2018 Annual Report

Endeavor Bank

A New Endeavor...
...A New Approach

Consultative Banking is about ideas...

Ideas that can help our clients grow a more profitable business.

Ideas that create trust and build lasting relationships.

When was the last time your banker brought an idea to the mix?

Endeavor Bank

Why Endeavor

"Endeavor Bank delivered a unique structure that was exactly what we needed. They approached us as fellow business owners, not just bankers, and we appreciate that."

Mike Hall
Dave Erickson
Erickson-Hall Construction

"Endeavor Bank provided a creative solution for our family business transition planning. I highly recommend them for all your banking needs – great company!"

Dennis Rethmeier
Western Pump, Inc.

"Endeavor Bank has introduced us to industry experts and service providers who offer insight to our executive management team. They provide clients consultative services reaching far beyond the traditional banking model."

Liz Valenzuela Banker
Shore Solutions, Inc.

"Endeavor Bank was extremely responsive to both my personal and business needs. They were able to reply to my funding needs in 48 hours."

Randy Baillargeon
Greater San Diego Air Conditioning Company, Inc.

"Endeavor Bank has an industry understanding unlike anything we have encountered before. Their expertise enabled them to not only step in and satisfy our standard banking needs, but also provide a level of consultation that will serve us well with our non-banking business needs."

Chris Taylor
Steve Grangetto
5th Axis, Inc.

Annual Shareholder Report

March 15, 2019

Dear Shareholders:

We thank you, the 452 founding shareholders of Endeavor Bank, who had the vision to invest in and support the first community bank to open in San Diego in almost 10 years. Since we opened our doors on January 22, 2018, it has been a non-stop sprint due to all of your welcomed support and referrals.

We knew there was a need for a locally-owned community bank to support San Diego's local businesses with consultative banking and an array of modern banking technology. This was evidenced by our raising $26.7 million in equity capital (well in excess of our original $25.0 million goal). We built on that initial capital raising success by growing the Bank to $87.2 million in assets, with $65.8 million in deposits and $43.4 million in loans by the end of 2018. We also exceeded 100 new client relationships between the date we opened and December 31, 2018.

Additionally, we are proud to have earned a 3.5 Star Rating with Bauer Financial (as they recently expanded their policy to include de novo banks), to report that the Bank exceeds all of the current regulatory guidelines to be well-capitalized, and is a member of the Federal Deposit Insurance Corporation (FDIC). Other accomplishments of note are our listing on the OTC Pink open market platform under the trading symbol EDVR, our continued growth of deposits and loans so far this year, and the team of now 23 banking professionals who handle the day-to-day business of your bank.

Looking ahead at 2019, we are excited to continue to add services and build our community. To that end, we have launched Teamvibe, an invite-only online community resource where you can stay updated on your bank and interact with management and fellow shareholders. Our goal is to build an ecosystem where we can all support each other with advice and referrals. Visit https://bankendeavor.teamvibe.com/login to join Teamvibe.

Above all, our Team is committed to bringing consultative banking to you, our local San Diego business community, and helping you grow your business and thrive. We thank each and every one of you for your ongoing trust and support.

As always, you can view our latest financial statements on the FDIC's website at: https://www5.fdic.gov/idasp/confirmation_outside.asp?inCert1=59099

We welcome your suggestions and feedback.

