or requirement to sell is met. Accrued interest receivable on AFS debt securities is excluded from the estimate of credit losses.

*Loans Held For Sale.* Mortgage loans originated or acquired and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by outstanding commitments from investors. Mortgage loans held for sale are generally sold with servicing rights retained. The carrying value of mortgage loans sold is determined by reducing the amount allocated to the servicing right, when applicable. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loans sold.

We may transfer loans from held for investment to held for sale. Upon transfer, the carrying value of the loan is adjusted to the lower of cost or estimated fair value. Any write-downs in the carrying amount of the loan at the date of transfer are recorded as charge-offs to allowance for loan losses. The unamortized balance of deferred fees and costs associated with loans held for sale is deferred until the time of sale and are included in the determination of the lower of cost or fair value adjustments and/or the gain or loss recognized at the time of sale. Gains or losses on the sale of these loans are recorded as noninterest income in the consolidated statements of earnings.

Loans held for sale at December 31, 2025, consisted primarily of first trust deed mortgages on single-family residential properties. Loans held for sale at December 31, 2024, consisted primarily of nonperforming commercial real estate loans under contract for sale.

*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 and net of any unamortized deferred fees or costs on originated loans, or unamortized premiums or discounts on purchased loans. Loan origination fees and certain direct origination costs are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

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 or when, in the opinion of management, there is reasonable doubt as to collectability based on the contractual terms of the loan. 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.

*Allowance for Credit Losses ("ACL") - Loans.* Effective January 1, 2022, upon the adoption of ASU 2016-13, Financial Instruments—Credit Losses (ASC 326), we account for credit losses on loans in accordance with ASC 326, which requires us to record an estimate of expected lifetime credit losses for loans at the time of origination. The ACL is maintained at a level deemed appropriate by management to provide for expected credit losses in the loan portfolio as of the date of the consolidated balance sheets. Estimating expected credit losses requires management to use relevant forward-looking information, including the use of reasonable and supportable forecasts. The measurement of the ACL is performed by collectively evaluating loans with similar risk characteristics. We have elected to utilize a DCF approach for all segments except for consumer loans and loans to non-depository financial institutions, which use a remaining life approach.

Our DCF methodology incorporates a probability of default, loss given default and exposure at default model, as well as expectations of future economic conditions, using reasonable and supportable forecasts. We use both internal and external qualitative factors within the current expected credit losses (“CECL”) model including: lending policies, procedures, and strategies; changes in nature and volume of the portfolio; credit and lending personnel experience; changes in volume and trends in classified loans, delinquencies, and nonaccrual; concentration risk; collateral values; regulatory and business environment; loan review results; and economic conditions. We determine the weighting of the qualitative factors based on management’s ability to directly control or influence the level of risk exposure. Management further estimates the allowance balance required using past loan loss experience from peers with similar portfolio sizes and geographic locations to the Company, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Our CECL methodology utilizes a four-quarter reasonable and supportable forecast period, and a four-quarter reversion period. The Company is using the Federal Open Market Committee to obtain forecasts for the unemployment rate, while reverting to a long-run average of each considered economic factor.

We record a liability for expected credit losses on off-balance-sheet credit exposure that do not fit the definition of unconditionally cancelable in accordance with ASC 326. The Company uses the loss rate and exposure at default framework to estimate a reserve for unfunded commitments. Loss rates for the expected funded balances are determined based on the associated pooled loan analysis loss rate and the exposure at default is based on an estimated utilization given default.

We assess expected credit losses for individual instruments that have different risk characteristics than those that are evaluated on a collective (pooled) basis, in accordance with ASC 326. An individual analysis will provide a specific reserve or charge-off for instruments involved when comparing the carrying value to the fair market value of collateral or present value of future cash flow. The Company performs such individual analysis on loans that are 90 or more days past due or on non-accrual status. Credit losses are not estimated for accrued interest receivable as interest that is deemed uncollectible is written off through interest income.

We adopted ASU 2022-02, Financial Instruments—Credit Losses (Topic 326), effective January 1, 2023. Upon adoption, we evaluate all receivable modifications under ASC 310 to determine whether a modification made to a borrower results in a new loan or a continuation of the existing loan. The Company no longer considers renewals, modifications, or extensions resulting from reasonably expected troubled debt restructurings (“TDRs”) when calculating the allowance for credit losses under ASC 326. The post-modification effective interest rate is used to calculate the allowance for credit losses when the DCF method is applied.

*Servicing Rights* (included in “Accrued interest and other assets” in the consolidated balance sheets). Servicing rights are established as an intangible asset when mortgage loans and SBA loans are sold with servicing retained and they are initially recorded at fair value with the income statement effect recorded in the gain on sale of loans. Fair value is based on a valuation model that calculates the present value of estimated future net servicing income. All classes of 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.

Quarterly impairment (if any) is based upon the fair value of the rights as compared to carrying amount. Impairment is recognized through a charge to income to establish a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If we later determine 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 to income. The estimated fair value of the servicing rights is obtained through independent third party valuations based on an analysis of future cash flows, incorporating key assumptions including discount rates, prepayment speeds and interest rates.

Servicing fee income, which is reported on the income statement as loan servicing fees, net of amortization, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal. The amortization of the mortgage and SBA servicing rights is offset against loan servicing fee income and reported as a net amount in the consolidated income statement.

*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 us, 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 we do not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

*Premises and Equipment.* Land is carried at cost. Premises, leasehold improvements 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 is thirty years for premises and ranges from three to ten years for leasehold improvements and equipment. Leasehold improvements are amortized using the straight-line method over the estimated useful lives of the improvements or the remaining lease term, whichever is shorter. Expenditures for improvements or major repairs are capitalized and those for ordinary repairs and maintenance are charged to operations as incurred.

*Operating Lease ROU Assets and Lease Liabilities.* Operating lease Right-of-Use (“ROU”) assets and lease liabilities are included in other assets and other liabilities, respectively, on our consolidated balance sheet. The ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The lease terms include periods covered by options to extend or terminate the lease if we are reasonably certain to exercise such options. We use our incremental borrowing rate to determine the present value of our lease liabilities, and we do not recognize ROU assets or lease liabilities for leases with an initial term of 12 months or less.

We determine if a contract arrangement is a lease at inception and we primarily enter into operating lease contracts for our branch locations, office space, and certain equipment. Lease expense for lease payments is recognized on a straight-line basis over the lease term. We did not have any leases with variable lease payments or residual value guarantees as of December 31, 2025.

*Other Real Estate Owned* (included in “Accrued interest and other assets” in the consolidated balance sheets). Real estate acquired by foreclosure or deed in lieu of foreclosure is recorded at fair value at the date of foreclosure, establishing a new cost basis by a charge to the allowance for credit losses, if necessary. Other real estate owned is carried at the lower of our 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 and related income of such properties and gains and losses on their disposition are included in other operating income and expenses.

*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 resulting from whole bank and branch acquisitions is not amortized, but tested for impairment at least annually. ASC Topic 350 provides entities with the option to perform a qualitative assessment to determine whether it is more likely than not (i.e., a likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying amount, including goodwill. Other intangible assets (included in “Accrued interest and other assets” in the consolidated balance sheets) consist of core deposit intangible (“CDI”) assets arising from acquisitions.

*Bank Owned Life Insurance.* We have purchased life insurance policies on a select group of employees and directors. Bank Owned Life Insurance (“BOLI”) is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. Increases in the cash value of these policies, as well as insurance proceeds received, are recorded in the other noninterest income and are not subject to income tax for as long as they are held for the life of the covered employees and directors.

*FHLB Stock and Other Equity Securities.* We are a member of the Federal Home Loan Bank (“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 ultimate recovery of par value. Both cash and stock dividends are reported as income.

We also own several Community Reinvestment Act (“CRA”) equity investments, other bank stock, and other equity investments without readily determinable fair values included in “Accrued interest and other assets” on the consolidated balance sheets. We measure these equity securities at cost less impairment, plus or minus observable price changes in orderly transactions.

*Stock-Based Compensation.* We recognize equity-based awards granted to employees as compensation expense. Such expense is based on the grant date fair value of equity awards, including stock options and time-based and performance-based restricted stock units. The expense related to equity-based awards granted to directors or other qualified non-employee awardees is recognized as other noninterest expense.

Stock option compensation expense is calculated based on the fair value of the award at the grant date for those options expected to vest and is recognized as an expense over the vesting period of the grant using the straight-line method. We use the Black-Scholes option-pricing model to estimate the value of granted stock options. This model takes into account the option exercise price, the expected life, the current price of the underlying stock, the expected volatility of our stock, expected dividends on the stock and a risk-free interest rate. We estimate the expected volatility based on our historical stock prices for the period corresponding to the expected life of the stock options.

Restricted stock units are generally valued based on the closing price of our stock on the date of the grant. Restricted stock units containing a market condition are valued using a Monte Carlo model simulation to determine the fair value of such awards on the date of grant. Stock-based compensation expense is recognized over the period which an employee is required to provide services in exchange for the award, generally defined as the vesting period. When the options are exercised or restricted stock units are vested, our policy is to issue new shares of stock. Our accounting policy is to recognize forfeitures as they occur.

*Income Taxes.* Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets are also recognized for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in earnings in the period that includes the enactment date. The value of deferred tax assets and liabilities are based on many factors including: estimates of the timing of reversals of temporary differences, the application of federal and state income tax laws, and a determination of the differences between the tax and the financial reporting basis of assets and liabilities. Actual results could differ from the estimates and interpretations used in determining the current and deferred income tax liabilities.

Under ASC 740, a valuation allowance is required to be recognized if it is “more likely than not” that all or a portion of our deferred tax assets will not be realized. Our policy is to evaluate the deferred tax assets on a quarterly basis and record a valuation allowance for our deferred tax assets if there is not sufficient positive evidence available to demonstrate utilization of our deferred tax assets. An initial setup or an increase to deferred tax asset valuation allowance would be charged to income tax expense that would negatively impact our earnings.

*Purchased Federal Transferable Tax Credits.* Purchased federal transferable tax credits represent qualifying federal income tax credits acquired from an unrelated third party to offset amounts that otherwise would be due and payable to the IRS. A purchased federal transferrable tax credit is recognized as a payable to the third party seller in the year the underlying qualifying project, which is generating the tax credits, is placed in service and at the same time an income tax receivable from the IRS is established by the Company. Such federal tax credits are purchased at a discount which is recognized as a reduction in the federal income tax expense by the Company. See Note 12 for more information and disclosures relating to purchased federal transferable tax credits.

*Retirement Plans.* We established a 401(k) plan in 2010. We contributed \$897,000, \$826,000, and \$707,000 in 2025, 2024, and 2023.

*Comprehensive Income.* Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale, net of taxes.

*Financial Instruments.* In the ordinary course of business, we enter into financial commitments to meet the financing needs of its customers. These financial commitments include commitments to extend credit, unused lines of credit, commercial and similar letters of credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they are funded.

See Note 13 for more information and disclosures relating to our financial instruments.

*Derivatives.* Interest Rate Lock Commitments (“IRLCs”) are agreements under which we agree to extend credit to a borrower under certain specified terms and conditions in which the interest rate and the maximum amount of the loan are set prior to funding. Under the agreement, we commit to lend funds to a potential borrower (subject to our approval of the loan) on a fixed or adjustable rate basis, regardless of whether interest rates change in the market, or on a floating rate basis. As such, outstanding IRLCs are subject to interest rate risk and related price risk during the period from the date of issuance through the date of loan funding, cancelling or expiration. Loan commitments generally range between 30 and 90 days; however, the borrower is not obligated to obtain the loan. We are subject to fallout risk related to IRLCs, which is realized if approved borrowers choose not to close on the loans within the terms of the IRLCs. We use best efforts commitments to substantially eliminate these risks. Historical commitment-to-closing ratios are considered to estimate the quantity of mortgage loans that will fund within the terms of the IRLCs.

ASC 815, Derivatives and Hedging, provides that IRLCs on mortgage loans that will be held for resale are derivatives and must be accounted for at fair value on the balance sheet. ASC 820, Fair Value Measurements and Disclosures, specifies how these derivatives are valued. Commitments to originate mortgage loans to be held for investment and other types of loans are generally not derivatives. We have elected to account for these obligations at fair value.

Forward Mortgage Loan Sale Contracts (“FMLSC”) are utilized to avoid interest rate risk at the time an interest rate lock commitment is made to the buyer. We are subject to interest rate and price risk on its mortgage loans held for sale from the loan funding date until the date the loan is sold. Best efforts commitments which fix the forward sales price that will be realized in the secondary market are used to eliminate our interest rate and price risk. To avoid interest rate risk, we will enter into FMLSCs at the time we make an interest rate lock commitment to the buyer. The buyer can enter into mortgage loan sales commitments on a “mandatory” or “best efforts” basis. Mandatory commitments provide that the loan must be delivered or the commitment be “paired off.” In general, best efforts commitments provide that the loan be delivered if and when it closes. Forward commitments, also known as forward loan sales commitments, are considered derivatives under ASC Topic 815, Derivatives and Hedging, because they meet all of the following criteria:

- They have a specified underlying (the contractually specified price for the loans);
- They have a notional amount (the committed loan principal amount);
- They require little or no initial net investment; and
- They require or permit net settlement as the institution via a pair-off transaction or the payment of a pair-off fee.

See Note 18 for more information and disclosures relating to our derivatives.

*Earnings Per Share (“EPS”).* Basic and diluted EPS are calculated using the two-class method since we have issued share-based payment awards considered participating securities because they entitle holders the rights to dividends during the vesting term. The two-class method is an earnings allocation formula that determines net income per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings. Basic EPS excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution, utilizing the treasury method for restricted awards and stock options, that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

See Note 19 for more information and disclosures relating to our EPS.

*Fair Value Measurement.* Fair value is 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. Current accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair values:

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 the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

See Note 18 for more information and disclosures relating to our fair value measurements.

*Operating Segments.* Management has determined that since generally all of the banking products and services offered by the Company are available in each branch of the Bank, all branches are located within the same economic environment and management does not allocate resources based on the performance of different lending or transaction activities, it is appropriate to aggregate the Bank branches and report them as a single operating segment.

See Note 21 for more information and disclosures relating to our operating segment.

#### Recent Accounting Pronouncements

##### *Recently Adopted*

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures. This Update enhances the transparency and decision usefulness of income tax disclosures. The amendments in this Update require the following: 1) consistent categories and greater disaggregation of information in the rate reconciliation, and 2) income taxes paid disaggregated by jurisdiction. The amendments in the ASU are effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments in this Update should be applied on a prospective basis. However, retrospective application in all prior periods presented is permitted. We adopted ASU 2023-09 on December 31, 2025, and the adoption did not have a material impact on our consolidated financial statements. See Note 12 for more information and disclosures relating to our income taxes.

##### *Recently Issued; Not Yet Effective*

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements. This pronouncement amends the FASB Accounting Standards Codification to reflect updates and simplifications to certain disclosure requirements referred to the FASB by the SEC in 2018, including disclosures for the statement of cash flows, earnings per share, commitments, debt and equity instruments, and certain industry information, among other things. Each amendment is effective when the related disclosure is effectively removed from Regulations S-X or S-K; early adoption is prohibited. All amendments should be applied prospectively. If the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K by June 30, 2027, the pending amendments will be removed and will not become effective for any entity. Adoption of ASU 2023-06 is not expected to have a material impact on the Company's consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40). ASU 2024-03 requires disaggregated disclosure of income statement expenses within the footnotes to the financial statements for any relevant expense caption presented on the face of the income statement within continuing operations into the following required natural expense categories, as applicable: (1) purchases of inventory, (2) employee compensation, (3) depreciation, (4) intangible asset amortization, and (5) depreciation, depletion and amortization recognized as part of oil- and gas-producing activities or other types of depletion services. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The guidance should be applied prospectively with an option to apply it retrospectively for each period presented. Adoption of ASU 2024-03 is not expected to have a material impact on the Company's consolidated financial statements.

In November of 2025, the FASB issued ASU 2025-08, Financial Instruments-Credit Losses (Topic 326) – Purchased Loans. Under the guidance that currently exists in ASC Topic 326, purchased loans are initially recorded at fair value, and an allowance for expected credit losses is separately recognized in accordance with Topic 326. If a financial asset acquired has a “more-than-insignificant” deterioration of credit quality since its origination, it is accounted for as a purchased financial asset with credit deterioration (“PCD”) using a “gross-up approach.” The gross-up approach requires recognition of an ACL for the estimate of credit losses at the acquisition date. The ACL is recorded with an offsetting gross-up adjustment to the purchase price of the acquired financial asset. If a financial asset acquired does not have “more-than-insignificant” deterioration of credit quality since its origination (“non-PCD”), the ACL is recognized with a corresponding charge to credit loss expense. The amendments in this ASU expand the population of acquired financial assets subject to the gross-up approach in Topic 326. In accordance with the amendments in this ASU, loans acquired without credit deterioration and deemed “seasoned” are purchased seasoned loans and accounted for using the gross-up approach at acquisition. All non-PCD loans that are acquired in a business combination are deemed seasoned. Other non-PCD loans are seasoned if they were purchased at least 90 days after origination and the acquirer was not involved in the origination of the loans. The amendments in this ASU are effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The amendments in this ASU should be applied prospectively to loans that are acquired on or after the initial application date. The Company adopted this guidance, effective January 1, 2026. After adoption, the Company will apply the gross-up approach to recording an allowance for credit losses for purchased seasoned loans; however, this is not expected to have a material impact on the Company’s consolidated financial statements.

In December of 2025, the FASB issued ASU 2025-10, Government Grants (Topic 832) – Accounting for Government Grants Received by Business Entities. ASU 2025-10 creates authoritative guidance for business entities for the accounting for government grants. Prior to the issuance of this guidance, there was no specific authoritative guidance within GAAP regarding the recognition, measurement, and presentation of a government grant received by a business entity and, as a result, many entities used other sections of authoritative accounting literature by analogy to account for government grants that were received. The new guidance requires that a government grant received by a business entity should not be recognized until: (1) it is probable that (a) a business entity will comply with the conditions attached to the grant and (b) the grant will be received; and (2) a business entity meets the recognition guidance for a grant in ASC 832. The new guidance also establishes classification guidance for grants in the consolidated financial statements and prescribes disclosures of grants that include the nature of the government grant received, the accounting policies used to account for the grant, and significant terms and conditions of the grant. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2028, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The amendments may be adopted using either a modified prospective, modified retrospective, or prospective approach. The Company does not expect that adoption of the new standard will have a material impact on its consolidated financial statements.

