

REFINITIV

DELTA REPORT

10-Q

PCB - PCB BANCORP

10-Q - MARCH 31, 2025 COMPARED TO 10-Q - SEPTEMBER 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1064
CHANGES	299
DELETIONS	384
ADDITIONS	381

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended **September 30, 2024** **March 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 001-38621

PCB BANCORP

(Exact name of registrant as specified in its charter)

California

(State or other jurisdiction of incorporation or organization)

20-8856755

(IRS Employer Identification No.)

3701 Wilshire Boulevard, Suite 900, Los Angeles, California 90010

(Address of principal executive offices) (Zip Code)

(213) 210-2000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, no par value	PCB	Nasdaq Global Select Market

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 (Section 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 checked="" type="checkbox"/>	Smaller reporting company	<input checked="" 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

As of **October 31, 2024** **April 30, 2025**, the registrant had outstanding **14,266,725** **14,309,232** shares of common stock.

PCB Bancorp and Subsidiary

Quarterly Report on Form 10-Q

September 30, 2024 **March 31, 2025**

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Forward-looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. The forward-looking statements which reflect current views of PCB Bancorp (collectively, with its consolidated subsidiary, the "Company," "we," "us" or "our") with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "might," "should," "could," "predict," "potential," "believe," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "projection," "goal," "target," "outlook," "aim," "would," and "annualized" and "outlook," or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our business and industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

A number of important factors could cause our actual results to differ materially from those indicated in these forward-looking statements, but are not limited including those factors identified in "Risk Factors" or "Management's Discussion and Analysis of Financial Condition and Results of Operations" or the following:

- the effectiveness of our internal control over financial reporting and our ability to remediate any weakness in our internal control over financial reporting;
- our ability to satisfy the following: lending and other conditions necessary to repurchase our Series C Preferred Stock under our Option Agreement with the U.S. Treasury and to qualify to pay a lower rate of dividends on such preferred stock;
- changes in the value of our Option Agreement with the U.S. Treasury, which may impact our financial results and condition;
- business and economic conditions, particularly those affecting the financial services industry and our primary market areas and arising from recent inflationary pressures and governmental and societal responses thereto;
- our ability to successfully manage our credit risk and the sufficiency of our allowance for credit loss;
- factors that can impact the performance of our loan portfolio, including real estate values and liquidity in our primary market areas, the financial health of our commercial borrowers and the success of construction projects that we finance;
- governmental monetary and fiscal policies, and changes in market interest rates;
- the current inflationary environment and government and regulatory responses thereto;
- adverse developments at other banks, including bank failures, that impact general sentiment regarding the stability and liquidity of banks and may affect our customers' behavior and our stock price;
- the a significant portion of our loan portfolio that is comprised of real estate loans;

- our ability to attract and retain Korean-American customers;
 - our ability to identify and address cyber-security risks, fraud and systems errors;
 - our ability to effectively execute our strategic plan and manage our growth;
 - changes in our senior management team and our ability to attract, motivate and retain qualified personnel;
 - cyber-attacks, ransomware attacks, computer viruses or other malware that may breach the security of our websites or other systems to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage our systems;
 - liquidity issues, including fluctuations in the fair value and liquidity of the securities we hold and our ability to raise additional capital, if necessary;
 - costs and obligations associated with operating as a public company;
 - effects of competition from a wide variety of local, regional, national and other providers of financial, investment and insurance services;
-
- the effects of severe weather, natural disasters, acts of war or terrorism, health epidemics or pandemics (or expectations about them) and other external events on our business;
 - the effects of sanctions, tariffs and other trade policies of the United States and its global trading partners and trade tensions related to the same;
 - the impact of any claims or legal actions to which we may be subject, including any effect on our reputation, and the availability of insurance coverage for such claims and actions; reputation; and
 - changes in federal tax laws or policies.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements and the risks described under "Part I. Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 December 31, 2024, in "Part II, Item 1A - Risk Factors" of this Quarterly Report on Form 10-Q and our in other documents that we file with the United States ("U.S.") Securities and Exchange Commission ("SEC"). Because of these risks and other uncertainties, our actual future results, performance or achievement, or industry results, may be materially different from the results indicated by the forward looking statements in this report. In addition, our past results of operations are not necessarily indicative of our future results. You should not rely on any forward looking statements, which represent our beliefs, assumptions and estimates only as of the dates on which they were made, as predictions of future events. Any forward-looking statement speaks only as of the date on which it is initially made, and we do not undertake any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Part I - Financial Information
Item 1 - Consolidated Financial Statements

PCB Bancorp and Subsidiary
Consolidated Balance Sheets
(\$ in thousands, except share data)

	September 30, 2024	December 31, 2023
	March 31, 2025	December 31, 2024
(Unaudited)		
Assets		
Assets		
Assets		
Cash and due from banks		
Cash and due from banks		
Cash and due from banks		
Interest-bearing deposits in other financial institutions		
Total cash and cash equivalents		
Securities available-for-sale, at fair value (amortized cost of \$156,960 and \$156,175, respectively, and allowance for credit losses of \$0 and \$0, respectively, at September 30, 2024 and December 31, 2023)		
Securities available-for-sale, at fair value (amortized cost of \$158,364 and \$159,742, respectively, and allowance for credit losses of \$0 and \$0, respectively, at March 31, 2025 and December 31, 2024)		
Loans held-for-sale, at lower of cost or fair value		
Loans held-for-investment, net of deferred fees and costs		
Allowance for credit losses on loans		
Net loans held-for-investment		
Premises and equipment, net		
Federal Home Loan Bank and other restricted stock, at cost		
Other real estate owned, net		
Bank-owned life insurance		
Servicing assets		
Servicing assets		

Bank-owned life insurance		
Bank-owned life insurance		
Deferred tax assets, net		
Servicing assets		
Operating lease assets		
Option derivative		
Accrued interest receivable		
Other assets		
Total assets		
Liabilities and Shareholders' Equity		
Deposits:		
Deposits:		
Deposits:		
Noninterest-bearing demand		
Noninterest-bearing demand		
Noninterest-bearing demand		
Savings, NOW and money market accounts		
Time deposits of \$250,000 or less		
Time deposits of more than \$250,000		
Total deposits		
Other short-term borrowings		
Federal Home Loan Bank advances		
Federal Home Loan Bank advances		
Federal Home Loan Bank advances		
Federal Home Loan Bank advances		
Deferred tax liabilities, net		
Operating lease liabilities		
Operating lease liabilities		
Operating lease liabilities		
Accrued interest payable and other liabilities		
Total liabilities		
Commitments and contingencies	Commitments and contingencies	Commitments and contingencies
Preferred stock, 10,000,000 shares authorized, no par value:		
Series C, senior non-cumulative perpetual, \$1,000 per share liquidation preference, 69,141 and 69,141 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively.		
Series C, senior non-cumulative perpetual, \$1,000 per share liquidation preference, 69,141 and 69,141 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively.		
Series C, senior non-cumulative perpetual, \$1,000 per share liquidation preference, 69,141 and 69,141 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively.		
Common stock, 60,000,000 shares authorized, no par value; 14,266,725 and 14,260,440 shares issued and outstanding, respectively, and included 19,100 and 41,661 shares of unvested restricted stock, respectively, at September 30, 2024 and December 31, 2023		
Series C, senior non-cumulative perpetual, \$1,000 per share liquidation preference, 69,141 and 69,141 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively		
Series C, senior non-cumulative perpetual, \$1,000 per share liquidation preference, 69,141 and 69,141 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively		
Series C, senior non-cumulative perpetual, \$1,000 per share liquidation preference, 69,141 and 69,141 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively		
Common stock, 60,000,000 shares authorized, no par value; 14,387,176 and 14,380,651 shares issued and outstanding, respectively, and included 114,100 and 119,100 shares of unvested restricted stock, respectively, at March 31, 2025 and December 31, 2024		
Retained earnings		
Accumulated other comprehensive loss, net		
Total shareholders' equity		
Total liabilities and shareholders' equity		

See Accompanying Notes to Consolidated Financial Statements (Unaudited)

PCB Bancorp and Subsidiary

Consolidated Statements of Income (Unaudited)

(\$ in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2025			
	2025			
	2025			
Interest and dividend income:				
Interest and dividend income:				
Interest and dividend income:				
Loans, including fees				
Loans, including fees				
Loans, including fees				
Tax-exempt investment securities				
Tax-exempt investment securities				
Tax-exempt investment securities				
Taxable investment securities				
Taxable investment securities				
Taxable investment securities				
Other interest-earning assets				
Other interest-earning assets				
Other interest-earning assets				
Total interest income				
Total interest income				
Total interest income				
Interest expense:				
Interest expense:				
Interest expense:				
Deposits				
Deposits				
Deposits				
Borrowings				
Borrowings				
Borrowings				
Total interest expense				
Total interest expense				
Total interest expense				
Net interest income				
Provision (reversal) for credit losses				
Net interest income after provision (reversal) for credit losses				
Net interest income				
Net interest income				
Provision for credit losses				
Provision for credit losses				
Provision for credit losses				
Net interest income after provision for credit losses				
Net interest income after provision for credit losses				
Net interest income after provision for credit losses				
Noninterest income:				
Noninterest income:				
Noninterest income:				
Service charges and fees on deposits				
Service charges and fees on deposits				

Service charges and fees on deposits
Loan servicing income
Loan servicing income
Loan servicing income
Bank-owned life insurance income
Bank-owned life insurance income
Bank-owned life insurance income
Gain on sale of loans
Gain on sale of loans
Gain on sale of loans
Other income
Other income
Other income
Total noninterest income
Total noninterest income
Total noninterest income
Noninterest expense:
Noninterest expense:
Noninterest expense:
Salaries and employee benefits
Salaries and employee benefits
Salaries and employee benefits
Occupancy and equipment
Occupancy and equipment
Occupancy and equipment
Professional fees
Professional fees
Professional fees
Marketing and business promotion
Marketing and business promotion
Marketing and business promotion
Data processing
Data processing
Data processing
Director fees and expenses
Director fees and expenses
Director fees and expenses
Regulatory assessments
Regulatory assessments
Regulatory assessments
Other expense
Other expense
Other expense
Total noninterest expense
Total noninterest expense
Total noninterest expense
Income before income taxes
Income before income taxes
Income before income taxes
Income tax expense
Income tax expense
Income tax expense
Net income
Net income
Net income
Preferred stock dividends
Preferred stock dividends
Preferred stock dividends
Net income available to common shareholders

	Preferred Stock	Preferred Stock	Common Stock	Preferred Stock	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total		Preferred Stock	Common Stock	Preferred Stock	Common Stock	Retained Earnings
Balance at July 1, 2023														
Balance at January 1, 2024														
Comprehensive income (loss)														
Comprehensive income (loss)														
Comprehensive income (loss)														
Net income														
Net income														
Net income														
Other comprehensive loss, net of tax														
Issuance of restricted stock														
Issuance of restricted stock														
Issuance of restricted stock														
Restricted stock surrendered due to employee tax liability														
Restricted stock surrendered due to employee tax liability														
Restricted stock surrendered due to employee tax liability														
Repurchase of common stock														
Share-based compensation expense														
Share-based compensation expense														
Share-based compensation expense														
Stock options exercised														
Cash dividends declared on common stock (\$0.18 per share)														
Balance at September 30, 2023														
Balance at March 31, 2024														

Balance at July 1, 2024
Balance at July 1, 2024
Balance at July 1, 2024
Balance at January 1, 2025
Balance at January 1, 2025
Balance at January 1, 2025
Comprehensive income
Net income
Net income
Net income
Other comprehensive income, net of tax
Recognition of option derivative
Issuance of restricted stock
Issuance of restricted stock
Issuance of restricted stock
Restricted stock surrendered due to employee tax liability
Restricted stock surrendered due to employee tax liability
Restricted stock surrendered due to employee tax liability
Repurchase of common stock
Share-based compensation expense
Share-based compensation expense
Repurchase of common stock
Repurchase of common stock
Share-based compensation expense
Stock options exercised

Preferred stock dividends
Cash dividends declared on common stock (\$0.18 per share)
Balance at September 30, 2024
Cash dividends declared on common stock (\$0.20 per share)
Balance at March 31, 2025

See Accompanying Notes to Consolidated Financial Statements (Unaudited)

PCB Bancorp and Subsidiary

Consolidated Statements of Changes in Shareholders' Equity, Continued (Unaudited)

(\$ in thousands, except share and per share data)

	Nine Months Ended						
	Shares Outstanding		Shareholders' Equity				
	Preferred Stock	Common Stock	Preferred Stock	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at January 1, 2023	69,141	14,625,474	\$ 69,141	\$ 149,631	\$ 127,181	\$ (10,511)	\$ 335,442
Cumulative effect adjustment upon adoption of ASC 326	—	—	—	—	(1,886)	—	(1,886)
Adjusted balance at January 1, 2023	69,141	14,625,474	69,141	149,631	125,295	(10,511)	333,556
Comprehensive income (loss)							
Net income	—	—	—	—	24,797	—	24,797
Other comprehensive loss, net of tax	—	—	—	—	—	(2,929)	(2,929)
Issuance of restricted stock	—	3,300	—	—	—	—	—
Restricted stock surrendered due to employee tax liability	—	(99)	—	(2)	—	—	(2)
Repurchase of common stock	—	(452,583)	—	(7,903)	—	—	(7,903)
Share-based compensation expense	—	—	—	346	—	—	346
Stock options exercised	—	142,922	—	1,329	—	—	1,329
Cash dividends declared on common stock (\$0.51 per share)	—	—	—	—	(7,342)	—	(7,342)
Balance at September 30, 2023	69,141	14,319,014	\$ 69,141	\$ 143,401	\$ 142,750	\$ (13,440)	\$ 341,852
Balance at January 1, 2024	69,141	14,260,440	\$ 69,141	\$ 142,563	\$ 146,092	\$ (8,924)	\$ 348,872
Comprehensive income							
Net income	—	—	—	—	18,780	—	18,780
Other comprehensive income, net of tax	—	—	—	—	—	2,477	2,477
Issuance of restricted stock	—	1,500	—	—	—	—	—
Forfeiture of restricted stock	—	(420)	—	—	—	—	—
Restricted stock surrendered due to employee tax liability	—	(150)	—	(3)	—	—	(3)
Repurchase of common stock	—	(14,947)	—	(222)	—	—	(222)
Share-based compensation expense	—	—	—	378	—	—	378
Stock options exercised	—	20,302	—	210	—	—	210
Preferred stock dividends	—	—	—	—	(488)	—	(488)
Cash dividends declared on common stock (\$0.54 per share)	—	—	—	—	(7,704)	—	(7,704)
Balance at September 30, 2024	69,141	14,266,725	\$ 69,141	\$ 142,926	\$ 156,680	\$ (6,447)	\$ 362,300

See Accompanying Notes to Consolidated Financial Statements (Unaudited)

PCB Bancorp and Subsidiary

Consolidated Statements of Cash Flows (Unaudited)

(\$ in thousands)

		Nine Months Ended September 30,	
		2024	2023
		Three Months Ended March 31,	
		2025	2024
Cash flows from operating activities			
Net income			
Net income			
Net income			
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of premises and equipment			
Depreciation of premises and equipment			
Depreciation of premises and equipment			
Net amortization of premiums on securities			
Net accretion of discounts on loans			
Net accretion of deferred loan fees			
Amortization of servicing assets			
Provision (reversal) for credit losses			
Provision for credit losses			
Bank-owned life insurance income			
Deferred tax expense (benefit)			
Deferred tax benefit			
Stock-based compensation			
Gain on sale of loans			
Gain on sale of loans			
Gain on sale of loans			
Originations of loans held-for-sale			
Proceeds from sales of and principal collected on loans held-for-sale			
Change in accrued interest receivable and other assets			
Change in accrued interest payable and other liabilities			
Net cash provided by operating activities			
Cash flows from investing activities			
Purchase of securities available-for-sale			
Purchase of securities available-for-sale			
Purchase of securities available-for-sale			
Proceeds from maturities and paydowns of securities available-for-sale			
Proceeds from maturities and paydowns of securities available-for-sale			
Proceeds from maturities and paydowns of securities available-for-sale			
Proceeds from principal collected on loans held-for-sale previously classified as held-for-investment			
Net change in loans held-for-investment			
Purchase of loans held-for-investment			
Purchase of Federal Home Loan Bank stock			
Net change in loans held-for-investment			
Net change in loans held-for-investment			
Proceeds from sale of other real estate owned			
Proceeds from sale of other real estate owned			
Proceeds from sale of other real estate owned			
Purchases of premises and equipment			
Net cash used in investing activities			
Net cash used in investing activities			
Net cash used in investing activities			

Cash flows from financing activities
Net change in deposits
Net change in deposits
Net change in deposits
Net change in short-term Federal Home Loan Bank advances and other borrowings
Proceeds from long-term Federal Home Loan Bank advances
Repayment of long-term Federal Home Loan Bank advances
Stock options exercised
Restricted stock surrendered due to employee tax liability
Repurchase of common stock
Repurchase of common stock
Repurchase of common stock
Cash dividends paid on preferred stock
Cash dividends paid on common stock
Net cash provided by financing activities
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period

See Accompanying Notes to Consolidated Financial Statements (Unaudited)

PCB Bancorp and Subsidiary
Consolidated Statements of Cash Flows, Continued (Unaudited)
(\$ in thousands)

	Nine Months Ended September 30,	
	2024	2023
	Three Months Ended March 31,	
	2025	2024
Supplemental disclosures of cash flow information:		
Interest paid		
Interest paid		
Interest paid		
Income taxes paid		
Supplemental disclosures of non-cash investment activities:		
Loans transferred to loans held-for-sale		
Loans transferred to loans held-for-sale		
Loans transferred to loans held-for-sale		
Loans transferred to other real estate owned		
Right of use assets obtained in exchange for lease obligations		
Right of use assets obtained in exchange for lease obligations		
Right of use assets obtained in exchange for lease obligations		

See Accompanying Notes to Consolidated Financial Statements (Unaudited)

PCB Bancorp and Subsidiary
Notes to Consolidated Financial Statements (Unaudited)

Note 1 - Basis of Presentation and Significant Accounting Policies

Nature of Operations

PCB Bancorp is a bank holding company whose subsidiary is PCB Bank (the “Bank”), which is a single operating segment. As of **September 30, 2024** **March 31, 2025**, the Bank operated **11** **nine** full-service branches in Los Angeles and Orange counties, California, three full-service branches on the East Coast (Bayside, New York; and Englewood Cliffs and Palisades Park, New Jersey), and two full-service branches in Texas (Carrollton and Dallas), and four loan production offices (“LPOs”) in Los Angeles and Orange Counties, California; Atlanta, Georgia; and Bellevue, Washington. The Bank offers a broad range of loans, deposits, and other products and services predominantly to small and middle market businesses and individuals.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared pursuant to Article 10 of SEC Regulation S-X and other SEC rules and regulations for reporting on the Quarterly Report on Form 10-Q. Accordingly, certain disclosures required by U.S. generally accepted accounting principles (“GAAP”) are not included herein. These interim statements should be read in conjunction with the audited consolidated financial statements and notes included in the Annual Report on Form 10-K for the year ended **December 31, 2023** **December 31, 2024** filed by the Company with the SEC. The **December 31, 2023** **December 31, 2024** balance sheet presented herein has been derived from

the audited financial statements included in the Annual Report on Form 10-K for the year ended **December 31, 2023** **December 31, 2024** filed with the SEC, but does not include all of the disclosures required by GAAP for complete financial statements.

In the opinion of management of the Company, the accompanying unaudited interim consolidated financial statements reflect all of the adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the consolidated financial condition and consolidated results of operations as of the dates and for the periods presented. Certain reclassifications have been made in the prior period financial statements to conform to the current period presentation. The results of operations for the three **and nine** months ended **September 30, 2024** **March 31, 2025** are not necessarily indicative of the results that may be expected for the year ending **December 31, 2024** **December 31, 2025**.

Principles of Consolidation

The consolidated financial statements include the accounts of PCB Bancorp and its wholly owned subsidiary as of **September 30, 2024** **March 31, 2025** and **December 31, 2023** **December 31, 2024**, and for the three **and nine** months ended **September 30, 2024** **March 31, 2025** and **2023, 2024**. Significant inter-company accounts and transactions have been eliminated in consolidation. Unless the context requires otherwise, all references to the Company include its wholly owned subsidiary.

Significant Accounting Policies

The accounting and reporting policies of the Company are based upon GAAP and conform to predominant practices within the banking industry. **The Other than the disclosed below,** the Company has not made any significant changes in its critical accounting policies from those disclosed in its Annual Report on Form 10-K for the year ended **December 31, 2023** **December 31, 2024** filed with the SEC.

Option Derivative

On January 16, 2025, the Company entered into an Emergency Capital Investment Program ("ECIP") Securities Purchase Option Agreement (the "Option Agreement") with the U.S. Treasury, which grants the Company the conditional option to repurchase the outstanding shares of its Senior Non-Cumulative Perpetual Preferred Stock, Series C (the "Series C Preferred Stock"). The Company evaluated this purchase option in accordance with Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*, and determined that this purchase option was a derivative. As no consideration is paid to the U.S. Treasury, who is the existing shareholder, the fair value of option is considered capital contribution and recorded in Common Stock on the Consolidated Balance Sheet (Unaudited) in accordance with ASC 505, *Equity*. Subsequent changes in fair value will be recognized in earnings. The fair value change from January 16, 2025 to March 31, 2025 was deemed immaterial.

See Notes 2 and 9 for additional information regarding valuation methodology and this purchase option.

Use of Estimates in the Preparation of Financial Statements

The preparation of the consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are subject to change and such change could have a material effect on the consolidated financial statements. Actual results may differ from those estimates.

Adopted Accounting Pronouncements

During the **nine** **three** months ended **September 30, 2024** **March 31, 2025**, there were no significant accounting pronouncements applicable to the Company that were adopted or became effective.

Recent Accounting Pronouncements Not Yet Adopted

The following recently issued accounting pronouncement applicable to the Company has not yet been adopted:

In December 2023, the FASB issued **ASU Accounting Standard Update ("ASU") 2023-09, "Income Taxes (Topic 780) - 740): Improvements to Income Tax Disclosures."** **The amendments in this** **This ASU require** **requires** public **business** entities to disclose in **their** **the** rate reconciliation table additional categories of information about federal, state, and foreign income taxes and to provide more details about the reconciling items in some categories if items meet a quantitative threshold. **This ASU** It also requires all entities to disclose income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes for annual periods and to disaggregate the information by jurisdiction based on a quantitative **threshold, among other things,** **threshold.** This ASU is effective for **the Company** for fiscal years beginning after December 15, 2024. Early adoption is permitted for periods for which financial statements have not yet been issued. This ASU is not expected to have a significant 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): Disaggregation of Income Statement Expenses." This ASU requires disaggregated disclosure of income statement expenses for public business entities. This ASU requires new financial statement disclosures in tabular format, disaggregating information about prescribed categories underlying any relevant income statement expense caption. The prescribed categories include, among other things, employee compensation, depreciation, and intangible asset amortization. Additionally, entities must disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. This ASU is effective for annual reporting periods beginning after December 15, 2026, and for interim reporting periods within fiscal years beginning after December 15, 2027. The guidance can be applied prospectively with an option for retrospective application and early adoption is permitted. **The Company will update its income tax disclosure upon adoption.** This ASU is not expected to have a significant impact on the Company's Consolidated Financial Statements.

