2021 ANNUAL REPORT

Endeavor Bank

REEMERGENCE OF THE COMMUNITY BANK

Community banks used to be the norm. Your banker was a key advisor who you turned to for guidance and support and was an important component of a business' success. In San Diego in 1985, there were 50 community banks and their contributions to the region were extensive.

In the late 1980s, consolidations and technology led to the demise of the community bank. Early in the 21st century, the number of community banks had dwindled, and your friendly business banker was virtually extinct.

In 2017, a group of local business leaders and distinguished bankers chose to buck the norm and founded Endeavor Bank. With the experience, knowledge, determination, and passion of the Endeavor Bank team, a community business bank emerged and today, it's stronger than ever.

Businesses need more than a mega bank's ATM network. With Endeavor Bank, businesspeople have access to top bankers with influence in the community. They have a partner who not only provides credit facilities and deposit/treasury solutions but also takes them through the consultative banking process, makes introductions, hosts educational events, and offers direct access to the Bank's leadership team.

As San Diego's only new community bank since its founding, the Endeavor Bank team has proven that sometimes the best ways honor the past while looking toward the future.

BENEFITS OF A COMMUNITY BANK

COMMUNITY BANK VS. MEGA BANK

We put community banking back in San Diego.

TO OUR SHAREHOLDERS

If ever a moment in history has proven the need for strong community banks, 2021 (and 2020) was it. After so many community banks were absorbed by large banks over the last decade, Endeavor Bank stood out during the pandemic as one of Southern California's most accessible and successful banking teams.

We believe, in fact, that community banking will ride this wave for some time to come as people are reminded of the importance a local bank plays in providing valuable advice and quick, well-informed decisions.

As such, Endeavor Bank was uniquely positioned to assist and provide loans through the Paycheck Protection Program (PPP) to more than 1,600 business owners, primarily in San Diego and surrounding areas. While our team was motivated to support the health of our local economy and companies, the net effect super charged Endeavor Bank's bottom line.

Our 2021 fourth quarter results showed that core loans (total loans excluding PPP loans), increased by almost $114 million, or 69%, and total deposits increased by nearly $94 million, or 38%, since year end 2020. The increase in core loans, coupled with the net income associated with PPP loans recognized during the year, fueled record earnings of $5.024 million compared to earnings of $1.416 million in fiscal year 2020.

While we are certainly pleased with these numbers, we are most proud that Endeavor Bank realized these results by supporting our community. Our team is also tremendously grateful to have such loyal and dedicated shareholders and clients who encouraged other business owners to turn to Endeavor Bank for PPP loans and more.

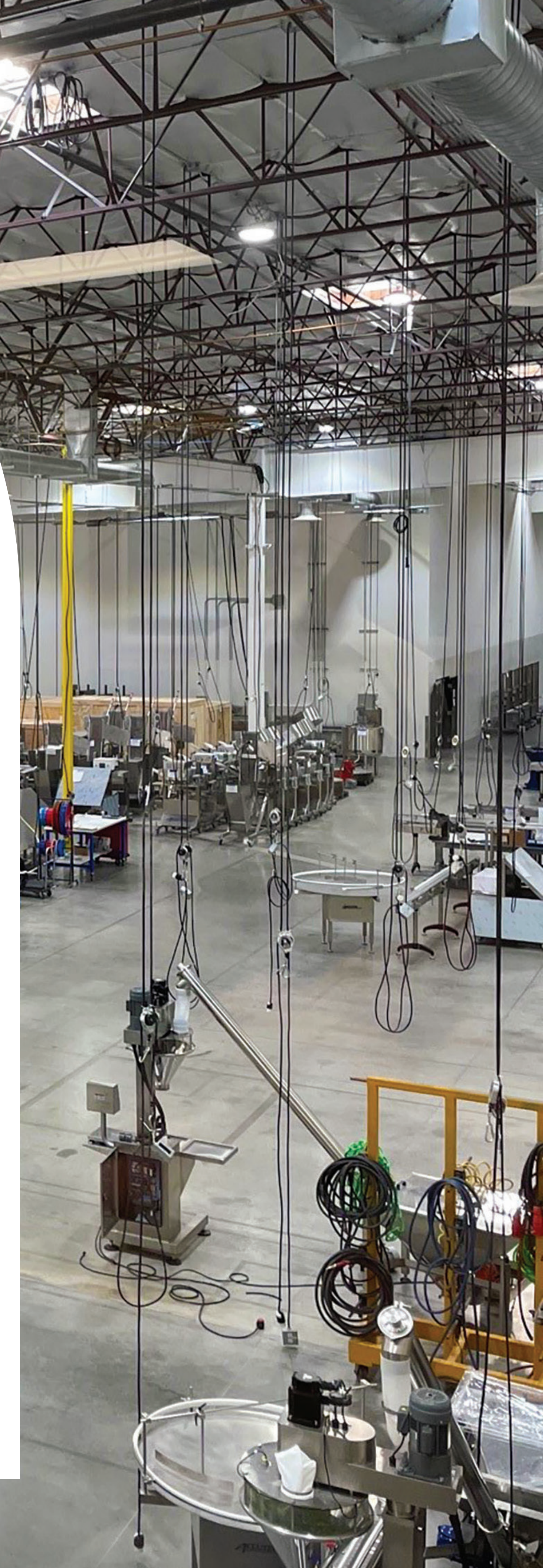
Endeavor Bank's reputation for hands-on, consultative banking grew throughout the region in 2021, thanks to our team and our advocates. The Endeavor Bank difference means actionable advice from knowledgeable, experienced bankers; access to decisionmakers; and investment of virtually all of our deposits back into our community by making loans. Our difference continues to resonate with local business owners.

We would be remiss not to mention how proud we are that the Endeavor Bank team delivered on our promise to our local community while in-person meetings were restricted, schooling was interrupted, and public health policies were evolving. Our team and supporters put the community back into San Diego and its surrounding areas by achieving tremendous results in the face of a challenging year.

Matthew H. Rattner
Chairman

Steven D. Sefton, President
(858) 230-4243

Dan C. Yates, CEO
(858) 230-5185



Endeavor Bank

BRINGING THE BEST OF BOTH

Endeavor Bank was built on the premise that bankers develop relationships with their clients and contribute to a company's success, like banking was done long ago.

Endeavor Bank brings together the "old-fashioned" consultative banking approach and the industry's most advanced technology, giving clients the best of both.

One important difference that Endeavor Bank offers clients that our banking forefathers could not is technology. When the Bank was established, its founders ensured that the technology advances of today were fully incorporated. They leveraged technology so clients would never need to come into the Bank's locations.

This has blended perfectly with Endeavor Bank's philosophy that bankers should go to the clients' offices and operations to learn first-hand as much as they can. Banking is made convenient through a website portal that allows clients access to multiple banking solutions. ATMs and, if a client desires, branch and office visits, round out the way clients can do business.

The investment in technology also allows the Bank's employees greater flexibility. During the pandemic, operations were easily shifted to accommodate working remotely to avoid disruption of service. Many of the Bank's team members continue to have the option to work remotely, at the office, or a hybrid of both.

THE VALUE OF CONNECTIONS

A wise person once said, "In business, it's all about people, it's all about relationships."

The Endeavor Bank team understands that having a relationship with a banker can be fundamental to a business' success and has made it our mission to develop strong bonds with each client.

We've also made it a priority to build connections within our region. Our team has an extensive network of resources that we share with our clients.

Being a community bank means supporting and adding value to the community. Through the introductions we make, our clients prosper and so do many other local businesses.