In December of 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270) – Narrow-Scope Improvements. The guidance in ASU 2025-11 was issued to improve the guidance in ASC by clarifying the required interim disclosures and when that guidance is applicable. The amendments add to Topic 270 a principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The new guidance does not change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements but rather provides clarity on the current interim reporting requirements. The amendments in this ASU are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments in this ASU can be applied either (1) prospectively or (2) retrospectively to any or all prior periods presented in the financial statements. Management is still evaluating the provisions of ASU 2025-11, however it is expected that adoption of the new guidance will not have a material impact on the Company’s interim financial reporting.

### NOTE 3 - INVESTMENT SECURITIES

The following table summarizes the amortized cost and fair value of available for sale (“AFS”) securities and held to maturity (“HTM”) securities at December 31, 2025 and 2024, and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income (loss):

December 31, 2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Available for sale</b>				
<i>(dollars in thousands)</i>				
Government agency securities	\$ 22,850	\$ 34	\$ (179)	\$ 22,705
SBA agency securities	21,326	90	(236)	21,180
Mortgage-backed securities: residential	91,049	634	(4,505)	87,178
Mortgage-backed securities: commercial	5,010	—	(33)	4,977
Collateralized mortgage obligations: residential	120,475	760	(8,740)	112,495
Collateralized mortgage obligations: commercial	102,755	183	(2,161)	100,777
Commercial paper	19,948	—	—	19,948
Corporate debt securities	30,165	75	(1,811)	28,429
Municipal tax-exempt securities	12,567	—	(3,052)	9,515
Total available for sale	<u>\$ 426,145</u>	<u>\$ 1,776</u>	<u>\$ (20,717)</u>	<u>\$ 407,204</u>
<b>Held to maturity</b>				
Municipal tax-exempt securities	\$ 4,184	\$ —	\$ (81)	\$ 4,103
Total held to maturity	<u>\$ 4,184</u>	<u>\$ —</u>	<u>\$ (81)</u>	<u>\$ 4,103</u>
December 31, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Available for sale</b>				
<i>(dollars in thousands)</i>				
Government agency securities	\$ 21,592	\$ —	\$ (550)	\$ 21,042
SBA agency securities	27,231	—	(467)	26,764
Mortgage-backed securities: residential	62,351	—	(6,674)	55,677
Collateralized mortgage obligations: residential	117,936	178	(12,638)	105,476
Collateralized mortgage obligations: commercial	94,284	175	(2,803)	91,656
Commercial paper	78,687	1	(3)	78,685
Corporate debt securities	34,733	43	(2,961)	31,815
Municipal tax-exempt securities	12,602	—	(3,527)	9,075
Total available for sale	<u>\$ 449,416</u>	<u>\$ 397</u>	<u>\$ (29,623)</u>	<u>\$ 420,190</u>
<b>Held to maturity</b>				
Municipal taxable securities	\$ 500	\$ 1	\$ —	\$ 501
Municipal tax-exempt securities	4,691	—	(244)	4,447
Total held to maturity	<u>\$ 5,191</u>	<u>\$ 1</u>	<u>\$ (244)</u>	<u>\$ 4,948</u>

There were no sales of investment securities during the years ended December 31, 2025, 2024, and 2023.

At December 31, 2025, and December 31, 2024, we pledged investment securities with a fair value of \$48.7 million and \$23.4 million for certificates of deposit from the state of California. One security with a fair value of \$36,000 and \$48,000 was pledged to secure a local agency deposit at December 31, 2025 and 2024.

Accrued interest receivable for investment securities at December 31, 2025 and 2024, totaled \$1.6 million and \$1.6 million.

The amortized cost and fair value of the investment securities portfolio as of December 31, 2025 and 2024, are shown by expected maturity below. Mortgage-backed securities are classified in accordance with their estimated average life. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	Less than One Year		More than One Year to Five Years		More than Five Years to Ten Years		More than Ten Years		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<b>December 31, 2025</b>										
<i>(dollars in thousands)</i>										
Government agency securities	\$ 65	\$ 65	\$ 22,785	\$ 22,640	\$ —	\$ —	\$ —	\$ —	\$ 22,850	\$ 22,705
SBA agency securities	—	—	6,496	6,456	14,830	14,724	—	—	21,326	21,180
Mortgage-backed securities:										
residential	—	—	26,636	26,537	64,413	60,641	—	—	91,049	87,178
Mortgage-backed securities:										
commercial	—	—	5,010	4,977	—	—	—	—	5,010	4,977
Collateralized mortgage obligations: residential	6,198	6,248	68,422	68,100	45,855	38,147	—	—	120,475	112,495
Collateralized mortgage obligations: commercial	6,629	6,591	51,805	51,365	44,321	42,821	—	—	102,755	100,777
Commercial paper	19,948	19,948	—	—	—	—	—	—	19,948	19,948
Corporate debt securities	4,022	4,006	8,903	8,733	14,650	13,756	2,590	1,934	30,165	28,429
Municipal tax-exempt securities	—	—	—	—	1,081	921	11,486	8,594	12,567	9,515
Total available for sale	<u>\$ 36,862</u>	<u>\$ 36,858</u>	<u>\$ 190,057</u>	<u>\$ 188,808</u>	<u>\$ 185,150</u>	<u>\$ 171,010</u>	<u>\$ 14,076</u>	<u>\$ 10,528</u>	<u>\$ 426,145</u>	<u>\$ 407,204</u>
Municipal tax-exempt securities	\$ —	\$ —	\$ 860	\$ 857	\$ 2,817	\$ 2,742	\$ 507	\$ 504	\$ 4,184	\$ 4,103
Total held to maturity	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 860</u>	<u>\$ 857</u>	<u>\$ 2,817</u>	<u>\$ 2,742</u>	<u>\$ 507</u>	<u>\$ 504</u>	<u>\$ 4,184</u>	<u>\$ 4,103</u>
<b>December 31, 2024</b>										
Government agency securities	\$ 90	\$ 88	\$ 11,644	\$ 11,304	\$ 9,858	\$ 9,650	\$ —	\$ —	\$ 21,592	\$ 21,042
SBA agency securities	—	—	5,934	5,721	21,297	21,043	—	—	27,231	26,764
Mortgage-backed securities:										
residential	—	—	8,892	8,099	53,459	47,578	—	—	62,351	55,677
Collateralized mortgage obligations: residential	5,126	5,235	55,015	52,867	57,795	47,374	—	—	117,936	105,476
Collateralized mortgage obligations: commercial	705	704	38,811	38,527	54,768	52,425	—	—	94,284	91,656
Commercial paper	78,687	78,685	—	—	—	—	—	—	78,687	78,685
Corporate debt securities	2,000	1,989	11,886	11,706	18,233	16,250	2,614	1,870	34,733	31,815
Municipal tax-exempt securities	—	—	—	—	—	—	12,602	9,075	12,602	9,075
Total available for sale	<u>\$ 86,608</u>	<u>\$ 86,701</u>	<u>\$ 132,182</u>	<u>\$ 128,224</u>	<u>\$ 215,410</u>	<u>\$ 194,320</u>	<u>\$ 15,216</u>	<u>\$ 10,945</u>	<u>\$ 449,416</u>	<u>\$ 420,190</u>
Municipal taxable securities	\$ 500	\$ 501	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 500	\$ 501
Municipal tax-exempt securities	—	—	360	347	2,985	2,795	1,346	1,305	4,691	4,447
Total held to maturity	<u>\$ 500</u>	<u>\$ 501</u>	<u>\$ 360</u>	<u>\$ 347</u>	<u>\$ 2,985</u>	<u>\$ 2,795</u>	<u>\$ 1,346</u>	<u>\$ 1,305</u>	<u>\$ 5,191</u>	<u>\$ 4,948</u>

The securities that were in an unrealized loss position at December 31, 2025, and December 31, 2024, were evaluated to determine whether the decline in fair value below the amortized cost basis resulted from a credit loss or other factors. For a discussion of the factors and criteria the Company uses in analyzing securities for impairment related to credit losses, see Note 2 Summary of Significant Accounting Policies - Allowance for Credit Losses on Available for Sale Securities and Held to Maturity Securities. At December 31, 2025 and 2024, there was no ACL on the AFS or HTM securities portfolio.

We concluded that the unrealized losses were primarily attributed to yield curve movement, together with widened liquidity spreads and credit spreads. All agency securities, mortgage-backed securities, and collateralized mortgage obligations are issued by government or government sponsored entities and have the support of the U.S. federal government. The issuers have not, to our knowledge, established any cause for default on these securities. We expect to recover the amortized cost basis of our securities and have no present intent to sell and will not be required to sell securities that have declined below their cost before their anticipated recovery. As of December 31, 2025 and 2024, all of our HTM securities were rated “AA-” or above. There was no provision for credit losses recognized during the years ended December 31, 2025 and 2024.

The following tables show the related fair value and the gross unrealized losses of the Company's investment securities, aggregated by investment category and the length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2025 and 2024:

	Less than Twelve Months			Twelve Months or More			Total		
	Fair Value	Unrealized Losses	# of Issuances	Fair Value	Unrealized Losses	# of Issuances	Fair Value	Unrealized Losses	# of Issuances
<b>December 31, 2025</b>									
<i>(dollars in thousands)</i>									
Government agency securities	\$ 1,749	\$ (6)	1	\$ 6,572	\$ (173)	3	\$ 8,321	\$ (179)	4
SBA agency securities	7,654	(93)	3	2,962	(143)	5	10,616	(236)	8
Mortgage-backed securities: residential	14,196	(91)	4	27,573	(4,414)	15	41,769	(4,505)	19
Mortgage-backed securities: commercial	4,977	(33)	1	—	—	—	4,977	(33)	1
Collateralized mortgage obligations: residential	3,130	(1)	1	53,195	(8,739)	24	56,325	(8,740)	25
Collateralized mortgage obligations: commercial	13,947	(31)	4	49,366	(2,130)	21	63,313	(2,161)	25
Corporate debt securities	—	—	—	22,577	(1,811)	24	22,577	(1,811)	24
Municipal tax-exempt securities	—	—	—	9,515	(3,052)	11	9,515	(3,052)	11
Total available for sale	<u>\$ 45,653</u>	<u>\$ (255)</u>	<u>14</u>	<u>\$ 171,760</u>	<u>\$ (20,462)</u>	<u>103</u>	<u>\$ 217,413</u>	<u>\$ (20,717)</u>	<u>117</u>
Municipal tax-exempt securities	\$ —	\$ —	—	\$ 3,663	\$ (81)	8	\$ 3,663	\$ (81)	8
Total held to maturity	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>	<u>\$ 3,663</u>	<u>\$ (81)</u>	<u>8</u>	<u>\$ 3,663</u>	<u>\$ (81)</u>	<u>8</u>
<b>December 31, 2024</b>									
<i>(dollars in thousands)</i>									
Government agency securities	\$ 14,620	\$ (219)	3	\$ 6,422	\$ (331)	4	\$ 21,042	\$ (550)	7
SBA agency securities	24,971	(273)	7	1,793	(194)	4	26,764	(467)	11
Mortgage-backed securities: residential	25,479	(578)	5	30,198	(6,096)	15	55,677	(6,674)	20
Collateralized mortgage obligations: residential	36,166	(649)	8	55,255	(11,989)	24	91,421	(12,638)	32
Collateralized mortgage obligations: commercial	35,753	(367)	7	30,114	(2,436)	18	65,867	(2,803)	25
Commercial paper	48,874	(3)	3	—	—	—	48,874	(3)	3
Corporate debt securities	—	—	—	26,035	(2,961)	30	26,035	(2,961)	30
Municipal tax-exempt securities	—	—	—	9,075	(3,527)	11	9,075	(3,527)	11
Total available for sale	<u>\$ 185,863</u>	<u>\$ (2,089)</u>	<u>33</u>	<u>\$ 158,892</u>	<u>\$ (27,534)</u>	<u>106</u>	<u>\$ 344,755</u>	<u>\$ (29,623)</u>	<u>139</u>
Municipal tax-exempt securities	\$ —	\$ —	—	\$ 4,447	\$ (244)	10	\$ 4,447	\$ (244)	10
Total held to maturity	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>	<u>\$ 4,447</u>	<u>\$ (244)</u>	<u>10</u>	<u>\$ 4,447</u>	<u>\$ (244)</u>	<u>10</u>

**Equity Securities** - We have several Community Reinvestment Act (“CRA”) equity investments, other bank stocks, and other equity investments. We recorded net gain/(loss) (included in “Other income” in the consolidated statements of income) on such equity investments of \$680,000 and (\$109,000) during the years ended December 31, 2025 and 2024. The 2025 amount includes an impairment charge of \$390,000. Equity securities (included in “Accrued interest and other assets” in the consolidated balance sheets) totaled \$26.1 million and \$22.9 million as of December 31, 2025, and December 31, 2024.

## NOTE 4 - LOANS AND ALLOWANCE FOR CREDIT LOSSES - LOANS

Our loan portfolio consists primarily of loans to borrowers within the Southern California metropolitan area, the New York City metropolitan area, Chicago (Illinois), Las Vegas (Nevada), Edison (New Jersey) and Honolulu (Hawaii). Although we seek 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 our market area and, as a result, our loan and collateral portfolios are, to some degree, concentrated in those industries.

The following table presents the balances in our loans held for investment (“HFI”) portfolio as of December 31, 2025, and December 31, 2024:

	2025	2024
	<i>(dollars in thousands)</i>	
<b>Loans HFI: <sup>(1)</sup></b>		
Real Estate:		
Single-family residential mortgages	\$ 1,655,382	\$ 1,494,022
Commercial real estate <sup>(2)</sup>	1,303,019	1,201,420
Construction and land development	155,464	173,290
Commercial:		
Commercial and industrial	140,061	129,585
SBA	55,978	47,263
Other	4,397	7,650
Total loans HFI <sup>(1)</sup>	\$ 3,314,301	\$ 3,053,230
Allowance for loan losses	(43,888)	(47,729)
Total loans HFI, net	\$ 3,270,413	\$ 3,005,501

(1) Net of premiums(discounts) on acquired loans and net deferred (fees) and costs on originated loans.

(2) Includes non-farm and non-residential real estate loans, multi-family residential loans and non-owner occupied single-family residential loans.

At December 31, 2025 and 2024, loans with carrying values of \$1.9 billion and \$1.4 billion were pledged to secure advances from the FHLB. At December 31, 2025 and 2024, loans with carrying values of \$88.9 million and \$62.5 million were pledged to the Federal Reserve Bank of San Francisco Discount Window.

We sold \$58.1 million, \$47.7 million and \$34.1 million in mortgage loans during 2025, 2024, and 2023. In addition, we sold \$10.8 million, \$13.8 million and \$4.2 million in the guaranteed portion of SBA loans during 2025, 2024, and 2023. Gains on sale of mortgage loans totaled \$746,000, \$818,000, and \$112,000, and gains on sale of SBA loans totaled \$493,000, \$768,000, and \$262,000 in 2025, 2024, and 2023. During 2025, we sold \$4.6 million of nonperforming CRE and C&I loans and recognized a loss on sale of \$83,000. There were no sales of nonperforming loans during 2024 and 2023.

A summary of the changes in the ACL for the years indicated follows:

	2025			2024			2023		
	Allowance for Loan Losses	Reserve for Unfunded Loan Commitments	Allowance for Credit for Loan Losses	Allowance for Loan Losses	Reserve for Unfunded Loan Commitments	Allowance for Credit for Loan Losses	Allowance for Loan Losses	Reserve for Unfunded Loan Commitments	Allowance for Credit for Loan Losses
	<i>(dollars in thousands)</i>								
Beginning balance	\$ 47,729	\$ 729	\$ 48,458	\$ 41,903	\$ 640	\$ 42,543	\$ 41,076	\$ 1,156	\$ 42,232
Provision/(reversal) for credit losses	10,603	(245)	10,358	9,768	89	9,857	3,878	(516)	3,362
Less loans charged-off	(14,712)	—	(14,712)	(4,083)	—	(4,083)	(3,194)	—	(3,194)
Recoveries on loans charged-off	268	—	268	141	—	141	143	—	143
Ending balance	\$ 43,888	\$ 484	\$ 44,372	\$ 47,729	\$ 729	\$ 48,458	\$ 41,903	\$ 640	\$ 42,543

The following tables present the balance and activity in the ALL by portfolio segment for the years ended December 31, 2025, 2024, and 2023:

<b>December 31, 2025</b>	<b>Single-Family Residential Mortgages</b>	<b>Commercial Real Estate</b>	<b>Construction and Land Development</b>	<b>Commercial and Industrial</b>	<b>SBA</b>	<b>Other</b>	<b>Total</b>
<i>(dollars in thousands)</i>							
Allowance for loan losses:							
Beginning of year	\$ 17,518	\$ 21,879	\$ 6,053	\$ 1,339	\$ 654	\$ 286	\$ 47,729
Provisions/(reversals) for credit losses	5,470	962	3,487	317	356	11	10,603
Charge-offs	(1,403)	(4,679)	(8,175)	(88)	(187)	(180)	(14,712)
Recoveries	—	—	137	79	1	51	268
Ending allowance balance	<u>\$ 21,585</u>	<u>\$ 18,162</u>	<u>\$ 1,502</u>	<u>\$ 1,647</u>	<u>\$ 824</u>	<u>\$ 168</u>	<u>\$ 43,888</u>

<b>December 31, 2024</b>	<b>Single-Family Residential Mortgages</b>	<b>Commercial Real Estate</b>	<b>Construction and Land Development</b>	<b>Commercial and Industrial</b>	<b>SBA</b>	<b>Other</b>	<b>Total</b>
<i>(dollars in thousands)</i>							
Allowance for loan losses:							
Beginning of year	\$ 20,117	\$ 17,826	\$ 1,219	\$ 1,348	\$ 1,196	\$ 197	\$ 41,903
(Reversals)/provisions for credit losses	(2,599)	6,637	5,982	—	(464)	212	9,768
Charge-offs	—	(2,645)	(1,148)	(11)	(78)	(201)	(4,083)
Recoveries	—	61	—	2	—	78	141
Ending allowance balance	<u>\$ 17,518</u>	<u>\$ 21,879</u>	<u>\$ 6,053</u>	<u>\$ 1,339</u>	<u>\$ 654</u>	<u>\$ 286</u>	<u>\$ 47,729</u>

<b>December 31, 2023</b>	<b>Single-Family Residential Mortgages</b>	<b>Commercial Real Estate</b>	<b>Construction and Land Development</b>	<b>Commercial and Industrial</b>	<b>SBA</b>	<b>Other</b>	<b>Total</b>
<i>(dollars in thousands)</i>							
Allowance for loan losses:							
Beginning of year	\$ 17,640	\$ 17,657	\$ 2,638	\$ 1,804	\$ 621	\$ 716	\$ 41,076
Provisions/(reversals) for credit losses	2,570	2,626	(1,279)	(458)	636	(217)	3,878
Charge-offs	(93)	(2,537)	(140)	—	(62)	(362)	(3,194)
Recoveries	—	80	—	2	1	60	143
Ending allowance balance	<u>\$ 20,117</u>	<u>\$ 17,826</u>	<u>\$ 1,219</u>	<u>\$ 1,348</u>	<u>\$ 1,196</u>	<u>\$ 197</u>	<u>\$ 41,903</u>

We categorize 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. We analyze loans individually by classifying the loans as to credit risk. This analysis typically includes larger, non-homogeneous loans such as C&D, CRE and C&I loans. This analysis is performed on an ongoing basis as new information is obtained. We use the following definitions for risk ratings:

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

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

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

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

The following tables summarize our loans HFI by loan portfolio segment, risk rating and vintage year as of the dates indicated. The vintage year is the year of origination, renewal or major modification.

