

Financial Statements
December 31, 2025 and 2024

Beach Cities Commercial Bank

Independent Auditor’s Report	1
Financial Statements	
Statements of Financial Condition	3
Statements of Operations and Comprehensive Loss.....	4
Statements of Changes in Shareholders’ Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7



Independent Auditor's Report

The Board of Directors and Shareholders of
Beach Cities Commercial Bank
Irvine, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Beach Cities Commercial Bank, which comprise the statements of financial condition as of December 31, 2025 and 2024, and the related statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Beach Cities Commercial Bank as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Beach Cities Commercial Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Beach Cities Commercial Bank's ability to continue as a going concern for a reasonable period of time.

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

Eide Bailly LLP

Laguna Hills, California
February 11, 2026

Beach Cities Commercial Bank
Statements of Financial Condition
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and due from banks	\$ 1,432,636	\$ 1,752,066
Interest-bearing balance at the Federal Reserve Bank	26,880,000	20,360,000
Total cash and cash equivalents	28,312,636	22,112,066
Debt securities available for sale, at fair value (amortized cost of \$2,308,121 and \$984,080)	2,286,246	984,026
Loans held for sale	4,123,111	-
Loans, net of deferred fees and costs	139,928,924	105,648,161
Allowance for credit losses	(1,412,000)	(1,214,000)
Net loans	138,516,924	104,434,161
Premises and equipment, net	127,676	189,608
Right-of-use asset	1,012,073	1,386,721
Federal Home Loan Bank (FHLB) Stock, at cost	572,000	124,800
Accrued interest and other assets	1,786,517	1,554,334
Total assets	\$ 176,737,183	\$ 130,785,716
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing	\$ 26,805,494	\$ 13,870,625
Interest-bearing	116,706,135	99,021,278
Total deposits	143,511,629	112,891,903
Borrowings	16,000,000	-
Lease liability	1,102,793	1,485,722
Accrued interest and other liabilities	1,286,530	1,176,214
Total liabilities	161,900,952	115,553,839
Commitments and Contingencies - Notes 5 and 11		
Shareholders' Equity		
Preferred stock - 20,000,000 shares authorized, none outstanding	-	-
Common stock - 20,000,000 shares authorized, no par value; 2,568,395 and 2,565,864 issued and outstanding as of December 31, 2025 and 2024	25,142,838	25,116,895
Additional paid in capital	676,328	470,347
Accumulated deficit	(10,961,060)	(10,355,311)
Accumulated other comprehensive loss	(21,875)	(54)
Total shareholders' equity	14,836,231	15,231,877
Total liabilities and shareholders' equity	\$ 176,737,183	\$ 130,785,716

Beach Cities Commercial Bank
Statements of Operations and Comprehensive Loss
Years Ended December 31, 2025 and 2024

	2025	2024
Interest Income		
Interest and fees on loans	\$ 9,692,989	\$ 4,692,037
Interest on debt securities	81,438	54,054
Interest on federal funds sold and other interest-bearing deposits	1,000,682	860,018
Total interest income	10,775,109	5,606,109
Interest Expense		
Interest on savings, NOW and money market accounts	1,953,298	1,199,929
Interest on time deposits	2,757,596	1,205,044
Interest on borrowings	209,377	12,941
Total interest expense	4,920,271	2,417,914
Net interest income	5,854,838	3,188,195
Provision for Credit Losses		
Loans	198,000	913,000
Unfunded commitments	6,000	14,000
Total provision for credit losses	204,000	927,000
Net interest income after provision for credit losses	5,650,838	2,261,195
Noninterest Income		
Service charges, fees and other	39,145	18,662
Gain on sale of loans	456,140	127,399
Total noninterest income	495,285	146,061
Noninterest Expense		
Salaries and employee benefits	4,121,150	4,481,445
Occupancy and equipment expenses	684,400	691,504
Other expenses	1,945,522	1,756,533
Total noninterest expense	6,751,072	6,929,482
Loss before income taxes	(604,949)	(4,522,226)
Income Tax Expense	800	1,600
Net loss	\$ (605,749)	\$ (4,523,826)
Net loss per share - basic and diluted	\$ (0.24)	\$ (1.77)
Other comprehensive (loss)gain - unrealized (loss)gain on debt securities available for sale	(21,821)	479
Comprehensive loss	\$ (627,570)	\$ (4,523,347)

See Notes to Financial Statements

Beach Cities Commercial Bank
Statements of Changes in Shareholders' Equity
Years Ended December 31, 2025 and 2024