OUR SHAREHOLDERS CLUB

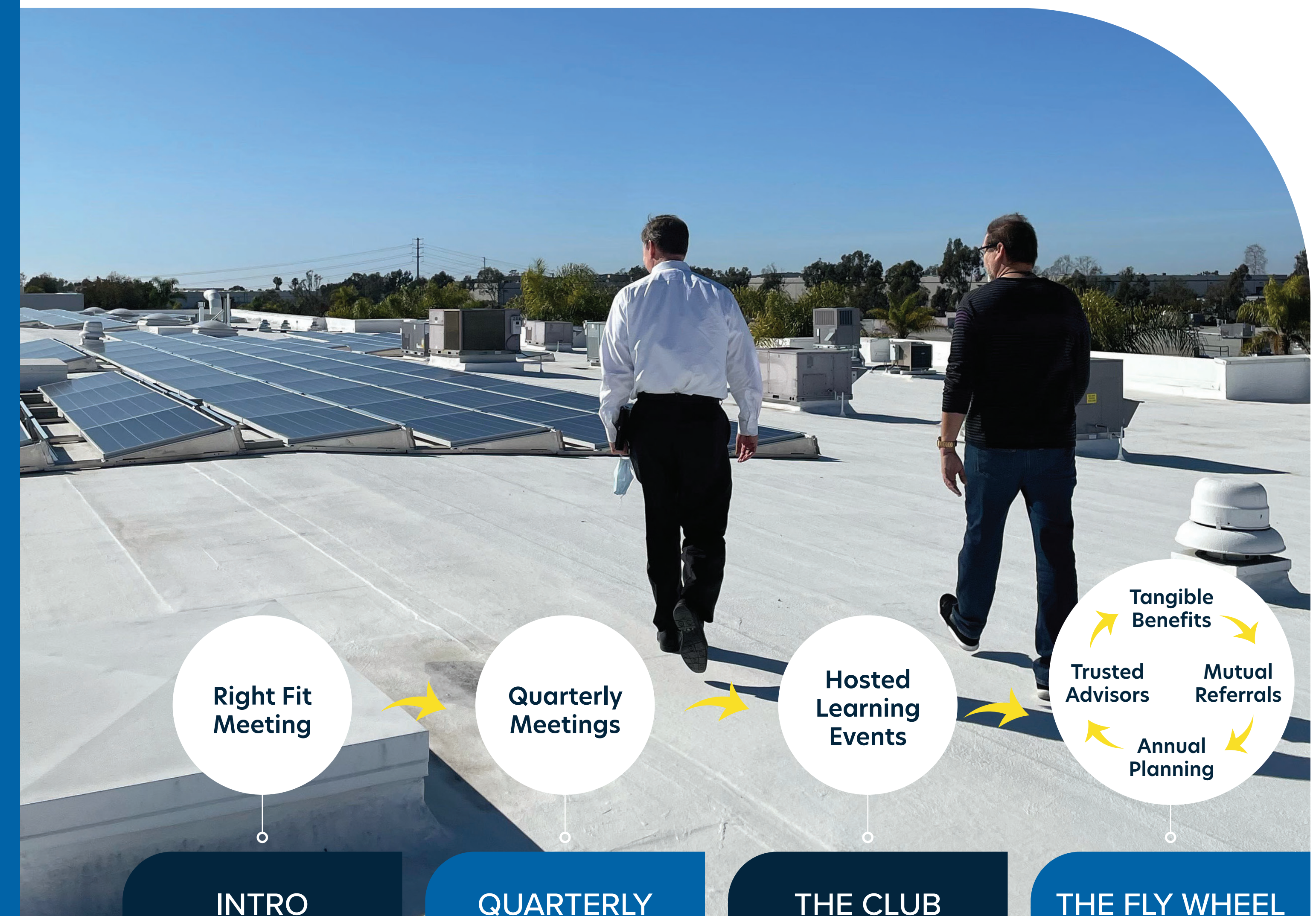
Endeavor Bank was founded with the support of more than 600 shareholders, representing virtually all business sectors in San Diego and surrounding areas. The experience and know-how of each of these business leaders makes our "Shareholder Club" one of the most influential clubs there is. On a regular basis, we bring our club members together for educational and networking programs.

When our shareholders do business together, we all benefit.

Endeavor Bank

CONSULTATIVE BANKING PROCESS

What's Your Endeavor?



INTRO MEETING

- Meet decision makers
- Get acquainted
- Discuss your business
- How can we help?
- Introductions to our network

QUARTERLY MEETINGS

- Update key financials
- Brainstorm – deep dive
- Improve cash flow
- Overcome challenges
- Exit planning

THE CLUB

- Key introductions and relationship building
- Access to 600+ CEOs and business owners
- Our clients and shareholders can be your clients

THE FLY WHEEL EFFECT

- Credit facilities for growing needs
- Customized deposit/treasury services
- Current technology
- Access to decision makers
- Comprehensive banking relationship

A SUPER CHARGED YEAR

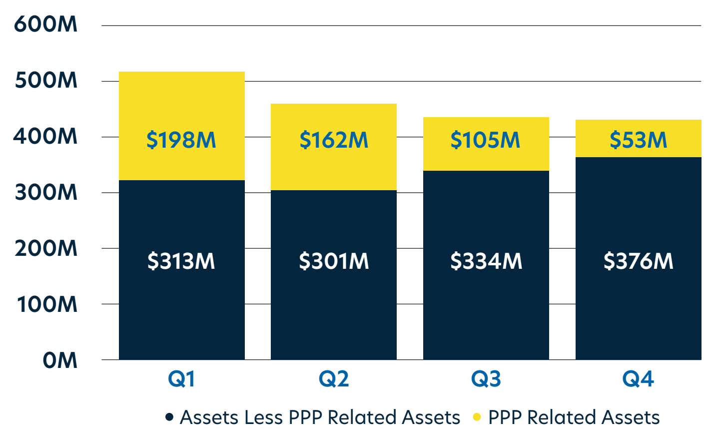
Like a race car outfitted with a supercharger, Endeavor Bank's Payroll Protection Program's loan volume created internal combustion that optimized our output. In 2021, we did what community banks do... supported businesses not only when times are good but through challenging times, as well.

The result was increased core loans and new clients who expanded deposits. We created supercharged goodwill and helped our region through unprecedented times.

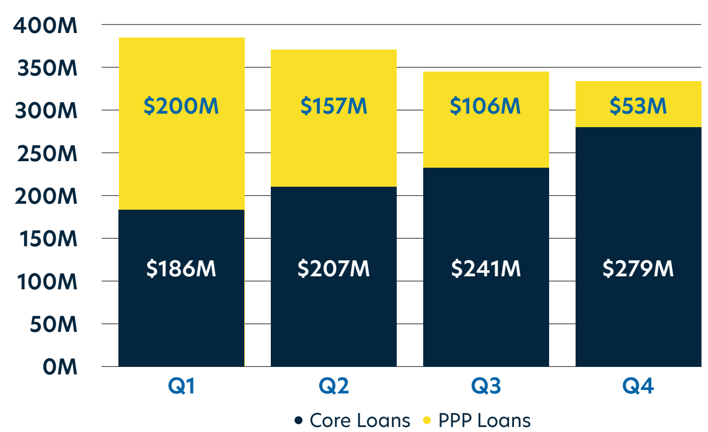
Endeavor Bank

2021 AT A GLANCE

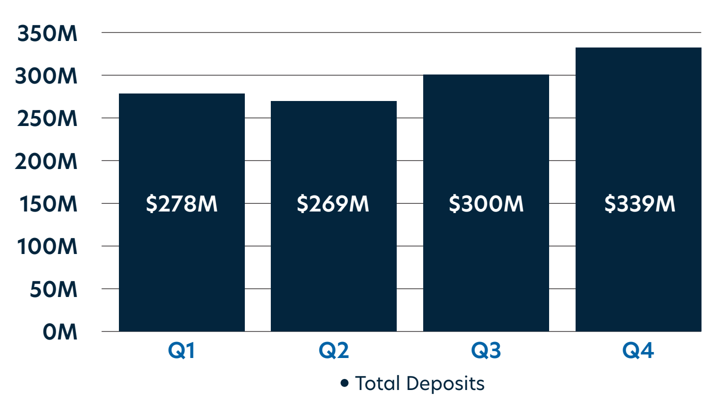
TOTAL ASSETS



TOTAL GROSS LOANS



TOTAL DEPOSITS



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EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Endeavor Bank
San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Endeavor Bank, which comprise the statements of financial condition as of December 31, 2021 and 2020, and the related statements of income, comprehensive income, shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Endeavor Bank as of December 31, 2021 and 2020, and the results of its operations and its cash flows for years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Eide Bailly LLP