December 31, 2025	Term Loan by Vintage						Revolving	Revolving Converted to Term During the Period	Total
	2025	2024	2023	2022	2021	Prior			
<i>(dollars in thousands)</i>									
<b>Real estate:</b>									
<b>Single-family residential mortgages</b>									
Pass	\$ 369,196	\$ 98,047	\$ 122,104	\$ 501,580	\$ 209,318	\$ 351,536	\$ 978	\$ —	\$ 1,652,759
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	679	1,944	—	—	—	—	2,623
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<u>\$ 369,196</u>	<u>\$ 98,047</u>	<u>\$ 122,783</u>	<u>\$ 503,524</u>	<u>\$ 209,318</u>	<u>\$ 351,536</u>	<u>\$ 978</u>	<u>\$ —</u>	<u>\$ 1,655,382</u>
YTD gross charge-offs	\$ 1	\$ —	\$ —	\$ 537	\$ 174	\$ 691	\$ —	\$ —	\$ 1,403
<b>Commercial real estate</b>									
Pass	\$ 263,863	\$ 171,328	\$ 49,551	\$ 395,493	\$ 155,891	\$ 228,915	\$ —	\$ —	\$ 1,265,041
Special mention	—	—	—	4,300	668	8,281	—	—	13,249
Substandard	—	668	—	1,578	10,204	12,279	—	—	24,729
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<u>\$ 263,863</u>	<u>\$ 171,996</u>	<u>\$ 49,551</u>	<u>\$ 401,371</u>	<u>\$ 166,763</u>	<u>\$ 249,475</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,303,019</u>
YTD gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ 1,383	\$ 3,296	\$ —	\$ —	\$ 4,679
<b>Construction and land development</b>									
Pass	\$ 4,739	\$ 28,059	\$ —	\$ 42,440	\$ 3,845	\$ 45,000	\$ —	\$ —	\$ 124,083
Special mention	—	3,387	—	—	—	—	—	—	3,387
Substandard	—	—	—	—	19,465	8,529	—	—	27,994
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<u>\$ 4,739</u>	<u>\$ 31,446</u>	<u>\$ —</u>	<u>\$ 42,440</u>	<u>\$ 23,310</u>	<u>\$ 53,529</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 155,464</u>
YTD gross charge-offs	\$ —	\$ —	\$ —	\$ 1,246	\$ 6,929	\$ —	\$ —	\$ —	\$ 8,175
<b>Commercial:</b>									
<b>Commercial and industrial</b>									
Pass	\$ 13,681	\$ 55	\$ 1,041	\$ 892	\$ 2,645	\$ 5,839	\$ 99,594	\$ —	\$ 123,747
Special mention	—	—	—	—	—	—	2,247	—	2,247
Substandard	413	6,014	5	52	—	5,423	2,160	—	14,067
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<u>\$ 14,094</u>	<u>\$ 6,069</u>	<u>\$ 1,046</u>	<u>\$ 944</u>	<u>\$ 2,645</u>	<u>\$ 11,262</u>	<u>\$ 104,001</u>	<u>\$ —</u>	<u>\$ 140,061</u>
YTD gross charge-offs	\$ 5	\$ 6	\$ —	\$ —	\$ —	\$ 77	\$ —	\$ —	\$ 88
<b>SBA</b>									
Pass	\$ 14,433	\$ 2,834	\$ 1,283	\$ 10,718	\$ 9,655	\$ 10,939	\$ —	\$ —	\$ 49,862
Special mention	—	—	354	—	—	—	—	—	354
Substandard	—	2,271	—	—	481	3,010	—	—	5,762
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<u>\$ 14,433</u>	<u>\$ 5,105</u>	<u>\$ 1,637</u>	<u>\$ 10,718</u>	<u>\$ 10,136</u>	<u>\$ 13,949</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 55,978</u>
YTD gross charge-offs	\$ —	\$ 12	\$ —	\$ —	\$ —	\$ 175	\$ —	\$ —	\$ 187
<b>Other:</b>									
Pass	\$ —	\$ —	\$ 86	\$ 630	\$ 3,583	\$ 86	\$ 12	\$ —	\$ 4,397
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 86</u>	<u>\$ 630</u>	<u>\$ 3,583</u>	<u>\$ 86</u>	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ 4,397</u>
YTD gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ 175	\$ 5	\$ —	\$ —	\$ 180
<b>Total by risk rating:</b>									
Pass	\$ 665,912	\$ 300,323	\$ 174,065	\$ 951,753	\$ 384,937	\$ 642,315	\$ 100,584	\$ —	\$ 3,219,889
Special mention	—	3,387	354	4,300	668	8,281	2,247	—	19,237
Substandard	413	8,953	684	3,574	30,150	29,241	2,160	—	75,175
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total loans</b>	<u>\$ 666,325</u>	<u>\$ 312,663</u>	<u>\$ 175,103</u>	<u>\$ 959,627</u>	<u>\$ 415,755</u>	<u>\$ 679,837</u>	<u>\$ 104,991</u>	<u>\$ —</u>	<u>\$ 3,314,301</u>
<b>Total YTD gross charge-offs</b>	<u>\$ 6</u>	<u>\$ 18</u>	<u>\$ —</u>	<u>\$ 1,783</u>	<u>\$ 8,661</u>	<u>\$ 4,244</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 14,712</u>

**Term Loan by Vintage**

December 31, 2024	2024	2023	2022	2021	2020	Prior	Revolving	Revolving Converted to Term During the Period	Total
<b>Real estate:</b>									
	<i>(dollars in thousands)</i>								
<b>Single-family residential mortgages</b>									
Pass	\$ 159,940	\$ 137,264	\$ 549,525	\$ 225,877	\$ 108,541	\$ 299,553	\$ 1,126	\$ —	\$ 1,481,826
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	2,178	1,401	1,858	6,759	—	—	12,196
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<u>\$ 159,940</u>	<u>\$ 137,264</u>	<u>\$ 551,703</u>	<u>\$ 227,278</u>	<u>\$ 110,399</u>	<u>\$ 306,312</u>	<u>\$ 1,126</u>	<u>\$ —</u>	<u>\$ 1,494,022</u>
YTD gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Commercial real estate</b>									
Pass	\$ 220,623	\$ 58,597	\$ 389,578	\$ 158,188	\$ 157,480	\$ 186,619	\$ —	\$ —	\$ 1,171,085
Special mention	—	—	936	10,251	3,040	7,060	—	—	21,287
Substandard	—	—	—	—	1,188	7,860	—	—	9,048
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<u>\$ 220,623</u>	<u>\$ 58,597</u>	<u>\$ 390,514</u>	<u>\$ 168,439</u>	<u>\$ 161,708</u>	<u>\$ 201,539</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,201,420</u>
YTD gross charge-offs	\$ —	\$ 164	\$ —	\$ —	\$ 2,064	\$ 417	\$ —	\$ —	\$ 2,645
<b>Construction and land development</b>									
Pass	\$ 62,541	\$ 8,945	\$ —	\$ —	\$ 1,370	\$ 65	\$ —	\$ —	\$ 72,921
Special mention	—	—	—	—	44,042	—	—	—	44,042
Substandard	—	8,782	—	38,101	9,444	—	—	—	56,327
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<u>\$ 62,541</u>	<u>\$ 17,727</u>	<u>\$ —</u>	<u>\$ 38,101</u>	<u>\$ 54,856</u>	<u>\$ 65</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 173,290</u>
YTD gross charge-offs	\$ —	\$ —	\$ 1,148	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,148
<b>Commercial:</b>									
<b>Commercial and industrial</b>									
Pass	\$ 7,304	\$ 1,126	\$ 2,593	\$ 3,991	\$ 2,270	\$ 5,242	\$ 98,878	\$ —	\$ 121,404
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	70	—	1,317	4,820	1,974	—	8,181
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<u>\$ 7,304</u>	<u>\$ 1,126</u>	<u>\$ 2,663</u>	<u>\$ 3,991</u>	<u>\$ 3,587</u>	<u>\$ 10,062</u>	<u>\$ 100,852</u>	<u>\$ —</u>	<u>\$ 129,585</u>
YTD gross charge-offs	\$ 8	\$ —	\$ 3	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 11
<b>SBA</b>									
Pass	\$ 6,889	\$ 1,813	\$ 10,855	\$ 9,731	\$ 400	\$ 14,209	\$ —	\$ —	\$ 43,897
Special mention	—	—	—	—	—	—	—	—	—
Substandard	65	—	—	334	—	2,967	—	—	3,366
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<u>\$ 6,954</u>	<u>\$ 1,813</u>	<u>\$ 10,855</u>	<u>\$ 10,065</u>	<u>\$ 400</u>	<u>\$ 17,176</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 47,263</u>
YTD gross charge-offs	\$ 78	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 78
<b>Other:</b>									
Pass	\$ —	\$ 130	\$ 1,517	\$ 5,718	\$ 246	\$ —	\$ 16	\$ —	\$ 7,627
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	23	—	—	—	—	23
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total</b>	<u>\$ —</u>	<u>\$ 130</u>	<u>\$ 1,517</u>	<u>\$ 5,741</u>	<u>\$ 246</u>	<u>\$ —</u>	<u>\$ 16</u>	<u>\$ —</u>	<u>\$ 7,650</u>
YTD gross charge-offs	\$ —	\$ —	\$ 4	\$ 191	\$ 6	\$ —	\$ —	\$ —	\$ 201
<b>Total by risk rating:</b>									
Pass	\$ 457,297	\$ 207,875	\$ 954,068	\$ 403,505	\$ 270,307	\$ 505,688	\$ 100,020	\$ —	\$ 2,898,760
Special mention	—	—	936	10,251	47,082	7,060	—	—	65,329
Substandard	65	8,782	2,248	39,859	13,807	22,406	1,974	—	89,141
Doubtful	—	—	—	—	—	—	—	—	—
<b>Total loans</b>	<u>\$ 457,362</u>	<u>\$ 216,657</u>	<u>\$ 957,252</u>	<u>\$ 453,615</u>	<u>\$ 331,196</u>	<u>\$ 535,154</u>	<u>\$ 101,994</u>	<u>\$ —</u>	<u>\$ 3,053,230</u>
<b>Total YTD gross charge-offs</b>	<u>\$ 86</u>	<u>\$ 164</u>	<u>\$ 1,155</u>	<u>\$ 191</u>	<u>\$ 2,070</u>	<u>\$ 417</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,083</u>

The following tables present the aging of the recorded investment in past due loans HFI as of December 31, 2025 and 2024, by loan segment and class.

December 31, 2025	Accruing Loans				Nonaccrual Loans	Current	Total Loans HFI
	30-59 Days	60-89 Days	90 Days Or More	Total Past Due <sup>(1)</sup>			
<i>(dollars in thousands)</i>							
Real estate:							
Single-family residential mortgages <sup>(2)</sup>	\$ 5,140	\$ 1,321	\$ —	\$ 6,461	\$ 2,143	\$1,646,778	\$1,655,382
Commercial real estate	284	204	—	488	8,158	1,294,373	1,303,019
Construction and land development	—	—	—	—	27,994	127,470	155,464
Commercial:							
Commercial and industrial	1,277	—	—	1,277	5,116	133,668	140,061
SBA	—	542	—	542	1,221	54,215	55,978
Other:	13	8	—	21	—	4,376	4,397
<b>Total</b>	<b>\$ 6,714</b>	<b>\$ 2,075</b>	<b>\$ —</b>	<b>\$ 8,789</b>	<b>\$ 44,632</b>	<b>\$3,260,880</b>	<b>\$3,314,301</b>

(1) Past due loans exclude nonaccrual loans.

(2) Nonaccrual SFR mortgage loans include \$680,000 of loans in the process of foreclosure.

December 31, 2024	Accruing Loans				Nonaccrual Loans	Current	Total Loans HFI
	30-59 Days	60-89 Days	90 Days Or More	Total Past Due <sup>(1)</sup>			
<i>(dollars in thousands)</i>							
Real estate:							
Single-family residential mortgages <sup>(2)</sup>	\$ 7,173	\$ 1,013	\$ —	\$ 8,186	\$ 11,524	\$1,474,312	\$1,494,022
Commercial real estate	505	218	—	723	7,353	1,193,344	1,201,420
Construction and land development	—	11,706	—	11,706	44,621	116,963	173,290
Commercial:							
Commercial and industrial	51	64	—	115	4,819	124,651	129,585
SBA	315	1,041	—	1,356	1,514	44,393	47,263
Other:	—	—	—	—	12	7,638	7,650
<b>Total</b>	<b>\$ 8,044</b>	<b>\$ 14,042</b>	<b>\$ —</b>	<b>\$ 22,086</b>	<b>\$ 69,843</b>	<b>\$2,961,301</b>	<b>\$3,053,230</b>

(1) Past due loans exclude nonaccrual loans.

(2) Nonaccrual SFR mortgage loans include \$4.4 million of loans in the process of foreclosure.

The following table present the loans HFI on nonaccrual status and the balance of such loans with no ALL, by loan segment and class, as of the dates indicated:

	December 31, 2025		December 31, 2024	
	Nonaccrual Loans with no Allowance for Loan Loss	Nonaccrual Loans	Nonaccrual Loans with no Allowance for Loan Loss	Nonaccrual Loans
<i>(dollars in thousands)</i>				
Real estate:				
Single-family residential mortgages	\$ 2,143	\$ 2,143	\$ 11,524	\$ 11,524
Commercial real estate	4,801	8,158	346	7,353
Construction and land development	27,994	27,994	18,226	44,621
Commercial:				
Commercial and industrial	5,116	5,116	4,708	4,819
SBA	1,221	1,221	1,514	1,514
Other:	—	—	—	12
Total	<u>\$ 41,275</u>	<u>\$ 44,632</u>	<u>\$ 36,318</u>	<u>\$ 69,843</u>

The following tables present the amortized cost basis of individually evaluated collateral-dependent loans, by loan segment and class and type of collateral which secures such loans as of the dates indicated:

	December 31, 2025			Total
	Residential Real Estate	Commercial Real Estate	Business Assets	
<i>(dollars in thousands)</i>				
Real Estate:				
Single-family residential mortgages	\$ 2,143	\$ —	\$ —	\$ 2,143
Commercial real estate	—	8,158	—	8,158
Construction and land development	19,465	8,529	—	27,994
Commercial:				
Commercial and industrial	5,116	—	—	5,116
SBA	—	1,136	85	1,221
Total	<u>\$ 26,724</u>	<u>\$ 17,823</u>	<u>\$ 85</u>	<u>\$ 44,632</u>

	December 31, 2024			Total
	Residential Real Estate	Commercial Real Estate	Business Assets	
<i>(dollars in thousands)</i>				
Real Estate:				
Single-family residential mortgages	\$ 11,524	\$ —	\$ —	\$ 11,524
Commercial real estate	222	7,131	—	7,353
Construction and land development	26,395	18,226	—	44,621
Commercial:				
Commercial and industrial	4,708	—	111	4,819
SBA	40	1,323	151	1,514
Total	<u>\$ 42,889</u>	<u>\$ 26,680</u>	<u>\$ 262</u>	<u>\$ 69,831</u>

We did not recognize any interest income on nonaccrual loans while the loans were in nonaccrual status during the years ended December 31, 2025, and December 31, 2024.

**Loan Modifications to Borrowers Experiencing Financial Difficulty.** In cases where a borrower is experiencing financial difficulties, we may make certain concessionary modifications to the contractual terms. These concessions may include term extension, payment delay, principal forgiveness, an interest rate reduction, or other actions intended to minimize potential losses. We may provide multiple types of concessions on one loan. When principal forgiveness is provided, the amount of forgiveness is charged-off against the allowance for loan losses. Loans modified to borrowers experiencing financial difficulty are individually evaluated for purposes of the allowance for loan losses.