Sincerely,

Matthew H. Rattner
Chairman of the Board

Dan C. Yates
CEO
dyates@bankendeavor.com
858.230.5185

Steven D. Sefton
President
ssefton@bankendeavor.com
858.230.4243

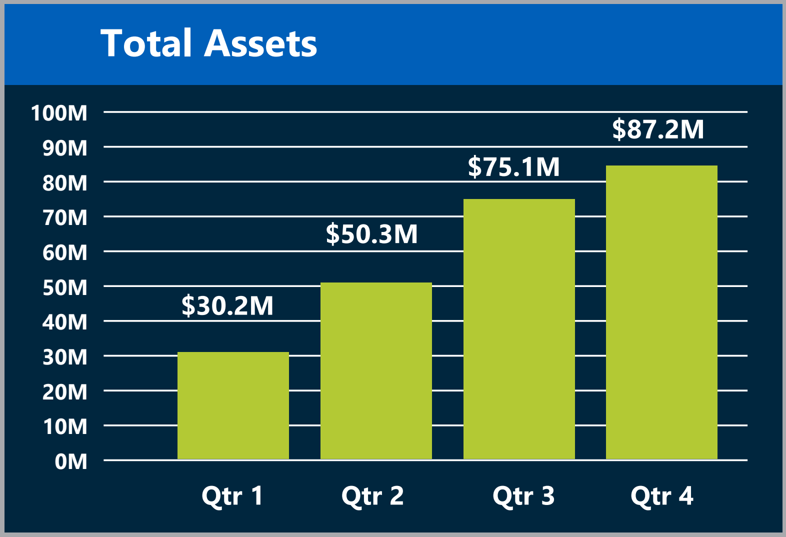
2018
At a Glance

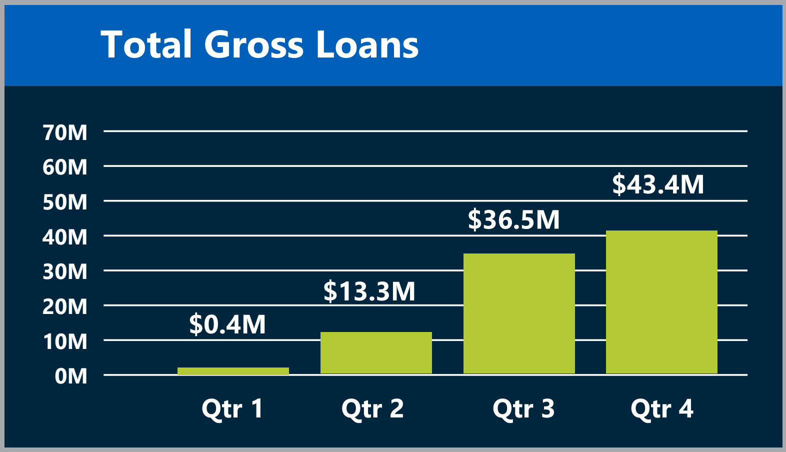
"Endeavor Bank was able to understand our business and give us greater flexibility than our former bank. We would recommend them over any other bank out there."

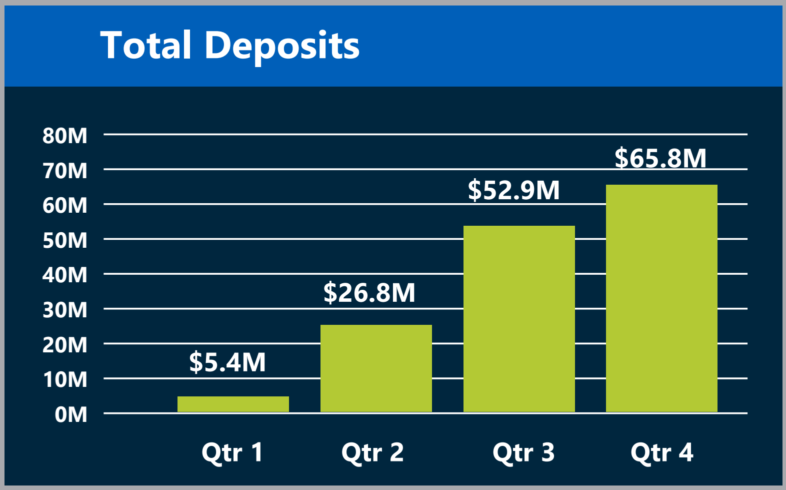
Frank & Fabio Fanelli
Fanelli Enterprises

"Endeavor Bank delivered a creative credit facility to help my business interests grow when other banks stumbled. If you need a bank to take the time to understand your business and customize banking solutions, call Endeavor."