Laguna Hills, California
February 23, 2022

Endeavor Bank

Statements of Financial Condition
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and Due from Banks	$ 1,739,332	$ 1,577,023
Interest-Bearing Deposits at Other Banks	85,532,184	101,787,224
Total cash and cash equivalents	87,271,516	103,364,247
Interest-Bearing Time Deposits at Other Banks	4,470,000	4,190,000
Debt Securities Available for Sale	4,987,070	-
Loans		
Real estate	184,960,883	112,795,904
Commercial	145,508,084	166,282,277
Consumer	1,634,700	2,700,384
Total loans	332,103,667	281,778,565
Allowance for loan losses	(4,075,000)	(3,085,000)
Net loans	328,028,667	278,693,565
Federal Home Loan Bank ("FHLB") Stock, at Cost	1,097,400	506,700
Premises and Equipment, net	164,628	231,372
Operating Lease Right-of-Use Assets	1,587,511	1,223,609
Accrued Interest and Other Assets	1,663,871	1,820,624
Total assets	$ 429,270,663	$ 390,030,117

See Notes to Financial Statements

Endeavor Bank

Statements of Financial Condition
December 31, 2021 and 2020

	2021	2021
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing demand	$ 232,254,083	$ 141,751,446
Interest-bearing demand, savings, and money market accounts	104,287,126	97,935,135
Time deposits under	699,040	3 ,928,013
Time deposits	2,107,204	2 ,863,172
Total deposits	339,347,453	246,477,766
Operating Lease Liabilities	1,723,183	1,344,292
Federal Home Loan Bank Borrowings	-	5,000,000
Other Borrowings	53,498,477	109,168,774
Accrued Interest and Other Liabilities	1,996,395	1,196,533
Total liabilities	396,565,508	363,187,365
Commitments and Contingencies - Note 10		
Shareholders' Equity		
Preferred stock - 20,000,000 shares authorized, none outstanding	-	-
Common stock - 20,000,000 shares authorized, no par value; shares issued and outstanding, 3,372,390 in 2021 3,357,561 in 2020	34,061,837	34,042,962
Additional paid-in capital	2,560,961	1,622,601
Accumulated deficit	(3,799,207)	(8,822,811)
Accumulated other comprehensive loss	(118,436)	-
Total shareholders' equity	32,705,155	26,842,752
Total liabilities and shareholders' equity	$ 429,270,663	$ 390,030,117

See Notes to Financial Statements

Endeavor Bank

Statements of Operations
Years Ended December 31, 2021 and 2020

	2021	2020
Interest Income		
Interest and fees on loans	$ 17,211,435	$ 10,261,341
Interest on debt securities - taxable	13,460	-
Interest on interest-bearing deposits and other	131,559	151,909
Total interest income	17,356,454	10,413,250
Interest Expense		
Interest on interest-bearing demand, savings, Money market accounts	154,589	251,336
Interest on time deposits	14,476	233,579
Interest on other borrowings	478,345	314,504
Total interest expense	647,410	799,419
Net Interest Income	16,709,044	9,613,831
Provision for Loan Losses	990,000	1,353,000
Net Interest Income After Provision for Loan Losses	15,719,044	8,260,831
Noninterest Income		
Service charges and fees on deposits	274,862	176,744
Other service charges and fees	163,788	43,222
Gain on sale of loans	-	127,712
Total noninterest income	438,650	347,678
Noninterest Expense		
Salaries and employee benefits	5,386,204	4,582,515
Occupancy and equipment expenses	534,770	518,717
Other expenses	3,168,116	1,814,440
Total noninterest expense	9,089,090	6,915,672
Income Before Income Taxes	7,068,604	1,692,837
Income Taxes	2,045,000	276,800
Net Income	$ 5,023,604	$ 1,416,037
Net Income per Share - Basic	$ 1.49	$ 0.44
Net Income per Share - Diluted	$ 1.49	$ 0.44

See Notes to Financial Statements

Endeavor Bank

Statements of Comprehensive Income
Years Ended December 31, 2021 and **2020**

	2021	2020
Net Income	$ 5,023,604	$ 1,416,037
Other Comprehensive Loss:		
Unrealized losses on debt securities available for sale	(118,436)	-
Total Other Comprehensive Loss	(118,436)	-
Comprehensive Income	$ 4,905,168	$ 1,416,037

See Notes to Financial Statements

Statement of Shareholders' Equity

Years Ended December 31, 2021 and 2020

	Common Stock				Accumulated Other	
	Number of Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Comprehensive Income (Loss)	Total
Balance at January 1, 2020	2,668,59	$ 26,398,375	$ 1,409,136	$(10,238,848)	$ -	$ 17,568,663
Issuance of Common Stock, Net of Offering Costs of $278,522	688,966	7,644,587				7,644,587
Stock-Based Compensation			213,465			213,465
Other Comprehensive Income						-
Net Income				1,416,037		1,416,037
Balance at December 31, 2020	3,357,561	34,042,962	1,622,601	(8,822,811)	-	26,842,752
Stock-Based Compensation			957,235			957,235
Issuance of Restricted Shares, Net of Forfeitures of 0 Shares	14,829					
Vesting of Restricted Shares		18,875	(18,875)			-
Other Comprehensive Loss					(118,436)	(118,436)
Net Income				5,023,604		5,023,604
Balance at December 31, 2021	$ 3,372,390	$ 34,061,837	$ 2,560,961	$ (3,799,207)	$ (118,436)	$ 32,705,155

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Operating Activities		
Net Income	$ 5,023,604	$ 1,416,037
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation and amortization	107,447	140,834
Provision for loan losses	990,000	1,353,000
Gain on sale of loans	-	(127,712)
Net change in deferred PPP loan fees, net	(926,546)	2,126,745
Operating lease right-of-use amortization	294,285	284,098
Operating lease liability payments	(279,296)	(188,878)
Stock-based compensation	957,235	213,465
Other items	956,614	(431,815)
Net Cash from Operating Activities	7,123,343	4,785,774
Investing Activities		
Net change in interest-bearing time deposits in other banks	(280,000)	(2,265,000)
Purchases of debt securities available-for-sale	(5,139,600)	-
Proceeds from principle payments & maturities of debt securities available for sale	34,094	-
Net increase in loans	(49,398,556)	(182,907,086)
Purchase of Federal Home Loan Bank stock	(590,700)	(305,700)
Purchases of premises and equipment	(40,703)	(55,906)
Net Cash from Investing Activities	(55,415,465)	(185,533,692)
Financing Activities		
Net change in demand and interest-bering demand accounts	96,854,629	153,409,363
Net change in time deposits	(3,984,941)	(7,681,365)
Net change in Federal Home Loan Bank borrowings	(5,000,000)	-
Proceeds from other borrowings	132,874,752	172,162,615
Repayment of other borrowings	(188,545,049)	(62,993,841)
Proceeds from issuance of common stock, net	-	7,644,587
Net Cash from Financing Activities	32,199,391	262,541,359
Change in Cash and Cash Equivalents	(16,092,731)	81,793,441
Cash and Cash Equivalents, Beginning of Year	103,364,247	21,570,806
Cash and Cash Equivalents, End of Year	$ 87,271,516	$ 103,364,247
Supplemental Disclosures of Cash Flow Information		
Interest paid	$ 671,580	$ 600,495
Taxes paid	$ 2,185,000	$ 800
Lease liabilities arising from obtaining right-of-use assets	$ 658,187	$ -

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

Endeavor Bank (the "Bank") commenced business on January 22, 2018, after receiving the requisite approvals of regulatory authorities. The Bank has been incorporated in the State of California and organized as a single operating segment that operates one full-service branch in San Diego, California and a loan production and administrative office in Carlsbad, California.