The following tables present the carrying value of loans modified for borrowers experiencing financial difficulty during the previous twelve months, by type of modification for the periods indicated:

<b>Year Ended December 31, 2025</b>								
	<b>Payment Deferral</b>		<b>Combination of Rate Reduction and Term Extension</b>		<b>Combination of Principal Reduction, Rate Reduction, and Term Extension</b>		<b>Total Loan Modifications</b>	
	<b>% of</b>		<b>% of</b>		<b>% of</b>		<b>% of</b>	
	<b>Loan</b>		<b>Loan</b>		<b>Loan</b>		<b>Loan</b>	
	<b>Balance</b>	<b>Class</b>	<b>Balance</b>	<b>Class</b>	<b>Balance</b>	<b>Class</b>	<b>Balance</b>	<b>Class</b>
	<i>(dollars in thousands)</i>							
Commercial real estate	\$ 4,657	0.36%	\$ —	—%	\$ 3,357	0.26%	\$ 8,014	0.62%
Commercial and industrial	6,871	4.91%	4,708	3.36%	—	—%	11,579	8.27%
SBA	410	0.73%	—	—%	—	—%	410	0.73%
Total	<u>\$ 11,938</u>	0.36%	<u>\$ 4,708</u>	0.14%	<u>\$ 3,357</u>	0.10%	<u>\$ 20,003</u>	0.60%

Modifications for the twelve months ended December 31, 2025, included weighted average payment deferrals of 7.8 months, principal reductions of \$3.7 million, weighted average rate reduction of 2.74%, and weighted average term extension of 24.6 months.

<b>Year Ended December 31, 2024</b>								
	<b>Payment Deferral</b>		<b>Term Extension</b>		<b>Combination of Rate Reduction and Term Extension</b>		<b>Total Loan Modifications</b>	
	<b>% of</b>		<b>% of</b>		<b>% of</b>		<b>% of</b>	
	<b>Loan</b>		<b>Loan</b>		<b>Loan</b>		<b>Loan</b>	
	<b>Balance</b>	<b>Class</b>	<b>Balance</b>	<b>Class</b>	<b>Balance</b>	<b>Class</b>	<b>Balance</b>	<b>Class</b>
	<i>(dollars in thousands)</i>							
Commercial real estate	\$ 6,616	0.55%	\$ —	—%	\$ 222	0.02%	\$ 6,838	0.57%
Construction and land development	—	—%	35,839	20.68%	11,706	6.76%	47,545	27.44%
Total	<u>\$ 6,616</u>	0.22%	<u>\$ 35,839</u>	1.17%	<u>\$ 11,928</u>	0.39%	<u>\$ 54,383</u>	1.78%

At December 31, 2025 and 2024, we had no commitments to lend to borrowers experiencing financial difficulty whose loans were modified during the period. We closely monitor the performance of loans modified to borrowers experiencing financial difficulty to understand the effectiveness of our modification efforts. The following table provides the aging information for loans that were modified over the last 12 months by loan class as of December 31, 2025, and December 31, 2024. There were no loans that were both experiencing financial difficulty and modified during the year ended December 31, 2023.

Loan Class	December 31, 2025			
	Current <sup>(1)</sup>	30-89 Days Past Due	90 Days Or More Past Due	Total
	<i>(dollars in thousands)</i>			
Commercial real estate	\$ 3,357	\$ —	\$ 4,657	\$ 8,014
Commercial and industrial	11,579	—	—	11,579
SBA	410	—	—	410
Total	<u>\$ 15,346</u>	<u>\$ —</u>	<u>\$ 4,657</u>	<u>\$ 20,003</u>

(1) Includes CRE loans totaling \$3.4 million and C&I loans totaling \$4.7 million which are current in payments, however remain on nonaccrual at December 31, 2025. None of these loans have defaulted on their modified terms in the last 12 months.

Loan Class	December 31, 2024			
	Current <sup>(1)</sup>	30-89 Days Past Due	90 Days Or More Past Due <sup>(2)</sup>	Total
	<i>(dollars in thousands)</i>			
Commercial real estate	\$ 222	\$ —	\$ 6,616	\$ 6,838
Construction and land development	9,444	38,101	—	47,545
Total	<u>\$ 9,666</u>	<u>\$ 38,101</u>	<u>\$ 6,616</u>	<u>\$ 54,383</u>

(1) Includes CRE loans totaling \$222,000 and C&D loans totaling \$9.4 million which are current in payments, however remain on nonaccrual at December 31, 2024. None of these loans have defaulted on their modified terms in the last 12 months.

(2) Includes CRE loans totaling \$6.6 million which remain on nonaccrual and have defaulted on their modified terms in the last 12 months.

## NOTE 5 - LOAN SERVICING

The loans being serviced for others are not reported as assets in our consolidated balance sheet. The table below presents the underlying principal balances of the loans serviced for others, by class of loans, as of the dates indicated:

Loans serviced for others:	December 31,	
	2025	2024
	<i>(dollars in thousands)</i>	
Mortgage loans	\$ 833,704	\$ 922,183
SBA loans	90,364	92,678
Commercial real estate loans	2,420	3,761
Construction and land development loans	9,018	7,315

Contractually specified servicing fee income totaled \$3.4 million, \$3.8 million and \$4.2 million for the years ended December 31, 2025, 2024, and 2023. Custodial balances maintained in connection with the foregoing loan servicing (included in noninterest-bearing deposits) totaled \$7.0 million and \$8.3 million as of December 31, 2025 and 2024.

When mortgage and SBA loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in gains on sale of loans. Fair value is based on a valuation model that calculates the present value of estimated future net servicing income. All classes of 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 rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If we later determine 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 to income.

The following table presents the activity in servicing assets (included in “Accrued interest and other assets” in the consolidated balance sheets) for the years ended December 31, 2025, 2024, and 2023:

	2025		2024		2023	
	Mortgage Loans	SBA Loans	Mortgage Loans	SBA Loans	Mortgage Loans	SBA Loans
<b>Servicing assets:</b>	<i>(dollars in thousands)</i>					
Beginning of year	\$ 5,656	\$ 1,329	\$ 6,509	\$ 1,601	\$ 7,354	\$ 2,167
Additions	74	116	290	143	176	58
Payoffs	(335)	(21)	(443)	(187)	(329)	(344)
Amortization	(634)	(144)	(700)	(228)	(692)	(280)
End of year	<u>\$ 4,761</u>	<u>\$ 1,280</u>	<u>\$ 5,656</u>	<u>\$ 1,329</u>	<u>\$ 6,509</u>	<u>\$ 1,601</u>

Estimates of the loan servicing asset fair value are derived through a DCF analysis. Portfolio characteristics include loan delinquency rates, age of loans, note rate and geography. The assumptions embedded in the valuation are obtained from a range of metrics utilized by active buyers in the market place. The analysis accounts for recent transactions, and supply and demand within the market.

The fair value of servicing assets for mortgage loans was \$9.7 million and \$11.4 million as of December 31, 2025 and 2024. Fair value at December 31, 2025, was determined using a discount rate of 10.09%, average prepayment speed of 7.93%, depending on the stratification of the specific right, and a weighted-average default rate of 0.11%. Fair value at December 31, 2024, was determined using a discount rate of 11.16%, average prepayment speed of 7.52%, depending on the stratification of the specific right, and a weighted-average default rate of 0.10%.

The fair value of servicing assets for SBA loans was \$1.8 million and \$2.3 million as of December 31, 2025 and 2024. Fair value at December 31, 2025, was determined using a discount rate of 8.5%, average prepayment speed of 26.99%, depending on the stratification of the specific right, and a weighted-average default rate of 1.13%. Fair value at December 31, 2024, was determined using a discount rate of 8.5% and average prepayment speed of 19.46%, depending on the stratification of the specific right, and a weighted-average default rate of 1.04%.

## NOTE 6 - PREMISES AND EQUIPMENT

A summary of premises and equipment as of December 31, 2025 and 2024, follows:

	2025	2024
	<i>(dollars in thousands)</i>	
Land	\$ 8,974	\$ 8,974
Building and improvements	15,918	15,822
Furniture, fixtures, and equipment	8,854	8,673
Leasehold improvements	8,243	7,696
	41,989	41,165
Less accumulated depreciation and amortization	(18,578)	(16,814)
Construction in progress	129	250
Total	<u>\$ 23,540</u>	<u>\$ 24,601</u>

Depreciation and leasehold amortization expense was \$1.9 million, \$1.9 million, and \$2.0 million for the years ended December 31, 2025, 2024, and 2023.

Gain on sale of fixed assets totaled \$42,000, \$0 and \$32,000 for the years ended December 31, 2025, 2024, and 2023.

## NOTE 7 - GOODWILL AND INTANGIBLES

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 resulting from whole bank and branch acquisitions is not amortized, but tested for impairment at least annually. We have selected October 1 as the date to perform the annual impairment test. Goodwill amounted to \$71.5 million as of December 31, 2025 and 2024, and is the only intangible asset with an indefinite life on the balance sheet.

We performed a quantitative goodwill impairment analysis as of October 1, 2025, with the assistance of a third-party valuation specialist. The evaluation used two methods to estimate the value of the Company: the market approach and the income approach. The market approach uses pricing information available on publicly traded companies that are similar to the subject company to determine the value of the subject company. Estimates used in the market approach included selecting a representative peer group of institutions, determining an appropriate price to tangible book value based on the results of the peer group institutions, and estimating a control premium based on the whole-bank acquisition prices for representative transactions. The income approach is based on the discounted free cash flows of the subject company using projections of future results, and incorporating economic forecasts and management's plans. Estimates used in the income approach include management's projections of the Company's free cash flows in future periods and an appropriate rate of return that would be required by a market participant. Based on this quantitative analysis, the fair value of the Company was determined to exceed its carrying amount by 5.7% at October 1, 2025. As a result, management concluded that goodwill was not impaired as of October 1, 2025. No goodwill impairment charges were recognized during the years ended December 31, 2025 and 2024.

Other intangible assets consist of core deposit intangible ("CDI") (included in "Accrued interest and other assets" in the consolidated balance sheets) assets arising from acquisitions. CDI assets are amortized on an accelerated method over their estimated useful life of 8 to 10 years. CDI was recognized in the 2013 acquisition of Los Angeles National Bank, in the 2016 acquisition of TFC Holding Company, in the 2018 acquisition of FAIC and in the 2020 acquisition of PGB Holdings, Inc. ("PGBH"). In January 2022, \$729,000 of CDI was recognized in conjunction with the Hawaii Branch purchase.

The following table presents changes in the carrying amount of CDI for the periods indicated:

	Year ended December 31,		
	2025	2024	2023
<b>Core deposit intangibles</b>	<i>(dollars in thousands)</i>		
Balance, beginning of year	\$ 10,459	\$ 10,459	\$ 10,459
Balance, end of year	\$ 10,459	\$ 10,459	\$ 10,459
<b>Accumulated amortization</b>			
Balance, beginning of year	\$ 8,448	\$ 7,664	\$ 6,741
Amortization	673	784	923
Balance, end of year	\$ 9,121	\$ 8,448	\$ 7,664
<b>Core deposit intangibles, net</b>	<u>\$ 1,338</u>	<u>\$ 2,011</u>	<u>\$ 2,795</u>

Estimated CDI amortization expense for the next 5 years is as follows:

Year ending December 31,	<b>CDI Amortization Expense</b> <i>(dollars in thousands)</i>
2026	\$ 501
2027	417
2028	297
2029	64
2030	33
Thereafter	26
Total	<u>\$ 1,338</u>

## NOTE 8 - DEPOSITS

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

<b>Time Deposits Expected Maturity Date at December 31,</b>	<b>\$250,000 and under</b>	<b>Greater than \$250,000</b>	<b>Total</b>
	<i>(dollars in thousands)</i>		
2026	\$ 967,896	\$ 891,751	\$ 1,859,647
2027	5,493	840	6,333
2028	604	300	904
2029	368	—	368
2030	309	—	309
Total	<u>\$ 974,670</u>	<u>\$ 892,891</u>	<u>\$ 1,867,561</u>

Time deposits include deposits acquired through both retail and wholesale channels. Wholesale channels include brokered deposits, collateralized deposits from the State of California, and deposits acquired through internet listing services. Wholesale time deposits totaled \$225.7 million at December 31, 2025, and \$147.5 million at December 31, 2024. Brokered time deposits were \$145.5 million at December 31, 2025, and \$93.2 million at December 31, 2024. Collateralized deposits from the State of California totaled \$40.0 million at December 31, 2025, and \$20.0 million at December 31, 2024. Time deposits acquired through internet listing services totaled \$40.2 million at December 31, 2025, and \$34.2 million at December 31, 2024.

In addition, we offer retail deposit products where customers are able to achieve FDIC insurance for balances on deposit in excess of the \$250,000 FDIC limit through the Certificate of Deposit Account Registry Service (“CDARS”) and Insured Cash Sweeps (“ICS”) programs. Time deposits held through the CDARS program were \$128.3 million at December 31, 2025, and \$130.6 million at December 31, 2024. ICS deposits totaled \$156.3 million at December 31, 2025, and \$146.1 million at December 31, 2024.

## NOTE 9 - LONG-TERM DEBT

In March 2021, we issued \$120.0 million of 4.00% fixed-to-floating rate subordinated notes, with an April 1, 2031 maturity date (the “2031 Subordinated Notes”). The interest rate is fixed through April 1, 2026 and is scheduled to float at three-month SOFR plus 329 basis points thereafter. The Company can redeem the 2031 Subordinated Notes beginning April 1, 2026. The 2031 Subordinated Notes are considered Tier 2 capital at the Company.

The table below presents the long-term debt and unamortized debt issuance costs as of the dates indicated:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<i>(dollars in thousands)</i>	
Principal	\$ 120,000	\$ 120,000
Unamortized debt issuance costs	(89)	(471)
Long-term debt, net of issuance costs	<u>\$ 119,911</u>	<u>\$ 119,529</u>

The following table presents interest and amortization expense on the subordinated notes for the year indicated:

	<b>For the Year Ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<i>(dollars in thousands)</i>		
<b>Interest Expense:</b>			
Interest	\$ 4,800	\$ 4,800	\$ 7,916
Amortization	382	382	562

We were in compliance with all covenants under the long-term debt as of December 31, 2025.

## NOTE 10 - SUBORDINATED DEBENTURES

Subordinated debentures consist of subordinated debentures issued in connection with three separate trust preferred securities and totaled \$15.4 million and \$15.2 million as of December 31, 2025 and 2024. Under the terms of our subordinated debentures issued in connection with the issuance of trust preferred securities, we are not permitted to declare or pay any dividends on our capital stock if an event of default occurs under the terms of the long-term debt. In addition, we have the option to defer interest payments on the subordinated debentures from time to time for a period not to exceed five consecutive years. The subordinated debentures may be included in Tier 1 capital (with certain limitations applicable) under current regulatory guidelines and interpretations. We may redeem the subordinated debentures, subject to prior approval by the Board of Governors of the Federal Reserve System at 100% of the principal amount, plus accrued and unpaid interest. The table below presents subordinated debentures at December 31, 2025:

Subordinated debentures	Issue Date	Principal Amount	Unamortized Valuation Reserve	Recorded Value	Stated Rate Description	December 31,	Stated Maturity
						2025	
<i>(dollars in thousands)</i>							
TFC Trust	December 22, 2006	\$ 5,155	\$ 1,008	\$ 4,147	Three-month CME Term SOFR plus 0.26% plus 1.65%,	5.63%	March 15, 2037
FAIC Trust I	December 15, 2004	7,217	688	6,529	Three-month CME Term SOFR 0.26% plus 2.25%	6.23%	December 15, 2034
PGBH Trust I	December 15, 2004	5,155	456	4,699	Three-month CME Term SOFR 0.26% plus 2.10%	6.08%	December 15, 2034
Total		<u>\$ 17,527</u>	<u>\$ 2,152</u>	<u>\$ 15,375</u>			

In 2016, we acquired TFC Statutory Trust (the “TFC Trust”) through the acquisition of TomatoBank and its holding company, TFC Holding Company (“TFC”). TFC Trust issued 5,000 fixed-to-floating rate capital securities with an aggregate liquidation amount of \$5.0 million to an independent investor, and all of its common securities, with an aggregate liquidation amount of \$155,000. TFC issued \$5.0 million of subordinated debentures to TFC Trust in exchange for ownership of all of the common securities of TFC Trust and the proceeds of the preferred securities sold by TFC Trust. We are not considered the primary beneficiary of TFC Trust (variable interest entity), therefore TFC Trust is not consolidated in our financial statements, but rather the subordinated debentures are shown as a liability. We also purchased an investment in the common stock of TFC Trust for \$155,000, which is included in other assets. At the close of this acquisition, a \$1.9 million valuation reserve was recorded to arrive at its fair market value, which is treated as a yield adjustment and amortized over the life of the security. The unamortized valuation reserve was \$1.0 million at December 31, 2025, and \$1.1 million at December 31, 2024. The subordinated debentures have a variable rate of interest equal to three-month CME Term SOFR plus applicable tenor spread adjustment of 0.26% plus 1.65%, which was 5.63% at December 31, 2025, and 6.27% at December 31, 2024.

In October 2018, we acquired First American International Statutory Trust I (“FAIC Trust I”) through the acquisition of FAIC. FAIC Trust I issued 7,000 units of 30-year fixed-to-floating rate capital securities with an aggregate liquidation amount of \$7.0 million to an independent investor, and all of its common securities, with an aggregate liquidation amount of \$217,000. We are not considered the primary beneficiary of FAIC Trust I (variable interest entity), therefore FAIC Trust I is not consolidated in our financial statements, but rather the subordinated debentures are shown as a liability. We purchased an investment in the common stock of FAIC Trust I for \$217,000, which is included in other assets. At the close of this acquisition, a \$1.2 million valuation reserve was recorded to arrive at its fair market value, which is treated as a yield adjustment and amortized over the life of the security. The unamortized valuation reserve was \$688,000 at December 31, 2025, and \$765,000 at December 31, 2024. The subordinated debentures have a variable rate of interest equal to three-month CME Term SOFR plus applicable tenor spread adjustment of 0.26% plus 2.25%, which was 6.23% at December 31, 2025, and 6.87% at December 31, 2024.

