



3Q 2020  
Overview and Covid-19 Updates

# Forward Looking Statements & Additional Disclosures

This news release contains a number of forward-looking statements. These statements may be identified by use of words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “likely,” “may,” “outlook,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” and similar terms and phrases, including references to assumptions. Forward-looking statements are based upon various assumptions and analyses made by the Company in light of management’s experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate under the circumstances. These statements are not guaranteeing of future performance and are subject to risks, uncertainties and other factors (many of which are beyond the Company’s control) that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. You should not place undue reliance on such statements. Factors that could affect our results include, without limitation, the following: the timing and occurrence or non-occurrence of events may be subject to circumstances beyond the Company’s control; increases in competitive pressure among financial institutions or from non-financial institutions; changes in the interest rate environment may reduce interest margins; changes in deposit flows, loan demand or real estate values may adversely affect the business of the Company and the Bank; significant increases in loan losses; the possibility that changes in accounting principles, policies or guidelines may cause the Company’s financial condition to be perceived differently; changes in corporate and/or individual income tax laws may adversely affect the Company’s financial condition or results of operations; general economic conditions, either nationally or locally in some or all areas in which the Company conducts business, the effects of the COVID-19 pandemic, and of other widespread outbreaks of disease or pandemics, together with related impacts on general economic conditions, including adverse impacts on our customers’ ability to make timely payments on their loans from us, reduced fee income due to reduced loan origination activity, reductions in or absence of gains on loan sales due to uncertainty in the loan sale market, and increased operating expense due to required changes in how we conduct our business; or conditions in the securities markets or the banking industry may be less favorable than the Company currently anticipates; legislation or regulatory changes may adversely affect the Company’s business; technological changes may be more difficult or expensive to implement or accommodate than the Company anticipates; there may be failures or breaches of information technology security systems; success or consummation of new business initiatives may be more difficult or expensive than the Company anticipates; or litigation or matters before regulatory agencies, whether currently existing or commencing in the future, may delay the occurrence or non-occurrence of events longer than the Company anticipates. The Company undertakes no obligation to revise any forward-looking statement contained herein to reflect any future events or circumstances, except to the extent required by law.

# Balance Sheet Highlights

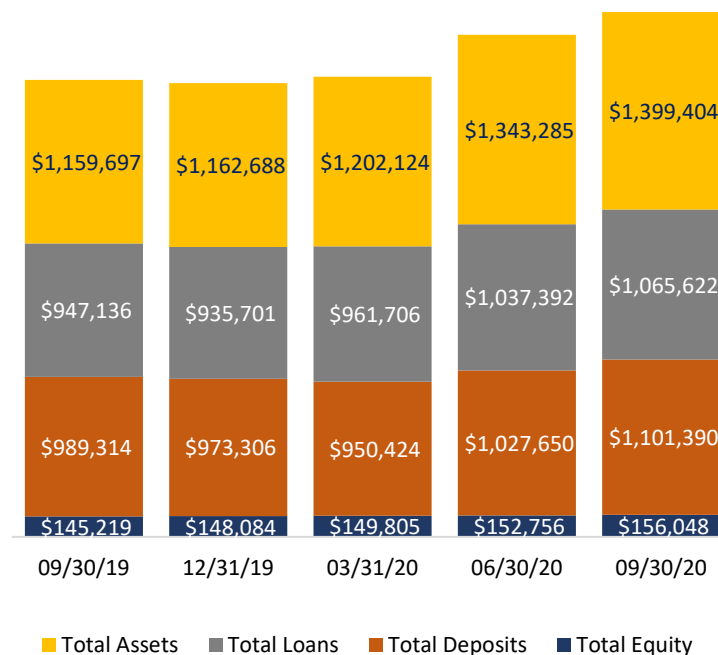
(\$ In thousands)

	09/30/2019	12/31/2019	03/31/2020	06/30/2020	09/30/2020
Total Assets	\$1,159,697	\$1,162,688	\$1,202,124	\$1,343,285	\$1,399,404
Loans Receivable <sup>1</sup>	947,136	935,701	961,706	1,037,392	1,065,622
Core Deposits	730,159	722,052	685,778	797,915	884,941
Total Deposits	989,314	973,306	950,424	1,027,650	1,101,390
Total Equity	145,219	148,084	149,805	152,756	156,048
TE/Tangible Assets	12.52%	12.74%	12.46%	11.37%	11.15%
Total RBC Ratio	15.80%	16.13%	16.01%	16.48%	16.50%