The Bank operates in the local market offering traditional products and services, serving the needs of small-tomedium sized businesses, business owners and professionals, and real estate owners and investors. The majority of deposits and loans are expected to be originated from within the San Diego County metropolitan marketplace and its surrounding areas.

Subsequent Events

The Bank has evaluated subsequent events for recognition and disclosure through February 23, 2022, which is the date the financial statements were available to be issued.

Use of Estimates in the Preparation of Financial Statements

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

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash, due from banks, federal funds sold and time deposits in other banks with original maturities of three months or less. Generally, federal funds are sold for one-day periods.

Cash and Due from Banks

Banking regulations require that banks maintain a percentage of their deposits as reserves in cash or on deposit with the Federal Reserve Bank. As of December 31, 2021 and 2020, the required reserve percentage is zero. The Bank complied with the reserve requirements as of December 31, 2021 and 2020. The Bank maintains amounts due from banks, which may exceed federally insured limits. The Bank has not experienced any losses in such accounts.

Interest-Bearing Time Deposits at Other Banks

Interest-bearing time deposits in other banks generally mature within one year and are carried at cost.

Debt Securities

Debt securities are classified in three categories and accounted for as follows: debt securities that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity and are measured at amortized cost; debt securities bought and held principally for the purpose of selling in the near term are classified as trading securities and are measured at fair value, with unrealized gains and losses included in earnings; debt securities not classified as either held-to-maturity or trading securities are deemed as available for-sale and are measured at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of stockholders' equity. Gains or losses on sales of debt securities are determined on the specific identification method. Premiums and discounts are amortized or accreted using the interest method over the expected lives of the related securities. Purchases and sales of debt securities are recorded on the trade date.

Management evaluates securities for other-than-temporary impairment ("OTTI") on at least a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows; OTTI related to credit loss, which must be recognized in the income statement, and OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis.

Loans

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

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

Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. The accrual of interest on loans is discontinued when principal or interest is past due 90 days based on the contractual terms of the loan or when, in the opinion of management, there is reasonable doubt as to collectability. Loans qualifying for deferral under Section 4013 of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) continue to accrue interest during the deferral period. When loans are placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Income on nonaccrual loans is subsequently recognized only to the extent that cash is received, and the loan's principal balance is deemed collectible. Interest accruals are resumed on such loans only when they are brought current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to all principal and interest.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off. This methodology for determining charge-offs is consistently applied to each portfolio segment.

The Bank determines a separate allowance for each portfolio segment. The allowance consists of specific and general reserves. Specific reserves relate to loans that are individually classified as impaired. A loan is impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement. Factors considered in determining impairment include payment status, collateral value, and the probability of collecting all amounts when due. Measurement of impairment is based on the expected future cash flows of an impaired loan, which are to be discounted at the loan's effective interest rate, or measured by reference to an observable market value, if one exists, or the fair value of the collateral for a collateral-dependent loan. The Bank selects the measurement method on a loan-by-loan basis except that collateral-dependent loans for which foreclosure is probable are measured at the fair value of the collateral.

The Bank recognizes interest income on impaired loans based on its existing methods of recognizing interest income on nonaccrual loans. Loans, for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings, and classified as impaired with measurement of impairment as described above.

If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral.

General reserves cover non-impaired loans and are based on historical loss rates for each portfolio segment, adjusted for the effects of qualitative or environmental factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio segment's historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions, changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the value of the underlying collateral for collateral-dependent loans; concentrations of credit and the effect of other external factors such as competition; and, legal and regulatory requirements. Portfolio segments identified by the Bank include real estate, commercial, and consumer loans. Relevant risk characteristics for these portfolio segments generally include debt service coverage, loan-to-value ratios and financial performance on non-consumer loans, and credit scores, debt-to income, collateral type, and loan-to-value ratios for consumer loans.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Bank also maintains a separate allowance for off-balance sheet commitments. Management estimates anticipated losses using historical data and utilization assumptions. The allowance for off-balance sheet commitments totaled $70,000 at December 31, 2021 and $61,000 in December 31, 2020, and is included in accrued interest and other liabilities on the statements of financial condition and provisions for unfunded commitment losses are included in other noninterest expense on the statements of operations.

Federal Home Loan Bank Stock

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

Premises and Equipment

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

Leases

The Bank determines if an arrangement contains a lease at contract inception and recognize right-of-use ("ROU") assets and operating lease liabilities based on the present value of lease payments over the lease term. While operating leases may include options to extend the term, the Bank does not take into account the options in calculating the ROU asset and lease liability unless it is reasonably certain such options will be reasonably exercised. The present value of lease payments is determined based on the Bank's incremental borrowing rate and other information available at lease commencement. Leases with an initial term of 12 months or less are not recorded in the statements of financial condition. Lease expense is recognized on a straight-line basis over the lease term. The Bank has elected to account for lease agreements with lease and non-lease components as a single lease component.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable, and the amount or range of loss can be reasonably estimated. Management does not believe there are any such matters that will have a material effect on the financial statements.

Revenue Recognition – Noninterest Income

In accordance with Topic 606, revenues are recognized when control of promised goods or services is transferred to customers in an amount that reflects the consideration the Bank expects to be entitled to in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of Topic 606, the Bank performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligation in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation in the contract; and (v) recognize revenue when (or as) the Bank satisfies a performance obligation. The Bank only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, the Bank assesses the goods or services that are promised within each contract and identifies those that contain performance obligation and assesses whether each promised good or service is distinct. The Bank then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. All of the Bank's revenue from contracts with customers within the scope of ASC 606 is recognized in non-interest income.

The following is a discussion of key revenues within the scope of Topic 606.

Service Charges and Fees on Deposit Accounts

The Bank earns fees from its deposit customers for account maintenance, transaction-based and overdraft services. Account maintenance fees consist primarily of account fees and analyzed account fees charged on deposit accounts on a monthly basis. The performance obligation is satisfied, and the fees are recognized on a monthly basis as the service period is completed. Transaction-based fees on deposit accounts are charged to deposit customers for specific services provided to the customer, such as non-sufficient funds fees, overdraft fees, and wire fees. The performance obligation is completed as the transaction occurs and the fees are recognized at the time each specific service is provided to the customer.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Bank, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Advertising Costs

The Bank expenses the costs of advertising in the year incurred.

Stock-Based Compensation

The Bank recognizes the cost of employee services received in exchange for awards of stock options and restricted stock, or other equity instruments, based on the grant-date fair value of those awards. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Bank's common stock at the date of grant is used for restricted stock awards. This cost is recognized over the period which an employee is required to provide services in exchange for the award, generally the vesting period. The Bank treats each tranche of each stock option award as if it were a separate award with its own vesting date. Generally, for each tranche granted, compensation expense is recognized on a straight-line basis from the grant date until the vesting date of the respective tranche. The cost of other awards is generally recognized over the vesting period, on a straight-line basis.

The Bank has elected to account for forfeitures of stock-based awards as they occur. Excess tax benefits and tax deficiencies relating to stock-based compensation are recorded as income tax expense or benefit in the statements of operations when incurred.

See Note 13 for additional information on the Bank's equity incentive plan.

Income Taxes

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

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

Earnings Per Share ("EPS")

Earnings per common share is computed under the two-class method. Basic EPS excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period, excluding outstanding participating securities. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. Unvested share-based awards that contain non-forfeitable rights to receive dividends when declared or dividend equivalents (whether paid or unpaid) are participating securities and are included in the computation of earnings per share pursuant to the two-class method. The Bank has determined that its outstanding non-vested restricted share awards are participating securities.

Comprehensive Income (Loss)

Changes in unrealized gains and losses on available-for-sale debt securities is the only component of accumulated other comprehensive income for the Bank.