Note 2 - Fair Value Measurements

Accounting Standards Codification ("ASC") ASC 820, Fair Value Measurements and Disclosures, defines fair value, establishes a framework for measuring fair value including a three-level valuation hierarchy, and expands disclosures about fair value measurements. Fair value is the exchange price that would be received for an asset or paid to transfer a liability (i.e. an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three-level fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are defined as follows:

- 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 observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair value is measured on a recurring basis for certain assets and liabilities in which fair value is the primary basis of accounting. Additionally, fair value is used on a non-recurring basis to evaluate certain assets or liabilities for impairment or for disclosure purposes. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company records securities available-for-sale at fair value on a recurring basis. Certain other assets, such as loans held-for-sale, loans individually evaluated, servicing assets and other real estate owned ("OREO") are recorded at fair value on a non-recurring basis. Non-recurring fair value measurements typically involve assets that are periodically evaluated for impairment and for which any impairment is recorded in the period in which the re-measurement is performed. The following is a description of valuation methodologies used for assets and liabilities recorded at fair value:

Investment 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). Management reviews the valuation techniques and assumptions used by the provider and determines that the provider uses widely accepted valuation techniques based on observable market inputs appropriate for the type of security being measured. Securities held-to-maturity are not measured at fair value on a recurring basis.

Loans held-for-sale: The Company records SBA loans held-for-sale, residential property loans held-for-sale and certain non-residential real estate loans held-for-sale at the lower of cost or fair value, on an aggregate basis. The Company obtains fair values from a third party independent valuation service provider. Loans held-for-sale accounted for at the lower of cost or fair value are considered to be recognized at fair value when they are recorded at below cost, on an aggregate basis, and are classified as Level 2.

Loans individually evaluated: Certain collateral-dependent loans individually evaluated are recognized at fair value when they reflect partial write-downs, through charge-offs or specific reserve allowances, that are based on the current appraised or market-quoted value of the underlying collateral. In some cases, the properties for which market quotes or appraised values have been obtained are located in areas where comparable sales data is limited, outdated, or unavailable. Fair value estimates for collateral-dependent loans individually evaluated are obtained from real estate brokers or other third-party consultants, and are classified as Level 3.

Option derivative: The fair value of the option derivative is based on the probability-weighted scenario discounted cash flow method. The model uses inputs such as the hypothetical purchase price of Series C Preferred Stock calculated using the formula set forth in the Option Agreement, expected terms when the Company expects to be able to exercise, dividend rates that determine the purchase price at the time of exercise, discount rate, and probability of exercise. The Company expects to be able to exercise this option between 2029 and 2037, and dividend rates would be range between 0.50% and 2.00%. The Company utilized the predetermined cost of capital on the Option Agreement as a discount rate. The Company also applied redemption probability derived from considering business and regulatory factors for a variety of redemption scenarios. Because the redemption probability, expected terms and dividend rates are subject to management's judgment, measurement uncertainty is inherent in this valuation. Due to the unobservable nature of redemption probability used in deriving the estimated fair value, the option derivative is classified as Level 3.

Other real estate owned: The Company initially records OREO at fair value at the time of foreclosure. Thereafter, OREO is recorded at the lower of cost or fair value based on their subsequent changes in fair value. The fair value of OREO is generally based on recent real estate appraisals adjusted for estimated selling costs. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments may be significant and result in a Level 3 classification due to the unobservable inputs used for determining fair value. Only OREO with a valuation allowance are considered to be carried at fair value.

Servicing Assets: Servicing assets represent the value associated with servicing loans that have been sold. The fair value for servicing assets is determined through discounted cash flow analysis and utilizes discount rates and prepayment speed assumptions as inputs. All of these assumptions require a significant degree of management estimation and judgment. The fair market valuation is performed on a quarterly basis for servicing assets. Servicing assets are accounted for at the lower of cost or market value and considered to be recognized at fair value when they are recorded at below cost and are classified as Level 3.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents the Company's assets and liabilities measured at fair value on a recurring basis as of dates indicated:

Fair Value Measurement Level								
(\$ in thousands)								
(\$ in thousands)								
(\$ in thousands)								
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
September 30, 2024								
March 31, 2025								
Securities available-for-sale:								
Securities available-for-sale:								
Securities available-for-sale:								

U.S. government agency and U.S. government sponsored enterprise securities:
U.S. government agency and U.S. government sponsored enterprise securities:
U.S. government agency and U.S. government sponsored enterprise securities:
Residential mortgage-backed securities
Residential mortgage-backed securities
Residential mortgage-backed securities
Residential collateralized mortgage obligations
SBA loan pool securities
Municipal bonds
Corporate bonds
Total securities available-for-sale
Option derivative
Total assets measured at fair value on a recurring basis
Total liabilities measured at fair value on a recurring basis
December 31, 2023
December 31, 2024
Securities available-for-sale:
Securities available-for-sale:
Securities available-for-sale:
U.S. government agency and U.S. government sponsored enterprise securities:
U.S. government agency and U.S. government sponsored enterprise securities:
U.S. government agency and U.S. government sponsored enterprise securities:
Residential mortgage-backed securities
Residential mortgage-backed securities
Residential mortgage-backed securities
Residential collateralized mortgage obligations
SBA loan pool securities
Municipal bonds
Corporate bonds
Total securities available-for-sale
Total assets measured at fair value on a recurring basis

Total liabilities measured at fair value
on a recurring basis

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

The following table presents the Company's assets and liabilities measured at fair value on a non-recurring basis as of dates indicated:

Fair Value Measurement Level											
(\$ in thousands)											
(\$ in thousands)											
(\$ in thousands)											
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total			
September 30, 2024											
Loans individually evaluated:											
Loans individually evaluated:											
Loans individually evaluated:											
Business property											
Business property											
Business property											
Commercial and industrial											
March 31, 2025											
Total loans individually evaluated											
Total loans individually evaluated											
Total loans individually evaluated											
Total assets measured at fair value on a non-recurring basis											
Total assets measured at fair value on a non-recurring basis											
Total assets measured at fair value on a non-recurring basis											
Total liabilities measured at fair value on a non-recurring basis											
December 31, 2023											
December 31, 2024											
Loans individually evaluated:											
Loans individually evaluated:											
Loans individually evaluated:											
Business property											
Business property											
Business property											
Total loans individually evaluated											
Total loans individually evaluated											
Total loans individually evaluated											
Total assets measured at fair value on a non-recurring basis											
Total liabilities measured at fair value on a non-recurring basis											

The following table presents quantitative information about level 3 fair value measurements for assets measured at fair value on a non-recurring basis as of the date indicated:

(\$ in thousands)	(\$ in thousands)	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Weighted-Average	(\$ in thousands)	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Weighted-Average
September 30, 2024										
Loans individually evaluated:										
Loans individually evaluated:										

Loans individually evaluated:				
Business property				
Business property				
Business property	\$ 1,274	Fair value of collateral	Selling cost	6%
Commercial and industrial	16	Discounted cash flow	NM	
December 31, 2023				
December 31, 2023				
December 31, 2023				
December 31, 2024				
December 31, 2024				
December 31, 2024				

Loans individually evaluated:													
Loans individually evaluated:													
Loans individually evaluated:													
Business property													
Business property													
Business property	\$ 425	Fair value of collateral	Fair value of collateral		NM		\$ 994	Fair value of collateral	Fair value of collateral		Selling Cost		6%

The following table presents gains or losses, including charge-offs, recoveries, and specific reserves recorded, for assets measured at fair value for the periods indicated:

		Three Months Ended September 30,			Nine Months Ended September 30,		
		Three Months Ended March 31,			Three Months Ended March 31,		
		Three Months Ended March 31,			Three Months Ended March 31,		
(\$ in thousands)	(\$ in thousands)	2024		2023	2024		2023
(\$ in thousands)							
(\$ in thousands)							
Loans individually evaluated:							
Loans individually evaluated:							
Loans individually evaluated:							
Business property							
Business property							
Business property							
Commercial and industrial							
Net gains (losses) recognized							
Net gains recognized							
Net gains (losses) recognized							
Net gains recognized							
Net gains (losses) recognized							
Net gains recognized							

Fair Value of Financial Instruments

The following table presents the carrying value and estimated fair values of financial assets and liabilities as of the dates indicated:

					Fair Value Measurements						Fair V. Measure	
(\$ in thousands)	(\$ in thousands)	Carrying Value	Carrying Value	Level 1	Fair Value	Level 2	Level 3	(\$ in thousands)	Carrying Value	Fair Value	Level 1	Level 2

September 30,
2024

March 31,
2025

Financial assets:

Financial assets:

Financial assets:

Interest-bearing deposits in
other financial institutions
Interest-bearing deposits in
other financial institutions
Interest-bearing deposits in
other financial institutions

Securities
available-
for-sale

Loans held-
for-sale

Net loans
held-for-
investment

Federal Home Loan Bank ("FHLB") and other restricted stock	Federal Home Loan Bank ("FHLB") and other restricted stock	14,042	N/A		N/A	N/A	Federal Home Loan Bank ("FHLB") and other restricted stock	14,042	N/A		N/A	N
--	--	--------	-----	--	-----	-----	--	--------	-----	--	-----	---

Accrued
interest
receivable

Financial
liabilities:

Deposits
Deposits
Deposits

FHLB advances
FHLB advances
FHLB advances
Accrued interest payable
Accrued interest payable
Accrued interest payable

December 31,
2023

December 31,
2024

Financial assets:

Financial assets:

Financial assets:

Interest-bearing deposits in
other financial institutions
Interest-bearing deposits in
other financial institutions
Interest-bearing deposits in
other financial institutions

Securities
available-
for-sale

Loans held-
for-sale

Net loans
held-for-
investment

FHLB and other restricted stock	FHLB and other restricted stock	12,716	N/A		N/A	FHLB and other restricted stock	14,042	N/A		N/A
Accrued interest receivable										
Financial liabilities:										
Deposits										
Deposits										
Deposits										
FHLB advances										
Other short-term borrowings										
Accrued interest payable										
Accrued interest payable										
Accrued interest payable										

Note 3 - Investment Securities

The following table presents the amortized cost and fair value of the securities available-for-sale as of the dates indicated:

	(\$ in thousands)	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value	(\$ in thousands)	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
(\$ in thousands)										
September 30, 2024										
March 31, 2025										
Securities available-for-sale:										
Securities available-for-sale:										
Securities available-for-sale:										
U.S. government agency and U.S. government sponsored enterprise securities:										
U.S. government agency and U.S. government sponsored enterprise securities:										
U.S. government agency and U.S. government sponsored enterprise securities:										
Residential mortgage-backed securities										
Residential mortgage-backed securities										
Residential mortgage-backed securities										
Residential collateralized mortgage obligations										
SBA loan pool securities										
Municipal bonds										
Corporate bonds										
Total securities available-for-sale										
December 31, 2023										
December 31, 2024										
Securities available-for-sale:										
Securities available-for-sale:										
Securities available-for-sale:										
U.S. government agency and U.S. government sponsored enterprise securities:										
U.S. government agency and U.S. government sponsored enterprise securities:										
U.S. government agency and U.S. government sponsored enterprise securities:										
Residential mortgage-backed securities										
Residential mortgage-backed securities										

Residential mortgage-backed securities
Residential collateralized mortgage obligations
SBA loan pool securities
Municipal bonds
Corporate bonds
Total securities available-for-sale

As of **September 30, 2024** **March 31, 2025** and **December 31, 2023** **December 31, 2024**, pledged securities were \$75.4 million and **\$70.9 million** **\$72.5 million**, respectively. These securities were pledged for the State Deposit from the California State Treasurer.

The Company elected to exclude accrued interest receivable from the amortized cost of its securities available-for-sale. Accrued interest receivable on securities available-for-sale totaled **\$488** **\$503** thousand and **\$513** **\$548** thousand at **September 30, 2024** **March 31, 2025** and **December 31, 2023** **December 31, 2024**, respectively.

As of **September 30, 2024** **March 31, 2025** and **December 31, 2023** **December 31, 2024**, there were no holdings of securities available-for-sale of any one issuer, other than the U.S. government agency and U.S. government sponsored enterprise, in an amount greater than 10% of **shareholder's** **shareholders'** equity.

The following table presents the amortized cost and fair value of the securities available-for-sale by contractual maturity as of the date indicated. Expected maturities may differ from contractual maturities, if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

		September 30, 2024			March 31, 2025	
	(\$ in thousands)	Amortized Cost	Fair Value	(\$ in thousands)	Amortized Cost	Fair Value
Within one year						
One to five years						
Five to ten years						
Greater than ten years						
Residential mortgage-backed securities, residential collateralized mortgage obligations and SBA loan pool securities						
Total						

The Company had no proceeds from sales and calls of securities available-for-sale for the three **and nine** months ended **September 30, 2024** **March 31, 2025** or **2023** **2024**.

The following table summarizes the investment securities with unrealized losses by security type and length of time in a continuous unrealized loss position for which an allowance for credit losses ("ACL") was not recorded as of the dates indicated:

Length of Time that Individual Securities Have Been In a Continuous Unrealized Loss Position																			
		Less Than 12 Months				Less Than 12 Months				12 Months or Longer				Less Than 12 Months				12 Months or Longer	
	(\$ in thousands)	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	(\$ in thousands)	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities		
(\$ in thousands)																			
September 30, 2024																			
March 31, 2025																			

Securities available-for-sale:

Securities available-for-sale:

Securities available-for-sale:

U.S. government agency and U.S. government sponsored enterprise securities:
U.S. government agency and U.S. government sponsored enterprise securities:
U.S. government agency and U.S. government sponsored enterprise securities:
Residential mortgage-backed securities
Residential mortgage-backed securities
Residential mortgage-backed securities

Residential collateralized mortgage obligations
SBA loan pool securities
Corporate bonds
Corporate bonds
Municipal bonds
Corporate bonds
Total securities available-for-sale

December 31, 2023

December 31, 2024

Securities available-for-sale:

Securities available-for-sale:

Securities available-for-sale:

U.S. government agency and U.S. government sponsored enterprise securities:
U.S. government agency and U.S. government sponsored enterprise securities:
U.S. government agency and U.S. government sponsored enterprise securities:
Residential mortgage-backed securities
Residential mortgage-backed securities
Residential mortgage-backed securities
Residential collateralized mortgage obligations
SBA loan pool securities
Municipal bonds
Corporate bonds
Total securities available-for-sale

As of September 30, 2024 March 31, 2025 and December 31, 2024, 95.3% and 95.3%, at amortized cost basis, respectively, of the Company's securities available-for-sale at amortized cost basis were issued by U.S. government agency and U.S. government sponsored enterprise. GSEs. Because the decline in fair value is attributable to changes in interest rates, and not credit quality, and because the Company does not have the intent to sell these securities and it is likely that it will not be required to sell these securities before their anticipated recovery, the Company determined that these securities with unrealized losses did not warrant an ACL. ACL as of March 31, 2025 and December 31, 2024.

Municipal and corporate bonds had an investment grade rating upon purchase. The issuers of these securities have not established any cause for default on these securities and various rating agencies have reaffirmed their long-term investment grade status as of September 30, 2024 March 31, 2025 and December 31, 2024. These securities have fluctuated in value since their purchase dates as market interest rates fluctuated. Additionally, the Company continues to receive contractual principal and interest payments in a timely manner. The Company does not intend to sell these securities and it is more likely than not that the Company will not be required to sell before the recovery of its amortized cost basis. The Company therefore determined that the investment securities with unrealized losses did not warrant an ACL as of September 30, 2024 March 31, 2025 and December 31, 2024.

As of September 30, 2024 March 31, 2025 and December 31, 2024, the Company recorded no ACL on securities available-for-sale.

Note 4 - Loans and Allowance for Credit Losses on Loans

Loans Held-For-Investment

The following table presents the composition of the Company's loans held-for-investment as of the dates indicated.

(\$ in thousands)	(\$ in thousands)	September 30, 2024	December 31, 2023	(\$ in thousands)	March 31, 2025	December 31, 2024
Commercial real estate:						
Commercial property						
Commercial property						
Commercial property						
Business property						
Multifamily						
Construction						
Total commercial real estate						
Commercial and industrial						
Consumer:						
Residential mortgage						
Residential mortgage						
Residential mortgage						
Other consumer						
Total consumer						
Loans held-for-investment						
Allowance for credit losses on loans						
Net loans held-for-investment						

In the ordinary course of business, the Company may grant loans to certain of its officers and directors, and the companies with which they are associated. As of September 30, 2024 March 31, 2025 and December 31, 2023 December 31, 2024, the Company had \$108 thousand and \$111 thousand of no such loans outstanding, respectively, outstanding.

Allowance for Credit Losses on Loans

The following table presents a composition of provision (reversal) for credit losses for the periods indicated:

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Provision (reversal) for credit losses on loans	\$ 193	\$ 822	\$ 1,444	\$ (1,438)
Provision (reversal) for credit losses on off-balance sheet credit exposures	(143)	(71)	(45)	(392)
Total provision (reversal) for credit losses	\$ 50	\$ 751	\$ 1,399	\$ (1,830)

(\$ in thousands)	Three Months Ended March 31,	
	2025	2024
Provision for credit losses on loans	\$ 1,591	\$ 922
Provision for credit losses on off-balance sheet credit exposures	7	168
Total provision for credit losses	\$ 1,598	\$ 1,090

The following tables present the activities in ACL on loans for the periods indicated:

(\$ in thousands)	(\$ in thousands)	Commercial Property	Business Property	Multifamily	Construction	Commercial and Industrial	Residential Mortgage	Other Consumer	Total	(\$ in thousands)	Commercial Property	Business Property	Multifamily	Construction	Commercial and Industrial
Balance at July 1, 2024															
Balance at January 1, 2025															
Charge-offs															
Recoveries															
Provision (reversal) for credit losses on loans															

Balance at
September
30, 2024

Balance at
March 31,
2025

Balance at July 1, 2023
Balance at July 1, 2023
Balance at July 1, 2023
Balance at January 1, 2024
Balance at January 1, 2024
Balance at January 1, 2024

Charge-offs
Charge-offs
Charge-offs
Recoveries
Provision
(reversal) for
credit losses
on loans

Balance at
September
30, 2023

Balance at
March 31,
2024

(\$ in thousands)
(\$ in thousands)

	Commercial and Residential Other							
(\$ in thousands)	Commercial Property	Business Property	Multifamily	Construction	Industrial	Mortgage	Consumer	Total

Balance at
January 1,
2024
Charge-offs
Recoveries
Provision
(reversal) for
credit losses
on loans
Balance at
September
30, 2024

Balance at January 1, 2023
Balance at January 1, 2023
Balance at January 1, 2023

Impact of ASC
326 adoption
Charge-offs
Recoveries
Provision
(reversal) for
credit losses
on loans

Balance at
September
30, 2023

The increase in overall ACL for the three and nine months ended September 30, 2024 March 31, 2025 was primarily due to increases in loans held-for-investment, net charge-offs, and quantitatively measured loss reserve requirement, as well as, an ACL increase reserves, partially offset by the decreases in maximum loss rate used for qualitative factor reserves and reserves on commercial and industrial loans related to qualitative adjustment factors from the increase of past due individually evaluated loans. ACL on commercial property loans decreased primarily due to a decrease in reserve related to qualitative adjustment factors from the improvement in the credit metrics.

Credit Quality Indicators

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

Pass - Loans classified as pass include non-homogeneous loans not meeting the risk ratings defined below and smaller, homogeneous loans not assessed on an individual basis.

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 the deterioration of 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 classified as substandard 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 repayment in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

The following table summarizes the Company's loans held-for-investment by loan segment, internal risk ratings and vintage year as of September 30, 2024 March 31, 2025 and gross write offs for the nine three months ended September 30, 2024 March 31, 2025. The vintage year is the year of origination, renewal or major modification. Revolving loans that are converted to term loans presented in the table below are excluded from the Term Loans by Origination Year columns.

Term Loans by Origination Year

(\$ in thousands)														
(\$ in thousands)														
(\$ in thousands)														
	2024	2023	2022	2021	2020	Prior	Total	2025	2024	2023	2022	2021	Prior	Total
September 30, 2024														
March 31, 2025														
Commercial Real Estate:														
Commercial Real Estate:														
Commercial Real Estate:														
Commercial property														
Commercial property														
Commercial property														
Pass														
Pass														
Pass														
Special mention														
Substandard														
Doubtful														
Total														
Current period gross write offs														
Year-to-date period gross write offs														
Business property														
Pass														
Pass														
Pass														
Special mention														
Substandard														
Doubtful														

Total
Current period gross write offs
Year-to-date period gross write offs
Multifamily
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Total
Current period gross write offs
Year-to-date period gross write offs
Construction
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Total
Current period gross write offs
Year-to-date period gross write offs

Term Loans by Origination Year

(\$ in thousands)																	
(\$ in thousands)																	
(\$ in thousands)	2024	2023	2022	2021	2020	Prior	Total	2025	2024	2023	2022	2021	Prior	Total			
September 30, 2024 (Continued)																	
March 31, 2025 (Continued)																	
Commercial and Industrial																	
Commercial and Industrial																	
Commercial and Industrial																	
Pass																	
Pass																	
Pass																	
Special mention																	
Substandard																	
Doubtful																	
Total																	
Current period gross write offs																	
Year-to-date period gross write offs																	
Consumer																	
Residential mortgage																	
Residential mortgage																	
Residential mortgage																	
Pass																	
Pass																	
Pass																	
Special mention																	
Substandard																	
Doubtful																	

Total
Current period gross write offs
Year-to-date period gross write offs
Other consumer
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Total
Current period gross write offs
Year-to-date period gross write offs
Total loans held-for-investment
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Total
Current period gross write offs
Year-to-date period gross write offs

The following table summarizes the Company's loans held-for-investment by loan segment, internal risk ratings and vintage year as of **December 31, 2023** **December 31, 2024**. The vintage year is the year of origination, renewal or major modification. Revolving loans that are converted to term loans presented in the table below are excluded from term loans by vintage year columns.