Sam Salem
Carroll Centre LLC





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Endeavor Bank

Financial Statements with Independent Auditor's Report

December 31, 2018

CONTENTS:

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE difference

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders of
Endeavor Bank
San Diego, California

Report on Financial Statements
We have audited the accompanying financial statements of Endeavor Bank, which are comprised of the statements of financial condition as of December 31, 2018 and the related statements of operations, changes in shareholders' equity and cash flows for the period from January 22, 2018 (inception of business) through December 31, 2018, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Endeavor Bank as of December 31, 2018, and the results of its operations and its cash flows for the period from January 22, 2018 (inception of business) through December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
February 27, 2019

25231 Paseo De Alicia, Suite 100, Laguna Hills, CA 92653 P 949.768.0833 F 949.768.8408 W vtdcpa.com

Statement of Financial Condition

December 31, 2018

ASSETS	2018
Cash and Due from Banks	$ 401,241
Interest-Bearing Deposits at Other Banks	42,196,403
TOTAL CASH AND CASH EQUIVALENTS	42,597,644
Interest-Bearing Time Deposits at Other Banks	250,000
Loans:	
Real Estate	28,858,023
Commercial	11,742,854
Consumer	2,835,177
TOTAL LOANS	43,436,054
Allowance for Loan Losses	(667,000)
NET LOANS	42,769,054
Federal Home Loan Bank ("FHLB") Stock, at Cost	74,600
Premises and Equipment, net	378,374
Operating Lease Right-of-Use Assets	659,152
Accrued Interest and Other Assets	511,636
TOTAL ASSETS	**$ 87,240,460**

LIABILITIES AND SHAREHOLDERS' EQUITY	2018
Deposits:	
Noninterest-Bearing Demand	$ 18,964,795
Interest-Bearing Demand, Savings, NOW and Money Market Accounts	32,742,722
Time Deposits Under $250,000	5,656,361
Time Deposits $250,000 and Over	8,415,655
TOTAL DEPOSITS	65,779,533
Operating Lease Liabilities	672,014
Accrued Interest and Other Liabilities	236,803
TOTAL LIABILITIES	66,688,350
Commitments and Contingencies - Notes D and J	-
Shareholders' Equity:	
Preferred Stock - 20,000,000 Shares Authorized, None Outstanding	
Common Stock - 20,000,000 Shares Authorized, No Par Value;	
2,668,595 Shares Issued and Outstanding	26,398,375
Additional Paid-in Capital	1,053,667
Accumulated Deficit	(6,899,932)
TOTAL SHAREHOLDERS' EQUITY	20,552,110
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 87,240,460**

The accompanying notes are an integral part of these financial statements.

Endeavor Bank

Statement of Operations

For the period January 22, 2018 (Inception of Business)
Through December 31, 2018

	2018
INTEREST INCOME	
Interest and Fees on Loans	$ 1,059,996
Interest on Interest-Bearing Deposits and Other	567,013
TOTAL INTEREST INCOME	1,627,009
INTEREST EXPENSE	
Interest on Interest-Bearing Demand, Savings, Now and Money Market Accounts	238,012
Interest on Time Deposits	87,422
TOTAL INTEREST EXPENSE	325,434
NET INTEREST INCOME	1,301,575
Provision for Loan Losses	667,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	634,575
NONINTEREST INCOME	
Service Charges, Fees and Other	9,220
TOTAL NONINTEREST INCOME	9,220
NONINTEREST EXPENSE	
Salaries and Employee Benefits	3,659,745
Occupancy and Equipment Expenses	435,300
Other Expenses	1,395,596
TOTAL NONINTEREST EXPENSE	5,490,641
LOSS BEFORE INCOME TAXES	(4,846,846)
Income Taxes	800
NET LOSS	**$ (4,847,646)**
NET LOSS PER SHARE - BASIC	**$ (1.82)**
NET LOSS PER SHARE - DILUTED	**$ (1.82)**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

For the Period January 22, 2018 (Inception of Business)
Through December 31, 2018

	Common Stock				
	Number of Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at January 22, 2018	-	$ -	$ -	$ -	$ -
Initial Capitalization, Net of Offering Costs of $287,575	2,668,595	26,398,375			26,398,375
Organizational Expenses				(2,052,286)	(2,052,286)
Stock-Based Compensation			1,053,667		1,053,667
Net Loss				(4,847,646)	(4,847,646)
Balance at December 31, 2018	2,668,595	$ 26,398,375	$ 1,053,667	$ (6,899,932)	$ 20,552,110

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the period January 22, 2018 (Inception of Business)
Through December 31, 2018