	Common Stock		Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Number of Shares	Amount				
Balance at January 1, 2024	2,556,112	\$ 25,019,375	\$ 199,443	\$ (5,831,485)	\$ (533)	\$ 19,386,800
Restricted stock units vested	14,300	143,000	(143,000)	-	-	-
Repurchase of shares to cover tax liabilities	(4,548)	(45,480)	-	-	-	(45,480)
Stock-based compensation	-	-	413,904	-	-	413,904
Net loss	-	-	-	(4,523,826)	-	(4,523,826)
Other comprehensive gain	-	-	-	-	479	479
Balance at December 31, 2024	2,565,864	\$ 25,116,895	\$ 470,347	\$ (10,355,311)	\$ (54)	\$ 15,231,877
Restricted stock units vested	4,300	44,075	(44,075)	-	-	-
Repurchase of shares to cover tax liabilities	(1,769)	(18,132)	-	-	-	(18,132)
Stock-based compensation	-	-	250,056	-	-	250,056
Net loss	-	-	-	(605,749)	-	(605,749)
Other comprehensive loss	-	-	-	-	(21,821)	(21,821)
Balance at December 31, 2025	2,568,395	\$ 25,142,838	\$ 676,328	\$ (10,961,060)	\$ (21,875)	\$ 14,836,231

Beach Cities Commercial Bank
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Operating Activities		
Net Loss	\$ (605,749)	\$ (4,523,826)
Adjustments to reconcile net loss to net cash used in operating activities		
Debt securities accretion	(14,005)	(49,274)
Gain on sale of loans	(456,140)	(127,399)
Depreciation and amortization	82,669	95,905
Provision for credit losses	204,000	927,000
Stock-based compensation	250,056	413,904
Other items	(583,348)	(189,177)
Net Cash used in Operating Activities	(1,122,517)	(3,452,867)
Investing Activities		
Purchase of debt securities available for sale	(2,312,087)	(1,454,470)
Maturity of debt securities available for sale	1,002,051	1,500,000
Net increase in loans	(47,978,328)	(85,322,224)
Proceeds from sale of loans	10,030,594	1,882,399
Purchases of premises and equipment	(20,737)	(17,763)
Net Cash used in Investing Activities	(39,278,507)	(83,412,058)
Financing Activities		
Net change in noninterest bearing deposits	6,919,751	7,205,833
Net change in interest bearing deposits	23,699,975	79,835,558
Increase in borrowings	16,000,000	-
Repurchase of shares to cover tax liabilities	(18,132)	(45,480)
Net Cash provided by Financing Activities	46,601,594	86,995,911
Increase in Cash and Cash Equivalents	6,200,570	130,986
Cash and cash equivalents at beginning of year	22,112,066	21,981,080
Cash and cash equivalents at end of year	\$ 28,312,636	\$ 22,112,066
Supplemental Disclosures of Cash Flow Information		
Interest paid	\$ 4,907,228	\$ 2,320,315
Taxes paid	\$ 800	\$ 1,600
Supplemental Noncash Disclosures:		
Transfers from portfolio loans to loans held for sale	\$ 4,123,111	\$ -

Note 1 - Summary of Significant Accounting Policies**Nature of Operations**

Beach Cities Commercial Bank (the Bank) was incorporated under the laws of the State of California on April 11, 2022. The Bank opened for business on June 12, 2023 after receiving bank regulatory approval and began providing a full range of banking services from its locations in Irvine and Encinitas California. The Bank operates primarily in the Southern California market, offering checking and savings accounts and certificates of deposit as well as commercial and real estate loans.

Subsequent Events

The Bank has evaluated subsequent events for recognition and disclosure through February 11, 2026, which is the date the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An estimate that is particularly susceptible to significant change in the near term is the determination of the allowance for credit losses.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash and balances due from banks and federal funds sold, all of which have original maturities of 90 days or less.

Balances in transaction accounts at other financial institutions may exceed amounts covered by federal deposit insurance. Management regularly evaluates the credit risk associated with other financial institutions and believes that the Bank is not exposed to any significant credit risks on cash and cash equivalents.

Debt Securities

The Bank classifies its debt securities as available-for-sale or held-to-maturity. Securities classified as available-for-sale are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in comprehensive income (loss). Securities, which the Bank has the positive intent and ability to hold to maturity, are classified as held-to-maturity and are carried at amortized cost. For the years ended December 31, 2025 and 2024, the Bank had only securities available for sale.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Allowance for Credit Losses (ACL) – Available-for-Sale Securities

For available-for-sale debt securities, the Bank evaluates, on an individual basis, whether a decline in fair value below the amortized cost basis has resulted from a credit loss or other factors. The portion of the decline attributable to credit losses is recognized through an ACL, and changes in the ACL on available-for-sale debt securities are recorded as a provision for credit losses in the statements of operations. The portion of decline in fair value below the amortized cost basis not attributable to credit is recognized through other comprehensive income (loss), net of applicable taxes.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at lower of cost or fair value. For loans carried at the lower of cost or fair value, gains and losses on loan sales (sales proceeds minus carrying value) are recorded in noninterest income, and direct loan origination costs and fees are deferred at origination of the loan and are recognized in noninterest income upon sale of the loan.

Loans

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding unpaid principal balances reduced by any charge-offs or specific valuation accounts and net of any deferred fees or costs on originated loans, or unamortized premiums or discounts on purchased loans.