Financial Instruments

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

Fair Value Measurement

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

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

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

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

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

Recent Accounting Guidance Not Yet Effective

In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments (Topic 326). This ASU significantly changes how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. In issuing the standard, the FASB is responding to criticism that today's guidance delays recognition of credit losses. The standard will replace today's "incurred loss" approach with an "expected loss" model. The new model, referred to as the current expected credit loss ("CECL") model, will apply to: (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. This includes, but is not limited to, loans, leases, held-to-maturity securities, loan commitments, and financial guarantees. The CECL model does not apply to available-for-sale ("AFS") debt securities. For AFS debt securities with unrealized losses, entities will measure credit losses in a manner similar to what they do today, except that the losses will be recognized as allowances rather than reductions in the amortized cost of the securities. As a result, entities will recognize improvements to estimated credit losses immediately in earnings rather than as interest income over time, as they do today.

The ASU also simplifies the accounting model for purchased credit-impaired debt securities and loans. ASU 2016-13 also expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for loan and lease losses. In addition, public business entities will need to disclose the amortized cost balance for each class of financial asset by credit quality indicator, disaggregated by the year of origination. ASU No. 2016-13 is effective for interim and annual reporting periods beginning after December 15, 2022, for all entities, other than SEC filers that do not qualify as a Smaller Reporting Company as defined by the SEC. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (i.e., modified retrospective approach). The Bank is currently evaluating the provisions of ASU No. 2016-13 for potential impact on its financial statements and disclosures.

On March 12, 2020, the FASB issued ASU 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting (ASU 2020-04), which provides optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments are effective for contract modifications as of March 12, 2020, through December 31, 2022. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The adoption of this standard is not expected to have a material effect on the Bank's operating results or financial condition.

Note 2 – Debt Securities

Debt securities have been classified in the statements of financial condition according to management's intent. The carrying amount of securities and their approximate fair values at December 31 were as follows:

Available-for-Sale Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2021				
U.S. Government and Agency Securities	$ 2,000,000	$ -	$ (46,385)	$ 1,953,615
Mortgage-Backed Securities	1,984,845	-	(35,407)	1,949,438
Obligations of State and Political Subdivisions	1,120,661	-	(36,644)	1,084,017
	$ 5,105,506	$ -	$ (118,436)	$ 4,987,070

The Bank had no debt securities as of December 31, 2020.

The amortized cost and fair values of debt securities available for sale at December 31, 2021, by contractual maturities are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available-for-Sale	
	Amortized Cost	Fair Value
Due in One Year or Less	$ -	$ -
Due From One Year to Five Years	1,989,708	1,956,516
Due From Five to Ten Years	3,115,798	3,030,554
Due After Ten Years	-	-
	$ 5,105,506	$ 4,987,070

The gross unrealized loss and related estimated fair value of investment securities that have been in a continuous loss position for less than twelve months and over twelve months at December 31, 2021 and 2020, are as follows:

	Less than Twelve Months		Twelve Months or More		Total	
	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value
December 31, 2021						
U.S. Government and Agency Securities	$ (46,385)	$ 1,953,615	$ -	$ -	$ (46,385)	$ 1,953,615
Mortgage-Backed Securities	(35,407)	1,949,438	-	-	(35,407)	1,949,438
Obligations of State and Political Subdivisions	(36,644)	1,084,017	-	-	(36,644)	1,084,017
	$ (118,436)	$ 4,987,070	$ -	$ -	$ (118,436)	$ 4,987,070

As of December 31, 2021, the Bank had five debt securities in an unrealized loss position. Unrealized losses on these investment securities have not been recognized into income as management does not intend to sell, and it is not "more likely than not" that management would be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates. The fair value is expected to recover as the bonds approach maturity.

Note 3 - Loans

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

Beginning in April of 2020, the Bank participated in the Paycheck Protection Program ("PPP"), administrated by the Small Business Administration ("SBA"), in assisting businesses impacted by the Coronavirus pandemic. PPP loans are included in commercial loans, 100% guaranteed by the SBA, and carry a fixed rate of 1.00%. At loan origination, the Bank was paid a processing fee from the SBA ranging from 1% to 5% based on the loan size. The Bank collected PPP processing fees, net of deferred loan origination costs, in the amount of $5.0 million and $5.1 million as of December 31, 2021, and December 31, 2020, respectively, of which $5.9 million and $3.0 million, were recognized as interest income on loans as of December 31, 2021, and December 31, 2020, respectively.

The Bank participated in the Main Street Lending Program to support lending to small and medium-sized businesses that were in sound financial condition before the onset of the COVID-19 pandemic. Under this program, the Bank originated loans to borrowers meeting the terms and requirements of the program, including requirements as to eligibility, use of proceeds and priority, and sold a 95% participation interest in these loans to Main Street Facilities, LLC, a special purpose vehicle ("SPV") organized by the Federal Reserve to purchase the participation interest from eligible lenders, including the Bank. The program expired on January 8, 2021.

At December 31, 2021, the Bank had pledged loans totaling approximately $169 million to secure a line of credit with the Federal Home Loan Bank and to the Federal Reserve Bank in relation to the Paycheck Protection Program as discussed in Note 7.

A summary of the changes in the allowance for loan losses for the years ended December 31 is as follows:

	2021	2020
Beginning balance	$ 3,085,000	$ 1,732,000
Additions to the allowance charged to expense	990,000	1,353,000
Recoveries on loans charged off	-	-
	4,075,000	3,085,000
Less loans charged off	-	-
Ending balance	$ 4,075,000	$ 3,085,000

The following table presents the activity in the allowance for loan losses for the year 2021 and the recorded investment in loans and impairment method as of December 31, 2021 by portfolio segment:

	Real Estate	Commercial	Consumer	Total
Allowance for Loan Losses				
Beginning of year	$ 1,916,020	$ 1,119,160	$ 49,820	$ 3,085,000
Provisions	433,180	585,097	(28,277)	990,000
Charge-offs	-	-	-	-
Recoveries	-	-	-	-
End of year	$ 2,349,200	$ 1,704,257	$ 21,543	$ 4,075,000
Reserves				
Specific	$ -	$ -	$ -	$ -
General	2,349,200	1,704,257	2 1,543	4,075,000
	$ 2,349,200	$ 1,704,257	$ 21,543	$ 4,075,000
Loans Evaluated for Impairment				
Individually	$ -	$ -	$ -	$ -
Collectively	184,960,883	145,508,084	1,634,700	332,103,667
	$ 184,960,883	$ 145,508,084	$ 1,634,700	$ 332,103,667

At December 31, 2021, commercial loans include $52.6 million in PPP loans, net of unearned fees and costs of $1.2 million.

Endeavor Bank

Notes to Financial Statements
December 31, 2021 and 2020

The following table presents the activity in the allowance for loan losses for the year 2020 and the recorded investment in loans and impairment method as of December 31, 2020 by portfolio segment:

	Real Estate	Commercial	Consumer	Total
Allowance for Loan Losses				
Beginning of year	$ 839,690	$ 845,580	$ 46,730	$ 1,732,000
Provisions	1,076,330	273,580	3,090	1,353,000
Charge-offs	-	-	-	-
Recoveries	-	-	-	-
End of year	$ 1,916,020	$ 1,119,160	$ 49,820	$ 3,085,000
Reserves				
Specific	$ -	$ -	$ -	$ -
General	1,916,020	1,119,160	49,820	3,085,000
	$ 1,916,020	$ 1,119,160	$ 49,820	$ 3,085,000
Loans Evaluated for Impairment				
Individually	$ -	$ -	$ -	$ -
Collectively	112,795,904	166,282,277	2,700,384	281,778,565
	$ 112,795,904	$ 166,282,277	$ 2,700,384	$ 281,778,565

At December 31, 2020, commercial loans include $115.8 million in PPP loans, net of unearned fees and costs of $2.1 million.

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

The Bank uses the following definitions for risk ratings:

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

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

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

Impaired - A loan is considered impaired, when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement. Additionally, all loans classified as troubled debt restructurings are considered impaired.