Term Loans by Origination Year

(\$ in thousands)

(\$ in thousands)

(\$ in thousands)	2023	2022	2021	2020	2019	Prior	Total	2024	2023	2022	2021	2020	Prior	Total
December 31, 2023														
December 31, 2024														
Commercial Real Estate:														
Commercial Real Estate:														
Commercial Real Estate:														
Commercial property														
Commercial property														
Commercial property														
Pass														
Pass														
Pass														
Special mention														
Substandard														
Doubtful														
Total														
Business property														
Business property														
Year-to-date period gross write offs														
Business property														
Pass														
Pass														

Pass
Special mention
Substandard
Doubtful
Total
Multifamily
Multifamily
Year-to-date period gross write offs
Multifamily
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Total
Construction
Construction
Year-to-date period gross write offs
Construction
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Total
Year-to-date period gross write offs

Term Loans by Origination Year

(\$ in thousands)														
(\$ in thousands)														
(\$ in thousands)	2023	2022	2021	2020	2019	Prior	Total	2024	2023	2022	2021	2020	Prior	Total
December 31, 2023 (Continued)														
December 31, 2024 (Continued)														
Commercial and Industrial														
Commercial and Industrial														
Commercial and Industrial														
Pass														
Pass														
Pass														
Special mention														
Substandard														
Doubtful														
Total														
Consumer														
Consumer														
Year-to-date period gross write offs														
Consumer														
Residential mortgage														
Residential mortgage														
Residential mortgage														

Pass
Pass
Pass
Special mention
Substandard
Doubtful
Total
Other consumer
Other consumer
Year-to-date period gross write offs
Other consumer
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Total
Total loans held-for-investment
Total loans held-for-investment
Year-to-date period gross write offs
Total loans held-for-investment
Pass
Pass
Pass
Special mention
Substandard
Doubtful
Total
Year-to-date period gross write offs

Nonaccrual Loans

The following table presents the loans on nonaccrual status by loan segments as of the date indicated:

(\$ in thousands)	(\$ in thousands)	Total Nonaccrual Loans	Nonaccrual Loans with ACL	ACL on Nonaccrual Loans	Collateral Dependent Nonaccrual Loans	ACL on Collateral Dependent Nonaccrual Loans	(\$ in thousands)	Total Nonaccrual Loans	Nonaccrual Loans with ACL	ACL on Nonaccrual Loans	Collateral Dependent Nonaccrual Loans	ACL on Collateral Dependent Nonaccrual Loans
September 30, 2024												
Commercial real estate:												
Commercial real estate:												
Commercial real estate:												
Commercial property												
Commercial property												
Commercial property												
Business property												
Multifamily												
Total commercial real estate												
Total commercial real estate												

Total commercial real estate
Commercial and industrial
Consumer:
Residential mortgage
Residential mortgage
Residential mortgage
Other consumer
Total consumer
Total
December 31, 2023

March 31, 2025

Commercial real estate:
Commercial real estate:
Commercial real estate:
Commercial property
Commercial property
Commercial property
Business property
Total commercial real estate
Total commercial real estate
Total commercial real estate

Commercial and industrial
Consumer:
Residential mortgage
Residential mortgage
Residential mortgage
Other consumer
Total consumer
Total

December 31, 2024

Commercial real estate:
Commercial real estate:
Commercial real estate:
Commercial property
Commercial property
Commercial property
Business property
Other consumer
Other consumer
Total commercial real estate

Total commercial real estate
Total commercial real estate
Commercial and industrial
Consumer:
Residential mortgage
Residential mortgage
Residential mortgage
Other consumer
Total consumer
Total

There were no nonaccrual loans guaranteed by a U.S. government agency at September 30, 2024 March 31, 2025 and December 31, 2023 December 31, 2024.

Collateral Dependent Loans

Loans that have been classified as collateral dependent are loans where substantially all repayment of the loan is expected to come from the operation of or eventual liquidation of the collateral. Collateral dependent loans are evaluated individually for purposes of determining the ACL, which is determined based on the estimated fair value of the collateral. Estimates for costs to sell are included in the determination of the ACL when liquidation of the collateral is anticipated. In cases where the loan is well secured and the estimated value of the collateral exceeds the amortized cost of the loan, no ACL is recorded. The following table presents the collateral dependent loans by loan segments as of the date indicated:

(\$ in thousands)	(\$ in thousands)	Hotel / Motel	Warehouse	Car Wash		Retail	Apartment		Single Family Residential	Other	Total
September 30, 2024											
Commercial real estate:											
Commercial real estate:											
Commercial real estate:											
Commercial property											
Commercial property											
Commercial property											
Business property											
Multifamily											
Total commercial real estate											
Total commercial real estate											
Total commercial real estate											
Commercial and industrial											
Consumer:											
Residential mortgage											
Residential mortgage											
Residential mortgage											
Total consumer											
Total consumer											
Total consumer											
Total											
December 31, 2023											
(\$ in thousands)											
		Hotel / Motel	Restaurant	Car Wash		Retail		Single Family Residential		Other	Total
(\$ in thousands)											
March 31, 2025											
Commercial real estate:											
Commercial real estate:											

Commercial real estate:
Commercial property
Commercial property
Commercial property
Business property
Total commercial real estate
Total commercial real estate
Total commercial real estate
Commercial and industrial
Consumer:
Residential mortgage
Residential mortgage
Residential mortgage
Total consumer
Total consumer
Total consumer
Total
December 31, 2024
Commercial real estate:
Commercial real estate:
Commercial real estate:
Commercial property
Commercial property
Commercial property
Business property
Total commercial real estate
Total commercial real estate
Total commercial real estate
Commercial and industrial
Consumer:
Residential mortgage
Residential mortgage
Residential mortgage
Total consumer
Total consumer
Total consumer
Total
Total
Total

Past Due Loans

The following table presents the aging of past due in accruing loans and nonaccrual loans by loan segments as of date indicated:

Still Accruing																	
(\$ in thousands)																	
(\$ in thousands)																	
	30 to 59	60 to 89	90 or More		30 to 59	60 to 89	90 or More	Total		30 to 59	60 to 89	90 or More		30 to 59	60 to 89	90 or More	Total
	Days	Days	Days		Days	Days	Days	Loans		Days	Days	Days		Days	Days	Days	Loans
(\$ in thousands)	Past Due	Past Due	Past Due	Total	Past Due	Past Due	Past Due	Past Due		Past Due	Past Due	Past Due	Total	Past Due	Past Due	Past Due	Past Due

September 30,
2024

March 31, 2025

Commercial real
estate:

Commercial real
estate:

Commercial real
estate:

Commercial
property
Commercial
property
Commercial
property

Business
property

Multifamily

Total
commercial
real estate

Total
commercial
real estate

Total
commercial
real estate

Commercial and
industrial

Consumer:
Residential
mortgage
Residential
mortgage
Residential
mortgage

Other
consumer

Total
consumer

Total

December 31,
2023

December 31,
2024

Commercial real
estate:

Commercial real
estate:

Commercial real
estate:

Commercial
property
Commercial
property

Commercial property
Business property
Total commercial real estate
Total commercial real estate
Total commercial real estate
Commercial and industrial
Consumer:
Residential mortgage
Residential mortgage
Residential mortgage
Other consumer
Total consumer
Total

Loan Modification

Occasionally, the Company modifies loans to borrowers in financial distress by providing principal forgiveness, term extension, an other-than-insignificant payment delay, interest rate reduction or combination of at above mentioned modifications. When principal forgiveness is provided, the amount of forgiveness is charged-off against the ACL. These loans are placed on nonaccrual status at the time of such modification.

There were no loans that the borrowers were both experiencing financial difficulty and modified for the three months ended March 31, 2025. The following tables present loans that the borrowers were both experiencing financial difficulty and modified during the periods period indicated by loan segments and modification type:

(\$ in thousands)	Three Months Ended		
	Combination of Other-Than-Insignificant Payment Delay and Term Extension	Total	Percentage to Each Loan Segment
September 30, 2024			
Commercial real estate:			
Business property	\$ 1,183	\$ 1,183	0.2 %
Total commercial real estate	1,183	1,183	0.1 %
Total	\$ 1,183	\$ 1,183	0.1 %
(\$ in thousands)	Nine Months Ended		
	Combination of Other-Than-Insignificant Payment Delay and Term Extension	Total	Percentage to Each Loan Segment
September 30, 2024			
Commercial real estate:			
Commercial property	\$ 410	\$ 410	0.1 %
Business property	2,230	2,230	0.4 %
Total commercial real estate	2,640	2,640	0.2 %
Commercial and industrial	\$ 44	\$ 44	0.1 %

Total	\$	2,684	\$	2,684	0.1 %
-------	----	-------	----	-------	-------

(\$ in thousands)	Three Months Ended		
	Combination of Other-Than-Insignificant Payment Delay and Term Extension	Total	Percentage to Each Loan Segment
March 31, 2024			
Commercial and industrial	\$ 45	\$ 45	0.1 %
Total	\$ 45	\$ 45	0.1 %

The Company had no commitments to lend to any borrower included in the above table.

The following tables present the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the periods indicates:

(\$ in thousands)	Three Months Ended	
	September 30, 2024	
	Combination of Other-Than-Insignificant Payment Delay and Term Extension	
March 31, 2024		
Commercial and industrial		6-month interest-only payment and 6-month term extension

There were no loans that were both experiencing financial difficulty and modified during the three and nine months ended September 30, 2023.

The Company had no commitments to lend to any borrower included in the above table as of September 30, 2024.

The following table presents the performance of loans that the borrowers were both experiencing financial difficulty and modified in the last 12 months:

(\$ in thousands)	(\$ in thousands)	30 to 59 Days Past Due	60 to 89 Days Past Due	90 or More Days Past Due	(\$ in thousands)	30 to 59 Days Past Due	60 to 89 Days Past Due	90 or More Days Past Due	Total
September 30, 2024									
March 31, 2025									
Commercial real estate:									
Commercial real estate:									
Commercial real estate:									
Business property									
Business property									
Business property									
Total commercial real estate									
Total commercial real estate									
Total commercial real estate									
Commercial and industrial									
Total									

Total
Total
December 31, 2024
Commercial real estate:
Commercial real estate:
Commercial real estate:
Business property
Business property
Business property
Total commercial real estate
Total commercial real estate
Total commercial real estate
Total
Total
Total

Purchases, Sales, and Transfers

The following table presents a summary of Company had no loans that were transferred from loans held-for-investment to loans held-for-sale for the periods indicate:

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Consumer:				
Residential mortgage	\$ 676	\$ —	\$ 676	\$ —
Total consumer	676	—	676	—
Total	\$ 676	\$ —	\$ 676	\$ —

during three months ended March 31, 2025 or 2024.

The Company had no loans that were transferred from loans held-for-sale to loans held-for investment during three and nine months ended September 30, 2024 March 31, 2025 or 2023, 2024.

The following table presents a summary of Company had no purchases of loans held-for-investment for the periods indicated: during three months ended March 31, 2025 or 2024.

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Consumer:				
Residential mortgage	\$ —	\$ —	\$ —	\$ 15,741
Total consumer	—	—	—	15,741
Total	\$ —	\$ —	\$ —	\$ 15,741

Loans Held-For-Sale

The following table presents a composition of loans held-for-sale as of the date indicated:

(\$ in thousands)	(\$ in thousands)	September 30, 2024	December 31, 2023	(\$ in thousands)	March 31, 2025	December 31, 2024
Commercial real estate:						
Business property						
Business property						
Commercial property						
Commercial property						
Commercial property						
Business property						
Total commercial real estate						
Total commercial real estate						
Total commercial real estate						

Commercial and industrial

Total
Total
Total

Loans held-for-sale are carried at the lower of cost or fair value. When a determination is made at the time of commitment to originate as held-for-investment, it is the Company's intent to hold these loans to maturity or for the "foreseeable future," subject to periodic reviews under the Company's management evaluation processes, including asset/liability management and credit risk management. When the Company subsequently changes its intent to hold certain loans, the loans are transferred to held-for-sale at the lower of cost or fair value. Certain loans are transferred to held-for-sale with write-downs to ACL on loans.

Note 5. Other Real Estate Owned

The following table presents activity in OREO for the periods indicated:

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Balance at beginning of year	\$ —	\$ —	\$ 2,558	\$ —
Additions	466	—	466	—
Sales	—	—	(2,558)	—
Balance at end of year	\$ 466	\$ —	\$ 466	\$ —

During the year ended December 31, 2023, the Company recognized an OREO of \$2.6 million by transferring a SBA 7(a) loan of \$593 thousand, of which its guaranteed portion was previously sold. The Company's exposure was 25% of the OREO and the SBA was entitled to 75% of the sale price upon the sale of property. The Company sold the property during the three months ended March 31, 2024.

(\$ in thousands)	Three Months Ended March 31,	
	2025	2024
Balance at beginning of year	\$ —	\$ 2,558
Additions	—	—
Sales	—	(2,558)
Balance at end of year	\$ —	\$ —

The following table presents activity in OREO valuation allowance for the periods indicated:

(\$ in thousands)	(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2024	2023	2024	2023
Balance at beginning of year					
Balance at beginning of year					
Balance at beginning of year					
Additions					
Additions					
Additions					
Net direct write-downs and removal from sale					
Net direct write-downs and removal from sale					
Net direct write-downs and removal from sale					
Balance at end of year					
Balance at end of year					
Balance at end of year					

The following table presents expenses related to OREO for the periods indicated:

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net (gain) loss on sales	\$ —	\$ —	\$ (13)	\$ —
Operating expenses, net of rental income	5	—	7	—
Total	\$ 5	\$ —	\$ (6)	\$ —

(\$ in thousands)	Three Months Ended March 31,	
	2025	2024
Net gain on sales	\$ —	\$ (13)
Operating expenses, net of rental income	—	2
Total expenses	\$ —	\$ (11)

The Company did not provide loans to finance the sale of its OREO properties during the **nine three** months ended **September 30, 2024** **March 31, 2024**.

Note 6 - Servicing Assets

The Company sells SBA and certain residential mortgage loans with servicing retained. SBA loans are included in commercial real estate loans ("CRE SBA") and commercial and industrial loans ("C&I SBA"). The Company sold loans of **\$13.5 million** **\$16.6 million** and **\$17.7 million** **\$19.4 million**, respectively, with the servicing rights retained and recognized a net gain on sale of **\$750** **\$887** thousand and **\$689 thousand**, **\$1.1 million**, respectively, during the three months ended **September 30, 2024** **March 31, 2025** and **2023**. During the nine months ended September 30, 2024 and 2023, the Company sold loans of \$46.5 million and \$61.6 million, respectively, with the servicing rights retained and recognized a net gain on sale of \$2.6 million and \$2.8 million, respectively. **2024**. Loan servicing income was **\$786** **\$725** thousand and **\$851** **\$919** thousand, respectively, for the three months ended **September 30, 2024** **March 31, 2025** and **2023**, and \$2.5 million and \$2.6 million, respectively, for the nine months ended September 30, 2024 and 2023. **2024**.

The following table presents the composition of servicing assets with key assumptions used to estimate the fair value as of the dates indicated:

September 30, 2024										December 31, 2023									
March 31, 2025										December 31, 2024									
(\$ in thousands)	(\$ in thousands)	Residential Mortgage	CRE SBA	C&I SBA	Total	Residential Mortgage	CRE SBA	C&I SBA	Total	(\$ in thousands)	Residential Mortgage	CRE SBA	C&I SBA	Total	Residential Mortgage	CRE SBA	C&I SBA	Total	
Carrying amount																			
Fair value																			
Discount rate																			
Prepayment speed																			
Prepayment speed																			
Prepayment speed																			
Weighted-average remaining life																			
Weighted-average remaining life																			
Weighted-average remaining life																			
Underlying loans being serviced																			
Underlying loans being serviced																			
Underlying loans being serviced																			

The following tables present activity in servicing assets for the periods indicated:

Three Months Ended September 30,										Three Months Ended March 31,									
2024										2023									
2025										2024									
(\$ in thousands)	(\$ in thousands)	Residential Mortgage	CRE SBA	C&I SBA	Total	Residential Mortgage	CRE SBA	C&I SBA	Total	(\$ in thousands)	Residential Mortgage	CRE SBA	C&I SBA	Total	Residential Mortgage	CRE SBA	C&I SBA	Total	
Balance at beginning of period																			
Additions																			
Amortization																			
Balance at end of period																			
Balance at end of period																			

Balance at end of period								
Nine Months Ended September 30,								
Nine Months Ended September 30,								
Nine Months Ended September 30,								
2024								
2023								
Residential CRE C&I Residential CRE C&I								
Mortgage SBA SBA Total Mortgage SBA SBA Total								
(\$ in thousands)								
Balance at								
beginning of								
period								
Additions								
Amortization								
Balance at end of period								
Balance at end of period								
Balance at end of period								

Note 7 - Operating Leases

The following table presents operating lease cost and supplemental cash flow information related to leases for the periods indicated:

Three Months Ended September 30,						Nine Months Ended September 30,	
Three Months Ended March 31,						Three Months Ended March 31,	
Three Months Ended March 31,						Three Months Ended March 31,	
Three Months Ended March 31,						Three Months Ended March 31,	
(\$ in thousands)						(\$ in thousands)	
(\$ in thousands)						(\$ in thousands)	
(\$ in thousands)						(\$ in thousands)	
Operating lease cost ⁽¹⁾						Operating lease cost ⁽¹⁾	
Operating lease cost ⁽¹⁾						Operating lease cost ⁽¹⁾	
Cash paid for amounts included in the measurement of lease liabilities:						Cash paid for amounts included in the measurement of lease liabilities:	
Cash paid for amounts included in the measurement of lease liabilities:						Cash paid for amounts included in the measurement of lease liabilities:	
Cash paid for amounts included in the measurement of lease liabilities:						Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases						Operating cash flows from operating leases	
Operating cash flows from operating leases						Operating cash flows from operating leases	
Operating cash flows from operating leases						Operating cash flows from operating leases	
Right of use assets obtained in exchange for lease obligations						Right of use assets obtained in exchange for lease obligations	
Right of use assets obtained in exchange for lease obligations						Right of use assets obtained in exchange for lease obligations	
Right of use assets obtained in exchange for lease obligations						Right of use assets obtained in exchange for lease obligations	

(1) Included in Occupancy and Equipment on the Consolidated Statements of Income (Unaudited).

During the three months ended March 31, 2025, the Company recognized an impairment loss of \$146 thousand on operating lease assets due to a new sublease contract. The impairment is recorded in Other Expenses on the Consolidated Statements of Income (Unaudited).

The Company used the incremental borrowing rate based on the information available at lease commencement in determining the present value of lease payments. The following table presents supplemental balance sheet information related to leases as of the dates indicated:

(\$ in thousands)		September 30,	December 31,	(\$ in thousands)		March 31,	December 31,
(\$ in thousands)		2024	2023	(\$ in thousands)		2025	2024
Operating leases:							
Operating lease assets							
Operating lease assets							
Operating lease assets							
Operating lease liabilities							
Weighted-average remaining lease term		Weighted-average remaining lease term		Weighted-average remaining lease term		7.8 years	
		7.9 years	8.3 years				

Weighted-average discount rate	Weighted-average discount rate	4.70	%	4.63	%	Weighted-average discount rate	4.77	%	4.72	%
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The following table presents maturities of operating lease liabilities as of the date indicated:

(\$ in thousands)	(\$ in thousands)	September 30, 2024	(\$ in thousands)	March 31, 2025
Maturities:				
2024				
2024				
2024				
2025				
2025				
2025				
2026				
2027				
2028				
After 2028				
2029				
After 2029				
Total lease payment				
Imputed Interest				
Present value of operating lease liabilities				

Note 8 - Federal Home Loan Bank Advances and Other Borrowings

FHLB Advances

The Company had no FHLB advances at September 30, 2024. At December 31, 2023, the Company had a term an overnight FHLB advance of \$39.0 million \$30.0 million with an interest rate of 5.63% and a maturity date of February 21, 2024 (term of 92 days) 4.65% at March 31, 2025. At December 31, 2024, the Company had no FHLB advances. The Company repaid the advance upon maturity.

At September 30, 2024 March 31, 2025 and December 31, 2023 December 31, 2024, loans pledged to secure borrowings from the FHLB were \$979.7 million \$1.11 billion and \$1.04 billion \$977.6 million, respectively. The Company's investment in capital stock of the FHLB of San Francisco totaled \$13.9 million and \$12.5 million \$13.9 million at September 30, 2024 March 31, 2025 and December 31, 2023 December 31, 2024, respectively. The Company had additional borrowing capacity of \$703.0 million \$735.7 million and \$603.0 million \$722.4 million from the FHLB as of September 30, 2024 March 31, 2025 and December 31, 2023 December 31, 2024, respectively.

Federal Reserve Discount Window

The Company had \$578.7 million \$679.0 million of unused borrowing capacity from the Federal Reserve Discount Window, to which the Company pledged loans with a carrying value of \$712.4 million \$836.5 million with no outstanding borrowings at September 30, 2024 March 31, 2025. At December 31, 2023 December 31, 2024, the Company had \$528.9 million \$586.5 million of unused borrowing capacity from the Federal Reserve Discount Window, to which the Company pledged loans with a carrying value of \$681.8 million \$724.0 million with no outstanding borrowings.

Overnight Federal Funds Lines

The Company maintains overnight federal funds lines with correspondent financial institutions. The Company maintained available borrowing capacity of \$65.0 million and had no borrowings at March 31, 2025. At December 31, 2024, the Company had an overnight borrowing at both September 30, 2024 of \$15.0 million with an interest rate of 4.65% and December 31, 2023 unused borrowing capacity of \$50.0 million.

Note 9 - Shareholders' Equity

Series C, Senior Non-Cumulative Perpetual Preferred Stock

On May 24, 2022, the Company issued 69,141 shares of Senior Non-Cumulative Perpetual Series C Preferred Stock Series C, with a liquidation preference of \$1,000 per share ("Series C Preferred Stock") for the capital investment of \$69.1 million from the U.S. Treasury under the Emergency Capital Investment Program ("ECIP"). ECIP. The ECIP investment qualifies as tier 1 capital for purposes of the bank regulatory capital requirements.

The Series C Preferred Stock accrued no dividend for the first 24 months following the investment date. Beginning on May 24, 2024, holders of Thereafter, the Series C Preferred Stock are entitled to quarterly non-cumulative cash dividends as declared by the Company's Board of Directors.The Series C Preferred Stockdividend rate adjusts annually will be adjusted based on the qualified lending growth criteria listed in the terms of the ECIP investment with the annual dividend rate up to 2%. After the tenth anniversary of the investment date, the dividend rate will be fixed based on the average annual amount of lending in years 2 through 10. Dividends will be are payable quarterly in arrears on March 15, June 15, September 15, and December 15. The terms

Established by the Consolidated Appropriations Act, 2021, the ECIP was created to encourage low- and moderate-income community financial institutions and minority depository institutions to provide loans, grants, and forbearance for small businesses, minority-owned businesses, and consumers, especially low-income and underserved communities, including persistent poverty counties, that may be disproportionately impacted by the economic effect of the Series C Preferred Stock prohibit the Company from paying dividends on or repurchasing shares of its common stock unless it has paid or contemporaneously pays the full Series C Preferred Stock dividendwith respect to the preceding quarterly dividend period.COVID-19 pandemic by providing direct and indirect capital investments in low- and moderate-income community financial institutions.

The Series C Preferred Stock may be redeemed at the option of the Company on or after the fifth anniversary of issuance (or earlier in the event of loss of regulatory capital treatment), subject to the approval of the appropriate federal banking regulator and in accordance with the federal banking agencies' regulatory capital regulations.

On January 16, 2025, the Company entered into the Option Agreement with the U.S. Treasury, which grants the Company the conditional option to repurchase the Series C Preferred Stock during the first 15 years following the Company's issuance of the Series C Preferred Stock. The purchase price for the Preferred Stock under the Option Agreement is based on a formula equal to the present value of the Preferred Stock, calculated as set forth in the Option Agreement, together with any accrued and unpaid dividends thereon and could represent a discount from the Series C Preferred Stock's liquidation amount.

The purchase option may not be exercised during the first 10 years following the Company's sale of the Series C Preferred Stock ("the ECIP Period") unless and until the Company meets at least one of the following three conditions (the "Threshold Conditions"): (1) an average of at least 60% of the Company's loan originations qualify as "Deep Impact Lending" over any 16 consecutive quarters, (2) an average of at least 85% of the Company's "total originations qualify as "Qualified Lending" over any 24 quarters or (3) the Series C Preferred Stock has a dividend rate of no more than 0.5% at each of six consecutive "Reset Dates," in each case as defined in Option Agreement and the terms of the Series C Preferred. In addition to satisfying a Threshold Condition, the Option Agreement requires that the Company meet certain other eligibility conditions in order to exercise the purchase option in the future, including compliance with the terms of the original ECIP purchase agreement and the terms of the Series C Preferred Stock, maintaining qualification as either a certified community development financial institution or a minority depository institution and satisfying other legal and regulatory criteria.