<sup>1</sup> Includes loans held-for-sale

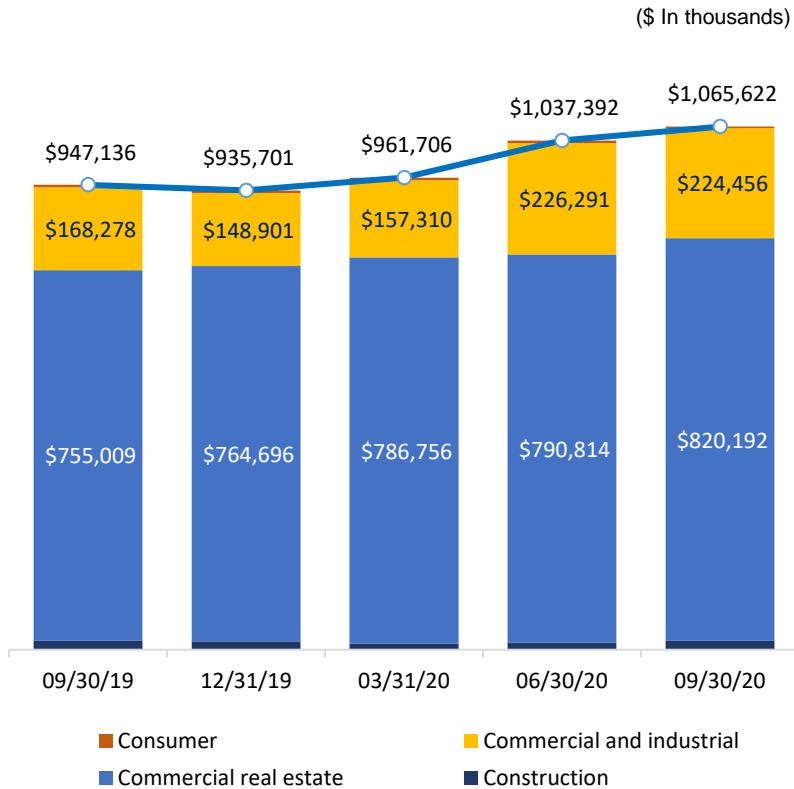
## Balance Sheet Highlights

(\$ In thousands)