The risk category of loans by class of loans as of December 31, 2021 was as follows:

	Pass	Special Mention	Substandard	Impaired	Total
Real Estate					
Construction	$ 11,530,366	$ -	$ -	$ -	$ 11,530,366
Commercial	137,063,800	1,978,422	4,389,701	-	143,431,923
Residential	29,500,715	-	497,879	-	29,998,594
Commercial	138,139,739	3,420,207	3,948,138	-	145,508,084
Consumer	1,634,700	-	-	-	1,634,700
	$ 317,869,320	$ 5,398,629	$ 8,835,718	$ -	$ 332,103,667

The risk category of loans by class of loans as of December 31, 2020 was as follows:

	Pass	Special Mention	Substandard	Impaired	Total
Real Estate					
Construction	$ 9,356,609	$ -	$ -	$ -	$ 9,356,609
Commercial	79,296,046	899,547	4,490,018	-	84,685,611
Residential	18,753,684	-	-	-	18,753,684
Commercial	160,091,323	1,959,671	4,231,283	-	166,282,277
Consumer	2,700,384	-	-	-	2,700,384
	$ 270,198,046	$ 2,859,218	$ 8,721,301	$ -	$ 281,778,565

Endeavor Bank

Notes to Financial Statements
December 31, 2021 and 2020

The Bank had the following past due and nonaccrual or impaired loans as of December 31, 2021:

	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days Past Due	Nonaccrual
Real Estate				
Construction	$ -	$ -	$ -	$ -
Commercial	-	-	-	-
Residential	-	-	-	-
Commercial	34,443	497,582	521,473	-
Consumer	-	-	-	-
	$ 34,443	$ 497,582	$ 521,473	$ -

The Bank had the following past due and nonaccrual or impaired loans as of December 31, 2020:

	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days Past Due	Nonaccrual
Real Estate				
Construction	$ -	$ -	$ -	$ -
Commercial	-	-	-	-
Residential	-	-	-	-
Commercial	13,000	1,000	-	-
Consumer	-	-	-	-
	$ 13,000	$ 1,000	$ -	$ -

The balance of unamortized loan fees, net of loan origination costs included in total loans was $2,306,715 and $3,141,760 as of December 31, 2021 and 2020, respectively. Included in unamortized loan fees were unamortized net PPP loan fees and costs totaling $1,200,198 and $2,126,745 as of December 31, 2021 and 2020, respectively.

The Bank's loan deferral program provided a deferral of principal and/or interest-only payments for periods not exceeding 90-days for all loans that qualify under the CARES Act or Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus. Loans qualifying for deferral under this program continue to accrue interest during the deferral period and are not reported as past due loans or TDRs for the term of the deferral period. At the end of the deferral period, borrowers will be required to resume making regularly scheduled loan payments. Interest accrued during deferral periods is payable at loan maturity. The Bank could grant an extension of an additional 90-day deferment. The accrued interest will be reviewed to determine if a reserve for uncollectible interest is required. The Bank had $0 and $1.8 million as of December 31, 2021 and 2020, respectively, in total loans outstanding in the loan deferral program.

Note 4- Premises and Equipment

A summary of premises and equipment as of December 31 is as follows:

	2021	2020
Leasehold improvements	$ 159,642	$ 171,807
Furniture, fixtures, and equipment	464,296	423,928
	623,938	595,735
Less accumulated depreciation and amortization	(459,310)	(364,363)
	$ 164,628	$ 231,372

Note 5 -Leases

The Bank has entered into operating leases for its branch, loan production and administrative offices, which expire on various dates through January 2027. The leases provide for options to renew. The exercise of renewal options is at the sole discretion of the Bank. Renewal option periods were not included in the measurement of ROU assets and lease liabilities as they are not considered reasonably certain of exercise. The components of lease expense for the years ended December 31 were as follows:

	2021	2020
Operating lease expense	$ 357,597	$ 351,158
Variable lease expense	9,695	5,953
	$ 367,292	$ 357,111

Supplemental cash flow information related to operating leases for the years ended December 31 was as follows:

	2021	2020
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	$ 340,476	$ 257,828
Right-of-Use Assets Obtained in Exchange for Lease Obligations	658,187	-

Supplemental statement of financial condition information related to operating leases as of December 31 was as follows:

	2021	2020
Lease Right-of-Use Assets	$ 1,587,511	$ 1,223,609
Lease Liabilities	$ 1,723,183	$ 1,344,292
Weighted Average Remaining Lease Term	4.87 Years	5.12 Years
Weighted Average Discount Rate	3.56%	4.82%

Maturities of operating lease liabilities as of December 31, 2021, were as follows:

Year Ending	
2022	$ 343,080
2023	379,118
2024	393,087
2025	407,558
2026	337,791
Thereafter	19,170
Total lease payments	1,879,804
Less imputed interest	(156,621)
Total operating lease liability	$ 1,723,183

Note 6 - Deposits

At December 31, 2021, the scheduled maturities of time deposits are as follows:

2022	$ 2,668,935
2023	137,309
	$ 2,806,244

As of December 31, 2021, the Bank had 6 deposit relationships that exceeded 2.00% of total deposits, collectively aggregating approximately $71,869,000 and representing 21.18% of the total deposits of the Bank.

Note 7 - Borrowings

The Bank had unused unsecured lines of credit with correspondent banks with a total borrowing capacity of $7.5 million at December 31, 2021. There were no advances under these line as of December 31, 2021 and 2020.

As of December 31, 2021, the Bank had an available line of credit with the Federal Home loan Bank of San Francisco ("FHLBSF") secured by the assets of the Bank. Under this line, the Bank may borrow up to approximately $84.4 million subject to providing adequate collateral and continued compliance with the Advances and Security Agreement and other eligibility requirements established by the FHLB. The Bank has pledged loans of approximately $115.9 million as collateral for this line. As of December 31, 2021, there were no advances under this line. As of December 31, 2020, there was an outstanding loan advance of $5.0 million with the FHLBSF which had an interest rate of 0.00% per annum, due on May 28, 2021.

As of December 31, 2021 and 2020, the Bank had loan advances of $53.5 million and $109.2 million, respectively, from the Federal Reserve Bank of San Francisco under the Paycheck Protection Program Liquidity Facility ("PPPLF"), which had an interest rate of 0.35% per annum. The advances are collateralized by Paycheck Protection Program loans in the same amount and maturities as the advances.

As of December 31, 2021, the maturity of the PPPLF Borrowings are as follows:

Year Ending	
2022	$ 13,904,039
2023	-
2024	-
2025	-
2026	39,594,438
Thereafter	-
Total Borrowings Outstanding	$ 53,498,477

Note 8 - Income Taxes

The income tax expense for the year ended December 31 is comprised of the following:

	2021	2020
Current		
Federal	$ 1,099,000	$ -
State	946,000	276,800
	2,045,000	276,800
Deferred	25,000	310,000
Valuation Allowance	(25,000)	(310,000)
	$ 2,045,000	$ 276,800

A comparison of the federal statutory income tax rates to the Bank's effective income tax rate as of December 31 follows:

	2021		2020	
	Amount	Rate	Amount	Rate
Statutory Federal Tax	$ 1,484,000	21.0%	$ 355,000	21.0%
State Franchise Tax, net of Federal Benefit	609,000	8.6%	154,000	9.1%
Valuation allowance	(25,000)	(0.4%)	(310,000)	(18.3%)
Stock-Based Compensation	4,000	0.1%	19,000	1.1%
Other Items, net	(27,000)	(0.4%)	59,000	3.5%
Tax Expense	$ 2,045,000	28.9%	$ 277,000	16.4%

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

	2021	2020
Deferred Tax Assets		
Organization expenses	$ 448,000	$ 489,000
Allowance for loan losses due to tax limitations	1,091,000	822,000
Stock-based compensation	571,000	300,000
Net operating loss carryovers	428,000	1,009,000
Operating lease liability	509,000	397,000
Accrual to cash	-	-
Other items	146,000	151,000
	3,193,000	3,168,000
Valuation Allowance	(2,515,000)	(2,540,000)
Deferred Tax Liabilities		
Right of use asset	(469,000)	(362,000)
Accrual to cash	(209,000)	(266,000)
	(678,000)	(628,000)
Net deferred tax assets	$ -	$ -

The valuation allowance was established because the Bank has not reported earnings sufficient to support the recognition of the deferred tax assets. At December 31, 2021, the Bank has no net operating loss carryforwards for federal income tax purposes and $4,948,000 for California franchise tax purposes. California net operating loss carryforwards, to the extent not used will begin to expire in 2040. During 2020 the state of California suspended the use of net operating losses for up to three years for companies that have taxable income over $1,000,000. If the use of the net operating loss is suspended, the expiration date of the net operating loss is also extended.