The earliest possible date by which a Threshold Condition may be met is June 30, 2026. However, the Company does not currently meet any of the Threshold Conditions necessary to exercise the purchase option, and there can be no assurance whether and when the Threshold Conditions will be met.

The following table presents the estimated purchase price based on the formula set forth in the Option Agreement as if the Company meet all Threshold Conditions as of March 31, 2025:

(\$ in thousands)	Dividend Rate at the Reset Date Immediately Preceding the Purchase Date		
	0.50%	1.25%	2.00%
Purchase price	\$ 4,869	\$ 12,173	\$ 19,476
Discount	64,272	56,968	49,665

The Company began paying quarterly dividends on the Series C Preferred Stock at 2% beginning in the three months ended June 30, 2024. Dividends on the Series C Preferred Stock totaled \$346 thousand and \$488 \$40 thousand for the three and nine months ended September 30, 2024, respectively. March 31, 2025.

Stock Repurchases

During the year ended December 31, 2023, the Company repurchased and retired 512,657 shares of common stock at a weighted-average price of \$17.22 per share under a stock repurchase program approved by the Board of Directors on August 2, 2023 and a legacy stock repurchase program approved on July 28, 2022.

During the nine months ended September 30, 2024 December 31, 2024, the Company repurchased and retired 14,947 shares of common stock at a weighted-average price of \$14.88 per share, share under a stock repurchase program approved by the Board of Directors on August 2, 2023. On July 25, 2024, the Company announced that the amendment term of the 2023 stock repurchase program which extended the program expiration from August 2, 2024 would be to August 1, 2025.

During the three months ended March 31, 2025, the Company repurchased and retired 50,676 shares of common stock at a weighted-average price of \$18.80 per share. As of September 30, 2024 March 31, 2025, the Company was authorized to purchase 577,777 527,101 additional shares under the 2023 stock repurchase program.

Note 10 - Share-Based Compensation

On May 25, 2023, the Company adopted the 2023 Equity Based Compensation Plan ("2023 EBC Plan") approved by its shareholders to replace the 2013 Equity Based Stock Compensation Plan. The 2023 EBC Plan provides 700,000 shares of common stock for equity based compensation awards including incentive and non-qualified stock options, and restricted stock awards. As of September 30, 2024 March 31, 2025, there were 482,800 382,800 shares available for future grants.

Share-Based Compensation Expense

The following table presents share-based compensation expense and the related tax benefits for the periods indicated:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended March 31,		Three Months Ended March 31,	
		Three Months Ended March 31,		Three Months Ended March 31,	
(\$ in thousands)	(\$ in thousands)	2024	2023	2024	2023
(\$ in thousands)					
(\$ in thousands)					
Share-based compensation expense related to:					
Share-based compensation expense related to:					
Share-based compensation expense related to:					
Stock options					
Stock options					
Stock options					
Restricted stock awards					
Restricted stock awards					
Restricted stock awards					
Total share-based compensation expense					
Total share-based compensation expense					
Total share-based compensation expense					

Related tax benefits
Related tax benefits
Related tax benefits

The following table presents unrecognized share-based compensation expense as of the date indicated:

	September 30, 2024	March 31, 2025
		Weighted-Average Remaining Expected Recognition Period
(\$ in thousands)	Unrecognized Expense	
Unrecognized share-based compensation expense related to:		
Stock options	\$ 591 454	2.3 1.8 years
Restricted stock awards	321 2,130	2.0 3.5 years
Total unrecognized share-based compensation expense	\$ 912 2,584	2.2 3.2 years

Stock Options

The following tables represent stock option activity for the periods indicated:

Three Months Ended September 30, 2024						Three Months Ended March 31, 2025				
(\$ in thousands except per share data)	(\$ in thousands except per share data)	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Contractual Term	Aggregated Intrinsic Value	(\$ in thousands except per share data)	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Contractual Term	Aggregated Intrinsic Value
Outstanding at beginning of period										
Granted										
Exercised										
Exercised										
Exercised										
Forfeited										
Forfeited										
Forfeited										
Outstanding at end of period										
Outstanding at end of period										
Outstanding at end of period										
Exercisable at end of period										
		Nine Months Ended September 30, 2024								
		Nine Months Ended September 30, 2024								
		Nine Months Ended September 30, 2024								
		Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Contractual Term	Aggregated Intrinsic Value					
(\$ in thousands except per share data)										
Outstanding at beginning of period										
Granted										
Exercised										
Exercised										
Exercised										
Forfeited										
Forfeited										
Forfeited										
Outstanding at end of period										
Outstanding at end of period										

Outstanding at end of period

Exercisable at
end of period

The following table represents information regarding unvested stock options for the periods indicated:

		Three Months Ended September 30, 2024		Nine Months Ended September 30, 2024		
	Three Months Ended March 31, 2025					
	Three Months Ended March 31, 2025					
	Three Months Ended March 31, 2025					
	Number of Shares					
	Number of Shares					
	Number of Shares		Number of Shares	Weighted-Average Exercise Price Per Share	Number of Shares	Weighted-Average Exercise Price Per Share
Outstanding at beginning of period						
Granted						
Outstanding at beginning of period						
Outstanding at beginning of period						
Vested						
Vested						
Vested						
Outstanding at end of period						
Outstanding at end of period						
Outstanding at end of period						
Outstanding at end of period						

Restricted Stock Awards

The following table represents restricted stock award activity for the periods indicated:

		Three Months Ended September 30, 2024		Nine Months Ended September 30, 2024		
	Three Months Ended March 31, 2025					
	Three Months Ended March 31, 2025					
	Three Months Ended March 31, 2025					
	Number of Shares					
	Number of Shares					
	Number of Shares		Number of Shares	Weighted-Average Grant Date Fair Value Per Share	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Outstanding at beginning of period						
Granted						
Outstanding at beginning of period						
Outstanding at beginning of period						
Vested						
Forfeited						
Vested						
Vested						

Outstanding at end of period
Outstanding at end of period
Outstanding at end of period

Note 11 - Income Taxes

Income tax expense was \$2.9 million \$3.1 million and \$3.0 million \$1.8 million, respectively, and the effective tax rate was 26.9% 28.3% and 29.7% 27.9%, respectively, for the three months ended September 30, 2024 March 31, 2025 and 2023. For nine months ended September 30, 2024 and 2023, income tax expense was \$7.2 million and \$10.2 million, respectively, and the effective tax rate was 27.7% and 29.2%, respectively, 2024.

At September 30, 2024 March 31, 2025 and December 31, 2023 December 31, 2024, the Company had no unrecognized tax benefits or related accrued interest.

The Company and its subsidiaries are subject to U.S. federal and various state jurisdictions income tax examinations. As of September 30, 2024 March 31, 2025, the Company is no longer subject to examination by taxing authorities for tax years before 2021 for federal taxes and before 2020 for various state jurisdictions. The statute of limitations vary by state, and state taxes other than California have been minimal and immaterial to the Company's financial results.

Note 12 - Earnings Per Share

Earnings per share ("EPS") is computed under the two-class method. Net income allocated to common stock is computed by subtracting income allocated to unvested restricted stock from net income available to common shareholders. Income allocated to unvested restricted stock includes cash dividends paid and undistributed income available to holders of unvested restricted stock, if any. Basic EPS is computed by dividing net income allocated to common stock by the weighted-average common shares outstanding excluding the weighted-average unvested restricted stock. Diluted EPS is computed by dividing net income allocated to common stock by the weighted-average common stock outstanding, excluding the weighted-average unvested restricted stock, adjusted for the dilutive effect of stock options.

The following table presents the computations of basic and diluted EPS earnings per share ("EPS") for the periods indicated:

			Three Months Ended September 30,		Nine Months Ended September 30,	
			Three Months Ended March 31,			
			Three Months Ended March 31,			
			Three Months Ended March 31,			
			2024		2023	
(\$ in thousands, except per share)						
(\$ in thousands, except per share)						
(\$ in thousands, except per share)						
Basic earnings per share:						
Basic earnings per share:						
Basic earnings per share:						
Net income available to common shareholders						
Net income available to common shareholders						
Net income available to common shareholders						
Less: income allocated to unvested restricted stock						
Less: income allocated to unvested restricted stock						
Less: income allocated to unvested restricted stock						
Net income allocated to common stock						
Net income allocated to common stock						
Net income allocated to common stock						
Weighted-average total common shares outstanding						
Weighted-average total common shares outstanding						
Weighted-average total common shares outstanding						
Less: weighted-average unvested restricted stock						
Less: weighted-average unvested restricted stock						
Less: weighted-average unvested restricted stock						
Weighted-average common shares outstanding, basic						
Weighted-average common shares outstanding, basic						
Weighted-average common shares outstanding, basic						
Basic earnings per share						
Basic earnings per share						
Basic earnings per share						

Diluted earnings per share:
Diluted earnings per share:
Diluted earnings per share:
Net income allocated to common stock
Net income allocated to common stock
Net income allocated to common stock
Weighted-average common shares outstanding, basic
Weighted-average common shares outstanding, basic
Weighted-average common shares outstanding, basic
Diluted effect of stock options
Diluted effect of stock options
Diluted effect of stock options
Weighted-average common shares outstanding, diluted
Weighted-average common shares outstanding, diluted
Weighted-average common shares outstanding, diluted
Diluted earnings per share
Diluted earnings per share
Diluted earnings per share

There were 291,700 60,000 and 93,700 263,000 stock options excluded in computing diluted EPS because they were anti-dilutive for three months ended September 30, 2024 March 31, 2025 and 2023, respectively. For the nine months ended September 30, 2024 and 2023, there were 283,000 and 93,700 stock options excluded in computing diluted EPS because they were anti-dilutive, 2024, respectively.

Note 13 - Off-Balance Sheet Credit Exposures, Commitments and Other Contingencies

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

The Company had the following outstanding financial commitments whose contractual amount represents credit risk as of the dates indicated:

		September 30, 2024		December 31, 2023							
		March 31, 2025		December 31, 2024							
(\$ in thousands)	(\$ in thousands)	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	(\$ in thousands)	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	
Unused lines of credit											
Unfunded loan commitments											
Standby letters of credit											
Commercial letters of credit											
Total											
Total											
Total											

Unfunded loan commitments are generally made for periods of 90 days or less, except for SBA loans that are generally made for periods of 180 days or less.

The Company applies an expected credit loss estimation methodology applied to each respective loan segment for determining the ACL on off-balance sheet credit exposures. The loss estimation process includes assumptions for utilization at default. These assumptions are based on the Company's own historical internal loan data. As a part of adoption of ASC 326, the Company recorded an initial adjustment to the ACL on off-balance sheet credit exposures of \$1.6 million on January 1, 2023. As of September 30, 2024 March 31, 2025 and December 31, 2023 December 31, 2024, the Company maintained an ACL on off-balance sheet credit exposures of \$1.2 million and \$1.3 million \$1.2 million in Accrued Interest Payable and Other Liabilities in the Consolidated Balance Sheets, respectively.

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

Litigation

The Company is involved in various matters of litigation, which have arisen in the ordinary course of business. In the opinion of management, the disposition of pending matters of litigation will not have a material effect on the Company's consolidated financial statements.

Network and Data Incident

On August 30, 2021, the Bank identified unusual activity on its network. The Bank responded promptly to disable the activity, investigate its source and monitor the Bank's network. The Bank subsequently became aware of claims that it had been the target of a ransomware attack. On September 7, 2021, the Bank determined that an external actor had illegally accessed and/or acquired certain data on its network. The Bank worked with third-party forensic investigators to understand the nature and scope of the incident and determine what information may have been accessed and/or acquired and who may have been impacted. The investigation revealed that this incident impacted certain files containing certain Bank customer information. Some of these files contained documents related to loan applications, such as tax returns, Form W-2 information of their employees, and payroll

records. The Bank has notified all individuals identified as impacted, consistent with applicable laws. All impacted individuals were offered free Equifax Complete Premier credit monitoring and identity theft protection services. The Bank has notified law enforcement and appropriate authorities of the incident.

On December 16, 2021, a complaint based on the incident was filed in the Los Angeles County Superior Court seeking damages, injunctive relief, and equitable relief. During the three months ended September 30, 2023, the Bank agreed to settle this matter in exchange for \$700 thousand to the putative class members, including costs of settlement administration, and attorneys' fees and costs. The Bank received preliminary court approval of the settlement and notice was provided to members of the proposed class during the three months ended September 30, 2023. The court issued an order granting final approval on June 20, 2024.

The Company expects that the full amount of the final settlement will be covered under the Company's applicable insurance policies.

Note 14 - Regulatory Matters

Under the final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks ("Basel III rules"), the Company and Bank must hold a capital conservation buffer of 2.50% above the adequately capitalized risk-based capital ratios to avoid restrictions on dividends, stock repurchase, discretionary bonuses and other payments. Management believes as of September 30, 2024 March 31, 2025 and December 31, 2023 December 31, 2024, the Company and the Bank met all capital adequacy requirements to which it is they are subject. Under Historically, the Company has operated under the Federal Reserve's "Small Small Bank Holding Company" policy, Company Policy Statement, which exempts bank holding companies with total consolidated assets of less than \$3.0 billion from the Federal Reserve's risk-based and leverage consolidated capital requirements. Because the Company's total consolidated assets exceeded \$3.0 billion as of December 31, 2024, the Company is not currently now subject to separate minimum capital requirements under the Basel III rules. At such time as the Company reaches the \$3 billion asset level, it will be subject to Federal Reserve's consolidated capital requirements under the Basel III rules independent separate in addition to those of the Bank. For comparison purposes, the Company's ratios are included in the following discussion as well, all of which would have exceeded the "well-capitalized" level had the Company been subject to separate capital minimums. The Company and the Bank's capital conservation buffer was 7.42% buffers were 8.02% and 7.54% 6.63%, respectively, as of September 30, 2024 March 31, 2025, and 7.73% 6.94% and 8.07% 6.92%, respectively, as of December 31, 2023 December 31, 2024. Unrealized gain or loss on securities available-for-sale is not included in computing regulatory capital. The following table presents the regulatory capital amounts and ratios for the Company and the Bank as of dates indicated:

(\$ in thousands)	(\$ in thousands)	Actual		Actual		Minimum Capital Requirement		To Be Well Capitalized Under Prompt Corrective Provisions			
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	(\$ in thousands)	Amount
September 30, 2024											
March 31, 2025											
PCB Bancorp											
PCB Bancorp											
PCB Bancorp											
Common tier 1 capital (to risk-weighted assets)											
Common tier 1 capital (to risk-weighted assets)											
Common tier 1 capital (to risk-weighted assets)		\$299,090	11.92	11.92 %	\$112,909	4.5	4.5 %	N/A		\$344,037	12.52
Total capital (to risk-weighted assets)	Total capital (to risk-weighted assets)	398,395	15.88	15.88 %	200,727	8.0	8.0 %	N/A		446,318	16.25
Tier 1 capital (to risk-weighted assets)	Tier 1 capital (to risk-weighted assets)	368,231	14.68	14.68 %	150,545	6.0	6.0 %	N/A		413,178	15.04
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	368,231	12.79	12.79 %	115,148	4.0	4.0 %	N/A		413,178	13.16
PCB Bank											
Common tier 1 capital (to risk-weighted assets)											
Common tier 1 capital (to risk-weighted assets)											
Common tier 1 capital (to risk-weighted assets)		\$359,655	14.33	14.33 %	\$112,905	4.5	4.5 %	\$	163,086	6.5	6.5 %
										\$367,564	13.4

Total capital (to risk-weighted assets)	Total capital (to risk-weighted assets)	389,818	15.54	15.54 %	200,721	8.0	8.0 %	250,901	10.0	10.0 %	Total capital (to risk-weighted assets)	400,704
Tier 1 capital (to risk-weighted assets)	Tier 1 capital (to risk-weighted assets)	359,655	14.33	14.33 %	150,541	6.0	6.0 %	200,721	8.0	8.0 %	Tier 1 capital (to risk-weighted assets)	367,564
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	359,655	12.49	12.49 %	115,146	4.0	4.0 %	143,933	5.0	5.0 %	Tier 1 capital (to average assets)	367,564

December 31, 2023

December 31, 2024

PCB Bancorp

PCB Bancorp

PCB Bancorp

Common tier 1 capital (to risk-weighted assets)

Common tier 1 capital (to risk-weighted assets)

Common tier 1 capital (to risk-weighted assets)	\$288,174	12.23	12.23 %	\$106,043	4.5	4.5 %	N/A	\$303,423	11.44
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Total capital (to risk-weighted assets)	Total capital (to risk-weighted assets)	386,125	16.39	16.39 %	188,521	8.0	8.0 %	N/A	Total capital (to risk-weighted assets)	404,383	15.24
Tier 1 capital (to risk-weighted assets)	Tier 1 capital (to risk-weighted assets)	357,315	15.16	15.16 %	141,391	6.0	6.0 %	N/A	Tier 1 capital (to risk-weighted assets)	372,564	14.04
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	357,315	13.43	13.43 %	106,423	4.0	4.0 %	N/A	Tier 1 capital (to average assets)	372,564	12.45

PCB Bank

Common tier 1 capital (to risk-weighted assets)

Common tier 1 capital (to risk-weighted assets)

Common tier 1 capital (to risk-weighted assets)	\$350,038	14.85	14.85 %	\$106,081	4.5	4.5 %	\$153,228	6.5	6.5 %	\$363,786	13.7
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Total capital (to risk-weighted assets)	Total capital (to risk-weighted assets)	378,849	16.07	16.07 %	188,588	8.0	8.0 %	235,735	10.0	10.0 %	Total capital (to risk-weighted assets)	395,606
Tier 1 capital (to risk-weighted assets)	Tier 1 capital (to risk-weighted assets)	350,038	14.85	14.85 %	141,441	6.0	6.0 %	188,588	8.0	8.0 %	Tier 1 capital (to risk-weighted assets)	363,786
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	350,038	13.16	13.16 %	106,421	4.0	4.0 %	133,026	5.0	5.0 %	Tier 1 capital (to average assets)	363,786

The California Financial Code provides that a bank generally may not make a cash distribution to its shareholders in excess of the lesser of the bank's undivided profits or the bank's net income for its last three fiscal years less the amount of any distribution made to the bank's shareholders during the same period. This law limits the distributions the Bank is permitted to make to the Company. As a California corporation, the Company is subject to the limitations of the California Corporations Code, 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, the Company 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. Under the balance sheet test, the Company 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.

The Federal Reserve, the Federal Deposit Insurance Corporation (the "FDIC") and the California Department of Financial Protection and Innovation periodically examine the Company, the Bank and their businesses, including for compliance with laws and regulations. If, as a result of an examination, a banking agency were to determine that the Company's or the Bank's financial condition, capital resources, asset quality, earnings prospects, management, liquidity or other aspects of any of their operations had become unsatisfactory, or that the Company or the Bank was in violation of any law or regulation, they may take a number of different remedial actions as they deem appropriate. These actions include the power to enjoin "unsafe or unsound" practices, to require affirmative action to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in the Company's or the Bank's capital, to restrict growth, to assess civil money penalties, to fine or remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate the Bank's deposit insurance and place the Bank into receivership or conservatorship.

Note 15 - Revenue Recognition

The following table presents revenue from contracts with customers within the scope of ASC 606, Revenue from Contracts with Customers, for the periods indicated:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
(\$ in thousands)	(\$ in thousands)	2024		2023	
(\$ in thousands)					
(\$ in thousands)					
Noninterest income in-scope of Topic 606					
Noninterest income in-scope of Topic 606					
Noninterest income in-scope of Topic 606					
Service charges and fees on deposits:					
Service charges and fees on deposits:					
Service charges and fees on deposits:					
Monthly service fees					
Monthly service fees					
Monthly service fees					
Account analysis fees					
Account analysis fees					
Account analysis fees					
Non-sufficient funds charges					
Non-sufficient funds charges					
Non-sufficient funds charges					
Other deposit related fees					
Other deposit related fees					
Other deposit related fees					
Total service charges and fees on deposits					
Total service charges and fees on deposits					
Total service charges and fees on deposits					
Debit card fees					
Gain (loss) on sale of other real estate owned					
Debit card fees					
Debit card fees					
Gain on sale of other real estate owned					
Gain on sale of other real estate owned					
Gain on sale of other real estate owned					
Wire transfer fees					
Wire transfer fees					
Wire transfer fees					
Other service charges					

Other service charges
Other service charges
Total
Total
Total

Note 16 - Segment Information

The Company operates as a single operating segment, the banking segment or the Bank, providing financial services within the U.S. The Bank provides a full range of deposit products, and commercial and residential loans, primarily to individuals, small businesses and commercial clients. All operations are domestic.

The Chief Operating Decision Maker ("CODM"), the Chief Executive Officer, evaluates the performance and allocates resources to the Bank as a whole. The CODM relies on the Executive Management Team, which includes the Chief Financial Officer, Chief Risk Officer, Chief Banking Officer, Chief Credit Officer and others, to provide detailed financial and operational reports. These reports help the CODM assess the performance of the Bank and determine the appropriate allocation of resources. Although the Bank management team provides valuable insights into various functional areas, all significant decisions related to performance evaluation and resource allocation are ultimately made by the CODM in the context of the Bank as a single operating segment.

The CODM evaluates the performance of the Bank based on both financial and non-financial measures. The CODM reviews revenue to evaluate product pricing and net income, including significant expenses, to assess performance and profitability. In conjunction with these measures, the CODM utilizes profitability ratios, EPS, net interest margin, loan and deposit growth, credit quality, capital adequacy, and liquidity as these measures provide additional insight of the Bank's business activities. The CODM also considers non-financial factors such as the Bank's reputation, regulatory compliance and human resources.

The following table presents financial measures the CODM reviews to allocate resources to the Bank as of the dates or for the periods indicated:

(\$ in thousands)	As of or For the Three Months Ended March 31,	
	2025	2024
Revenue		
Interest income	\$ 46,892	\$ 43,555
Interest expense	22,609	22,556
Net interest income	24,283	20,999
Gain on sale of loans	887	1,078
Other income	1,693	1,867
Total revenue, net of interest expense	26,863	23,944
Expenses		
Provision for credit losses	1,598	1,090
Salaries and employee benefits	9,075	9,218
Premises expense	1,725	1,807
Depreciation expense	564	551
Other expense	3,110	4,776
Total expense	16,072	17,442
Income before income taxes	10,791	6,502
Income taxes	3,056	1,817
Net income	\$ 7,735	\$ 4,685
Earnings per share, diluted	\$ 0.53	\$ 0.33
Return on average assets	1.00 %	0.67 %
Return on average shareholders' equity	7.90 %	5.39 %
Net interest margin	3.28 %	3.10 %
Loans held-for-investment growth percentage	3.7 %	3.2 %
Total deposits growth percentage	3.8 %	2.2 %
Tier 1 leverage ratio (consolidated)	13.16 %	12.73 %
ACL on loans to loans held-for-investment	1.17 %	1.18 %

Note 17 - Subsequent Events

Dividend Declared on Common Stock

On **October 23, 2024** **April 23, 2025**, the Company's Board of Directors declared a quarterly cash dividend of **\$0.18** **\$0.20** per common share. The dividend will be paid on or about **November 15, 2024** **May 9, 2025**, to shareholders of record as of the close of business on **November 8, 2024** **May 16, 2025**.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is management's discussion and analysis of the major factors that influenced the Company's results of operations and financial condition as of and for the three and nine months ended September 30, 2024 March 31, 2025. This analysis should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2023 December 31, 2024 and with the unaudited consolidated financial statements and notes (unaudited) thereto set forth in this Quarterly Report on Form 10-Q.

