

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 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: 001-38437

**OP BANCORP**

(Exact Name of Registrant as Specified in its Charter)

**California**

(State or other jurisdiction of  
incorporation or organization)

**1000 Wilshire Blvd., Suite 500,  
Los Angeles, CA**

(Address of principal executive offices)

**81-3114676**

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

**90017**

(Zip Code)

Registrant's telephone number, including area code: **(213) 892-9999**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, no par value</b>	<b>OPBK</b>	<b>The Nasdaq Global Market</b>

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

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

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

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

The number of shares outstanding of the Registrant's Common Stock as of April 30, 2025 was 14,811,671.

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## Introduction

This Quarterly Report on Form 10-Q is filed by OP Bancorp, a California corporation and a registered bank holding company (“Company”) with respect to its consolidated financial condition, results of operations, and business as of March 31, 2025. The Company’s primary business operations are conducted through its wholly owned subsidiary, Open Bank, a California chartered commercial bank (“Bank”), and unless the context requires otherwise, statements about the Company generally are intended to describe the consolidated operations of the Company and the Bank.

### Cautionary Note Regarding Forward-Looking Statements

Certain matters set forth herein constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Rule 3b-6 promulgated thereunder. All statements that are not statements of historical fact are forward-looking, and readers should not construe these statements of assurances of expected or intended results, or of promises that management will take a given course of action or pursue the currently expected strategies and objectives. Forward-looking statements in this report include comments about the Company’s current business plans and expectations regarding future operating results, as well as management’s statements about expected future events and economic developments, plans, strategies and objectives. All such statements reflect the current intentions, beliefs and expectations of the Company’s executive management based on currently available information and current and expected market conditions. Forward-looking statements can sometimes be identified by the use of forward-looking language, such as “likely result in,” “expects,” “anticipates,” “estimates,” “forecasts,” “projects,” “intends to,” or may include other similar words or phrases, such as “believes,” “plans,” “trend,” “objective,” “continues,” “remains,” or similar expressions, or future or conditional verbs, such as “will,” “would,” “should,” “could,” “may,” “might,” “can,” or similar verbs. Readers should not construe these statements as assurances of a given level of performance, or as promises that we will take the actions our management currently expects.

Our forward-looking statements are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those projected or could cause us to change plans or strategies or otherwise to take actions that differ from those we currently expect. These risks and uncertainties, some of which are beyond management’s control, include, but are not limited to:

- our ability to anticipate and respond to technological changes and challenges, including our ability to identify and timely and effectively respond to cyber-security risks, including those posed by the increasing use of artificial intelligence, such as data security breaches, "denial of service" attacks, "hacking" and identify theft affecting us, our clients or our third party vendors or service providers, which risks continue to grow more serious with the rise of artificial intelligence and increasingly sophisticated attacks on infrastructure, information, and software;
- our ability successfully to execute on our previously announced leadership transition plans, including the successful transition of the expected roles and the performance of the individuals we have identified to assume key board and executive leadership roles;
- factors that affect our ability to meet our liquidity needs, particularly our obligations to fund deposit withdrawals and undrawn lines of credit including such conditions as fluctuations in the fair value and liquidity of the securities and loans we hold for sale and our ability to raise additional capital, if necessary, on acceptable or economically efficient terms, or at all;
- the geographic concentration of our assets, including the business and individual customers upon whom our business depends, as well as the effects of that concentration on our customers’ ability to perform in accordance with the terms of their loans and the values of the collateral securing those assets;
- government, quasi-governmental and extra-governmental actions in response to actual or expected economic, political or social events, such as disease outbreaks, domestic or international terrorism, or war or other hostilities, as such government actions restrict our ability to conduct business or that have the effect of reducing our customers’ ability to maintain compliance with their borrowing obligations or that affect their need for deposit liquidity or increased borrowing capacity;
- public confidence in the Bank and the banking system generally, and current volatility and market uncertainties on the banking system generally and our Bank in particular;

- inflationary pressures and interest rate fluctuations, including our ability to anticipate and respond to these variances, which could have an adverse effect on our profitability, reduce our margins and yields, the fair value of financial instruments or our level of loan production, or increase the level of defaults, losses and prepayments on loans to clients, whether held in the portfolio or in the secondary market;
- external economic and/or market factors, such as changes in monetary and fiscal policies and laws, including the interest rate policies of the Federal Reserve, inflation or deflation, changes in the demand for loans, and fluctuations in consumer spending, borrowing and savings habits, which may have an adverse impact on our financial condition;
- the effects of natural disasters, including the catastrophic harms wreaked by wildfires in the Los Angeles Basin in early 2025, upon our customers and on the collateral securing our loans, as well as on our ability to grow our business within that market area;
- management's ability to assess and accurately estimate the risk of losses in our credit portfolio and to establish and maintain adequate reserves to offset those risks;
- continued or increasing competition from other financial institutions, credit unions, and non-bank financial services companies, many of which are subject to different regulations than we are;
- liquidity, earnings and other factors that impact the Bank's ability to continue paying dividends to the Company, which would restrict the Company's ability to meet its operating capital needs;
- increased capital requirements imposed by banking regulators, which may require us to raise capital at a time when capital is not available on favorable terms or at all, or may limit our ability to invest in growing our business;
- the effectiveness and operation of the internal controls we maintain to address the risks inherent to the business of banking, including but not limited to our ability to detect promptly any physical security breach, employee misfeasance or malfeasance, data security violation, disclosure controls and procedures, or internal control over financial reporting;
- disruptions, security breaches, or other adverse events affecting the third-party vendors who perform several of our critical processing functions;
- the effects of recent and future natural disasters, such as earthquakes, drought, wildfires, pandemic diseases (such as the coronavirus) or extreme weather events, any of which may affect services we use or affect our customers, employees or third parties with which we conduct business; and
- our ability to manage and respond to changes in the foregoing.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this report, including those identified in "Part II, Item 1A. Risk Factors" of this report. A more thorough discussion of the risks and uncertainties confronting our business is set forth in the section of our Annual Report on Form 10-K entitled "Risk Factors" for the period ended December 31, 2024. 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 read all forward-looking statements in the context of the foregoing and should not consider them to be reliable predictions of future events or as assurances of a particular level of performance or intended course of action. Any forward-looking statement speaks only as of the date on which it is 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. Financial Statements**

**OP BANCORP AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS**

(\$ in thousands)	March 31, 2025 (Unaudited)	December 31, 2024
<b>ASSETS</b>		
Cash and cash equivalents	\$ 198,861	\$ 134,943
Available-for-sale debt securities, at fair value	182,480	185,909
Other investments	16,517	16,437
Loans held for sale	4,555	4,581
Loans receivable, net of allowance for credit losses of \$25,368 and \$24,796 as of March 31, 2025 and December 31, 2024, respectively	2,018,517	1,932,056
Premises and equipment, net	6,526	5,449
Accrued interest receivable	9,871	9,188
Servicing assets	10,848	10,834
Company owned life insurance	23,084	22,912
Deferred tax assets, net	13,183	14,893
Other real estate owned	1,237	1,237
Operating right-of-use assets	6,930	7,415
Other assets	20,362	20,159
<b>Total assets</b>	<b>\$ 2,512,971</b>	<b>\$ 2,366,013</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Deposits:		
Noninterest-bearing	\$ 552,797	\$ 504,928
Interest-bearing:		
Money market and others	385,080	329,095
Time deposits greater than \$250	610,783	565,813
Other time deposits	641,211	627,449
Total deposits	2,189,871	2,027,285
Federal Home Loan Bank advances	75,000	95,000
Accrued interest payable	14,994	16,067
Operating lease liabilities	9,193	7,857
Other liabilities	13,824	14,811
Total liabilities	2,302,882	2,161,020
<b>Shareholders' equity</b>		
Preferred stock no par value; 10,000,000 shares authorized; no shares issued or outstanding as of March 31, 2025 and December 31, 2024	—	—
Common stock – no par value; 50,000,000 shares authorized as of March 31, 2025 and December 31, 2023; 14,914,261 and 14,819,866 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	73,697	73,697
Additional paid-in capital	11,371	11,928
Retained earnings	138,563	134,781
Accumulated other comprehensive loss	(13,542)	(15,413)
Total shareholders' equity	210,089	204,993
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,512,971</b>	<b>\$ 2,366,013</b>

See accompanying notes to unaudited consolidated financial statements

**OP BANCORP AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME (unaudited)**

(\$ in thousands, except per share data)	Three Months Ended March 31,	
	2025	2024
<b>INTEREST INCOME</b>		
Interest and fees on loans	\$ 31,689	\$ 30,142
Interest on available-for-sale debt securities	1,496	1,460
Other interest income	1,674	1,311
Total interest income	34,859	32,913
Interest expense		
Interest on deposits	16,608	15,675
Interest on borrowings	833	1,259
Total interest expense	17,441	16,934
Net interest income	17,418	15,979
Provision for credit losses	736	145
Net interest income after provision for credit losses	16,682	15,834
<b>NONINTEREST INCOME</b>		
Service charges on deposits	1,000	612
Loan servicing fees, net of amortization	1,007	772
Gain on sale of loans	2,019	1,703
Other income	790	499
Total noninterest income	4,816	3,586
<b>NONINTEREST EXPENSE</b>		
Salaries and employee benefits	8,776	7,841
Occupancy and equipment	1,581	1,655
Data processing and communication	296	487
Professional fees	407	395
FDIC insurance and regulatory assessments	487	374
Promotion and advertising	156	149
Directors' fees	180	157
Foundation donation and other contributions	556	540
Other expenses	1,375	559
Total noninterest expense	13,814	12,157
<b>INCOME BEFORE INCOME TAX EXPENSE</b>	7,684	7,263
Income tax expense	2,124	2,037
<b>NET INCOME</b>	\$ 5,560	\$ 5,226
<b>EARNINGS PER SHARE - BASIC</b>	\$ 0.37	\$ 0.34
<b>EARNINGS PER SHARE - DILUTED</b>	\$ 0.37	\$ 0.34

See accompanying notes to unaudited consolidated financial statements

**OP BANCORP AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)**

(\$ in thousands)	Three Months Ended March 31,	
	2025	2024
<b>Net income</b>	\$ 5,560	\$ 5,226
Other comprehensive income (loss)		
Change in unrealized gain (loss) on available-for-sale debt securities, net of tax effect	2,233	(1,301)
Change in unrealized loss on cash flow hedge, net of tax effect	(362)	—
Total other comprehensive income (loss)	1,871	(1,301)
<b>Comprehensive income</b>	\$ 7,431	\$ 3,925

See accompanying notes to unaudited consolidated financial statements

**OP BANCORP AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)**

**Three Months Ended**

(\$ in thousands, except per share data)	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares Outstanding	Amount				
<b>Balance at January 1, 2025</b>	14,819,866	\$ 73,697	\$ 11,928	\$ 134,781	\$ (15,413)	\$ 204,993
Net income	—	—	—	5,560	—	5,560
Other comprehensive income	—	—	—	—	1,871	1,871
Stock issued under stock-based compensation plans, net of forfeiture	94,395	—	(717)	—	—	(717)
Stock-based compensation, net	—	—	160	—	—	160
Repurchase of common stock	—	—	—	—	—	—
Cash dividends declared (\$0.12 per share)	—	—	—	(1,778)	—	(1,778)
<b>Balance at March 31, 2025</b>	14,914,261	\$ 73,697	\$ 11,371	\$ 138,563	\$ (13,542)	\$ 210,089
<b>Balance at January 1, 2024</b>	15,000,436	\$ 76,280	\$ 10,942	\$ 120,855	\$ (15,451)	\$ 192,626
Net income	—	—	—	5,226	—	5,226
Other comprehensive loss	—	—	—	—	(1,301)	(1,301)
Stock issued under stock-based compensation plans, net of forfeiture	31,816	160	(21)	—	—	139
Stock-based compensation, net	—	—	319	—	—	319
Repurchase of common stock	(49,697)	(483)	—	—	—	(483)
Cash dividends declared (\$0.12 per share)	—	—	—	(1,801)	—	(1,801)
<b>Balance at March 31, 2024</b>	14,982,555	\$ 75,957	\$ 11,240	\$ 124,280	\$ (16,752)	\$ 194,725

See accompanying notes to unaudited consolidated financial statements

**OP BANCORP AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**

(\$ in thousands)	Three Months Ended March 31,	
	2025	2024
<b>Cash flows from operating activities</b>		
Net income	\$ 5,560	\$ 5,226
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Provision for credit losses	736	145
Depreciation and amortization of premises and equipment	347	367
Amortization of net premiums on securities	—	35
Amortization of servicing assets	667	888
Accretion of net discounts on loans	(231)	(641)
Amortization of low income housing partnerships	497	517
Stock-based compensation, net	160	319
Deferred income taxes	923	54
Gain on sale of loans	(2,019)	(1,703)
Earnings on company owned life insurance	(172)	(166)
Net change in fair value of equity investment with readily determinable fair value	(52)	36
Origination of loans held for sale	(32,216)	(40,017)
Proceeds from sales of loans held for sale	33,580	26,888
Net change in:		
Accrued interest receivable	(683)	(111)
Other assets	(475)	8,000
Accrued interest payable	(1,073)	(358)
Other liabilities	96	(2,633)
Net cash from (used in) operating activities	5,645	(3,154)
<b>Cash flows from investing activities</b>		
Net change in loans receivable	(86,966)	(38,510)
Proceeds from matured, called, or paid-down securities available for sale	6,600	5,142
Purchase of equity investments	(28)	(24)
Purchase of premises and equipment, net	(1,424)	(90)
Investments in low-income housing partnerships	—	(1,042)
Net cash used in investing activities	(81,818)	(34,524)
<b>Cash flows from financing activities</b>		
Net change in deposits	162,586	87,853
Cash received from stock option exercises	—	160
Proceeds from Federal Home Loan Bank advances	—	30,000
Repayment of Federal Home Loan Bank advances	(20,000)	(30,000)
Repurchase of common stock	—	(483)
Cash dividend paid on common stock	(1,778)	(1,801)
Payments related to tax-withholding for vested restricted stock awards	(717)	(21)
Net cash from financing activities	140,091	85,708
Net change in cash and cash equivalents	63,918	48,030
Cash and cash equivalents at beginning of period	134,943	91,216

Cash and cash equivalents at end of period	\$	198,861	\$	139,246
Supplemental cash flow information:				
Cash paid during the period for:				
Income taxes	\$	21	\$	—
Interest		18,514		17,292
Supplemental noncash disclosure:				
Initial recognition of right-of-use assets	\$	—	\$	871
Transfer of loan to other real estate owned		—		1,237

See accompanying notes to unaudited consolidated financial statements

**OP BANCORP AND SUBSIDIARY**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. Business and Basis of Presentation**

OP Bancorp ("Company") is a California corporation and the registered bank holding company for Open Bank ("Bank"). The Company commenced operation as a bank holding company on June 1, 2016, and substantially all of its assets, operations and business are owned and conducted through the Bank. The Bank is a California state-chartered and Federal Deposit Insurance Corporation ("FDIC")-insured financial institution, which began its operations on June 10, 2005. Headquartered in downtown Los Angeles, California, Open Bank operates primarily in the traditional banking business arena that includes accepting deposits and making loans and investments. Open Bank's primary deposit products are demand and time deposits, and the primary lending products are commercial business loans to small to medium sized businesses. OP Bancorp is operating with eleven full-service branches located in California, Washington, Nevada and Texas, and five loan production offices located in California, Georgia, Washington, Colorado, and Virginia.

The accompanying unaudited consolidated financial statements and notes thereto of the Company have been prepared by management in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") for Form 10-Q and conform to practices within the banking industry and include all of the information and disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for interim financial reporting. The accompanying unaudited consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments), which are necessary for a fair presentation of the financial results for the interim periods presented, including eliminating intercompany transactions and balances. Certain items in our consolidated financial statements and notes for prior years have been reclassified to conform to the current presentation. The results of operations for the interim periods are not necessarily indicative of the results for the full year. These interim unaudited financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 ("2024 Annual Report on Form 10-K"). Descriptions of our significant accounting policies are included in Note 1. Summary of Significant Accounting Policies in the Notes to consolidated financial statements in the 2024 Annual Report on Form 10-K.

**Recently Issued Accounting Pronouncement under Evaluation**

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU amends the disclosure requirements for income taxes, including the requirement for further disaggregation of the income tax rate reconciliation and income taxes paid disclosures. The amendments in this guidance must be applied prospectively, with the option to apply retrospectively. This guidance is effective for fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact of this new standard on its consolidated financial statements, and the adoption is not expected to have a significant impact on the consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03, *Disaggregation of Income Statement Expenses (DISE)*. The ASU requires additional disclosure of about specific types of expenses included in the income statement. This guidance applies to all public business entities and is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods within annual reporting periods beginning after December 15, 2027. The requirements will be applied prospectively with the option for retrospective application. The Company is currently evaluating the impact of this new standard on its consolidated financial statements, and the adoption is not expected to have a significant impact on the consolidated financial statements.

## Note 2. Securities

The following table summarizes the amortized cost, the corresponding amounts of gross unrealized gains and losses, and estimated fair value of available-for-sale ("AFS") debt securities as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	March 31, 2025			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
U.S. Government agencies or sponsored agency securities:				
Residential mortgage-backed securities	\$ 40,059	\$ —	\$ (3,661)	\$ 36,398
Residential collateralized mortgage obligations	155,022	668	(15,114)	140,576
Municipal securities - tax exempt	5,857	—	(351)	5,506
<b>Total AFS debt securities</b>	<b>\$ 200,938</b>	<b>\$ 668</b>	<b>\$ (19,126)</b>	<b>\$ 182,480</b>

(\$ in thousands)	December 31, 2024			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
U.S. Government agencies or sponsored agency securities:				
Residential mortgage-backed securities	\$ 41,521	\$ —	\$ (4,445)	\$ 37,076
Residential collateralized mortgage obligations	160,187	312	(17,458)	143,041
Municipal securities - tax exempt	5,830	37	(75)	5,792
<b>Total AFS debt securities</b>	<b>\$ 207,538</b>	<b>\$ 349</b>	<b>\$ (21,978)</b>	<b>\$ 185,909</b>

There were no sales of AFS debt securities during the three months ended March 31, 2025 and 2024.

The amortized cost and estimated fair value of AFS debt securities as of March 31, 2025, by contractual maturity, are shown below:

(\$ in thousands)	Amortized Cost	Fair Value
One Year or Less	\$ 63	\$ 62
After one year through five years	968	940
After five years through ten years	2,590	2,403
After ten years	197,317	179,075
<b>Total AFS debt securities</b>	<b>\$ 200,938</b>	<b>\$ 182,480</b>

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. As of March 31, 2025 and December 31, 2024, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of shareholders' equity.

The following table presents the fair value and the associated gross unrealized losses on AFS debt securities by length of time those individual securities in each category have been in a continuous loss as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	March 31, 2025					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government agencies or sponsored agency securities:						
Residential mortgage-backed securities	\$ 5,246	\$ (64)	\$ 31,152	\$ (3,597)	\$ 36,398	\$ (3,661)
Residential collateralized mortgage obligations	—	—	92,233	(15,114)	92,233	(15,114)
Municipal securities - tax exempt	3,805	(207)	1,701	(144)	5,506	(351)
<b>Total AFS debt securities</b>	<b>\$ 9,051</b>	<b>\$ (271)</b>	<b>\$ 125,086</b>	<b>\$ (18,855)</b>	<b>\$ 134,137</b>	<b>\$ (19,126)</b>

(\$ in thousands)	December 31, 2024					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government agencies or sponsored agency securities:						
Residential mortgage-backed securities	\$ 5,442	\$ (133)	\$ 31,634	\$ (4,312)	\$ 37,076	\$ (4,445)
Residential collateralized mortgage obligations	27,614	(214)	93,236	(17,244)	120,850	(17,458)
Municipal securities - tax exempt	895	(19)	1,788	(56)	2,683	(75)
<b>Total AFS debt securities</b>	<b>\$ 33,951</b>	<b>\$ (366)</b>	<b>\$ 126,658</b>	<b>\$ (21,612)</b>	<b>\$ 160,609</b>	<b>\$ (21,978)</b>

Available-for-sale debt securities are measured at fair value and are subject to impairment testing. A security is impaired if the fair value of the security is less than its amortized cost basis. When an available-for-sale debt security is considered impaired, the Company must determine if the decline in fair value has resulted from a credit-related loss or other factors and then, (1) recognize an allowance for credit losses by a charge to earnings for the credit-related component of the decline in fair value, and (2) recognize in other comprehensive income (loss) any non-credit related components of the fair value decline. If the amount of the amortized cost basis expected to be recovered increases in a future period, the valuation reserve would be reduced, but not more than the amount of the current existing reserve for that security.

As of March 31, 2025, the Company's AFS debt securities consisted of 90 securities, of which 80 were in an unrealized loss position.

The unrealized losses from the decline in fair value is attributable to changes in interest rates, and not credit quality. The issuers of the AFS debt securities are of high credit quality. Approximately 97% of the AFS debt securities are residential mortgage-backed securities and residential collateralized mortgage obligations that were issued by U.S. government-sponsored agencies, such as Ginnie Mae, Fannie Mae and Freddie Mac. The remaining 3% of the AFS debt securities are tax-exempt municipal securities.

All securities are performing and the Company believes that the unrealized losses presented in the previous tables are temporary and no credit losses are expected. As a result, the Company expects full collection of the carrying amount of these securities, does not intend to sell the securities in an unrealized loss position, and it was more-likely-than-not the Company will not have to sell these securities prior to recovery of amortized cost. Accordingly, for available-for-sale debt securities, the Company did not have allowance for credit losses as of March 31, 2025 and December 31, 2024.

As of March 31, 2025 and December 31, 2024, there were no pledged securities to secure public deposits, borrowing and letters of credit from the Federal Home Loan Bank System ("FHLB") and the Board of Governors of the Federal Reserve System, and for other purposes required or permitted by law.