Loan origination fees and certain direct origination costs are capitalized and recognized as an adjustment of the yield of the related loan. Amortization of deferred loan fees is discontinued when a loan is placed on nonaccrual status.

Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. The accrual of interest on loans is discontinued when principal or interest is past due 90 days based on the contractual terms of the loan or when, in the opinion of management, there is reasonable doubt as to collectability. When loans are placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Income on nonaccrual loans is subsequently recognized only to the extent that cash is received and the loan's principal balance is deemed collectible. Interest accruals are resumed on such loans only when they are brought current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to all principal and interest.

Allowance for Credit Losses (ACL) - Loans

The ACL for loans is a valuation account that is deducted from the loan's amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged-off against the allowance when management believes the recorded loan balance is confirmed as uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Management estimates the allowance balance using relevant information for each loan segment, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The ACL for loans is measured using a weighted average remaining maturity (“WARM”) method on a collective (pool) basis when similar risk characteristics exist. Under the WARM method, the ACL utilizes both the Bank’s and peer banks’ historic loss experience as the base line for determining current and forecasted credit losses. Historical credit loss experience over a 10 year look-back period, for a group of peer institutions of similar size and geographic location, provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for the effects of qualitative or environmental factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio segment's historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions, changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the value of the underlying collateral for collateral-dependent loans; concentrations of credit and the effect of other external factors such as competition and legal and regulatory requirements.

Historical credit loss experience is further adjusted by a forecast element for a period of up to 12 months for the effect of certain highly correlated economic indicators, which vary for each loan segment. After the forecast period ends, the loss rate immediately reverts back to the historical rate.

A loan is considered to be collateral dependent when repayment is expected to be provided substantially through the operation or sale of the collateral. The ACL on collateral dependent loans is measured using the amortized cost basis of the financial asset less the fair value of the underlying collateral, adjusted for costs to sell, when applicable. If the value of the underlying collateral is determined to be less than the recorded amount of the loan, a specific reserve for that loan is recorded. If the Bank determines that the loss represented by the specific reserve is uncollectible it records a charge-off for the uncollectible portion.

Portfolio segments identified by the Bank include real estate and commercial loans. Relevant risk characteristics for these portfolio segments generally include debt service coverage, loan-to-value ratios and financial performance on non-consumer loans and credit scores, debt-to income and collateral type.

Allowance for Credit Losses – Unfunded Commitments

The Bank also maintains a separate allowance for unfunded commitments. Management estimates anticipated losses using expected loss factors consistent with those used for the ACL methodology for loans described above, and utilization assumptions based on historical experience. Provision for credit losses for unfunded commitments is included in provision for credit losses in the statements of operations and added to the allowance for unfunded commitments, which is included in accrued interest and other liabilities in the statements of financial condition.

Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives, which ranges from three to seven years for furniture, equipment and computer equipment. Leasehold improvements are amortized using the straight-line method over the estimated useful lives of the improvements or the remaining lease term, whichever is shorter. Expenditures for betterments or major repairs are capitalized and those for ordinary repairs and maintenance are charged to operations as incurred.

Leases

The Bank determines if an arrangement contains a lease at contract inception and recognize right-of-use (ROU) assets and operating lease liabilities based on the present value of lease payments over the lease term. While operating leases may include options to extend the term, the Bank does not take into account the options in calculating the ROU asset and lease liability unless it is reasonably certain such options will be reasonably exercised. As of December 31, 2025, no lease extension options have been included in the calculating the ROU asset and lease liability.

The present value of lease payments is determined based on the Bank's incremental borrowing rate and other information available at lease commencement. Leases with an initial term of 12 months or less are not recorded in the statement of financial condition. Lease expense is recognized on a straight-line basis over the lease term. The Bank has elected to account for lease agreements with lease and non-lease components as a single lease component.

FHLB Stock

The Bank is a member of the Federal Home Loan Bank of San Francisco (FHLBSF) system. Members are required to own a certain amount of stock based on the level of borrowings and other factors and may invest additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Commitments to Extend Credit

In the ordinary course of business, the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit as described in Note 11. Such financial instruments are recorded in the financial statements when they are funded or related fees are incurred or received.

Advertising Costs

The Bank expenses the costs of advertising in the period incurred. Such costs totaled \$92,718 and \$241 for the years ended December 31, 2025 and 2024, respectively.

Income Taxes

Deferred income taxes are computed using the asset and liability method, which recognizes a liability or asset representing the tax effects, based on current tax law, of future deductible or taxable amounts attributable to events that have been recognized in the financial statements. A valuation allowance is established to reduce the deferred tax asset to the level at which it is "more likely than not" that the tax asset or benefits will be realized. Realization of tax benefits of deductible temporary differences and operating loss carry forwards depends on having sufficient taxable income of an appropriate character within the carry forward periods.

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

Comprehensive Loss

Comprehensive loss consists of net loss and other comprehensive gain (loss). Other comprehensive gain (loss) includes unrealized gains and losses on securities available-for-sale.