Critical Accounting Estimates

The Company's consolidated financial statements are prepared in accordance with GAAP and general practices within the banking industry. Within these financial statements, certain financial information contains approximate measurements of financial effects of transactions and impacts at the consolidated statements of financial condition dates and the Company's results of operations for the reporting periods. As certain accounting policies require significant estimates and assumptions that have a material impact on the carrying value of assets and liabilities, the Company has established critical accounting policies to facilitate making the judgment necessary to prepare financial statements. The Company's critical accounting policies are described in Note 1 to Consolidated Financial Statements and in the "Critical Accounting Estimates" section of Management's Discussion and Analysis of Financial Condition and Results of Operations in its Annual Report on Form 10-K for the year ended December 31, 2023 December 31, 2024 and in Note 1 to Consolidated Financial Statements (unaudited) included in Part I of this Quarterly Report on Form 10-Q.

Allowance for Credit Losses

On January 1, 2023, the Company adopted the provisions of ASC 326, "Financial Instruments - Credit Losses (Topic 326)" Instruments. The adoption of ASC 326 changes the way the Company estimates the ACL on certain financial assets. The adoption of ASC 326 requires the Company to measure and record current expected credit losses for financial assets within the scope of ASC 326, which the Company currently consist substantially of on loans, off-balance sheet credit exposures and securities available-for-sale. available-for-sale in accordance with ASC 326, "Financial Instruments - Credit Losses (Topic 326)." Measuring credit losses under the current expected credit losses ("CECL") framework requires a significant amount of judgment, including the incorporation of reasonable and supportable forecasts about future conditions that may ultimately impact the level of credit losses the Company may recognize. Under the CECL framework, current expected credit losses are recorded on financial assets within the scope of ASC 326 at the time of their origination or acquisition.

Estimating expected credit losses requires management to use relevant forward-looking information, including the use of reasonable and supportable forecasts. The measurement of the ACL is performed by collectively evaluating loans with similar risk characteristics. The Company's discounted cash flow methodology incorporates a probability of default and loss given default model, as well as expectations of future economic conditions, using reasonable and supportable forecasts.

The use of reasonable and supportable forecasts requires significant judgment, such as selecting forecast scenarios, as well as determining the appropriate length of the forecast horizon. Management leverages economic projections from a reputable and independent third party to inform and provide its reasonable and supportable economic forecasts. Although no one economic variable can fully demonstrate the sensitivity of the ACL estimate to changes in economic variables used in the ACL model, the Company utilized changes in U.S. unemployment rate and year-over-year change in real gross domestic product ("GDP") growth rate as its key economic variables. Other internal and external indicators of economic forecasts may also be considered by management when developing the forecast metrics. The Company's ACL model reverts to long-term average loss rates for purposes of estimating expected cash flows beyond a period deemed reasonable and supportable. The Company forecasts economic conditions and expected credit losses over a one-year time horizon. Beyond the one-year forecast time horizon, the Company's ACL model reverts to historical long-term average loss rates over a one-year period.

Within the various economic scenarios considered as of September 30, 2024 March 31, 2025, the quantitative estimate of the ACL would increase by approximately \$8.4 million \$19.9 million under sole consideration of a more adverse downside scenario. The quoted sensitivity calculation reflects the sensitivity of the modeled ACL estimate to macroeconomic forecast data, but is absent of qualitative overlays and other qualitative adjustments that are part of the quarterly reserving process and does not necessarily reflect the nature and extent of future changes in the ACL for reasons including increases or decreases in qualitative adjustments, changes in the risk profile and size of the portfolio, changes in the severity of the macroeconomic scenario and the range of scenarios under management consideration.

A portion of the collectively evaluated ACL on loans also includes qualitative adjustments for risk factors not reflected or captured by the quantitative modeled ACL but are relevant in estimating future expected credit losses. Qualitative adjustments may be related to and include, but not limited to factors such as: (i) management's assessment of economic forecasts used in the model and how those forecasts align with management's overall evaluation of current and expected economic conditions, (ii) organization-specific risks such as credit concentrations, collateral specific risks, regulatory risks, and external factors that may ultimately impact credit quality, (iii) potential model limitations such as limitations identified through back-testing, and other limitations associated with factors such as underwriting changes, acquisition of new portfolios and changes in portfolio segmentation, and (iv) management's overall assessment of the adequacy of the ACL, including an assessment of ACL model data inputs.

Although management uses the best information reasonably available to derive estimates and assumptions necessary to measure an appropriate level of the ACL, these estimates and assumptions are subject to change in future periods, which may have a material impact on the level of the ACL and the Company's results of operations.

Option Derivative

On January 16, 2025, the Company entered into the Option Agreement with the U.S. Treasury, which grants the Company the conditional option to repurchase the Series C Preferred Stock. The Company evaluated this purchase option in accordance with ASC 815, *Derivatives and Hedging*, and determined that this purchase option was a derivative. As no consideration is paid to the U.S. Treasury, whom is the existing shareholder, the fair value of option is considered capital contribution and recorded in Common Stock on the Consolidated Balance Sheet (Unaudited) in accordance with ASC 505, *Equity*. Subsequent changes in fair value will be recognized in earnings. The fair value change from January 16, 2025 to March 31, 2025 was deemed immaterial.

The fair value of the option derivative is based on the probability-weighted scenario discounted cash flow method. The model uses inputs such as the hypothetical purchase price of preferred stock calculated using the formula set forth in the Option Agreement, expected terms when the Company expects to be able to exercise, dividend rates that determine the purchase price at the time of exercise, discount rate, and probability of exercise.

For additional information, See Notes 2 and 9 to the Consolidated Financial Statements (Unaudited) included in Item 1 of the Quarterly Report on Form 10-Q for additional information regarding the valuation methodology and this purchase option.

Non-GAAP Measures

The Company uses certain non-GAAP financial measures to provide meaningful supplemental information regarding the Company's operational performance and to enhance investors' overall understanding of such financial performance. Generally, a non-GAAP financial measure is a numerical measure of a company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated, and presented in accordance

with GAAP. However, these non-GAAP financial measures are supplemental and are not a substitute for an analysis based on GAAP measures and may not be comparable to non-GAAP financial measures that may be presented by other companies.

The following tables present reconciliation of return on average tangible common equity, tangible common equity per common share and tangible common equity to tangible assets ratios to their most comparable GAAP measures as of the dates or for the periods indicated. These non-GAAP measures, which are presented in this Quarterly Report on Form 10-Q, are used by management in its analysis of the Company's performance.

				Three Months Ended September 30,		Nine Months Ended September 30,	
				Three Months Ended March 31,			
				Three Months Ended March 31,			
				Three Months Ended March 31,			
(\$ in thousands)							
(\$ in thousands)							
(\$ in thousands)		(\$ in thousands)		2024		2023	
Average total shareholders' equity							
Average total shareholders' equity							
Average total shareholders' equity							
Less: average preferred stock							
Less: average preferred stock							
Less: average preferred stock							
Average tangible common equity							
Average tangible common equity							
Average tangible common equity							
Net income							
Net income							
Net income							
Annualized return on average shareholders' equity		Annualized return on average shareholders' equity		8.70	%	8.12	%
Annualized return on average shareholders' equity							
Annualized return on average shareholders' equity							
Net income available to common shareholders							
Net income available to common shareholders							
Net income available to common shareholders							
Annualized return on average tangible common equity		Annualized return on average tangible common equity		10.31	%	10.17	%
Annualized return on average tangible common equity							
Annualized return on average tangible common equity							
(\$ in thousands, except per share data)		(\$ in thousands, except per share data)		September 30, 2024	December 31, 2023	September 30, 2023	(\$ in thousands, except per share data)
							March 31, 2025
							December 31, 2024
							March 31, 2024
Total shareholders' equity							
Less: preferred stock							
Tangible common equity							
Outstanding common shares							
Book value per common share							
Tangible common equity per common share							
Total assets							
Total shareholders' equity to total assets		Total shareholders' equity to total assets		12.54	%	12.51	%
						13.31	%
Tangible common equity to total assets		Tangible common equity to total assets		10.14	%	10.03	%
						10.62	%
				</			

Selected Financial Data

The following table presents certain selected financial data as of the dates or for the periods indicated:

		As of or For the Three Months Ended September 30,		As of or For the Nine Months Ended September 30,	
		As of or For the Three Months Ended March 31, As of or For the Three Months Ended March 31, As of or For the Three Months Ended March 31,			
(\$ in thousands, except per share data)	(\$ in thousands, except per share data)	2024		2023	
(\$ in thousands, except per share data)					
(\$ in thousands, except per share data)					
Selected balance sheet data:					
Selected balance sheet data:					
Selected balance sheet data:					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents					
Securities available-for-sale					
Securities available-for-sale					
Securities available-for-sale					
Loans held-for-sale					
Loans held-for-sale					
Loans held-for-sale					
Loans held-for-investment					
Loans held-for-investment					
Loans held-for-investment					
ACL on loans					
ACL on loans					
ACL on loans					
Total assets					
Total assets					
Total assets					
Total deposits					
Total deposits					
Total deposits					
Shareholders' equity					
Shareholders' equity					
Shareholders' equity					
Selected income statement data:					
Selected income statement data:					
Selected income statement data:					
Interest income					
Interest income					
Interest income					
Interest expense					
Interest expense					
Interest expense					
Net interest income					
Provision (reversal) for credit losses					
Net interest income					
Net interest income					
Provision for credit losses					
Provision for credit losses					
Provision for credit losses					

Noninterest income
Noninterest income
Noninterest income
Noninterest expense
Noninterest expense
Noninterest expense
Income before income taxes
Income before income taxes
Income before income taxes
Income tax expense
Income tax expense
Income tax expense
Net income
Net income
Net income
Preferred stock dividends
Preferred stock dividends
Preferred stock dividends
Net income available to common shareholders
Net income available to common shareholders
Net income available to common shareholders
Per share data:
Per share data:
Per share data:
Earnings per common share, basic
Earnings per common share, basic
Earnings per common share, basic
Earnings per common share, diluted
Earnings per common share, diluted
Earnings per common share, diluted
Book value per common share ⁽¹⁾
Book value per common share ⁽¹⁾
Book value per common share ⁽¹⁾
Tangible common equity per common share ⁽⁹⁾
Tangible common equity per common share ⁽⁹⁾
Tangible common equity per common share ⁽⁹⁾
Cash dividends declared per common share
Cash dividends declared per common share
Cash dividends declared per common share
Outstanding share data:
Outstanding share data:
Outstanding share data:
Number of common shares outstanding
Number of common shares outstanding
Number of common shares outstanding
Weighted-average common shares outstanding, basic
Weighted-average common shares outstanding, basic
Weighted-average common shares outstanding, basic
Weighted-average common shares outstanding, diluted
Weighted-average common shares outstanding, diluted
Weighted-average common shares outstanding, diluted
Selected performance ratios:

Selected performance ratios:

		As of or For the Three Months Ended September 30,		As of or For the Nine Months Ended September 30,	
	As of or For the Three Months Ended March 31,				
	As of or For the Three Months Ended March 31,				
	As of or For the Three Months Ended March 31,				
(\$ in thousands, except per share data)					
(\$ in thousands, except per share data)					
(\$ in thousands, except per share data)	(\$ in thousands, except per share data)	2024	2023	2024	2023
Asset quality:					
Asset quality:					
Asset quality:					
Loans 30 to 89 days past due and still accruing					
Loans 30 to 89 days past due and still accruing					

Loans 30 to 89 days past due and still accruing											
Nonperforming loans ⁽⁷⁾											
Nonperforming loans ⁽⁷⁾											
Nonperforming loans ⁽⁷⁾											
Nonperforming assets ⁽⁸⁾											
Net charge-offs (recoveries)											
Nonperforming assets ⁽⁸⁾											
Nonperforming assets ⁽⁸⁾											
Net charge-offs											
Net charge-offs											
Net charge-offs											
Loans 30 to 89 days past due and still accruing to loans held-for-investment											
Loans 30 to 89 days past due and still accruing to loans held-for-investment											
Loans 30 to 89 days past due and still accruing to loans held-for-investment	Loans 30 to 89 days past due and still accruing to loans held-for-investment	0.12	%		0.03	%		0.12	%	0.03	%
Nonperforming loans to loans held-for-investment											
Nonperforming loans to loans held-for-investment											
Nonperforming loans to loans held-for-investment											
Nonperforming loans to ACL on loans	Nonperforming loans to ACL on loans	22.86	%		14.57	%		22.86	%	14.57	%
Nonperforming loans to ACL on loans											
Nonperforming loans to ACL on loans											
Nonperforming assets to total assets	Nonperforming assets to total assets	0.24	%		0.15	%		0.24	%	0.15	%
Nonperforming assets to total assets											
Nonperforming assets to total assets											
ACL on loans to loans held-for-investment											
ACL on loans to loans held-for-investment											
ACL on loans to loans held-for-investment	ACL on loans to loans held-for-investment	1.17	%		1.18	%		1.17	%	1.18	%
ACL on loans to nonperforming loans											
ACL on loans to nonperforming loans											
ACL on loans to nonperforming loans											
Net charge-offs (recoveries) to average loans held-for-investment ⁽²⁾	Net charge-offs (recoveries) to average loans held-for-investment ⁽²⁾	0.01	%		0.01	%		0.01	%	(0.07)	%
Net charge-offs (recoveries) to average loans held-for-investment ⁽²⁾											
Net charge-offs (recoveries) to average loans held-for-investment ⁽²⁾											
Capital ratios:											
Capital ratios:											
Capital ratios:											
Shareholders' equity to total assets											
Shareholders' equity to total assets											
Shareholders' equity to total assets											
Tangible common equity to total assets ⁽⁹⁾	Tangible common equity to total assets ⁽⁹⁾	10.14	%		10.62	%		10.14	%	10.62	%
Tangible common equity to total assets ⁽⁹⁾											
Tangible common equity to total assets ⁽⁹⁾											
Average shareholders' equity to average total assets	Average shareholders' equity to average total assets	12.47	%		13.39	%		12.41	%	13.48	%
Average shareholders' equity to average total assets											
Average shareholders' equity to average total assets											
PCB Bancorp											
PCB Bancorp											
PCB Bancorp											
Common tier 1 capital (to risk-weighted assets)											
Common tier 1 capital (to risk-weighted assets)											

Common tier 1 capital (to risk-weighted assets)		11.92	%	13.07	%	11.92	%	13.07	%
Total capital (to risk-weighted assets)	Total capital (to risk-weighted assets)	15.88	%	17.48	%	15.88	%	17.48	%
Total capital (to risk-weighted assets)									
Total capital (to risk-weighted assets)									
Tier 1 capital (to risk-weighted assets)									
Tier 1 capital (to risk-weighted assets)									
Tier 1 capital (to risk-weighted assets)	Tier 1 capital (to risk-weighted assets)	14.68	%	16.24	%	14.68	%	16.24	%
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	12.79	%	13.76	%	12.79	%	13.76	%
Tier 1 capital (to average assets)									
Tier 1 capital (to average assets)									
PCB Bank									
PCB Bank									
PCB Bank									
Common tier 1 capital (to risk-weighted assets)									
Common tier 1 capital (to risk-weighted assets)									
Common tier 1 capital (to risk-weighted assets)		14.33	%	15.87	%	14.33	%	15.87	%
Total capital (to risk-weighted assets)	Total capital (to risk-weighted assets)	15.54	%	17.11	%	15.54	%	17.11	%
Total capital (to risk-weighted assets)									
Total capital (to risk-weighted assets)									
Tier 1 capital (to risk-weighted assets)									
Tier 1 capital (to risk-weighted assets)									
Tier 1 capital (to risk-weighted assets)	Tier 1 capital (to risk-weighted assets)	14.33	%	15.87	%	14.33	%	15.87	%
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	12.49	%	13.44	%	12.49	%	13.44	%
Tier 1 capital (to average assets)									
Tier 1 capital (to average assets)									

- (1) Shareholders' equity divided by common shares outstanding.
- (2) Annualized.
- (3) Dividends declared per common share divided by basic earnings per common share.
- (4) Noninterest expenses divided by the sum of net interest income and noninterest income.
- (5) Net interest income divided by average total interest-earning assets.
- (6) Total loans include both loans held-for-sale and loans held-for-investment.
- (7) Nonperforming loans include nonaccrual loans and loans past due 90 days or more and still accruing.
- (8) Nonperforming assets include nonperforming loans and other real estate owned.
- (9) Non-GAAP measure. See "Non-GAAP Measures" for a reconciliation to its most comparable GAAP measure.

Executive Summary

Q3 2024 Q1 2025 Financial Highlights

- The Company recorded an option derivative of \$35.8 million.
- Net income available for common shareholders was \$7.5 million \$7.7 million for the three months ended September 30, 2024 March 31, 2025, an increase of \$445 thousand, \$3.0 million, or 6.3% 64.2%, from \$7.0 million \$4.7 million for the three months ended September 30, 2023 March 31, 2024;
- Recorded a provision for credit losses of \$50 thousand \$1.6 million for the three months ended September 30, 2024 March 31, 2025 compared with \$751 thousand \$1.1 million for the three months ended September 30, 2023 March 31, 2024.
- ACL on loan loans to loans held-for-investment ratio was 1.17% at September 30, 2024 March 31, 2025 compared with 1.19% 1.16% at December 31, 2023 December 31, 2024.
- Net interest income was \$22.7 million \$24.3 million for the three months ended September 30, 2024 March 31, 2025 compared with \$22.4 million \$21.0 million for the three months ended September 30, 2023 March 31, 2024. Net interest margin was 3.25% 3.28% for the three months ended September 30, 2024 March 31, 2025 compared with 3.57% 3.10% for the three months ended September 30, 2023 March 31, 2024.
- Gain on sale of loans was \$750 \$887 thousand for the three months ended September 30, 2024 March 31, 2025 compared with \$689 thousand \$1.1 million for the three months ended September 30, 2023 March 31, 2024.
- Total assets were \$2.89 billion \$3.22 billion at September 30, 2024 March 31, 2025, an increase of \$100.3 million \$155.6 million, or 3.6% 5.1%, from \$2.79 billion \$3.06 billion at December 31, 2023 December 31, 2024;
- Loans held-for-investment were \$2.47 billion \$2.73 billion at September 30, 2024 March 31, 2025, an increase of \$142.7 million \$98.2 million, or 6.1% 3.7%, from \$2.32 billion \$2.63 billion at December 31, 2023 December 31, 2024; and
- Total deposits were \$2.46 billion \$2.71 billion at September 30, 2024 March 31, 2025, an increase of \$108.1 million \$98.6 million, or 4.6% 3.8%, from \$2.35 billion \$2.62 billion at December 31, 2023 December 31, 2024.

Results of Operations

Net Interest Income

A principal component of the Company's earnings is net interest income, which is the difference between the interest and fees earned on loans and investments and the interest paid on deposits and borrowed funds. Net interest income expressed as a percentage of average interest earning assets is referred to as the net interest margin. The net interest spread is the yield on average interest earning assets less the cost of average interest bearing liabilities. Net interest income is affected by changes in the balances of interest earning assets and interest bearing liabilities and changes in the yields earned on interest earning assets and the rates paid on interest bearing liabilities.

The following table presents interest income, average interest-earning assets, interest expense, average interest-bearing liabilities, and their corresponding yields and costs expressed both in dollars and rates, on a consolidated operations basis, for the periods indicated:

Three Months Ended September 30,														
2024														
2023														
Three Months Ended March 31,														
2025														
2024														
		Average		Interest	Yield/ Cost		Average		Interest	Yield/ Cost				
(\$ in thousands)	(\$ in thousands)	Balance			(6)		Balance			(6)		(\$ in thousands)		
Interest-earning assets:														
Total loans (1)														
Total loans (1)														
Total loans (1)		\$2,456,015	\$	\$42,115	6.82	6.82 %	\$2,137,184	\$	\$34,651	6.43	6.43 %			
Mortgage backed securities	Mortgage backed securities	111,350	1,000	1,000	3.57	3.57 %	98,534	750	750	3.02	3.02 %		Mortgage backed securities	
Collateralized mortgage obligation	Collateralized mortgage obligation	22,661	244	244	4.28	4.28 %	24,959	262	262	4.16	4.16 %		Collateralized mortgage obligation	
SBA loan pool securities	SBA loan pool securities	6,571	69	69	4.18	4.18 %	7,842	81	81	4.10	4.10 %		SBA loan pool securities	
Municipal bonds - tax exempt (2)	Municipal bonds - tax exempt (2)	2,698	24	24	3.54	3.54 %	3,602	30	30	3.30	3.30 %		Municipal bonds - tax exempt (2)	
Corporate bonds	Corporate bonds	4,248	47	47	4.40	4.40 %	4,056	47	47	4.60	4.60 %		Corporate bonds	
Interest-bearing deposits in other financial institutions	Interest-bearing deposits in other financial institutions	161,669	2,202	2,202	5.42	5.42 %	206,399	2,798	2,798	5.38	5.38 %		Interest-bearing deposits in other financial institutions	
FHLB and other bank stock	FHLB and other bank stock	14,042	297	297	8.41	8.41 %	12,716	233	233	7.27	7.27 %		FHLB and other bank stock	
Total interest-earning assets	Total interest-earning assets	2,779,254	45,998	45,998	6.58	6.58 %	2,495,292	38,852	38,852	6.18	6.18 %		Total interest-earning assets	
Noninterest-earning assets:														
Cash and due from banks														
Cash and due from banks														
Cash and due from banks														
Allowance for credit losses on loans														
Allowance for credit losses on loans														
Allowance for credit losses on loans														
Other assets														
Other assets														
Other assets														

Total noninterest earning assets

Total noninterest earning assets

Total noninterest earning assets

Total assets

Total assets

Total assets

Interest-bearing liabilities:

Interest-bearing liabilities:

Interest-bearing liabilities:

Deposits:

Deposits:

Deposits:

NOW and money market accounts

NOW and money market accounts

NOW and money market accounts

		\$	496,158	5,129	5,129	4.11	4.11 %		\$	481,341	4,398	4,398	3.62	3.62 %	
Savings	Savings		6,204	4	4	0.26	0.26 %			7,197	4	4	0.22	0.22 %	Savings
Time deposits	Time deposits		1,390,644	17,924	17,924	5.13	5.13 %			1,073,044	12,001	12,001	4.44	4.44 %	Time deposits
Borrowings	Borrowings		15,848	222	222	5.57	5.57 %			—	—	—	—	— %	Borrowings
Total interest-bearing liabilities	Total interest-bearing liabilities		1,908,854	23,279	23,279	4.85	4.85 %			1,561,582	16,403	16,403	4.17	4.17 %	Total interest-bearing liabilities

Noninterest-bearing liabilities:

Demand deposits

Demand deposits

Demand deposits

Other liabilities

Other liabilities

Other liabilities

Total noninterest-bearing liabilities

Total noninterest-bearing liabilities

Total noninterest-bearing liabilities

Total liabilities

Total liabilities

Total liabilities

Shareholders' equity

Shareholders' equity

Shareholders' equity

Total liabilities and shareholders' equity

Total liabilities and shareholders' equity

Total liabilities and shareholders' equity

Net interest income

Net interest income

Net interest income

Net interest spread ⁽³⁾

Net interest spread ⁽³⁾

Net interest spread ⁽³⁾		1.73 %
Net interest margin ⁽⁴⁾	Net interest margin ⁽⁴⁾	3.25 %
Cost of deposits	Cost of deposits	3.78 %
Cost of funds ⁽⁵⁾	Cost of funds ⁽⁵⁾	3.79 %

(1) Average balance includes both loans held-for-sale and loans held-for-investment, as well as nonaccrual loans. Net amortization of deferred loan fees of \$246 \$266 thousand and \$226 \$334 thousand, respectively, and net accretion of discount on loans of \$773 \$872 thousand and \$775 \$573 thousand, respectively, are included in the interest income for the three months ended September 30, 2024 March 31, 2025 and 2023.