The following table presents the other investment securities, which are included in other investments on the Consolidated Balance Sheets as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	March 31, 2025	December 31, 2024
FHLB stock	\$ 12,615	\$ 12,615
Pacific Coast Bankers Bank ("PCBB") stock	190	190
Mutual fund - Community Reinvestment Act ("CRA") qualified	3,612	3,532
Time deposits placed in other banks	100	100
Total other investments	\$ 16,517	\$ 16,437

The Company has equity investment in a mutual fund with readily determinable fair value of \$3.6 million and \$3.5 million as of March 31, 2025 and December 31, 2024, respectively, which is measured at fair value with changes in fair value recorded in net income. The Company invested in the mutual fund for CRA purposes. For the mutual fund, the Company recorded a \$52 thousand unrealized gain and a \$36 thousand unrealized loss for the three months ended March 31, 2025 and 2024, respectively. The unrealized gains (losses) of the mutual fund are included in other income in the consolidated statements of income.

### Note 3. Loans and Allowance for Credit Losses on Loans

#### Loans

The following table presents the composition of the loan portfolio as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	March 31, 2025	December 31, 2024
Commercial real estate	\$ 1,023,278	\$ 980,247
SBA—real estate	237,212	231,962
SBA—non-real estate	21,566	21,748
C&I	202,250	213,097
Home mortgage	559,543	509,524
Consumer	36	274
Gross loans receivable	2,043,885	1,956,852
Allowance for credit losses	(25,368)	(24,796)
Loans receivable, net <sup>(1)</sup>	\$ 2,018,517	\$ 1,932,056

<sup>(1)</sup> Includes net deferred loan costs (fees) and net unamortized premiums (discounts) of \$(114) thousand as of March 31, 2025 and \$(702) thousand as of December 31, 2024.

No loans were outstanding to related parties as of March 31, 2025 and December 31, 2024.

## Allowance for Credit Losses

The Company employs a modeled approach that takes into account current and future economic conditions to estimate lifetime expected losses on a collective basis. With the adoption of Current Expected Credit Losses ("CECL"), the Company elected not to consider accrued interest receivable in its estimated credit losses because the Company writes off uncollectible accrued interest receivable in a timely manner. The Company considers writing off accrued interest amounts once the amounts become 90 days past due to be considered within a timely manner. The Company has elected to write off accrued interest receivable by reversing interest income. The Company uses transition matrices to develop the Probability of Default ("PD") and Loss Given Default ("LGD") approach, incorporating quantitative factors and qualitative considerations in the calculation of the allowance for credit losses for collectively assessed loans. The model provides forecasts of PD and LGD based on national unemployment rates using regression analysis. The Company incorporates future economic conditions using a weighted multiple scenario approach: baseline and adverse. The Company applies a reasonable and supportable period of one year for the baseline scenario and two years for the adverse scenario, after which loss assumptions revert to historical loss information through a one-year reversion period for the baseline scenario and a two-year reversion period for the adverse scenario. Additionally, the Company aggregated loan portfolio based on similar risk characteristics. The Company elected to use the Call Report codes and loan risk ratings for loan segmentation in determining the Bank's allowance for credit losses.

In order to quantify the credit risk impact of other trends and changes within the loan portfolio, the Company utilizes qualitative adjustments to the modeled estimated loss approaches. Included in the qualitative portion of our analysis of the allowance for credit losses are key inputs including GDP, unemployment rates, interest rates, asset quality ratios, loan portfolio concentration, California house price index and commercial real estate price index. The parameters for making adjustments are established under a Credit Risk Matrix that provides different possible scenarios for each of the factors listed below. The Credit Risk Matrix and the possible scenarios enable the Bank to qualitatively adjust the loss rates. This matrix considers the following nine factors, which are patterned after the guidelines provided under the Federal Financial Institutions Examination Council Interagency Policy Statement on the Allowance for Credit Losses, updated to reflect the adoption of CECL:

- Changes in lending policies and procedures, including changes in underwriting standards and practices for collection, charge-offs, and recoveries;
- Actual and expected changes in national and local economic and business conditions and developments in which the institution operates that affect the collectivity of loans;
- Changes in the nature and volume of the loan portfolio;
- Changes in the experience, ability, and depth of lending management and staff;
- Changes in the volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified loans;
- Changes in the quality of the credit review function;
- Changes in the value of the underlying collateral for loans that are not collateral-dependent;
- The existence, growth, and effect of any concentrations of credit, and
- The effect of other external factors, such as the regulatory, legal and technological environments; competition; and events such as natural disasters.

The Company segments loans primarily by Call Report codes (collateral type) and loan risk ratings, considering that the same type of loans share considerable similar risk characteristics. For loans that do not share similar risk characteristics such as nonaccrual loans above \$500 thousand, the Company evaluates these loans on an individual basis in accordance with ASC 326. Such nonaccrual loans are considered to have different risk profiles than performing loans and are therefore evaluated individually. The Company elected to collectively assess nonaccrual loans with balances below \$500 thousand along with the performing and accrual loans, in order to reduce the operational burden of individually assessing small nonaccrual loans with immaterial balances. For individually assessed loans, the allowance for credit losses is measured using either 1) the present value of future cash flows discounted at the loan's effective interest rate; or 2) the fair value of the collateral, if the loan is collateral-dependent. For the collateral-dependent loans, the Company obtains a new appraisal to determine the fair value of collateral. The appraisals are based on an "as-is" valuation. To ensure that appraised values remain current, the Company obtains updated appraisals every twelve months from a qualified

independent appraiser. If the fair value of the collateral is less than the amortized balance of the loan, the Company recognizes an allowance for credit losses with a corresponding charge to the provision for credit losses.

The Company maintains a separate allowance for credit losses for its off-balance sheet commitments. The Company uses an estimated funding rate to allocate an allowance to undrawn exposures. This funding rate is used as a credit conversion factor to capture how much undrawn lines of credit can potentially become drawn at any point. The funding rate is determined based on a look-back period of 8 quarters. Credit loss is not estimated for off-balance sheet commitments that are unconditionally cancellable by the Company.

The following table summarizes the activity in the allowance for credit losses on loans by portfolio segment for the three months ended March 31, 2025 and 2024:

(\$ in thousands)	Commercial Real Estate	SBA— Real Estate	SBA—Non- Real Estate	C&I	Home Mortgage	Consumer	Total
<b>Three Months Ended March 31, 2025</b>							
Beginning balance	\$ 9,290	\$ 5,557	\$ 418	\$ 1,844	\$ 7,684	\$ 3	\$ 24,796
Provision for (reversal of) credit losses	(280)	(176)	89	(105)	1,162	(3)	687
Charge-offs	—	—	(10)	(29)	(91)	—	(130)
Recoveries	—	—	15	—	—	—	15
Ending balance	\$ 9,010	\$ 5,381	\$ 512	\$ 1,710	\$ 8,755	\$ —	\$ 25,368
<b>Three Months Ended March 31, 2024</b>							
Beginning balance	\$ 7,915	\$ 1,657	\$ 147	\$ 1,215	\$ 11,045	\$ 14	\$ 21,993
Provision for (reversal of) credit losses	129	1,202	71	448	(1,652)	(5)	193
Charge-offs	—	(66)	—	—	(2)	—	(68)
Recoveries	—	—	11	—	—	—	11
Ending balance	\$ 8,044	\$ 2,793	\$ 229	\$ 1,663	\$ 9,391	\$ 9	\$ 22,129

Collateral-dependent loans are loans where repayment is expected to be provided solely by the sale of the underlying collateral and there are no other available and reliable sources of repayment. The estimated credit losses for these loans are based on the collateral's fair value less selling costs. In most cases, the Company records a partial charge-off to reduce the loan's carrying value to the collateral's fair value less selling costs at the time of foreclosure.

As of March 31, 2025 and December 31, 2024, there were \$9.9 million and \$7.7 million, respectively, of collateral-dependent loans which are primarily secured by SBA—real estate and residential real estate. The allowance for credit losses allocated to these loans as of March 31, 2025 and December 31, 2024 was \$901 thousand and \$1.2 million, respectively.

The following table represents the amortized cost basis of collateral-dependent loans by class of loans as of March 31, 2025 and December 31, 2024, for which repayment is expected to be obtained through the sale of the underlying collateral.

(\$ in thousands)	Hotel / Motel	Retail	Gas Station	Single-Family Residential	Total <sup>(1)</sup>
<b>As of March 31, 2025</b>					
Commercial real estate	\$ 1,580	\$ 357	\$ —	\$ —	\$ 1,937
SBA—real estate	3,704	1,990	169	—	5,863
Home mortgage	—	—	—	2,104	2,104
Total	\$ 5,284	\$ 2,347	\$ 169	\$ 2,104	\$ 9,904
<b>As of December 31, 2024</b>					
Commercial real estate	\$ 1,580	\$ 363	\$ —	\$ —	\$ 1,943
SBA—real estate	3,702	2,006	—	—	5,708
Total	\$ 5,282	\$ 2,369	\$ —	\$ —	\$ 7,651

<sup>(1)</sup> Excludes guaranteed portion of SBA loans of \$13.1 million and \$15.2 million as of March 31, 2025 and December 31, 2024, respectively.

The following table presents the recorded investment in nonaccrual loans and loans past due 90 or more days and still accruing interest, by portfolio as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	Nonaccrual Loans with a Related Allowance for Credit Losses	Nonaccrual Loans without a Related Allowance for Credit Losses	Total Nonaccrual Loans	90 or More Days Past Due & Still Accruing	Total <sup>(1)</sup>
<b>As of March 31, 2025</b>					
Commercial real estate	\$ 357	\$ 1,580	\$ 1,937	\$ —	\$ 1,937
SBA—real estate	2,342	3,704	6,046	—	6,046
SBA—non-real estate	325	—	325	—	325
C&I	—	—	—	—	—
Home mortgage	—	2,104	2,104	—	2,104
Total	\$ 3,024	\$ 7,388	\$ 10,412	\$ —	\$ 10,412
<b>As of December 31, 2024</b>					
Commercial real estate	\$ 363	\$ 1,580	\$ 1,943	\$ —	\$ 1,943
SBA—real estate	2,006	3,702	5,708	—	5,708
SBA—non-real estate	169	—	169	—	169
Total	\$ 2,538	\$ 5,282	\$ 7,820	\$ —	\$ 7,820

<sup>(1)</sup> Excludes guaranteed portion of SBA loans of \$14.3 million and \$16.3 million as of March 31, 2025 and December 31, 2024, respectively.

Nonaccrual loans and loans past due 90 or more days and still accruing interest include both homogeneous loans that are collectively and individually evaluated for impairment and individually classified impaired loans.

The following table represents the aging analysis of the recorded investment in past due loans as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	30-59 Days Past Due	60-89 Days Past Due	> 90 Days Past Due	Total Past Due <sup>(1)</sup>	Loans Not Past Due	Total <sup>(2)</sup>
<b>As of March 31, 2025</b>						
Commercial real estate	\$ 940	\$ —	\$ 357	\$ 1,297	\$ 1,021,981	\$ 1,023,278
SBA—real estate	2,267	—	2,342	4,609	232,603	237,212
SBA—non-real estate	232	16	139	387	21,179	21,566
C&I	488	—	—	488	201,762	202,250
Home mortgage	2,514	1,457	2,104	6,075	553,468	559,543
Consumer	—	—	—	—	36	36
Total	<u>\$ 6,441</u>	<u>\$ 1,473</u>	<u>\$ 4,942</u>	<u>\$ 12,856</u>	<u>\$ 2,031,029</u>	<u>\$ 2,043,885</u>
<b>As of December 31, 2024</b>						
Commercial real estate	\$ —	\$ —	\$ 362	\$ 362	\$ 979,885	\$ 980,247
SBA—real estate	237	75	2,006	2,318	229,644	231,962
SBA—non-real estate	254	138	2	394	21,354	21,748
C&I	15	—	—	15	213,082	213,097
Home mortgage	2,774	5,594	—	8,368	501,156	509,524
Consumer	—	—	—	—	274	274
Total	<u>\$ 3,280</u>	<u>\$ 5,807</u>	<u>\$ 2,370</u>	<u>\$ 11,457</u>	<u>\$ 1,945,395</u>	<u>\$ 1,956,852</u>

<sup>(1)</sup> Excludes guaranteed portion of SBA loans of \$6.4 million and \$8.7 million as of March 31, 2025 and December 31, 2024, respectively.

<sup>(2)</sup> Excludes accrued interest receivables of \$8.6 million and \$8.1 million as of March 31, 2025 and December 31, 2024, respectively.

Modifications to borrowers experiencing financial difficulty may include interest rate reductions, principal or interest forgiveness, other than insignificant payment deferrals, other than insignificant term extensions, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of collateral. No charge-offs of previously modified loans were recorded for the three months ended March 31, 2025 and 2024.

The following table presents the amortized cost of loans as of March 31, 2025 that were modified during the three months ended March 31, 2025 by loan class and modification type:

(\$ in thousands)	Modification Type			Percentage to Each Loan Segment
	Payment Delay	Interest Only	Total	
Commercial real estate	\$ —	\$ 3,155	\$ 3,155	0.31 %
SBA—real estate <sup>(1)</sup>	649	—	649	1.08 %
Total	<u>\$ 649</u>	<u>\$ 3,155</u>	<u>\$ 3,804</u>	

<sup>(1)</sup> Excludes guaranteed portion of SBA loans of \$1.9 million.

The following tables describe the financial effect of the loan modifications made to borrowers experiencing financial difficulty for the periods presented:

Modification & Loan Types	Financial Effect	
	Description of Financial Effect	Three Months Ended March 31, 2025
<b>Payment Delay:</b>		
SBA—real estate	Deferment of Payment by a weighted average of:	0.5 years
<b>Interest Only:</b>		
Commercial real estate	Interest only Payment by a weighted average of:	0.5 years

The Company had no modified loan for the three months ended March 31, 2024.

The Company tracks the performance of modified loans. A modified loan may become delinquent and may result in a payment default (generally 90 days past due) subsequent to modification. There were no loans that received a modification within the last 12 months as of March 31, 2025 or March 31, 2024 that subsequently defaulted.

The Company had no additional commitments to lend to borrowers whose loans were modified as of March 31, 2025.

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table presents financial performance of such loans that have been modified in the last 12 months:

(\$ in thousands)	Payment Performance as of March 31, 2025			
	Current	30 - 89 Days Past Due	90+ Days Past Due	Total
Commercial real estate	\$ 4,735	\$ —	\$ —	\$ 4,735
SBA—real estate(1)	4,095	—	—	4,095
C&I	250	—	—	250
Total	\$ 9,080	\$ —	\$ —	\$ 9,080

(1) Excludes guaranteed portion of SBA loans of \$7.4 million.

(\$ in thousands)	Payment Performance as of March 31, 2024			
	Current	30 - 89 Days Past Due	90+ Days Past Due	Total
Commercial real estate	\$ 624	\$ —	\$ —	\$ 624
SBA—real estate(1)	3,090	—	—	3,090
C&I	403	—	—	403
Home mortgage	354	—	—	354
Total	\$ 4,471	\$ —	\$ —	\$ 4,471

(1) Excludes guaranteed portion of SBA loans of \$2.8 million.

**Credit Quality Indicators:** The Company 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, credit documentation, public information, and current economic trends, among other factors. For consumer loans, a credit grade is established at inception, and generally only adjusted based on performance. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on a quarterly basis. The Company uses the following definitions for risk ratings:

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 Company’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.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass-rated loans.

The following table presents the loan portfolio's amortized cost by loan type, risk rating and year of origination as of March 31, 2025 and December 31, 2024:

March 31, 2025									
(\$ in thousands)	Term Loans by Origination Year						Revolving Loans	Revolving Loans Converted to Term Loans	Total <sup>(1)</sup>
	2024	2023	2022	2021	2020	Prior			
<b>Commercial real estate</b>									
Pass	\$ 73,633	\$ 267,903	\$ 100,144	\$ 231,730	\$ 172,890	\$ 150,546	\$ 17,125	\$ —	\$ 1,013,971
Special mention	—	—	—	576	2,229	—	—	—	2,805
Substandard	—	—	1,580	4,565	—	357	—	—	6,502
Doubtful	—	—	—	—	—	—	—	—	—
Subtotal	\$ 73,633	\$ 267,903	\$ 101,724	\$ 236,871	\$ 175,119	\$ 150,903	\$ 17,125	\$ —	\$ 1,023,278
Current period charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>SBA—real estate</b>									
Pass	\$ 14,125	\$ 29,027	\$ 26,295	\$ 37,190	\$ 18,645	\$ 84,454	\$ —	\$ —	\$ 209,736
Special mention	—	—	—	6,303	—	627	—	—	6,930
Substandard	—	—	1,492	9,965	291	8,798	—	—	20,546
Doubtful	—	—	—	—	—	—	—	—	—
Subtotal	\$ 14,125	\$ 29,027	\$ 27,787	\$ 53,458	\$ 18,936	\$ 93,879	\$ —	\$ —	\$ 237,212
Current period charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>SBA—non-real estate</b>									
Pass	\$ 1,462	\$ 9,606	\$ 4,190	\$ 1,782	\$ 124	\$ 3,431	\$ —	\$ —	\$ 20,595
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	440	—	433	—	—	873
Doubtful	—	—	—	—	—	98	—	—	98
Subtotal	\$ 1,462	\$ 9,606	\$ 4,190	\$ 2,222	\$ 124	\$ 3,962	\$ —	\$ —	\$ 21,566
Current period charge-offs	\$ —	\$ —	\$ 3	\$ —	\$ —	\$ 7	\$ —	\$ —	\$ 10
<b>C&amp;I</b>									
Pass	\$ 685	\$ 21,527	\$ 11,284	\$ 12,513	\$ 17,326	\$ 4,241	\$ 132,653	\$ 1,632	\$ 201,861
Special mention	—	—	—	—	—	—	389	—	389
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Subtotal	\$ 685	\$ 21,527	\$ 11,284	\$ 12,513	\$ 17,326	\$ 4,241	\$ 133,042	\$ 1,632	\$ 202,250
Current period charge-offs	\$ —	\$ —	\$ 29	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 29
<b>Home mortgage</b>									
Pass	\$ 74,007	\$ 39,900	\$ 59,415	\$ 268,021	\$ 69,370	\$ 46,726	\$ —	\$ —	\$ 557,439
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	1,340	—	764	—	—	2,104
Doubtful	—	—	—	—	—	—	—	—	—

Subtotal	\$ 74,007	\$ 39,900	\$ 59,415	\$ 269,361	\$ 69,370	\$ 47,490	\$ —	\$ —	\$ 559,543
Current period charge-offs	\$ —	\$ —	\$ —	\$ 77	\$ —	\$ 14	\$ —	\$ —	\$ 91
<b>Consumer</b>									
Pass	\$ 13	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 23	\$ —	\$ 36
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Subtotal	\$ 13	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 23	\$ —	\$ 36
Current period charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Total loans</b>									
Pass	\$ 163,925	\$ 367,963	\$ 201,328	\$ 551,236	\$ 278,355	\$ 289,398	\$ 149,801	\$ 1,632	\$ 2,003,638
Special mention	—	—	—	6,879	2,229	627	389	—	10,124
Substandard	—	—	3,072	16,310	291	10,352	—	—	30,025
Doubtful	—	—	—	—	—	98	—	—	98
Subtotal	\$ 163,925	\$ 367,963	\$ 204,400	\$ 574,425	\$ 280,875	\$ 300,475	\$ 150,190	\$ 1,632	\$ 2,043,885
Current period charge-offs	\$ —	\$ —	\$ 32	\$ 77	\$ —	\$ 21	\$ —	\$ —	\$ 130

(1) Excludes accrued interest receivables of \$8.6 million as of March 31, 2025.

December 31, 2024									
(\$ in thousands)	Term Loans by Origination Year						Revolving Loans	Revolving Loans Converted to Term Loans	Total <sup>(1)</sup>
	2023	2022	2021	2020	2019	Prior			
<b>Commercial real estate</b>									
Pass	\$ 201,141	\$ 85,056	\$ 190,968	\$ 137,425	\$ 88,993	\$ 250,291	\$ 17,012	\$ —	\$ 970,886
Special mention	—	—	579	2,246	—	—	—	—	2,825
Substandard	—	1,580	319	—	—	4,637	—	—	6,536
Doubtful	—	—	—	—	—	—	—	—	—
Subtotal	\$ 201,141	\$ 86,636	\$ 191,866	\$ 139,671	\$ 88,993	\$ 254,928	\$ 17,012	\$ —	\$ 980,247
Current period charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>SBA—real estate</b>									
Pass	\$ 31,441	\$ 26,508	\$ 41,375	\$ 18,819	\$ 16,166	\$ 72,440	\$ —	\$ —	\$ 206,749
Special mention	—	—	2,345	—	—	739	—	—	3,084
Substandard	—	1,182	9,965	2,868	—	8,114	—	—	22,129
Doubtful	—	—	—	—	—	—	—	—	—
Subtotal	\$ 31,441	\$ 27,690	\$ 53,685	\$ 21,687	\$ 16,166	\$ 81,293	\$ —	\$ —	\$ 231,962
Current period charge-offs	\$ —	\$ —	\$ —	\$ 66	\$ —	\$ —	\$ —	\$ —	\$ 66
<b>SBA—non-real estate</b>									
Pass	\$ 10,443	\$ 4,498	\$ 1,837	\$ 154	\$ 1,303	\$ 2,621	\$ —	\$ —	\$ 20,856
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	483	—	157	154	—	—	794
Doubtful	—	—	—	—	—	98	—	—	98
Subtotal	\$ 10,443	\$ 4,498	\$ 2,320	\$ 154	\$ 1,460	\$ 2,873	\$ —	\$ —	\$ 21,748
Current period charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 27	\$ —	\$ —	\$ 27
<b>C&amp;I</b>									
Pass	\$ 19,712	\$ 11,525	\$ 14,016	\$ 18,122	\$ 3,356	\$ 2,664	\$ 140,278	\$ 3,024	\$ 212,697
Special mention	—	—	—	—	—	—	400	—	400
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Subtotal	\$ 19,712	\$ 11,525	\$ 14,016	\$ 18,122	\$ 3,356	\$ 2,664	\$ 140,678	\$ 3,024	\$ 213,097
Current period charge-offs	\$ —	\$ 44	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 44
<b>Home mortgage</b>									
Pass	\$ 42,112	\$ 63,000	\$ 284,208	\$ 70,326	\$ 17,749	\$ 32,129	\$ —	\$ —	\$ 509,524
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—

Doubtful	—	—	—	—	—	—	—	—	—	—
Subtotal	\$ 42,112	\$ 63,000	\$ 284,208	\$ 70,326	\$ 17,749	\$ 32,129	\$ —	\$ —	\$ —	\$ 509,524
Current period charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Consumer</b>										
Pass	\$ 27	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 247	\$ —	\$ —	\$ 274
Special mention	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—	—
Subtotal	\$ 27	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 247	\$ —	\$ —	\$ 274
Current period charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Total loans</b>										
Pass	\$ 304,876	\$ 190,587	\$ 532,404	\$ 244,846	\$ 127,567	\$ 360,145	\$ 157,537	\$ 3,024	\$ —	\$ 1,920,986
Special mention	—	—	2,924	2,246	—	739	400	—	—	6,309
Substandard	—	2,762	10,767	2,868	157	12,905	—	—	—	29,459
Doubtful	—	—	—	—	—	98	—	—	—	98
Subtotal	\$ 304,876	\$ 193,349	\$ 546,095	\$ 249,960	\$ 127,724	\$ 373,887	\$ 157,937	\$ 3,024	\$ —	\$ 1,956,852
Current period charge-offs	\$ —	\$ 44	\$ —	\$ 66	\$ —	\$ 27	\$ —	\$ —	\$ —	\$ 137

(1) Excludes accrued interest receivables of \$8.1 million as of December 31, 2024.