Earnings Per Share (EPS)

Basic EPS excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. The Bank has an operating loss for the year and therefore basic and diluted EPS are the same. Weighted-average outstanding shares used in the calculation of EPS was 2,566,208 and 2,560,520 for 2025 and 2024, respectively.

Stock-Based Compensation

Compensation cost is recognized for stock options and restricted stock awards issued to employees, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Bank's common stock at the date of grant is used for restricted stock awards.

Compensation cost is recognized over the required service period, generally defined as the vesting period, on a straight-line basis. The Bank has elected to account for forfeitures of stock-based awards as they occur. Excess tax benefits and tax deficiencies relating to stock-based compensation are recorded as income tax expense or benefit in the statement of operations when incurred. See Note 9 for additional information on the Bank's stock option plan.

Revenue Recognition

The majority of the Bank's revenues come from interest income on bank deposits, debt securities and loans, which is outside the scope of Topic 606. The Bank's services that fall within the scope of Topic 606 are presented within Non-Interest Income and are recognized as revenue as the Bank satisfies its obligation to the customer. Services within the scope of Topic 606 include service charges on deposits.

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Current accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value:

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Significant other observable inputs (other than Level 1 prices) such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect an entity's own assumptions about the factors that market participants would use in pricing an asset or liability.

See Note 14 and 15 for more information and disclosures relating to the Bank's fair value measurements.

Operating Segments

While the chief decision-makers monitor the revenue streams of the various products and services, operations are managed, and financial performance is evaluated on a Bank-wide basis. Discrete operating results are not reviewed by senior management to make resource allocation or performance decisions. Accordingly, all of the financial service operations are considered by management to be aggregated in one reportable operating segment.

The Bank's reportable segments are determined by the Chief Executive Officer, who is the designated chief operating decision maker (CODM), based upon information provided about the Bank's products and services offered, primarily banking operations. The segment is also distinguished by the level of information provided to the CODM, who uses such information to review performance of various components of the business, which are then aggregated if operating performance, products/services, and customers are similar. The CODM will evaluate the financial performance of the Bank's business components such as by evaluating revenue streams, significant expenses, and budget to actual results in assessing the Bank's segment and in the determination of allocating resources. The CODM uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The CODM uses consolidated net income to benchmark the Bank against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessing performance and in establishing compensation. Loans and investments provide the revenues in the banking operation. Interest expense, provisions for credit losses and payroll provide the significant expenses in the banking operation. All operations are domestic. Segment performance is evaluated using net income. Information reported internally for performance assessment by the CODM is included within the statements of operations and comprehensive loss.

Adoption of New Accounting Standards

Effective January 1, 2024, the Bank adopted Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The ASU requires that public entities (including those with a single reportable segment) make all existing segment disclosures required by Topic 280 Segment Reporting on both an annual and interim basis. Significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit or loss (measure) and other segment items must also be disclosed. The CODM's title and position is also required to be disclosed as well as how the CODM uses each reported measure to assess segment performance and in deciding how to allocate resources. The ASU does not change how a public entity determines its reportable segments.

The amendments related to the ASU were applied retrospectively to the segment information disclosed for all prior periods presented in the accompanying financial statements. Adoption of the amendments of the ASU did not impact any of the amounts presented in the basic financial statements.

Effective January 1, 2025, the Bank adopted Accounting Standards Update (ASU) 2023-09, *Income taxes (Topic 740): Improvements to Income Tax Disclosures*. The implementation of this standard establishes a requirement to disclose differences between the statutory tax rate and the effective tax rate by jurisdiction and disaggregated information about income taxes paid, income (loss) from continuing operations before income tax expense (or benefit) and income tax expense (or benefit) from continuing operations. Management has determined that this standard is preferable in that the reporting will provide users with more useful information and greater transparency about how the Bank's operations and related tax risks affect its tax rate and cash flows. The amendments related to the ASU were applied retrospectively to the beginning of the earliest year presented.

Note 2 - Debt Securities

The following table summarizes the amortized cost and fair value of the available-for-sale debt securities portfolio at December 31, 2025 and 2024 and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive loss:

Available-for-Sale Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2025				
U.S. Treasury securities	\$ 1,001,655	\$ 1,919	\$ -	\$ 1,003,574
Mortgage-backed Securities	<u>1,306,466</u>	<u>-</u>	<u>(23,794)</u>	<u>1,282,672</u>
Total Available for Sale	<u>\$ 2,308,121</u>	<u>\$ 1,919</u>	<u>\$ (23,794)</u>	<u>\$ 2,286,246</u>
December 31, 2024				
U.S. Treasury securities	<u>\$ 984,080</u>	<u>\$ 164</u>	<u>\$ (218)</u>	<u>\$ 984,026</u>
Total Available for Sale	<u>\$ 984,080</u>	<u>\$ 164</u>	<u>\$ (218)</u>	<u>\$ 984,026</u>

Gross unrealized losses represent losses for one mortgage-backed security and are less than twelve months.