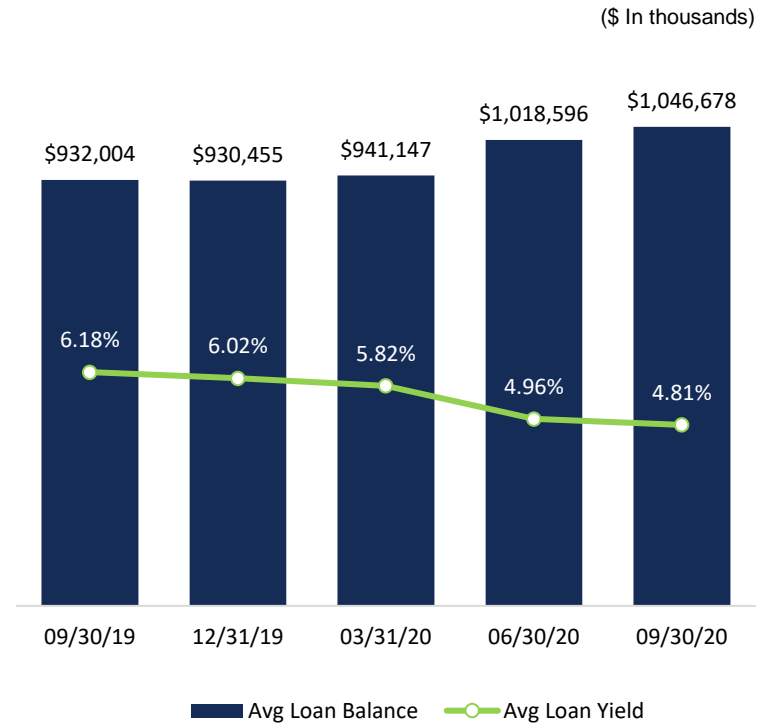


# Loan Trends

## Loan Composition

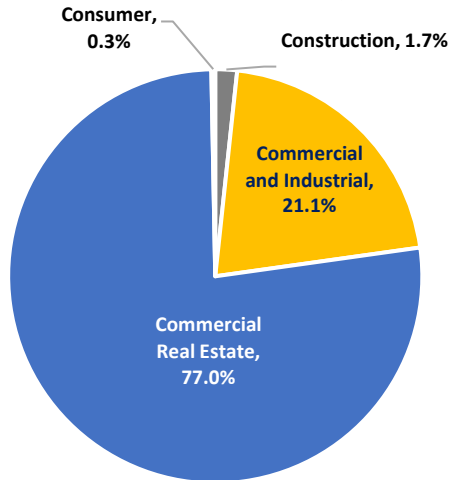


## Average Loan Balance & Average Loan Yield

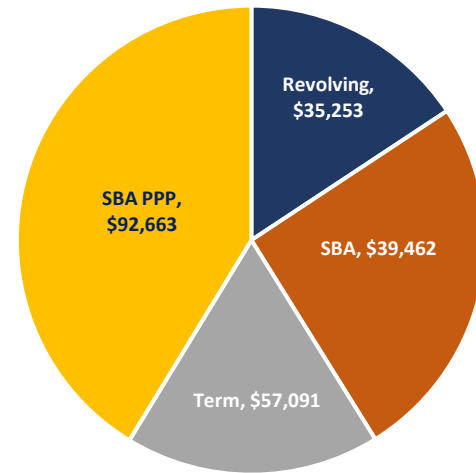


# Loan Composition

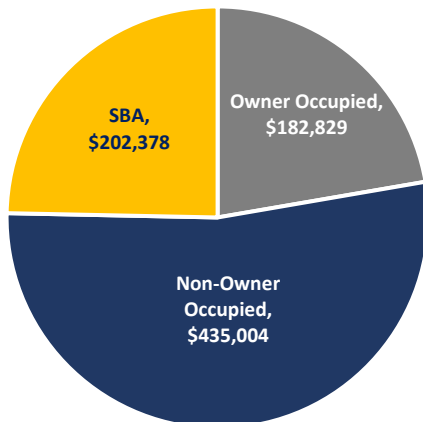
## Total Gross Loan Composition



## Total C&I Loan Composition

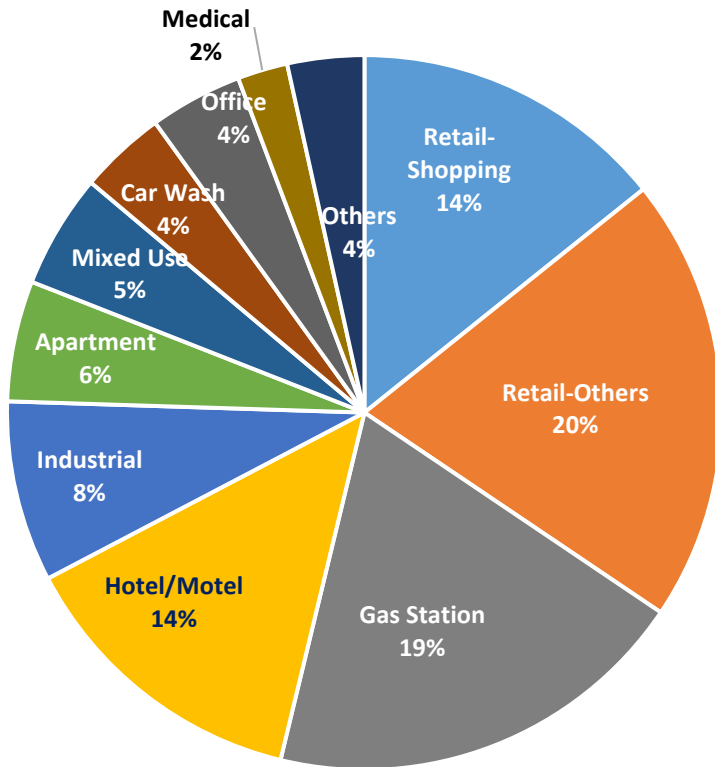


## Total CRE Loan Composition

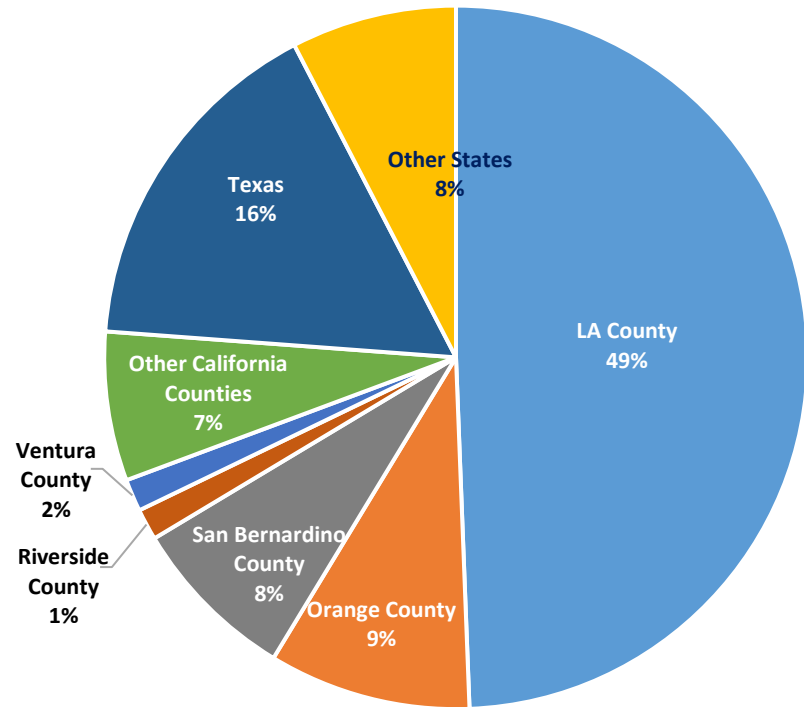


# CRE Loan Stratification

Composition By Property Type

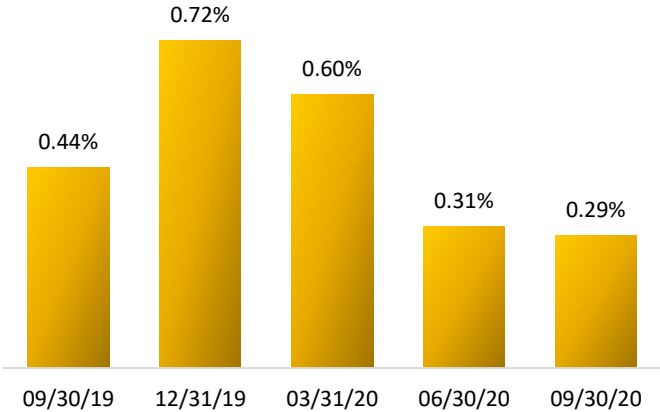


Composition By Location