#### Note 4. Premises and Equipment

The following table presents information regarding the premises and equipment as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	March 31, 2025	December 31, 2024
Leasehold improvements	\$ 10,274	\$ 10,019
Furniture and fixtures	4,986	4,902
Equipment and others	4,914	3,831
Total premises and equipment	20,174	18,752
Accumulated depreciation	(13,648)	(13,303)
Total premises and equipment, net	\$ 6,526	\$ 5,449

Total depreciation expense included in occupancy and equipment expenses was \$347 thousand and \$367 thousand for the three months ended March 31, 2025 and 2024, respectively.

#### Note 5. Servicing Assets

The Company recognizes the right to service SBA loans for others as servicing assets when the servicing income the Company receives is more than adequate compensation. Servicing assets are accounted for using the amortization method. Under this method, the Company amortizes the servicing assets over the period of the economic life of the assets arising from estimated net servicing revenue.

The Company periodically stratifies its servicing assets into groupings based on risk characteristics and assesses each group for impairment based on fair value. Based on the results of the impairment test, there was no valuation allowance for impairment as of March 31, 2025 and December 31, 2024.

The following table presents an analysis of the changes in activity for loan servicing assets during the three months ended March 31, 2025 and 2024:

(\$ in thousands)	Three Months Ended March 31,	
	2025	2024
Beginning balance	\$ 10,834	\$ 11,741
Additions from loans sold with servicing retained	681	552
Amortized to expense	(667)	(888)
Ending balance	\$ 10,848	\$ 11,405

The fair value of the servicing assets was \$16.2 million as of March 31, 2025, which was determined using discount rates ranging from 4.32% to 12.90% and prepayment speeds ranging from 11.49% to 13.60%, depending on the stratification of the specific assets.

The fair value of the servicing assets was \$17.4 million as of March 31, 2024, which was determined using discount rates ranging from 3.75% to 12.70% and prepayment speeds ranging from 11.00% to 12.90% depending on the stratification of the specific assets.

#### Note 6. Deposits

Time deposits that exceed the FDIC insurance limit of \$250 thousand as of March 31, 2025 and December 31, 2024 were \$610.8 million and \$565.8 million, respectively.

The following table presents the scheduled contractual maturities of time deposits as of March 31, 2025:

(\$ in thousands)	
Remainder of 2025	\$ 989,950
2026	261,258
2027	377
2028	362
2029 and thereafter	47
Total	\$ 1,251,994

Deposits from principal officers, directors, and their affiliates as of March 31, 2025 and December 31, 2024 were \$15.4 million and \$2.3 million, respectively.

#### Note 7. Borrowing Arrangements

As of March 31, 2025, the Company had \$75.0 million advances from FHLB with a weighted average interest rate of 4.22% and a weighted average remaining term of 0.1 years, compared to \$95 million advances with a weighted average interest rate of 4.34% and a weighted average remaining term of 0.2 years as of December 31, 2024. The Company has a letter of credit with the FHLB in the amount of \$135.0 million and \$100.0 million to secure a public deposit as of March 31, 2025 and December 31, 2024, respectively.

The Company had available borrowing capacity from the following institutions as of March 31, 2025:

(\$ in thousands)		
FHLB	\$	381,456
Federal Reserve Bank		217,563
Pacific Coast Bankers Bank		50,000
Zions Bank		25,000
First Horizon Bank		25,000
Total	\$	699,019

The Company has pledged approximately \$1.46 billion and \$1.41 billion of loans as collateral for these lines of credit as of March 31, 2025 and December 31, 2024, respectively.

#### Note 8. Income Taxes

The Company's income tax expense was \$2.1 million and \$2.0 million for the three months ended March 31, 2025 and 2024, respectively. The effective income tax rate was 27.6% and 28.0% for the three months ended March 31, 2025 and 2024, respectively.

The Company is subject to U.S. Federal income tax as well as various state taxing jurisdictions. The Company is no longer subject to examination by Federal taxing authorities for tax years prior to 2021 and for state taxing authorities for tax years prior to 2020.

There were no significant unrealized tax benefits recorded as of March 31, 2025 and December 31, 2024, and the Company does not expect any significant increase in unrealized tax benefits in the next twelve months.

#### Note 9. Commitments and Contingencies

**Off-Balance-Sheet Credit Risk:** In the normal course of business, the Company enters into commitments to extend credit such as loan commitments and standby letters of credits. These commitments expose the Company to varying degrees of credit and market risk and are subject to the same credit and market risk limitation reviews as those instruments recorded on the Consolidated Balance Sheets. Loan commitments represent arrangements to lend funds or provide liquidity subject to specified contractual conditions. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. These commitments generally have fixed expiration dates or contain termination clauses in the event the customer's credit quality deteriorates. Since many of the commitments are expected to expire without being drawn upon, the commitment amounts do not necessarily represent future funding requirements.

The Company applies the same credit underwriting criteria to extend loans and commitments to customers. Each customer's credit worthiness is evaluated on a case-by-case basis. Collateral may be obtained based on management's assessment of a customer's credit. Collateral may include securities, accounts receivable, inventory, property, plant and equipment, and income producing commercial or other properties.

The following table presents the distribution of undisbursed credit-related commitments as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	March 31, 2025	December 31, 2024
Loan commitments	\$ 294,719	\$ 261,446
Standby letter of credit	23,010	21,059
Commercial letter of credit	23	49
Total undisbursed credit related commitments	\$ 317,752	\$ 282,554

The majority of these off-balance sheet commitments have a variable interest rate. Management does not anticipate any material losses as a result of these transactions.

Investments in low-income housing partnership: The Company invests in qualified affordable housing partnerships.

The following table shows the balance of the investments in low-income housing partnerships and the total unfunded commitments related to the investments in low-income housing partnerships as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	March 31, 2025	December 31, 2024
Investments in low-income housing partnerships	\$ 14,694	\$ 15,191
Unfunded commitments to fund investments for low-income housing partnerships	6,379	7,622

These balances are reflected in the other assets and other liabilities lines on the Consolidated Balance Sheets. The Company expects to finish fulfilling these commitments during the year ending 2040.

Under the proportional amortization method, the Company amortizes the initial cost of the investment in proportion to the tax credit and other benefits received and recognizes the amortization in income tax expense on the Consolidated Statements of Income. The Company recognized amortization expense of \$497 thousand and \$517 thousand for the three months ended March 31, 2025 and 2024, respectively. Additionally, the Company recognized tax credits and other benefits from the investments in low-income housing partnerships of \$733 thousand and \$655 thousand for the three months ended March 31, 2025 and 2024, respectively.

#### **Note 10. Stock-Based Compensation**

The Company has one stock-based compensation plan currently in effect as of March 31, 2025, as described further below. Total compensation cost that has been charged against earnings for the plan was \$160 thousand and \$319 thousand for the three months ended March 31, 2025 and 2024, respectively.

**2021 Plan:** In 2021, the Board of Directors of the Company approved a new equity incentive plan for granting stock options and restricted stock awards to key employees, officers, and non-employee directors of the Company and the Bank (the “2021 Plan”). The 2021 Plan was approved by the Company’s shareholders at the 2021 Annual Meeting. The number of shares authorized to be issued under the 2021 Plan was 1,500,000 shares of the Company’s common stock.

The exercise prices of stock options granted under the plan may not be less than 100.00% of the fair value of the Company’s stock at the date of grant. There are no stock options granted under the 2021 Plan as of March 31, 2025.

Restricted stock awards issued under the 2021 Plan may or may not be subject to vesting provisions. Owners of the restricted stock awards shall have all rights of a shareholder including the right to vote the shares and to all dividends (cash or stock). Compensation expense related to restricted stock awards will be recognized over the vesting period of the awards based on the fair value of the Company’s common stock at the issue date.

A summary of the changes in the Company's non-vested restricted stock awards under the 2021 Plan for the three months ended March 31, 2025 is as follows:

(\$ in thousands, except share data)	Shares Issued	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Non-vested, as of January 1, 2025	250,088	\$ 11.78	\$ 3,954
Awards granted	38,471	14.93	
Awards vested	(148,129)	12.54	
Awards forfeited	(9,484)	14.30	
Non-vested, as of March 31, 2025	130,946	\$ 11.15	\$ 1,574

Information related to vested restricted stock awards under the 2021 Plan for the periods indicated follows:

(\$ in thousands)	Three Months Ended March 31,	
	2025	2024
Tax benefit (provision) realized from awards vested	\$ 30	\$ (3)

There were 1,102,935 shares available for future grants of either stock options or restricted stock awards under the 2021 Plan as of March 31, 2025. The Company had approximately \$1.3 million of unrecognized compensation cost related to unvested restricted stock awards under the 2021 Plan as of March 31, 2025. The Company expects to recognize these costs over a weighted average period of 3.0 years.

#### Note 11. Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability on the measurement date and is determined using an exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Assets and liabilities recorded at fair value on a recurring basis, such as AFS securities and equity investments. Additionally, from time to time, the Company records fair value adjustments on a nonrecurring basis. These nonrecurring adjustments typically involve application of lower of cost or fair value accounting and write-downs of individual assets.

The Company classifies its assets and liabilities recorded at fair value as one of the following three categories and a financial instrument's level within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement:

Level 1—Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

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

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

#### Assets and Liabilities Measured at Fair Value on a Recurring Basis

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Securities AFS: The fair values of investment securities are determined by matrix pricing, which is a mathematical technique used to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by

relying on the securities' relationship to other benchmark quoted securities (Level 2). Management obtains the fair values of investment securities on a monthly basis from a third-party pricing service.

Other Investment: The Company has an equity investment with readily determinable fair value. The fair value for the equity investment with readily determinable fair value is obtained from unadjusted quoted prices in active markets on the date of measurement and classified as Level 1.

Derivatives: The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2).

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2025 and December 31, 2024 are summarized below:

(\$ in thousands)	Fair Value Measure on a Recurring Basis			
	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>March 31, 2025</b>				
Assets:				
U.S. Government agencies or sponsored agency securities:				
Residential mortgage-backed securities	\$ 36,398	\$ —	\$ 36,398	\$ —
Residential collateralized mortgage obligations	140,576	—	140,576	—
Municipal securities - tax exempt	5,506	—	5,506	—
Other investments:				
Mutual fund - CRA qualified	3,612	3,612	—	—
Derivative financial instruments	124	—	124	—
Liabilities:				
Derivative financial instruments	\$ 883	\$ —	\$ 883	\$ —
<b>December 31, 2024</b>				
Assets:				
U.S. Government agencies or sponsored agency securities:				
Residential mortgage-backed securities	\$ 37,076	\$ —	\$ 37,076	\$ —
Residential collateralized mortgage obligations	143,041	—	143,041	—
Municipal securities - tax exempt	5,792	—	5,792	—
Other investments:				
Mutual fund - CRA qualified	3,532	3,532	—	—
Derivative financial instruments	368	—	368	—
Liabilities:				
Derivative financial instruments	\$ 579	\$ —	\$ 579	\$ —

There were no transfers of assets or liabilities between the Level 1 and Level 2 classifications for the three months ended March 31, 2025 or 2024.

### Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The Company may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from application of lower of cost or fair value and write-downs of individual assets.

**Collateral-dependent loans:** Collateral-dependent loans are loans where repayment is expected to be provided solely by the sale of the underlying collateral and there are no other available and reliable sources of repayment. Fair value for collateral-dependent loans are measured based on the value of the collateral securing these loans and are classified at a Level 3 in the fair value hierarchy. Collateral may include real estate, or business assets including equipment, inventory and accounts receivable. The value of real estate collateral is determined based on an appraisal by qualified licensed appraisers hired by the Company. The value of business equipment is based on an appraisal by qualified licensed appraisers hired by the Company if significant, or the equipment's net book value on the business' financial statements. Inventory and accounts receivable collateral are valued based on independent field examiner review or aging reports. 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 independent appraisers to adjust for differences between the comparable sales and income data available for similar loans and collateral underlying such loans. Appraised values are reviewed by management using historical knowledge, market considerations, and knowledge of the client and client's business.

**Other real estate owned:** Fair value of other real estate owned ("OREO") is based primarily on third party appraisals, less costs to sell and result in a Level 3 classification of the inputs for determining fair value. Appraisals are required annually and may be updated more frequently as circumstances require and the fair value adjustments are made to OREO based on the updated appraised value of the property.

The following table presents the fair value hierarchy and fair value of assets that were still held and had fair value adjustments measured on a nonrecurring basis as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	Fair Value Measure on a Nonrecurring Basis			
	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>March 31, 2025</b>				
Collateral-dependent loans:				
Commercial real estate	\$ 222	\$ —	\$ —	\$ 222
SBA—real estate	1,393	—	—	1,393
Total	<u>\$ 1,615</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,615</u>
<b>December 31, 2024</b>				
Collateral-dependent loans:				
Commercial real estate	\$ 173	\$ —	\$ —	\$ 173
SBA—real estate	952	—	—	952
OREO	1237	—	—	1237
Total	<u>\$ 2,362</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,362</u>
Total				

The following table presents the increase (decrease) in value of certain assets held at the end of the respective reporting periods presented for which a nonrecurring fair value adjustment was recognized during the period presented:

(\$ in thousands)	Three Months Ended March 31,	
	2025	2024
Collateral-dependent loans:		
Commercial real estate	\$ 49	\$ —
SBA—real estate	274	—
Total	\$ 323	\$ —

The following table presents information about significant unobservable inputs utilized in the Company's nonrecurring Level 3 fair value measurements as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	Fair Value Measurements (Level 3)	Valuation Techniques	Unobservable Inputs	Range of Inputs	Weighted-Average of Inputs <sup>(1)</sup>
<b>March 31, 2025</b>					
Collateral-dependent loans:					
Commercial real estate	\$ 222	Income approach - income capitalization	Capitalization rate	5.5% to 7.3%	6.0%
SBA—real estate	948	Income approach - income capitalization	Capitalization rate	5.5% to 9.0%	6.7%
SBA—real estate	278	Sales comparison approach	Market data comparison	0.0% to 35.0%	4.7%
SBA—real estate	167	Cost approach	Replacement cost estimates	1.23x for building / 0.0% to 36.0% for land	1.23x for building / 26.2% for land
<b>December 31, 2024</b>					
Collateral-dependent loans:					
Commercial real estate	\$ 173	Income approach - income capitalization	Capitalization rate	5.5% to 7.3%	6.0%
SBA—real estate	539	Income approach - income capitalization	Capitalization rate	5.5% to 7.3%	10.4%
SBA—real estate	413	Sales comparison	Market data / purchase price	n/a	n/a
OREO	\$ 1,237	Sales comparison approach	Market data comparison	(3.7)% to 2.2%	(0.5)%

<sup>(1)</sup> Weighted-average of inputs is based on the relative fair value of the respective assets as of March 31, 2025 and December 31, 2024.

**Financial Instruments:** The carrying amounts and estimated fair values of financial instruments that are not carried at fair value on a recurring basis as of March 31, 2025 and December 31, 2024 are as follows. These financial assets and liabilities are measured at amortized cost basis on the Company's Consolidated Balance Sheets:

<b>March 31, 2025</b>					
(\$ in thousands)	<b>Carrying Amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value</b>
<b>Financial assets:</b>					
Cash and cash equivalents	\$ 198,861	\$ 198,861	\$ —	\$ —	\$ 198,861
Loans held for sale	4,555	—	4,916	—	4,916
Loans receivable, net	2,018,517	—	—	2,083,302	2,083,302
Accrued interest receivable, net	9,871	471	814	8,586	9,871
<b>Other investments:</b>					
FHLB and PCBB stock	12,805	N/A	N/A	N/A	N/A
Time deposits placed	100	—	100	—	100
<b>Financial liabilities:</b>					
Deposits	2,189,871	—	2,191,005	—	2,191,005
FHLB advances	75,000	—	74,998	—	74,998
Accrued interest payable	14,994	—	14,994	—	14,994
<b>December 31, 2024</b>					
(\$ in thousands)	<b>Carrying Amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value</b>
<b>Financial assets:</b>					
Cash and cash equivalents	\$ 134,943	\$ 134,943	\$ —	\$ —	\$ 134,943
Loans receivable, net	1,932,056	—	—	1,986,813	1,986,813
Accrued interest receivable, net	9,188	181	888	8,119	9,188
<b>Other investments:</b>					
FHLB and PCBB stock	12,805	N/A	N/A	N/A	N/A
Time deposits placed	100	—	100	—	100
<b>Financial liabilities:</b>					
Deposits	2,027,285	—	2,026,092	—	2,026,092
FHLB advances	95,000	—	94,986	—	94,986
Accrued interest payable	16,067	—	16,067	—	16,067

## Note 12. Derivative Financial Instruments

### Risk Management Objective of Using Derivatives

The Company is exposed to certain risk arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates.

### Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of

variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Starting from 2024, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The Company had no fair value hedges nor derivatives not designated as hedges as of March 31, 2025.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in accumulated other comprehensive income ("OCI") and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects earnings. Amounts reported in accumulated OCI related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. During the next 12 months, the Company estimates that an additional \$200 thousand will be reclassified as an increase to interest expense.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Balance Sheet as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	Derivative Assets			Derivative Liabilities		
	Notional Amount	Balance Sheet Location	Fair Value	Notional Amount	Balance Sheet Location	Fair Value
<b>As of March 31, 2025</b>						
Derivatives designated as hedging instruments:						
Interest rate products	\$ 25,000	Other assets	\$ 124	\$ 50,000	Other liabilities	\$ 883
Total derivatives designated as hedging instruments			\$ 124			\$ 883
<b>As of December 31, 2024</b>						
Derivatives designated as hedging instruments:						
Interest rate products	\$ 25,000	Other assets	\$ 368	\$ 50,000	Other liabilities	\$ 579
Total derivatives designated as hedging instruments			\$ 368			\$ 579

The table below presents the effect of cash flow hedge accounting on accumulated OCI for the three months ended March 31, 2025:

Derivatives in Subtopic 815-20 Hedging Relationships (\$ in thousands)	Amount of Gain (Loss) Recognized in OCI on Derivative	Amount of Gain (Loss) Recognized in OCI Included Component	Amount of Gain (Loss) Recognized in OCI Excluded Component	Location of Gain (Loss) Recognized from Accumulated OCI into Income	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income Included Component	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income Excluded Component
<b>Three Months Ended March 31, 2025</b>							
Derivatives in cash flow hedging relationships:							
Interest rate products	\$ (482)	\$ (482)	\$ —	Interest expense	\$ 31	\$ 31	\$ —
Total	\$ (482)	\$ (482)	\$ —		\$ 31	\$ 31	\$ —

The Company had no derivative instruments that affect accumulated OCI for the three months ended March 31, 2024.

The table below presents the effect of the Company's derivative financial instruments on the Statement of Income for the three months ended March 31, 2025:

(\$ in thousands)	<b>Three Months Ended March 31, 2025</b>	
	<b>Interest Expense</b>	
Total amounts of income and expense line items presented in the statement of financial performance in which the effects of fair value or cash flow hedges are recorded	\$	31
<b>The effects of cash flow hedging:</b>		
<b>Gain (loss) on cash flow hedging relationships in Subtopic 815-20</b>		
Interest contracts		
Amount of loss reclassified from accumulated OCI into income	\$	31
Amount of gain (loss) reclassified from accumulated OCI into income as a result that a forecasted transaction is no longer probable of occurring		—
Amount of loss reclassified from accumulated OCI into income - included component		31
Amount of gain (loss) reclassified from accumulated OCI into income - excluded component		—

The Company had no derivative instruments that affect statement of income for the three months ended March 31, 2024.