Available-for-sale debt securities consisted of U.S. Treasury securities and Mortgage-backed securities, which are explicitly guaranteed by the U.S. government. Consequently, the Bank did not record a related allowance for credit losses at December 31, 2025 and 2024. All securities are pledged at the Federal Reserve Bank to secure borrowing arrangements.

The amortized cost and fair value of debt securities by contractual maturity at December 31, 2025 is as follows:

	Available-for-Sale	
	Amortized Cost	Fair Value
Due in One Year or Less	\$ 500,220	\$ 500,762
Due From One Year to Five Years	501,435	502,812
Mortgage-backed securities	<u>1,306,466</u>	<u>1,282,672</u>
	<u>\$ 2,308,121</u>	<u>\$ 2,286,246</u>

Note 3 - Loans and Allowance for Credit Losses (ACL)

Loans at December 31, 2025 and 2024, consist of the following:

	2025	2024
Real Estate	\$ 119,989,653	\$ 83,977,556
Commercial	19,823,035	21,501,292
Loans receivable	139,812,688	105,478,848
Net deferred loan origination costs (fees)	116,236	169,313
Allowance for credit losses	(1,412,000)	(1,214,000)
Loans receivable, net	<u>\$ 138,516,924</u>	<u>\$ 104,434,161</u>

The Bank's loan portfolio consists primarily of loans to borrowers within California. Although the Bank seeks to avoid concentrations of loans to a single industry or based upon a single class of collateral, real estate and real estate associated businesses are among the principal industries in the Bank's market area and, as a result, the Bank's loan and collateral portfolios are, to some degree, concentrated in those industries.

The following table presents the activity in the ACL on loans and unfunded commitments for the years ended December 31, 2025 and 2024:

	December 31, 2025		
	Real Estate	Commercial	Total
Allowance for Credit Losses - Loans			
Beginning of Year	\$ 914,773	\$ 299,227	\$ 1,214,000
Provisions	167,034	30,966	198,000
End of Year	<u>\$ 1,081,807</u>	<u>\$ 330,193</u>	<u>\$ 1,412,000</u>
Allowance for Credit Losses - Unfunded Commitments			
Beginning of Year	\$ 5,263	\$ 24,737	\$ 30,000
Provisions	5,754	246	6,000
End of Year	<u>\$ 11,017</u>	<u>\$ 24,983</u>	<u>\$ 36,000</u>
	December 31, 2024		
	Real Estate	Commercial	Total
Allowance for Credit Losses - Loans			
Beginning of Year	\$ 163,856	\$ 137,144	\$ 301,000
Provisions	750,917	162,083	913,000
End of Year	<u>\$ 914,773</u>	<u>\$ 299,227</u>	<u>\$ 1,214,000</u>
Allowance for Credit Losses - Unfunded Commitments			
Beginning of Year	\$ 1,213	\$ 14,787	\$ 16,000
Provisions	4,050	9,950	14,000
End of Year	<u>\$ 5,263</u>	<u>\$ 24,737</u>	<u>\$ 30,000</u>

The Bank categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, collateral adequacy, credit documentation, and current economic trends, among other factors. The Bank analyzes loans individually by classifying the loans as to credit risk. This analysis typically includes larger, non-homogeneous loans such as commercial real estate and commercial and industrial loans. This analysis is performed on an ongoing basis as new information is obtained.

The Bank uses the following definitions for risk ratings:

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

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

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

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

Beach Cities Commercial Bank

Notes to Financial Statements

December 31, 2025 and 2024

The risk category of loans by class of loans and year of origination as of December 31, 2025 follows:

	Term Loans Amortized Costs by Origination year			Revolving Loans Amortized Cost Basis	Total
	2025	2024	2023		
Real Estate					
Pass					
Construction	\$ 4,673,218	\$ 2,405,380	\$ -	\$ 217,584	\$ 7,296,182
Residential	999,915	4,309,554	1,990,076	6,916,178	14,215,723
Multifamily	428,505	12,692,316	-	404,200	13,525,021
Owner occupied	26,250,893	30,133,759	1,763,963	1,354,446	59,503,061
Non owner occupied	3,803,786	14,192,159	1,400,846	6,052,875	25,449,666
	<u>36,156,317</u>	<u>63,733,168</u>	<u>5,154,885</u>	<u>14,945,283</u>	<u>119,989,653</u>
Commercial					
Pass	<u>1,831,180</u>	<u>1,716,996</u>	<u>3,368,814</u>	<u>12,906,045</u>	<u>19,823,035</u>
Total Loans					
Pass	<u>\$ 37,987,497</u>	<u>\$ 71,029,926</u>	<u>\$ 8,523,699</u>	<u>\$ 27,851,328</u>	<u>\$ 139,812,688</u>
Current period gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The risk category of loans by class of loans and year of origination as of December 31, 2024 follows:

	Term Loans Amortized Costs by Origination year		Revolving Loans Amortized Cost Basis	Total
	2024	2023		
Real Estate				
Pass				
Construction	\$ 48,635	\$ -	\$ 769,178	\$ 817,813
Residential	4,387,768	2,055,176	1,411	6,444,355
Multifamily	13,876,124	-	1,124,445	15,000,569
Owner occupied	33,808,708	5,227,838	-	39,036,546
Non owner occupied	14,974,499	3,206,893	4,496,881	22,678,273
	<u>67,095,734</u>	<u>10,489,907</u>	<u>6,391,915</u>	<u>83,977,556</u>
Commercial				
Pass	<u>3,934,192</u>	<u>5,234,512</u>	<u>12,332,588</u>	<u>21,501,292</u>
Total Loans				
Pass	<u>\$ 71,029,926</u>	<u>\$ 15,724,419</u>	<u>\$ 18,724,503</u>	<u>\$ 105,478,848</u>
Current period gross charge-offs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Bank has had no past due, nonaccrual, collateral dependent, or modified loans as of December 31, 2025 and 2024.

During 2025, the Bank purchased loans totaling approximately \$2,000,000 and sold various loans totaling approximately \$19,000,000, ten of which were SBA loans that resulted in a gain of \$431,140. During 2024, the Bank purchased loans totaling approximately \$8,000,000 and sold various loans totaling approximately \$6,000,000 and two SBA loans totaling approximately \$2,000,000 for a gain of \$127,399.

Note 4 - Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment as of December 31, follows:

	<u>2025</u>	<u>2024</u>
Leasehold Improvements	\$ 139,123	\$ 139,123
Furniture Fixtures, and Equipment	<u>222,030</u>	<u>201,294</u>
	361,153	340,417
Less Accumulated Depreciation and Amortization	<u>(233,477)</u>	<u>(150,809)</u>
	<u>\$ 127,676</u>	<u>\$ 189,608</u>

Depreciation and amortization expense for the year ended December 31, 2025 and 2024 was \$82,669 and \$55,118, respectively.

Note 5 - Leases

The Bank leases office facilities under long-term, non-cancelable operating lease agreements. The leases provide for increases in future minimum annual rental payments based on defined increases. Also, the agreements require the Bank to pay real estate taxes, insurance, utilities and common area maintenance.

The weighted-average discount rate is based on an applicable incremental borrowing rate, which is estimated using the Bank's applicable borrowing rates and the contractual lease term. The weighted-average remaining lease term and discount rate was 2.9 years and 5.5% at December 31, 2025 and 3.7 years and 5.5% at December 31, 2024.

Operating lease cost was \$529,889 and \$524,202 for the years ended December 31, 2025 and 2024, respectively. This expense is included in occupancy and equipment expense in the statement of operations. Cash paid for amounts included in the measurement of lease liabilities was \$455,150 and \$440,432 for the years ended December 31, 2025 and 2024, respectively.

The future minimum lease payments under noncancelable operating leases are as follows as of December 31, 2025:

Year Ending December 31,		
2026	\$	470,191
2027		428,032
2028		152,250
2029		144,750
Total Lease Payments		1,195,223
Less Imputed Interest		(92,430)
Present Value of Net Future Minimum Lease Payments	\$	1,102,793

Note 6 - Deposits

For the years ended December 31, 2025 and 2024, time deposits totaled \$61,583,728 and \$44,484,697, respectively. As of December 31, 2025, all time deposits mature within one year. Time deposits with balances equal to and over the FDIC insured limit of \$250,000 totaled \$20,623,811 and \$13,295,083 for the years ended December 31, 2025 and 2024, respectively.

Note 7 - Borrowings

The Bank has a borrowing arrangement with the Federal Home Loan Bank of San Francisco (“FHLB”) and has pledged loans as collateral with a carrying value of approximately \$52.6 million and \$38.2 million as of December 31, 2025 and 2024, respectively, with a remaining borrowing capacity of \$10.7 million and \$24.2 million, respectively. The FHLB advance outstanding at December 31, 2025 amounts to \$16,000,000 which matures on January 2, 2026 with a rate of 3.92%. There were no FHLB advances outstanding as of December 31, 2024.

The Bank can also borrow from the Federal Reserve Bank discount window up to the collateral value of any pledged securities. At December 31, 2025 and 2024, the Bank has pledged securities with total collateral value of \$2.2 million and \$978,297, respectively. There were no Federal Reserve borrowings outstanding as of December 31, 2025 and 2024.

The Bank has unused unsecured lines of credit with correspondent banks with a total borrowing capacity of \$7.0 million at December 31, 2025 and \$8.0 million at December 31, 2024.