OPERATING ACTIVITIES	**2018**
Net Loss	$ (4,847,646)
Adjustments to Reconcile Net Loss to Net Cash	
From Operating Activities:	
Depreciation and Amortization	143,161
Provision for Loan Losses	667,000
Stock-Based Compensation	1,053,667
Other Items	(261,971)
NET CASH FROM OPERATING ACTIVITIES	(3,245,789)
INVESTING ACTIVITIES	
Net Change in Interest-Bearing Time Deposits in Other Banks	(250,000)
Net Increase in Loans	(43,436,054)
Net Change in Federal Home Loan Bank and Other Stock	(74,600)
Purchases of Premises and Equipment	(521,535)
NET CASH FROM INVESTING ACTIVITIES	(44,282,189)
FINANCING ACTIVITIES	
Net Change in Demand Deposits and Savings Accounts	51,707,517
Net Change in Time Deposits	14,072,016
Proceeds from Initial Capitalization	26,398,375
Organizational Expenses, net	(2,052,286)
NET CASH FROM FINANCING ACTIVITIES	90,125,622
INCREASE IN CASH AND CASH EQUIVALENTS	42,597,644
Cash and Cash Equivalents at Beginning of Period	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 42,597,644**

Supplemental Disclosures of Cash Flow Information:

Interest Paid	$ 308,939
Taxes Paid	$ 800

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2018

NOTE A - 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-to-medium 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.

Organizational Costs

As discussed in Note I, costs incurred for the period of the Bank's organization through the inception of business have been charged directly to shareholder's equity.

Subsequent Events

The Bank has evaluated subsequent events for recognition and disclosure through February 27, 2019, 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.

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 bank's 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. The Bank complied with the reserve requirements as of December 31, 2018.

The Bank maintains amounts due from banks, which may exceed federally insured limits. The Bank has not experienced any losses in such accounts.

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. 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. Amounts are charged off when available information confirms that specific loans or portions thereof, are uncollectible. 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

Notes to Financial Statements

December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *CONTINUED*

Allowance for Loan Losses - *Continued*

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 $44,000 at December 31, 2018, and is included in other liabilities on the statement of financial condition.

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 straight-line 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 early adopted the provisions of ASU No. 2016-02, *Leases* (Topic 842), on January 22, 2018, upon the commencement of operations, and all subsequent ASUs that modified Topic 842. The determination if an arrangement is a lease is made at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the statement of financial condition.

ROU assets represent a right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term, discounted at an incremental borrowing rate. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straightline basis over the lease term.

Lease agreements with lease and non-lease components are accounted for as a single lease component.

Notes to Financial Statements

December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *CONTINUED*

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

The Bank adopted the provisions of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), on January 22, 2018, upon the commencement of operations, and all subsequent ASUs that modified Topic 606. The Bank recognizes revenue as it is earned and noted no impact to its revenue recognition policies as a result of the adoption of ASU 2014-09. All of the Bank's revenue from contracts with customers within the scope of ASC 606 is recognized in non-interest 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.

The following is a discussion of key revenues within the scope of the new revenue guidance.

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 deposits 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 period incurred.

Stock-Based Compensation

The Bank recognizes the cost of employee services received in exchange for awards of stock options, or other equity instruments, based on the grant-date fair value of those 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 income statement when incurred.

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

Notes to Financial Statements

December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *CONTINUED*

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")

Basic EPS excludes dilution and is computed by dividing income available to common Shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. All of the outstanding stock options were not considered in computing diluted earnings per share for 2018 because they were antidilutive. Weighted-average shares used in the computation of basic EPS were 2,668,595 in 2018.

Comprehensive Income (Loss)

Comprehensive income (loss) is comprised solely of the net loss for the period.

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 J. 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 a Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

As of December 31, 2018, the Bank did not have any financial instruments measured at fair value on a recurring or non-recurring basis.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09 *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU replaces most existing revenue recognition guidance in GAAP. The new standard was effective for the Bank on January 22, 2018, upon the commencement of operations. Adoption of ASU 2014-09 did not have a material impact on the Bank's financial statements and related disclosures as the Bank's primary sources of revenues are derived from interest and dividends earned on loans and other financial instruments that are not within the scope of ASU 2014-09. The Bank's revenue recognition pattern for revenue streams within the scope of ASU 2014-09, including but not limited to service charges on deposit accounts and gains/losses on the sale of loans, did not change significantly from current industry practice.