In January 2020, we acquired PGB Capital Trust I (“PGBH Trust I”) through the acquisition of PGBH. PGBH Trust I issued 5,000 units of fixed-to-floating rate capital securities with an aggregate liquidation amount of \$5.0 million to an independent investor, and all of its common securities, with an aggregate liquidation amount of \$155,000. We are not considered the primary beneficiary of PGBH Trust I (variable interest entity), therefore PGBH Trust I is not consolidated in our financial statements, but rather the subordinated debentures are shown as a liability. We purchased an investment in the common stock of PGBH Trust I for \$155,000, which is included in other assets. At the close of this acquisition, a \$763,000 valuation reserve was recorded to arrive at its fair market value, which is treated as a yield adjustment and amortized over the life of the security. The unamortized valuation reserve was \$456,000 at December 31, 2025, and \$507,000 at December 31, 2024. The subordinated debentures have a variable rate of interest equal to three-month CME Term SOFR plus applicable tenor spread adjustment of 0.26% plus 2.10%, which was 6.08% at December 31, 2025, and 6.72% at December 31, 2024.

We recorded interest expense of \$1.1 million in 2025, \$1.3 million in 2024 and \$1.3 million in 2023 on the three subordinated debentures. The aggregate amount of amortization expense was \$218,000 in each of the years ended December 31, 2025, 2024, and 2023.

For regulatory reporting purposes, the Federal Reserve has indicated that the capital or trust preferred securities qualify as Tier 1 capital of the Company subject to previously specified limitations (including that the asset size of the issuer did not exceed \$15 billion), until further notice. If regulators make a determination that the capital securities can no longer be considered in regulatory capital, the securities become callable and we may redeem them.

As of December 31, 2025, the Company has duly and punctually paid all payments, maintained 100% ownership of the common securities, and did not incur any additional indebtedness as agreed. The Company was in compliance with all covenants under all subordinated debentures at December 31, 2025.

#### NOTE 11 - BORROWING ARRANGEMENTS

We have established secured and unsecured lines of credit. We may borrow funds from time to time on a term or overnight basis from the FHLB, the Federal Reserve Bank of San Francisco (“FRB”) and other financial institutions as indicated below.

*FHLB Secured Line of Credit and Advances.* At December 31, 2025, the Bank had a secured borrowing capacity with the FHLB of \$1.4 billion collateralized by pledged residential and commercial loans with a carrying value of \$1.9 billion. At December 31, 2025, we had no overnight advances and \$130.0 million of putable term advances, with various call dates at the option of the FHLB, and a weighted average rate of 3.49%. The remaining secured borrowing capacity with the FHLB was \$1.3 billion as of December 31, 2025. We recognized interest on FHLB advances of \$5.2 million, \$2.2 million, and \$2.9 million for the years ended December 31, 2025, 2024, and 2023.

The details of the FHLB term advances outstanding at December 31, 2025, are shown in the table below:

<u>Advance Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Call Structure</u>	<u>Next Call Date</u>	<u>Final Stated Maturity Date</u>
<i>(dollars in thousands)</i>					
5/8/2025	\$ 10,000	3.69%	One time call	N/A	5/10/2028
6/23/2025	10,000	3.64%	One time call	N/A	6/23/2028
5/8/2025	20,000	3.49%	Quarterly call	2/10/2026	5/10/2028
8/14/2025	20,000	3.38%	Quarterly call	2/14/2026	8/14/2028
3/12/2025	20,000	3.34%	Quarterly call	3/12/2026	3/12/2029
3/14/2025	20,000	3.49%	Quarterly call	3/15/2026	3/15/2029
5/8/2025	20,000	3.52%	Quarterly call <sup>(1)</sup>	5/8/2026	5/8/2029
6/23/2025	10,000	3.55%	Quarterly call <sup>(1)</sup>	6/23/2026	6/23/2028
Total	<u>\$ 130,000</u>	3.49%	Weighted average rate		

(1) Call option after initial one year lock out.

*FRB Secured Line of Credit.* At December 31, 2025, the Bank had a secured borrowing capacity with the FRB of \$66.5 million collateralized by pledged loans with a carrying value of \$88.9 million.

*Federal Funds Arrangements with Commercial Banks.* At December 31, 2025, the Bank may borrow on an unsecured basis, up to \$97.0 million from other financial institutions.

There were no amounts outstanding under any of the other borrowing arrangements above as of December 31, 2025, except the FHLB term advances totaling \$130.0 million.

## NOTE 12 - 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.

The table below presents income before income tax expense between domestic and foreign for the years indicated:

	<b>For the Year Ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<i>(dollars in thousands)</i>		
United States	\$ 42,134	\$ 35,679	\$ 60,246
Foreign	—	—	—
Income before income taxes	<u>42,134</u>	<u>35,679</u>	<u>60,246</u>

The table below presents the components of income tax expense for the years indicated:

	<b>For the Year Ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<i>(dollars in thousands)</i>		
Current: <sup>(1)</sup>			
Federal	\$ 7,897	\$ 6,539	\$ 10,804
State	2,930	5,393	6,761
Total Current	<u>10,827</u>	<u>11,932</u>	<u>17,565</u>
Deferred: <sup>(1)</sup>			
Federal	(1,146)	(1,646)	(288)
State	505	(1,272)	504
Total Deferred	<u>(641)</u>	<u>(2,918)</u>	<u>216</u>
Total income tax expense <sup>(1)</sup>	<u>\$ 10,186</u>	<u>\$ 9,014</u>	<u>\$ 17,781</u>

(1) The Company has no foreign operations or foreign taxes for all years presented.

The following table presents a comparison of the federal statutory income tax rates to the Company's effective income tax rates for the years indicated (as reported under ASU 2023-09 on a retrospective basis):

	<b>For the Year Ended December 31,</b>					
	<b>2025</b>		<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>Rate</b>	<b>Amount</b>	<b>Rate</b>	<b>Amount</b>	<b>Rate</b>
	<i>(dollars in thousands)</i>					
US federal statutory tax rate	\$ 8,848	21.0%	\$ 7,493	21.0%	\$ 12,652	21.0%
State and local income tax, net of federal income tax effect <sup>(1)</sup>	2,671	6.4%	2,782	7.8%	5,697	9.5%
Tax credits						
Low income housing tax credits	(1,725)	(4.1)%	(1,195)	(3.3)%	(1,017)	(1.7)%
Transferrable energy tax credits	(957)	(2.3)%	(901)	(2.5)%	—	0.0%
Nondeductible and nontaxable	(364)	(0.9)%	(375)	(1.1)%	(367)	(0.6)%
Other items, net						
Low income housing tax credit amortization	2,097	5.0%	1,336	3.7%	1,128	1.9%
Tax benefits from low income housing losses	(436)	(1.0)%	(218)	(0.6)%	(173)	(0.3)%
Other	52	0.1%	92	0.3%	(139)	(0.2)%
Total income tax expense	<u>\$ 10,186</u>	<u>24.2%</u>	<u>\$ 9,014</u>	<u>25.3%</u>	<u>\$ 17,781</u>	<u>29.5%</u>

(1) State taxes in California, New York, and New York City comprised the majority (greater than 50 percent) of the tax effect in this category.

Deferred taxes are a result of differences between income tax accounting and GAAP with respect to income and expense recognition. The following is a summary of the components of the net deferred tax asset accounts recognized in the accompanying balance sheets as of December 31:

	2025	2024
	<i>(dollars in thousands)</i>	
<b>Deferred tax assets:</b>		
Credit carryforwards	\$ 1,799	\$ —
Allowance for credit losses	13,302	14,889
Stock-based compensation	182	244
Operating loss carryforwards	4	4
Unrealized loss on AFS securities	5,678	8,980
Lease liability	7,434	9,127
State tax	540	944
Other	1,550	1,424
	<u>30,489</u>	<u>35,612</u>
<b>Deferred tax liabilities:</b>		
Depreciation	(61)	(425)
Deferred loan costs	(3,350)	(3,127)
Acquisition accounting fair value adjustments	(2,237)	(2,536)
Mortgage servicing rights	(1,427)	(1,738)
Right of use asset	(6,903)	(8,618)
Other	(164)	(113)
	<u>(16,142)</u>	<u>(16,557)</u>
<b>Net deferred tax assets</b>	<u>\$ 16,347</u>	<u>\$ 19,055</u>

Income taxes paid for the years ended December 31, 2025, 2024, and 2023 were \$18.7 million, \$6.2 million, and \$21.4 million. Income taxes paid in the following jurisdictions exceed 5% of total income taxes paid for the years indicated:

	<b>For the Year Ended December 31,</b>		
	2025	2024	2023
	<i>(dollars in thousands)</i>		
Federal <sup>(1)</sup>	\$ 14,359	\$ 1,700	\$ 12,954
State and local :			
California	1,856	2,975	5,410
New York	1,023	535	1,570
New York City	661	675	1,340
Other	822	340	115
Total state and local	<u>4,362</u>	<u>4,525</u>	<u>8,435</u>
Total income taxes paid	<u>\$ 18,721</u>	<u>\$ 6,225</u>	<u>\$ 21,389</u>

(1) Federal taxes paid in 2025 includes \$12.6 million for the purchase of federal tax credits for assets placed in service in 2024.

At December 31, 2025, we have federal tax credit carryforwards of \$1.8 million for federal income tax purposes. Tax credit carryforwards, to the extent not used, will begin to expire in 2045. At December 31, 2025, we have usable net operating loss carryforwards from acquisitions of \$16,000 for federal and \$6,000 for California income tax purposes. Net operating loss carryforwards, to the extent not used, will begin to expire in 2028. The net operating loss carryforwards were generated through acquisitions, and as a result, are substantially limited by Section 382 of the Internal Revenue Code. Benefits not expected to be realized due to the limitation have been excluded from the deferred tax asset and net operating loss carryforward amounts noted above. Based on management's assessment, we concluded that no valuation allowance was necessary for the deferred tax assets as of December 31, 2025.

We file income tax returns in federal and various state jurisdictions. We are subject to examinations in federal jurisdiction for the years ended after December 31, 2021. The statutes of limitations for state income tax returns remain open for tax years in accordance with each state's statutes. We are currently under examination by the California Franchise Tax Board for the 2020 tax period resulting from a refund claim in the amount of \$256,000. Our liability related to uncertain tax positions was \$395,000 at December 31, 2025, and \$1.1 million at December 31, 2024. We recognized no material interest or penalties as part of income taxes for the years ended December 31, 2025, 2024, and 2023.

## Purchased Federal Transferable Tax Credits

On September 13, 2024, we entered into a Purchase and Sale Agreement ("PSA") for the purchase of federal transferable tax credits to be generated by four projects to be placed in service in 2024 and 2025. Two of the projects were placed in service in 2025 and generated approximately \$11.3 million of federal tax credits for the year ended December 31, 2025. The other two projects were placed in service in 2024 and generated \$13.6 million of federal tax credits. The discounted purchase price for the projects placed in service in 2025 will be paid by us to the seller, an independent third party, upon the achievement of certain benchmarks outlined in the PSA. The discounted purchase price for the projects placed in service in 2024 was paid by us to the seller in 2025. We will fully utilize the purchased tax credits to offset amounts that otherwise would be due and payable to the IRS for the years ended 2025 and 2024 and for tax years ended 2021 and 2022 through tax credit carryback filings. The ultimate tax benefit to the Company is the difference between the amount of the tax credits purchased and the discounted purchase price.

## **NOTE 13 - COMMITMENTS AND CONTINGENCIES**

In the ordinary course of business, we enter into financial commitments to meet the financing needs of our customers. These financial commitments include commitments to extend credit, unused lines of credit, commercial and similar letters of credit and standby letters of credit. Those instruments involve varying degrees of credit and interest rate risk not recognized in our financial statements.

Our exposure to loss in the event of nonperformance on these financial commitments is represented by the contractual amount of those instruments. We use the same credit policies in making commitments as we do for loans reflected in the consolidated financial statements.

At December 31, 2025 and 2024, we had the following financial commitments whose contractual amount represents credit risk:

	2025		2024	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
	<i>(dollars in thousands)</i>			
Commitments to make loans	\$ 10,517	\$ 31,118	\$ 13,973	\$ 70,268
Unused lines of credit	2,747	61,766	883	84,697
Commercial and similar letters of credit	135	2,254	168	2,225
Standby letters of credit	3,964	1,061	1,232	2,061
Total	<u>\$ 17,363</u>	<u>\$ 96,199</u>	<u>\$ 16,256</u>	<u>\$ 159,251</u>

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. We evaluate each client's creditworthiness on a case-by-case basis.

We record a liability for lifetime expected losses on off-balance-sheet credit exposure that does not fit the definition of unconditionally cancelable in accordance with ASC 326. We use the loss rate and exposure at default framework to estimate a reserve for unfunded commitments. Loss rates for the expected funded balances are determined based on the associated pooled loan analysis loss rate and the exposure at default is based on an estimated utilization given default. The reserve for off-balance sheet commitments was \$484,000 and \$729,000 as of December 31, 2025, and December 31, 2024. We recorded a (reversal of) provision for credit losses on unfunded loan commitments of (\$245,000) for the year ended December 31, 2025, and \$89,000 for the year ended December 31, 2024.

In addition, we invest in various affordable housing partnerships and Small Business Investment Company funds for CRA purposes. Pursuant to these investments, we commit to an investment amount to be fulfilled in future periods. Such unfunded commitments totaled \$11.0 million as of December 31, 2025, and \$5.7 million as of December 31, 2024. Bancorp also has investments in fintech venture funds, with unfunded commitments of \$675,000 as of December 31, 2025, and \$1.2 million as of December 31, 2024.

We are involved in various matters of litigation which have arisen in the ordinary course of business and accruals for estimates of potential losses have been provided when necessary and appropriate under GAAP. In the opinion of management, the disposition of such pending litigation will not have a material effect on the Company's consolidated financial statements.

## NOTE 14 - LEASES

We lease several of our operating facilities under various non-cancellable operating leases expiring at various dates through 2037. We are also responsible for common area maintenance, taxes, and insurance at the various branch locations.

Future minimum rent payments on our leases were as follows at December 31, 2025:

For the year ended December 31,		<i>(dollars in thousands)</i>
2026	\$	5,382
2027		5,769
2028		4,852
2029		2,685
2030		2,396
Thereafter		5,903
Total	\$	26,987
Less amount of payment representing interest		(2,187)
<b>Total present value of lease payments</b>	<b>\$</b>	<b>24,800</b>

The minimum rent payments shown above are given for the existing lease obligation and are not a forecast of future rental expense. Total rental expense, recognized on a straight-line basis, was \$5.8 million, \$5.8 million, and \$5.7 million for the years ended December 31, 2025, 2024, and 2023. The Company received rental income of \$640,000, \$612,000, and \$570,000 for the years ended December 31, 2025, 2024, and 2023.

The following table presents the operating lease related assets and liabilities recorded on the consolidated balance sheets, and the weighted-average remaining lease terms and discount rates as of the dates indicated:

	December 31, 2025	December 31, 2024
<b>Operating Leases</b>	<i>(dollars in thousands)</i>	
ROU assets	\$ 23,026	\$ 28,048
Lease liabilities	24,800	29,705
Weighted-average remaining lease term (in years)	5.96	6.65
Weighted-average discount rate	2.97%	2.83%
Cash paid for operating leases	5,009	4,742

## NOTE 15 - RELATED PARTY TRANSACTIONS

There were no loans or outstanding loan commitments to any principal officers or directors, or any of their affiliates at December 31, 2025 and 2024.

Deposits from principal officers, directors, and their affiliates at December 31, 2025 and 2024, were \$73.0 million and \$32.5 million.

Certain directors and their affiliates own \$6.0 million of RBB subordinated debentures as of December 31, 2025 and 2024.

## NOTE 16 - STOCK BASED COMPENSATION

### Amended and Restated RBB Bancorp 2017 Omnibus Stock Incentive Plan

The Amended and Restated RBB Bancorp 2017 Omnibus Stock Incentive Plan (the “Amended OSIP”) was approved by our board of directors in January 2022 and approved by our shareholders in May 2022. The Amended OSIP was designed to ensure continued availability of equity awards that will assist us in attracting and retaining competent managerial personnel and rewarding key employees, directors and other service providers for high levels of performance. Pursuant to the Amended OSIP, our board of directors are allowed to grant awards to eligible persons in the form of qualified and non-qualified stock options, restricted stock, restricted stock units, stock appreciation rights and other incentive awards. We have reserved up to 30% of issued and outstanding shares of common stock as of the date we adopted the Amended OSIP, or 3,848,341 shares. As of December 31, 2025, there were 878,916 shares of common stock available for issuance under the Amended OSIP. This represents 5.2% of the issued and outstanding shares of the Company’s common stock as of December 31, 2025. Awards vest, become exercisable and contain such other terms and conditions as determined by the board of directors and set forth in individual agreements with the employees receiving the awards. The Amended OSIP enables the board of directors to set specific performance criteria that must be met before an award vests. The Amended OSIP allows for acceleration of vesting and exercise privileges of grants if a participant’s termination of employment is due to a change in control, death or total disability. If a participant’s job is terminated for cause, then all awards expire at the date of termination.

We recognized total stock-based compensation expense of \$1.4 million, \$1.1 million, and \$750,000 in 2025, 2024, and 2023. The total unrecognized stock-based expense totaled \$2.2 million, \$1.9 million, and \$517,000 as of December 31, 2025, 2024, and 2023.

#### *Stock Options*

Compensation expense for stock options was \$44,000, \$62,000, and \$246,000 for the years ended December 31, 2025, 2024, and 2023. Unrecognized stock-based compensation expense related to options was \$73,000, \$117,000, and \$179,000 as of December 31, 2025, 2024, and 2023. Unrecognized compensation expense related to stock options, as of December 31, 2025, is expected to be recognized over the next 1.4 years.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions presented below for 2023. No stock options have been granted after March 31, 2023.

	<b>March 2023</b>
Expected volatility	28.4%
Expected term (years)	8.0
Expected dividends	2.92%
Risk free rate	4.27%
Grant date fair value	\$ 5.49

The expected volatility was based on the historical volatility of our stock trading history. The expected term of options granted is based on historical data and represents the period of time that options granted are expected to be outstanding. The risk free rate of return reflects the grant date interest rate offered for zero coupon U.S. Treasury bonds over the expected term of the options.