Note 8 - Income Taxes

The income tax for the years ended December 31, 2025 and 2024, is comprised of the following:

	2025	2024
Current		
Federal	\$ -	\$ -
State	800	1,600
	800	1,600
Deferred		
Federal	(116,931)	(921,975)
State	(47,615)	(375,185)
	(164,546)	(1,297,160)
Change in Valuation Allowance	164,546	1,297,160
	\$ 800	\$ 1,600

Deferred taxes are a result of differences between income tax accounting and generally accepted accounting principles with respect to income and expense recognition. The following is a summary of the components of the net deferred tax asset accounts recognized in the accompanying statements of financial condition as of December 31, 2025 and 2024:

	2025	2024
Deferred Tax Assets		
Organization expenses	\$ 616,000	\$ 665,000
Allowance for credit losses	379,000	327,000
Net operating loss carryover	2,250,000	2,081,000
Other items	529,000	597,000
	3,774,000	3,670,000
Deferred Tax Liabilities		
Deferred loan costs	(227,000)	(174,000)
Other Items	(375,000)	(491,000)
	(602,000)	(665,000)
Valuation Allowance	(3,172,000)	(3,005,000)
Net deferred tax assets	\$ -	\$ -

The valuation allowance was established because the Bank has not reported earnings sufficient enough to support the recognition of the net deferred tax assets. The Bank has federal and state net operating loss carryovers of approximately \$7.0 million as of December 31, 2025, which begin to expire for California franchise tax purposes in 2043. Federal net operating loss carryovers do not expire.

A reconciliation of income taxes computed at the federal statutory rate of 21% is as follows:

	2025		2024	
	Amount	Rate	Amount	Rate
Statutory Federal Tax	\$ (127,039)	21.0%	\$ (949,667)	21.0%
State Franchise Tax, net of Federal Benefit	(46,983)	7.8%	(373,921)	8.3%
Stock-Based Compensation	9,064	(1.5%)	24,231	(0.5%)
Other Items, net	1,212	(0.2%)	3,797	(0.1%)
Change in Valuation Allowance	164,546	(27.2%)	1,297,160	(28.7%)
Tax Expense	<u>\$ 800</u>	<u>(0.1%)</u>	<u>\$ 1,600</u>	<u>(0.0%)</u>

Income taxes paid (net of refunds received) disaggregated by federal, state, and foreign for the years ended December 31, 2025 is as follows:

	2025	2024
Federal	\$ -	\$ -
State	800	1,600
Foreign	-	-
	<u>\$ 800</u>	<u>\$ 1,600</u>

Note 9 - Stock-Based Compensation

The Bank's 2023 Stock Plan (the Plan) was approved by its Board of Directors on May 31, 2023. The 2023 Plan has authorized 30% of issued and outstanding shares of common stock that may subject of awards, of which no more than 600,000 shares may be awarded in the form of incentive stock options.

Stock-based compensation expense was \$250,056 and \$413,905 for the years ended December 31, 2025 and 2024, respectively.

There were no option grants during the years ended December 31, 2025 and 2024.

A summary of the status of the Bank's stock option plan as of December 31, 2025, and changes during the year then ended, is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at Beginning of Year	384,500	\$ 10		
Granted	-	-		
Forfeited	<u>(30,500)</u>	<u>10</u>		
Outstanding at End of Year	<u>354,000</u>	<u>10</u>	<u>7.6 Years</u>	<u>\$ -</u>
Options Exercisable	<u>141,600</u>	<u>\$ 10</u>	<u>7.6 Years</u>	<u>\$ -</u>

A summary of the status of unvested restricted stock units awarded under the Plan as of December 31, 2025, and changes during the year then ended is presented below:

	Unvested Shares	Weighted-Average Grant Date Fair Value
Balance, Beginning of Period	49,200	\$ 10.00
Granted	-	-
Exercised	(4,300)	10.00
Forfeited	<u>(32,000)</u>	<u>10.00</u>
Balance, End of Year	<u>12,900</u>	<u>\$ 10.00</u>

As of December 31, 2025, there was unrecognized compensation cost related to awards granted and outstanding under the Plan of \$753,683, to be recognized over a weighted-average life of 1.82 years.

Note 10 - Other Expenses

Other expenses for the years ended December 31, 2025 and 2024, are comprised of the following:

	2025	2024
Data processing	\$ 705,536	\$ 628,030
Legal	156,233	94,948
Audit	135,981	139,559
Professional and consulting	78,182	209,943
Insurance	59,471	54,099
Loan expense	(38,700)	67,737
Regulatory assessments	183,453	56,189
Director expense	164,159	164,422
Supplies	45,233	42,654
Business development	151,988	70,174
Other	303,986	228,778
	\$ 1,945,522	\$ 1,756,533

Note 11 - Commitments

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

The Bank's exposure to loan loss in the event of nonperformance on commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments as it does for loans reflected in the financial statements.

As of December 31, 2025 and 2024, the Bank had the following outstanding financial commitments whose contractual amount represents credit risk:

	2025	2024
Commitments to Extend Credit	\$ 24,986,000	\$ 20,166,000

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

Note 12 - Related Party Transactions

In the ordinary course of business, certain employees and executive officers, directors and companies with which they are associated have deposits with the Bank. The balance of these deposits at December 31, 2025 and 2024 was approximately \$396,000 and \$606,000, respectively.