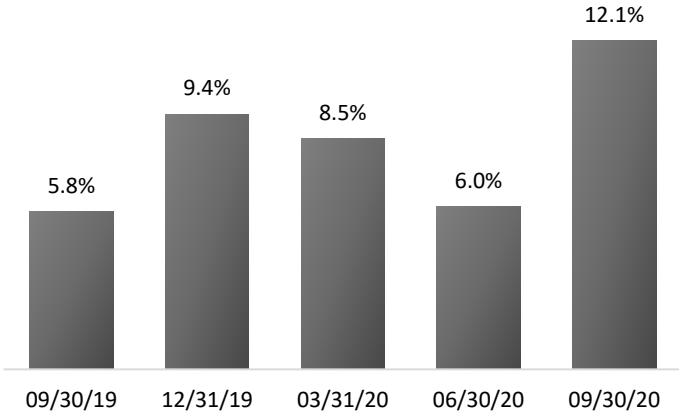


# Asset Quality Trends

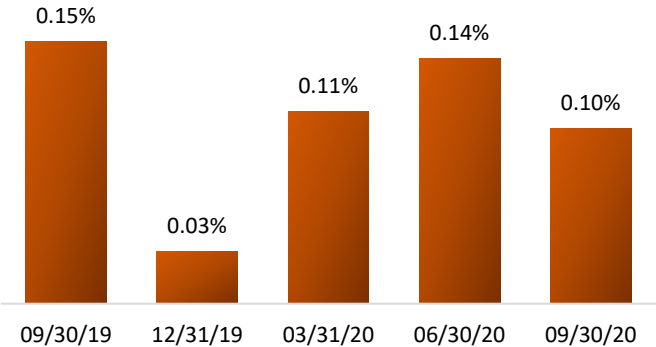
Nonperforming Assets\* / Total Assets



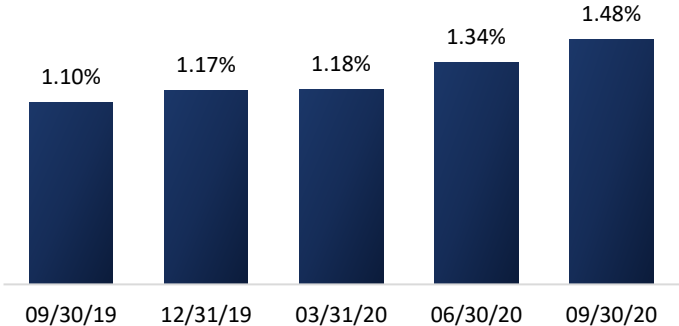
Classified Assets\* / Capital



Net Charge-Offs / Average Loans



Allowance for Loan Losses / Gross Loans\*



# Loan Modifications Related to COVID-19

Type of Industry	Total Gross Loans	1 <sup>st</sup> Modification	# of Loans	% Modified	2 <sup>nd</sup> Modification	# of Loans	% Modified
Retail	\$256,767	\$156,541	61	61%	\$4,902	5	2%
Hotel/Motel	107,695	33,506	10	31%	14,453	1	13%
Gas Station	154,433	24,797	18	16%	0	0	0%