(2) The yield on municipal bonds has not been computed on a tax-equivalent basis.

(3) Net interest spread is calculated by subtracting average rate on interest-bearing liabilities from average yield on interest-earning assets.

(4) Net interest margin is calculated by dividing net interest income by average interest-earning assets.

(5) Cost of funds is calculated by dividing annualized interest expense on total interest-bearing liabilities by the sum of average total interest-bearing liabilities and noninterest-bearing demand deposits.

(6) Annualized.

The following table presents interest income, average interest-earning assets, interest expense, average interest-bearing liabilities, and their corresponding yields and costs expressed both in dollars and rates, on a consolidated operations basis, for the periods indicated:

(\$ in thousands)	Nine Months Ended September 30,					
	2024			2023		
	Average Balance	Interest	Yield/ Cost ⁽⁶⁾	Average Balance	Interest	Yield/ Cost ⁽⁶⁾
Interest-earning assets:						
Total loans ⁽¹⁾	\$ 2,413,777	\$ 121,992	6.75 %	\$ 2,102,600	\$ 98,840	6.29 %
Mortgage backed securities	105,933	2,750	3.47 %	98,364	2,146	2.92 %
Collateralized mortgage obligation	23,137	747	4.31 %	25,970	780	4.02 %
SBA loan pool securities	6,925	221	4.26 %	8,406	244	3.88 %
Municipal bonds - tax exempt ⁽²⁾	3,077	81	3.52 %	4,017	97	3.23 %
Corporate bonds	4,211	141	4.47 %	4,300	141	4.38 %
Interest-bearing deposits in other financial institutions	188,432	7,714	5.47 %	195,016	7,391	5.07 %
FHLB and other bank stock	13,519	852	8.42 %	11,704	587	6.71 %
Total interest-earning assets	2,759,011	134,498	6.51 %	2,450,377	110,226	6.01 %
Noninterest-earning assets:						
Cash and due from banks	22,845			21,069		
Allowance for credit losses on loans	(28,251)			(25,438)		
Other assets	89,784			72,616		
Total noninterest earning assets	84,378			68,247		
Total assets	\$ 2,843,389			\$ 2,518,624		
Interest-bearing liabilities:						
Deposits:						
NOW and money market accounts	\$ 474,584	14,670	4.13 %	\$ 477,605	11,772	3.30 %
Savings	6,432	12	0.25 %	7,684	14	0.24 %
Time deposits	1,380,379	52,878	5.12 %	1,015,234	31,651	4.17 %
Borrowings	35,427	1,485	5.60 %	5,212	209	5.36 %
Total interest-bearing liabilities	1,896,822	69,045	4.86 %	1,505,735	43,646	3.88 %
Noninterest-bearing liabilities:						
Demand deposits	537,682			647,258		
Other liabilities	56,019			26,208		
Total noninterest-bearing liabilities	593,701			673,466		
Total liabilities	2,490,523			2,179,201		
Shareholders' equity	352,866			339,423		
Total liabilities and shareholders' equity	\$ 2,843,389			\$ 2,518,624		
Net interest income		\$ 65,453			\$ 66,580	

Net interest spread ⁽³⁾	1.65 %	2.13 %
Net interest margin ⁽⁴⁾	3.17 %	3.63 %
Cost of deposits	3.76 %	2.70 %
Cost of funds ⁽⁵⁾	3.79 %	2.71 %

- (1) Average balance includes both loans held-for-sale and loans held-for-investment, as well as nonaccrual loans. Net amortization of deferred loan fees of \$919 thousand and \$648 thousand, respectively, and net accretion of discount on loans of \$2.1 million and \$2.2 million, respectively, are included in the interest income for the nine months ended September 30, 2024 and 2023, 2024.
- (2) The yield on municipal bonds has not been computed on a tax-equivalent basis.
- (3) Net interest spread is calculated by subtracting average rate on interest-bearing liabilities from average yield on interest-earning assets.
- (4) Net interest margin is calculated by dividing net interest income by average interest-earning assets.
- (5) Cost of funds is calculated by dividing annualized interest expense on total interest-bearing liabilities by the sum of average total interest-bearing liabilities and noninterest-bearing demand deposits.
- (6) Annualized.

The following table presents the changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities. Information is provided on changes attributable to: (i) changes in volume multiplied by the prior rate; and (ii) changes in rate multiplied by the prior volume. Changes attributable to both rate and volume which cannot be segregated have been allocated proportionately to the change due to volume and the change due to rate.

Three Months Ended September 30, 2024 vs. 2023		Nine Months Ended September 30, 2024 vs. 2023	
	Three Months Ended March 31, 2025 vs. 2024	Increase (Decrease) Due to	Net Increase (Decrease)
	Three Months Ended March 31, 2025 vs. 2024		
	Three Months Ended March 31, 2025 vs. 2024		
	2025 vs. 2024		
	Increase (Decrease) Due to	Increase (Decrease) Due to	Increase (Decrease) Due to
	Increase (Decrease) Due to		Net Increase (Decrease)
	Increase (Decrease) Due to		Net Increase (Decrease)
(\$ in thousands)			
(\$ in thousands)			
(\$ in thousands)			
Interest earned on:			
Interest earned on:			
Interest earned on:			
Total loans			
Total loans			
Total loans			
Investment securities			
Investment securities			
Investment securities			
Other interest-earning assets			
Other interest-earning assets			
Other interest-earning assets			
Total interest income			
Total interest income			
Total interest income			
Interest incurred on:			
Interest incurred on:			
Interest incurred on:			
Savings, NOW, and money market deposits			
Savings, NOW, and money market deposits			
Savings, NOW, and money market deposits			
Time deposits			
Time deposits			
Time deposits			

Borrowings
Borrowings
Borrowings
Total interest expense
Total interest expense
Total interest expense
Change in net interest income
Change in net interest income
Change in net interest income

Three Months Ended September 30, 2024 March 31, 2025 Compared to Three Months Ended September 30, 2023 March 31, 2024

The following table presents the components of net interest income for the periods indicated:

		Three Months Ended September 30,				Three Months Ended March 31,		Amount Change		Percentage Change				Amount Change		Percentage Change	
(\$ in thousands)																	
Interest and dividend income:																	
Interest and dividend income:																	
Interest and dividend income:																	
Loans, including fees																	
Loans, including fees																	
Loans, including fees		\$ 42,115	\$	\$ 34,651	\$	\$ 7,464	21.5		21.5	%		\$ 43,026	\$	\$		\$ 39,251	
Investment securities	Investment securities	1,384	1,170	1,170	214	214	18.3		18.3	%			1,408		1,246		
Other interest-earning assets	Other interest-earning assets	2,499	3,031	3,031	(532)	(532)	(17.6)		(17.6)	%			2,458		3,058		
Total interest income	Total interest income	45,998	38,852	38,852	7,146	7,146	18.4		18.4	%			46,892		43,555		
Interest expense:																	
Deposits																	
Deposits		23,057	16,403	16,403	6,654	6,654	40.6		40.6	%			22,564		21,967		
Borrowings	Borrowings	222	—	—	222	222	NM		NM				45		589		
Total interest expense	Total interest expense	23,279	16,403	16,403	6,876	6,876	41.9		41.9	%			22,609		22,556		
Net interest income	Net interest income	\$ 22,719	\$	\$ 22,449	\$	\$ 270	1.2		1.2	%			\$ 24,283	\$		\$	

Net interest income increased primarily due to an 11.4% a 10.2% increase in average balance of interest-earning assets and a 40 57 basis point increase decrease in average yield, cost, partially offset by a 22.2% 14.7% increase in average balance of interest-bearing liabilities and a 68 9 basis point increase decrease in average cost, yield.

Interest and fees on loans increased primarily due to a 14.9% an 11.8% increase in average balance, and partially offset by a 39 7 basis point increase decrease in average yield. The increase decrease in average yield was primarily due to increases decreases in overall interest market rates on loans and net amortization of deferred loan fees, fees, partially offset by an increase in net accretion of discount on loans.

Interest on investment securities increased primarily due to a 39 4.3% increase in average balance and a 33 basis point increase in average yield and a 6.1% increase in average balance, yield. The increase in average yield was primarily due to a higher yield on newly purchased investment securities. For the three months ended September 30, 2024 March 31, 2025 and 2023, 2024, the average yield on total investment securities was 3.73% 3.90% and 3.34% 3.57%, respectively.

Interest income on other interest-earning assets increased decreased primarily due to a 17 basis point increase in average yield, partially offset by a 19.8% 3.5% decrease in average balance, balance and a 91 basis point decrease in average yield. The increase decrease in average yield was primarily due to an increase a decrease in dividends

received interest rate on FHLB stock, cash held at the Federal Reserve Bank. For the three months ended September 30, 2024 March 31, 2025 and 2023, 2024, the average yield on total other interest-earning assets was 5.66% 4.76% and 5.49% 5.67%, respectively.

Interest expense on deposits increased primarily due to a 21.2% 17.1% increase in average balance of interest-bearing deposits, and an 68 partially offset by a 56 basis point increase decrease in average cost of interest-bearing deposits. The increase in average balance was primarily due to the migration of noninterest-bearing deposits to money market accounts and time deposits attributable to the rising market rates. The increase decrease in average cost was primarily due to an increase a decrease in market rates. For the three months ended September 30, 2024 March 31, 2025 and 2023, 2024, average cost on total interest-bearing deposits was 4.85% 4.28% and 4.17% 4.84%, respectively, and average cost on total deposits were 3.78% 3.44% and 2.97% 3.73%, respectively.

The Company did not utilize Interest expense on other borrowings during the three months ended September 30, 2023.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

The following table presents the components of net interest income for the periods indicated:

(\$ in thousands)	Nine Months Ended September 30,		Amount Change	Percentage Change
	2024	2023		
Interest and dividend income:				
Loans, including fees	\$ 121,992	\$ 98,840	\$ 23,152	23.4 %
Investment securities	3,940	3,408	532	15.6 %
Other interest-earning assets	8,566	7,978	588	7.4 %
Total interest income	134,498	110,226	24,272	22.0 %
Interest expense:				
Deposits	67,560	43,437	24,123	55.5 %
Borrowings	1,485	209	1,276	610.5 %
Total interest expense	69,045	43,646	25,399	58.2 %
Net interest income	\$ 65,453	\$ 66,580	\$ (1,127)	(1.7)%

Net interest income decreased primarily due to a 26.0% increase in average balance of interest-bearing liabilities and a 98 basis point increase in average cost, partially offset by a 12.6% increase in average balance of interest-earning assets and a 50 basis point increase in average yield.

Interest and fees on loans increased primarily due to a 14.8% increase 90.7% decrease in average balance and a 46 98 basis point increase in average yield. The increase in average yield was primarily due to increases in overall interest rates on loans and net amortization of deferred loan fees.

Interest on investment securities increased primarily due to a 44 basis point increase in average yield and a 1.6% increase in average balance. The increase in average yield was primarily due to a decrease in net amortization of premiums on securities and a higher yield on newly purchased investment securities. For the nine months ended September 30, 2024 and 2023, the average yield on total investment securities was 3.67% and 3.23%, respectively.

Interest income on other interest-earning assets increased primarily due to a 51 basis point increase in average yield, partially offset by a 2.3% decrease in average balance. The increase in average yield was primarily due to an increase in interest rate on cash held at the Federal Reserve Bank and dividends received on FHLB stock. For the nine months ended September 30, 2024 and 2023, the average yield on total other interest-earning assets was 5.67% and 5.16%, respectively. cost.

Interest expense on deposits increased primarily due to a 24.0% increase in average balance of interest-bearing deposits and a 98 basis point increase in average cost of interest-bearing deposits. The increase in average balance was primarily due to the migration of noninterest-bearing deposits to money market accounts and time deposits attributable to the rising market rates. The increase in average cost was primarily due to an increase in market rates. For the nine months ended September 30, 2024 and 2023, average cost on total interest-bearing deposits was 4.85% and 3.87%, respectively, and average cost on total deposits were 3.76% and 2.70%, respectively.

Interest expense on borrowings increased primarily due to a 579.7% increase in average balance and a 24 basis point increase in average cost of interest-bearing deposits. The increase in average cost was primarily due to an increase in market rates.

Provision (reversal) for Credit Losses

The following tables present a composition of provision (reversal) for credit losses for the periods indicated:

(\$ in thousands)	Three Months Ended September 30,		Amount Change	Percentage Change
	2024	2023		
Provision for credit losses on loans	\$ 193	\$ 822	\$ (629)	(76.5)%
Provision (reversal) for credit losses on off-balance sheet credit exposure	(143)	(71)	(72)	NM
Total provision for credit losses	\$ 50	\$ 751	\$ (701)	(93.3)%

(\$ in thousands)	Nine Months Ended September 30,		Amount Change	Percentage Change
	2024	2023		
Provision (reversal) for credit losses on loans	\$ 1,444	\$ (1,438)	\$ 2,882	NM
Provision (reversal) for credit losses on off-balance sheet credit exposure	(45)	(392)	347	NM

Total provision (reversal) for credit losses	\$ 1,399	\$ (1,830)	\$ 3,229	NM
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(\$ in thousands)	Three Months Ended March 31,		Amount Change	Percentage Change
	2025	2024		
Provision for credit losses on loans	\$ 1,591	\$ 922	\$ 669	72.6 %
Provision for credit losses on off-balance sheet credit exposure	7	168	(161)	(95.8)%
Total provision for credit losses	\$ 1,598	\$ 1,090	\$ 508	46.6 %

The provision for credit losses for the three and nine months ended **September 30, 2024** **March 31, 2025** was primarily due to increases in loans held-for-investment, **net charge-offs**, and quantitatively measured loss **reserve requirement**, reserves, partially offset by a **decrease the decreases in reserve related to maximum loss rate used for qualitative adjustment factors**, **factor reserves** and reserves on individually evaluated loans. See further discussion in "Allowance for Credit Losses."

Noninterest Income

Three Months Ended **September 30, 2024** **March 31, 2025** Compared to Three Months Ended **September 30, 2023** **March 31, 2024**

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

		Three Months Ended September 30,		Three Months Ended March 31,		Amount Change		Percentage Change				Amount Change		Percentage Change	
(\$ in thousands)															
Service charges and fees on deposits		\$ 399	\$ 371	\$ 28	7.5		7.5 %			\$ 372	\$ 378				
Loan servicing income	Loan servicing income	786	851	(65)	(65)	(7.6)	(7.6) %			725	919			919	(194)
Bank-owned life insurance income	Bank-owned life insurance income	239	187	187	52	27.8	27.8 %			247	228			228	19
Gain on sale of loans	Gain on sale of loans	750	689	689	61	8.9	8.9 %			887	1,078			1,078	(191)
Other income	Other income	446	404	404	42	10.4	10.4 %			349	342			342	7
Total noninterest income	Total noninterest income	\$2,620	\$ 2,502	\$ 118	4.7	4.7 %				\$2,580	\$ 2,945			\$ 365	

Loan servicing income decreased primarily due to a decrease in servicing fee income and an increase in servicing asset amortization. Servicing asset amortization was **\$478** **\$549** thousand and **\$470** **\$374** thousand, respectively, for the three months ended **September 30, 2024** **March 31, 2025** and **2023**, **2024**.

Gain on sale of loans **increased** **decreased** primarily due to an **increase** **decreases** in level of premium on SBA loans in the secondary market **partially offset by a decrease in** and sales volume. The Company sold SBA loans of **\$13.5 million** **\$16.6 million** with a gain of **\$750** **\$887** thousand and a residential mortgage loan of \$676 thousand at par during the three months ended **September 30, 2024** **March 31, 2025**. During the three months ended **September 30, 2023** **March 31, 2024**, the Company sold SBA loans of **\$17.7 million** **\$19.4 million** with a gain of \$689 thousand.

Other income primarily included wire transfer fees of \$156 thousand and \$162 thousand, respectively, and debit card interchange fees of \$154 thousand and \$103 thousand, respectively, for the three months ended **September 30, 2024** and **2023**.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

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

(\$ in thousands)	Nine Months Ended September 30,		Amount Change	Percentage Change
	2024	2023		
Service charges and fees on deposits	\$ 1,141	\$ 1,084	\$ 57	5.3 %
Loan servicing income	2,504	2,579	(75)	(2.9)%
Bank-owned life insurance income	703	551	152	27.6 %
Gain on sale of loans	2,591	2,767	(176)	(6.4)%
Other income	1,111	1,199	(88)	(7.3)%
Total noninterest income	\$ 8,050	\$ 8,180	\$ (130)	(1.6)%

Loan servicing income decreased primarily due to a decrease in servicing fee income and an increase in servicing asset amortization. Servicing asset amortization was \$1.4 million and \$1.3 million, respectively, for the nine months ended September 30, 2024 and 2023.

Gain on sale of loans decreased primarily due to an increase in level of premium on SBA loans in the secondary market, partially offset by a decrease in sales volume. The Company sold SBA loans of \$46.5 million with a gain of \$2.6 million and a residential mortgage loan of \$676 thousand at par during the nine months ended September 30, 2024. During the nine months ended September 30, 2023, the Company sold SBA loans of \$61.6 million with a gain of \$2.8 million **\$1.1 million**.

Other income primarily included wire transfer fees of **\$462 \$153** thousand and **\$467 \$141** thousand, respectively, and debit card interchange fees of **\$253 \$86** thousand and **\$254 \$81** thousand, respectively, for the **nine three** months ended **September 30, 2024 March 31, 2025** and **2023, 2024**.

Noninterest Expense

Three Months Ended September 30, 2024 March 31, 2025 Compared to Three Months Ended September 30, 2023 March 31, 2024

The following table presents the components of noninterest expense for the periods indicated:

Three Months Ended September 30,												
Three Months Ended March 31,						Amount Change	Percentage Change					
(\$ in thousands)						Amount Change	Percentage Change					
Salaries and employee benefits												
Salaries and employee benefits												
Salaries and employee benefits		\$ 8,801	\$	\$ 8,572	\$	\$ 229	2.7	2.7	%	\$9,075	\$	
Occupancy and equipment	Occupancy and equipment	2,261	1,964	1,964	297	297	15.1	15.1	%	Occupancy and equipment	2,289	
Professional fees	Professional fees	599	685	685	(86)	(86)	(12.6)	(12.6)	%	Professional fees	628	
Marketing and business promotion	Marketing and business promotion	667	980	980	(313)	(313)	(31.9)	(31.9)	%	Marketing and business promotion	243	
Data processing	Data processing	397	367	367	30	30	8.2	8.2	%	Data processing	333	
Director fees and expenses	Director fees and expenses	226	152	152	74	74	48.7	48.7	%	Director fees and expenses	226	
Regulatory assessments		Regulatory assessments		344	298	298	46	46	15.4	15.4	%	
Regulatory assessments												
Regulatory assessments		309 281 28 10.0 %										
Other expenses												
Other expenses												
Other expenses		1,342	1,206	1,206	136	136	11.3	11.3	%	Other expenses	1,336	
Total noninterest expense	Total noninterest expense	\$14,602	\$	\$14,207	\$	\$ 395	2.8	2.8	%	Total noninterest expense	\$14,474	

Salaries and employee benefits **increased decreased** primarily due to **increases a decrease** in salaries **bonus accrual, incentives tied to sales** and an increase in direct loan origination cost, which offsets and defers the recognition of SBA loans originated at LPOs, salaries and other employee benefits **expense**, partially offset by **a decrease an increase** in vacation bonus accrual. The number of full-time equivalent employees was **264 257** at **September 30, 2024 March 31, 2025** compared to **270 272** at **September 30, 2023**.

Occupancy and equipment increased primarily due to an expansion of headquarters location in the second half of 2023, the relocation of a regional office and the consolidation of two branches into a new location in Orange County, California starting from the three months ended June 30, 2024 **March 31, 2024**.

Professional fees decreased primarily due to professional fees incurred during the completion year-ago quarter related to a core system conversion that was completed in April 2024, resulting in high professional fees during the three months ended September 30, 2024, 2024.

Marketing and business promotion expense decreased primarily due to a decrease in advertisements.

Data processing decreased primarily due to a decreased overall service charges after the core system conversion.

Regulatory assessments increased primarily due to an increase in the balance sheet.

Other expenses included \$97 \$92 thousand and \$114 \$94 thousand in loan related expenses, \$625 \$478 thousand and \$565 \$515 thousand in office expense, and \$221 \$183 thousand and \$206 \$204 thousand in armed guard expense for the three months ended September 30, 2024 March 31, 2025 and 2023, 2024, respectively.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

The following table presents the components of noninterest expense for the periods indicated:

(\$ in thousands)	Nine Months Ended September 30,		Amount Change	Percentage Change
	2024	2023		
Salaries and employee benefits	\$ 27,244	\$ 26,175	\$ 1,069	4.1 %
Occupancy and equipment	6,919	5,779	1,140	19.7 %
Professional fees	2,656	2,189	467	21.3 %
Marketing and business promotion	1,304	1,555	(251)	(16.1)%
Data processing	1,294	1,159	135	11.6 %
Director fees and expenses	679	549	130	23.7 %
Regulatory assessments	934	818	116	14.2 %
Other expenses	5,099	3,364	1,735	51.6 %
Total noninterest expense	\$ 46,129	\$ 41,588	\$ 4,541	10.9 %

Salaries and employee benefits increased primarily due to salaries, bonus accrual, incentives tied to sales of SBA loans originated at LPOs, and other employee benefits, partially offset by a decrease in vacation accrual. The number of full-time equivalent employees was 264 at September 30, 2024 compared to 270 at September 30, 2023.

Occupancy and equipment increased primarily due to an expansion of headquarters location in the second half of 2023, and the relocation of a regional office and the consolidation of two branches into a new location in Orange County, California starting from During the three months ended June 30, 2024.

Professional fees decreased primarily due to the completion a core system conversion that was completed in April 2024, resulting in high professional fees during the nine months ended September 30, 2024.

Marketing and business promotion expense decreased primarily due to a decrease in advertisements.

Regulatory assessments increased primarily due to an increase in the balance sheet.

Other expenses included \$315 thousand and \$311 thousand in loan related expenses, \$1.7 million and \$1.6 million in office expense, and \$635 thousand and \$588 thousand in armed guard expense for the nine months ended September 30, 2024 and 2023, respectively. In addition, March 31, 2025, the Company recognized an impairment of operating lease assets of \$146 thousand for a sublease contract and contingent liabilities for legal settlements of \$183 thousand. During the three months ended March 31, 2024, the Company recognized termination charge for the legacy core system of \$508 thousand and an expense of \$815 thousand for a reimbursement for an SBA loan guarantee previously paid by the SBA on a loan originated in 2014 that subsequently defaulted and was ultimately determined to be ineligible for the SBA guaranty during the nine months ended September 30, 2024, guaranty.