Notes to Financial Statements

December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *CONTINUED*

Recently Adopted Accounting Pronouncements - *Continued*

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments–Overall: Recognition and Measurement of Financial Assets and Financial Liabilities.* The new standard was effective for the Bank on January 22, 2018, upon the commencement of operations. Adoption of ASU 2016-01 did not have a material impact on the Bank's financial statements. Changes made to the current measurement model primarily affect the accounting for equity securities with readily determinable fair values, where changes in fair value impact earnings instead of other comprehensive income. Equity securities without readily marketable fair values are to be carried at amortized cost, less impairment (if any) plus or minus changes resulting from observable price changes in orderly transactions for an identical investment or similar investment of the same issuer. The accounting for other financial instruments, such as loans, investments in debt securities, and financial liabilities is largely unchanged. Additionally, the Bank refined the calculation used to determine the disclosed fair value of loans held for investment as part of adopting this standard reflecting an exit price notion instead of an entrance price. The refined calculation did not have a significant impact on fair value disclosures.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The most significant change for lessees is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases, which is generally defined as a lease term of less than 12 months. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under current lease accounting guidance. The amendments in this Update are effective for interim and annual periods beginning after December 15, 2018 for public business entities and one year later for all other entities. The Bank has adopted this ASU early, upon the commencement of business on January 22, 2018, and recorded operating lease ROU assets and operating lease liabilities of approximately $912,000.

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, 2019 for SEC filers, one year later for non SEC filing public business entities and two years later for nonpublic business entities. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2018. 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.

In August 2018, the FASB issued ASU No. 2018-13, *"Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement."* This ASU eliminates, adds and modifies certain disclosure requirements for fair value measurements. Among the changes, entities will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, but will be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. ASU No. 2018-13 is effective for all entities for interim and annual reporting periods beginning after December 15, 2019. Early adoption is permitted. As ASU No. 2018-13 only revises disclosure requirements, it will not have a material impact on the Bank's Financial Statements and disclosures.

Notes to Financial Statements

December 31, 2018

NOTE B - 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.

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

	2018
Beginning Balance	$ -
Additions to the Allowance Charged to Expense	667,000
Recoveries on Loans Charged Off	-
	667,000
Less Loans Charged Off	-
Ending Balance	$ 667,000

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

2018	Real Estate	Commercial	Consumer	Total
Allowance for Loan Losses:				
Beginning of Period	$ -	$ -	$ -	$ -
Provisions	443,141	180,322	43,537	667,000
Charge-offs	-	-	-	-
Recoveries	-	-	-	-
End of Year	$ 443,141	$ 180,322	$ 43,537	$ 667,000
Reserves:				
Specific	$ -	$ -	$ -	$ -
General	443,141	180,322	43,537	667,000
	$ 443,141	$ 180,322	$ 43,537	$ 667,000
Loans Evaluated for Impairment:				
Individually	$ -	$ -	$ -	$ -
Collectively	28,858,023	11,742,854	2,835,177	43,436,054
	$ 28,858,023	$ 11,742,854	$ 2,835,177	$ 43,436,054

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.

Notes to Financial Statements

December 31, 2018

NOTE B - LOANS *(continued)*

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 was as follows:

2018	Pass	Special Mention	Substandard	Impaired	Total
Real Estate:					
Construction	$ 1,952,701	$ -	$ -	$ -	$ 1,952,701
Commercial	17,355,051	-	-	-	17,355,051
Residential	9,550,271	-	-	-	9,550,271
Commercial	11,742,854	-	-	-	11,742,854
Consumer	2,835,177	-	-	-	2,835,177
	$ 43,436,054	**$ -**	**$ -**	**$ -**	**$ 43,436,054**

The Bank had no past due, nonaccrual or impaired loans as of December 31, 2018. The balance of unamortized loan fees, net of loan origination costs included in total loans was $238,416 as of December 31, 2018.