Office	33,455	14,775	5	44%	0	0	0%
Restaurants and Food Services	108,577	4,601	8	4%	0	0	0%
Others	404,695	52,677	38	13%	1,775	1	0.4%
TOTAL	\$1,065,622	\$286,897	140	27%	\$21,130	7	2%

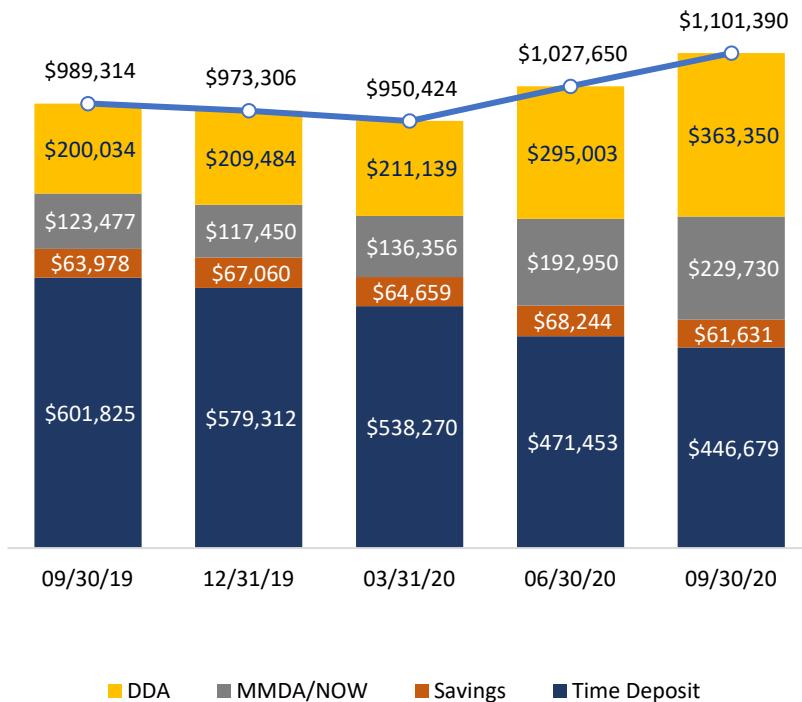
- ❖ The majority of 1<sup>st</sup> modification occurred in April 2020 for three months of P&I payment deferment.
- ❖ Majority of the loans are now back to normal payment schedule, except 7 loans that are on second payment modification.



# Deposit Trends

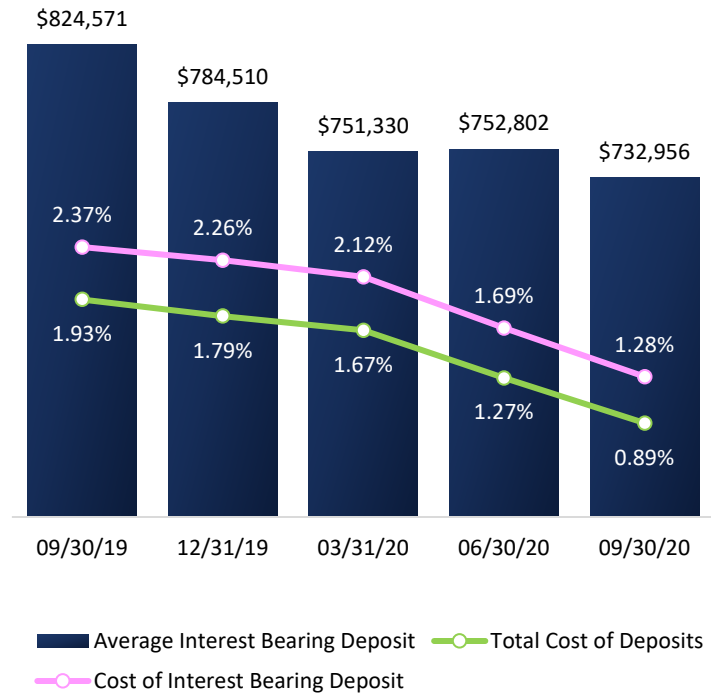
## Deposit Composition

(\$ In thousands)