Income Tax Expense

Income tax expense was \$2.9 million \$3.1 million and \$3.0 million \$1.8 million, respectively, and the effective tax rate was 26.9% 28.3% and 29.7% 27.9%, respectively, for the three months ended September 30, 2024 March 31, 2025 and 2023. For nine months ended September 30, 2024 and 2023, income tax expense was \$7.2 million and \$10.2 million, respectively, and the effective tax rate was 27.7% and 29.2%, respectively, 2024.

Financial Condition

Investment Securities

The Company's investment strategy aims to maximize earnings while maintaining liquidity in securities with minimal credit risk. The types and maturities of securities purchased are primarily based on current and projected liquidity and interest rate sensitivity positions.

The following table presents the amortized cost and fair value of the investment securities portfolio as of the dates indicated:

September 30, 2024							December 31, 2023							
March 31, 2025							December 31, 2024							
(\$ in thousands)	(\$ in thousands)	Amortized Cost	Fair Value	Unrealized Gain (Loss)	Amortized Cost	Fair Value	Unrealized Gain (Loss)	(\$ in thousands)	Amortized Cost	Fair Value	Unrealized Loss	Amortized Cost	Fair Value	Unrealized Loss

Securities available-for- sale:
U.S. government agency and U.S. government sponsored enterprise securities:
U.S. government agency and U.S. government sponsored enterprise securities:
U.S. government agency and U.S. government sponsored enterprise securities:
Residential mortgage- backed securities
Residential mortgage- backed securities
Residential mortgage- backed securities
Residential collateralized mortgage obligations
SBA loan pool securities
Municipal bonds
Corporate bonds
Total securities available- for-sale

Total investment securities were \$147.6 million \$148.2 million at September 30, 2024 March 31, 2025, an increase of \$4.3 million \$1.8 million, or 3.0% 1.3%, from \$143.3 million \$146.3 million at December 31, 2023 December 31, 2024. The increase was primarily due to purchases of \$14.8 million \$3.0 million and an increase in fair value of securities available-for-sale of \$3.5 million \$3.2 million, partially offset by principal paydowns of \$13.9 million \$4.3 million and net premium amortization of \$123 \$31 thousand.

As of September 30, 2024 March 31, 2025 and December 31, 2024, 95.3% and 95.3%, at amortized cost basis, respectively, of the Company's securities available-for-sale at amortized cost basis were issued by U.S. government agency and U.S. government sponsored enterprise. GSEs. Because the decline in fair value is attributable to changes in interest rates, and not credit quality, and because the Company does not have the intent to sell these securities and it is likely that it will not be required to sell these securities before their anticipated recovery, the Company determined that these securities with unrealized losses did not warrant an ACL. ACL as of March 31, 2025 and December 31, 2024.

Municipal and corporate bonds had an investment grade rating upon purchase. The issuers of these securities have not established any cause for default on these securities and various rating agencies have reaffirmed their long-term investment grade status as of September 30, 2024 March 31, 2025 and December 31, 2024. These securities have fluctuated in value since their purchase dates as market interest rates fluctuated. Additionally, the Company continues to receive contractual principal and interest payments in a timely manner. The Company does not intend to sell these securities and it is more likely than not that the Company will not be required to sell before the recovery of its amortized cost basis. The Company therefore determined that the investment securities with unrealized losses did not warrant an ACL as of September 30, 2024 March 31, 2025 and December 31, 2024.

As of September 30, 2024 March 31, 2025 and December 31, 2024, the Company recorded no ACL on securities available-for-sale.

The following table presents the contractual maturity schedule for securities, at amortized cost, and their weighted-average yields as of the date indicated:

September 30, 2024											
		Within One Year		Within One Year		More than One Year through Five Years		More than Five Years through Ten Years		More than Ten Years	
		Amortized Cost	Weighted- Average Yield	Amortized Cost	Weighted- Average Yield	Amortized Cost		Weighted- Average Yield	Amortized Cost		Weighted- Average Yield
(\$ in thousands)	(\$ in thousands)										
Securities available-for- sale:											
U.S. government agency and U.S. government sponsored enterprise securities:											
U.S. government agency and U.S. government sponsored enterprise securities:											
U.S. government agency and U.S. government sponsored enterprise securities:											

Weighted-average yields are based upon the amortized cost of securities and are calculated using the interest method which takes into consideration of premium amortization and discount accretion. Weighted-average yields on tax-exempt debt securities exclude the federal income tax benefit.


Loans held-for-sale are carried at the lower of cost or fair value. When a determination is made at the time of commitment to originate as held-for-investment, it is the Company's intent to hold these loans to maturity or for the foreseeable future, subject to periodic reviews under the Company's management evaluation processes, including asset/liability management and credit risk management. When the Company subsequently changes its intent to hold certain loans, the loans are transferred to held-for-sale at the lower of cost or fair value. Certain loans are transferred to held-for-sale with write-downs to allowance for credit losses on loans.

Loans held-for-sale were \$5.2 million \$12.1 million at September 30, 2024 March 31, 2025, an increase of \$15 thousand, \$5.8 million, or 0.3% 92.3%, from \$5.2 million \$6.3 million at December 31, 2023 December 31, 2024. The increase was primarily due to new funding of \$48.3 million and a loan transferred from loan held-for-investment of \$676 thousand, \$22.5 million, partially offset by sales of \$47.2 million \$16.6 million and pay-offs and pay-downs of \$1.8 million, \$45 thousand.

The following table presents the composition of the Company's loans held-for-investment as of the dates indicated:

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ACL on off-balance sheet credit exposures

Balance at beginning of period
Balance at beginning of period
Balance at beginning of period
Impact of ASC 326 adoption
Provision (reversal) for credit losses on off-balance sheet credit exposure
Provision for credit losses on off-balance sheet credit exposure
Provision for credit losses on off-balance sheet credit exposure
Provision for credit losses on off-balance sheet credit exposure
Balance at end of period
Balance at end of period
Balance at end of period

The increase in ACL for the three months ended **September 30, 2024** **March 31, 2025** was primarily due to increases in loans held-for-investment, **net charge-off**, and quantitatively measured loss **reserve requirement**, **reserves**, partially offset by **a decrease the decreases in reserve related to maximum loss rate used for qualitative adjustment factors**, **factor reserves** and reserves on individually **evaluated loans**.

The increase in the quantitatively measured loss reserve requirement was primarily due to the **worsened year-over-year change in real GDP forecast and the increased unemployment rate forecast**. The Company utilizes these forecasts published by the Federal Open Market Committee ("FOMC"). The **projected 2024 and 2025 year-end year-over-year change in forecasted real GDP** decreased to **1.7% in the March 2025 FOMC meeting from 2.1% in December 2024**. The forecasted year-end national unemployment rate increased to **4.4% in the March 2025 FOMC meeting from 4.3% in December 2024**. Overall changes in macroeconomic projections resulted the increases of PD and **4.4% LGD** rates across majority of the loan segments leading to higher overall expected loss measurements.

The decrease in the qualitative adjustment factors was primarily due to credit quality improvements in commercial property loans and the overall decrease in maximums rates used as the high watermark.

Loans individually evaluated for impairment totaled \$55.5 million and \$52.0 million, respectively, **in the September 2024 meeting from 4.0% and 4.2%**, related reserve totaled \$5 thousand and \$59 thousand, respectively, in the June 2024 meetings, which resulted an increase in probability of default ("PD") rates for the 4-quarter projected period. The projected 2024 year-end year-over-year **change in real GDP** decreased to 2.0% in the September 2024 meeting from 2.1% in the June 2024 meetings. The projected 2025 year-end year-over-year change in real GDP was maintained at 2.0% at both meetings, **March 31, 2025 and December 31, 2024**.

Management believes that the projections used are reasonable and aligns with the Company's expectation of the economic environment over the next 4 quarters.

The following tables present net charge-offs (recoveries) as a percentage to the average loan held-for-investment balances in each of the loan segments for the periods indicated:

Three Months Ended September 30,												
2024						2023						
Three Months Ended March 31,												
2025						2024						
		Average	Net Charge-				Average Balance	Net Charge-				(\$ in
(\$ in thousands)	(\$ in thousands)	Balance	Offs		Percentage			Offs		Percentage		thousands)
			(Recoveries)					(Recoveries)				
Commercial real estate:												
Commercial property												
Commercial property												
Commercial property		\$ 840,158	\$ —	—	—	%	\$ 797,244	\$ —	—	—	—	%
Business property	Business property	600,435	103	103	0.07	0.07	538,583	(2)	(2)	0.01	0.01	%
Multifamily	Multifamily	129,307	—	—	—	—	129,193	—	—	—	—	%
Construction	Construction	30,528	—	—	—	—	17,993	—	—	—	—	%
Total commercial real estate	Total commercial real estate	1,600,428	103	103	0.03	0.03	1,483,013	(2)	(2)	0.01	0.01	%
Commercial and industrial	Commercial and industrial	401,268	(8)	(8)	(0.01)	(0.01)%	256,553	37	37	0.06	0.06	%
Consumer:												
Residential mortgage												
Residential mortgage												
Residential mortgage		386,490	—	—	—	—	359,156	—	—	—	—	%

Other consumer	Other consumer	19,000	(85)	(85)	(1.79)	(1.79)%	21,676	55	55	1.01	1.01%	Other consumer
Total consumer	Total consumer	405,490	(85)	(85)	(0.08)	(0.08)%	380,832	55	55	0.06	0.06%	Total consumer
Total	Total	\$2,407,186	\$	10	0.01	0.01%	\$ 2,120,398	\$	90	0.01	0.01%	% Total
Nine Months Ended September 30,												
Nine Months Ended September 30,												
Nine Months Ended September 30,												
2024												
2023												
Net Charge-Offs												
Net Charge-Offs												
Average Balance												
Average Balance												
Percentage												
Percentage												
(\$ in thousands)												
Commercial real estate:												
Commercial property												
Commercial property												
Commercial property		\$ 854,822	\$	—	—	%	\$ 782,089	\$	—	—	%	
Business property		584,282		101	0.02	%	530,820		(4)	(0.01)	%	
Multifamily		146,934		—	—	%	125,909		—	—	%	
Construction		27,756		—	—	%	17,428		—	—	%	
Total commercial real estate		1,613,794		101	0.01	%	1,456,246		(4)	(0.01)	%	
Commercial and industrial		386,714		68	0.02	%	252,795		(1,055)	(0.56)	%	
Consumer:												
Residential mortgage												
Residential mortgage												
Residential mortgage		386,845		—	—	%	351,988		—	—	%	
Other consumer		18,334		(122)	(0.89)	%	22,154		31	0.19	%	
Total consumer		405,179		(122)	(0.04)	%	374,142		31	0.01	%	
Total		\$2,405,687	\$	47	0.01	%	\$2,083,183	\$	(1,028)	(0.07)	%	

Nonperforming Loans and Nonperforming Assets

The following table presents a summary of total non-performing assets as of the dates indicated:

(\$ in thousands)	(\$ in thousands)	September 30, 2024	December 31, 2023	Amount Change	Percentage Change (\$ in thousands)	March 31, 2025
Nonaccrual loans held-for-investment						
Commercial real estate:						
Commercial real estate:						
Commercial real estate:						
Commercial property		\$ 1,633	\$ 958	\$ 675	70.5	\$ 1,538
Business property	Business property	2,367	2,865	(498)	(17.4)	1,485
Multifamily		2,038	—	2,038	NM	2
Total commercial real estate						
Total commercial real estate						
Total commercial real estate		6,038	3,823	2,215	57.9	3,023
Commercial and industrial	Commercial and industrial	124	68	56	82.4	66
Consumer:						
Residential mortgage						

NOW	15,873	16,825	(952)	(5.7)%
Retail money market accounts	470,347	397,531	72,816	18.3 %
Brokered money market accounts	1	1	—	— %
Retail time deposits of:				
\$250,000 or less	492,430	456,293	36,137	7.9 %
More than \$250,000	580,166	515,702	64,464	12.5 %
Brokered time deposits	295,079	303,741	(8,662)	(2.9)%
Time deposits from California State Treasurer	60,000	60,000	—	— %
Total interest-bearing deposits	1,919,614	1,756,939	162,675	9.3 %
Total deposits	\$ 2,459,682	\$ 2,351,612	\$ 108,070	4.6 %
Estimated total deposits not covered by deposit insurance	\$ 1,042,366	\$ 954,591	87,775	9.2 %
Estimated time deposits not covered by deposit insurance	\$ 444,683	\$ 408,637	36,046	8.8 %

The decrease in noninterest-bearing demand deposits was primarily due to strong deposit market competition and the migration of noninterest-bearing demand deposits to interest-bearing deposits. To retain existing and attract new customers, the Bank offers competitive rates on deposit products.

(\$ in thousands)	March 31, 2025	December 31, 2024	Amount Change	Percentage Change
Noninterest-bearing demand deposits	\$ 564,407	\$ 547,853	\$ 16,554	3.0 %
Interest-bearing deposits:				
Savings	5,185	5,765	(580)	(10.1)%
NOW	15,219	13,761	1,458	10.6 %
Retail money market accounts	492,334	447,360	44,974	10.1 %
Brokered money market accounts	1	1	—	— %
Retail time deposits of:				
\$250,000 or less	532,512	493,644	38,868	7.9 %
More than \$250,000	652,458	605,124	47,334	7.8 %
Brokered time deposits	392,283	442,283	(50,000)	(11.3)%
Time deposits from California State Treasurer	60,000	60,000	—	— %
Total interest-bearing deposits	2,149,992	2,067,938	82,054	4.0 %
Total deposits	\$ 2,714,399	\$ 2,615,791	\$ 98,608	3.8 %
Estimated total deposits not covered by deposit insurance	\$ 1,125,068	\$ 1,036,451	88,617	8.6 %
Estimated time deposits not covered by deposit insurance	\$ 494,907	\$ 459,835	35,072	7.6 %

The increase in retail time deposits was primarily due to new accounts of \$272.7 million \$162.2 million and renewals of the matured accounts of \$560.4 million \$339.0 million, partially offset by matured and closed accounts of \$760.8 million \$430.9 million.

As of September 30, 2024 March 31, 2025 and December 31, 2023 December 31, 2024, total deposits were comprised of 22.0% 20.8% and 25.3% 20.9%, respectively, of noninterest-bearing demand accounts, 20.0% 18.9% and 17.9%, respectively, of savings, NOW and money market accounts, and 58.0% 60.3% and 56.8% 61.2%, respectively, of time deposits.

Deposits from certain officers, directors and their related interests with which they are associated held by the Company were \$3.3 million \$3.9 million and \$3.7 million \$6.0 million, respectively, at September 30, 2024 March 31, 2025 and December 31, 2023 December 31, 2024.

The following table presents the maturity of time deposits as of the dates indicated:

(\$ in thousands)	(\$ in thousands)	Three Months or Less	Three to Six Months	Six Months to One Year	Over One Year	(\$ in thousands)	Three Months or Less	Three to Six Months	Six Months to One Year	Over One Year	Total
September 30, 2024											
March 31, 2025											
Time deposits of \$250,000 or less											
Time deposits of \$250,000 or less											
Time deposits of \$250,000 or less											
Time deposits of more than \$250,000											
Total											
Not covered by deposit insurance											
December 31, 2023											

December 31, 2024
Time deposits of \$250,000 or less
Time deposits of \$250,000 or less
Time deposits of \$250,000 or less
Time deposits of more than \$250,000
Total
Not covered by deposit insurance

Shareholders' Equity and Regulatory Capital

Capital Resources

Shareholders' equity is influenced primarily by earnings, dividends paid on common stock and preferred stock, sales and redemptions of common stock and preferred stock, and changes in accumulated other comprehensive income caused primarily by fluctuations in unrealized gains or losses, net of taxes, on securities available-for-sale.

Shareholders' equity was \$362.3 million \$406.6 million at September 30, 2024 March 31, 2025, an increase of \$13.4 million \$42.8 million, or 3.8% 11.8%, from \$348.9 million \$363.8 million at December 31, 2023 December 31, 2024. The increase was primarily due to net income of \$18.8 million and \$7.7 million, a recognition of option derivative of \$35.8 million as a capital contribution, a decrease in accumulated other comprehensive loss of \$2.5 million, \$2.3 million and proceeds from stock option exercises of \$684 thousand, partially offset by dividends declared on common stock of \$7.7 million \$2.9 million, repurchases of common stock of \$222 \$953 thousand and preferred stock dividends of \$488 \$40 thousand.

Regulatory Capital Requirements

The Bank is subject to various regulatory capital requirements administered by the federal and state banking regulators. The Company is not currently subject to separate minimum capital requirements under the Federal Reserve's "Small Bank Holding Company" policy. At such time as the Company reaches the \$3 billion asset level, it will be subject to consolidated capital requirements independent of the Bank.

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 the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for the prompt corrective action ("PCA"), the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting policies. In addition to these uniform risk-based capital guidelines and leverage 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.

The following table presents a summary of the minimum capital adequacy requirements applicable to the Company and the Bank in order and the minimum capital requirements for the Bank to be considered "well-capitalized" from a regulatory perspective as well as the Bank's capital ratios as of the dates indicated. For comparison purpose, the Company's ratios are included as well, all of which would have exceeded the "well-capitalized" level under PCA had the Company been subject to separate capital minimums. indicated:

	PCB Bancorp	PCB Bancorp	PCB Bank	Minimum Regulatory Requirements	Well Capitalized Requirements (Bank)	PCB Bancorp	PCB Bank	Minimum Regulatory Requirements	Well Capitalized Requirements
September 30, 2024									
March 31, 2025									
Common tier 1 capital (to risk-weighted assets)									
Common tier 1 capital (to risk-weighted assets)									
Common tier 1 capital (to risk-weighted assets)		11.92 %	14.33 %	4.5 %	6.5 %	12.52 %	13.42 %	4.5 %	6.5 %
Total capital (to risk-weighted assets)		15.88 %	15.54 %	8.0 %	10.0 %	16.25 %	14.63 %	8.0 %	10.0 %
Tier 1 capital (to risk-weighted assets)		14.68 %	14.33 %	6.0 %	8.0 %	15.04 %	13.42 %	6.0 %	8.0 %
Tier 1 capital (to average assets)		12.79 %	12.49 %	4.0 %	5.0 %	13.16 %	11.82 %	4.0 %	5.0 %
December 31, 2023									

December 31, 2024											
Common tier 1 capital (to risk-weighted assets)											
Common tier 1 capital (to risk-weighted assets)											
Common tier 1 capital (to risk-weighted assets)		12.23 %	14.85 %	4.5 %	6.5 %	11.44 %	13.72 %	4.5 %	6.5 %		
Total capital (to risk-weighted assets)	Total capital (to risk-weighted assets)	16.39 %	16.07 %	8.0 %	10.0 %	15.24 %	14.92 %	8.0 %	10.0 %		
Tier 1 capital (to risk-weighted assets)	Tier 1 capital (to risk-weighted assets)	15.16 %	14.85 %	6.0 %	8.0 %	14.04 %	13.72 %	6.0 %	8.0 %		
Tier 1 capital (to average assets)	Tier 1 capital (to average assets)	13.43 %	13.16 %	4.0 %	5.0 %	12.45 %	12.16 %	4.0 %	5.0 %		

To avoid restrictions on dividends, share repurchases and discretionary compensation payments to executives, the federal banking agencies require a banking organization to maintain a capital conservation buffer of 2.50% in common tier 1 capital, in addition to the minimum capital ratios necessary to minimum regulatory adequacy requirements. The capital conservation buffer increases the minimum common equity Tier 1 capital ratio to 7%, the minimum Tier 1 capital (to risk-weighted assets) ratio to 8.5% and the minimum total capital ratio (to risk-weighted assets) to 10.5% for banking organizations seeking to avoid the limitations on dividends, share repurchases and discretionary compensation payments to executives. The Company's and the Bank's capital conservation buffer buffers were 7.42% 8.02% and 7.54% 6.63%, respectively, as of September 30, 2024 March 31, 2025, and 7.73% 6.94% and 8.07% 6.92%, respectively, as of December 31, 2023 December 31, 2024.

Emergency Capital Investment Program

On May 24, 2022, the Company issued 69,141 shares of Series C Preferred Stock with a liquidation preference of \$1,000 per share ("Series C Preferred Stock") for the capital investment of \$69.1 million from the U.S. Treasury under the ECIP. The ECIP investment qualifies as tier 1 capital for purposes of the bank regulatory capital requirements.

The Series C Preferred Stock accrued no dividend for the first 24 months following the investment date. Beginning on May 24, 2024, holders of Thereafter, the Series C Preferred Stock are entitled to quarterly non-cumulative cash dividends as declared by the Company's Board of Directors. The Series C Preferred Stock dividend rate adjusts annually will be adjusted based on the qualified lending growth criteria listed in the terms of the ECIP investment with the annual dividend rate up to 2%. After the tenth anniversary of the investment date, the dividend rate will be fixed based on the average annual amount of lending in years 2 through 10. Dividends will be payable quarterly in arrears on March 15, June 15, September 15, and December 15. The terms of the Series C Preferred Stock prohibit the Company from paying dividends on or repurchasing shares of its common stock unless it has paid or contemporaneously pays the full Series C Preferred Stock dividend with respect to the preceding quarterly dividend period.

The Series C Preferred Stock may be redeemed at the option of the Company on or after the fifth anniversary of issuance (or earlier in the event of loss of regulatory capital treatment), subject to the approval of the appropriate federal banking regulator and in accordance with the federal banking agencies' regulatory capital regulations.

Established by the Consolidated Appropriations Act, of 2021, the ECIP was created to encourage low- and moderate-income community financial institutions and minority depository institutions to provide loans, grants, and forbearance for small businesses, minority-owned businesses, and consumers, especially low-income and underserved communities, including persistent poverty counties, that may be disproportionately impacted by the economic effect of the COVID-19 pandemic by providing direct and indirect capital investments in low- and moderate-income community financial institutions.

The Series C Preferred Stock may be redeemed at the option of the Company on or after the fifth anniversary of issuance (or earlier in the event of loss of regulatory capital treatment), subject to the approval of the appropriate federal banking regulator and in accordance with the federal banking agencies' regulatory capital regulations.

On January 16, 2025, the Company entered into the Option Agreement with the U.S. Treasury, which grants the Company the conditional option to repurchase the Series C Preferred Stock during the first 15 years following the Company's issuance of the Series C Preferred Stock. The purchase price for the Preferred Stock under the Option Agreement is based on a formula equal to the present value of the Preferred Stock, calculated as set forth in the Option Agreement, together with any accrued and unpaid dividends thereon and could represent a discount from the Series C Preferred Stock's liquidation amount.