The table below presents a summary of our stock option awards and activity as of and for the year ended December 31, 2025:

	<b>Shares</b>	<b>Weighted- Average Exercise Price</b>	<b>Weighted- Average Remaining Contractual Term in years</b>	<b>Aggregate Intrinsic Value</b>
Outstanding at beginning of year	174,500	\$ 18.29		
Exercised	(23,500)	17.76		
Outstanding at end of year	<u>151,000</u>	<u>\$ 18.37</u>	<u>4.67</u>	<u>\$ 360</u>
Options exercisable	<u>139,000</u>	<u>\$ 18.13</u>	<u>4.48</u>	<u>\$ 360</u>

The total fair value of the shares vested was \$193,000, \$581,000, and \$1.1 million in 2025, 2024, and 2023. Unvested stock options totaled 12,000, 21,333, and 65,671 with a weighted average grant date fair value of \$6.16, \$6.02, and \$4.99 as of December 31, 2025, 2024, and 2023. The decrease of unvested stock options during 2025 was due to 9,333 stock options vested with a weighted average grant date fair value of \$5.84.

Cash received from the exercise of 23,500 share options was \$417,000 for the year ended December 31, 2025. Cash received from the exercise of 112,250 share options was \$1.8 million for the year ended December 31, 2024. Cash received from the exercise of 19,403 share options was \$295,000 for the year ended December 31, 2023. The intrinsic value of options exercised was \$21,000, \$429,000, and \$90,000 in 2025, 2024, and 2023.

#### *Restricted Stock Units*

We award time-based restricted stock units (“TRSUs”) and performance-based restricted stock units (“PRSUs”), which we also refer to collectively as restricted stock units (“RSUs”). The TRSUs have original lives ranging from 1 to 4 years and PRSUs have an original life of 3 years.

We granted 138,922 RSUs during the year ended December 31, 2025, with a weighted average price of \$15.70. The RSUs granted during the year ended December 31, 2025, included 28,833 PRSUs subject to pre-established performance metrics including market conditions that will be measured in the future and subject to oversight and approval by the Board of Director’s Compensation Committee. As of December 31, 2025, there were 191,091 unvested RSUs outstanding.

We granted 138,668 RSUs during the year ended December 31, 2024, with a weighted average price of \$18.37. The RSUs granted during the year ended December 31, 2024, included 31,270 PRSUs subject to pre-established performance metrics with market conditions that will be measured in the future and subject to oversight and approval by the Board of Director’s Compensation Committee. As of December 31, 2024, there were 140,475 unvested RSUs outstanding.

The vesting date fair value of RSUs that vested during 2025, 2024, and 2023 was \$1.3 million, \$780,000, and \$375,000.

The recorded compensation expense for RSUs was \$1.3 million, \$994,000, and \$504,000 for the years ended December 31, 2025, 2024, and 2023. Unrecognized stock-based compensation expense related to RSUs was \$2.1 million and \$1.8 million as of December 31, 2025 and 2024. As of December 31, 2025, unrecognized stock-based compensation expense related to RSUs is expected to be recognized over the next 2.3 years.

The following table presents restricted stock unit activity during the twelve months ended December 31, 2025.

	<b>Shares</b>	<b>Weighted-Average Grant Date Fair Value</b>
Outstanding at beginning of year	140,475	\$ 18.33
Granted	138,922	15.70
Vested	(75,126)	17.65
Forfeited/cancelled	(13,180)	18.74
Outstanding at end of year	<u>191,091</u>	<u>16.66</u>

## NOTE 17 - REGULATORY MATTERS

Holding companies (with assets over \$3 billion at the beginning of the year) and banks are 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 our financial statements.

Final comprehensive regulatory capital rules for U.S. banking organizations pursuant to the capital framework of the Basel Committee on Banking Supervision, generally referred to as “Basel III,” implemented a requirement for all banking organizations to maintain a capital conservation buffer of 2.5% above the minimum risk-based capital requirements. The capital conservation buffer is exclusively comprised of common equity Tier 1 capital, and it applies to each of the three risk-based capital ratios but not to the leverage ratio. At December 31, 2025, the Company and the Bank were in compliance with the capital conservation buffer requirements. If the capital adequacy minimum ratios plus the phased-in conservation buffer amount exceed actual risk-weighted capital ratios, then dividends, share buybacks, and discretionary bonuses to executives could be limited in amount.

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. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. 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). As permitted by the regulators for financial institutions that are not deemed to be “advanced approaches” institutions, we have elected to opt out of the Basel III requirement to include accumulated other comprehensive income in risk-based capital. Management believes, at December 31, 2025, and December 31, 2024, we satisfied all capital adequacy requirements to which we were subject.

As of December 31, 2025 and 2024, 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 sets forth Bancorp's consolidated and the Bank's actual capital amounts and ratios and related regulatory requirements as of the dates indicated:

	Amount of Capital Required					
	Actual		Minimum Required for Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio <sup>(1)</sup>	Amount	Ratio
<b>As of December 31, 2025:</b>						
<i>Tier 1 Leverage Ratio</i>						
Consolidated	\$ 479,047	11.60%	\$ 165,193	4.0%	\$ 206,491	5.0%
Bank	544,296	13.20%	164,965	4.0%	206,206	5.0%
<i>Common Equity Tier 1 Risk-Based Capital Ratio</i>						
Consolidated	\$ 464,133	17.49%	\$ 119,388	4.5%	\$ 172,450	6.5%
Bank	544,296	20.57%	119,075	4.5%	171,998	6.5%
<i>Tier 1 Risk-Based Capital Ratio</i>						
Consolidated	\$ 479,047	18.06%	\$ 159,184	6.0%	\$ 212,246	8.0%
Bank	544,296	20.57%	158,767	6.0%	211,690	8.0%
<i>Total Risk-Based Capital Ratio</i>						
Consolidated	\$ 632,260	23.83%	\$ 212,246	8.0%	\$ 265,307	10.0%
Bank	577,512	21.82%	211,690	8.0%	264,612	10.0%

(1) These ratios are exclusive of the 2.5% capital conservation buffer.

	Amount of Capital Required					
	Actual		Minimum Required for Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio <sup>(1)</sup>	Amount	Ratio
<b>As of December 31, 2024:</b>						
<i>Tier 1 Leverage Ratio</i>						
Consolidated	\$ 469,785	11.92%	\$ 157,660	4.0%	\$ 197,075	5.0%
Bank	549,889	13.96%	157,529	4.0%	196,912	5.0%
<i>Common Equity Tier 1 Risk-Based Capital Ratio</i>						
Consolidated	\$ 455,084	17.94%	\$ 114,133	4.5%	\$ 164,859	6.5%
Bank	549,889	21.74%	113,843	4.5%	164,440	6.5%
<i>Tier 1 Risk-Based Capital Ratio</i>						
Consolidated	\$ 469,785	18.52%	\$ 152,178	6.0%	\$ 202,903	8.0%
Bank	549,889	21.74%	151,791	6.0%	202,388	8.0%
<i>Total Risk-Based Capital Ratio</i>						
Consolidated	\$ 621,225	24.49%	\$ 202,903	8.0%	\$ 253,629	10.0%
Bank	581,720	22.99%	202,388	8.0%	252,985	10.0%

(1) These ratios are exclusive of the 2.5% capital conservation buffer.

The California Financial Code generally acts to prohibit banks from making 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.

The California General Corporation Law generally acts to prohibit companies from paying dividends on common stock unless retained earnings, immediately prior to the dividend payment, equals or exceeds the amount of the dividend. If a company fails this test, then it may still pay dividends if after giving effect to the dividend the company's assets are at least 125% of its liabilities.

Additionally, the Federal Reserve has issued guidance, which requires that they be consulted before payment of a dividend if a bank holding company does not have earnings over the prior four quarters of at least equal to the dividend to be paid, plus other holding company obligations.

## NOTE 18 - FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with accounting guidance, we group financial assets and financial liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

### **Fair Value Hierarchy**

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, prepayment speeds, volatilities, etc.) or model-based valuation techniques where all significant assumptions are observable, either directly or indirectly, in the market.

Level 3 - Valuation is generated from model-based techniques where one or more significant inputs are not observable, either directly or indirectly, in the market. These unobservable assumptions reflect the Company's own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques may include use of matrix pricing, DCF models, and similar techniques.

### **Assets and Liabilities Measured at Fair Value on a Recurring Basis**

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).

Interest Rate Lock Contracts and Forward Mortgage Loan Sale Contracts: The fair values of interest rate lock contracts and forward mortgage loan sale contracts are determined by loan lock-in rate, loan funded rate, market interest rate, fees to be collected from the borrower, fees and costs associated with the origination of the loan, expiration timing, sale price, and the value of the retained servicing. We classified these derivatives as level 3 due to management's estimate of market rate, cost and expiration timing on these contracts.

### **Assets and Liabilities Measured on a Non-Recurring Basis**

Collateral-dependent individually evaluated loans: Collateral-dependent individually evaluated loans are carried at fair value when it is probable that we will be unable to collect all amounts due according to the contractual terms of the original loan agreement and the loan has been written down to the fair value of its underlying collateral, net of expected selling costs.

The fair value of collateral-dependent individually evaluated loans is based on third party appraisals of the property, less management's estimate of selling costs. Third party appraisals generally use a sales comparison or income capitalization approach to derive the appraised value based on market transactions involving similar or comparable properties. Adjustments are routinely made by the third party appraisers to adjust for differences between the comparable sales and income data used in the appraisal. Adjustments may also result from the consideration of relevant economic and demographic factors which may affect property values. Positive adjustments in the appraisal represent increases to the sales comparisons and negative adjustments represent decreases.

Other Real Estate Owned ("OREO") (included in "Accrued interest and other assets" in the consolidated balance sheets): OREO is initially recorded at fair value less estimated selling costs at the date of transfer. This amount becomes the property's new basis. Fair values are generally based on third party appraisals of the property and discounted by management to reflect estimated selling costs (Level 3).

Appraisals for OREO and collateral-dependent loans are performed by state licensed appraisers (for commercial properties) or state certified appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by us. We review the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison to independent data sources such as recent market data or industry wide statistics for residential appraisals. We also consider the actual selling price of collateral that has been sold in recent periods to determine what additional adjustments, if any, should be made to the appraisal values to arrive at fair value. In determining the net realizable value of the underlying collateral for individually evaluated loans and OREO, we discount the valuation to cover both market price fluctuations and selling costs, typically ranging from 6% to 10% of the collateral value, that may be incurred in the event of foreclosure. Generally, if the existing appraisal is older than twelve months for OREO or collateral-dependent loans, a new appraisal report is ordered.

The following table presents our financial assets and liabilities measured at fair value on a recurring basis or on a non-recurring basis as of the dates indicated:

December 31, 2025	Fair Value Measurements Using:			Total
	Level 1	Level 2	Level 3	
<b>Assets measured at fair value:</b>	<i>(dollars in thousands)</i>			
<b>On a recurring basis:</b>				
Securities available for sale				
Government agency securities	\$ —	\$ 22,705	\$ —	\$ 22,705
SBA agency securities	—	21,180	—	21,180
Mortgage-backed securities	—	92,155	—	92,155
Collateralized mortgage obligations	—	213,272	—	213,272
Commercial paper	—	19,948	—	19,948
Corporate debt securities	—	28,429	—	28,429
Municipal securities	—	9,515	—	9,515
Forward Mortgage Loan Sale Contracts <sup>(1)</sup>	—	—	11	11
	<u>\$ —</u>	<u>\$ 407,204</u>	<u>\$ 11</u>	<u>\$ 407,215</u>
<b>On a non-recurring basis:</b>				
Collateral dependent individually evaluated loans:				
Commercial real estate loans	\$ —	\$ —	\$ 3,071	\$ 3,071
Construction and land development loans	—	—	19,465	19,465
Commercial and industrial loans	—	—	4,708	4,708
Other real estate owned <sup>(1)</sup>	—	—	8,830	8,830
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 36,074</u>	<u>\$ 36,074</u>

(1) Included in “Accrued interest and other assets” on the consolidated balance sheets.

December 31, 2024	Fair Value Measurements Using:			Total
	Level 1	Level 2	Level 3	
<b>Assets measured at fair value:</b>	<i>(dollars in thousands)</i>			
<b>On a recurring basis:</b>				
Securities available for sale				
Government agency securities	\$ —	\$ 21,042	\$ —	\$ 21,042
SBA agency securities	—	26,764	—	26,764
Mortgage-backed securities	—	55,677	—	55,677
Collateralized mortgage obligations	—	197,132	—	197,132
Commercial paper	—	78,685	—	78,685
Corporate debt securities	—	31,815	—	31,815
Municipal securities	—	9,075	—	9,075
	<u>\$ —</u>	<u>\$ 420,190</u>	<u>\$ —</u>	<u>\$ 420,190</u>
<b>On a non-recurring basis:</b>				
Collateral dependent individually evaluated loans:				
Commercial real estate loans	\$ —	\$ —	\$ 4,751	\$ 4,751
Construction and land development loans	—	—	30,676	30,676
SBA loans	—	—	66	66
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 35,493</u>	<u>\$ 35,493</u>

The fair value of assets evaluated on a non-recurring basis is based on third party appraisals, including adjustments to comparable market data as summarized in the table below.

<b>December 31, 2025</b>	<b>Fair Value</b>	<b>Valuation Techniques</b>	<b>Unobservable Input(s)</b>	<b>Range</b>
<i>(dollars in thousands)</i>				
<b>Collateral dependent loans:</b>				
Commercial real estate loans	\$ 3,071	Market approach	Adjustments <sup>(1)</sup>	(41%) to 4%
Construction and land development loans	19,465	Market approach	Adjustments <sup>(1)</sup>	9% to 23%
Commercial and industrial loans	4,708	Market approach	Adjustments <sup>(1)</sup>	(20%) to 20%
Other real estate owned <sup>(2)</sup>	8,830	Market approach	Adjustments <sup>(1)</sup>	(10%) to 21%
<b>Total</b>	<b><u>\$36,074</u></b>			

(1) Represents the minimum and maximum range of adjustments made by appraisers for differences in comparable sales.

(2) Included in "Accrued interest and other assets" on the consolidated balance sheets.

<b>December 31, 2024</b>	<b>Fair Value</b>	<b>Valuation Techniques</b>	<b>Unobservable Input(s)</b>	<b>Range</b>
<i>(dollars in thousands)</i>				
<b>Collateral dependent loans:</b>				
Commercial real estate loans	\$ 4,751	Market approach	Adjustments <sup>(1)</sup>	(41%) to 4%
Construction and land development loans	30,676	Market approach	Adjustments <sup>(1)</sup>	(19%) to 5%
SBA loans	66	Market approach	Adjustments <sup>(1)</sup>	(4%) to 11%
<b>Total</b>	<b><u>\$35,493</u></b>			

(1) Represents the minimum and maximum range of adjustments made by appraisers for differences in comparable sales.

There was \$8.8 million of OREO as of December 31, 2025, and no OREO as of December 31, 2024. During 2024, we foreclosed on and sold three properties, and recognized a total gain on OREO of \$1.0 million.

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.

Because no market exists for a significant portion of our financial instruments, fair value estimates are based on judgments regarding current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature, and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the fair values presented. Management uses its best judgment in estimating the fair value of our financial instruments; however, there are inherent limitations in any estimation technique.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management maximizes the use of observable inputs and attempts to minimize the use of unobservable inputs when determining fair value measurements. Estimated fair values are disclosed for financial instruments for which it is practicable to estimate fair value. These estimates are made at a specific point in time based on relevant market data and information about the financial instruments. These estimates do not reflect any premium or discount that could result from offering our entire holdings of a particular financial instrument for sale at one time, nor do they attempt to estimate the value of anticipated future business related to the instruments. In addition, the tax ramifications related to the realization of unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of these estimates.

The following methods and assumptions were used to estimate the fair value of significant financial instruments not previously presented:

*Cash and Due From Banks* -- The carrying amounts of cash and short-term instruments approximate fair values, a Level 1 measurement.

*Time Deposits in Other Banks* -- Fair values for time deposits with other banks are estimated using DCF analyses, using interest rates currently being offered with similar terms, a Level 1 measurement.

*Investment securities available for sale and held to maturity* -- Fair values are measured by using quoted market prices for similar securities or dealer quotes, a Level 2 measurement.

*Loans Held for Sale* -- Fair value is based on quotes or bids from third party investors, recent sale prices, or third party appraisals, a Level 2 measurement.

*Loans* -- For variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts. The fair values for all other loans are estimated using DCF analyses, using interest rates currently being offered for loans with similar terms to borrowers with similar credit quality. The fair value of loans as of December 31, 2025 and 2024, was measured using an exit price notion, a Level 3 measurement.

*Individually evaluated loans* -- Defaulted loans are reviewed individually for expected credit loss, if any, and are recorded at fair value on a non-recurring basis. These defaulted loans are excluded from the loan pools used within the collective evaluation of estimated credit losses. When a defaulted loan is collateral dependent, we measure expected credit loss based on the estimated fair value of the underlying collateral. The fair value of each loan's collateral is based on third party appraisals, adjusted for estimated selling costs; a Level 2 measurement. When adjustments are made to an appraised value to reflect various factors such as the age of the appraisal or known changes in the market or the collateral, such valuation inputs are considered unobservable and the fair value measurement is categorized as a Level 3 measurement.

*Equity Securities* -- The fair values of equity securities are measured based on unobservable inputs at the reporting date, a Level 3 measurement. Equity securities are comprised primarily of affordable housing investment funds, CRA investments, other bank stocks and investments in limited partnerships with less than 3% ownership.

*Investment in FHLB Stock* -- Investments in FHLB stock are recorded at cost and measured for impairment quarterly. Ownership of FHLB stock is restricted to member banks and does not have a readily determinable market value. Purchases and sales of these securities are at par value with the issuer. The fair value of investments in FHLB stock is equal to the carrying amount and is categorized as a Level 2 measurement.

*Servicing Rights* -- Mortgage and SBA servicing rights are calculated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest rate risk inherent in the loan, a Level 3 measurement.

*Accrued Interest Receivable* -- Accrued interest receivable includes accrued interest on investment securities (Level 2), accrued interest on loans (Level 3), accrued interest on due from banks (Level 1), and accrued interest on equity securities (Level 3).