The Bank records interest and penalties related to uncertain tax positions as part of income tax expense. There was no penalty or interest expense recorded as of December 31, 2021 and 2020. The Bank does not expect the total amount of unrecognized tax benefits to significantly increase or decrease within the next twelve months.

The Bank is subject to federal income tax and California franchise tax. Federal and California income tax returns for years ended on or after December 31, 2018, are open to audit by the federal and California authorities.

Note 9 - Other Expenses

Other expenses for the years ended December 31 are comprised of the following:

	2021	2020
Data processing	$ 974,643	$ 759,530
Legal and professional	848,242	482,792
Advertising and business development	128,202	62,327
Regulatory assessments	256,018	132,348
Director stock-based compensation and other	498,649	58,070
Loan expenses	41,601	20,876
Office and telephone expense	92,876	73,292
Insurance	51,869	40,679
Other	276,016	184,526
	$ 3,168,116	$ 1,814,440

Note 10 - Earnings Per Share ("EPS")

The following is a reconciliation of net income and shares outstanding to the income and number of shares used to compute EPS under the two-class method:

	2021		2020	
	Income	Shares	Income	Shares
Net Income as Reported	$ 5,023,604		$ 1,414,947	
Less earnings allocated to participating securities	(16,893)			
Shares Outstanding at Year End		3,372,390		3,357,561
Impact of Weighting Shares				
Repurchased during the year		-		
Less weighted average shares of participating securities		(11,330)		
Impact of weighting shares				
Issued During the Year		(2,992)		(120,475)
Used in Basic EPS	5,006,711	3,358,068	-	3,237,086
Dilutive Effect of Outstanding Stock Options		298		-
Used in Diluted EPS	$ 5,006,711	3,358,366	$ 1,414,947	3,237,086

As of December 31, 2021 and 2020 there were 400,953 and 429,295 stock options outstanding, respectively, that could potentially dilute earnings per share in the future, which were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive.

Note 11 - Commitments

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

The Bank's exposure to loan loss in the event of nonperformance on commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total amounts do not necessarily represent future cash requirements. The Bank evaluates each client's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Bank is based on management's credit evaluation of the customer. The majority of the Bank's commitments to extend credit generally are secured by real estate or other commercial business assets. The Bank uses the same credit policies in making commitments as it does for loans reflected in the financial statements.

As of December 31, the Bank had the following approximate outstanding financial commitments whose contractual amounts represent credit risk:

	2021	2020
Commitments to Extend Credit	$ 121,225,000	$ 72,186,000
Standby Letters of Credit	41,000	-
	$ 121,266,000	$ 72,186,000

Note 12 - Related Party Transactions

In the ordinary course of business, certain executive officers, directors, and companies with which they are associated may have loans and deposits with the Bank. At December 31, 2021 and 2020, there were no outstanding balances of related party loans, and related party deposits were approximately $2,100,000 and $2,662,000, respectively.

Note 13 - Stock - Based Compensation Plan

The Board of Directors of the Bank approved the 2017 Equity Incentive Plan ("2017 Plan"). The plan was approved in April 2018 by the shareholders. Under the terms of the 2017 Plan, officers and key employees may be granted both nonqualified and incentive stock options, and directors and other consultants, who are not also an officer or employee, may only be granted nonqualified stock options. The 2017 Plan also permits the granting of restricted stock and restricted stock units. The 2017 Plan provides for the total number of awards of common stock that may be issued over the term of the plan not to exceed 800,578 shares, of which a maximum of 720,520 shares may be granted as incentive stock options. Stock options and restricted stock are granted at a price not less than 100% of the fair market value of the stock on the date of grant. The 2017 plan provides for accelerated vesting if there is a change of control as defined in the 2017 Plan. Equity awards generally vest over three to five years. Stock options expire no later than ten years from the date of grant.

The Bank recognized stock-based compensation cost of $957,235 and $213,465 for the years ended December 31, 2021 and 2020, respectively.

Stock options, with a weighted-average grant date fair value of $3.24 issued in 2021, were estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2021
Expected volatility	30.0%
Expected term	7.5 years
Expected dividends	0
Risk free rate	1.02%
Grant date fair value	$3.24

No stock options were issued in 2020.

Since the Bank has a limited amount of historical stock activity, the expected volatility is based on the historical volatility of similar banks that have a longer trading history. The expected term represents the estimated average period of time that the options remain outstanding. Since the Bank does not have sufficient historical data on the exercise of stock options, the expected term is based on the "simplified" method that measures the expected term as the average of the vesting period and the contractual term, adjusted for management's estimate on the period of time that options granted are expected to be outstanding. The risk-free rate of the return reflects the grant date interest rate offered for zero coupon U.S. Treasury bonds over the expected term of the options.

A summary of the status of the Bank's stock option plan as of December 31, 2021 and changes during the year ended thereon is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at beginning of year	429,295	$ 10.01		
Granted	270,537	$ 9.40		
Exercised	-	$ -		
Forfeited or expired	(18,342)	$ 10.00		
Outstanding at end of year	681,490	$ 9.77	7.33	$ 138,074
Options exercisable	647,496	$ 9.78	7.24	$ 123,255

As of December 31, 2021, there was $19,049 of total unrecognized compensation cost related to the outstanding stock options that will be recognized over a weighted average period of 0.25 years.

During 2021, the Bank granted 131,250 stock options to organizers of the Bank once regulatory authorities no longer considered the Bank a de novo institution.

A summary of changes in the Bank's nonvested restricted stock awards for the year ended December 31, 2021, follows:

	Unvested Shares	Weighted-Average Grant Date Fair Value
Balance, Beginning of Period	-	$ -
Granted	14,829	9.40
Shares Vested	(2,008)	9.40
Forfeited or Expired	-	
Balance, End of Year	12,821	$ 9.40

As of December 31, 2021, there was $63,296 of total unrecognized compensation cost related to nonvested restricted stock granted under the Plan. The cost is expected to be recognized over a weighted-average period of 2.0 years. The total fair value of restricted stock vested during the year ended December 31, 2021, was $18,875. No restricted stock was granted or vested during 2020.

Note 14 - Employee 401k Plan

The Bank has adopted a 401(k) for its employees. Under the plan, eligible employees may defer a portion of their salaries. The plan provides for a discretionary matching contribution. The Bank made contributions and incurred an associated expense of $84,334 for the year ending December 31, 2021. The Bank made no contributions and incurred no associated expense in 2020.

Note 15 - Fair Value Measurements

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

Debt Securities Available for Sale

The fair values of debt securities available for sale are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1) or matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for specific securities but rather by relying on the securities' relationship to other benchmark quoted securities resulting in a level 2 classification.