In the ordinary course of business, the Bank has granted loans to its principal officers, directors, principal shareholders, and their affiliates. The aggregate amount of loans to such related parties was approximately \$181,000 and \$0 as of December 31, 2025 and 2024.

Note 13 - Employee 401k Plan

The Bank has adopted a 401(k) for its employees. Under the plan, eligible employees may defer a portion of their salaries. There were no Bank contributions to the 401k Plan for the years ended December 31, 2025 and 2024.

Note 14 - Fair Value Measurement

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

Debt Securities: The fair values of debt 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).

Loans Held for Sale: Loans held for sale are carried at the lower of cost or fair value, which is evaluated on a pool level basis. The fair value of loans held for sale is determined using quoted prices for similar assets, adjusted for specific attributes of that loan or other observable market data, (Level 2).

The following table provides the hierarchy and fair value for each major category of assets and liabilities measured at fair value at December 31, 2025 and 2024:

December 31, 2025	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value on a recurring basis				
Securities Available-for-Sale	\$ -	\$ 2,286,246	\$ -	\$ 2,286,246
<u>December 31, 2024</u>				
Assets measured at fair value on a recurring basis				
Securities Available-for-Sale	\$ -	\$ 984,026	\$ -	\$ 984,026

Loans held for sale in the amount of \$4,123,111 and \$0 as of December 31, 2025 and 2024, respectively, are measured at fair value on a non-recurring basis.

Note 15 - Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the asset or obligation could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the entire holdings of a particular financial instrument. Because no market value exists for a significant portion of the financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature, involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on financial instruments both on and off the balance sheet without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Additionally, tax consequences related to the realization of the unrealized gains and losses can have a potential effect on fair value estimates and have not been considered in many of the estimates.

The estimated fair values and related carrying amounts of the Bank's financial instruments at December 31, 2025 and 2024, are as follows:

	Fair Value Hierarchy	2025		2024	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:					
Cash and cash equivalents	Level 1	\$ 28,312,636	\$ 28,312,636	\$ 22,112,066	\$ 22,112,066
Debt securities	Level 2	2,286,246	2,286,246	984,026	984,026
Loans held for sale	Level 2	4,123,111	4,123,111	-	-
Loans, net	Level 3	138,516,924	140,911,889	104,434,161	105,244,000
FHLB Stock, at cost	Level 2	572,000	572,000	124,800	124,800
Accrued interest receivable	Level 2	529,425	529,425	428,040	428,040
Financial Liabilities:					
Noninterest-bearing deposits	Level 1	26,805,494	26,805,494	13,870,625	13,870,625
Interest-bearing deposits	Level 2	116,706,135	115,701,000	99,021,278	99,083,000
Borrowings	Level 2	16,000,000	16,000,000	-	-
Accrued interest payable	Level 2	115,697	115,697	102,654	102,654

Note 16 - Regulatory Matters

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

Effective January 1, 2020, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy for qualifying community banking organizations and generally exempts an institution from the risk-based capital and capital conversion buffer requirements. The Community Bank Leverage Ratio (CBLR) final rule will allow qualifying banks that opt-in to the CLBR framework to calculate and report a leverage ratio to measure capital adequacy replacing the risk-based capital reporting requirements. A qualifying community banking organization is defined as having less than \$10 billion in total assets, a leverage ratio greater than 9%, off-balance sheet exposures of 25% or less of total assets, trading assets and liabilities of 5% or less of total assets and is not an advanced approaches institution. Meeting these qualifications, the Bank has elected to opt-in to the CBLR framework.

As of December 31, 2025, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action (there are no conditions or events since that notification that management believes have changed the Bank's category).

The FDIC requires the Bank to maintain its Tier 1 Capital to average assets at 8% during the first three years of operations.

To be categorized as well capitalized under the CBLR capital framework, the Bank must maintain the minimum ratio as set forth in the table below. The following table also sets forth the Bank's actual capital amount and ratio (dollar amounts in thousands) as of December 31, 2025 and 2024:

	Actual		To be Well-Capitalized Under Prompt Corrective Action Regulations (CBLR Framework)	
	Amount	Ratio	Amount	Ratio
As of December 31, 2025				
Tier 1 Capital to average total assets	\$ 14,673	8.7%	\$ 15,153	9.0%
As of December 31, 2024				
Tier 1 Capital to average total assets	\$ 15,193	14.2%	\$ 9,662	9.0%

The California Financial Code also provides that a bank may not make a cash distribution to its shareholders in excess of the lesser of the bank's undivided profits or the bank's net income for its last three fiscal years less the amount of any distribution made by the bank's shareholders during the same period.

Note 17 – Subsequent Events

During February 2026, the Bank intends to offer \$5,000,000 of shares in a Private Placement Offering with the Bank allowed to exceed the \$5,000,000 by an additional 20% or \$1,000,000 in stock subscription overage, at the price of \$9.50 per share in the amount of 524,316 shares of common stock, with an over-subscription option of 105,263 shares, including a warrant to purchase 1 share of common stock at a \$9.50 exercise price for every five shares purchased.