The table below presents a gross presentation, the effects of offsetting, and a net presentation of the Company's derivatives as of March 31, 2025 and December 31, 2024. The net amounts of derivative assets or liabilities can be reconciled to the tabular disclosure of fair value. The tabular disclosure of fair value provides the location that derivative assets and liabilities are presented on the Balance Sheet:

<b>Offsetting of Derivative Assets</b>				<b>Gross Amounts Not Offset in the Balance Sheet</b>		
(\$ in thousands)	<b>Gross Amounts of Recognized Assets</b>	<b>Gross Amounts Offset in the Balance Sheet</b>	<b>Net Amounts of Assets presented in the Balance Sheet</b>	<b>Financial Instruments</b>	<b>Cash Collateral Received</b>	<b>Net Amount</b>
<b>As of March 31, 2025</b>						
Derivatives	\$ 124	\$ —	\$ 124	\$ —	\$ 124	\$ —
<b>Total</b>	<b>\$ 124</b>	<b>\$ —</b>	<b>\$ 124</b>	<b>\$ —</b>	<b>\$ 124</b>	<b>\$ —</b>
<b>As of December 31, 2024</b>						
Derivatives	\$ 368	\$ —	\$ 368	\$ —	\$ 368	\$ —
<b>Total</b>	<b>\$ 368</b>	<b>\$ —</b>	<b>\$ 368</b>	<b>\$ —</b>	<b>\$ 368</b>	<b>\$ —</b>

<b>Offsetting of Derivative Liabilities</b>				<b>Gross Amounts Not Offset in the Balance Sheet</b>		
(\$ in thousands)	<b>Gross Amounts of Recognized Liabilities</b>	<b>Gross Amounts Offset in the Balance Sheet</b>	<b>Net Amounts of Liabilities presented in the Balance Sheet</b>	<b>Financial Instruments</b>	<b>Cash Collateral Posted</b>	<b>Net Amount</b>
<b>As of March 31, 2025</b>						
Derivatives	\$ 883	\$ —	\$ 883	\$ —	\$ 883	\$ —
<b>Total</b>	<b>\$ 883</b>	<b>\$ —</b>	<b>\$ 883</b>	<b>\$ —</b>	<b>\$ 883</b>	<b>\$ —</b>
<b>As of December 31, 2024</b>						
Derivatives	\$ 579	\$ —	\$ 579	\$ —	\$ 579	\$ —
<b>Total</b>	<b>\$ 579</b>	<b>\$ —</b>	<b>\$ 579</b>	<b>\$ —</b>	<b>\$ 579</b>	<b>\$ —</b>

### Note 13. Regulatory Capital Matters

The Bank is subject to certain risk-based capital and leverage ratio requirements under the U.S. Basel III capital rules administered by the federal and state banking agencies. Failure to be well-capitalized or to meet minimum capital requirements could result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have an adverse material effect on the Company's operations or financial condition. The Basel III capital rules also require the Bank to maintain a capital conservation buffer of 2.50% above the minimum risk-based capital ratios in order to absorb losses during periods of economic stress, effective January 1, 2019. Banking institutions with a ratio of common equity tier 1 capital to risk-weighted assets above the minimum but below the capital conservation buffer will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall. Management believes that as of March 31, 2025 and December 31, 2024, the Bank met all capital adequacy requirements to which they are subject to. Based on recent changes to the Federal Reserve's definition of a "Small Bank Holding Company" that increased the threshold to \$3 billion in assets, the Company is not currently subject to separate minimum capital measurements. At such time as the Company reaches the \$3 billion asset level, it will again be subject to capital measurements independent of the Bank.

The following table presents the regulatory capital amounts and ratios for the Company and the Bank as of dates indicated:

(\$ in thousands)	March 31, 2025					
	Actual <sup>(1)</sup>		Required for Capital Adequacy Purposes		Minimum To be Considered "Well Capitalized"	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)						
Consolidated	\$ 248,393	12.33 %	N/A	N/A	N/A	N/A
Bank	246,883	12.24	\$ 161,313	8.00 %	\$ 201,641	10.00 %
Tier 1 capital (to risk-weighted assets)						
Consolidated	223,210	11.08	N/A	N/A	N/A	N/A
Bank	221,678	10.99	120,985	6.00	161,313	8.00
Common equity Tier 1 capital (to risk-weighted assets)						
Consolidated	223,210	11.08	N/A	N/A	N/A	N/A
Bank	221,678	10.99	90,738	4.50	131,067	6.50
Tier 1 capital (to average assets)						
Consolidated	223,210	9.22	N/A	N/A	N/A	N/A
Bank	221,678	9.15	96,874	4.00	121,093	5.00

<sup>(1)</sup> The capital requirements are only applicable to the Bank, and the Company's ratios are included for comparison purpose.

(\$ in thousands)	December 31, 2024					
	Actual <sup>(1)</sup>		Required for Capital Adequacy Purposes		Minimum To be Considered "Well Capitalized"	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)						
Consolidated	\$ 244,659	12.60 %	N/A	N/A	N/A	N/A
Bank	242,966	12.50	\$ 155,463	8.00 %	\$ 194,328	10.00 %
Tier 1 capital (to risk-weighted assets)						
Consolidated	220,390	11.35	N/A	N/A	N/A	N/A
Bank	218,675	11.25	116,597	6.00	155,463	8.00
Common equity Tier 1 capital (to risk-weighted assets)						
Consolidated	220,390	11.35	N/A	N/A	N/A	N/A
Bank	218,675	11.25	87,448	4.50	126,313	6.50
Tier 1 capital (to average assets)						
Consolidated	220,390	9.27	N/A	N/A	N/A	N/A
Bank	218,675	9.20	95,055	4.00	118,819	5.00

<sup>(1)</sup> The capital requirements are only applicable to the Bank, and the Company's ratios are included for comparison purpose.

#### Note 14. Earnings Per Share

Basic EPS is calculated using the two-class method. Under the two-class method, all earnings (distributed and undistributed) are allocated to common stock and participating securities. The Company grants restricted stock awards, which entitle recipients to receive nonforfeitable dividends during the vesting period on a basis equivalent to dividends paid to holders of the Company's common stock. These restricted stock awards meet the definition of participating

securities based on their respective rights to receive nonforfeitable dividends, and they are treated as a separate class of securities in computing basic EPS. Participating securities are not included as incremental shares in computing diluted EPS.

Diluted EPS incorporates the potential impact of contingently issuable shares. Diluted EPS is calculated under both the two-class and treasury stock methods, and the more dilutive amount is reported. For each of the periods presented in the table below, diluted EPS calculated under two-class method was more dilutive.

The following table presents the calculation of net income applicable to common stockholders and basic and diluted EPS for the three months ended March 31, 2025 and 2024:

(\$ in thousands, except share and per share data)	Three Months Ended March 31,	
	2025	2024
<b>Basic</b>		
Net income	\$ 5,560	\$ 5,226
Distributed and undistributed earnings allocated to participating securities	(74)	(98)
Net income allocated to common shares	\$ 5,486	\$ 5,128
Weighted average common shares outstanding	14,857,234	14,991,835
Basic earnings per common share	\$ 0.37	\$ 0.34
<b>Diluted</b>		
Net income allocated to common shares	\$ 5,486	\$ 5,128
Weighted average common shares outstanding for basic earnings per common share	14,857,234	14,991,835
Add: Dilutive effects of assumed exercises of stock options	—	—
Average shares and dilutive potential common shares	14,857,234	14,991,835
Diluted earnings per common share	\$ 0.37	\$ 0.34

No share of common stock was antidilutive for the three months ended March 31, 2025 and 2024.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes thereto contained in this Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the sections titled “Cautionary Note Regarding Forward-Looking Statements” and “Part II, Item 1A. Risk Factors” for a discussion of forward-looking statements and important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

### **OVERVIEW**

OP Bancorp (“Company”) are a bank holding company headquartered in Los Angeles, California. Our commercial community banking activities are operated through Open Bank (“Bank”), our wholly owned banking subsidiary, and we do not conduct material business operations other than through the Bank. We offer commercial banking services to small and medium-sized businesses, their owners and retail customers primarily in the Korean-American communities within our primary market areas.

Our results of operations depend primarily on our net interest income, which represents the interest we earn on loans and related products, reduced by the interest we pay on deposits and other borrowings. In addition to our net interest income, we derive earnings from fee income we receive in connection with our deposits, and from gains on the sale and service of SBA loans. Our major operating expenses are the salaries and related benefits we pay our management and staff, and the rent we pay on our leased properties. We rely primarily on locally-generated deposits, mostly from the Korean-American market within California, to fund our loan activities. We currently operate eight branches in Los Angeles and Orange Counties in California, one branch in Santa Clara, California, one branch in Carrollton, Texas and one branch near Las Vegas, Nevada. We have five loan production offices in Pleasanton, California, Atlanta, Georgia, Aurora, Colorado, Lynnwood, Washington, and Fairfax, Virginia.

#### ***Banking Economy and Recent Developments***

In recent periods, our earnings have been affected by a series of fluctuations in the “discount rate” for short-term borrowings updated by the Federal Reserve Board Open Markets Committee in response to perceived increases in inflationary pressures. Financial institutions and markets promptly followed the upward adjustments, significantly increasing interest rate pricing on loans and deposits. While such adjustments are commonplace and tend to affect the banking industry as a whole, the pace and degree of these adjustments were nearly unprecedented, resulting in banks, including the Bank, experiencing substantial pressure on multiple fronts. In particular, banks were forced to increase interest rates paid on deposits in order to meet competitive pressures from other financial institutions, as well as from treasury securities and other investment opportunities that offered greater earning capabilities for those customers. These increases correspondingly increased the Bank’s cost of funds and exerted downward pressure on our net interest margins. At the same time, they tended to reduce loan volumes by encouraging borrowers to refrain from initiating new loans and maintaining relatively lower balances on existing lines of credit.

Recent interest rate increases also increased credit risk as they increased costs to customers at a time when the customers’ sources of repayment remained relatively lower, as a result of which borrowers found it more difficult to comply with their loan obligations. The combination of these factors has exerted downward pressure on our fee income, the volume of our interest-earning assets and our net interest income.

More recently, the Federal Reserve Board Open Markets Committee, colloquially known as the “Fed,” which controls benchmark interest rates in the United States, has made small decreases in benchmark rates, but has taken a much more incremental approach to significant reductions in response to what appears to be improving economic data. The political climate in the United States appears to remain volatile and uncertain, making it difficult to predict whether and when the Fed may adjust rates further. These factors make it difficult for our management to predict and respond to economic conditions, and exacerbates the challenges of pricing loan and longer-term deposit products.

We believe we have adapted reasonably well to these shifts in the banking economy, and our success in weathering the challenges to date owes to the loyalty of our customers and the talent and dedication of our employees and

management. At the same time, these conditions have forced us to redirect our efforts toward liquidity and capital management, thus limiting our growth and our near-term profitability.

The following significant items are of note as of or for the periods presented:

***As of March 31, 2025 compared to as of December 31, 2024***

- Total assets were \$2.51 billion, an increase of \$147.0 million, or 6.2%, from \$2.37 billion.
- Gross loans were \$2.04 billion, an increase of \$87.0 million, or 4.4%, from \$1.96 billion.
- Total deposits were \$2.19 billion, an increase of \$162.6 million, or 8.0%, from \$2.03 billion.
- Shareholders' equity was \$210.1 million, an increase of \$5.1 million, or 2.5%, from \$205.0 million.

***For the three months ended March 31, 2025 compared to three months ended March 31, 2024***

- Net interest income decreased to \$17.4 million, an increase of \$1.4 million, or 9.0%, from \$16.0 million.
- Net income was \$5.6 million or \$0.37 per diluted common share, an increase of \$334 thousand, or 6.4%, from \$5.2 million or \$0.34 per diluted common share.

**SELECTED FINANCIAL DATA**

(\$ in thousands, except share and per share data)	Three Months Ended March 31,	
	2025	2024
<b>Income Statement Data:</b>		
Interest income	\$ 34,859	\$ 32,913
Interest expense	17,441	16,934
Net interest income	17,418	15,979
Provision for credit losses	736	145
Noninterest income	4,816	3,586
Noninterest expense	13,814	12,157
Income before income taxes	7,684	7,263
Income tax expense	2,124	2,037
Net income	5,560	5,226
<b>Per Share Data:</b>		
Basic income per share	\$ 0.37	\$ 0.34
Diluted income per share	0.37	0.34
Book value per share	14.09	13.00
Shares of common stock outstanding	14,914,261	14,982,555
<b>Performance Ratios:</b>		
Return on average assets <sup>(1)</sup>	0.92 %	0.96 %
Return on average equity <sup>(1)</sup>	10.73	10.83
Yield on total loans <sup>(1)</sup>	6.39	6.69
Yield on average interest-earning assets <sup>(1)</sup>	6.04	6.32
Cost of average interest-bearing liabilities <sup>(1)</sup>	4.31	4.76
Cost of deposits <sup>(1)</sup>	3.23	3.43
Net interest margin <sup>(1)</sup>	3.01	3.06
Efficiency ratio <sup>(2)</sup>	62.13	62.14

<sup>(1)</sup> Annualized.

<sup>(2)</sup> Represent noninterest expense divided by the sum of net interest income and noninterest income.

(\$ in thousands)	As of	
	March 31, 2025	December 31, 2024
<b>Balance Sheet Data:</b>		
Gross loans	\$ 2,043,885	\$ 1,956,852
Loans held for sale	4,555	4,581
Allowance for credit losses	25,368	24,796
Total assets	2,512,971	2,366,013
Total deposits	2,189,871	2,027,285
Shareholders' equity	210,089	204,993
<b>Asset Quality Data:</b>		
Nonperforming loans to gross loans	0.51 %	0.40 %
Allowance for credit losses to nonperforming loans	244	317
Allowance for credit losses to gross loans	1.24	1.27
<b>Balance Sheet and Capital Ratios:</b>		
Gross loans to deposits	93.33 %	96.53 %
Noninterest-bearing deposits to deposits	25.24	24.91
Average equity to average total assets	8.60	8.86
Leverage ratio	9.22	9.27
Common equity tier 1 ratio	11.08	11.35
Tier 1 risk-based capital ratio	11.08	11.35
Total risk-based capital ratio	12.33	12.60

### Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates since those described in our Annual Report on Form 10-K for the year ended December 31, 2024.

#### Allowance for Credit Losses

Credit risk is inherent in the business of making loans. We establish an allowance for credit losses both on loans and off-balance sheet commitments through charges to earnings, which are shown in the statements of operations as the provision for credit losses. Specifically identifiable and quantifiable known losses are promptly charged off against the allowance. The provision for credit losses is determined by conducting a quarterly evaluation of the adequacy of our allowance for credit losses and charging the shortfall or excess, if any, to the current quarter's expense. This has the effect of creating variability in the amount and frequency of charges to earnings. The provision for credit losses and level of allowance for each period are dependent upon many factors, including loan growth, net charge-offs, changes in the composition of the loan portfolio, delinquencies, management's assessment of the quality of the loan portfolio, the valuation of problem loans and the general economic conditions in our market area.

The Company employs a modeled approach that takes into account current and future economic conditions to estimate lifetime expected losses on a collective basis. With the adoption of CECL, the Company elected not to consider accrued interest receivable in its estimated credit losses because the Company writes off uncollectible accrued interest receivable in a timely manner. The Company considers writing off accrued interest amounts once the amounts become 90 days past due to be considered within a timely manner. The Company has elected to write off accrued interest receivable by reversing interest income. The Company uses transition matrices to develop the Probability of Default ("PD") and Loss Given Default ("LGD") approach, incorporating quantitative factors and qualitative considerations in the calculation of the allowance for credit losses for collectively assessed loans. The model provides forecasts of PD and LGD based on national unemployment rates using regression analysis. The Company incorporates future economic conditions using a weighted multiple scenario approach: baseline and adverse. The Company applies a reasonable and supportable period of one year for the baseline scenario and two years for the adverse scenario, after which loss assumptions revert to historical loss information through a one-year reversion period for the baseline scenario and a two-year reversion period for the adverse

scenario. We make critical accounting estimates, including the judgments made in the application of significant accounting policies, sensitivity to change, and the likelihood of materially different reported results if different assumptions were used.

In order to quantify the credit risk impact of other trends and changes within the loan portfolio, we utilize qualitative adjustments to the modeled estimated loss approaches. The parameters for making adjustments are established under a Credit Risk Matrix that provides different possible scenarios for each of the factors listed below. The Credit Risk Matrix and the possible scenarios enable the Bank to qualitatively adjust the loss rates. This matrix considers the following nine factors, which are patterned after the guidelines provided under the Federal Financial Institutions Examination Council Interagency Policy Statement on the Allowance for Credit Losses, updated to reflect the adoption of CECL:

- Changes in lending policies and procedures, including changes in underwriting standards and practices for collection, charge-offs, and recoveries;
- Actual and expected changes in national and local economic and business conditions and developments in which the institution operates that affect the collectivity of loans;
- Changes in the nature and volume of the loan portfolio;
- Changes in the experience, ability, and depth of lending management and staff;
- Changes in the volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified loans;
- Changes in the quality of the credit review function;
- Changes in the value of the underlying collateral for loans that are not collateral-dependent;
- The existence, growth, and effect of any concentrations of credit, and
- The effect of other external factors, such as the regulatory, legal and technological environments; competition; and events such as natural disasters.

## RESULTS OF OPERATIONS

### Net Income

We reported net income for the three months ended March 31, 2025 of \$5.6 million, an increase of \$334 thousand, or 6.4%, compared to net income of \$5.2 million for the same period of 2024. The increase was due to a \$1.4 million increase in net interest income that resulted primarily from an increase in interest-earning assets, as well as a \$1.2 million increase in noninterest income, partially offset by a \$1.7 million increase in noninterest expense and a \$591 thousand increase in provision for credit losses.

(\$ in thousands)	Three Months Ended March 31,			
	2025	2024	\$ Change	% Change
Interest income	\$ 34,859	\$ 32,913	\$ 1,946	5.9 %
Interest expense	17,441	16,934	507	3.0
Net interest income	17,418	15,979	1,439	9.0
Provision for credit losses	736	145	591	407.6
Noninterest income	4,816	3,586	1,230	34.3
Noninterest expense	13,814	12,157	1,657	13.6
Income before income tax expense	7,684	7,263	421	5.8
Income tax expense	2,124	2,037	87	4.3
Net income	\$ 5,560	\$ 5,226	\$ 334	6.4 %

## **Net Interest Income**

The management of interest income and expense is fundamental to our financial performance. Net interest income, the difference between interest income and interest expense, is the largest component of our total revenue. Management closely monitors both total net interest income and the net interest margin (net interest income divided by average earning assets). We seek to maximize net interest income without exposing ourselves to excessive interest rate risk through our asset and liability policies. Interest rate risk is managed by monitoring the pricing, maturity and repricing options of all classes of interest-bearing assets and liabilities. Our net interest margin also may be affected adversely from time to time when we are required to reverse previously accrued interest on loans that are reclassified as non-accrual.

The following table presents, for the periods indicated, information about: (i) weighted average balances, the total dollar amount of interest income from interest-earning assets and the resultant average yields, (ii) average balances, the total dollar amount of interest expense on interest-bearing liabilities and the resultant average rates, (iii) net interest income, (iv) the interest rate spread, and (v) the net interest margin.

(\$ in thousands)	Three Months Ended March 31,					
	2025			2024		
	Average Balance	Interest and Fees	Yield / Rate <sup>(1)</sup>	Average Balance	Interest and Fees	Yield / Rate <sup>(1)</sup>
<b>Interest-earning assets:</b>						
Interest-bearing deposits in other banks	\$ 124,069	\$ 1,372	4.42 %	\$ 73,047	\$ 989	5.35 %
Federal funds sold and other investments <sup>(2)</sup>	16,469	302	7.33	16,265	322	7.92
Available-for-sale debt securities	184,649	1,496	3.24	191,383	1,460	3.05
Commercial real estate loans	1,000,426	14,980	6.07	901,262	13,729	6.13
SBA loans	265,953	6,207	9.47	259,368	7,213	11.19
Commercial and industrial loans	212,106	3,778	7.22	134,893	2,670	7.96
Home mortgage loans	526,326	6,718	5.11	512,023	6,495	5.07
Consumer & other loans	233	6	9.75	1,386	35	10.10
Loans <sup>(3)</sup>	2,005,044	31,689	6.39	1,808,932	30,142	6.69
Total interest-earning assets	2,330,231	34,859	6.04	2,089,627	32,913	6.32
Noninterest-earning assets	77,823			87,586		
Total assets	\$ 2,408,054			\$ 2,177,213		
<b>Interest-bearing liabilities:</b>						
Money market deposits and others	\$ 353,804	\$ 3,085	3.54 %	\$ 367,386	\$ 3,940	4.31 %
Time deposits	1,208,032	13,523	4.54	954,442	11,735	4.94
Total interest-bearing deposits	1,561,836	16,608	4.31	1,321,828	15,675	4.77
Borrowings	78,944	833	4.28	108,681	1,259	4.66
Total interest-bearing liabilities	1,640,780	17,441	4.31	1,430,509	16,934	4.76
<b>Noninterest-bearing liabilities:</b>						
Noninterest-bearing deposits	522,054			514,503		
Other noninterest-bearing liabilities	38,014			39,207		
Total noninterest-bearing liabilities	560,068			553,710		
Shareholders' equity	207,206			192,994		
Total liabilities and shareholders' equity	\$ 2,408,054			\$ 2,177,213		
Net interest income / interest rate spreads		\$ 17,418	1.73 %		\$ 15,979	1.56 %
Net interest margin			3.01 %			3.06 %
Cost of deposits			3.23 %			3.43 %
Cost of funds			3.27 %			3.50 %

(1) Annualized.

(2) Includes income and average balances for Federal Home Loan Bank ("FHLB") and Pacific Coast Bankers Bank stock, CRA qualified mutual fund, term federal funds, interest-earning time deposits and other miscellaneous interest-earning assets.

(3) Average loan balances include non-accrual loans and loans held for sale.

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in average interest rates. The following tables set forth the effects of changing rates and volumes on our net interest income during the period shown. Information is provided with respect to (i) effects on interest income attributable to changes in volume (change in volume multiplied by prior rate) and (ii) effects on interest income attributable to changes in rate (changes in rate multiplied by prior volume). Change applicable to both volume and rate have been allocated to volume and rate ratably.