## Average Interest Bearing Deposits & Cost of Deposits

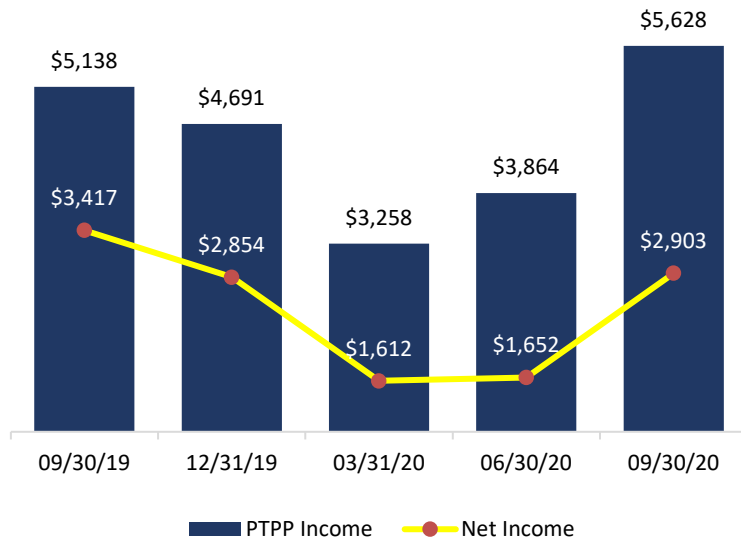
(\$ In thousands)



# PTPP Income, Net Income, NII, and NIM

## PTPP Income & Net Income

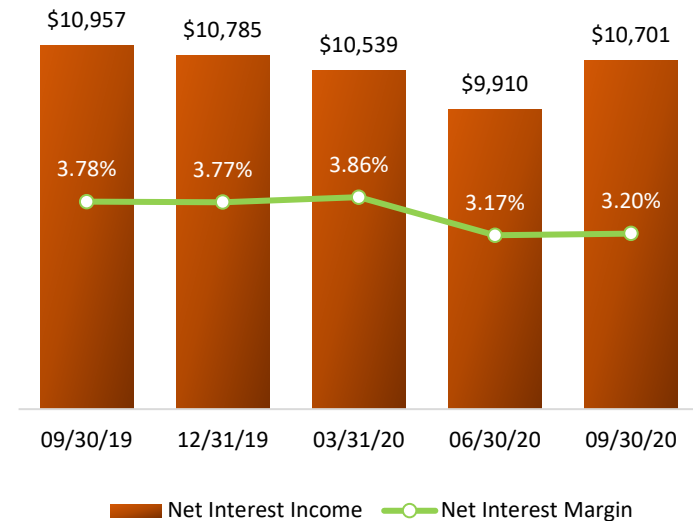
(\$ In thousands)



- ❖ PTPP income and Net Income continue to increase Q-o-Q in 2020

## Net Interest Income & Net Interest Margin

(\$ In thousands)



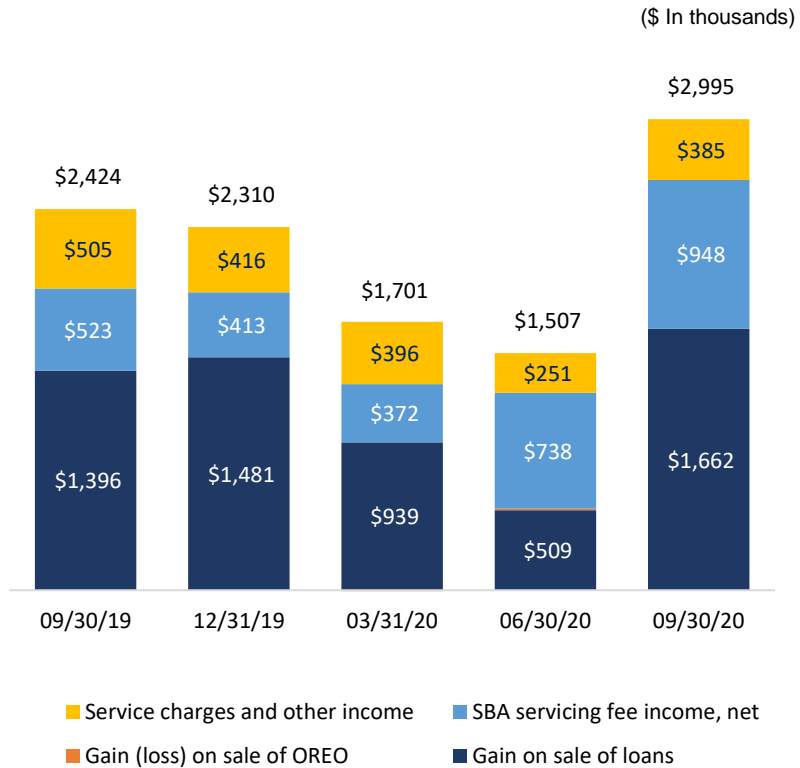
- ❖ 3Q20 net interest margin increased 3 bps Q-o-Q reflecting