NOTE C - PREMISES AND EQUIPMENT

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

	2018
Leasehold Improvements	$ 199,300
Furniture, Fixtures, and Equipment	322,235
	521,535
Less Accumulated Depreciation and Amortization	(143,161)
	$ 378,374

Notes to Financial Statements

December 31, 2018

NOTE D - LEASES

The Bank has entered into operating leases for its branch, loan production and administrative offices, which expire on various dates through July 2022 and is responsible for rent, common area maintenance, taxes and insurance. The leases provide for options to renew. The components of lease expense for the period ended December 31 was as follows:

	2018
Operating Lease Expense	$ 275,649
Short-Term Lease Expense	-
Variable Lease Expense	1,355
	$ 277,004

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

	2018
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	$ 262,787
Right-of-Use Assets Obtained in Exchange for Lease Obligations	$ 912,184

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

	2018
Lease Right-of-Use Assets	$ 659,152
Lease Liabilities	$ 672,014
Weighted Average Remaining Lease Term	3.12 Years
Weighted Average Discount Rate	3.16%

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

Year Ending	2018
2019	$ 273,132
2020	161,937
2021	169,167
2022	101,241
Total Lease Payments	705,477
Less Imputed Interest	(33,463)
Total Operating Lease Liability	$ 672,014

Notes to Financial Statements

December 31, 2018

NOTE E - DEPOSITS

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

Year Ending	2018
2019	$ 10,529,630
2020	3,415,938
2021	-
2022	-
2023	126,448
	$ 14,072,016

As of December 31, 2018, the Bank had 11 deposit relationships that exceeded 2.0% of total deposits, collectively aggregating $30,609,185 and representing 46.5% of the total deposits of the Bank.

NOTE F - BORROWINGS

The Bank has unused unsecured lines of credit with a correspondent bank with a total borrowing capacity of $7.5 million at December 31, 2018.

NOTE G - INCOME TAXES

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

	2018
Current:	
Federal	$ -
State	800
	800
Deferred	(1,915,000)
Valuation Allowance	1,915,000
	$ 800

Notes to Financial Statements

December 31, 2018

NOTE G - INCOME TAXES *(continued)*

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:

	2018
Deferred Tax Assets:	
Organization Expenses	$ 569,000
Allowance for Loan Losses Due to Tax Limitations	183,000
Stock-Based Compensation	197,000
Net Operating Loss Carryovers	922,000
Operating Lease Liability	199,000
Other Items	49,000
	2,119,000
Valuation Allowance	(1,915,000)
Deferred Tax Liabilities:	
Right of Use Asset	(195,000)
Other Items	(9,000)
	(204,000)
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. The Bank has net operating loss carryforwards of approximately $3,116,000 for federal income purposes and $3,127,000 for California franchise tax purposes. Federal net operating loss carryforwards, do not expire and California net operating loss carryforwards, to the extent not used will expire in 2038.

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, 2018. 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.

Notes to Financial Statements

December 31, 2018

NOTE H - OTHER EXPENSES

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

	2018
Data Processing	$ 469,316
Legal and Professional	207,398
Advertising and Business Development	124,337
Regulatory Assessments	31,289
Director Stock-Based Compensation and Other	283,125
Loan Expenses	60,480
Office and Telephone Expense	46,336
Insurance	38,558
Other	134,757
	$ 1,395,596

NOTE I - ORGANIZATIONAL PERIOD

The Bank incorporated on May 1, 2017, shortly after receiving conditional approval from the State of California to organize as a state-chartered bank. Prior to that date and up to the inception of business on January 22, 2018, organizers of the Bank incurred costs in connection with the organizational process and raising of the initial capitalization of the Bank. These organization expenses were comprised of the following:

Salaries and Benefits	$ 1,323,617
Legal and Professional	365,618
Occupancy	207,398
Other	155,653
	$ 2,052,286

Costs incurred during the organizational period have been charged directly to shareholders' equity and are reflected in the statement of changes in shareholders' equity.

Notes to Financial Statements

December 31, 2018

NOTE J - COMMITMENTS

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

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

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

	2018
Commitments to Extend Credit	$ 25,881,000

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

NOTE K - 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, 2018, related party deposits were approximately $3,739,000, and there were no related party loans.

NOTE L – 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 maybe 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 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.