The following table provides the hierarchy and fair value for each major category of assets and liabilities measured at fair value at December 31, 2021:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
December 31, 2021				
Assets Measured at Fair Value on a Recurring Basis				
Debt securities available-for-sale	$ -	$ 4,987,070	$ -	$ 4,987,070

Note 16 - Fair Value of Financial Instruments

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

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

potential effect on fair value estimates and have not been considered in many of the estimates. The fair value hierarchy level and estimated fair value of significant financial instruments at December 31 are summarized as follows (amounts in thousands):

		2021		2020	
	Fair Value Hierarchy	Carrying Value	Value	Carrying Value	Fair Value
Financial Assets					
Cash and cash equivalents	Level 1	$ 87,272	$ 87,272	$ 103,364	$ 103,364
Time deposits in other banks	Level 2	4,470	4,473	4,190	4,197
Investment securities	Level 2	4,987	4,987	-	-
Loans, net	Level 3	328,029	330,083	278,694	282,384
FHLB stock	Level 1	1,097	1,097	507	507
Accrued interest	Level 2	1,304	1,304	1,467	1,467
Financial Liabilities					
Demand and other non-maturity deposits	Level 3	336,541	336,541	239,687	239,687
Time deposits	Level 3	2,806	2,809	6,791	6,806
Federal Home Loan Bank Borrowing	Level 3	-	-	5,000	4,994
Other Borrowing	Level 3	53,498	53,501	109,169	109,275

Note 17 - Regulatory Matters

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

A minimum leverage ratio (tier 1 capital as a percentage of total assets) of 4.0% is also required under the Basel III Capital Rules (even for highly rated institutions). The Basel III Capital rules additionally require institutions to retain a capital conservation buffer of 2.5% above the adequately capitalized risk-based capital ratios. Banking organizations that fail to maintain the minimum 2.5% capital conservation buffer could face restrictions on capital distributions or discretionary bonus payments to executive officers. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total, Tier 1 and CET1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Management believes, as of December 31, 2021 and 2020, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2021, and 2020, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action (there are no conditions or events since that notification that management believes have changed the Bank's category). To be categorized as well capitalized, the Bank must maintain minimum ratios as set forth in the table below. The following table also sets forth the Bank's actual capital amounts and ratios at December 31, 2021 (dollar amounts in thousands):

			Amount of Capital Required			
	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)	$ 36,969	10.9%	$ 27,134	8.0%	$ 33,917	10.0%
Tier 1 capital (to risk-weighted assets)	$ 32,824	9.7%	$ 20,350	6.0%	$ 27,134	8.0%
CET1 capital (to risk-weighted assets)	$ 32,824	9.7%	$ 15,263	4.5%	$ 22,046	6.5%
Tier 1 capital (to average assets)	$ 32,824	9.5%	$ 13,819	4.0%	$ 17,274	5.0%

The following table also sets forth the Bank's actual capital amounts and ratios at December 31, 2020 (dollar amounts in thousands):

			Amount of Capital Required			
	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)	$ 29,355	14.7%	$ 16,025	8.0%	$ 20,031	10.0%
Tier 1 capital (to risk-weighted assets)	$ 26,843	13.4%	$ 12,018	6.0%	$ 16,025	8.0%
CET1 capital (to risk-weighted assets)	$ 26,843	13.4%	$ 9,014	4.5%	$ 13,020	6.5%
Tier 1 capital (to average assets)	$ 26,843	10.9%	$ 9,884	4.0%	$ 12,355	5.0%

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

Endeavor Bank

INVESTOR INFORMATION

AUDITORS AND LEGAL COUNSEL

CERTIFIED PUBLIC ACCOUNTANTS/ AUDITORS
Eide Bailly, LLP
Laguna Hills, CA

LEGAL COUNSEL
Breakwater Law Group, LLP
Attorneys at Law
Solana Beach, CA

SHAREHOLDER AND INVESTOR INFORMATION

Endeavor Bank common stock began trading June 4, 2018 on the OTC Pink Open Market platform under the symbol "EDVR."

The number of shares issued and outstanding as of December 31, 2021 was 3,372,390. Please call your stockbroker or one of our market makers listed below for stock information:

Hilltop Securities
PO Box 1688
Big Bear Lake, CA 92315
Contact: Michael Natzic
323.370.1360

Raymond James & Associates
One Embarcadero Center, Suite 650
San Francisco, CA 94111
Contact: John T. Cavender
888.317.8986 or 415.616.8935

EDVR
TICKER SYMBOL
• • •
OTC Pink

SHAREHOLDER ACCOUNT INFORMATION

If you have questions concerning your stock account, please call our transfer agent:

Computershare Trust Company, N.A.
462 South 4th Street, Suite 1600
Louisville, KY 40202
800.736.3001
www.computershare.com/investor

For more detailed financial information, please refer to Endeavor Bank quarterly CALL reports located on the FDIC website at www.fdic.gov.

Endeavor Bank Investor Relations Department
750 B Street, Suite 3110
San Diego, CA 92101
619.329.6565

FORWARD-LOOKING STATEMENTS

This annual report includes "forward-looking statements," as such term is defined in the Private Securities Litigation Reform Act of 1995. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from our expectations are the loss of key personnel, lower lending limits and capital than competitors, regulatory restrictions and oversight of the Bank, the effects of the COVID-19 pandemic and related government response, the secure and effective implementation of technology, risks related to the local and national economy, the Bank's implementation of its business plans and management of growth, loan performance, interest rates, and regulatory matters, the effects of trade, monetary and fiscal policies, inflation, and changes in accounting policies and practices.

Except as otherwise noted, all information contained in this annual report is as of December 31, 2021.

This annual report has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation or the California Department of Financial Protection and Innovation (DFPI).

COMMUNITY PARTNERS

Endeavor Bank

Girl Scouts
Boy Scouts of America
San Diego Air & Space Museum
Hillel International
San Diego State University
University of San Diego
Camp Mountain Chai
California State University San Marcos
Chairmen's Roundtable
The Conrad Prebys Foundation
SBA U.S. Small Business Administration
Cause Conference™
San Diego Symphony Rafael Payare | Music Director
The Salvation Army
Junior Achievement®

We put the community in community banking by sponsoring local organizations that support many different groups in San Diego and surrounding areas.

Endeavor To Do More

OUR VALUES

Innovative & Passionate

Figure It Out: Provide clients with the idea less traveled
Kaizen: Continuously improve – change for the better
Zeal: Intensely focus on delivering results with energy and a positive outlook
Team: Ferociously protect the Endeavor Bank team with a bit of swag
Urgency: Engage and be responsive

Endeavor Bank was established on these core values, and more, that guide our team to be the best we can be.

OUR LEADERS

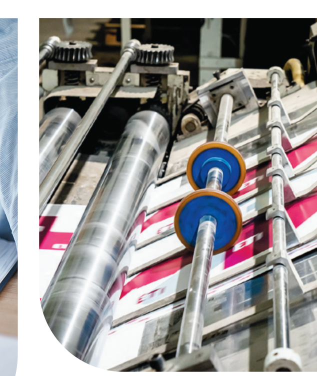
L to R: Scott T. Parker, Chief Credit Officer; Steven D. Sefton, President; Danna M. Murphy, Chief Financial Officer; Dan C. Yates, Chief Executive Officer; Mark Anderson, Chief Operations Officer

To say that Endeavor Bank's leadership team is highly experienced is an understatement. Each of our super-charged leaders is innovative and passionate with business and finance savvy that far exceeds most other bank leaders...mega or community. Their dedication to the San Diego region is reflected in their connections in, and support of, the business community and their support of many business and charitable organizations.

OUR BOARD

L to R: Joyce A. Glazer, Matthew H. Rattner - Chair, Lorne R. Polger, Vickie E. Turner, Steven D. Sefton, Christopher J. Woolley, Dan C. Yates, Julie P. Dubick, James W. Ledwith

From law and publishing to brewing and banking, our board is diverse in talent and expertise. Each board member is committed to governing Endeavor Bank to ensure our stability and growth. With their incredible business success, our board's vision and insight as to the reemergence and role of the community bank continues to be our guiding force.



Endeavor Bank

HEADQUARTERS
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(619) 329-6565

ADMINISTRATIVE & EXECUTIVE OFFICE
703 Palomar Airport Road, Suite 165
Carlsbad, CA 92011 | (760) 795-0102

OPENING SOON: EAST COUNTY OFFICE
Temporarily located at 9400 Grossmont Summit Drive, Suite 303, La Mesa, CA 91941

bankendeavor.com