(\$ in thousands)	Three Months Ended March 31,		
	2025 vs 2024		
	Increases (Decreases) Due to Change in		
	Volume	Rate	Total
<b>Interest-earning assets:</b>			
Interest-bearing deposits in other banks	\$ 617	\$ (234)	\$ 383
Federal funds sold and other investments	3	(23)	(20)
Available-for-sale debt securities	(43)	79	36
Commercial real estate loans	1,368	(117)	1,251
SBA loans	192	(1,198)	(1,006)
Commercial and industrial loans	1,461	(353)	1,108
Home mortgage loans	256	(33)	223
Consumer & other loans	(28)	(1)	(29)
Total loans	3,249	(1,702)	1,547
Total interest-earning assets	3,826	(1,880)	1,946
<b>Interest-bearing liabilities:</b>			
Money market deposits and others	(278)	(577)	(855)
Time deposits	2,936	(1,148)	1,788
Total interest-bearing deposits	2,658	(1,725)	933
Borrowings	(335)	(91)	(426)
Total interest-bearing liabilities	2,323	(1,816)	507
Net interest income	\$ 1,503	\$ (64)	\$ 1,439

#### **Comparison for the Three Months Ended March 31, 2025 and 2024**

Net interest income increased \$1.4 million, or 9.0%, to \$17.4 million for the three months ended March 31, 2025 from \$16.0 million for the same period of 2024, primarily due to higher interest income on average earning assets (loans and interest-earning deposits in other banks), partially offset by higher interest expense on interest-bearing deposits.

Interest income on loans increased \$1.5 million, or 5.1%, to \$31.7 million for the three months ended March 31, 2025, compared with \$30.1 million for the same period of 2024, primarily due to a \$196.1 million, or 10.8%, increase in average balance of loans, partially offset by a 30 basis point decrease in average yield on loans as a result of the Federal Reserve's rate cuts.

Interest income on interest-bearing deposits in other banks increased \$383 thousand, or 38.7%, to \$1.4 million for the three months ended March 31, 2025, compared with \$1.0 million for the same period of 2024. The increase was primarily due to a \$51.0 million, or 69.8%, increase in average balance of interest-bearing deposits in other banks, partially offset by a 93 basis point decrease in average yield.

Interest expense on interest-bearing deposits increased \$933 thousand, or 6.0%, to \$16.6 million for the three months ended March 31, 2025, compared with \$15.7 million for the same period of 2024, primarily due to a \$240.0 million, or 18.2%, increase in average balance of interest-bearing deposits, partially offset by a 46 basis point decrease in average cost of interest-bearing deposits driven by the Federal Reserve's rate cuts.

Net interest margin decreased 5 basis points to 3.01% for the three months ended March 31, 2025 from 3.06% for the same period of 2024, as the negative impact from the 30 basis point decrease in average yield on loans outweighed the positive impacts from average balance increases and a 17 basis point increase in net interest spread.

### Provision for Credit Losses

Total provision for credit losses was \$736 thousand for the three months ended March 31, 2025, compared to \$145 thousand for the same period of 2024. The provision for credit losses on loans and on off-balance sheet exposure were \$687 thousand and \$49 thousand, respectively. The provision for credit losses on loans of \$687 thousand for three months ended March 31, 2025 was primarily due to an \$87.0 million, or 4.4%, increase in loan balances. Home mortgage, commercial real estate, and SBA loans increased \$50.0 million, \$43.0 million, and \$5.1 million, respectively, whereas commercial and industrial loans decreased \$10.8 million in the first quarter of 2025. The provision for credit losses on off-balance sheet exposure of \$49 thousand was primarily due to increases in unfunded commitment balance.

### Noninterest Income

While interest income remains the largest single component of total revenues, noninterest income is also an important component. A portion of our noninterest income is associated with SBA lending activity, consisting of gains on the sale of loans sold in the secondary market and servicing income from loans sold with servicing retained. Other sources of noninterest income include service charges on deposit.

#### *Comparison for the Three Months Ended March 31, 2025 and 2024*

The following table sets forth the various components of our noninterest income for the three months ended March 31, 2025 and 2024:

(\$ in thousands)	Three Months Ended March 31,			
	2025	2024	\$ Change	% Change
Noninterest income:				
Service charges on deposits	\$ 1,000	\$ 612	\$ 388	63.4 %
Loan servicing fees, net of amortization	1,007	772	235	30.4
Gain on sale of loans	2,019	1,703	316	18.6
Other income	790	499	291	58.3
Total noninterest income	\$ 4,816	\$ 3,586	\$ 1,230	34.3 %

Noninterest income for the three months ended March 31, 2025 was \$4.8 million, an increase of \$1.2 million, or 34.3%, compared to \$3.6 million for the same period of 2024, primarily due to higher service charges on deposits, loan servicing fees, gain on sale of loans, and other income.

Service charges on deposit were \$1.0 million for the three months ended March 31, 2025, compared to \$612 thousand for the same period of 2024, an increase of \$388 thousand, or 63.4%, primarily due to an increase in deposit analysis fees from an increase in the number of analysis accounts.

Loan servicing fees was \$1.0 million for the three months ended March 31, 2025, compared to \$772 thousand for the same period of 2024, an increase of \$235 thousand, or 30.4%, primarily due to a decrease in servicing fee amortization driven by lower loan payoffs in loan servicing portfolio.

Gain on sale of loans was \$2.0 million for the three months ended March 31, 2025, compared to \$1.7 million for the same period of 2024, an increase of \$316 thousand, or 18.6%. The increase was primarily due to a higher sold amount in SBA loans, partially offset by a lower average sales premium rate. We sold \$31.1 million of SBA loans with an average premium of 8.08% for the three months ended March 31, 2025, compared to a sale of \$24.8 million of SBA loans with an average premium of 8.33% in the same period of 2024.

Other income was \$790 thousand, an increase of \$291 thousand from \$499 thousand, primarily due to an increase in credit related fees collected and a decrease in unrealized loss of CRA-qualified mutual fund driven by market interest rate changes.

## Noninterest Expense

### Comparison for the Three Months Ended March 31, 2025 and 2024

The following table sets forth the major components of our noninterest expense for the three months ended March 31, 2025 and 2024:

(\$ in thousands)	Three Months Ended March 31,			
	2025	2024	\$ Change	% Change
Noninterest expense:				
Salaries and employee benefits	\$ 8,776	\$ 7,841	\$ 935	11.9 %
Occupancy and equipment	1,581	1,655	(74)	(4.5)
Data processing and communication	296	487	(191)	(39.2)
Professional fees	407	395	12	3.0
FDIC insurance and regulatory assessments	487	374	113	30.2
Promotion and advertising	156	149	7	4.7
Directors' fees	180	157	23	14.6
Foundation donation and other contributions	556	540	16	3.0
Other expenses	1,375	559	816	146.0
<b>Total noninterest expense</b>	<b>\$ 13,814</b>	<b>\$ 12,157</b>	<b>\$ 1,657</b>	<b>13.6 %</b>

Noninterest expense for the three months ended March 31, 2025 was \$13.8 million, compared with \$12.2 million for the same period of 2024, an increase of \$1.7 million, or 13.6%, primarily due to higher salaries and employee benefits and other expenses, partially offset by lower data processing and communication.

Salaries and employee benefits for the three months ended March 31, 2025 was \$8.8 million, an increase of \$935 thousand, or 11.9%, compared with \$7.8 million for the same period of 2024. The increase was primarily due to an increase in our employee headcount increased to 240 from 228.

Other expenses increased \$816 thousand, primarily due to an increase in credit related expenses and an increase in customer services expenses related to the increase in the number of analysis accounts.

Data processing and communication for the three months ended March 31, 2025 was \$296 thousand, a decrease of \$191 thousand, or 39.2%, compared with \$487 thousand for the same period of 2024. The decrease was primarily due to a reduction in data processing expenses following our core banking system change completed in the fourth quarter of 2024.

## Income Tax Expense

Income tax expense was \$2.1 million for the three months ended March 31, 2025, resulting in an effective tax rate of 27.6%, compared to income tax expense of \$2.0 million for the same period of 2024, resulting in an effective tax rate of 28.0%. The decrease in effective tax rate was primarily due to tax benefits recognized from restricted stock awards vested in the first quarter of 2025.

We recognized net deferred tax assets of \$13.2 million and \$14.9 million as of March 31, 2025 and December 31, 2024, respectively. After consideration of the matters in the preceding paragraph, we have determined that it is more likely than not that net deferred tax assets as of March 31, 2025 will be fully realized in future years.

## FINANCIAL CONDITION

## Investment Portfolio

The securities portfolio is the second largest component of our interest earning assets, and the structure and composition of this portfolio is important to an analysis of our financial condition. The portfolio serves the following purposes: (i) it provides a source of pledged assets for securing certain deposits and borrowed funds, as may be required by law or by specific agreement with a depositor or lender; (ii) it provides liquidity to even out cash flows from the loan and deposit activities of customers; (iii) it can be used as an interest rate risk management tool, because it provides a large base of assets, the maturity and interest rate characteristics of which can be changed more readily than the loan portfolio to better match changes in the deposit base and our other funding sources; and (iv) it is an alternative interest-earning use of funds when loan demand is weak or when deposits grow more rapidly than loans.

We classify our securities as either available-for-sale or held-to-maturity at the time of purchase. Accounting guidance requires available-for-sale securities to be marked to fair value with an offset to accumulated other comprehensive income (loss), a component of shareholders' equity. Monthly adjustments are made to reflect changes in the fair value of our available-for-sale securities.

All securities in our investment portfolio were classified as available-for-sale as of March 31, 2025. There were no held-to-maturity or trading securities in our investment portfolio as of March 31, 2025. All available-for-sale securities are carried at fair value and consist of U.S. government agencies or sponsored agency securities and tax-exempt municipal securities.

The following table summarizes the fair value of the available-for-sale securities portfolio as of the dates presented:

(\$ in thousands)	March 31, 2025			December 31, 2024		
	Amortized Cost	Fair Value	Unrealized Loss	Amortized Cost	Fair Value	Unrealized Loss
U.S. Government agencies or sponsored agency securities:						
Residential mortgage-backed securities	\$ 40,059	\$ 36,398	\$ (3,661)	\$ 41,521	\$ 37,076	\$ (4,445)
Residential collateralized mortgage obligations	155,022	140,576	(14,446)	160,187	143,041	(17,146)
Municipal securities - tax exempt	5,857	5,506	(351)	5,830	5,792	(38)
Total available-for-sale debt securities	\$ 200,938	\$ 182,480	\$ (18,458)	\$ 207,538	\$ 185,909	\$ (21,629)

Available-for-sale debt securities decreased \$3.4 million, or 1.8%, to \$182.5 million as of March 31, 2025 from \$185.9 million as of December 31, 2024, primarily due to a \$6.6 million in paydowns of residential mortgage-backed securities and residential collateralized mortgage obligations, partially offset by a \$3.2 million decrease in unrealized loss for the three months ended March 31, 2025. No issuer of the available-for-sale securities, other than U.S. Government and its agencies, comprised more than ten percent of our shareholders' equity as of March 31, 2025 and December 31, 2024.

Certain securities have fair values less than amortized cost and, therefore, contain unrealized losses. The unrealized losses were primarily attributable to interest rate movement, not credit quality. These securities (Fannie Mae, Ginnie Mae, and Freddie Mac) are guaranteed or sponsored by agencies of the U.S. government, and the issuers of the securities are of high credit quality. We believe that the net unrealized losses presented in the previous tables are temporary and no credit losses are expected. As a result, we expect full collection of the carrying amount of these securities, do not intend to sell the securities in an unrealized loss position, and believe it is more-likely-than-not we will not have to sell these securities prior to recovery of amortized cost. Accordingly, for available-for-sale debt securities, we did not have allowance for credit losses as of March 31, 2025 and December 31, 2024.

The following table sets forth certain information regarding contractual maturities and the weighted average yields of our investment securities as of the dates presented. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

(\$ in thousands)	March 31, 2025								
	Due in One Year or Less		Due after One Year Through Five Years		Due after Five Years Through Ten Years		Due after Ten Years		
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	
U.S. Government agencies or sponsored agency securities:									
Residential mortgage-backed securities	\$ 63	2.36 %	\$ 857	2.25 %	\$ 753	2.34 %	\$ 38,386	2.23 %	
Residential collateralized mortgage obligations	—	—	111	1.86	1,837	1.29	153,074	3.03	
Municipal securities - tax exempt	—	—	—	—	—	—	5,857	5.21	
Total available-for-sale debt securities	\$ 63	2.36 %	\$ 968	2.21 %	\$ 2,590	1.59 %	\$ 197,317	2.93 %	

We have not used interest rate swaps or other derivative instruments to hedge fixed rate loans or securities to otherwise mitigate interest rate risk.

## Loans

Our loans represent the largest portion of our earning assets, substantially greater than the securities portfolio or any other asset category, and the quality and diversification of the loan portfolio is an important consideration when reviewing our financial condition.

The loan distribution table that follows sets forth our gross loans outstanding, and the percentage distribution in each category as of the dates indicated:

(\$ in thousands)	March 31, 2025		December 31, 2024	
	Amount	% of Total	Amount	% of Total
Commercial real estate	\$ 1,023,278	50.1 %	\$ 980,247	50.1 %
SBA—real estate	237,212	11.6	231,962	11.9
SBA—non-real estate	21,566	1.1	21,748	1.1
Commercial and industrial	202,250	9.9	213,097	10.9
Home mortgage	559,543	27.3	509,524	26.0
Consumer	36	—	274	—
Gross loans receivable	2,043,885	100.0 %	1,956,852	100.0 %
Allowance for credit losses	(25,368)		(24,796)	
Loans receivable, net <sup>(1)</sup>	\$ 2,018,517		\$ 1,932,056	

<sup>(1)</sup> Includes net deferred loan costs (fees) and net unamortized premiums (unaccreted discounts) of \$(114) thousand and \$(702) thousand as of March 31, 2025 and December 31, 2024, respectively.

Gross loans increased \$87.0 million, or 4.4%, to \$2.04 billion as of March 31, 2025, compared to \$1.96 billion as of December 31, 2024. The increase was primarily attributable to new loan originations, partially offset by loan sales, payoffs and paydowns. New loan originations, loan sales, and loan payoffs and paydowns were \$205.8 million, \$31.1 million, and \$87.7 million, respectively, for the first quarter of 2025.

The following tables presents the contractual loan maturities by loan category and the contractual distribution of loans to changes in interest rates as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	March 31, 2025							Total
	Due in One Year or Less		Due after One Year Through Five Years		Due after Five Years			
	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate		
Commercial real estate	\$ 79,941	\$ 53,414	\$ 495,052	\$ 118,046	\$ 211,424	\$ 65,401	\$ 1,023,278	
SBA—real estate	—	12	—	38	—	237,162	237,212	
SBA—non- real estate	—	155	—	3,168	—	18,243	21,566	
Commercial and industrial	92,520	31,203	8,612	30,691	19,626	19,598	202,250	
Home mortgage	—	—	—	—	527,412	32,131	559,543	
Consumer	36	—	—	—	—	—	36	
Gross loans	\$ 172,497	\$ 84,784	\$ 503,664	\$ 151,943	\$ 758,462	\$ 372,535	\$ 2,043,885	

(\$ in thousands)	December 31, 2024							Total
	Due in One Year or Less		Due after One Year Through Five Years		Due after Five Years			
	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate		
Commercial real estate	\$ 77,086	\$ 59,061	\$ 477,801	\$ 107,076	\$ 191,553	\$ 67,670	\$ 980,247	
SBA—real estate	—	—	—	58	—	231,904	231,962	
SBA—non- real estate	—	136	—	3,017	—	18,595	21,748	
Commercial and industrial	87,899	48,147	8,924	27,069	20,224	20,834	213,097	
Home mortgage	—	—	—	—	509,524	—	509,524	
Consumer	27	247	—	—	—	—	274	
Gross loans	\$ 165,012	\$ 107,591	\$ 486,725	\$ 137,220	\$ 721,301	\$ 339,003	\$ 1,956,852	

Our loan portfolio is concentrated in commercial real estate, which includes unguaranteed balances in SBA loans, home mortgage and commercial (primarily manufacturing, wholesale, and services oriented entities). We do not have any material concentrations by industry or group of industries in the loan portfolio. However, 89.0% of our gross loans were secured by real property as of March 31, 2025, compared to 88.0% as of December 31, 2024.

**Loans Concentration:** We have established concentration limits in the loan portfolio for commercial real estate loans, commercial and industrial loans, and unsecured lending, among others. All loan types are within established limits. We use underwriting guidelines to assess the borrowers' historical cash flow to determine debt service, and we further stress test the debt service under higher interest rate scenarios. Financial and performance covenants are used in commercial lending agreements to allow us to react to a borrower's deteriorating financial condition, should that occur.

**Loans — Commercial Real Estate:** Commercial real estate loans include owner-occupied and non-occupied commercial real estate. We originate both fixed and adjustable rate loans. Adjustable rate loans are based on the *Wall Street Journal* prime rate. Our commercial real estate loan portfolio totaled \$1.0 billion as of March 31, 2025 compared to \$980.2 million as of December 31, 2024. As of March 31, 2025, approximately 76.9% of the commercial real estate portfolio consisted of fixed-rate loans. Our policy maximum loan-to-value, or LTV, is 70% for commercial real estate loans. As of March 31, 2025, our average loan to value for commercial real estate loans was 48.2%.

**Loans — SBA:** We are designated as an SBA Preferred Lender under the SBA Preferred Lender Program. We offer mostly SBA 7(a) variable-rate loans. We generally sell the 75% guaranteed portion of the SBA loans that we originate. Our SBA loans are typically made to small-sized manufacturing, wholesale, retail, hotel/motel and service businesses for working capital needs or business expansions. SBA loans have maturities up to 25 years. Typically, non-real estate secured loans mature in less than 10 years. Collateral may also include inventory, accounts receivable and equipment, and may include personal guarantees. Our unguaranteed SBA loans collateralized by real estate are monitored by collateral type and included in our commercial real estate Concentration Guidance.

As of March 31, 2025, our SBA portfolio totaled \$258.8 million, compared to \$253.7 million as of December 31, 2024. From our total SBA loan portfolio, \$237.2 million is secured by real estate and \$21.6 million is unsecured or secured by business assets as of March 31, 2025.

**Loans — Commercial and Industrial:** Commercial and industrial loans totaled \$202.3 million as of March 31, 2025, compared to \$213.1 million as of December 31, 2024.

**Loans - Home Mortgage:** We originate mainly non-qualified, alternative documentation single-family home mortgage loans (“home mortgage”) primarily through our retail branch network and our correspondent lender network. The primary loan product is a five-year or seven-year hybrid adjustable rate mortgage, which reprices after five years to a selected SOFR plus certain spreads. We also purchase residential mortgage loans from third party mortgage originators based on the review of their underwriting and file quality as opportunities arise.

Home mortgage loans totaled \$559.5 million as of March 31, 2025, compared to \$509.5 million as of December 31, 2024. There was no home mortgage loan purchase from third party mortgage originators for the same period.

### Loan Servicing

As of March 31, 2025 and December 31, 2024, we serviced \$716.8 million and \$700.9 million, respectively, of SBA loans for others. Activity for loan servicing rights was as follows:

(\$ in thousands)	Three Months Ended March 31,	
	2025	2024
Beginning balance	\$ 10,834	\$ 11,741
Additions from loans sold with servicing retained	681	552
Amortized to expense	(667)	(888)
Ending balance	\$ 10,848	\$ 11,405

Loan servicing rights are reported on our Consolidated Balance Sheets and reported net of amortization.

### Allowance for Credit Losses

The allowance for credit losses is sensitive to numerous factors, including unemployment rate forecasts, change in asset quality, prepayment rates, and real estate indices. Given the dynamic relationship between these factors within our model, it is difficult to estimate the impact of any one factor or input on the allowance for credit losses. Changes in the factors and inputs considered may not occur at the same rate and may not be consistent across all geographies or product types. Additionally, changes in factors and input may be discretionally inconsistent, such that improvement in one factor may offset deterioration in others. However, to provide additional context regarding the sensitivity of the allowance for credit losses to changes in key variable, we used the following assumptions in a sensitivity analysis of our allowance for credit losses: unemployment rate forecast based on supervisory severely adverse scenario, 0% prepayment rates, loan risk grade changes of commercial real estate and commercial and industrial loan portfolio in worst case scenario based on our history, and applying a 100% weighting to the severely adverse scenario.

The analysis demonstrates the sensitivity to the allowance for credit losses to key quantitative assumptions and it is not intended to estimate changes in the overall allowance for credit losses and it does not capture all the potential unknown variables that could arise in the forecast period, but it provides an approximation of a possible outcome under hypothetical severe conditions.

The Company used the following assumptions in a sensitivity analysis of our allowance for credit losses: unemployment rate forecast based on supervisory severely adverse scenario, 0% prepayment rates, loan risk grade changes of commercial real estate and commercial and industrial loan portfolio in worst case scenario based on the Company history, and applying a 100% weighting to severely adverse scenario. The analysis demonstrates the sensitivity to the allowance for credit losses to key quantitative assumptions and it is not intended to estimate changes in the overall allowance for credit losses and it does not capture all the potential unknown variables that could arise in the forecast period, but it provides an approximation of a possible outcome under hypothetical severe conditions.

Collateral-dependent loans are loans where repayment is expected to be provided solely by the sale of the underlying collateral and there are no other available and reliable sources of repayment. The estimated credit losses for these loans are based on the collateral's fair value less selling costs. In most cases, the Company records a partial charge-off to reduce the loan's carrying value to the collateral's fair value less selling costs at the time of foreclosure.

The allowance for credit losses was \$25.4 million as of March 31, 2025, compared to \$24.8 million as of December 31, 2024. Provision of credit losses of \$736 thousand was recorded for the three months ended March 31, 2025, compared to \$145 thousand for the same period in 2024.