Notes to Financial Statements

December 31, 2018

NOTE L – STOCK – BASED COMPENSATION PLAN *(continued)*

The Bank recognized stock-based compensation cost of $1,053,667 for the period ended December 31, 2018.
Stock options, with a weighted-average grant date fair value of $3.83 issued in 2018 were estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2018
Expected Volatility	29.6%
Expected Term	7.5 Years
Expected Dividends	None
Risk Free Rate	2.57%
Grant Date Fair Value	$3.83

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, 2018 and changes during the period ended thereon is presented below:

	Shares	Weighted-Average Exercise Price	Weighted- Average Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at Beginning of Period	-	$ -		
Granted	500,666	10.00		
Exercised	-	-		
Forfeited or Expired	(15,000)	10.00		
Outstanding at End of Year	485,666	$ 10.00	9.08 Years	$ 508,574

As of December 31, 2018, there were no exercisable options. As of December 31, 2018, there was $804,474 of total unrecognized compensation cost related to the outstanding stock options that will be recognized over a weighted average period of 2.08 years.

It is the Bank’s intention to grant nonqualified stock options to organizers of the Bank once the Bank is no longer considered a *de novo* institution by the appropriate regulatory authorities, which the Bank believes will be three years after the bank opens for business. The options will be granted at an exercise price equal to the fair market value of the common stock at the time of grant. All options granted to organizers will be issued in accordance with the Bank’s 2017 Plan.

Notes to Financial Statements

December 31, 2018

NOTE M - 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 no contributions and incurred no associated expense for the period ended December 31, 2018.

NOTE N - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The fair value hierarchy level and estimated fair value of significant financial instruments at December 31 are summarized as follows (amounts in thousands):

		2018	
	Fair Value Hierarchy	Carrying Value	Fair Value
Financial Assets:			
Cash and Cash Equivalents	Level 1	$ 42,598	$ 42,598
Time Deposits in Other Banks	Level 1	250	250
Loans, net	Level 3	42,769	43,004
Financial Liabilities:			
Demand and Other Non-Maturity Deposits	Level 1	51,708	51,708
Time Deposits	Level 2	14,072	14,086

Notes to Financial Statements

December 31, 2018

NOTE O - 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.

In July, 2013, the federal bank regulatory agencies approved the final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules). The new rules became effective on January 1, 2015, with certain of the requirements phased-in over a multi-year schedule, and fully phased in by January 1, 2019. Under the Basel III rules, the Bank must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. The capital conservation buffer is being phased in from 0.0% for 2015 to 2.50% by 2019. The capital conservation buffer for 2018 is 1.875%. The net unrealized gain or loss on available for sale securities, if any, 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, 2018, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2018, 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. In addition to the capital requirements below, the FDIC requires the Bank to maintain its Tier 1 Capital to average assets at 8% during the first three years of operations. The following table also sets forth the Bank's actual capital amounts and ratios (dollar amounts in thousands):

			Amount of Capital Required			
	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Provisions	
As of December 31, 2018:	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital (to Risk-Weighted Assets)	$ 21,234	38.9%	$ 4,364	8.0%	$ 5,455	10.0%
Tier 1 Capital (to Risk-Weighted Assets)	20,552	37.7%	3,273	6.0%	4,364	8.0%
CET1 Capital (to Risk-Weighted Assets)	20,552	37.7%	2,455	4.5%	3,546	6.5%
Tier 1 Capital (to Average Assets)	20,552	25.6%	3,207	4.0%	4,008	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.

Senior Management Team

Dan C. Yates
Chief Executive Officer

Steven D. Sefton
President

Robert J. Lampert
Chief Financial Officer

Scott Parker
Chief Credit Officer

Nasrin Rostami
Chief Risk Officer /
Chief Operations Officer

Board of Directors

Matt Rattner
Chairman of the Board
Co-Founder
Karl Strauss Brewing Company

James Ledwith
CPA, Outside Auditor
Peninsula Bank

Gina Champion-Cain
Chief Executive Officer
American National Investments

Joyce Glazer
Founding Director
San Diego Private Bank

Lorne Polger
Co-Founder
Pathfinder Partners

Julie Dubick
Consultant
H. G. Consulting Group

Christopher Woolley
Founder
Square 1 Bank

Dan C. Yates
Chief Executive Officer
Endeavor Bank

Steven D. Sefton
President
Endeavor Bank

Auditors and Legal Counsel

Certified Public Accountants/Auditors
Vavrinek, Trine, Day & Co., LLP
Laguna Hills, CA