The purchase option may not be exercised during the first 10 years following the Company's sale of the Series C Preferred Stock ("the ECIP Period") unless and until the Company meets at least one of the Threshold Conditions: (1) an average of at least 60% of the Company's loan originations qualify as "Deep Impact Lending" over any 16 consecutive quarters, (2) an average of at least 85% of the Company's "total originations qualify as "Qualified Lending" over any 24 quarters or (3) the Series C Preferred Stock has a dividend rate of no more than 0.5% at each of six consecutive "Reset Dates," in each case as defined in Option Agreement and the terms of the Series C Preferred. In addition to satisfying a Threshold Condition, the Option Agreement requires that the Company meet certain other eligibility conditions in order to exercise the purchase option in the future, including compliance with the terms of the original ECIP purchase agreement and the terms of the Series C Preferred Stock, maintaining qualification as either a certified community development financial institution or a minority depository institution and satisfying other legal and regulatory criteria.

The earliest possible date by which a Threshold Condition may be met is June 30, 2026. However, the Company does not currently meet any of the Threshold Conditions necessary to exercise the purchase option, and there can be no assurance whether and when the Threshold Conditions will be met.

The following table presents the estimated purchase price based on the formula set forth in the Option Agreement as if the Company meet all Threshold Conditions as of March 31, 2025:

Dividend Rate at the Reset Date Immediately Preceding the Purchase Date

(\$ in thousands)	0.50%		1.25%		2.00%	
Purchase price	\$	4,869	\$	12,173	\$	19,476
Discount		64,272		56,968		49,665

The Company began paying quarterly dividends on the Series C Preferred Stock at 2% beginning in the three months ended June 30, 2024. Dividends on the Series C Preferred Stock totaled \$346 thousand and \$488 \$40 thousand for the three and nine months ended September 30, 2024, respectively. March 31, 2025.

Stock Repurchases

During the year ended December 31, 2023, the Company repurchased and retired 512,657 shares of common stock at a weighted-average price of \$17.22 per share under a stock repurchase program approved by the Board of Directors on August 2, 2023 and a legacy stock repurchase program approved on July 28, 2022.

During the nine months ended September 30, 2024 December 31, 2024, the Company repurchased and retired 14,947 shares of common stock at a weighted-average price of \$14.88 per share, share under a stock repurchase program approved by the Board of Directors on August 2, 2023. On July 25, 2024, the Company announced that the amendment term of the 2023 stock repurchase program which would be extended the program expiration from August 2, 2024 to August 1, 2025.

During the three months ended March 31, 2025, the Company repurchased and retired 50,676 shares of common stock at a weighted-average price of \$18.80 per share. As of September 30, 2024 March 31, 2025, the Company was authorized to purchase 577,777 527,101 additional shares under the 2023 stock repurchase program.

Liquidity

Liquidity refers to the measure of ability to meet the cash flow requirements of depositors and borrowers, while at the same time meeting operating cash flow and capital and strategic cash flow needs, all at a reasonable cost. The Company continuously monitors its liquidity position to ensure that assets and liabilities are managed in a manner that will meet all short-term and long-term cash requirements, while maintaining an appropriate balance between assets and liabilities to meet the return on investment objectives of the Company's shareholders.

The Company's liquidity position is supported by management of liquid assets and liabilities and access to alternative sources of funds. Liquid assets include cash, interest-bearing deposits in financial institutions, federal funds sold, and unpledged securities available-for-sale. Liquid liabilities may include core 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 national market non-core deposits, additional collateralized borrowings such as FHLB advances and Federal Reserve Discount Window, and the issuance of debt securities and preferred or common securities.

The Company's short-term and long-term liquidity requirements are primarily to fund 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 loan and investment securities portfolios, increases in debt financing and other borrowings, and increases in customer deposits.

Integral to the Company's liquidity management is the administration of borrowings. To the extent the Company is unable to obtain sufficient liquidity through core deposits, the Company seeks to meet its liquidity needs through wholesale funding or other borrowings on either a short or long-term basis.

The following table presents a summary of the Company's liquidity position as of the dates indicated:

(\$ in thousands)	(\$ in thousands)	September 30, 2024	December 31, 2023	Amount Change	Percentage Change	(\$ in thousands)	March 31, 2025
Cash and cash equivalents	Cash and cash equivalents	\$ 193,064	\$ 242,342	\$ (49,278)	(20.3)	Cash and cash equivalents	\$ 214,348
Cash and cash equivalents to total assets							
Available borrowing capacity:							
FHLB advances							
FHLB advances	FHLB advances	\$ 702,986	\$ 602,976	100,010	16.6	FHLB advances	\$ 735,732
Federal Reserve Discount Window	Federal Reserve Discount Window	578,713	528,893	49,820	9.4	Federal Reserve Discount Window	679,009
Overnight federal funds lines	Overnight federal funds lines	65,000	65,000	—	—	Overnight federal funds lines	65,000
Total	Total	\$ 1,346,699	\$ 1,196,869	\$ 149,830	12.5	Total	\$ 1,479,741

Total
available
borrowing
capacity
to total
assets

The Company also maintains relationships in the capital markets with brokers and dealers to issue time deposits and money market accounts.

PCB Bancorp, on a stand-alone holding company basis, must provide for its own liquidity and its main source of funding is dividends from the Bank. There are statutory, regulatory and debt covenant limitations that affect the ability of the Bank to pay dividends to the holding company. Management believes that these limitations will not impact the Company's ability to meet its ongoing short- and long-term cash obligations.

Off-Balance Credit Exposures and Contractual Obligations

Off-Balance Sheet Credit Exposures

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

In the ordinary course of business, the Company enters 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 not recognized in the Company's financial statements.

The Company's exposure to loan loss in the event of nonperformance on these financial commitments is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for loans reflected in the consolidated 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. The Company evaluates each client's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary is based on management's credit evaluation of the customer. The following table presents outstanding financial commitments whose contractual amount represents credit risk as of the dates indicated:

		September 30, 2024		December 31, 2023							
		March 31, 2025		December 31, 2024							
(\$ in thousands)	(\$ in thousands)	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	(\$ in thousands)	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	
Unused lines of credit											
Unfunded loan commitments											
Standby letters of credit											
Commercial letters of credit											
Total											
Total											
Total											

Contractual Obligations

The following table presents supplemental information regarding total contractual obligations as of the dates indicated:

(\$ in thousands)	(\$ in thousands)	Within One Year	One to Three Years	Three to Five Years	Over Five Years	(\$ in Total thousands)	Within One Year	One to Three Years	Three to Five Years	Over Five Years	Total
September 30, 2024											
March 31, 2025											
Time deposits											
Time deposits											
Time deposits											
Operating leases											
Operating leases											
FHLB advances											
FHLB advances											
FHLB advances											
Operating leases											
Total											
December 31, 2023											
December 31, 2024											
Time deposits											
Time deposits											
Time deposits											
FHLB advances											

Other short-term borrowings
Operating leases
Operating leases
Operating leases
Total

Management believes that the Company will be able to meet its contractual obligations as they come due through the maintenance of adequate cash levels. Management expects to maintain adequate cash levels through profitability, loan and securities repayment and maturity activity and continued deposit gathering activities. The Company has in place various borrowing mechanisms for both short-term and long-term liquidity needs.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss due to changes in market values of assets and liabilities. Market risk occurs in the normal course of business through exposures to market interest rates, equity prices, and credit spreads.

Overview

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 repricings 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 Secured Overnight Financing Rate ("SOFR") (basis risk).

The Company's Board Asset Liability Committee ("ALCO") establishes broad policy limits with respect to interest rate risk. Board ALCO establishes specific operating guidelines within the parameters of the Board of Directors' policies. In general, the Company seeks to minimize the impact of changing interest rates on net interest income and the economic values of assets and liabilities. Board ALCO meets quarterly to monitor the level of interest rate risk sensitivity to ensure compliance with the Board of Directors' approved risk limits. The Company also has a Management ALCO, which is comprised of the senior management team and the Chief Executive Officer, to proactively monitor interest rate risk.

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

Measurement

Interest rate risk exposure is measured and monitored through various risk management tools, which include a simulation model that performs interest rate sensitivity analyses under multiple interest rate scenarios. Interest rate risk measurement is calculated and reported to the Board 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.

The Company uses 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. The Company uses a static balance sheet to perform these analyses. 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 simulation reflects the effect of interest rate shifts on the value of the Company. In contrast to NII simulation, EVE simulation identifies risks arising from repricing or maturity gaps over the life of the balance sheet. The EVE approach provides a comparatively broader scope than the NII at Risk approach since it captures all anticipated cash flows.

Simulation results are highly dependent on input assumptions. To the extent the actual behavior is different from the assumption used in the models, there could be material changes in results. The assumptions applied in the model are documented, supported, and periodically back-tested to assess the reasonableness and effectiveness. The Company makes appropriate changes to the model as needed and these changes are reviewed by Board and Management ALCOs. The Company also continuously validates the model, methodology and results. Scenario results do not reflect strategies that the management could employ to limit the impact of changing interest rate expectations.

As part of the Company's continuous evaluation and periodic enhancements to its NII and EVE calculations. The model incorporates deposit repricing assumptions impacting both consumer and wholesale deposits, deposit behavior assumption related to its non-maturity deposits, and prepayment assumptions related to its loan portfolio. The model modifications incorporated observed pricing and customer behavior in both rising and falling interest rate environments. The model is updated annually and was last evaluated during the three months ended September 30, 2024.

The following table presents the projected changes in NII at Risk and EVE that would occur upon an immediate change in interest rates based on independent analysis as of the dates indicated, but without giving effect to any steps that management might take to counteract changes:

September 30, 2024				December 31, 2023							
March 31, 2025				December 31, 2024							
Simulated Rate Changes	Simulated Rate Changes	Net Interest Income Sensitivity	Economic Value of Equity Sensitivity	Net Interest Income Sensitivity	Economic Value of Equity Sensitivity	Simulated Rate Changes	Net Interest Income Sensitivity		Economic Value of Equity Sensitivity		Economic Value of Equity Sensitivity

records. The Bank has notified all individuals identified as impacted, consistent with applicable laws. All impacted individuals were offered free Equifax Complete Premier credit monitoring and identity theft protection services. The Bank has notified law enforcement and appropriate authorities of the incident.

On December16, 2021, Plaintiff Min Woo Bae, individually and on behalf of all others similarly situated, filed in the Los Angeles County Superior Court a complaint based on the incident for damages, injunctive relief, and equitable relief, styled *Min Woo Bae v. Pacific City Bank*, Case Number 21STCV45922 ("the Matter"). During the three months ended September 30, 2023, the Bank agreed to settle this matter in exchange for \$700 thousand to the putative class members, including costs of settlement administration, and attorneys' fees and costs. The Bank received preliminary court approval of the settlement and notice was provided to members of the proposed class during the three months ended September 30, 2023. The court issued an order granting final approval on June 20, 2024.

The Company expects that the full amount of the final settlement will be covered under the Company's applicable insurance policies.

Item 1A - Risk Factors

Management is not aware of any material changes to the risk factors that appeared under "Part I, Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. In addition to December 31, 2024, other than those additional risks described below. You should carefully consider such risks and the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed in Part 1, Item 1A, any of the Annual Report on Form 10-K for the year ended December 31, 2023, which could materially and adversely affect the Company's business, financial condition, results of operations and stock price. The risks described in this Quarterly Report on Form 10-Q and in the Annual Report on Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not presently known to management or that management presently believes not to be material may also result in material and adverse effects on the Company's business, financial condition, and results of operations.

The Company has identified a material weakness in its internal control over financial reporting.

As disclosed in "Part II - Item 4. Controls and Procedures," of this Quarterly Report on Form 10-Q, management has identified a material weakness in the Company's internal control over financial reporting. As a result, management concluded that the Company's internal control over financial reporting and disclosure controls and procedures were not effective as of March 31, 2025. The Company is working to remediate the material weakness. However, there can be no assurance that these remediation efforts will be successful. In addition, these remediation efforts may place a burden on management and may result in additional expenses.

The Company cannot assure that additional significant deficiencies or material weaknesses in its internal control over financial reporting will not be identified in the future. Any failure to maintain or implement required new or improved controls, or any difficulties the Company experiences in their implementation, could result in additional material weaknesses, cause the Company to fail to meet its periodic SEC reporting obligations or result in material misstatements to its financial statements in future periods, any of which could cause investors or customers to lose confidence in the Company's reported financial information, a decline in the trading price of the Company's common stock or a delisting of the Company's common stock from the Nasdaq Stock Market.

The Company may not qualify to repurchase its Series C Preferred Stock on favorable terms.

On May 24, 2022, the Company sold shares of its Series C Preferred Stock to the U.S. Treasury for the purchase price of \$69.1 million under the Emergency Capital Investment Program, or "ECIP." Under the ECIP program, the Treasury invested in depository institutions that are Community Development Financial Institutions or minority depository institutions ("MDIs") to encourage lending to small businesses, minority-owned businesses and consumers in low-income and underserved communities.

Under terms of an ECIP Securities Purchase Option Agreement by between the Company and Treasury, if the Company meets certain conditions, the Company or the Company's qualifying designee may repurchase the Series C Preferred Stock, potentially at a substantial discount (the "Repurchase Option"). To be eligible to exercise the Repurchase Option, the Company must, among other things, meet certain thresholds for "deep impact lending" or "qualified lending" (as defined in the ECIP's guidelines), comply with the ECIP agreements and rules, continue to qualify as an MDI, and be "well-capitalized" under federal Prompt Corrective Action guidelines. The earliest possible date by which the Company could exercise the repurchase options (assuming it meets all required conditions) is June 30, 2026. There can be no assurance that the Company will ever satisfy the lending and other requirements necessary to exercise the Repurchase Option.

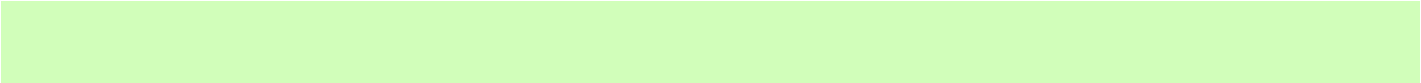
Changes in the fair value of the Company's option to repurchase its Series C Preferred Stock may impact the Company's operating results and financial condition. The Company carries the fair value of the Repurchase Option as an asset on its balance sheet. The Company's valuation of the Repurchase Option may fluctuate, possibly significantly, depending on the likelihood that the Company will qualify to exercise the Repurchase Option and changes in the hypothetical repurchase price. Changes in the fair value are measured quarterly and will be recognized in earnings. Therefore, changes in the fair value of the Repurchase Option may affect the Company's earning, potentially materially. For additional details, see Note 9 to the Company's Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of equity securities during the three months ended September 30, 2024 March 31, 2025.

The following table presents share repurchase activities during the periods indicated:

(\$ in thousands, except per share data)	Total Number of	Average Price Paid Per	Total Number of	Number of Shares That
	Shares Purchased	Share	Shares Purchased as Part of Publicly Announced Program	May Yet Be Purchased Under the Program
From July 1, 2024 to July 31, 2024	—	\$ —	—	577,777
From August 1, 2024 to August 31, 2024	—	—	—	577,777
From September 1, 2024 to September 30, 2024	—	—	—	577,777
Total	—	\$ —	—	—



(\$ in thousands, except per share data)	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Number of Shares That May Yet Be Purchased Under the Program
From January 1, 2025 to January 31, 2025	—	\$ —	—	577,777
From February 1, 2025 to February 28, 2025	—	\$ —	—	577,777
From March 1, 2025 to March 31, 2025	50,676	\$ 18.80	50,676	527,101
Total	50,676	\$ 18.80	50,676	

During the year ended December 31, 2023, the Company repurchased and retired 512,657 shares of common stock at a weighted-average price of \$17.22 per share under a stock repurchase program approved by the Board of Directors on August 2, 2023 and a legacy stock repurchase program approved on July 28, 2022.

During the nine months ended September 30, 2024 December 31, 2024, the Company repurchased and retired 14,947 shares of common stock at a weighted-average price of \$14.88 per share.

During the three months ended March 31, 2025, the Company repurchased and retired 50,676 shares of common stock at a weighted-average price of \$18.80 per share.

Item 3 - Defaults Upon Senior Securities

None.

Item 4 - Mine Safety Disclosures

Not applicable.

Item 5 - Other Information

During the three months ended September 30, 2024 March 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 the Company's common stock that is intended to satisfy the affirmative defense conditions of Securities Exchange Act Rule 10b5-1(c) or any non-Rule 10b5-1 trading arrangement as defined in 17 CFR § 229.408(c).

Item 6 - Exhibits

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date
3.1	Articles of Incorporation of PCB Bancorp, as amended	10-Q	001-38621	3.1	August 8, 2019
3.2	Bylaws of PCB Bancorp	8-K	001-38621	3.1	May 23, 2024
3.3	Certificate of Determination for Senior Non-Cumulative Perpetual Preferred Stock, Series C	8-K	001-38621	3.1	May 24, 2022
4.1	Specimen common stock certificate of PCB Bancorp	10-Q	001-38621	4.1	August 8, 2019
4.2	Description of Capital Stock	10-Q	001-38621	4.2	August 4, 2022
4.3	Form of Certificate for Senior Non-Cumulative Perpetual Preferred Stock, Series C	8-K	001-38621	4.1	May 24, 2022
10.1	Employment Agreement, dated January 1, 2018, between Pacific City Financial Corporation and Henry Kim	S-1	333-226208	10.1	July 17, 2018
10.1A	First Amendment to Employment Agreement, dated August 26, 2021, among PCB Bancorp, Pacific City Bank and Henry Kim	10-Q	001-38621	10.1A	November 8, 2021
10.1B	Second Amendment to Employee Agreement, dated December 28, 2021, among PCB Bancorp, Pacific City Bank and Henry Kim	10-K	001-38621	10.1B	March 4, 2022
10.2	2023 Equity Based Compensation Plan	S-8	333-272874	4.1	June 23, 2023
10.3	Form of Stock Option Award Agreement under 2023 Equity Based Compensation Plan	8-K	001-38621	10.1	July 27, 2023
10.4	Form of Restricted Stock Award Agreement under 2023 Equity Based Compensation Plan	8-K	001-38621	10.2	July 27, 2023
10.5	2013 Equity Based Compensation Plan, as amended	S-1	333-226208	10.2	July 17, 2018
10.6	Form of Stock Option Award Agreement under 2013 Equity Based Compensation Plan	S-1	333-226208	10.3	July 17, 2018
10.7	Form of Restricted Stock Award Agreement under 2013 Equity Based Compensation Plan	S-1	333-226208	10.4	July 17, 2018
10.8	Letter Agreement, dated May 24, 2022, between PCB Bancorp and the U.S. Department of Treasury, with respect to the issuance of Senior Non-Cumulative Perpetual Preferred Stock, Series C	8-K	001-38621	10.1	May 24, 2022
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 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**				

32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**				
97	PCB Bancorp Compensation Clawback Policy dated March 11, 2024	10-K	001-38621	3.2	March 12, 2024
101.INS	The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)*				

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date
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10.1A	First Amendment to Employment Agreement, dated August 26, 2021, among PCB Bancorp, Pacific City Bank and Henry Kim	10-Q	001-38621	10.1A	November 8, 2021
10.1B	Second Amendment to Employee Agreement, dated December 28, 2021, among PCB Bancorp, Pacific City Bank and Henry Kim	10-K	001-38621	10.1B	March 4, 2022
10.1C	Third Amendment to Employee Agreement, dated December 28, 2023, among PCB Bancorp, PCB Bank and Henry Kim*				
10.2	2023 Equity Based Compensation Plan	S-8	333-272874	4.1	June 23, 2023
10.3	Form of Stock Option Award Agreement under 2023 Equity Based Compensation Plan	8-K	001-38621	10.1	July 27, 2023
10.4	Form of Restricted Stock Award Agreement under 2023 Equity Based Compensation Plan	8-K	001-38621	10.2	July 27, 2023
10.5	2013 Equity Based Compensation Plan, as amended	S-1	333-226208	10.2	July 17, 2018
10.6	Form of Stock Option Award Agreement under 2013 Equity Based Compensation Plan	S-1	333-226208	10.3	July 17, 2018
10.7	Form of Restricted Stock Award Agreement under 2013 Equity Based Compensation Plan	S-1	333-226208	10.4	July 17, 2018
10.8	Letter Agreement, dated May 24, 2022, between PCB Bancorp and the U.S. Department of Treasury, with respect to the issuance of Senior Non-Cumulative Perpetual Preferred Stock, Series C	8-K	001-38621	10.1	May 24, 2022
10.9	ECIP Securities Purchase Option Agreement between PCB Bancorp and the U.S. Department of the Treasury dated January 16, 2025	10-K	001-38621	10.1	March 13, 2025
19	Insider Trading Policy	10-K	001-38621	10.1	March 13, 2025
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 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**				
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**				
97	PCB Bancorp Compensation Clawback Policy dated March 11, 2024	10-K	001-38621	97	March 12, 2024
101.INS	The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)*

* Filed herewith
 ** Furnished herewith

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	PCB Bancorp
Date: November 7, 2024 June 6, 2025	/s/ Henry Kim
	Henry Kim
	President and Chief Executive Officer
	(Principal Executive Officer)
Date: November 7, 2024 June 6, 2025	/s/ Timothy Chang
	Timothy Chang
	Executive Vice President and Chief Financial Officer
	(Principal Financial and Accounting Officer)

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Exhibit 10.1C

THIRD AMENDMENT TO

EMPLOYMENT AGREEMENT

THIS THIRD AMENDMENT TO EMPLOYMENT AGREEMENT (the “Third Amendment”) is entered into as of December 28, 2023, by and between PCB Bank (“Bank”), PCB Bancorp, a California corporation and registered bank holding company (“Company”) and Henry Kim (“Executive”).

WHEREAS, the Bank and Company entered into an Employment Agreement with Executive (the “Agreement”) dated January 1, 2018, as amended by the First Amendment to Employment Agreement dated August 26, 2021 and amended by the Second Amendment dated December 28, 2021; and

WHEREAS, Executive, the Bank and Company have agreed to amend the Agreement to provide Executive certain changed compensation;

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Bank and Company and the Executive hereto agree as follows:

1. Section 6(f) of the Agreement is amended and restated in its entirety to read as follows:

Executive shall be entitled to four weeks of paid time off (“PTO”) per year and accrued PTO balance cannot exceed six weeks anytime during the Term.

[This space intentionally blank.]

[Signature page to Third Amendment to Employment Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Third Agreement as of the day and year first above written.

THE EXECUTIVE

/s/ Henry Kim

Henry Kim

PCB BANK

By: /s/ Sang Young Lee

Sang Young Lee

Chairman of the Board

PCB BANCORP

By: /s/ Sang Young Lee

Sang Young Lee

Chairman of the Board

Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Henry Kim, certify that:

1. I have reviewed this periodic report on Form 10-Q of PCB Bancorp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this reports;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - (d) disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 7, 2024 June 6, 2025

/s/ Henry Kim

Henry Kim

President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy Chang, certify that:

1. I have reviewed this periodic report on Form 10-Q of PCB Bancorp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this reports;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - (b) b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - (d) d. disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 7, 2024 June 6, 2025

/s/ Timothy Chang

Timothy Chang

Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the periodic report of PCB Bancorp (the "Company") on Form 10-Q for the period ended **September 30, 2024** **March 31, 2025**, as filed with the Securities and Exchange Commission (the "Report"), I, Henry Kim, Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: **November 7, 2024** **June 6, 2025**

/s/ Henry Kim

Henry Kim

President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the periodic report of PCB Bancorp (the "Company") on Form 10-Q for the period ended **September 30, 2024** **March 31, 2025**, as filed with the Securities and Exchange Commission (the "Report"), I, Timothy Chang, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: **November 7, 2024** **June 6, 2025**

/s/ Timothy Chang

Timothy Chang

Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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