### Analysis of the Allowance for Credit Losses

The following table provides an analysis of the allowance for credit losses, provision for credit losses and net charge-offs, by category, for the three months ended March 31, 2025 and 2024:

(\$ in thousands)	As of and for the Three Months Ended March 31,							
	2025				2024			
	Beginning	Provision (Reversal)	Net (Charge-offs) Recoveries	Ending	Beginning	Provision (Reversal)	Net (Charge-offs) Recoveries	Ending
Commercial real estate	\$ 9,290	\$ (280)	\$ —	\$ 9,010	\$ 7,915	\$ 129	\$ —	\$ 8,044
SBA—real estate	5,557	(176)	—	5,381	1,657	1,202	(66)	2,793
SBA—non- real estate	418	89	5	512	147	71	11	229
Commercial and industrial	1,844	(105)	(29)	1,710	1,215	448	—	1,663
Home mortgage	7,684	1,162	(91)	8,755	11,045	(1,652)	(2)	9,391
Consumer	3	(3)	—	—	14	(5)	—	9
<b>Total</b>	<b>\$ 24,796</b>	<b>\$ 687</b>	<b>\$ (115) (115)</b>	<b>\$ 25,368</b>	<b>\$ 21,993</b>	<b>\$ 193</b>	<b>\$ (57)</b>	<b>\$ 22,129</b>
Gross loans <sup>(1)</sup>				\$ 2,043,885				\$ 1,804,987
Average loans <sup>(1)</sup>				\$ 1,995,899				\$ 1,797,197
Net (charge-offs) recoveries to average gross loans <sup>(2)</sup>				(0.02)%				(0.01)%
Allowance for credit losses to gross loans				1.24 %				1.23 %

<sup>(1)</sup> Excludes loans held for sale.

<sup>(2)</sup> Annualized

The following table presents an allocation of the allowance for credit losses by portfolio as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	March 31, 2025		December 31, 2024	
	Amount	% to Total	Amount	% to Total
Commercial real estate	\$ 9,010	35.5 %	\$ 9,290	37.5 %
SBA—real estate	5,381	21.2	5,557	22.4
SBA—non- real estate	512	2.0	418	1.7
Commercial and industrial	1,710	6.8	1,844	7.4
Home mortgage	8,755	34.5	7,684	31.0
Consumer	—	—	3	—
<b>Total</b>	<b>\$ 25,368</b>	<b>100.0 %</b>	<b>\$ 24,796</b>	<b>100.0 %</b>

### Nonperforming Assets

Loans are considered delinquent when principal or interest payments are past due 30 days or more. Delinquent loans may remain on accrual status between 30 days and 90 days past due. Loans on which the accrual of interest has been discontinued are designated as non-accrual loans. Typically, the accrual of interest on loans is discontinued when principal or interest payments are 90 days past due or when, in the opinion of management, there is a reasonable doubt as to

collectability in the normal course of business. When loans are placed on non-accrual status, all interest previously accrued, but not collected, is reversed against current period interest income. Income on non-accrual loans is subsequently recognized only to the extent that cash is received, and the loan's principal balance is deemed collectible. Loans are restored to accrual status when loans become well-secured and management believes full collectability of principal and interest is probable.

Nonperforming loans include loans that are 90 days past due and still accruing, loans accounted for on a non-accrual basis, and accruing restructured loans. Nonperforming assets consist of nonperforming loans plus other real estate owned ("OREO").

Nonperforming loans were \$10.4 million as of March 31, 2025, compared to \$7.8 million as of December 31, 2024. Nonperforming loans excluded the guaranteed portion of SBA loans of \$14.3 million and \$16.3 million as of March 31, 2025 and December 31, 2024, respectively.

Real estate we acquire as a result of foreclosure or by deed-in-lieu of foreclosure is classified as OREO until being sold, and is initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. As of March 31, 2025 and December 31, 2024, OREO totaled \$1.2 million, which is secured by a mix-use property in Los Angeles with 90% guaranteed by SBA.

The following table sets forth the allocation of our nonperforming assets among our different asset categories as of the dates indicated. Nonperforming loans include non-accrual loans, loans past due 90 days or more and still accruing interest, and loans modified under troubled debt restructurings.

(\$ in thousands)	March 31, 2025	December 31, 2024
Nonaccrual loans	\$ 10,412	\$ 7,820
Past due loans 90 days or more and still accruing	—	—
Total nonperforming loans <sup>(1)</sup>	10,412	7,820
Other real estate owned	1,237	1,237
Total nonperforming assets	\$ 11,649	\$ 9,057
Nonperforming loans to gross loans	0.51 %	0.40 %
Nonperforming assets to total assets	0.46	0.38
Allowance for credit losses to nonperforming loans	244	317

<sup>(1)</sup> Excludes guaranteed portion of SBA loans of \$14.3 million and \$16.3 million as of March 31, 2025 and December 31, 2024, respectively.

### Deposits and Other Sources of Funds

We gather deposits primarily through our branch locations. We offer a variety of deposit products including demand deposits accounts, interest-bearing products, savings accounts and certificate of deposits. We dedicate continuing effort into gathering noninterest demand deposits accounts through marketing to our existing and new loan customers, customer referrals, our marketing staff and various involvement with community networks.

The following table show the composition of deposits by type as of the dates presented:

(\$ in thousands)	March 31, 2025		December 31, 2024	
	Amount	Percent	Amount	Percent
Noninterest-bearing demand	\$ 552,797	25.2 %	\$ 504,928	24.9 %
Interest-bearing:				
Money market and others	385,080	17.6	329,095	16.2
Time deposits (greater than \$250)	610,783	27.9	565,813	27.9
Time deposits (\$250 or less)	641,211	29.3	627,449	31.0
Total interest-bearing	1,637,074	74.8	1,522,357	75.1
Total deposits	\$ 2,189,871	100.0 %	\$ 2,027,285	100.0 %

The following tables set forth the maturity of time deposits as of March 31, 2025:

(\$ in thousands)	Maturity Within:				
	Three Months	Three to Six Months	Six to Twelve Months	After Twelve Months	Total
Time deposits (greater than \$250)	\$ 178,030	\$ 158,269	\$ 274,484	\$ —	\$ 610,783
Time deposits (\$250 or less)	206,734	172,099	259,856	2,522	641,211
Total time deposits	\$ 384,764	\$ 330,368	\$ 534,340	\$ 2,522	\$ 1,251,994

Other than deposits, we also utilized FHLB advances as a supplementary funding source to finance our operations. The advances from the FHLB are collateralized by residential and commercial real estate loans. As of March 31, 2025 and December 31, 2024, we had maximum borrowing capacity from the FHLB of \$683.8 million and \$677.0 million, respectively. We had borrowings from FHLB of \$75.0 million and \$95.0 million as of March 31, 2025 and December 31, 2024, respectively. The Company had estimated uninsured deposits of \$1.1 billion, or 49.0% of total deposits, and \$961.7 million, or 47.4% of total deposits, as of March 31, 2025 and December 31, 2024, respectively.

### Liquidity and Capital Resources

Liquidity refers to our ability to meet the cash flow requirements of depositors and borrowers, while at the same time meeting our operating, capital and strategic cash flow needs, while effectively balancing the related costs. We continuously monitor our liquidity position to ensure that assets and liabilities are managed in a manner that will meet all short-term and long-term cash requirements. We manage our liquidity position to meet the daily cash flow needs of customers, while maintaining an appropriate balance between assets and liabilities to meet the return on investment objectives of our shareholders. Our short-term and long-term liquidity requirements are primarily met through cash flow from operations, redeployment of prepaying and maturing balances in our loan and investment portfolios, and increases in customer deposits. Other alternative sources of funds will supplement these primary sources to the extent necessary to meet additional liquidity requirements on either a short-term or long-term basis.

Deposits are the primary funding source for the Bank. Deposits provide a stable source of funding and reduce our reliance on the wholesale funding markets. The following table presents the loan and deposit balances, the loans-to-deposit ratios, and deposits as a percentage of total liabilities as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	March 31, 2025	December 31, 2024
Deposits	\$ 2,189,871	\$ 2,027,285
Deposits as a % of total liabilities	95.1 %	93.8 %
Loans, net	\$ 2,018,517	\$ 1,932,056
Loans-to-deposits ratio	92.2 %	95.3 %

In addition to deposits, we have access to various sources of wholesale funding, as well as borrowing capacity at the FHLB, Federal Reserve, and correspondent banks to sustain an adequate liquid asset portfolio, meet daily cash demands and allow management flexibility to execute the business strategy. Economic conditions and the stability of capital markets impact the access to and the cost of wholesale funding. The access to capital markets is also affected by the ratings received from various credit rating agencies.

We had \$100.0 million of unsecured federal funds lines with no amounts advanced as of March 31, 2025 and December 31, 2024. In addition, on such dates we had lines of credit from the Federal Reserve discount window of \$217.6 million and \$215.1 million, respectively. The Federal Reserve discount window lines were collateralized by a pool of commercial real estate loans and commercial and industrial loans totaling \$291.8 million and \$278.9 million as of March 31, 2025 and December 31, 2024, respectively. We did not have any borrowings outstanding with the Federal Reserve as of March 31, 2025 or December 31, 2024, and our borrowing capacity is limited only by eligible collateral.

Based on the values of loans pledged as collateral, we had \$381.5 million of additional borrowing availability with the FHLB as of March 31, 2025. We also maintain relationships in the capital markets with brokers to issue certificates of deposit and money market accounts.

We maintain ample access to liquidity, including highly liquid assets on our balance sheet and available unused borrowings from other financial institutions. The following table presents our liquid assets and available borrowings as of March 31, 2025 and December 31, 2024:

(\$ in thousands)	March 31, 2025		December 31, 2024		% Change
<b>Liquid assets:</b>					
Cash and cash equivalents	\$	198,861	\$	134,943	47.4 %
AFS debt securities		182,480		185,909	(1.8)
Liquid assets	\$	381,341	\$	320,852	18.9 %
Liquid assets to total deposits		17.4 %		15.8 %	
<b>Available borrowings:</b>					
FHLB	\$	381,456	\$	401,900	(5.1)%
Federal Reserve Bank		217,563		215,115	1.1
Pacific Coast Bankers Bank		50,000		50,000	—
Zions Bank		25,000		25,000	—
First Horizon Bank		25,000		25,000	—
Total available borrowings	\$	699,019	\$	717,015	(2.5)%
Total available borrowings to total deposits		31.9 %		35.4 %	
Liquid assets and available borrowings to total deposits		49.3 %		51.2 %	

The following tables summarizes short- and long-term material cash requirements as of March 31, 2025, which we believe that we will be able to fund these obligations through cash generated from our operations and available alternative sources of funds:

(\$ in thousands)	Material Cash Requirements					
	Within One Year	One to Three Years	Three to Five Years	After Five Years	Indeterminable maturity <sup>(1)</sup>	Total
Deposits <sup>(1)</sup>	\$ 989,950	\$ 261,635	\$ 409	\$ —	\$ 937,877	\$ 2,189,871
Operating lease commitments	2,003	4,489	2,867	411	—	9,770
Advances from FHLB <sup>(2)</sup>	75,000	—	—	—	—	75,000
Commitments to fund investment for Low Income Housing Tax Credit	4,658	1,267	104	350	—	6,379
<b>Total contractual obligations</b>	<b>\$ 1,071,611</b>	<b>\$ 267,391</b>	<b>\$ 3,380</b>	<b>\$ 761</b>	<b>\$ 937,877</b>	<b>\$ 2,281,020</b>

(1) Includes deposits with no defined maturity, such as noninterest-bearing demand, savings and money market.

(2) Excludes accrued interest.

In addition to contractual obligations, other commitments of us impact liquidity. These include unused commitments to extend credit, standby letters of credit and commercial letters of credit. Since many of these commitments expire without being drawn upon, and each customer must continue to meet the conditions established in the contract, the total amount of these commercial commitments does not necessarily represent the future cash requirements of us. Our liquidity sources have been, and are expected to be, sufficient to meet the cash requirements of our lending activities. Information about our loan commitments, standby letters of credit and commercial letters of credit is provided in Note 9. Commitments and Contingencies to the unaudited consolidated financial statements in this Report.

### Capital Requirements

We are subject to various regulatory capital requirements administered by the federal and state banking regulators, although, as a “smaller bank holding company,” we are not subject to most of these standards at the holding company level. These standards are, however, applicable to the Bank, and failure to meet regulatory capital requirements may result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our consolidated 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 our assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting policies. The capital amounts and classifications are subject to qualitative judgments by the federal banking regulators regarding components, risk weightings and other factors. Qualitative measures established by regulation to ensure capital adequacy required us to

maintain minimum amounts and various ratios of CET1 capital, Tier 1 capital and total capital to risk-weighted assets and of Tier 1 capital to average consolidated assets, referred to as the “leverage ratio.”

The table below also summarizes the capital requirements applicable to us and the Bank in order to be considered “well-capitalized” from a regulatory perspective, as well as our and the Bank’s capital ratios as of March 31, 2025 and December 31, 2024. The Bank exceeded all regulatory capital requirements under the Basel III Capital Rules and were considered to be “well-capitalized” as of the dates reflected in the table below. As of March 31, 2025, the FDIC categorized us as well-capitalized under the prompt corrective action framework. There have been no conditions or events since March 31, 2025 that management believes would change this classification.

As of March 31, 2025 (\$ in thousands)	Actual <sup>(1)</sup>		Regulatory Capital Ratio Requirements		Minimum to be Considered "Well Capitalized"		Regulatory Capital Ratio Requirements, including fully phased in Capital Conservation Buffer	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)								
Consolidated	\$ 248,393	12.33 %	N/A	N/A	N/A	N/A	N/A	N/A
Bank	246,883	12.24	\$ 161,313	8.00 %	\$ 201,641	10.00 %	\$ 211,723	10.50 %
Tier 1 capital (to risk-weighted assets)								
Consolidated	223,210	11.08	N/A	N/A	N/A	N/A	N/A	N/A
Bank	221,678	10.99	120,985	6.00	161,313	8.00	171,395	8.50
CET1 capital (to risk-weighted assets)								
Consolidated	223,210	11.08	N/A	N/A	N/A	N/A	N/A	N/A
Bank	221,678	10.99	90,738	4.50	131,067	6.50	141,149	7.00
Tier 1 leverage (to average assets)								
Consolidated	223,210	9.22	N/A	N/A	N/A	N/A	N/A	N/A
Bank	221,678	9.15	96,874	4.00	121,093	5.00	96,874	4.00

<sup>(1)</sup> The capital requirements are only applicable to the Bank, and our ratios are included for comparison purpose.

As of December 31, 2024 (\$ in thousands)	Actual <sup>(1)</sup>		Regulatory Capital Ratio Requirements		Minimum to be Considered "Well Capitalized"		Regulatory Capital Ratio Requirements, including fully phased in Capital Conservation Buffer	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)								
Consolidated	\$ 244,659	12.60 %	N/A	N/A	N/A	N/A	N/A	N/A
Bank	242,966	12.50	\$ 155,463	8.00 %	\$ 194,328	10.00 %	\$ 204,053	10.50 %
Tier 1 capital (to risk-weighted assets)								
Consolidated	220,390	11.35	N/A	N/A	N/A	N/A	N/A	N/A
Bank	218,675	11.25	116,597	6.00	155,463	8.00	165,186	8.50
CET1 capital (to risk-weighted assets)								
Consolidated	220,390	11.35	N/A	N/A	N/A	N/A	N/A	N/A
Bank	218,675	11.25	87,448	4.50	126,313	6.50	136,035	7.00
Tier 1 leverage (to average assets)								
Consolidated	220,390	9.27	N/A	N/A	N/A	N/A	N/A	N/A
Bank	218,675	9.20	95,055	4.00	118,819	5.00	95,055	4.00

<sup>(1)</sup> The capital requirements are only applicable to the Bank, and our ratios are included for comparison purpose.

### **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. We incur market risk in the normal course of business through exposures to market interest rates, equity prices, and credit spreads. We have identified interest rate risk as our primary source of market risk.

#### Interest Rate Risk

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

Our board's asset liability management committee, or ALM, establishes broad policy limits with respect to interest rate risk. Our management's asset liability committee, or ALCO, establishes specific operating guidelines within the parameters of the policies set by the ALM. In general, we seek to minimize the impact of changing interest rates on net interest income and the economic values of assets and liabilities. Our ALCO monitors the level of interest rate risk sensitivity on a quarterly basis to ensure compliance with the ALM-approved risk limits. The policy requires a periodic review of all key assumptions used, such as identifying appropriate interest rate scenarios, setting loan prepayment rates based on historical analysis, and noninterest-bearing and interest-bearing deposit durations based on historical analysis.

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 our interest-earning assets would reprice upward more quickly than rates paid on our interest-bearing liabilities, thus expanding our 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 our interest-bearing liabilities would reprice upward more quickly than rates earned on our interest-earning assets, thus compressing our net interest margin.

Interest rate risk measurement is calculated and reported to the ALCO and ALM 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.

#### Evaluation of Interest Rate Risk

We use a net interest income simulation model to measure and evaluate potential changes in our net interest income. We run various hypothetical interest rate scenarios at least quarterly and compare these results against a scenario with no changes in interest rates. We use two approaches to model interest rate risk: Earnings at Risk, or EAR, and Economic Value of Equity, or EVE. Under EAR, net interest income is modeled utilizing various assumptions for assets and liabilities. EVE measures the period end market value of assets minus the market value of liabilities and the change in this value as rates change. EVE is a period end measurement.

Our simulation model incorporates various assumptions, which we believe are reasonable but which may have a significant impact on results such as: (i) the timing of changes in interest rates; (ii) shifts or rotations in the yield curve; (iii) re-pricing characteristics for market-rate-sensitive instruments; (iv) varying loan prepayment speeds for different interest rate scenarios; and (v) the overall growth and mix of assets and liabilities. Because of limitations inherent in any approach used to measure interest rate risk, simulation results are not intended as a forecast of the actual effect of a change in market interest rates on our results but rather as a means to better plan and execute appropriate asset-liability management strategies and manage our interest rate risk.

Potential changes to our net interest income in hypothetical rising and declining rate scenarios calculated as of March 31, 2025 and December 31, 2024 are presented in the following table. The projections assume (1) immediate, parallel shifts downward of the yield curve of 100, 200 and 300 basis points and (2) immediate, parallel shifts upward of the yield curve of 100, 200, and 300 basis points over 12 months.

	Net Interest Sensitivity		Economic Value of Equity Sensitivity	
	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
+300 basis points	4.24 %	7.10 %	(21.95)%	(21.91)%
+200 basis points	3.48	5.28	(10.67)	(11.24)
+100 basis points	1.91	2.80	(3.39)	(3.95)
-100 basis points	(1.03)	(2.04)	2.19	3.43
-200 basis points	1.53	(2.29)	(0.84)	1.76
-300 basis points	7.22	(1.05)	(7.75)	(3.20)

#### Item 4. Controls and Procedures

##### Evaluation of disclosure controls and procedures

The Company's management, including our President and Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered in this Report. Based on such evaluation, our President and Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective as of that date to provide reasonable assurance that the information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its President and Chief Executive Officer and its Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

##### Changes in internal control over financial reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act), during the period covered by this Report, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

##### Limitations on Effectiveness of Controls and Procedures and Internal Control over Financial Reporting

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

In the normal course of business, we are subject to legal proceedings or claims. Management has reviewed all legal claims against us and possible loss contingencies, and does not expect the amounts to be material to any of the consolidated financial statements.

### Item 1A. Risk Factors

You should carefully consider the risks and uncertainties described below, together with the information included elsewhere in this Report and other documents we file with the SEC. The following risks and uncertainties described below are those that we have identified as material. Events or circumstances arising from one or more of these risks could adversely affect our business, financial condition, operating results and prospects and the value and price of our common stock could decline. The risks identified below are not a comprehensive list of all risks we face. Additional risks and uncertainties not presently known to us, or that we may currently view as not material, may also adversely impact our business, financial condition, and results of operations.

#### Risks Related to Our Business

##### *Interruptions, cyberattacks, fraudulent activity or other security breaches may have a material adverse effect on our business.*

Our business is highly dependent on the collection, storage, transmittal, sharing, processing and retention of information about our customers and employees. To accomplish these activities, we rely heavily upon electronic infrastructure that we own or that we obtain via license or other contractual arrangements with third parties. These technologies affect, among other things, our customers' ability to access and transfer funds, initiate and pay loans and leases, communicate with our customer service teams, and engage in a variety of other activities that form the foundation of modern financial services businesses. Likewise, our employee data and related technologies allow us to communicate with our employees about routine and extraordinary matters, compensate our staff, maintain timekeeping, payroll and benefits records, and comply with an increasingly complex web of labor and employment laws and regulations. The loss, interruption or disruption of these systems may damage our relationships with customers and correspondingly may harm our reputation. Compromises or interruptions in our employment-related systems may cause challenges in our relationships with our employees, upon whom we are heavily dependent in the conduct of our business and the development and maintenance of our relationships with customers and prospective customers.

There have been a number of recent and well-publicized incidents involving various types of cybersecurity lapses, some of which have had substantial adverse impacts upon targeted businesses and on customers of even some of the world's most prominent cybersecurity and financial services firms. Similarly, extremely sophisticated criminal and nation-state organizations routinely target and exploit information technology networks, data systems, and other critical infrastructure. One of the most prominent recent events resulted in a widespread failure of a large cybersecurity platform, some of the consequences of which are not yet, and may not soon be, fully known or estimable.

We devote significant resources and management focus to ensuring the integrity of our systems against cybercriminals and similar actors, as well as against threats from fires and other natural disasters; power or telecommunications failures; acts of terrorism or wars or other catastrophic events; breaches, physical break-ins or errors resulting in interruptions and unauthorized disclosure of confidential information, through information security and business continuity programs. Likewise, we have made, and we continue to make, substantial investments in systems that are intended to protect against these vulnerabilities, including real-time threat detection and warning, security programs and protocols, backup and alternative-access systems, virus and malware protection programs, and a wide variety of other protective measures.

Notwithstanding these investments, cybersecurity measures are, by their nature, largely reactive, and threats are constantly evolving. We expect that the development of AI-based technologies will accelerate both the number and the sophistication of these threats. We routinely experience attempts to exploit our networks and systems, and we must continue investing in increasingly advanced (and concomitantly expensive) technology to counteract these threats. Further, if our systems cannot timely detect and mitigate vulnerabilities, or cannot promptly respond to threats, we may experience

damage to or interruptions in the availability of our computer networks, or we may experience a loss of data, unauthorized use or disclosure of customer information, or a loss of customer funds as a result of unauthorized access to customer accounts. Likewise, breaches of our payroll, benefits, and other employee-related systems may give rise to liability under employment laws and may damage our relationships with our employees.