Legal Counsel
Breakwater Law Group, LLP
Attorneys at Law
Del Mar, 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, 2018 was 2,668,595. Please call your stockbroker or one of our market makers listed below for stock information:

D.A. Davidson & Co.
PO Box 1688
Big Bear Lake, CA 92315
Contact: Michael Natzic or Katy Ehlers
(800) 288-2811 or (909) 584-4500

Raymond James & Associates
One Embarcadero Center, Suite 650
San Francisco, CA 94111
Contact: John T. Cavender
(888) 317-8986 or (415) 616-8935

Endeavor Bank

EDVR

Ticker Symbol

Stock Exchange Listing: 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

Shareholders and investors wishing more detailed information about us may obtain a copy of our quarterly CALL report from the FDIC's website at www.fdic.gov or upon request from:

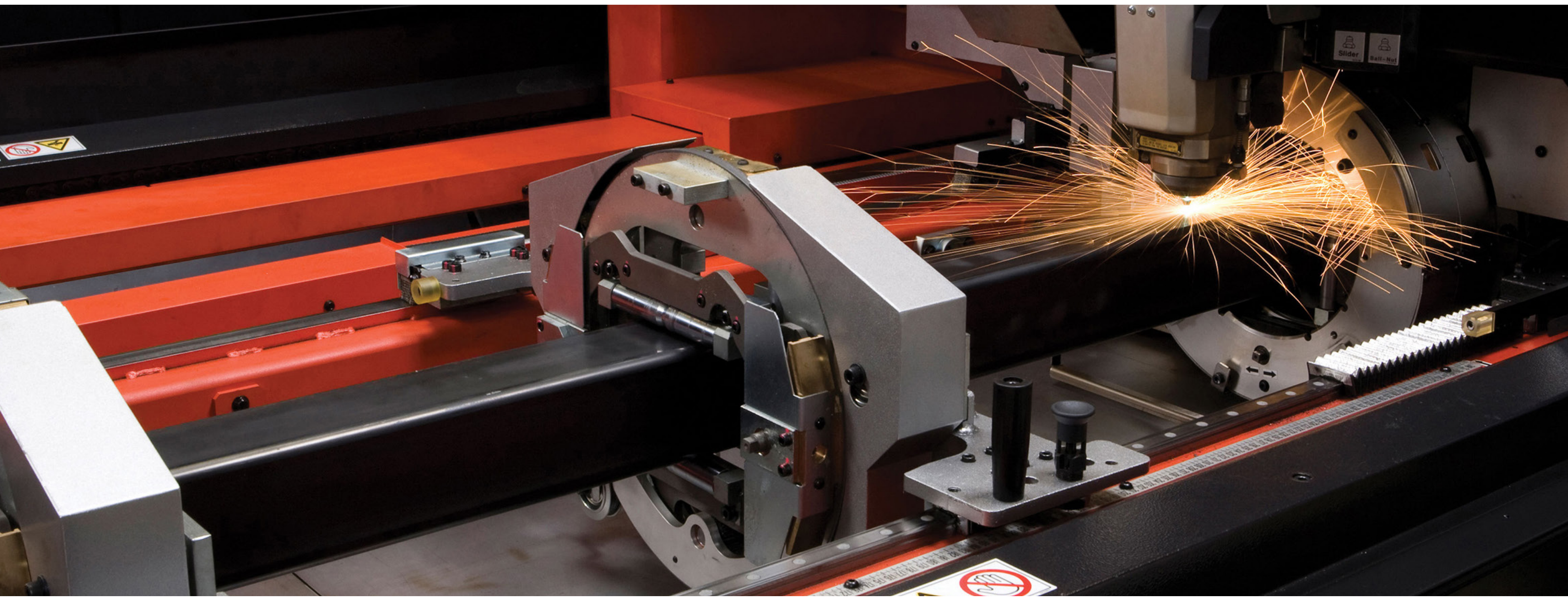
Endeavor Bank Investor Relations Department
750 B Street, Suite 3110
San Diego, CA 92101
(619) 329-6565

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 during its "de novo" phase, 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, 2018.

This annual report has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation or the California Department of Business Oversight.



Endeavor Bank

bankendeavor.com

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