*Off-Balance Sheet Financial Instruments* -- The fair value of commitments to extend credit and standby letters of credit, interest rate lock commitments and forward mortgage loan sales contracts is estimated using the fees currently charged to enter into similar agreements. Unobservable inputs that reflect the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability result in a Level 3 measurement.

*Deposits* -- The fair values disclosed for demand deposits, including interest and noninterest demand accounts, savings, and certain types of money market accounts are, by definition based on carrying value. Fair value for fixed-rate certificates of deposit is estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregate expected monthly maturities on time deposits, a Level 2 measurement. Early withdrawal of fixed-rate certificates of deposit is not expected to be significant.

*FHLB Advances* -- The fair values of the Company's FHLB Advances are calculated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest rate risk, a Level 3 measurement.

*Long-Term Debt* -- The fair values of the Company's long-term borrowings are calculated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest rate risk, a Level 3 measurement.

*Subordinated Debentures* -- The fair values of the Company's subordinated debentures are calculated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest rate risk, a Level 3 measurement.

*Accrued Interest Payable* -- Accrued interest payable includes accrued interest on deposits (Level 2), accrued interest on FHLB advances (Level 3), accrued interest on long-term debt (Level 3), and accrued interest on subordinated debentures (Level 3).

Fair value is estimated in accordance with ASC Topic 825. Fair value estimates are made at specific points 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 our entire holdings of a particular financial instrument. Because no market exists for a significant portion of our 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 and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair value hierarchy level and estimated fair value of significant financial instruments at December 31, 2025 and 2024, are summarized as follows:

	Fair Value Hierarchy	December 31, 2025		December 31, 2024	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets:</b>					
<i>(dollars in thousands)</i>					
Cash and due from banks	Level 1	\$ 212,317	\$ 212,317	\$ 257,745	\$ 257,745
Interest-earning deposits in other financial institutions	Level 1	600	600	600	600
Investment securities - AFS	Level 2	407,204	407,204	420,190	420,190
Investment securities - HTM	Level 2	4,184	4,103	5,191	4,948
Loans held for sale	Level 2	2,067	2,067	11,250	11,250
Loans, net	Level 3	3,270,413	3,221,797	3,005,501	2,942,026
Equity securities <sup>(1)</sup>	Level 3	26,086	26,086	22,944	22,944
Investment in FHLB stock	Level 2	15,000	15,000	15,000	15,000
Servicing assets <sup>(1)</sup>	Level 3	6,041	11,521	6,985	13,761
Accrued interest receivable <sup>(1)</sup>	Level 1/2/3	16,230	16,230	14,582	14,582
<b>Derivative assets:</b>					
Forward Mortgage Loan Sale Contracts <sup>(1)</sup>	Level 3	\$ 515	\$ 11	\$ —	\$ —
<b>Financial Liabilities:</b>					
Deposits	Level 2	\$3,350,398	\$3,350,982	\$ 3,083,789	\$ 3,078,409
FHLB advances	Level 3	130,000	129,198	200,000	198,783
Long-term debt	Level 3	119,911	114,691	119,529	109,463
Subordinated debentures	Level 3	15,375	15,227	15,156	14,975
Accrued interest payable <sup>(2)</sup>	Level 2/3	7,960	7,960	7,950	7,950

(1) Included in "Accrued interest and other assets" on the consolidated balance sheets.

(2) Included in "Accrued interest and other liabilities" on the consolidated balance sheets.

## NOTE 19 - EARNINGS PER SHARE

The following is a reconciliation of net income and shares outstanding to the net income and number of shares used to compute earnings per share ("EPS"):

	2025		2024		2023	
	Income	Shares	Income	Shares	Income	Shares
	<i>(dollars in thousands, except shares and per share data)</i>					
Net income as reported	\$ 31,948		\$ 26,665		\$ 42,465	
Shares outstanding		17,057,397		17,720,416		18,609,179
Impact of weighting shares		377,630		401,348		356,167
Used in basic EPS	31,948	17,435,027	26,665	18,121,764	42,465	18,965,346
Dilutive effect of outstanding						
Stock options		7,526		20,883		15,322
Restricted Stock Units		41,966		35,788		4,565
Performance Stock Units		15,811		4,884		—
Used in dilutive EPS	\$ 31,948	17,500,330	\$ 26,665	18,183,319	\$ 42,465	18,985,233
Basic earnings per common share	\$ 1.83		\$ 1.47		\$ 2.24	
Diluted earnings per common share	\$ 1.83		\$ 1.47		\$ 2.24	

Options to purchase 34,000, 18,000, and 332,500 shares of common stock were excluded from the calculation of diluted earnings per share for the years ended December 31, 2025, 2024, and 2023, because their effect would have been anti-dilutive. There were 2,300, zero, and 6,012 antidilutive unvested RSUs outstanding for the years ended December 31, 2025, 2024, and 2023.

## NOTE 20 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The following is a summary of revenue from contracts with customers that are in-scope and not in-scope under Topic 606 for the periods indicated:

	For the Year Ended December 31,		
	2025	2024	2023
<b>Noninterest income, in scope</b>	<i>(dollars in thousands)</i>		
Fees and service charges on deposit accounts	\$ 1,923	\$ 1,898	\$ 2,014
Other fees <sup>(1)</sup>	938	722	984
Other income <sup>(2)</sup>	2,264	2,217	2,158
Gain on sale of OREO and fixed assets	42	456	166
<b>Total in-scope noninterest income</b>	5,167	5,293	5,322
<b>Noninterest income, not in scope <sup>(3)</sup></b>	11,706	10,042	9,696
<b>Total noninterest income</b>	\$ 16,873	\$ 15,335	\$ 15,018

- (1) Other fees consist of wealth management fees, miscellaneous loan fees and postage/courier fees.
- (2) Other income consists of safe deposit box rental income, wire transfer fees, security brokerage fees, annuity sales, insurance activity, and OREO income.
- (3) Noninterest income outside the scope of ASC 606 primarily represents: net loan servicing income, letter of credit commissions, import/export commissions, BOLI income, gains (losses) on sales of loans, income from equity investments, gain on transfer to OREO, recoveries on loans acquired in a business combination, CDFI Equitable Recovery Program and Bank Enterprise Award, and the ERC.

### *Fees and Services Charges on Deposit Accounts*

Fees and service charges on deposit accounts include charges for analysis, overdraft, cashier's check fees, ATM, and safe deposit activities executed by our deposit clients, as well as interchange income earned through card payment networks for the acceptance of card based transactions. Fees earned from our deposit clients are governed by contracts that provide for overall custody and access to deposited funds and other related services, and can be terminated at will by either party; this includes fees from money service businesses ("MSBs"). Fees received from deposit clients for the various deposit activities are recognized as revenue once the performance obligations are met. Periodic service charges are generally collected monthly directly from the customer's deposit account, and at the end of a statement cycle, while transaction based service charges are typically collected at the time of or soon after the service is performed.

## Wealth Management Fees

In our wealth management division, revenue is primarily generated from (1) securities brokerage accounts, (2) investment advisor accounts, (3) full service brokerage implementation fees, and (4) life insurance and annuity products. We employ financial consultants to provide investment planning services for customers including wealth management services, asset allocation strategies, portfolio analysis and monitoring, investment strategies, and risk management strategies. The commission fees we earn are variable and are generally received monthly. We recognize revenue for the services performed based on actual transaction details received from the broker dealer that we engage.

### Gain (loss) on Sales of Other Real Estate Owned and Fixed Assets

We record a gain or loss from the sale of OREO and fixed assets, when control of the property or asset transfers to the buyer, which generally occurs at the time of an executed deed or sales agreement. When we finance the sale of OREO to a buyer, we assess whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on sale is recorded upon transfer of control of the property to the buyer. In determining the gain or loss on the sale, we adjust the transaction price and related gain or loss on sale if a significant financing component is present.

## NOTE 21 – SEGMENT INFORMATION

Our reportable segments are determined by the Chief Executive Officer and Chief Financial Officer, who are the designated chief operating decision makers ("CODM"), based upon information provided by our products and services offered, primarily banking operations. The segments are also distinguished by the level of information provided to the CODM, who uses such information to review performance of various components of the business, which are aggregated if operating performance, products/services, and customers are similar. The CODM will evaluate the financial performance of our business components such as by evaluating revenue streams, significant expenses, and budget to actual results in assessing our segment and in the determination of allocating resources. The CODM uses consolidated net income, total assets, total loans, and total deposits to benchmark us against our competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessment performance and in establishing compensation. Loans, investments, and deposits provide the revenues in the banking operation. Interest expense, provisions for credit losses and payroll provide the significant expenses in the banking operation. All operations are domestic.

Accounting policies for segments are the same as those described in Note 2 — *Summary of Significant Accounting Policies*. Segment performance is evaluated using consolidated net income, total assets, total loans, and total deposits. Information reported internally for performance assessment by the CODM follows:

	<b>For the Year Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<i>(dollars in thousands)</i>	
<b>Banking Segment</b>		
Interest and dividend income	\$ 221,126	\$ 216,661
Reconciliation of revenue		
Other revenues	16,873	15,335
Total consolidated revenues	<u>\$ 237,999</u>	<u>\$ 231,996</u>
Less:		
Interest expense	108,844	117,297
Segment net interest income and noninterest income	<u>\$ 129,155</u>	<u>\$ 114,699</u>
Less:		
Provision for credit losses	10,358	9,857
Salaries and benefits expense	43,056	39,395
Other segment items <sup>(1)</sup>	33,607	29,768
Income tax expense	10,186	9,014
Consolidated net income	<u>\$ 31,948</u>	<u>\$ 26,665</u>
Total Assets	\$ 4,208,294	\$ 3,992,477
Total Loans	\$ 3,316,368	\$ 3,064,480
Total Deposits	\$ 3,350,398	\$ 3,083,789

(1) Other segment items include expenses for occupancy and equipment, data processing, legal and professional, office, marketing and business promotion, insurance and regulatory assessments, core deposit premium amortization and other expenses.

## NOTE 22 – QUALIFIED AFFORDABLE HOUSING PROJECT INVESTMENTS

At December 31, 2025, and December 31, 2024, investments in qualified affordable housing projects totaled \$17.0 million and \$10.1 million. This balance is reflected in accrued interest and other assets on the consolidated balance sheets. Total unfunded commitments related to the investments in qualified affordable housing projects totaled \$10.0 million at December 31, 2025, and \$4.8 million at December 31, 2024. The Company expects to fulfill these commitments between 2026 and 2041.

During the years ended December 31, 2025, 2024, and 2023, we recognized tax credits from these investments totaling \$1.8 million, \$1.2 million and \$1.0 million. We had no impairment losses during the years ended December 31, 2025, 2024, and 2023. The amortization of these investments was also included within income tax expense as an offset to such tax credits. During the years ended December 31, 2025, 2024, and 2023, we recognized amortization expense of \$2.1 million, \$1.3 million, and \$1.1 million.

## NOTE 23 - PARENT ONLY CONDENSED FINANCIAL INFORMATION

The parent company only condensed balance sheet as of December 31, 2025 and 2024, and the related condensed statements of income and condensed statements of cash flows for the years ended December 31, 2025, 2024, and 2023 are presented below:

### Condensed Balance Sheets

	As of December 31,	
	2025	2024
	<i>(dollars in thousands)</i>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 46,643	\$ 32,101
Investment in Bank	603,573	602,681
Investment in RAM	3,244	3,244
Other assets	6,790	6,096
<b>Total assets</b>	<b>\$ 660,250</b>	<b>\$ 644,122</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Long term debt	\$ 119,911	\$ 119,529
Subordinated debentures	15,375	15,156
Other liabilities	1,554	1,560
<b>Total liabilities</b>	<b>136,840</b>	<b>136,245</b>
Shareholders' equity:		
Common stock	250,694	259,957
Additional paid-in capital	3,941	3,645
Retained earnings	282,024	264,460
Non-controlling interest	72	72
Accumulated other comprehensive loss, net	(13,321)	(20,257)
<b>Total shareholders' equity</b>	<b>523,410</b>	<b>507,877</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 660,250</b>	<b>\$ 644,122</b>

### Condensed Statements of Income

	For the Year Ended December 31,		
	2025	2024	2023
	<i>(dollars in thousands)</i>		
Dividend from subsidiaries	\$ 45,000	\$ 20,000	\$ 85,000
Interest income/(reversal)	12	18	(41)
Interest expense	6,524	6,699	9,951
Noninterest income	149	—	—
Noninterest expense	1,268	1,126	1,897
Income before equity in undistributed income of subsidiaries	37,369	12,193	73,111
(Distributed income in excess of earnings)/undistributed income of:			
Bank	(7,779)	12,075	(34,477)
RAM	—	—	195
Income before income taxes	29,590	24,268	38,829
Income tax benefit	2,358	2,397	3,636
Net income	31,948	26,665	42,465
Other comprehensive income/(loss), net	6,936	(745)	2,153
<b>Total comprehensive income</b>	<b>\$ 38,884</b>	<b>\$ 25,920</b>	<b>\$ 44,618</b>

Condensed Statements of Cash Flows

	<b>For the Year Ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Cash flows from operating activities:	<i>(dollars in thousands)</i>		
Net income	\$ 31,948	\$ 26,665	\$ 42,465
Net amortization of other	601	600	780
Provision for deferred income taxes	—	(18)	(72)
Distributed income in excess of earnings/(undistributed income) of subsidiaries	7,779	(12,075)	34,282
Change in other assets and liabilities	(949)	570	113
Net cash provided by operating activities	39,379	15,742	77,568
Cash flows from investment activities:			
Change in other equity securities, net	257	(103)	(490)
Net cash provided by/(used in) investing activities	257	(103)	(490)
Cash flows from financing activities:			
Redemptions of subordinated debentures	—	—	(55,000)
Dividends paid	(11,264)	(11,720)	(12,163)
Restricted stock units vesting	(265)	(108)	—
Common stock repurchased, net of repurchased costs	(13,982)	(20,676)	(6,803)
Stock options exercised	417	1,841	295
Net cash used in financing activities	(25,094)	(30,663)	(73,671)
Increase/(decrease) in cash and cash equivalents	14,542	(15,024)	3,407
Cash and cash equivalents beginning of year	32,101	47,125	43,718
Cash and cash equivalents end of year	<u>\$ 46,643</u>	<u>\$ 32,101</u>	<u>\$ 47,125</u>

**NOTE 24 – REPURCHASE OF COMMON STOCK**

On May 29, 2025, the Board of Directors authorized the repurchase of up to \$18.0 million of common stock through June 30, 2026, of which \$4.1 million was available as of December 31, 2025. We repurchased 746,949 shares of common stock for a total of \$14.0 million at a weighted average share price of \$18.55 during 2025.

On February 29, 2024, the Board of Directors authorized a stock repurchase plan providing for the repurchase of up to 1,000,000 shares of our common stock through March 31, 2026, which was completed by December 31, 2024. We repurchased 1,036,750 shares of common stock for a total of \$20.7 million at a weighted average share price of \$19.77 during 2024.

In 2023, we repurchased 396,374 shares of common stock for a total of \$6.8 million at a weighted average share price of \$17.02.

**NOTE 25 – SUBSEQUENT EVENTS**

On January 26, 2026, the Company announced the Board of Directors had declared a common stock cash dividend of \$0.16 per share, payable on February 13, 2026 to common shareholders of record as of January 30, 2026.

## **Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.**

None.

### **Item 9A. Controls and Procedures.**

#### ***Evaluation of Disclosure Controls and Procedures.***

The Company's management, including our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Exchange Act), as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective as of that date to provide reasonable assurance that the information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

#### ***Management's Report on Internal Control over Financial Reporting***

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with GAAP.

The Company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the Company's transactions and dispositions of the Company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

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

As of December 31, 2025, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company assessed the effectiveness of its internal control over financial reporting based on the criteria for effective internal control over financial reporting established in "Internal Control — Integrated Framework (2013)," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management determined that the Company maintained effective internal control over financial reporting as of December 31, 2025.

Crowe LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements included in this report, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting, a copy of which appears in Item 8.

#### ***Changes in Internal Control over Financial Reporting***

There have not been any changes in the Company's internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act, that occurred during fiscal year of 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Item 9B. Other Information.**

Rule 10b5-1 Trading Plans

During the quarter ended December 31, 2025, no officer or director of the Company adopted or terminated any contract, instruction, or written plan for the purchase or sale of securities of our common stock that is intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c) or any non-Rule 10b5-1 trading arrangement as defined in 17 CFR§ 229.408(c).

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not applicable.

## PART III

### Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item with respect to our directors, executive officers and certain corporate governance practices is contained in our Proxy Statement for our 2026 Annual Meeting of Shareholders (the “Proxy Statement”) to be filed with the SEC within 120 days after the end of the Company’s fiscal year ended December 31, 2025. Such information is incorporated herein by reference.

We maintain a Code of Ethics applicable to our board of directors, principal executive officer, principal financial officer and controller, as well as all of our other employees. Our Code of Ethics can be found on our internet website located at [www.royalbusinessbankusa.com](http://www.royalbusinessbankusa.com).

### Item 11. Executive Compensation.

The information required by this Item is incorporated herein by reference to our Proxy Statement to be filed with the SEC within 120 days after the end of the Company’s fiscal year.

### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item regarding security ownership of certain beneficial owners and management is incorporated by reference to our Proxy Statement to be filed with the SEC within 120 days after the end of the Company’s fiscal year.

#### *Securities Authorized for Issuance under Equity Compensation Plan Information*

The following table provides information as of December 31, 2025, with respect to options outstanding and available under our Amended and Restated RBB Bancorp 2017 Omnibus Stock Incentive Plan, which is our only equity compensation plan other than an employee benefit plan meeting the qualification requirements of Section 401(a) of the Internal Revenue Code:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options</b>	<b>Weighted-Average Exercise Price of Outstanding Options</b>	<b>Number of Securities Remaining Available for Future Issuance</b>
Equity compensation plans approved by security holders	151,000	\$ 18.37	1,004,658
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>151,000</b>	<b>\$ 18.37</b>	<b>1,004,658</b>

### Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item is incorporated herein by reference to our Proxy Statement to be filed with the SEC within 120 days after the end of the Company’s fiscal year.