Disruptions or failures in the physical infrastructure, controls or operating systems that support our businesses and customers, failures of the third parties on which we rely to adequately or appropriately provide their services or perform their responsibilities, or our failure to effectively manage or oversee our third-party relationships, could result in business disruptions, loss of revenue or customers, legal or regulatory proceedings, remediation and other costs, violations of applicable privacy and other laws, reputational damage, customer harm, or other adverse consequences, any of which could materially adversely affect our results of operations or financial condition. Further, new and evolving SEC regulations, as well as federal and state banking and consumer privacy laws and regulations, could require us to provide notices of security breaches. Such disclosures could result in increased regulatory scrutiny, exacerbate our potential legal liability, and result in a loss of confidence in the security of our systems or an adverse perception of our products and services.

The access by unauthorized persons to, or the improper disclosure by us or our third-party vendors of, confidential information regarding our customers or our own proprietary information, software, methodologies and business secrets, failures or disruptions in our communications, information and technology systems, or our failure to adequately address them, could negatively affect our customer relationship management, online banking, accounting or other systems. We cannot assure readers that such breaches, failures or interruptions will not occur or, if they do occur, that they will be adequately addressed by us or the third parties on which we rely.

Accordingly, any failures or interruptions of our communications, information and technology systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition or results of operations.

***Our profitability is dependent upon the geographic concentration of the markets in which we operate.***

A substantial portion of our business is derived from our commercial banking activities in the Los Angeles, California, Metropolitan Area. As a result, our business, financial condition and results of operations are subject to the demand for our products in those areas and is also subject to changes in the economic conditions in those areas. Our success depends upon the business activity, population, income levels, deposits and real estate activity in these markets. Further, although we have significant lending and deposit relationships in other areas, and our clients' business and financial interests may extend well beyond these market areas, adverse economic conditions that affect these market areas could reduce our growth rate, affect the ability of our clients to repay their loans to us, could impair the value of the collateral securing our loans, or otherwise generally could affect our business, financial condition and results of operations. Because of our geographic concentration, we are less able than regional or national financial institutions to diversify demand for our products or our credit risks across multiple markets.

Similarly, geologic, weather-related, and other hazards such as wildfires, earthquakes, droughts, floods and storms, frequently threaten our markets, and in certain circumstances could be expected to have a disproportionate effect on our business as compared to financial institutions whose client and asset bases are more diversified. Such events may harm our business directly or may harm our clients and prospective clients in a way that increases the risks of defaults on our loans, reduces the value of our collateral, and increases clients' need for liquidity, thus reducing our deposit base and potentially increasing our costs of funds.

***We may not keep pace with the rapid technological developments in the financial services industry.***

The financial services industry is subject to rapid technological changes, of which we cannot predict the effects on our business. We expect that new services and technologies applicable to our industry will continue to emerge, and these new services and technologies may be superior to, or render obsolete, the technologies we currently utilize in our products and services. These technologies often are expensive, and many of them are unproven, as a result of which we may delay adoption or implementation of these products. Further, as these technologies develop, they may pose a greater than ordinary risk of additional cybersecurity breaches. However, customers are often drawn to these products and services, which poses both a competitive risk and a cybersecurity risk to us. If we cannot adopt and implement financial services technologies at a cost and with a level of security that allows us to keep pace with our competitors and with customer expectations, we may face challenges to our revenues, and we may lose customers or fail to attract new customers. Further,

if these products were to fail to perform as expected, we may face increase cybersecurity risks and customer dissatisfaction. These outcomes, alone or in combination with other factors, may have a material adverse impact on our business, financial condition and results of operations.

***Our operations could be disrupted by our third-party service providers experiencing difficulty in providing their services, terminating their services or failing to comply with banking regulations.***

We depend to a significant extent on relationships with third-party service providers. Specifically, we utilize third party core banking services and receive credit card and debit card services, branch capture services, Internet banking services and services complementary to our banking products from various third party service providers. These types of third-party relationships are subject to increasingly demanding regulatory requirements that require us to maintain and continue to enhance our due diligence and ongoing monitoring and control over our third-party vendors. We may be required to renegotiate our agreements to meet these enhanced requirements, which could increase our costs or which may be impracticable. If our service providers experience difficulties or terminate their services and we are unable to replace them, our operations could be interrupted. It may be difficult for us to timely replace some of our service providers, which may be at a higher cost due to the unique services they provide. A third-party provider may fail to provide the services we require, or meet contractual requirements, comply with applicable laws and regulations, or suffer a cyberattack or other security breach. We expect that our regulators would hold us responsible for deficiencies of our third-party relationships which could result in enforcement actions, including civil money penalties or other administrative or judicial penalties or fines, or client remediation, any of which could have a material adverse effect on our business, financial condition and results of operations.

***Adverse conditions in Asia and elsewhere could adversely affect our business.***

Although we believe we have minimal exposure to customers that have direct economic ties to South Korea and other countries in Asia, many of our customers maintain significant investment, business, and other ties to the region. As a result, we are still likely to feel the effects of adverse economic and political conditions in South Korea and Asia, including the effects of rising inflation or slowing growth and volatility in the real estate and stock markets in South Korea and elsewhere in Asia. U.S. and global economic policies, military tensions in North Korea, and unfavorable global economic conditions may adversely impact the South Korean and other Asian economies. In addition, pandemics and other public health crises or concerns over the possibility of such crises could create economic and financial disruptions in the region. The coronavirus pandemic has had a material adverse effect on the Asian economies. A significant deterioration of economic conditions in Asia, and in South Korea in particular, could expose us to, among other things, economic and transfer risk, and we could experience an outflow of deposits by those of our customers with connections to Asia. Transfer risk may result when an entity is unable to obtain the foreign exchange needed to meet its obligations or to provide liquidity. This may adversely impact the recoverability of investments with, or loans made to, such entities. Adverse economic conditions in Asia, and in South Korea in particular, may also negatively impact asset values and the profitability and liquidity of our customers who operate in this region.

***Interruptions, cyberattacks, fraudulent activity or other security breaches may have a material adverse effect on our business.***

Our business is highly dependent on the collection, storage, transmittal, sharing, processing and retention of information about our customers and employees. To accomplish these activities, we rely heavily upon electronic infrastructure that we own or that we obtain via license or other contractual arrangements with third parties. These technologies affect, among other things, our customers' ability to access and transfer funds, initiate and pay loans and leases, communicate with our customer service teams, and engage in a variety of other activities that form the foundation of modern financial services businesses. Likewise, our employee data and related technologies allow us to communicate with our employees about routine and extraordinary matters, compensate our staff, maintain timekeeping, payroll and benefits records, and comply with an increasingly complex web of labor and employment laws and regulations. The loss, interruption or disruption of these systems may damage our relationships with customers and correspondingly may harm our reputation. Compromises or interruptions in our employment-related systems may cause challenges in our relationships with our employees, upon whom we are heavily dependent in the conduct of our business and the development and maintenance of our relationships with customers and prospective customers.

There have been a number of recent and well-publicized incidents involving various types of cybersecurity lapses, some of which have had substantial adverse impacts upon targeted businesses and on customers of even some of the

world's most prominent cybersecurity and financial services firms. Similarly, extremely sophisticated criminal and nation-state organizations routinely target and exploit information technology networks, data systems, and other critical infrastructure. One of the most prominent recent events resulted in a widespread failure of a large cybersecurity platform, some of the consequences of which are not yet, and may not soon be, fully known or estimable.

We devote significant resources and management focus to ensuring the integrity of our systems against cybercriminals and similar actors, as well as against threats from fires and other natural disasters; power or telecommunications failures; acts of terrorism or wars or other catastrophic events; breaches, physical break-ins or errors resulting in interruptions and unauthorized disclosure of confidential information, through information security and business continuity programs. Likewise, we have made, and we continue to make, substantial investments in systems that are intended to protect against these vulnerabilities, including real-time threat detection and warning, security programs and protocols, backup and alternative-access systems, virus and malware protection programs, and a wide variety of other protective measures.

Notwithstanding these investments, cybersecurity measures are, by their nature, largely reactive, and threats are constantly evolving. We expect that the development of AI-based technologies will accelerate both the number and the sophistication of these threats. We routinely experience attempts to exploit our networks and systems, and we must continue investing in increasingly advanced (and concomitantly expensive) technology to counteract these threats. Further, if our systems cannot timely detect and mitigate vulnerabilities, or cannot promptly respond to threats, we may experience damage to or interruptions in the availability of our computer networks, or we may experience a loss of data, unauthorized use or disclosure of customer information, or a loss of customer funds as a result of unauthorized access to customer accounts. Likewise, breaches of our payroll, benefits, and other employee-related systems may give rise to liability under employment laws and may damage our relationships with our employees.

The access by unauthorized persons to, or the improper disclosure by us or our third-party vendors of, confidential information regarding our customers or our own proprietary information, software, methodologies and business secrets, failures or disruptions in our communications, information and technology systems, or our failure to adequately address them, could negatively affect our customer relationship management, online banking, accounting or other systems. We cannot assure readers that such breaches, failures or interruptions will not occur or, if they do occur, that they will be adequately addressed by us or the third parties on which we rely.

Accordingly, any failures or interruptions of our communications, information and technology systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition or results of operations.

***Increasing challenges in credit markets and the effects on our current and future borrowers have adversely affected, and in the future may adversely affect, our loan portfolio and may result in losses or increasing provision expense.***

Although the Federal Reserve System (commonly referred to as “the Fed”) has recently made modest incremental reductions in benchmark interest rates, the current interest rate environment remains significantly elevated from those of the recent past, and recent indications as of the date of this report are that further reductions are unlikely in the near future. Interest rates affect both our ability to reprice variable-rate loans and to originate new fixed-rate loans, and in times of significant uncertainty about interest rates, such as the present, clients and prospective investors often reduce their borrowing levels, which tends to have a deflating effect on our outstanding loan balances and thus on our interest income.

During the third and fourth quarters of 2024, the Federal Reserve Open Markets Committee cut benchmark interest rates three times and for the first time since 2020. Although the Fed has indicated after its meetings in January and March, 2025, that economic conditions appeared to have stabilized, the committee held benchmark rates steady, and, as a result, we are unable to predict changes in future interest rates. Further, even if adjustments are made, the effect on overall markets remains uncertain, and reflect in part a perceived increase in risks of political instability associated with the new presidential administration and subsequent governmental and economic reactions. If rates resume increasing, or if they continue to remain at relatively elevated levels for prolonged periods, our borrowers may experience increasing difficulty in repaying their loans. Further, borrowers may defer additional borrowing decisions pending the resolution of both the political uncertainties and the potential for further market adjustments in response to those matters and to general economic conditions.

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

To the extent interest rates remain relatively elevated, or if economic conditions affecting our borrowers worsen, our allowance for credit losses and related provision could be negatively impacted, which would result in a reduction in net income for the corresponding period, or in some cases we may experience losses in excess of established reserves, which would have a similar effect. At the same time, even if interest rates stabilize or if reductions are less significant than clients expect, we may confront a loss of demand that adversely affects our interest earning assets. Either of these outcomes, alone or in combination with other factors, may have a material adverse effect on our results of operations.

***Liquidity risks could affect operations and adversely affect our business, financial condition, and results of operations.***

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and/or investment securities and through other sources could have a substantial negative effect on our liquidity. Our most important source of funds consists of our customer deposits. Such deposit balances can decrease when customers perceive alternative investments, such as money market funds, bonds and the stock market, as providing a better risk/return tradeoff. If customers move money out of bank deposits and into other investments, we could lose a relatively low cost source of funds, which would require us to seek wholesale funding alternatives in order to continue to grow, thereby increasing our funding costs and reducing our net interest income and net income.

Other primary sources of funds consist of cash from operations, investment maturities and sales, and sale of loans. Additional liquidity is provided by our ability to borrow from the Federal Reserve Bank of San Francisco and the Federal Home Loan Bank of San Francisco. We also may borrow from third-party lenders from time to time. Our access to funding sources in amounts adequate to finance or capitalize our activities or on terms that are acceptable to us could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry.

Any decline in available funding could adversely impact our ability to continue to implement our strategic plan, including our ability to originate loans, invest in securities, meet our expenses, or to fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could have a material adverse effect on our liquidity, business, financial condition and results of operations.

**Risks Related to Our Loans**

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

As of March 31, 2025, approximately 89.0% of our loan portfolio was comprised of loans with real estate as a primary or secondary component of collateral. As a result, adverse developments affecting real estate values in our market areas could increase the credit risk associated with our real estate loan portfolio. The market value of real estate can fluctuate significantly in a short period of time as a result of market conditions in the geographic area in which the real estate is located. Real estate values and real estate markets are generally affected by changes in national, regional or local economic conditions, the rate of unemployment, fluctuations in interest rates and the availability of loans to potential purchasers, changes in tax laws and other governmental statutes, regulations and policies and acts of nature, such as earthquakes and other natural disasters. Adverse changes affecting real estate values and the liquidity of real estate in one or more of our markets could increase the credit risk associated with our loan portfolio, significantly impair the value of property pledged as collateral on loans and affect our ability to sell the collateral upon foreclosure without a loss or additional losses, which could result in losses that would adversely affect profitability. Moreover, a substantial portion of the collateral underlying our real estate loans is located in the Los Angeles Metropolitan Area, which recently has experienced an unprecedented series of wildfires that destroyed or heavily damaged some properties and rendered others

inaccessible. We have not yet fully determined whether or to what extent these events have affected our loan portfolio or the underlying collateral, and the ultimate effects may not be determinable in the foreseeable future. These events and the related declines and losses could have a material adverse effect on our business, financial condition and results of operations.

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

As of March 31, 2025, we had \$1.5 billion of commercial loans, consisting of \$1.0 billion of commercial real estate loans, \$258.8 million of SBA loans, and \$202.3 million of commercial and industrial loans, including trade finance loans, for which real estate is not the primary source of collateral. Commercial loans represented 72.6% of our total loan portfolio as of March 31, 2025. Commercial loans are often larger and involve greater risks than other types of lending. Because payments on such loans are often dependent on the successful operation or development of the property or business involved, repayment of such loans is often more sensitive than other types of loans to adverse conditions in the real estate market or the general business climate and economy. Accordingly, a downturn in the real estate market and a challenging business and economic environment may increase our risk related to commercial loans, particularly commercial real estate loans. Unlike home mortgage loans, which generally are made on the basis of the borrowers' ability to make repayment from their employment and other income and which are secured by real property whose value tends to be more easily ascertainable, commercial loans typically are made on the basis of the borrowers' ability to make repayment from the cash flow of the commercial venture. Our commercial and industrial loans are primarily made based on the identified cash flow of the borrower and secondarily on the collateral underlying the loans. Most often, collateral consists of accounts receivable, inventory and equipment. Inventory and equipment may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business. Accounts receivable may be uncollectable. If the cash flow from business operations is reduced, the borrower's ability to repay the loan may be impaired. Due to the larger average size of each commercial loan as compared with other loans such as residential loans, as well as collateral that is generally less readily-marketable, losses incurred on a small number of commercial loans could have a material adverse effect on our business, financial condition and results of operations.

## **Risks Related to our Management**

***We are highly dependent on our management team, and the loss of our senior executive officers or other key employees could harm our ability to implement our strategic plan, impair our relationships with customers and adversely affect our business, results of operations and growth prospects.***

Our success depends, in large degree, on the skills of our management team and our ability to retain, recruit and motivate key officers and employees. Our senior management team has significant industry experience, and their knowledge and relationships would be difficult to replace. Further, we believe that our focus on particular aspects of our communities, including the Korean culture and language and our Christian leadership principles, would call for any replacements to embody these same traits, which may make it more difficult to replace management team members and other employees who leave the Company or who retire. Leadership changes occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit additional qualified personnel. Competition for senior executives and skilled personnel in the financial services and banking industry is intense, which means the cost of hiring, incentivizing and retaining talent may continue to increase. We need to continue to attract and retain key employees and to recruit qualified individuals to succeed existing key personnel to ensure the continued growth and successful operation of our business. In addition, as a provider of relationship-based commercial banking services, we must attract and retain qualified banking personnel to continue to grow our business, and competition for such personnel can be intense. Our ability to effectively compete for senior executives and other qualified personnel by offering competitive compensation and benefit arrangements may be restricted by applicable banking laws and regulations. In addition, to attract and retain personnel with appropriate skills and knowledge to support our business, we may offer a variety of benefits, which could reduce our earnings. The loss of the services of any senior executive and, in particular, Ms. Min Kim, our President and Chief Executive Officer, or other key personnel, or the inability to recruit and retain qualified personnel in the future, could have a material adverse effect on our business, financial condition and results of operations.

Similarly, we recently announced and have begun to implement a leadership succession plan pursuant to which, among other things, Ms. Kim will retire as our Chief Executive Officer and will assume the role of Chair of our Board of Directors, and will be succeeded in the CEO role by Mr. Sang Oh effective July 1, 2025. Relatedly, we announced in February 2025 that Ms. Christine Oh, our longtime Chief Financial Officer, has accepted the role of Chief Operating Officer and will be succeeded in her CFO role by Jaehyun Park. These transitions have begun and will continue throughout

much of the first half of Fiscal 2025, and may take longer. While our Board of Directors has carefully considered and begun to implement these plans, there can be no assurance that these changes will not prove disruptive to our operations, our employees or our customers, or that they ultimately will be successful in promoting our strategic goals and assuring a smooth leadership transition. Unexpected failures or shortcomings as these changes occur may have a material adverse effect upon our business, financial condition and results of operations.

### **Risks Related to our Credit Quality**

#### ***Our business depends on our ability to successfully manage credit risk.***

The operation of our business requires us to manage credit risk. As a lender, we are exposed to the risk that our borrowers will be unable to repay their loans according to their terms, and that the collateral securing repayment of their loans, if any, may not be sufficient to ensure repayment. In addition, there are risks inherent in making any loan, including risks with respect to the period of time over which the loan may be repaid, risks relating to proper loan underwriting, risks resulting from changes in economic and industry conditions and risks inherent in dealing with individual borrowers. To manage credit risk successfully, we must, among other things, maintain disciplined and prudent underwriting standards and ensure that our bankers follow those standards. The weakening of these standards for any reason, such as an attempt to attract higher yielding loans, a lack of discipline or diligence by our employees in underwriting and monitoring loans, the inability of our employees to adequately adapt policies and procedures to changes in economic or any other conditions affecting borrowers and the quality of our loan portfolio, may result in loan defaults, foreclosures and additional charge-offs and may necessitate that we significantly increase our allowance for credit losses, each of which could adversely affect our net income. As a result, our inability to successfully manage credit risk could have a material adverse effect on our business, financial condition and results of operations.

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

As of March 31, 2025, our nonperforming loans (which consist of nonaccrual loans, loans past due 90 days or more and still accruing interest and loans modified under troubled debt restructurings) totaled \$10.4 million, or 0.51% of our gross loans, and 0.41% of total assets. Our other real estate owned (“OREO”) totaled \$1.2 million as of March 31, 2025.

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

#### ***Our allowance for credit losses on loans may prove to be insufficient to absorb potential losses in our loan portfolio.***

We maintain an allowance for credit losses on loans to provide for loan defaults and non-performance, which reflects our estimate of the current expected credit losses in our loan portfolio at the relevant balance sheet date. Our allowance for credit losses was \$25.4 million, or 1.24% expressed as a percentage of loans, as of March 31, 2025. Allowance for credit losses on loans is funded from a provision for credit losses on loans, which is a charge to our income statement. The Company had a provision for credit losses on loans of \$736 thousand for the three months ended March 31, 2025. The processes we use to estimate the allowance for credit losses on loans and to measure the fair value of financial instruments, as well as the processes used to estimate the effects of changing interest rates and other market measures on our financial condition and results of operations, depends upon the use of analytical models which takes into account known risks, composition and growth of the loan portfolio and economic forecasts. These models may not be accurate, particularly in times of market stress, unforeseen circumstances or due to flaws in the model’s design or implementation. If

the models we use for interest rate risk and asset-liability management are inadequate, we may incur increased or unexpected losses upon changes in market interest rates or other market measures. If the models we use for determining the allowance for credit losses on loans are inadequate, the allowance for credit losses on loans may not be sufficient to support future charge-offs. If the models we use to measure the fair value of financial instruments are inadequate, the fair value of such financial instruments may fluctuate unexpectedly or may not accurately reflect what we could realize upon sale or settlement of such financial instruments. Any such failure in our analytical models could result in losses that could have a material adverse effect on our business, financial condition and results of operations.

In addition, we evaluate all loans identified as individually evaluated loans and allocate an allowance based upon our estimation of the potential loss associated with those problem loans. While we strive to carefully manage and monitor credit quality and to identify loans that may be deteriorating, at any time there are loans included in the portfolio that may result in losses, but that have not yet been identified as nonperforming or potential problem loans. Through established credit practices, we attempt to identify deteriorating loans and adjust the allowance for credit losses on loans accordingly. However, because future events are uncertain and because we may not successfully identify all deteriorating loans in a timely manner, there may be loans that deteriorate in an accelerated time frame. We cannot be sure that we will be able to identify deteriorating loans before they become nonperforming assets, or that we will be able to limit losses on those loans that have been so identified.

Although management believes that the allowance for credit losses on loans is adequate to absorb losses on any existing loans that may become uncollectible, we may be required to take additional provisions for credit losses on loans in the future to further supplement the allowance for credit losses on loans, either due to management's decision to do so or because our banking regulators require us to do so. Our bank regulatory agencies will periodically review our allowance for credit losses on loans and the value attributed to nonaccrual loans or to real estate acquired through foreclosure and may require us to adjust our determination of the value for these items. If our allowance for credit losses on loans is inaccurate, for any of the reasons discussed above (or other reasons), and is inadequate to cover the loan losses that we actually experience, the resulting losses could have a material adverse effect on our business, financial condition and results of operations.