↓	-15 bps	Impact of 150 bps rate decline on average loan yields
↓	-33 bps	Reduction in the yield of investment securities
↑	+35 bps	Reduction in cost of funds

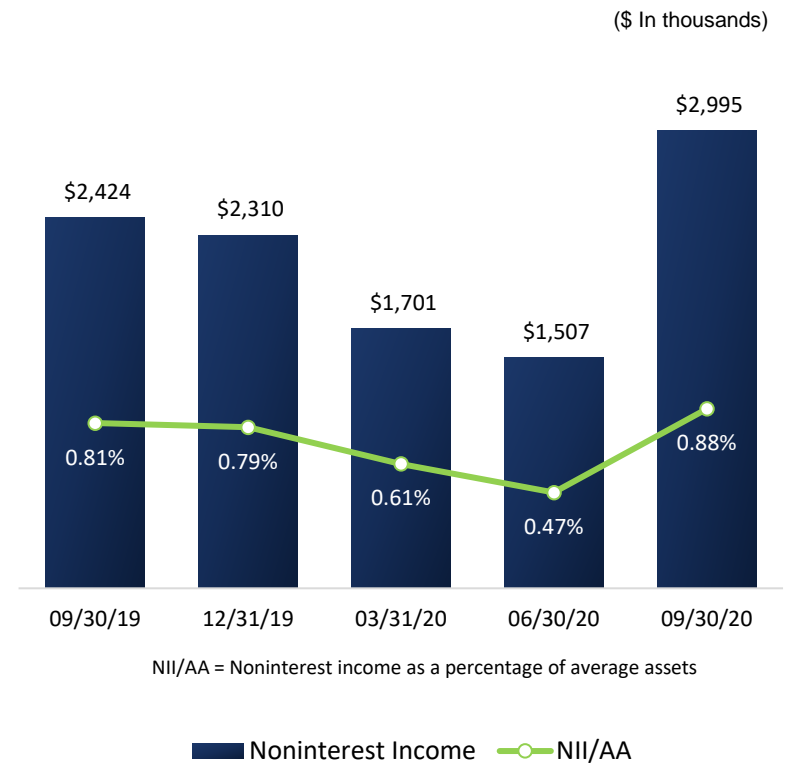
- ❖ NIM stability continues in 4Q20 with stable loan yields and continued reduction in cost of deposits.