### Item 14. Principal Accountant Fees and Services.

The information required by this Item is incorporated herein by reference to our Proxy Statement to be filed with the SEC within 120 days after the end of the Company’s fiscal year.

## PART IV

### Item 15. Exhibits, Financial Statement Schedules.

(a) Documents filed as part of this report.

(1) The following financial statements are incorporated by reference from Item 8 hereof:

Report of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets as of December 31, 2025 and 2024.

Consolidated Statements of Income for the Years Ended December 31, 2025, 2024, and 2023.

Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2025, 2024, and 2023.

Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2025, 2024, and 2023.

Consolidated Statements of Cash Flows for the Years Ended December 31, 2025, 2024, and 2023.

Notes to Consolidated Financial Statements.

(2) All schedules for which provision is made in the applicable accounting regulation of the SEC are omitted because they are not applicable or the required information is included in the consolidated financial statements or related notes thereto.

(b) The following exhibits are filed with or incorporated by reference in this Annual Report, and this list includes the Exhibit Index.

## EXHIBIT INDEX

Exhibit Number	Description
3.1	Articles of Incorporation of RBB Bancorp (incorporated herein by reference to Exhibit 3.1 to our Registration Statement on Form S-1 (Registration No. 333-219018) filed with the SEC on June 28, 2017)
3.2	Bylaws of RBB Bancorp (incorporated herein by reference to Exhibit 3.2 to our Registration Statement on Form S-1 (Registration No. 333-219018) filed with the SEC on June 28, 2017)
3.3	Amendment to Bylaws of RBB Bancorp (incorporated herein by reference to Exhibit 3.3 to our Quarterly Report on Form 10-Q filed with the SEC on November 13, 2018)
4.1	Specimen Common Stock Certificate of RBB Bancorp (incorporated herein by reference to Exhibit 4.1 to our Registration Statement on Form S-1 (Registration No. 333-219018) filed with the SEC on June 28, 2017  <i>Instruments defining the rights of holders of the long-term debt securities of the Company and its subsidiaries are omitted pursuant to section (b)(4)(iii)(A) of Item 601 of Regulation S-K. The Company hereby agrees to furnish copies of these instruments to the SEC upon request.</i>
4.2	Description of Registrant's Securities (incorporated herein by reference to Exhibit 4.2 to our Form 10-K filed with the SEC on December 31, 2019)
10.1	Employment Agreement dated April 12, 2017 between RBB Bancorp, Royal Business Bank and Mr. David R. Morris (incorporated herein by reference to Exhibit 10.2 to our Registration Statement on Form S-1 (Registration No. 333-219018) filed on June 28, 2017)*
10.2	First Amendment of Employment Agreement dated October 22, 2021 between RBB Bancorp, Royal Business Bank and Mr. David R. Morris (incorporated herein by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on November 8, 2021)*
10.3	Second Amendment of Employment Agreement, effective as of May 11, 2023, between RBB Bancorp, Royal Business Bank and David R. Morris (incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on May 11, 2023)*
10.4	Third Amendment of Employment Agreement, effective as of March 25, 2024, between RBB Bancorp, Royal Business Bank and Mr. David R. Morris (incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on March 29, 2024)*
10.5	Fourth Amendment of Employment Agreement, effective as of November 20, 2024 between RBB Bancorp, Royal Business Bank and Mr. David R. Morris (incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on November 22, 2024)*
10.6	Employment Agreement, dated April 12, 2017 between RBB Bancorp, Royal Business Bank and Vincent (I-Ming) Liu (incorporated herein by reference to Exhibit 10.4 to our Form 10-K/A filed with the SEC on April 4, 2022)*
10.7	First Amendment of Employment Agreement dated October 22, 2021 between RBB Bancorp, Royal Business Bank and Mr. I-Ming (Vincent) Liu (incorporated herein by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on November 8, 2021)*
10.8	Second Amendment of Employment Agreement, effective as of March 25, 2024, between RBB Bancorp, Royal Business Bank and Mr. I-Ming (Vincent) Liu (incorporated herein by reference to Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on March 29, 2024)*
10.9	Third Amendment of Employment Agreement, effective as of November 20, 2024, between RBB Bancorp, Royal Business Bank and Mr. I-Ming (Vincent) Liu (incorporated herein by reference to Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on November 22, 2024)*

- 10.10 Employment Agreement, dated April 12, 2017 between RBB Bancorp, Royal Business Bank and Jeffrey Yeh (incorporated herein by reference to Exhibit 10.5 to our Form 10-K/A filed with the SEC on April 4, 2022)\*
- 10.11 First Amendment of Employment Agreement dated October 22, 2021 between RBB Bancorp, Royal Business Bank and Mr. Jeffrey Yeh (incorporated herein by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q filed with the SEC on November 8, 2021)\*
- 10.12 Second Amendment of Employment Agreement, effective as of March 25, 2024, between RBB Bancorp, Royal Business Bank and Mr. Jeffrey Yeh (incorporated herein by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on March 29, 2024)\*
- 10.13 Third Amendment of Employment Agreement, effective as of November 20, 2024, between RBB Bancorp, Royal Business Bank and Mr. Jeffrey Yeh (incorporated herein by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on November 22, 2024)\*
- 10.14 Employment Agreement, effective as of March 22, 2023, between RBB Bancorp, Royal Business Bank and Gary Fan (incorporated herein by reference to Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on May 11, 2023)\*
- 10.15 First Amendment of Employment Agreement, effective as of March 25, 2024, between RBB Bancorp, Royal Business Bank and Mr. Gary Fan (incorporated herein by reference to Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on March 29, 2024)\*
- 10.16 Second Amendment of Employment Agreement, effective as of November 20, 2024, between RBB Bancorp, Royal Business Bank and Mr. Gary Fan (incorporated herein by reference to Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on November 22, 2024)\*
- 10.17 Employment Agreement, effective as of July 20, 2023, between RBB Bancorp, Royal Business Bank and Johnny Lee (incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on July 24, 2023)\*
- 10.18 First Amendment of Employment Agreement, effective as of November 20, 2024, between RBB Bancorp, Royal Business Bank and Mr. Johnny Lee (incorporated herein by reference to Exhibit 10.5 to our Current Report on Form 8-K filed with the SEC on November 22, 2024)\*
- 10.19 Second Amendment of Employment Agreement, effective as of January 1, 2025, between RBB Bancorp, Royal Business Bank and Mr. Johnny Lee (incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on December 19, 2024)\*
- 10.20 Employment Agreement, effective as of December 7, 2023, between RBB Bancorp, Royal Business Bank and Ms. Lynn Hopkins (incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on December 11, 2023)\*
- 10.21 Employment Agreement, effective as of January 1, 2025, between RBB Bancorp, Royal Business Bank and Mr. Mina Rizkalla (incorporated herein by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on December 19, 2024)\*
- 10.22 RBB Bancorp 2017 Amended and Restated Omnibus Stock Incentive Plan (incorporated herein by reference to Exhibit 99.2 to our Current Report on Form 8-K filed with the SEC on January 21, 2022)\*
- 10.23 Form of Stock Option Award Terms under the RBB Bancorp 2017 Omnibus Stock Incentive Plan (incorporated herein by reference to Exhibit 10.7 to our Registration Statement on Form S-1 (Registration No. 333-219018) filed on June 28, 2017)\*
- 10.24 Form of Stock Appreciation Rights Award under the RBB Bancorp 2017 Omnibus Stock Incentive Plan (incorporated herein by reference to Exhibit 10.8 to our Form S-1 Registration Statement (Registration No. 333-219018) filed on June 28, 2017)\*

- 10.25 Form of Deferred Stock Award Agreement under the RBB Bancorp 2017 Omnibus Stock Incentive Plan (incorporated herein by reference to Exhibit 10.9 to our Form S-1 Registration Statement (Registration No. 333-219018) filed on June 28, 2017)\*
- 10.26 Form of Restricted Stock Award Agreement under the RBB Bancorp 2017 Omnibus Stock Incentive Plan (incorporated herein by reference to Exhibit 10.10 to our Form S-1 Registration Statement (Registration No. 333-219018) filed on June 28, 2017)\*
- 10.27 Form of Performance Award Agreement under the RBB Bancorp 2017 Omnibus Stock Incentive Plan (incorporated herein by reference to Exhibit 10.11 to our Form S-1 Registration Statement (Registration No. 333-219018) filed on June 28, 2017)\*
- 10.28 Form of Indemnification Agreements entered into with all of the directors and executive officers of RBB Bancorp (incorporated herein by reference to Exhibit 10.12 to our Form S-1 Registration Statement (Registration No. 333-219018) filed on June 28, 2017)\*
- 10.29 Form of Indemnification Agreement entered into with all of the former directors and executive officers of TFC Holding Company (incorporated herein by reference to Exhibit 10.13 to our Form S-1 Registration Statement (Registration No. 333-219018) filed on June 28, 2017)\*
- 10.30 RBB Bancorp Award Agreement for Employees - Restricted Stock Units under the RBB Bancorp 2017 Omnibus Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2025)\*
- 10.31 Form of Restricted Stock Unit Award Agreement for Directors under the RBB Bancorp 2017 Omnibus Stock Incentive Plan\*
- 10.32 Agreement and Release of Claims, effective as of February 26, 2025, between RBB Bancorp, Royal Business Bank and Mr. David R. Morris (incorporated herein by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025)\*
- 19.1 Insider Trading Policy
- 21.1 Subsidiaries of RBB Bancorp (Reference is made to “Item 1. Business” for the required information.)
- 23.1 Consent of Crowe LLP
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 97 RBB Bancorp Mandatory Recovery of Compensation Policy
- 101.INS Inline XBRL Instance Document
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 The cover page of RBB Bancorp’s Annual Report on Form 10-K for the year ended December 31, 2024, formatted in Inline XBRL (contained in Exhibit 101)

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\* Indicates a management contract or compensatory plan.

## Item 16. Form 10-K Summary

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on March 9, 2026.

### RBB BANCORP

By: /s/ Johnny Lee  
Name: Johnny Lee  
Title: President and Chief Executive Officer

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Johnny Lee</u> Johnny Lee	Director, President and Chief Executive Officer (principal executive officer)	March 9, 2026
<u>/s/ Lynn Hopkins</u> Lynn Hopkins	Executive Vice President; Chief Financial Officer (principal financial and accounting officer)	March 9, 2026
<u>/s/ Christina Kao</u> Christina Kao	Director, Chair	March 9, 2026
<u>/s/ James W. Kao</u> James W. Kao	Director	March 9, 2026
<u>/s/ Joyce Wong Lee</u> Joyce Wong Lee	Director	March 9, 2026
<u>/s/ Christopher Lin</u> Christopher Lin	Director	March 9, 2026
<u>/s/ David R. Morris</u> David R. Morris	Director	March 9, 2026
<u>/s/ Geraldine Pannu</u> Geraldine Pannu	Director	March 9, 2026
<u>/s/ Scott Polakoff</u> Scott Polakoff	Director	March 9, 2026
<u>/s/ Robert Franko</u> Robert Franko	Director	March 9, 2026
<u>/s/ William A Bennett</u> William A Bennett	Director	March 9, 2026
<u>/s/ Frank Wong</u> Frank Wong	Director	March 9, 2026

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## BOARD MEMBERS

### **Christina Kao**

Chairman of the Board

### **William Bennett**

Board Member

### **Robert M. Franko**

Board Member

### **James Kao**

Board Member

### **Joyce Wong Lee**

Board Member

### **Christopher Lin, PhD**

Board Member

### **David Morris**

Board Member

### **Geraldine Pannu**

Board Member

### **Scott Polakoff**

Board Member

### **Frank Wong**

Board Member

### **Johnny Lee**

Board Member

President

Chief Executive Officer

## OFFICERS

### **Lynn Hopkins**

Executive Vice President

Chief Financial Officer

### **Johnny Lee**

Board Member

President

Chief Executive Officer

### **Vincent Liu**

Executive Vice President

Chief of Staff

Co-Founder

### **Jeffrey Yeh**

Executive Vice President

Chief Credit Officer

### **Mina Rizkalla**

Executive Vice President

Chief Risk Officer

### **Gary Fan**

Executive Vice President

Chief Operations Officer

### **Tsu Te Huang**

Executive Vice President

Branch Administrator

Director of Prestige

Banking

### **Ashley Chang**

Executive Vice President

Branch Administrator

# CORPORATE INFORMATION

## Administration Department

Johnny Lee  
Board Member  
President and Chief Executive Officer

Gary Fan  
Executive Vice President  
Chief Operations Officer

Vincent Liu  
Executive Vice President  
Chief of Staff/ Co-Founder

## Financial Department

Lynn Hopkins  
Executive Vice President  
Chief Financial Officer

Diana Hanson  
Senior Vice President  
Chief Accounting Officer

## Risk Management Department

Mina Rizkalla  
Executive Vice President  
Chief Risk Officer

Kevin Bosetti  
Senior Vice President  
Risk & Compliance Manager

## Internal Audit

Simon Wang  
Senior Vice President  
Head of Internal Audit

## Prestige Banking

Tsu-Te Huang  
Executive Vice President  
Branch Administrator  
Director of Prestige Banking

Yvonne Liao  
Senior Vice President  
Relationship Manager

## Commercial Lending

Calvin Cheng  
Senior Vice President  
Head of Commercial & Industrial

Serban Popescu  
Senior Vice President  
Relationship Manager

Jack Leung  
Senior Vice President  
Relationship Manager

## SBA Lending

Edwin Oh  
Senior Vice President  
SBA Manager

Connie Wang  
Senior Vice President  
Loan Servicing Manager

## Credit Administration

Jeffrey Yeh  
Executive Vice President  
Chief Credit Officer

Robert Ross  
Senior Vice President  
Deputy Chief Credit Officer

Tony Lee  
Senior Vice President  
Deputy Chief Credit Officer

Jessica Yung  
Senior Vice President  
Underwriting Manager

## Residential Mortgage Lending

Joyce Gimbert  
Senior Vice President  
Director of Mortgage Operations

Dan Watanabe  
Senior Vice President  
Director of Correspondent and  
Wholesale Lending

## Branch Administration

Ashley Chang  
Executive Vice President  
Branch Administrator

## Wealth Management

Jason Li  
Vice President  
Financial Advisor Manager

## BSA Department

Huei Chacon  
Senior Vice President  
BSA Officer

## Central Operations

Lissette Duran  
Senior Vice President  
Director of Operations Security Officer

## Information Technology

Erik Grier  
Senior Vice President  
Chief Information Officer

## International Trade Operations

Rita Cheong  
Assistant Vice President  
International Trade Operations Manager

## Human Resources

Michele Rocha  
Senior Vice President  
Human Resources Director

## Community Development

Mona Fontela  
Senior Vice President  
Director of Community Development &  
Community Reinvestment Act

## BRANCHES

### Illinois

- **Chicago Main Branch**  
2323 South Wentworth Avenue  
Chicago, IL 60616  
(312)225-2323
- **Bridgeport Branch**  
3233 South Ashland Avenue  
Chicago, IL 60608  
(773) 843-3233

### California

- **Corporate Headquarters**  
1055 Wilshire Blvd. Suite 1200  
Los Angeles, CA 90017  
(213)627-9888
- **Arcadia Branch**  
901 South Baldwin Avenue  
Arcadia, CA 91007  
(626) 802-6222
- **Cerritos Branch**  
11304 1/2 South Street  
Cerritos, CA 90703  
(562) 865-9898
- **Diamond Bar Branch**  
1139 S. Diamond Bar Blvd, Unit E  
Diamond Bar, CA 91765  
(909) 348-5188
- **Irvine Branch**  
14725 Jeffrey Road  
Irvine, CA 92618  
(949) 541-3550
- **Monterey Park Branch**  
700 West Garvey Avenue  
Monterey Park, CA 91754  
(626)570-4800
- **Oxnard Branch**  
400 E. Esplanade Drive, Suite 105  
Oxnard, CA 93036  
(805) 604-7600
- **Rowland Heights Branch**  
1709 South Nogales Street Ste 100  
Rowland Heights, CA 91748  
(626) 322-1200
- **San Gabriel Branch**  
123 East Valley Blvd, Suite 101  
San Gabriel, CA 91776  
(626) 307-7500

- **Silver Lake Branch**  
1912 Sunset Blvd  
Los Angeles, CA 90026  
(213)989-1000
- **Torrance Branch**  
23740 Hawthorne Blvd, Suite 103  
Torrance, CA 90505  
(310) 602-4500
- **Westlake Village Branch**  
3366 E. Thousand Oaks Blvd.  
Thousand Oaks, CA 91362  
(805) 497-2776

### Nevada

- **Spring Mountain Branch**  
3919 Spring Mountain Road  
Las Vegas, NV 89102  
(702) 889-9822

### New York

- **Brooklyn Main Branch**  
5503 8th Avenue  
Brooklyn, NY 11220  
(718) 871-8338
- **59th Street Branch**  
5902 8th Avenue  
Brooklyn, NY 11220  
(718) 567-8338
- **Bensonhurst Branch**  
2057 86th Street  
Brooklyn, NY 11214  
(929) 298-4489
- **Canal Street Branch**  
179 Canal Street  
New York, NY 10013  
(212)680-3131
- **Elmhurst Branch**  
86-55 Broadway  
Elmhurst, NY 11373  
(718) 906-9898
- **Flushing South Branch**  
42-08 Main Street  
Flushing, NY 11355  
(718) 321-3131
- **Roosevelt Branch**  
135-34 Roosevelt Ave  
Flushing, NY 11364  
(929) 380-7015

### New Jersey

- **Edison Branch**  
561 US Route 1, Suite C1  
Edison, NJ 08817  
(848) 264-4531

### Hawaii

- **Hawaii Main Branch**  
765 Bishop Street  
Honolulu, HI 96813  
(808) 543-3700



**RBB BANCORP**  
皇家商業金控

1055 Wilshire Blvd.,  
Suite 1200  
Los Angeles, CA 90017

**[RoyalBusinessBankUSA.com](http://RoyalBusinessBankUSA.com)**