### **Risks Related to our Growth Strategy**

*We may not be able to continue growing our business, particularly if we cannot increase loans and deposits through organic growth.*

We grew our consolidated assets to \$2.5 billion as of March 31, 2025 from \$2.4 billion as of December 31, 2024. Our deposits have grown to \$2.2 billion as of March 31, 2025 from \$2.0 billion as of December 31, 2024. Our ability to continue to grow successfully will depend to a significant extent on our capital resources. It also will depend, in part, upon our ability to attract deposits and grow our loan portfolio and investment opportunities and on whether we can continue to fund growth while maintaining cost controls and asset quality, as well on other factors beyond our control, such as national, regional and local economic conditions and interest rate trends. Further, we have expanded by establishing de novo branches in the Bay Area of California and in the Atlanta, Georgia, Las Vegas, Nevada, and Washington, DC, metropolitan area, and loan production offices in some of these locations as well as in the Dallas, Texas area. These efforts may prove less successful or more expensive than we have estimated, and in certain cases could materially and adversely affect our results of operation or our financial condition.

*Our ability to expand our business or make strategic acquisitions outside of California may be limited by our license agreement that restricts our ability to use the name "Open Bank."*

The intellectual property rights to the use of our name "Open Bank" will continue to be one of the components of our strategy to build a relationship community bank focused on the Korean-American population base. We have not registered the trademark "Open Bank" under the trademark laws of the United States. Open Bank, S.A., a corporation organized and existing under the laws of Spain with its principal office located in Ciudad Grupo Santander, Av. Catabria Boadilla del Monte Madrid Spain ("Open Bank S.A.") originally registered the trademark "Open Bank" (U.S. Registration No. 3397518) in 2008 with the United States Patent and Trademark Office. Open Bank S.A. provides financial services in Spain and solicits financial services in the United States through the internet. Open Bank S.A. is not licensed to engage in banking services in the United States or California and to our knowledge in any other state in the United States. In February 2014, we entered into a Coexistence Agreement with Open Bank S.A. (the "Coexistence Agreement"), under which both parties agreed that we may use the name "Open Bank" in connection with banking and banking related services

in the state of California and the cities of New York, Dallas, Atlanta, Chicago, Seattle and Fort Lee, New Jersey (the “Permitted Markets”).

We agreed to limit all of the Bank’s marketing, advertising, publicity, soliciting and or media efforts using the “Open Bank” name to primarily the Korean-American community in the Permitted Markets, however, we have the right under the Coexistence Agreement to market through the internet. The Coexistence Agreement states that these limitations are not intended to mean that we should in any way engage in discriminatory tactics or policy or in any way discriminate against non-Korean-American customers or potential customers. Under the Coexistence Agreement, Open Bank S.A. retains the right to use and market its services in relation to its registered trademark in any state or territory in the United States. The Bank further agreed not to challenge Open Bank, S.A.’s trademark registration or any future applications by Open Bank S.A. The Coexistence Agreement has no termination date and is perpetual. If Open Bank S.A. decides to become a licensed bank in California or in any of the other Permitted Markets, depending on its business and marketing plan, there could be confusion created by the use of the name “Open Bank” which could have a material adverse impact on our ability to build our brand in the Permitted Markets. In addition, if Open Bank, S.A. were to assert that we breached the Coexistence Agreement, Open Bank, S.A. could file for an injunction, seek to have us change our name or seek monetary damages, all of which could have a material adverse impact on our financial condition and results of operations. There are no approval rights of either party for any of the actions or omissions that either party may take under the Coexistence Agreement.

To date we have not received notice that we are in breach of the Coexistence Agreement or that our business cannot be operated as currently conducted and as proposed to be conducted. Additionally, to our knowledge, Open Bank S.A. had not undertaken any actions to engage in any business or marketing activities in the United States other than have a presence on the internet through their website. However, the Coexistence Agreement restricts our potential geographic expansion beyond the Permitted Markets, which could affect our overall growth over the long term.

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

We primarily operate in California markets with a concentration of Korean-American individuals and businesses. However, one of our strategies is to expand beyond California into other domestic markets that have concentrations of Korean-American individuals and businesses. For example, we have loan production operations in Atlanta, Georgia, Aurora, Colorado, and Lynnwood and Seattle, Washington, and a full service branch with a commercial lending center in Carrollton, Texas, all of which have relatively high concentrations of Korean-American individuals and businesses. In the course of this expansion, we will encounter significant risks and uncertainties that could have a material adverse effect on our operations. These risks and uncertainties include increased expenses and operational difficulties arising from, among other things, our ability to attract sufficient business in new markets, to manage operations in noncontiguous market areas, to comply with all of the various local laws and regulations, and to anticipate events or differences in markets in which we have no current experience.

*We must effectively manage our branch growth strategy.*

We seek to expand our franchise safely and consistently. A successful growth strategy requires us to manage multiple aspects of our business simultaneously, such as following adequate loan underwriting standards, balancing loan and deposit growth without increasing interest rate risk or compressing our net interest margin, maintaining sufficient capital, maintaining proper systems and controls, and recruiting, training and retaining qualified professionals. We also may experience a lag in profitability associated with new branch openings. As part of our general growth strategy we may expand into additional communities or attempt to strengthen our position in our current markets by opening new offices, subject to any regulatory constraints on our ability to open new offices. To the extent that we are able to open additional offices, we are likely to experience the effects of higher operating expenses relative to operating income from the new operations for a period of time which would have a material adverse effect on our levels of reported net income, return on average equity and return on average assets.

#### **Risks Related to Our Capital**

*We are subject to more stringent capital requirements.*

The failure to meet applicable regulatory capital requirements could result in one or more of our regulators placing limitations or conditions on our activities, including our growth initiatives, or restricting the commencement of new activities, and could affect customer and investor confidence, our costs of funds and FDIC insurance costs, our ability to pay dividends on our common stock, our ability to make acquisitions, and could materially adversely affect our business, financial condition and results of operations.

***We may need to raise additional capital in the future, and if we fail to maintain sufficient capital, whether due to losses, an inability to raise additional capital or otherwise, our financial condition, liquidity and results of operations, as well as our ability to maintain regulatory compliance, would be adversely affected.***

We face significant capital and other regulatory requirements as a financial institution. Although management believes that the Company has sufficient capital to fund operations and growth initiatives for at least the next twenty-four months based on our estimated future operations, we may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs. Our ability to raise additional capital depends on conditions in the capital markets, economic conditions and a number of other factors, including investor perceptions regarding the banking industry, market conditions and governmental activities, and on our financial condition and performance. Any occurrence that may limit our access to the capital markets may adversely affect our capital costs and our ability to raise capital. Moreover, if we need to raise capital in the future, we may have to do so when many other financial institutions are also seeking to raise capital and would have to compete with those institutions for investors. We, therefore, may not be able to raise additional capital if needed or on terms acceptable to us.

***We are committed to contribute 10% of our consolidated after tax net income to the Open Stewardship Foundation.***

The Open Stewardship Foundation (“Foundation”) is our platform for our community outreach activities. We support the Foundation through our commitment formalized in the Bank’s bylaws to donate an amount equal to 10% of our consolidated after tax net income to the Foundation, subject to legal and regulatory restrictions. This commitment, therefore, reduces our net income and our ability to build capital through our retained earnings.

#### **Competitive Risks**

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

Our operations consist of offering commercial banking services to generate both interest and noninterest income. Many of our competitors offer the same, or a wider variety of, banking and related financial services within our market areas. These competitors include national banks, regional banks and other community banks. We also face competition from many other types of financial institutions, including savings and loan institutions, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks and other financial intermediaries. In addition, a number of out-of-state financial intermediaries have opened production offices or otherwise solicit deposits in our market areas. Additionally, we face growing competition from so-called “online businesses” with few or no physical locations, including online banks, lenders and consumer and commercial lending platforms, as well as automated retirement and investment service providers. Many of these competing institutions have much greater financial and marketing resources than we have. Due to their size, many competitors can achieve larger economies of scale and may offer a broader range of products and services than we can. If we are unable to offer competitive products and services, our business may be negatively affected. Some of the financial services organizations with which we compete are not subject to the same degree of regulation as is imposed on bank holding companies and federally insured financial institutions or are not subject to increased supervisory oversight arising from regulatory examinations. As a result, these non-bank competitors have certain advantages over us in accessing funding and in providing various services and they may be subject to lower regulatory costs.

New technology and other changes are allowing parties to effectuate financial transactions that previously required the involvement of banks. For example, consumers can maintain funds in brokerage accounts or mutual funds that would have historically been held as bank deposits. Consumers can also complete transactions such as paying bills and transferring funds directly without the assistance of banks. The process of eliminating banks as intermediaries, known as “disintermediation,” could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and access to lower cost deposits as a source of funds could have a material adverse effect on our business, financial condition and results of operations.

Increased competition in our markets may result in reduced loans, deposits and commissions and brokers' fees, as well as reduced net interest margin and profitability. Ultimately, we may not be able to compete successfully against current and future competitors. If we are unable to attract and retain banking and mortgage loan customers and expand our sales market for such loans, we may be unable to continue to grow our business, and our financial condition and results of operations may be materially and adversely affected.

***Our modest size makes it more difficult for us to compete.***

Our modest size makes it more difficult for us to compete with other financial institutions which are generally larger and can more easily afford to invest in the marketing and technologies needed to attract and retain customers. Because our principal source of income is the net interest income we earn on our loans and investments after deducting interest paid on deposits and other sources of funds, our ability to generate the revenues needed to cover our expenses and finance such investments is limited by the size of our loan and investment portfolios. Accordingly, we are not always able to offer new products and services as quickly as our competitors. As a smaller institution, we are also disproportionately affected by the continually increasing costs of compliance with new banking and other regulations.

***We focus on marketing our services to a limited segment of the population and any adverse change impacting such segment is likely to have an adverse impact on us.***

Our marketing focuses primarily on the banking needs of small- and medium-sized businesses, professionals and residents in the Korean-American communities that we serve. This demographic concentration makes us more prone to circumstances that particularly affect this segment of the population. As a result, our financial condition and results of operations are subject to changes in the economic conditions affecting these communities. Our success depends upon the business activity, population, income levels, deposits and real estate activity in these communities. Although our customers' business and financial interests may extend well beyond these communities, adverse economic conditions that affect these communities could reduce our growth rate, affect the ability of our customers to repay their loans to us and generally affect our financial condition and results of operations. Because of our geographic concentration, we are less able than regional or national financial institutions to diversify our credit risks across multiple markets.

**Other Risks Related to Our Business**

***The costs and effects of litigation, investigations or similar matters, or adverse facts and developments related thereto, could materially affect our business, operating results and financial condition.***

We may from time to time become involved in a variety of litigation, investigations or similar matters arising out of our business. It is inherently difficult to assess the outcome of these matters, and we may not prevail in any proceedings or litigation. Any claims and lawsuits, and the disposition of such claims and lawsuits, whether through settlement or litigation, could be time-consuming and expensive to resolve, divert management attention from executing our business plan, and lead to attempts on the part of other parties to pursue similar claims. Any claims asserted against us, regardless of merit or eventual outcome may harm our reputation. Any adverse determination related to pending or other litigation could have a material adverse effect on our business, financial condition and results of operations.

***Our reputation may be adversely affected by the soundness of other financial institutions.***

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services companies are interrelated as a result of trading, clearing, counterparty, and other relationships. We have exposure to different industries and counterparties, and through transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, and other institutional clients. As a result, defaults by, or even rumors or questions about, one or more financial services companies, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. These losses or defaults could have a material adverse effect on our business, financial condition and results of operations.

**Risks Related to Our Reputation and Operations**

***Our relatively small size requires us to be heavily reliant upon third-party vendors for cybersecurity expertise. Those vendors may themselves be subject to vulnerabilities, and their failures may be harmful to our business.***

As a smaller bank holding company and a small community bank, we lack many of the resources available to larger institutions to recruit, train and retain a large staff focused on data security. Instead, like most community banks, we rely heavily on third-party vendors and other service providers for these functions. As financial institutions and technology systems become more interconnected and more complex, any operational incident at a third party, such as a vendor or customer, may increase our operational risks, including from information breaches or loss, breakdowns, disruptions or failures of their own systems or infrastructure, or any deficiencies in the performance of their responsibilities. These risks are increased to the extent we rely on a single-source vendor or provider. If a third-party vendor or service provider is not fully effective in assisting us in protecting our data and systems, we may be held responsible for any resulting failures, and even a failure by a third party could damage or jeopardize our relationships with our customers. Further, a recent and well-publicized cybersecurity incident involving the failure of one of the world's most sophisticated security platforms resulted in extensive outages of that provider's customer systems, the effect of which was a cascading failure of several of that firm's clients' networks. Such interruptions, occurring as a result of the acts or omissions of one or more of our vendors, could result in liability to our customers, as well as reputational harm and a potential interruption of our business.

***Employee misconduct could expose us to significant legal liability and reputational harm.***

We are vulnerable to reputational harm because we operate in an industry in which integrity and the confidence of our customers are of critical importance. Our employees could engage in fraudulent, illegal, wrongful or suspicious activities, and/or activities resulting in consumer harm that adversely affects our customers and/or our business. The precautions we take to detect and prevent such misconduct may not always be effective, and in some circumstances may result in financial losses or losses of protected information concerning our customers. These circumstances may jeopardize our reputation with the affected customers or, in certain situations, may result in a public erosion of confidence in our Bank or in our management team. Moreover, many types of employee misconduct can expose us to regulatory sanctions such as fines, regulatory orders, and restrictions on our operations. Public disclosure of such events also may affect our ability to attract new customers or to maintain positive relationships with existing customers. Employee misconduct is not always insured, and certain types of conduct are not insurable. Even where insurance is in force, the results may exceed the scope or financial limits of our insurance coverage. Substantial losses as a result of employee misconduct could have a material adverse effect on our business, financial condition and results of operations.

#### **Finance and Accounting Risks**

***We are subject to extensive government regulation that could limit or restrict our activities, which in turn may adversely impact our ability to increase our assets and earnings.***

We operate in a highly regulated environment and are subject to supervision and regulation by a number of governmental regulatory agencies, including the Federal Reserve, the FDIC and the DFPI. Regulations adopted by these agencies, which are generally intended to provide protection for depositors and customers and to the Federal Deposit Insurance Fund and the integrity of the financial system, rather than for the benefit of shareholders, govern a comprehensive range of matters relating to ownership and control of our shares, our acquisition of other companies and businesses, permissible activities, maintenance of adequate capital levels, and other aspects of our operations. These bank regulators possess broad authority to prevent or remedy unsafe or unsound practices or violations of law. The laws and regulations applicable to the banking industry could change at any time, and we cannot predict the effects of these changes on our business, profitability or growth strategy. Increased regulation could increase our cost of compliance and adversely affect profitability. Moreover, certain of these regulations contain significant punitive sanctions for violations, including monetary penalties and limitations on a bank's ability to implement components of its business plan, such as expansion through mergers and acquisitions or the opening of new branch offices. In addition, changes in regulatory requirements may add costs associated with compliance efforts. Furthermore, government policy and regulation, particularly as implemented through the Federal Reserve System, significantly affect credit conditions. Negative developments in the financial industry and the impact of new legislation and regulation in response to those developments could negatively impact our business operations and adversely impact our financial performance. In addition, adverse publicity and damage to our reputation arising from the failure or perceived failure to comply with legal, regulatory or contractual requirements could affect our ability to attract and retain customers.

#### **Risks Related to Our Common Stock**

***We have limited the circumstances in which our directors will be liable for monetary damages.***

We have included in our articles of incorporation a provision to eliminate the liability of directors for monetary damages to the maximum extent permitted by California law. The effect of this provision will be to reduce the situations in which we or our shareholders will be able to seek monetary damages from our directors. Our bylaws also have a provision providing for indemnification of our directors and executive officers and advancement of litigation expenses to the fullest extent permitted or required by California law, including circumstances in which indemnification is otherwise discretionary. Also, we have entered into agreements with our officers and directors in which we similarly agreed to provide indemnification that is otherwise discretionary.

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

We are generally not restricted from issuing additional shares of our common stock, up to the 50 million shares of voting common stock and 10 million shares of preferred stock authorized in our articles of incorporation (subject to Nasdaq shareholder approval rules), which in each case could be increased by a vote of a majority of our shares. We may issue additional shares of our common stock in the future pursuant to current or future equity compensation plans, upon conversions of preferred stock or debt, upon exercise of warrants or in connection with future acquisitions or financings. If we choose to raise capital by selling shares of our common stock for any reason, the issuance could have a dilutive effect on the holders of our common stock and could have a material negative effect on the market price of our common stock.

***We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.***

Although there are currently no shares of our preferred stock issued and outstanding, our articles of incorporation authorize us to issue up to 10 million shares of one or more series of preferred stock. Our board of directors also has the power, without shareholder approval (subject to Nasdaq shareholder approval rules), to set the terms of any series of preferred stock that may be issued, including voting rights, dividend rights, preferences over our common stock with respect to dividends or in the event of a dissolution, liquidation or winding up and other terms. In the event that we issue preferred stock in the future that has preference over our common stock with respect to payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of the holders of our common stock or the market price of our common stock could be adversely affected. In addition, the ability of our board of directors to issue shares of preferred stock without any action on the part of our shareholders (subject to Nasdaq shareholder approval rules) may impede a takeover of the Company and prevent a transaction perceived to be favorable to our shareholders.

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

Our articles of incorporation and bylaws contain a number of provisions relating to corporate governance and rights of shareholders that might discourage future takeover attempts. As a result, shareholders who might desire to participate in such transactions may not have an opportunity to do so. In addition, these provisions will also render the removal of our board of directors or management more difficult. Our bylaws provide that shareholders seeking to make nominations of candidates for election as directors, or to bring other business before an annual meeting of the shareholders, must provide timely notice of their intent in writing and follow specific procedural steps in order for nominees or shareholder proposals to be brought before an annual meeting.

The California General Corporation Law, or the CGCL, could make it more difficult for a third party to acquire us, even if doing so would be perceived to be beneficial by our shareholders.

Under the California Financial Code, no person shall, directly or indirectly, acquire control of a California state bank or its holding company unless the DFPI has approved such acquisition of control. A person would be deemed to have acquired control of the Company if such person, directly or indirectly, has the power (i) to vote 25% or more of the voting power of the Company or (ii) to direct or cause the direction of the management and policies of the Company. For purposes

of this law, a person who directly or indirectly owns or controls 10% or more of our outstanding common stock would be presumed to control the Company.

Federal regulators generally would prohibit any company that is not engaged in financial activities and activities that are permissible for a bank holding company or a financial holding company from acquiring control of the Company. "Control" is generally defined as ownership of 25% or more of the voting stock or other exercise of a controlling influence. In addition, any existing bank holding company would need the prior approval of the Federal Reserve before acquiring 5% or more of our voting stock. The Change in Bank Control Act of 1978, as amended, prohibits a person or group of persons from acquiring control of a bank holding company unless the Federal Reserve has been notified and has not objected to the transaction. Under a rebuttable presumption established by the Federal Reserve, the acquisition of 10% or more of a class of voting stock of a bank holding company with a class of securities registered under Section 12 of the Exchange Act, such as the Company, could constitute acquisition of control of the bank holding company.

The foregoing provisions of California and federal law could make it more difficult for a third party to acquire a majority of our outstanding voting stock, by discouraging a hostile bid, or delaying, preventing or deterring a merger, acquisition or tender offer in which our shareholders could receive a premium for their shares, or effect a proxy contest for control of our company or other changes in our management.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

## Item 6. Exhibits

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#"><u>Articles of Incorporation of OP Bancorp (incorporated herein by reference to Exhibit 3.1 to the Registrant's Form S-1 Registration Statement (Registration No. 333-223444) filed on March 5, 2018)</u></a>
3.2	<a href="#"><u>Amended and Restated Bylaws of OP Bancorp (incorporated herein by reference to Exhibit 3.2 to the Registrant's Form S-1 Registration Statement (Registration No. 333-223444) filed on March 5, 2018)</u></a>
3.3	<a href="#"><u>First Amendment to the Amended and Restated Bylaws of OP Bancorp (incorporated herein by reference to Exhibit 3.3 to the Registrant's Annual Report on Form 10-K (File No. 001-38437) filed on March 15, 2021)</u></a>
31.1	<a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.</u></a>
31.2	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.</u></a>
32.1	<a href="#"><u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
32.2	<a href="#"><u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS	Inline XBRL Instance Document, filed herewith.
101.SCH	Inline XBRL Taxonomy Extension Schema Document, filed herewith.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document, filed herewith.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document, filed herewith.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document, filed herewith.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document, filed herewith.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibits 101)

**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.

OP Bancorp

Date: May 9, 2025

By: \_\_\_\_\_ /s/ MIN J. KIM

**Min J. Kim**  
President and Chief Executive Officer  
(Duly Authorized Officer)

Date: May 9, 2025

By: \_\_\_\_\_ /s/ JAEHYUN PARK

**Jaehyun Park**  
Executive Vice President & Chief Financial Officer  
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) OR 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Min J. Kim, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OP Bancorp (the “registrant”);
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 statements 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 report;
4. The registrant's other certifying officer(s) 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 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 principle;
  - (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(s) 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) 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: May 9, 2025

By: \_\_\_\_\_ /s/ MIN J. KIM

**Min J. Kim**  
**President and Chief Executive Officer**  
**(Principal Executive Officer)**



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

In connection with 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Min J. Kim, President and Chief Executive Officer of OP Bancorp (the “registrant”), hereby certifies that, to the best of knowledge:

- (1) The registrant’s Quarterly Report on Form 10-Q for the period ended March 31, 2025 to which this Certification is attached as Exhibit 32.1 (the “Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the registrant.

Date: May 9, 2025

By: \_\_\_\_\_ /s/ MIN J. KIM

**Min J. Kim**  
**President and Chief Executive Officer**  
**(Principal Executive Officer)**

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

In connection with 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Jaehyun Park, Executive Vice President and Chief Financial Officer of OP Bancorp (the “registrant”), hereby certifies that, to the best of knowledge::

- (1) The registrant’s Quarterly Report on Form 10-Q for the period ended March 31, 2025 to which this Certification is attached as Exhibit 32.1 (the “Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 9, 2025

By: \_\_\_\_\_ /s/ JAEHYUN PARK

**Jaehyun Park**  
**Executive Vice President and Chief Financial Officer**  
**(Principal Financial and Accounting Officer)**