# Noninterest Income and NII/AA

## Noninterest Income Breakdown



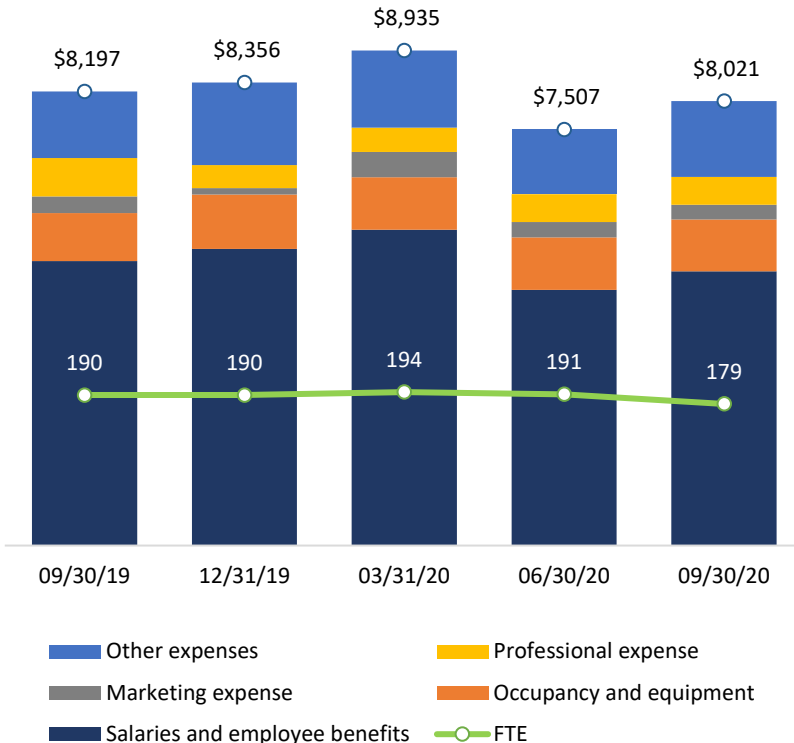
## Noninterest Income & NII/AA



# Noninterest Expense and NIE/AA

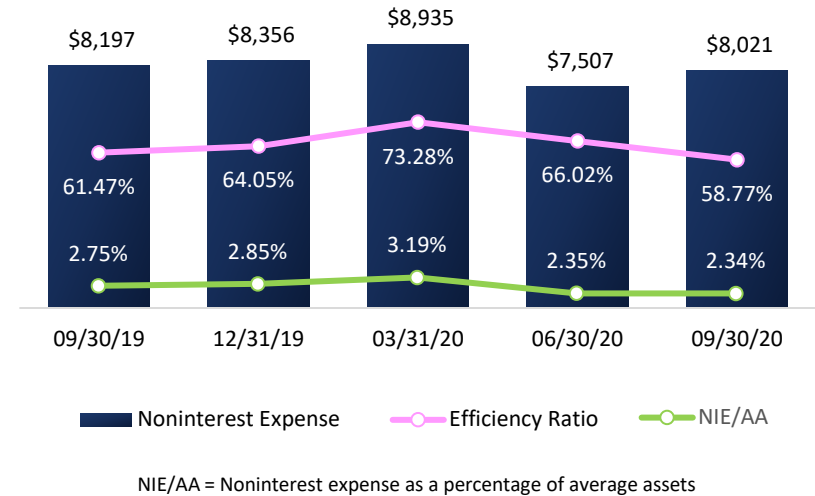
## Noninterest Expense & FTE

(\$ In thousands)



## Noninterest Expense, Efficiency Ratio & NIE/AA

(\$ In thousands)



- ❖ Noninterest expense increased to \$8.0 million in 3Q20 from \$7.5 million in 2Q20, primarily driven by an increase in salaries and employees benefits resulting from a reduction in SBA PPP loan origination cost.

# Strong Capital & Liquidity Positions

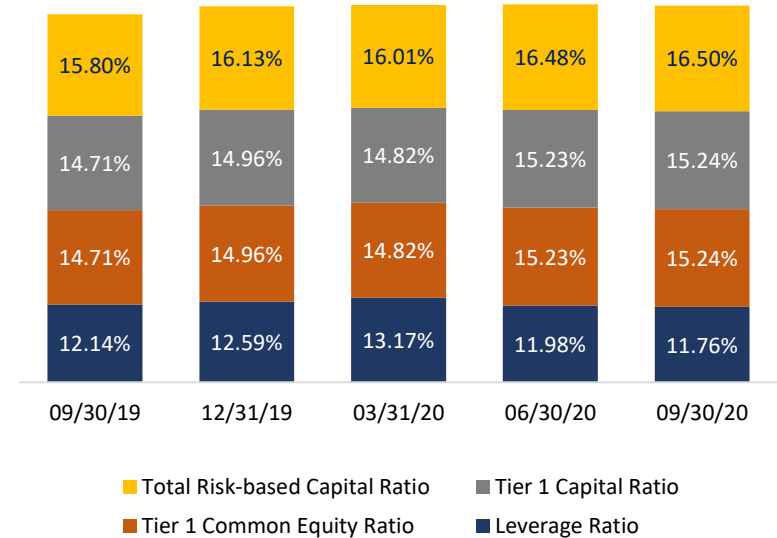
## Liquidity Sources

(\$ In thousands)

09/30/2020	Available Borrowing Capacity
FHLB Remaining Capacity	\$ 207,897
FRB Discount Window	46,087
FRB PPPLF	33,992
Unsecured lines with other banks	75,000
<b>Total Borrowing Capacity</b>	<b>\$ 362,976</b>
Brokered Deposit Availability (internal policy limit 20% of Total Assets)	\$ 235,338

- ❖ Substantial increase in primary sources of liquidity since COVID-19 Pandemic
- ❖ FHLB borrowing and some portion of FRB PPPLF will be repaid during 4Q20 to utilize the primary sources of liquidity

## Capital Ratios



- ❖ Building capital ratios with Total Risk-Based, Tier 1 Common Equity and Tier 1 Capital ratios all increasing Q-o-Q
- ❖ Growing equity with Book Value per share of \$15.18, up 2.1% Q-o-Q and 6.8% Y-o-Y